

People HR topics

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CM CIC
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agenda

1 People of the Group

managing the adaptation of skills required and the impact of demographic change

2 Social dialogue

rebirth of a fruitful social dialogue with our stakeholders, devising a new social contract

3 Training and reskilling

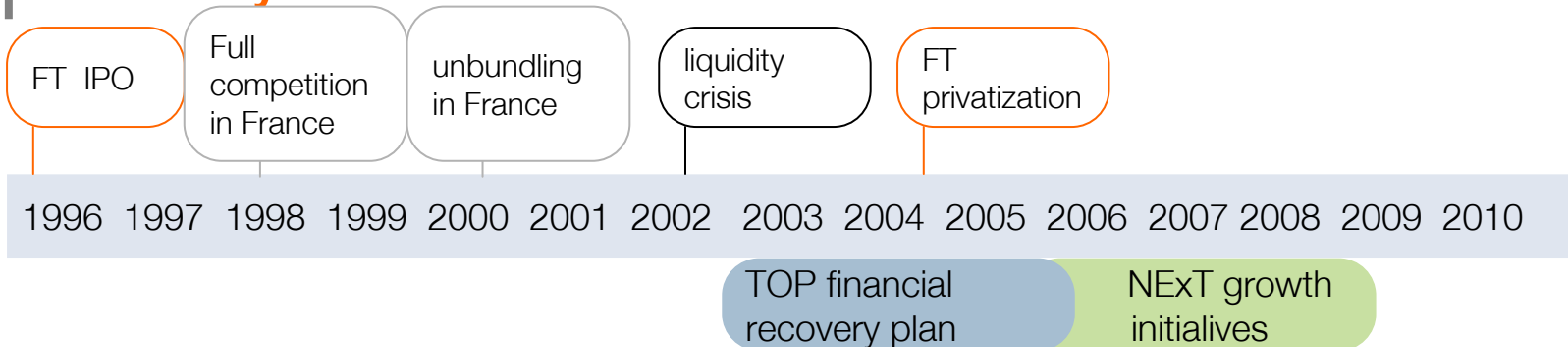
investing in and supporting the employees development to improve their performance

4 Diversity

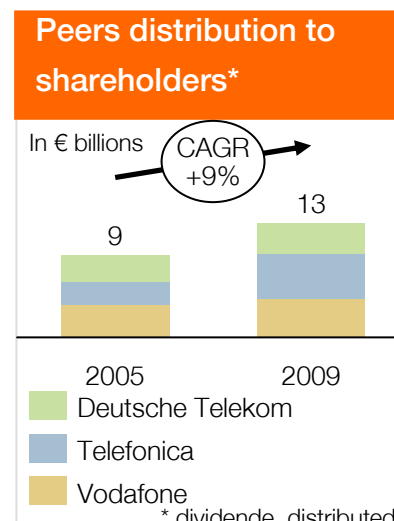
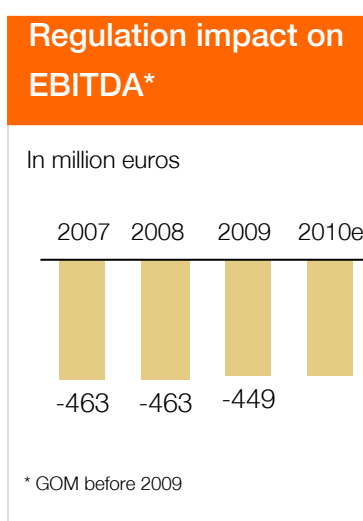
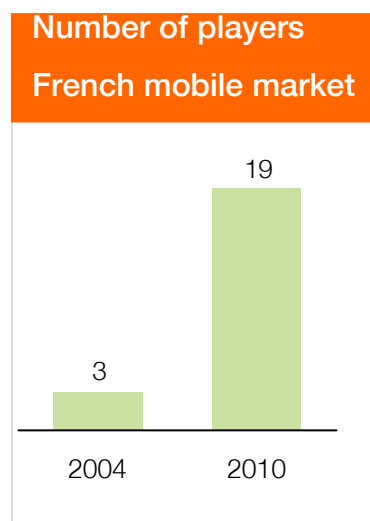
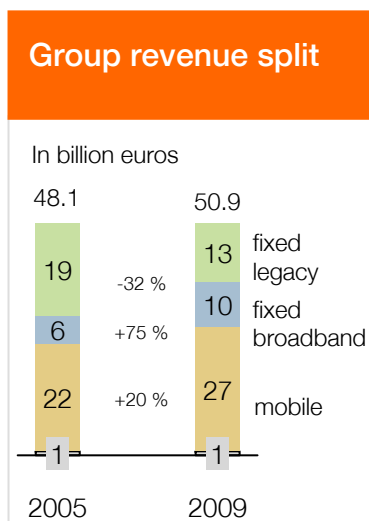
contributing to societal issues : inclusion is a strong competitive factor to drive innovation and a critical factor in successful talent

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4 major factors lead to France Telecom transformation over the last 15 years

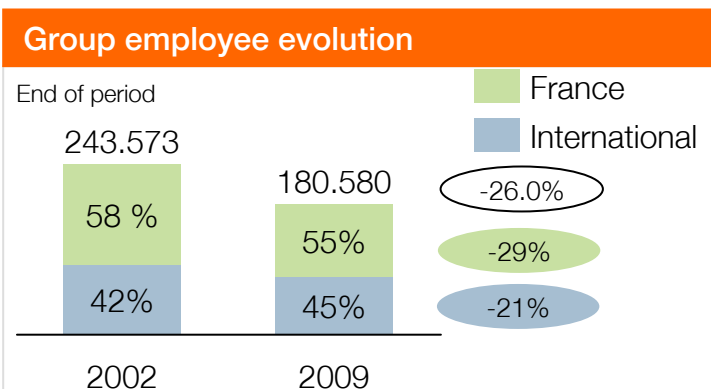
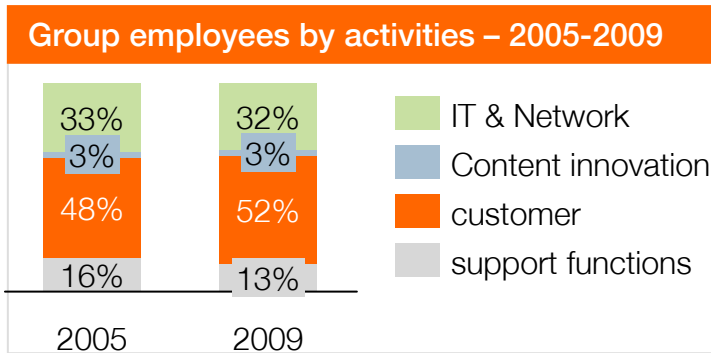
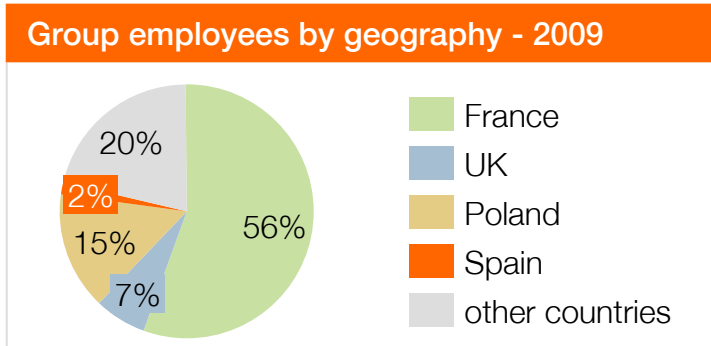


- 1 Rapid IP transformation
- 2 Increasing competition
- 3 Tougher regulation
- 4 Shareholders pressure on cash & dividend



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deep transformation of France Telecom leads to needs for competencies' changes



insight

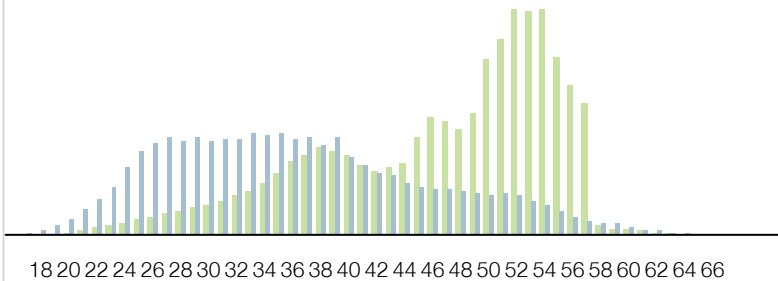
- As an incumbent, France Telecom has managed to monitor headcount evolution through restructuring
 - France**
 over 06-08 > 22,000 departures 5,100 recruitments
 - Poland**
 impact of the 3 years social agreement: 5 000 net decrease over the period 06-08. New plan in place for 09-11
 - AMEA**
 Voluntary departures plan in Kenya (-900) and Jordan (-300)
- As a new operator or altnet, France Telecom has in some countries relied on outsourcing
 - UK**
 Focus on customer relations- fixed network outsourced (-450)
 New synergies found with the creation of the JV
 - Spain**
 creating a direct distribution channel
 network sharing with Vodafone
- a vision of needs for skills in all business activities
 - ⇒ based on a job reference system shared by every company in the Group.
 - ⇒ forward-looking management of jobs and skills with a 3 years rolling forecasting at Group level and for the main countries.

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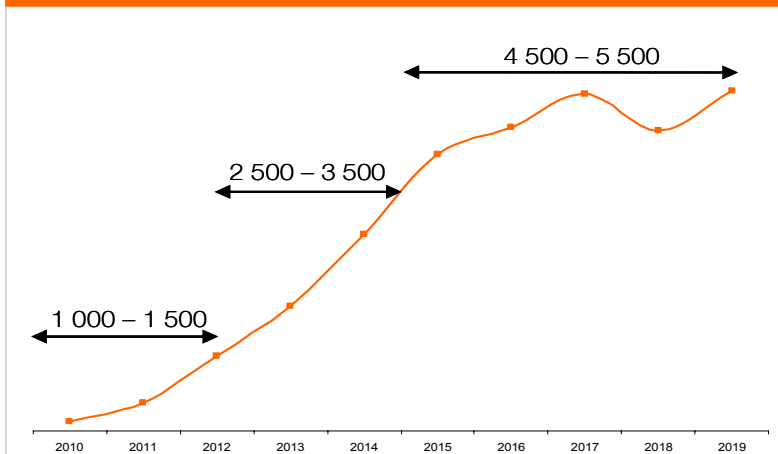
Contrasted pyramid ageing between France and rest of the Group

Group pyramid ageing – dec 2009

Group average age is 42.1 years
France average age is 46.5 years



France – natural attrition*



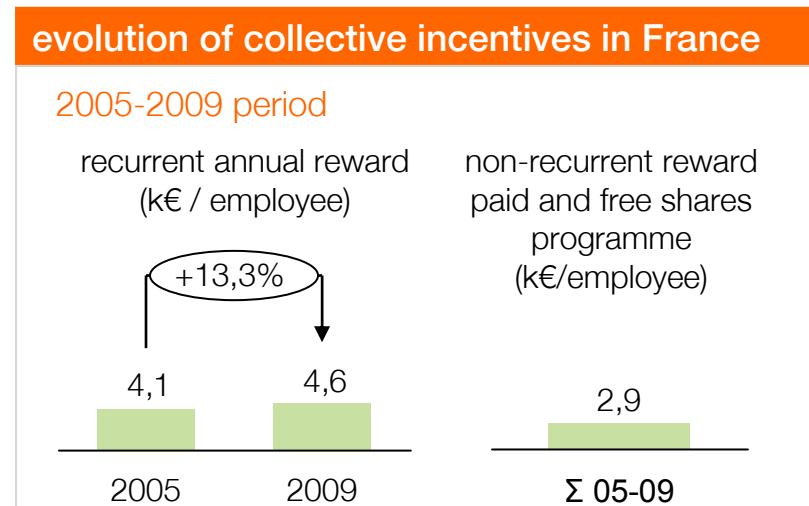
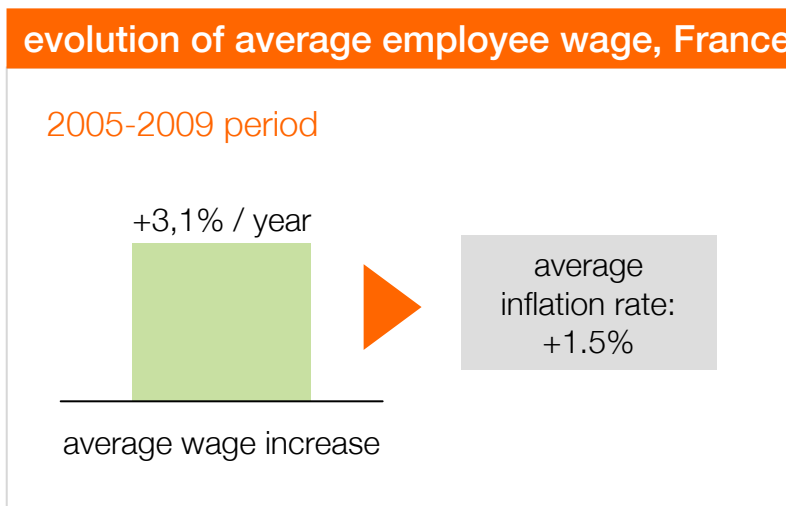
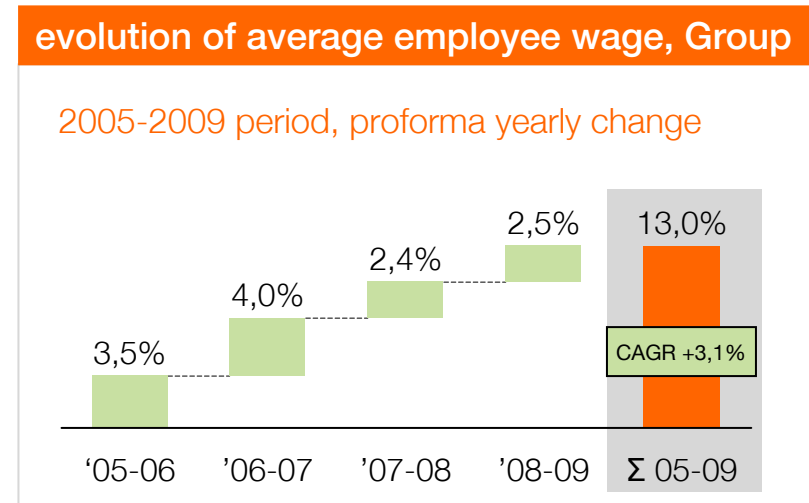
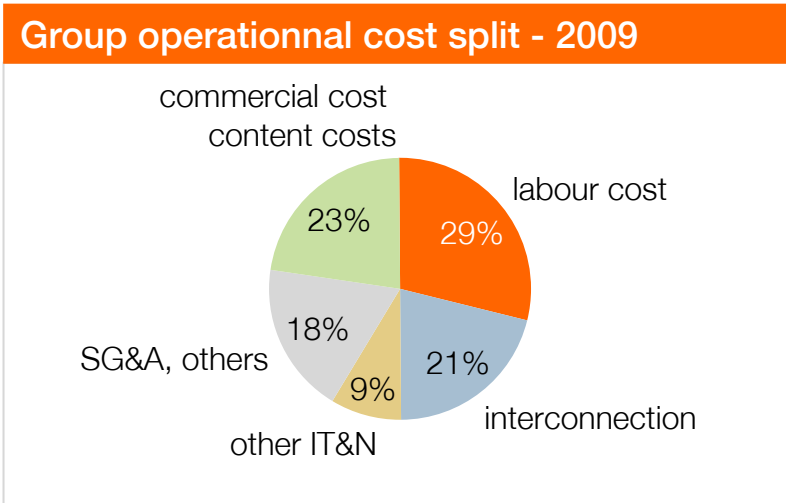
* under current French laws (retirements only)

insight

- Allowing external mobility in a secured framework in France
 - mobility to public service
 - spin off, personal driven project
- Signature of a 3 years agreement for senior employment in nov 2009.
 - senior employment and second carrier action plan
 - “part-time seniors” mechanism to adjust work schedule. (Est of 14 000 employees potentially eligible)
 - transfer of know-how through trained instructors or apprenticeship supervisors
- Renewal of action plan on apprentices
 - 4 700 in 2009 (vs initial target of 4 500)
 - 4 700 in 2010
- 3 500 recruitments planned for 2010 in France, with high priority given to sales and commercial activities

1

over 2005-2009, the Group has significantly improved the compensation and training offered to its employees



2

restore a fruitful social dialogue in France

Devising a new social contract

- negotiations between Labour unions and management. Each labour union has signed at least one agreement.
- listening and understanding :
 - “les assises de la refondation “ : more than 2,700 local meetings
 - questionnaire sent to our 102,000 French employees → answer rate 80%
 - 1,000 individual interviews since early 2010

Immediate measures

- Responding to a need for more proximity
 - reinforce the Human Resources structure
 - actions to improve working conditions
 - additional recruitments
- Supporting managers in their supervisory role
 - 6,000 managers trained on psycho-social risk prevention
- Improving the prevention of professional risks
 - a 24/7 “dialogue line” : free phone number run by external psychologists
 - +10% in doctors staff

26 th of Nov.

1 agreement

- the « Seniors »

5 th of March

2 agreements

- « Work-Life Balance »
- « Perspectives-Employment and Skills – Professional Development – Mobility »

26 th of April

1 agreement

- « annual wages increase » for 2010

6 th of May

3 agreements

- « Assessment and Prevention of Psycho-social Risks »
- « Improvement of social dialogue »
- « Additional profit-sharing Payment" »

ambition

social performance indicator, reflecting employee satisfaction, to be included in Group top management incentive

3

support employees development

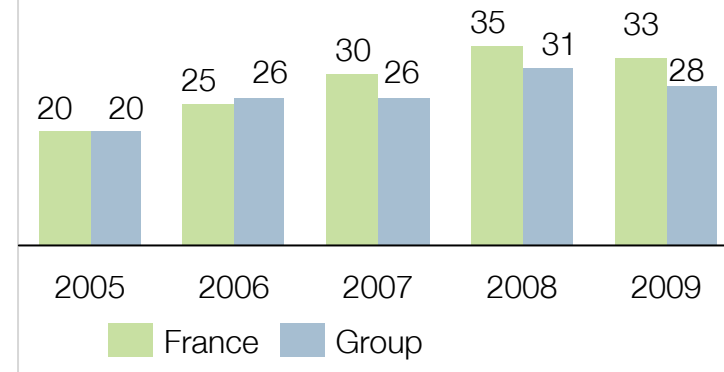
Career development and Orange training

- in France
 - more than 80% of the company's employees participated in training in 2009
 - more than 5 000 employees received a certification
- 17 internal training schools
- 8 Orange Management Schools - Orange University
 - for 1 200 top managers and young Orange talents
 - 1 170 participants in 2009, ow 26 % from international

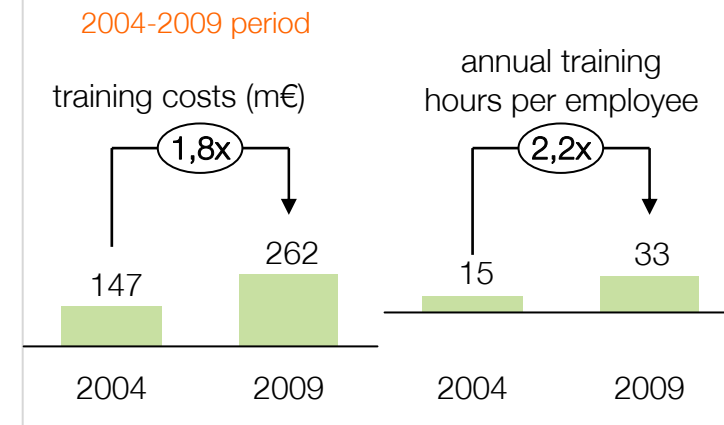
ambition

- Equal access to training
- Creation of Orange Campus

Annual training hours per employee



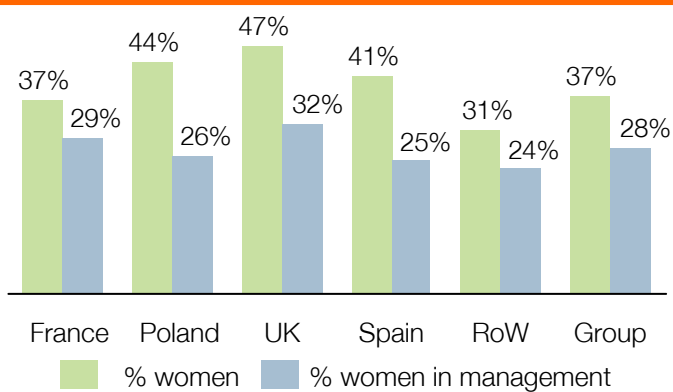
evolution of investment in training, FTSA



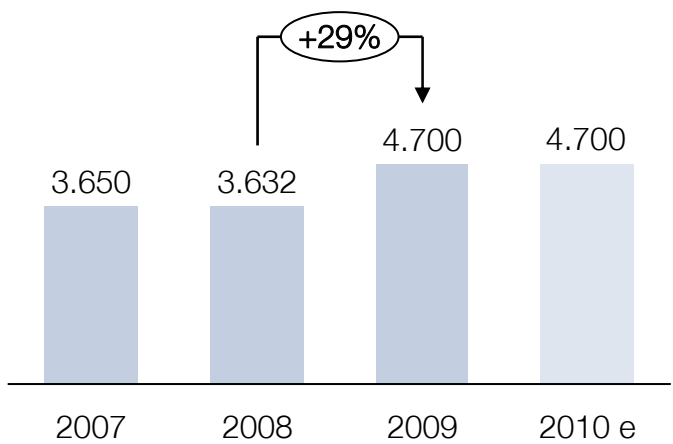
4

promote diversity and equal opportunity

**% of women & women managers- end 2009
Permanent contract**



Number of apprentices - end of year



insight

- Diversity policy group-wide common backbone around Gender Equality
 - feminization of technical functions (shadowing actions)
 - women's access to senior positions (both genders represented in short list of candidates for recruitment)
 - Signature of the Code of Best Practices with European Union in 2009
 - work-life balance, (Parenthood Charter in April 2008 in France)
- ⇒ end of 2009: 22%, of women in senior executive positions (Entrepreneurs), +41% in 5 years
- Voluntary policy on apprenticeship
- Giving people with barriers to inclusion a chance
- Promoting the spirit of solidarity among our employees

Our priorities

local teams empowerment

empower front-line people and simplify customer relation organization
to improve responsiveness and quality of service

comfort at work

improve working condition **to enhance employee engagement and increase efficiency**

restore social dialogue

offer a better social dialogue in order to pursue permanent adaptation of our organization **and processes**

employer of choice

become one of the preferred employers of choice in France in order
to retain competences and attract best talents required for the next decade