

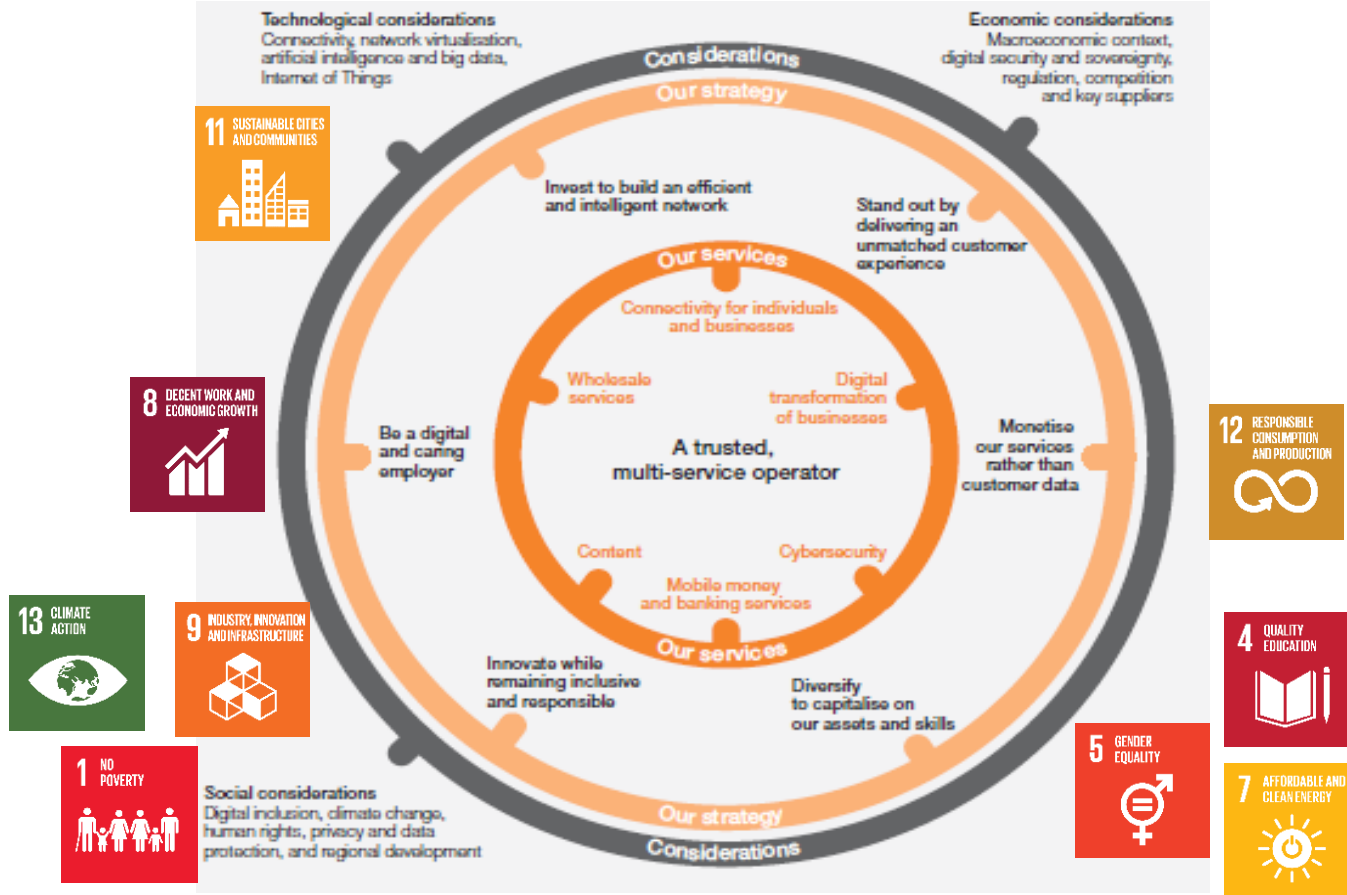
# How Orange creates value through CSR?

Group Corporate Social Responsibility

September 2019



# Orange business model - CSR embedded in our strategy



# Agenda

1

## Employment at Orange

How to ensure competency renewal & adequacy to our new businesses?

2

## Environment

How a low-carbon society is a leverage for Orange?

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## Commitment to communities

How Orange contribute to socioeconomic development?

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## Appendix

Support to other key SRI questions

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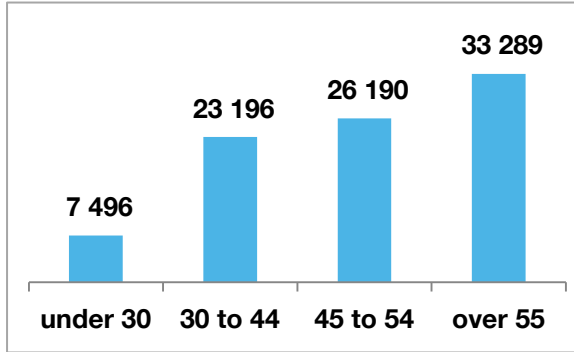
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# Employment at Orange

## How to ensure competency renewal & adequacy to our new businesses?

### Pyramid ageing – France



### France

- 91 885 active employees on 31/12/2018
- with 47,5 years average age

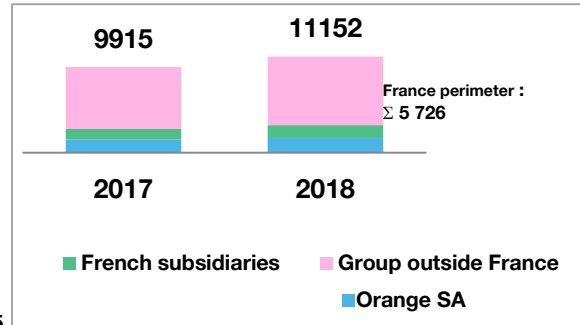
### Predictable but massive departures

- 5 to 6 000 departures per year (c. 80% due to retirements)

### Addressed with a commitment to hire 7 500 people over 2016/18

- with a focus on young people, representing 34% of recruitment on permanent contract in France (2016 - 2018)
- employees on work/study contracts : 5.4% of permanent contracts for the Group in France in 2018

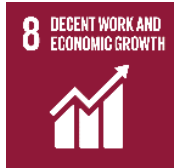
### Recruitment on permanent contract



### Outside France

- 58 826 active employees on 31/12/2018
- with 38,8 years average age
- 13,9% turnover in 2018

Overall, 11 152 recruitments in 2018 with a profile of 29,8 years average age

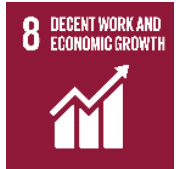


# Employment : Offer a decent and flexible place to work



## Attractive : employee survey results - 2018

- 88% of Group employees are proud to work for Orange
- 81% of employees consider Orange as a good place to work for



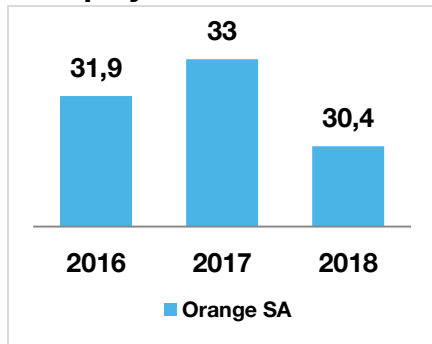
## Training with Orange Campus

- 2010 : creation of the university for the 20 000 managers of Orange Group – more than 150 000 development courses / 2019 : opening to all Group's employee
  - Program focus : Skill development : promotion of collective working, developing shared digital culture + Expertise priorities : Cybersecurity, Artificial Intelligence and Data.
- ⇒ to develop professional and digital skills, access training in new professions and to receive professional certifications or qualifications.
- ⇒ Partnership with the Grande Ecole du Numérique (Simplon Digital Schools) for more than 700 certified courses in France

## Flexible

- 24,000 Orange SA employees work at least one day a week from home (30% of employees end of 2018 )

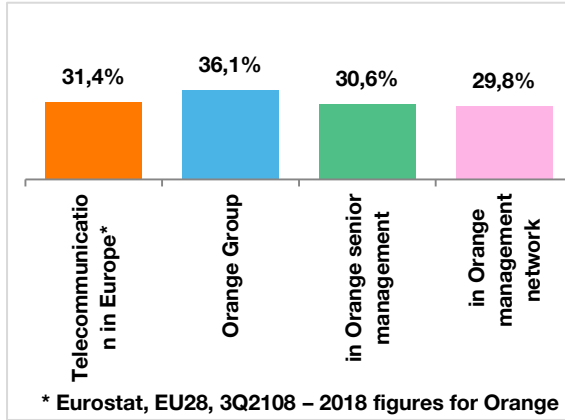
Hours of training per employee



# Employment : Promote an attractive workplace



## Feminisation rate



## Gender equality

- Target of 35% women in management network in 2020 : **29.8% reached in 2018 (27,3% in 2016)**
- Overall 34,6% recruitments of women in 2018
- regular assessments on equal pay country by country with a common Group methodology, resulting in customized action plans

## Diversity

- Integration rate of people with disabilities : 7,1% in 2018 (collective agreement covering 2017/19 : 6%)

## Occupational Health & Safety

- Health, Safety and Quality of Life at Work agreement signed in 2014 with Orange's worldwide Works Council, offering a common Group basis
- Specific healthcare costs coverage in the African region
- Vigilance Plan in place with dedicated due diligence & action plans, including for Orange's contractors and subcontractors

**Global Orange Group agreement on workplace gender equality signed with UNI Global Union on July 2019**



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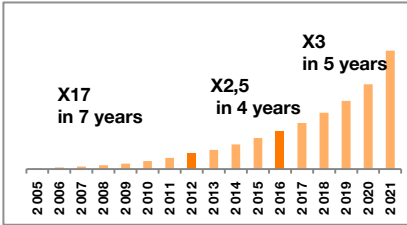


# Environment :

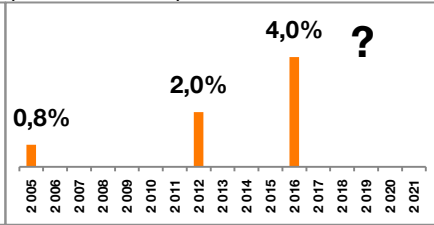
## How a low-carbon society is a leverage for Orange?



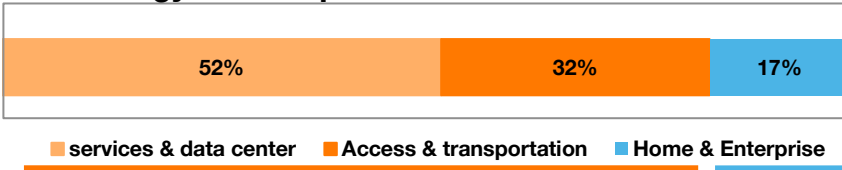
**IP Traffic evolution**  
(worldwide, in Gb per month -Cisco)



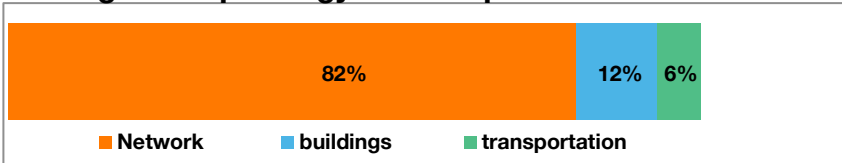
**% ICT energy consumption on total energy consumption**  
(worldwide estimates)



**ICT energy consumption** (source : G.W.A.T.T. , Bells Labs)



**Orange Group energy consumption -2018**



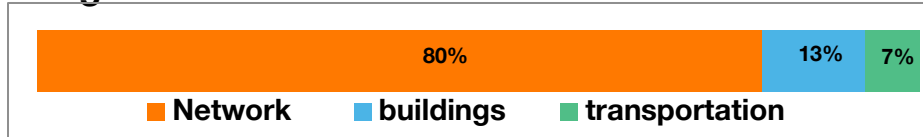
### Orange commitments:

- 50% CO<sub>2</sub> emissions per customer use by 2020 (compared to 2006);
- promote the integration of circular economy principles within its organization and its processes;
- to implement solutions and innovations by 2020, aimed at developing a low-carbon society;
- Net Zero Carbon for the Group by 2050.

# Environment : Control our internal emissions



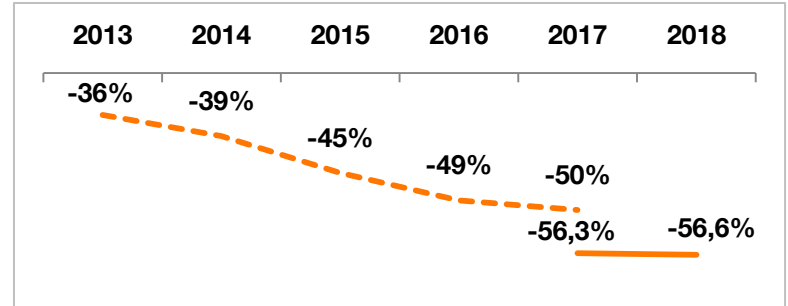
## Orange CO<sub>2</sub> emissions contained despite growing usages



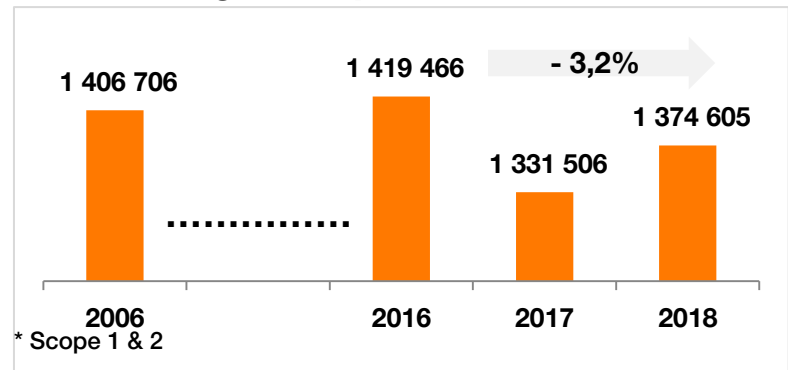
## Green IT plan delivering with OPEX saving

- Cooperation with equipment suppliers to reach highly energy-efficient equipment
- Energy audits conducted on technical sites (France) led to optimized action plans (prioritized according to effectiveness).
  - ⇒ Orange France maintained ISO 50 0001 certification for its energy management system.
- In MEA, continued roll out of solar energy and implementation of solar farm projects to secure mobile operation
  - ⇒ Orange intends to deploy ESCO projects to the entire MEA zone to optimize energy consumption and supply reliability

## CO<sub>2</sub> emissions\* per customer usage (base 2006 – iso perimeter, representing > 90% of Group revenues)



## CO<sub>2</sub> Orange Group emissions\* (metric tons)



# Environment: Implementing circular economy to enhance value creation for our products and services



**Ambition to implement circular economy principle in all our processes by 2020**

## Eco- design of products and services

- Exclusive distribution of *Fairphone2* in France
  - Livebox 4: a compact design / reduction of 1/3 of the product's weight / to be easily dismantled
- ⇒ limit raw materials and optimize transport;  
⇒ extension of service life, reduced cost of recycling

## Use of reconditioned equipment

### Collect and recycle

- Objective to collect at least 30% of mobile handsets sold (by Orange in Europe in 2020 challenged by different business models (15,4% in 2018)
- Second hand or reconditioned handsets outlets to offer responsible alternatives
- Comply with EC WEEE Directive across Orange footprint

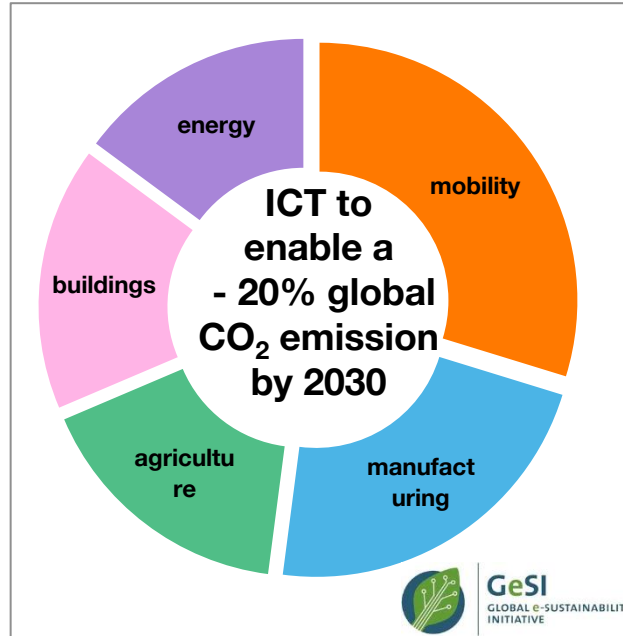
**Guide our customer for responsible usages (ex : [bienvivreledigital.fr](http://bienvivreledigital.fr))**

# Environment : Developing services and solutions to foster sustainable alternatives for our clients



## CO<sub>2</sub> abatement potential by sector

(source : GeSi Smarter 2030 : - 12 Gt CO<sub>2</sub>)



**A 5% increase in digital access would reduce consumption-based emissions by 1.6% (GeSi 2018)**

**Orange supports companies in 4 priority vertical IoT sectors:**

- Smart-cities
- Industry: optimizing flows thanks to sensors
- Automobile: supplying fleet management systems, driverless car systems
- Health and daily life: from collecting and securely storing healthcare data... to integrating connected objects in homes in order to improve daily life

**For residential customers, simple tools for day to day solutions**

- automatic standby mode for setup boxes
- Homelive solutions (10% energy savings estimated\*)

\* Source : 2018 ACEEE report : Energy Impacts of Smart Home Technologies



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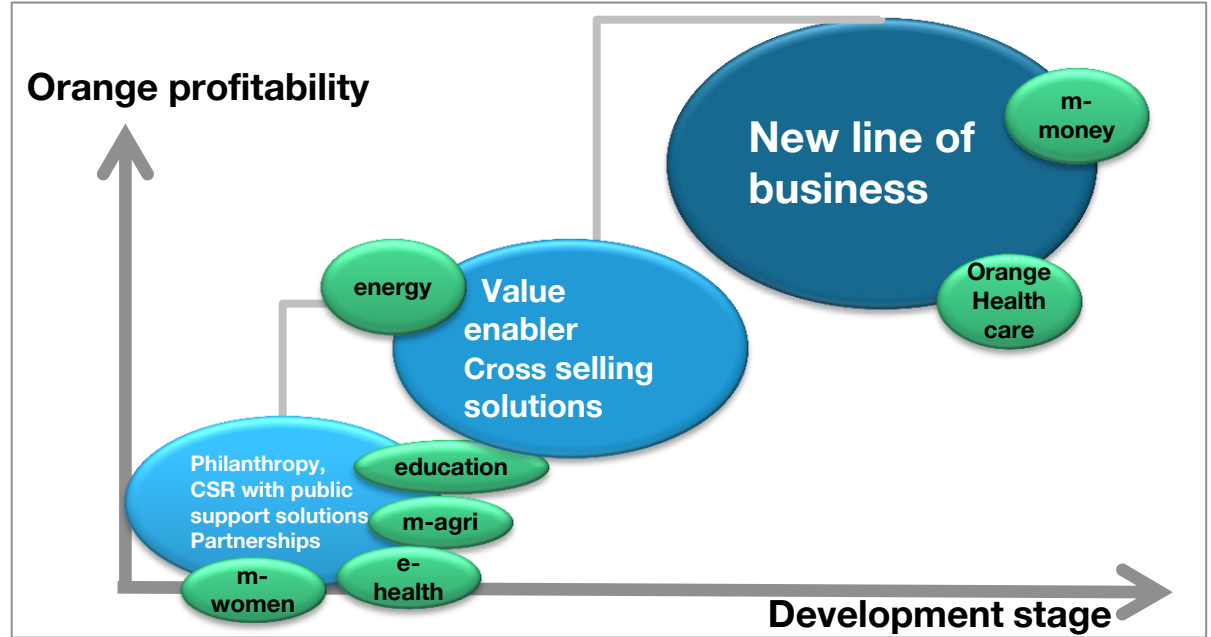
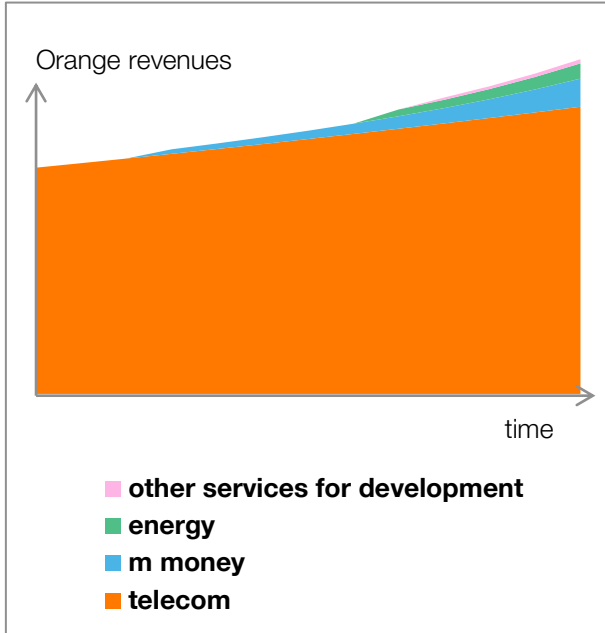
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# Commitment to communities :

## How Orange contribute to socioeconomic development?

Leverage on our connectivity to offer solutions encouraging sustainable developments



# Commitment to communities : Improve connectivity & affordability for all



## Increased connectivity in Middle East & Africa

- 14 MEA countries covered with 4G;
- investment in submarine cables on the West African coast with MainOne (2018), and East African coast with PEACE (operational in 2020);
- coverage in isolated rural areas with solar-powered radio towers.

## Improved rural access in Europe

- 4G coverage > 95% of population in Europe
- in France, full coverage commitment under the New Deal with 75% of “town centre dead zone” covered in 2020 and 100% in 2022;
- agreement with Eutelsat to give broadband connectivity in rural areas in Europe by 2021.

## Dedicated offers

- In MEA zone, launch of low price 3G Sanza smart feature phone in April 2019 (in Mali, Burkina Faso and Côte d’Ivoire, to be soon available in 19 countries)
- In Europe, offer focused on precarious families “offre coup de pouce”( “a little boost”) in France, ”Gigas Solidarios” in Spain,...

## Digital support

- Orange Digital Centers : structures dedicated to social inclusion (FabLabs, Digital Homes)
- training and coaching activities for customer in Orange stores (Ateliers numériques in France), on line (bienvivreledigital.fr, usolovedelatecnologia.com,...)

# Commitment to communities : New line of business for sustainable development : Orange money

## M Money is now a powerful socioeconomic driver in Africa

- Banking rate in sub-Saharan Africa: 35% of the population\*
- > 40% of the population actively use mobile money in 7 African countries\*
- + 13,6% mobile money accounts in Sub-Saharan Africa, between 2017 and 2018\*

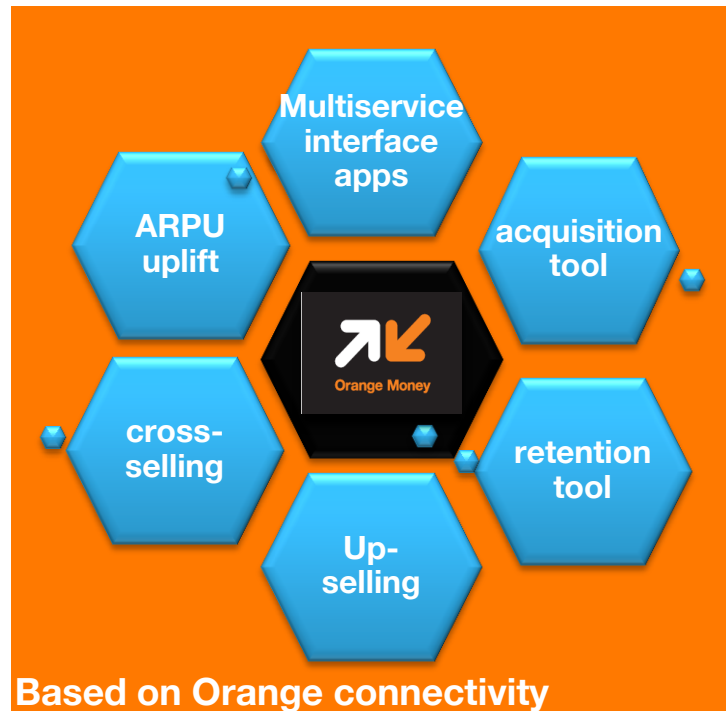
\*source: GSMA

## Orange Money

- 39,2 million customers\*\*, generating 334 million euros revenues for Orange in 2018
- 160,000 Orange Money retailers in 17 Orange countries
- cash deposits / withdrawals, money transfers, bill payment, pico-credit services, simple savings and insurance products
- Mowali : joint venture between Orange and MTN providing mobile money operators with an interoperable payment network

\*\* in 15 consolidated Orange subsidiaries – 41,6 on the 17 countries

## Impact on Orange





# Commitment to communities : New line of business for sustainable development : energy



## Access rate to electricity in Africa

- 50% of the population, - 18% in rural areas, ie 600 million people without access to electricity (source: Africa Progress Panel 2017)
- 30 million households in the MEA-SSA Orange zone do not have access to electricity
- between \$ 10 and \$ 15 per month spent in batteries / candles / kerosene for primary lighting needs.

## Opportunity across Europe for Orange

- energy reseller in Poland / eco-Home, grid-management

## Impact on Orange in MEA zone

- Mobile ARPU due to energy access : + 14% in MEA (source : GSMA)
- Customer acquisition : > 10% of Orange Energie clients are new Orange mobile clients, > 30% are new Orange Money clients (MEA zone)



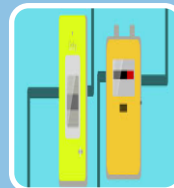
### Solar Home system (MEA)

- Commercial launch in 7 Orange countries with local partnerships at end of 2018
- Most innovative service award for rural electrification - AfricaCom 2018



### Minigrid on Orange mobile tower

- Orange ESCO program to use solar energy for internal needs in all Orange MEA countries in 2030
- Focus on remote areas in Africa



### Smart metering

- Tender offer from energy providers to foster infrastructure efficiency (B2B)
- implementation of grid@home strategy in Europe

# Commitment to communities : Example of Orange initiative for sustainable development : education

## Connectivity program for schools & universities

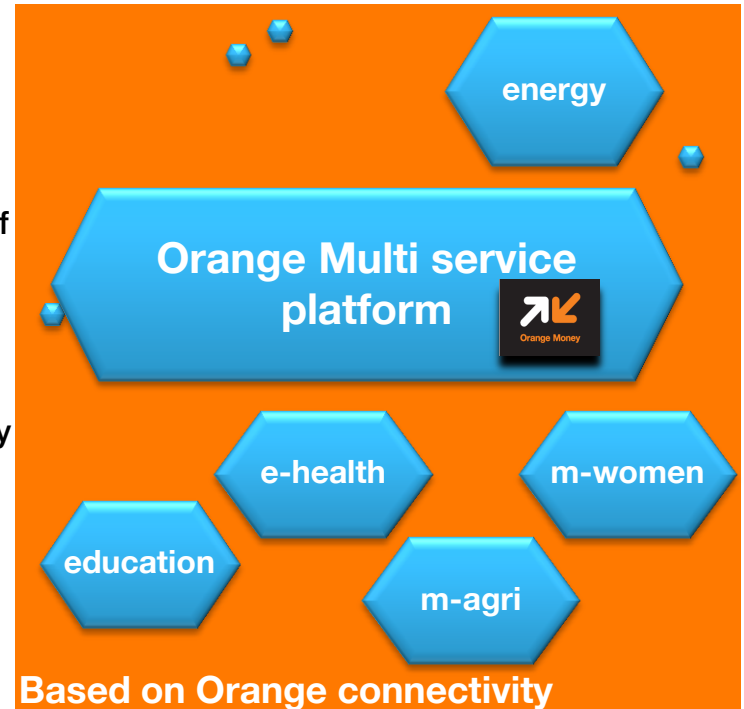
- Orange Poland : commitment to finance and to connect 4500 schools at the speed >100 Mbps till 2019;
- Orange Campus Africa available in Burkina Faso, Mali, DRC and Senegal : sponsored data offer, freemium model

## On line content platform

- Training EveryWhere M-Tew by Orange : to increase the number of qualified teachers in Africa through a training platform, accessible by mobile phone, without smartphone or internet connection, operational in rural areas;
- Moocs on “Grande Ecole numérique d’Afrique” : Orange virtual University sited in Côte d’Ivoire (UVCI) to serve other universities by creating courses and disseminating them.

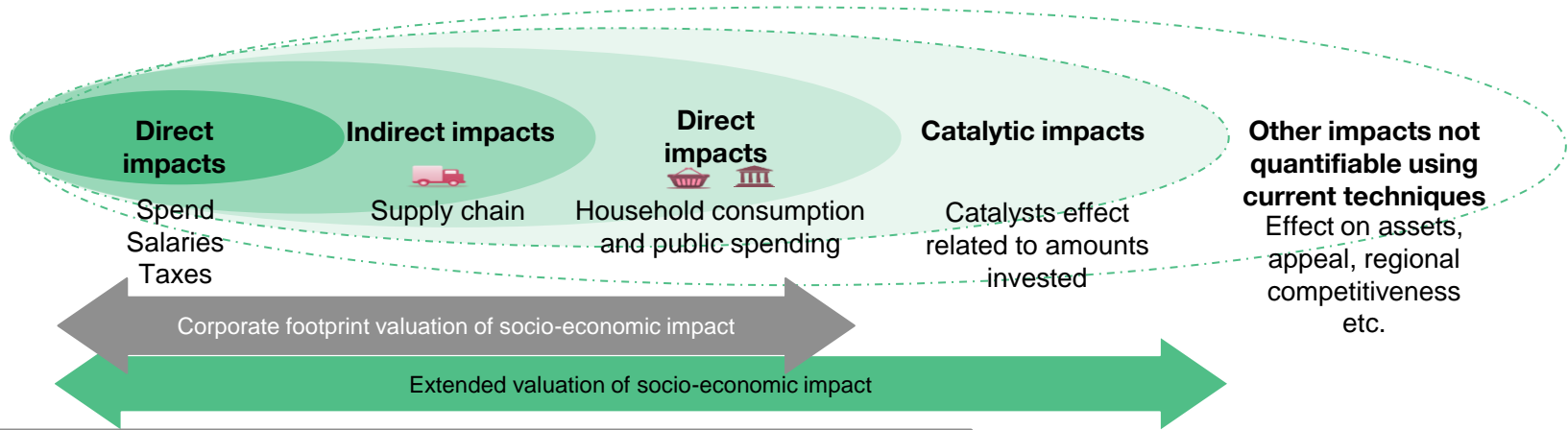
## Training Centers for digital skills

- 18 Orange subsidiaries in Africa are working on launching training centers based on OpenClassrooms online courses;
- Ecoles du numérique in Abidjan, Dakar, Tunis;
- Coding Academy in Jordan, in partnership with Simplon.Co.



# Conclusion – our value creation

Using the Thesaurus-Leontief tool, we measure our value creation on our footprint



<i>Estimated impacts by Utopies in France and Goodwill in DRC</i>	France	DRC
<b>corporate footprint</b>		
financial multiplying factor	2,2	3,5
employment multiplying factor	3,9	150
<b>extended valuation</b>		
financial multiplying factor		10
employment multiplying factor		367

## Estimated wealth created due to Orange's activities

- 1.5% of French GDP (Corporate footprint)
- 1,53 % of DRC GDP (Extended valuation)

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# CSR chain of governance and delivery

## CSR chain of deployment



## Key CSR questions : Governance

### Governance & CSR under Board of directors' scrutiny

#### Board of directors

15 board members

1 Chairman & CEO

7 independent members

3 employees representatives

3 representing the French State

1 representing employee shareholders

#### Board committees

##### Audit

Chaired by Anne-Gabrielle Heilbronner, independent director

##### Governance & CSR

Charles-Henri Filippi, Lead & independent director

Anne Lange, independent director

Fabrice Jolys, director elected by the employees

##### Innovation and Technology

#### Group's General Management Committee

15 executive members

o/w 1/3 of women

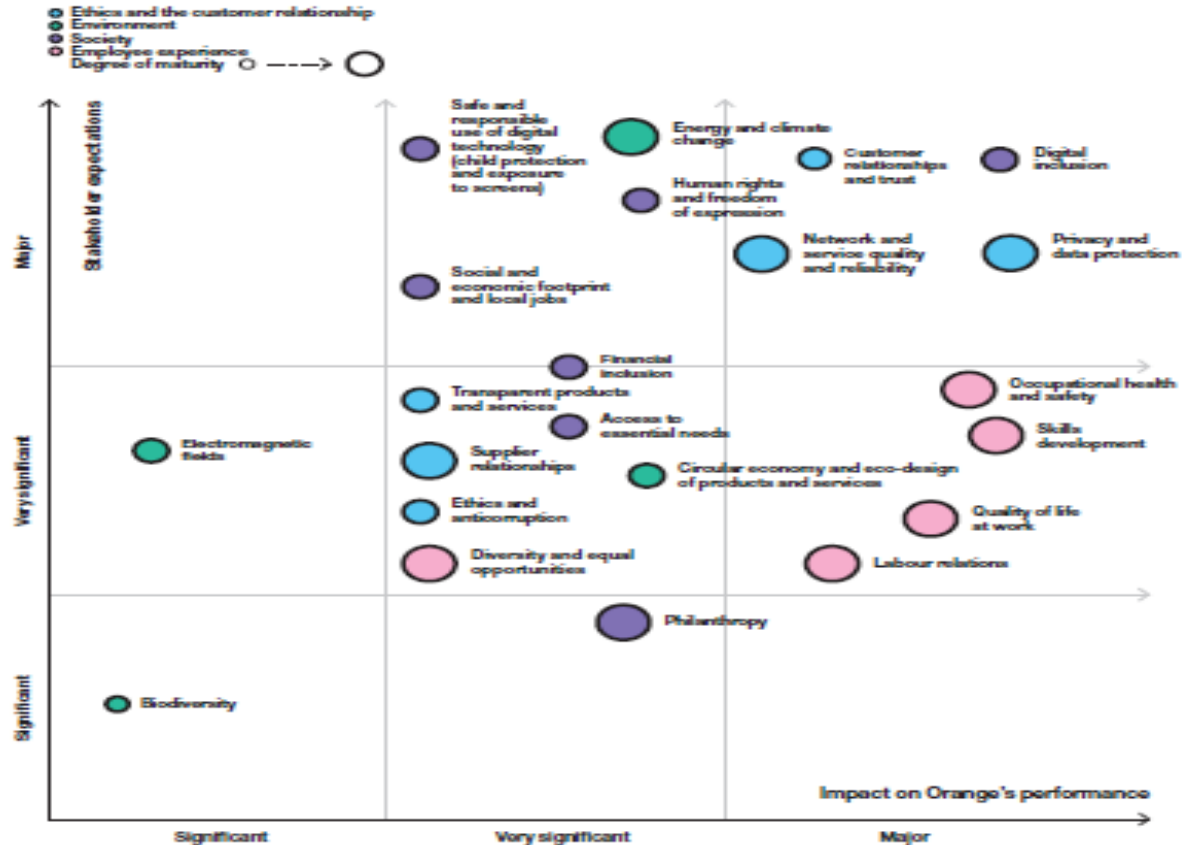
# Orange CSR main priorities

Orange CSR approach results from a structured dialogue with its stakeholders

Based on the principles of the AA1000 standard (inclusion - materiality - reactivity)

- ensures that the Group's CSR projects are consistent with the priorities of the stakeholders;
- helps identify and prioritize risks related to the social and environmental issues
- identifies opportunities for innovation, whilst supporting the social and economic development

Orange published its CSR materiality matrix for the first time in 2018

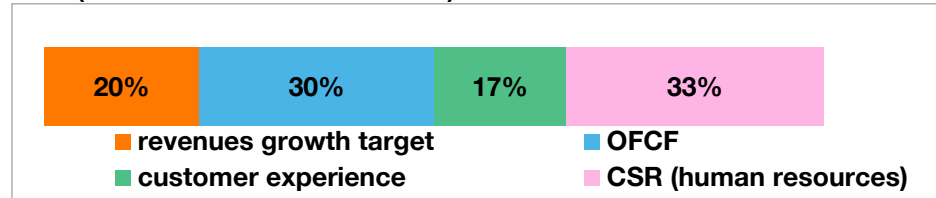


# CSR chain of governance and delivery

## Incentive to deliver

### For C&CEO, Delegate Chief Executive Officers

- variable compensation capped on an achieved target to 50% / 60% of annual fixed compensation. (80% for the CEO in 2018)



- for 2019, only some adjustments regarding the CSR compound index

### For C&CEO, Executive and non-Executive Officers & Leaders

- Long term incentive plan 2017/2019 paid in shares in 2020 under performance criteria (50% organic cash flow / 50% total shareholder return)

### For Orange employees

- variable compensation linked to responsibility level (managers) – France example :
  - For Executive & Leaders, the Group's division criteria match the Delegate CEO



- Employee incentive
  - 65% Group operational indicator (adj. EBITDA – CAPEX)
  - 30% Customer satisfaction indicators
  - 5% energy savings

### Orange Vision 2020 free share award plan

A total of 9,1 million shares awarded to 141 000 employees, linked to employee being present Sept. 2017/ Dec. 2019, Orange performance conditions related to organic cash flow and adj. EBITDA



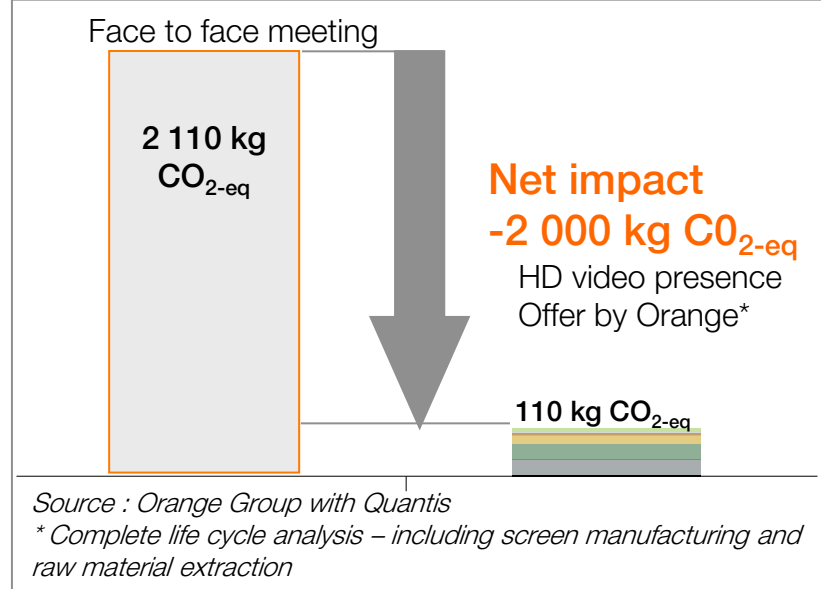
# Data protection : GDPR implementation

- CEO Sponsorship for governance & European deployment
  - ✓ Groups overall security headed by Comex member for Strategy and cyber-security
  - ✓ Organization and governance Post 25/05/2018 in place with mandatory DPO designations in all European countries
- Implementation based on mutualisation between all European entities
- Dedicated internal communication/ training
- privacy by design to be respected

**Environment :** How a low-carbon society is a leverage for Orange?

## Instill new solutions for our customers to reduce their environmental impact - example of benefits brought by Open Video Presence

**Net impact of Open Video presence for one user and for long distance meeting - example**



**Main Green solutions implemented by Orange:**

- “Orange Interactive Office ” : collaborating teleworking solutions
- “Mobile Work place” : always-on connectivity on the move solutions
- “Open Video presence” : HD Visio conferencing solution reduce by 1000 tons C02-eq per room and per year (net impact)