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?

3. Commitment to communities
   How Orange contribute to socioeconomic development?

4. Appendix
   Support to other key SRI questions
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Employment at Orange

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

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

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)
**Employment: Promote an attractive workplace**

**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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**Feminisation rate**

- Telecommunication in Europe: 31.4%
- Orange Group: 36.1%
- In Orange senior management: 30.6%
- In Orange management network: 29.8%

*Eurostat, EU28, 3Q2018 – 2018 figures for Orange*
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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)

Orange commitments:
- 50% CO₂ 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 CO₂ 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

CO₂ emissions* per customer usage (base 2006 – iso perimeter, representing > 90% of Group revenues)

CO₂ Orange Group emissions* (metric tons)

- 36% - 39% - 45% - 49% - 50% - 56.3% - 56.6%

1 406 706 1 419 466 - 1 331 506 1 374 605

* Scope 1 & 2
Environment: Implementing circular economy to enhance value creation for our products and services

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)

Ambition to implement circular economy principle in all our processes by 2020
Environment: Developing services and solutions to foster sustainable alternatives for our clients

**CO₂ abatement potential by sector**
(source: GeSi Smarter 2030: - 12 Gt CO₂)

- **energy**
- **mobility**
- **buildings**
- **agriculture**
- **manufacturing**

**ICT to enable a - 20% global CO₂ emission by 2030**

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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Commitment to communities:
How Orange contribute to socioeconomic development?

Leverage on our connectivity to offer solutions encouraging sustainable developments

Orange revenues

Orange profitability

New line of business

Value enabler
Cross selling solutions

Philanthropy,
CSR with public
support solutions
Partnerships

m-money

Orange Health care

energy
education
m-agri
e-health
m-women

Other services for development
energy
m-money
telecom

1. NO POVERTY
4. QUALITY EDUCATION
7. AFFORDABLE AND CLEAN ENERGY
8. DECENT WORK AND ECONOMIC GROWTH

Development stage
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
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, i.e. 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

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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

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>DRC</th>
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</thead>
<tbody>
<tr>
<td><strong>Corporate footprint</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial multiplying factor</td>
<td>2.2</td>
<td>3.5</td>
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<tr>
<td>employment multiplying factor</td>
<td>3.9</td>
<td>150</td>
</tr>
<tr>
<td><strong>Extended valuation</strong></td>
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<td></td>
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<tr>
<td>financial multiplying factor</td>
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<td>10</td>
</tr>
<tr>
<td>employment multiplying factor</td>
<td></td>
<td>367</td>
</tr>
</tbody>
</table>

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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Support to other key SRI questions
CSR chain of governance and delivery

CSR chain of deployment

**Governance and CSR Committee**
- approves the strategic direction of the CSR strategy
- ensures that the Code of Ethics is properly applied

**Group Corporate Social Responsibility**
- proposes the CSR strategy
- is responsible for its operational deployment
- provides technical and methodological support to subsidiaries

**CSR sponsors**
- are responsible for the implementation of strategic CSR directives in operational units & subsidiaries

**network of CSR managers**
- covers all the Group entities and business areas
- contributes to the operational deployment of the strategy

Group Audit, Control and Risk Management Department

Chief Compliance Officer & network

Group Ethics Committee

Data Protection Officer & network
## Key CSR questions: Governance

Governance & CSR under Board of directors’ scrutiny

<table>
<thead>
<tr>
<th>Board of directors</th>
<th>15 board members</th>
<th>1 Chairman &amp; CEO</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>7 independent members</td>
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<tr>
<td></td>
<td></td>
<td>3 employees representatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 representing the French State</td>
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<tr>
<td></td>
<td></td>
<td>1 representing employee shareholders</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Board committees</th>
<th>Audit</th>
<th>Governance &amp; CSR</th>
<th>Chaired by Anne-Gabrielle Heilbronner, independent director</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Charles-Henri Filippi, Lead &amp; independent director</td>
<td>Anne Lange, independent director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fabrice Jolys, director elected by the employees</td>
<td></td>
</tr>
</tbody>
</table>

| Group's General Management Committee | 15 executive members | o/w 1/3 of women |

Orange refers to the Afep-Medef Corporate Governance Code revised in June 2018
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
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**

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

<table>
<thead>
<tr>
<th>Face to face meeting</th>
<th>2 110 kg CO₂-eq</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD video presence</td>
<td>Net impact</td>
</tr>
<tr>
<td>Offer by Orange*</td>
<td>-2 000 kg CO₂-eq</td>
</tr>
<tr>
<td></td>
<td>110 kg CO₂-eq</td>
</tr>
</tbody>
</table>

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**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 CO2-eq per room and per year (net impact)

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*Complete life cycle analysis – including screen manufacturing and raw material extraction*