

# SOCIAL INDICATORS

## 2010/2009 Evolutions

For 2010, data on all the social indicators have been collected and consolidated at a Corporate level since the HR information systems have been fully converged, except for health and safety data that are issued from our CR reporting tool. Regarding the health and safety data, the survey covered 67 countries, representing 100% of the total headcount.

## Definitions and Methodology

All indicators are based on Alcatel-Lucent data. The perimeter of 2010 social reporting, specified for each indicator, is measured in terms of total percentage of Alcatel-Lucent employees covered by the indicator. The available figures provided are consolidated at a corporate level either:

- through the corporate financial information systems (headcount including gender headcount),
- through the corporate HR information systems (training and mobility),
- through the CR reporting tool (health and safety).

The person responsible for reporting in each HR domain works with a specialized network of correspondents located throughout the world.

(1) For 2010, the number of disabled employees concerns only five French legal entities (Compagnie Financière Alcatel-Lucent, Alcatel-Lucent France, Alcatel-Lucent Entreprise, Alcatel-Lucent Submarine Networks France and Alcanet International SAS).

(2) In 2010 Alcatel-Lucent has changed its performance management processes and IT systems, former indicators have not been followed, new indicators are put in place for 2011.

## SOCIAL INDICATORS

	2008	2009	2010	2010 perimeter
<b>1. Headcount</b>				
Total headcount as of Dec 31 <input checked="" type="checkbox"/>	77,717	78,373	79,796	100%
Number of recruits	7,725	6,773	8,661	100%
Headcount reduction due to businesses transferred or sold	-	(699)	(1,153)	100%
Headcount increase due to the full consolidation of previously non-fully consolidated companies	-	1,468	53	100%
Headcount increase due to acquisitions and in sourcing	4,141	4,219	3,687	100%
Headcount reduction due to outsourcing and transfers	(277)	(1,956)	(666)	100%
Headcount reduction due to redundancies	(4,063)	(4,246)	(2,660)	100%
Headcount reduction due to normal departures (retirements, end of temporary work contracts, resignations, deaths)	(6,219)	(4,903)	(6,499)	100%
<b>2. Headcount/Diversity</b>				
Percentage of women/headcount <input checked="" type="checkbox"/>	23.44%	22.35%	20.60%	100%
Percentage of women - Asia Pacific	27.20%	20.73%	28.15%	100%
Percentage of women - Europe, South America, Middle-East, Africa and India	20.88%	22.34%	17.01%	100%
Percentage of women - North America	25.71%	24.19%	23.60%	100%
Percentage of women amongst the Leadership Pipeline	19%	19.05%	19.37%	100%
Number of disabled employees	182	190	210 <sup>(1)</sup>	France
<b>3. Training</b>				
Training budget (as a percentage of payroll)	1.00%	1.10%	1.00%	100%
Total hours of training per employee	17	17	17,8	100%
Percentage of training time via e-learning technologies	33%	40%	38%	100%
<b>4. Mobility</b>				
Number of expatriates world wide	766	623	498	100%
Expatriates by host region Europe	262	170	151	100%
Expatriates by host region North America	45	55	31	100%
Expatriates by host region South America	19	12	12	100%
Expatriates by host region Middle East, Africa and India	180	198	147	100%
Expatriates by host region Asia Pacific	260	188	157	100%
<b>5. Health and Safety</b>				
Number of days of absence due to work-related accidents per employee <input checked="" type="checkbox"/>	0.09	0.09	0.07	100%
Rate of frequency (number of accidents per year, per 1 million hours worked)	1.72	1.61	1.48	100%
<b>6. Performance Management</b>				
Percentage of managers and professionals who had an annual performance review	85%	85%	NA <sup>(2)</sup>	-
Percentage of managers and professionals who had learning and development activities agreed upon	50%	54%	NA <sup>(2)</sup>	-

# ENVIRONMENTAL INDICATORS

## Definitions and Methodology

The 2010 energy and water consumption reporting perimeter includes all Alcatel-Lucent Sites, owned or leased as of December 2010.

- For the 2010 assessment, 276 facilities representing a total of 84% of Alcatel-Lucent employees and 83% of gross building area were surveyed.
- From this scope of reporting, the number of facilities having effectively reported resulted in the following corresponding percentage of total Alcatel-Lucent employees:
  - For energy consumption and CO<sub>2</sub> emissions: 276 sites accounting for 84% of total Alcatel-Lucent employees;
  - For water consumption: 130 sites accounting for 69% of total Alcatel-Lucent employees;
  - For non-hazardous waste production: 263 sites accounting for 79% of total Alcatel-Lucent employees;
  - For hazardous waste production: 272 facilities accounting for 80% of total Alcatel-Lucent employees.
- To account for 100% of Alcatel-Lucent employees, extrapolation procedures were applied based on calculated ratios per employee.
- Reported waste does not include WEEE (Waste Electrical & Electronic Equipment).

## 2009/2010 Evolutions

The scope of the 2010 CR Campaign was increased from that which was employed in 2009. For the 2010 CR Campaign, all facilities, regardless of building area or employee headcount, which were able to obtain energy usage information, were required to participate within this web-based survey. As a result, significantly more actual facility operational data was obtained, thereby requiring less estimation to obtain 100% company-wide assessment.

Due, in part, to consolidation of facilities to more efficiently utilize our resources, implementation of energy efficiency projects, as well as the deployment of employee energy efficiency awareness programs, we have achieved an actual reduction of total CO<sub>2</sub> emissions of 8%, from 2009 levels. This consists of a reduction of 6% of electricity usage, and 17% of fossil fuel usage rate from their 2009 values. Company-wide water usage also showed a decline in 2010 from 2009 results.

In 2007, we conducted a world-wide assessment of total CO<sub>2</sub> emissions associated with facility operations. Based on those results, the following goal was established - "by the end of 2010, reach a 10% reduction in total CO<sub>2</sub> emissions from facilities from the 2007 CR reported baseline". Based on results from this 2010 CR Campaign we have exceeded that goal, achieving a 17% reduction in total CO<sub>2</sub> emissions.

From the time that the 2007 CR goal was initially established we dramatically enhanced our Climate Change Program, resulting in a comprehensive world-wide carbon footprint assessment conducted in 2008. An outcome of that assessment was the commitment of a more rigorous Climate Change goal as documented within our 2008 CR Report: "Alcatel-Lucent will reduce its carbon footprint (absolute) by 50% by the year 2020 [from our 2008

## EHS INDICATORS 2010

	Units	2008	2009	2010	2010 perimeter
<b>Carbon Footprint Assessment-Facility Operations Only<sup>(5,8)</sup></b>					
Indirect emissions of CO <sub>2</sub> , linked to consumed electricity	t CO <sub>2</sub> <sup>(1)</sup>	603,568	559,019	522,920	100%
Indirect emissions of CO <sub>2</sub> e, linked to consumed electricity	kt CO <sub>2</sub> e <sup>(3)</sup>	628	598	559	100%
Indirect emissions of CO <sub>2</sub> per employee	t CO <sub>2</sub> <sup>(1)</sup>	7.8	7	7	100%
Indirect emissions of CO <sub>2</sub> e per employee	t CO <sub>2</sub> e <sup>(4)</sup>	8	8	7	100%
Direct emissions of CO <sub>2</sub> , linked to consumed fossil energy	t CO <sub>2</sub> <sup>(1)</sup>	99,197	70,983	56,941	100%
Direct emissions of CO <sub>2</sub> e, linked to consumed fossil energy	kt CO <sub>2</sub> e <sup>(3)</sup>	105	87	73	100%
Direct emissions of CO <sub>2</sub> per employee	t CO <sub>2</sub> <sup>(1)</sup>	1.3	1	1	100%
Direct emissions of CO <sub>2</sub> e per employee	t CO <sub>2</sub> e <sup>(4)</sup>	1	1	1	100%
Total emissions of CO <sub>2</sub> <sup>(2)</sup> ✓	t CO <sub>2</sub> <sup>(1)</sup>	702,764	630,001	579,861	100%
Total emissions of CO <sub>2</sub> e	kt CO <sub>2</sub> e <sup>(3,5)</sup>	751	702	647	100%
Total emissions of CO <sub>2</sub> per employee <sup>(2)</sup>	t CO <sub>2</sub> <sup>(1)</sup>	9	8	8	100%
Total emissions of CO <sub>2</sub> e per employee	T CO <sub>2</sub> e <sup>(4,5)</sup>	10	9	8	100%
<b>Carbon Footprint Assessment-Worldwide Operations<sup>(8)</sup></b>					
<b>Scope 1</b>					
Stationary source fuel combustion	t CO <sub>2</sub> e <sup>(4)</sup>	92,783	73,709	61,005	100%
Mobile source fuel combustion	t CO <sub>2</sub> e <sup>(4)</sup>	93,695	89,554	84,289	100%
Facility and mobile source refrigerant losses	t CO <sub>2</sub> e <sup>(4)</sup>	1,631	5,778	5,075	100%
Direct emission of GHG from manufacturing/R&D/product development	t CO <sub>2</sub> e <sup>(4)</sup>	7,730	1,272	81	100%
Fire suppression system losses	t CO <sub>2</sub> e <sup>(4)</sup>	186	8	0	100%
<b>Scope 2</b>					
Electricity usage	t CO <sub>2</sub> e <sup>(4)</sup>	627,828	598,214	558,644	100%
Purchase of hot water/steam	t CO <sub>2</sub> e <sup>(4)</sup>	9,643	10,596	10,183	100%
Purchase of chilled water	t CO <sub>2</sub> e <sup>(4)</sup>	263	735	678	100%
<b>Scope 3</b>					
Business travel	t CO <sub>2</sub> e <sup>(4)</sup>	117,720	105,025	114,519	100%
Contracted marine services	t CO <sub>2</sub> e <sup>(4)</sup>	65,351	63,443	58,019	100%
Contracted manufacturing services <sup>(6)</sup>	t CO <sub>2</sub> e <sup>(4)</sup>	36,324	36,352	64,069	100%
Product transport <sup>(7)</sup>	t CO <sub>2</sub> e <sup>(4)</sup>	286,140	201,043	214,982	100%
Environmental remediation activities	t CO <sub>2</sub> e <sup>(4)</sup>	3,831	7,434	4,428	100%
Employee commuting (North American Region only <sup>(9)</sup> )	t CO <sub>2</sub> e <sup>(4)</sup>	47,117	42,576	38,512	100%
Paper use <sup>(10)</sup>	t CO <sub>2</sub> e <sup>(4)</sup>	1,555	1,359	1,257	100%

continued ▼

baseline)]. As a result, we are retiring our 2007 goal since it was attained and will report progress annually against our 2008 goal of 50% reduction by 2020. In following our global approach to sustainability, we are evaluating everything that contributes to reducing our carbon footprint, both directly and indirectly. We report GHG emissions from facilities, fleet operations, mobile sources of combustion and all other Scope 1 and 2 sources that result directly from our business operations. We also report Scope 3 emissions and strive to continuously improve our emission reporting activities by working with suppliers and business partners. In 2010 we added the following indicators to our CR Report and Carbon Footprint: Contract Manufacturing Services, Environmental Remediation Activities, Employee Commuting and Paper Use. We also added emissions for each category back to our 2008 baseline. A comprehensive approach to incorporate GHG emission measurement, management and reporting has enabled us to focus on the greatest opportunities to reduce emissions within our full value chain. This involves the quantification of emissions for the six major GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC<sub>s</sub>, PFC<sub>s</sub>, SF<sub>6</sub>). As a result of this dramatically enhanced program, we are now replacing the current "Consumed Energy and CO<sub>2</sub> Emissions" CR indicators with Scope 1 and Scope 2 emissions data associated with Alcatel-Lucent facilities as CO<sub>2</sub>e, which will document our path to achieving the 2020 carbon footprint goal. For consistency purposes we are reporting both CO<sub>2</sub> and CO<sub>2</sub>e in this report, but in future reports we will only report on the industry and GHG Protocol standard of CO<sub>2</sub>e emissions. In addition, we have provided facility CO<sub>2</sub>e emissions back to the 2008 baseline of our revised emissions reduction target.

## 2010 Achievements

In 2010 Alcatel-Lucent reduced its carbon footprint from all sources by 1.7% or over 21,000 tonnes of CO<sub>2</sub>e. This achievement was accomplished in a year where Alcatel-Lucent overall business increased. This means that Alcatel-Lucent has become nearly 7% more efficient in terms of carbon footprint per unit of revenue. Also, we have reduced our carbon footprint by 12.6% since 2008, or over 176,000 tonnes of CO<sub>2</sub>e, which is the same as removing over 32,000 passenger vehicles from the road. This is excellent progress as we continue our journey to reducing our carbon footprint by 50% by 2020.

(1) t CO<sub>2</sub>; CO<sub>2</sub> metric tons.

(2) Emissions of CO<sub>2</sub> associated with purchased hot and chilled water are not included

(3) kt CO<sub>2</sub>e: Kilo metric tons of CO<sub>2</sub> equivalency (includes the following GHGs: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC<sub>s</sub> and PFC<sub>s</sub>).

(4) t CO<sub>2</sub>e: Metric tons of CO<sub>2</sub> equivalency (includes the following GHGs: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC<sub>s</sub> and PFC<sub>s</sub>).

(5) CO<sub>2</sub>e values include Scope 1 and Scope 2 emissions for facility operations only.

(6) CO<sub>2</sub>e values include 100% of the emissions, based on intensity and throughput, of our three largest contract manufacturers, less emissions avoided from sales of refurbished equipment.

(7) Product transport includes 100% of emissions from air and sea transport only.

(8) Emission factors based on initial values issued by IPCC and kept constant for data consistency.

(9) Commuting information for US and Canada only - CO<sub>2</sub>e value includes 100% of data from those two countries.

(10) Paper use includes 100% of paper used in operations purchased under corporate contract; does not include externally printed marketing collateral.

(11) Recycled: not released in a landfill or not burned without energy recovery.

(12) While we continue to maintain a commitment to 3<sup>rd</sup> party certified Environmental management systems, the percent of global headcount under ISO 14001 certification has been negatively impacted by our evolving business model (i.e., outsourced manufacturing, managed service agreements, etc.)

(13) Associated with new products released during the cited year.

## EHS INDICATORS 2010

	Units	2008	2009	2010	2010 perimeter
<b>Grand Total</b>	t CO <sub>2</sub> e <sup>(4)</sup>	1,391,796	1,237,098	1,215,741	<b>100%</b>
<b>Consumed Energy</b>					
Consumed electricity	GWh	1,306	1,197	1,125	<b>100%</b>
Consumed electricity by employee	MWh	16.8	15	15	<b>100%</b>
Consumed fossil energy	GWh	528	373	308	<b>100%</b>
Consumed fossil energy by employee	MWh	6.8	5	4	<b>100%</b>
Total consumed energy, including hot and chilled water	GWh	1,972	1,634	1,491	<b>100%</b>
Total consumed energy by employee	MWh	23.6	20	19	<b>100%</b>
<b>Water and Wastes</b>					
Consumed water	m <sup>3</sup>	3,048,624	2,754,507	2,744,454	<b>100%</b>
Consumed water per employee	m <sup>3</sup>	39	35	36	<b>100%</b>
Production of hazardous waste	t	1,689	1,517	2,230	<b>100%</b>
Production of hazardous waste per employee	kg	22	19	28	<b>100%</b>
Percentage of hazardous waste recycled <sup>(11)</sup>	%	80	79	80	<b>100%</b>
Production of non-hazardous waste	t	24,684	29,932	19,767	<b>100%</b>
Production of non-hazardous waste per employee	kg	318	382	248	<b>100%</b>
Percentage of non-hazardous waste recycled <sup>(11)</sup>	%	76	58	68	<b>100%</b>
<b>Other Emissions</b>					
Solvents		No significant quantities, indicator not relevant and not consolidated			
Halogenated hydrocarbon		No significant quantities, indicator not relevant and not consolidated			
Discharge into water (heavy metals)		No significant quantities, indicator not relevant and not consolidated			
Ozone-depleting substances		No significant quantities, indicator not relevant and not consolidated			
NO <sub>x</sub> , SO <sub>x</sub> and other criteria air contaminants		Sources emitting those air contaminants are installed and operated in conformance with applicable regulatory requirements			
<b>Miscellaneous</b>					
Alcatel-Lucent headcount, ISO 14001 certified <sup>(12)</sup>	%	42	39	29	<b>100%</b>
New products covered by ecodeclarations <sup>(13)</sup>	%	96	100	100	<b>100%</b>