Company Sustainability Profile

Lucent Technologies

Storebrand Investments SRI – April 2003

Status: Qualified

Only those companies ranking in the top 30 percentile of Storebrand's environmental and social performance analyses are considered "best in class" and therefore qualify for investment in Storebrand Principle Funds and other Storebrand SRI-mandates.

Company Profile

Lucent Technologies is a global leader in telecom equipment, manufacturing products used to build communications network infrastructure. The company also makes communications and network management software and provides a wide range of services. Its Bell Laboratories research and development unit develops many of Lucent's products. The company offers wire line and wireless products to leading telephone companies and other communications service providers.

Environmental Performance

Lucent Technologies environmental performance index score: 162
Industry leader environmental performance index score: 183

Lucent ranks among the top performers in all of Storebrand's environmental indicators, receiving the seventh best overall score on our environmental index. Environmental information and training is provided to its employees through web-based programs. One of Lucent's primary targets for its environmental health and safety work is to motivate and prepare all employees to assume environmental responsibility. During 2001, Lucent achieved a reduction of its greenhouse gases by 37,667 metric tons thorough energy projects and recycling activities.

Lucent launched a website aimed at ensuring that its suppliers are aware of its environmental requirements, including banned substances for packaging and products. For suppliers dealing with design, a separate guideline is dedicated to environmental concerns when handling substances in product design.

Life cycle assessments show that this silicon chip has reduced the overall environmental impact from raw materials to end of life. Lucent is now integrating these findings into its 3G mobile infrastructure platform.

Storebrand suggests that Lucent ensure that its Environmental, Health and Safety report becomes more visible at its web site. No hits directed us to the report when using the search words 'environment' or 'environmental'. Third party verification of the EHS report would also have been of value. Storebrand would also advise Lucent to use the Global Reporting Initiative's guidance document for improving its EHS report and in developing EHS indicators.

Social Performance

Lucent Technologies environmental performance index score: 133
Industry leader environmental performance index score: 156

Lucent ranks among the top performers in all of Storebrand's social indicators, receiving the eighth best overall score on our social index.

Social responsibility is one of Lucent's core values. Since 1996, the company has had an employee code of conduct in place. The company obliges all employees to adhere to the Code of Conduct in addressing legal and ethical issues encountered in conducting their work. Training is given to enable employees to fully understand the code of conduct and to be aware of issues of conflict. During 2002, all employees had to attest to the fact that they understood the Code of Conduct. Employees are required to report on any conduct that they believed to be an actual or apparent violation of the code.

Lucent has an OHS management system in place. Training and information are now performed via the Internet. Injury rates are the performance indicators used for OHS. The latest data indicated a declining trend in 2002, with a reduction in lost workdays due to injury from 4.1 percent to 0.63 percent. Targets for 2002, 2003 and 2004 are improved safety performance by implementation of an incident investigation and corrective measures programs. Lucent has implemented a system to ensure EHS adherence of suppliers.

Lucent supports philanthropy as a part of its social responsibility program. This includes support to the Lucent Technologies Foundation; the Community Relations/Corporate Contributions program, and Lucent Cares, a global volunteer organization. The foundation's mission is to help young people around the world prepare to meet the challenges of our changing global society. Education is the key. To maximize its impact, the foundation targets specific issues and initiatives and has developed relationships with a number of grantees in the targeted fields of education and youth development. Most programs focus on kindergarten up to children in grade 12.

Lucent is strong in labour relations issues. Recognizing the need to balance work with home life, Lucent offers several employees' health and wellness needs supports, opportunities for flexible work arrangements, long-term savings goals. . Flexible hours and telecommuting are options that may be available in some circumstances to help employees manage private and working life. Its compensation includes base salary, short-term incentive award opportunities and stock option opportunities.

Storebrand suggests that Lucent also include a counter bribery policy and discrimination standards governing its use of suppliers and business partners. Storebrand also advises Lucent to continue to develop OHS and labour management indicators.

References

Storebrand Investments Environmental Questionnaire (2002)
Storebrand Investments Social Responsibility Questionnaire (2002)
Lucent Web site

Company contacts: Roy J. Femenella, Global Environmental, H&S Engineering and Operations Director
Barry F. Dambach, SR Manager EH&S Product Support & Design for Environment
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Company visit: New Jersey, April 2002

About this report

This report is written as part of the analysis process in Storebrand Investments' SRI section. Storebrand's benchmark is calculated on the basis of the 2003 analysis of companies in the communication equipment and instruments industry. Scores are normalized to fit a scale of 0-200 points, and the industry average is always 100. Storebrand's Industry Overview provides more detail on performance indicators and industry results.

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