

**Classification and Consequences for Non-Compliance of EHS Rules and
Zero Tolerance Safety Principles - ALU 3rd Party Services Supplier Management
(EXTERNAL)**

ZERO TOLERANCE SAFETY PRINCIPLES

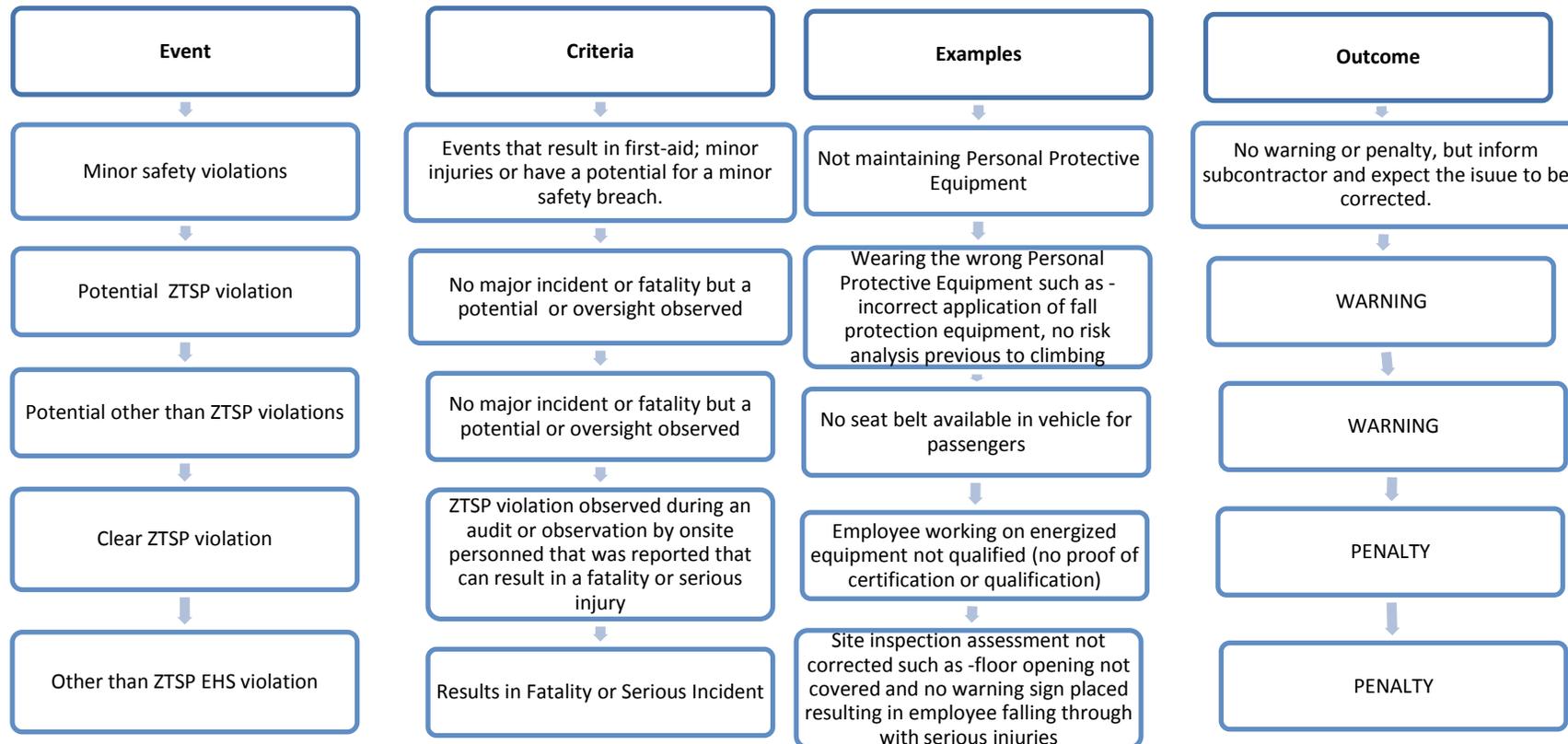
The Alcatel-Lucent Zero Tolerance Safety Principles (ZTSP) highlight the greatest risks to employees, directly-supervised contractors, and subcontractors (3rd Party Services Suppliers), and established the approach expected by everyone within, working for, or on behalf of, Alcatel-Lucent. EHS risks and hazards need to be properly assessed, appropriate controls put in place, and only competent, experienced and, if required, appropriately certified individuals, be employed while performing work for Alcatel-Lucent. By focusing on these principles, we can significantly reduce our safety risks and improve performance. Failure to follow safety guidelines or our Zero Tolerance Safety Principles shall result in the consequences described in this document depending on the nature and severity of non-compliance.

- ❑ *We never use a hand held phone or text while driving.*
- ❑ *We never exceed speed limits or travel at speeds which are dangerous for the type of road, vehicle, or conditions.*
- ❑ *We never work under the influence of alcohol or drugs.*
- ❑ *We never work on energized equipment or in the vicinity of high voltage power transmission lines unless qualified.*
- ❑ *We always wear seat belts when traveling in, or operating vehicles.*
- ❑ *We always use the appropriate Personal Protective Equipment and Fall Arrest systems* when working at heights.*
- ❑ *We always have a lift plan when performing a critical lift.*

***Always wear approved harnesses/restraints when working at heights, attaching these devices 100% of the time.**

CLASSIFICATION AND CONSEQUENCE MECHANISM

The safety performance of subcontractors and lower tier subcontractors is very important to Alcatel-Lucent. Our “Zero Tolerance” approach with respect to safety at our work sites demonstrates our commitment and expectation to strive for an injury and fatality-free workplace. We count on subcontractors to ensure the safety of all employees performing work for Alcatel-Lucent. The consequences for subcontractors and their employees who fail to observe our safety guidelines and zero tolerance safety principles shall be disciplinary in nature up to and including dismissal from the work site and/or termination of the contract. A breach of safety requirements will be treated like any other breach of contract with Alcatel-Lucent. Below are some examples of safety requirement breaches and the types of warnings/penalties to be expected. This list is not intended to be exhaustive but rather illustrative.



DETAILS

Warning

A written notice may be issued by the Procurement organization informing the 3rd party supplier that a safety breach or an existing gap that has a potential for a minor safety injury/illness has been observed. Any more than two warnings to the same 3rd party supplier will result in a penalty. Any classification of individual incidents shall be valid for 12 months from the point of notification. For purposes of repeat violations by the same subcontractor in different years, a penalty may be applied based on the nature of violation.

The 3rd party supplier shall be given the opportunity to present corrective action and performance improvement plans as part of Alcatel-Lucent's commitment to mentor and raise EHS awareness among Service suppliers. Such efforts shall be considered in future business opportunities.

Penalty

A written notice may be issued by informing the 3rd party supplier of suspension (duration based on service agreement and internal consensus), or possible termination for the percentage or full amount of PO value. This is in response to a clear violation of Alcatel-Lucent's ZTSP or any other safety breach resulting in a fatality or serious injury/illness.

The 3rd party supplier shall be given the opportunity to present corrective action and performance improvement plans as part of Alcatel-Lucent's commitment to mentor and raise EHS awareness among Service suppliers. Such efforts shall be considered in future business opportunities.

ALCATEL-LUCENT ROLE

Alcatel-Lucent shall be entitled to apply the measures set out in the schematic above where there is a failure to comply with EHS specific Legal, Customer, Company Requirements or the Zero Tolerance Safety Principles.

- The 3rd Party Services Supplier and Alcatel-Lucent shall investigate any safety-related incident and the 3rd Party Services Supplier shall assist and provide access to information as is necessary to establish a classification for the incident.
- Alcatel-Lucent shall have absolute discretion on how to classify an incident and shall notify the 3rd Party Services Supplier of its decisions in this respect.

3RD PARTY SERVICES SUPPLIER ROLE

All 3rd Party Services Suppliers shall demonstrate (via valid documentation readily available or upon request) the following:

- Receipt and understanding of Alcatel-Lucent's Zero Tolerance Safety Principles.
- Receipt and understanding of the ALU Subcontractor EHS Manual.
- Proper credentials/certifications for specific or established work activity.
- Completed Site Hazard Assessment prior to starting the job and conducted periodically as necessary based on project scope.
- Mitigation plan or corrective actions applied to safety issues found during Site Hazard Assessments and/or Audits to be validated by the project delivery teams, Procurement & EHS representatives as appropriate.

Supporting evidence that demonstrates control measures commensurate with the potential or real consequences of any incident.

Such improvement plans shall be considered in future business opportunities with the Service Supplier.

- Communication of these ALU requirements to its subsequent tier 3rd Party Services Suppliers.
- Process applied to manage their own employees, directly supervised contractors and their 3rd Party Services Suppliers to ensure their understanding and compliance and consequence process for not following safety procedures.

VODAFONE COUNTRIES SPECIFIC (IF APPLICABLE) - SCORING AND CONSEQUENCE

In addition, the attached scoring and its subsequent consequence may be applicable in countries where Vodafone is the customer.



VF Specific -
Consequence for non