MOTOROLA
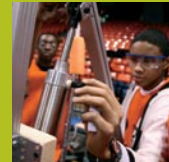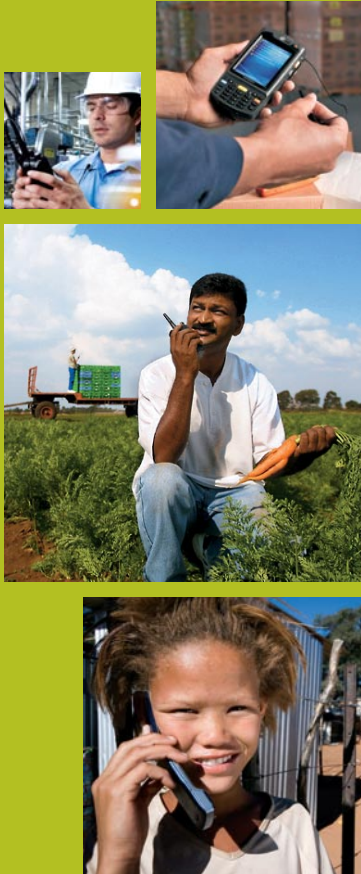
Corporate Responsibility
Report 2007

Message from the president and CEO

It is with great pleasure that I introduce this corporate responsibility report – Motorola's eighth and my first as chief executive officer.

When I became CEO in January 2008, I took the helm of a company with a nearly 80-year history of doing business responsibly. Motorola is a truly global business and operates in an industry that moves with breathtaking speed. This has brought both opportunities and risks for the company. Our corporate responsibility commitment enables us to identify opportunities while managing social and environmental issues so that we can do well by doing the right things.

Our vision is to improve lives through the power of communication. In the developed world, our wireless technologies enable people to access information when and where they need it. We are helping to increase efficiency and productivity for businesses and governments and enabling employees to do their jobs from anywhere, managing their work schedules to suit their lives. We help people stay in touch with family and friends and give them access to new forms of entertainment. We help first responders to keep both their communities and themselves safe.

In emerging economies, where fixed-line networks are limited, wireless technologies can rapidly connect people to the benefits of communication. For example, in 2007 we deployed WiMAX in Pakistan, giving 1 million subscribers broadband services in a country where previously fewer than 100,000 broadband lines were available. In communities throughout the world, technology is creating progressive shifts to knowledge cultures that strengthen economies, education, health care and public safety.

There are still significant challenges to connecting isolated communities. One major barrier to network deployment is finding a reliable power source in areas with limited access to the electricity grid. In 2007, we conducted a trial of a wind- and solar-powered base station in Namibia, which showed that renewable energy can provide a cost-effective and climate-friendly solution.

In addition to these opportunities, our corporate responsibility program supports proper management of social, ethical and environmental risks. Climate change is one of the most pressing challenges facing the world today, and it is a key issue for our stakeholders, who expect us to minimize the impacts of our operations and products. I am pleased to report two firsts for Motorola in this area:

- We are the first member of the Chicago Climate Exchange, a voluntary emissions-reduction program, that has committed its global operations to absolute greenhouse gas reductions.
- We are the first major mobile phone manufacturer to achieve the U.S. Environmental Protection Agency's Energy Star qualification for all our chargers.

There is much more to do on climate change, and removing carbon from our supply chain, operations and product use is an ongoing challenge.

We have stepped up our efforts to audit and improve labor and environmental conditions in our supply chain. We want to succeed with our suppliers, so we monitor their performance and work collaboratively with them to correct issues. Our collaboration with the electronics industry through the Global e-Sustainability Initiative is a key part of our approach. We know that the industry speaking with one voice provides the most powerful catalyst for change.

I want to close by saluting our employees. I was humbled by their commitment to their communities during our second global day of service when more than 11,000 employees volunteered in 47 countries to support hundreds of good causes. Together our employees and the Motorola Foundation work year-round to improve communities and inspire the next generation of inventors.

As Motorola enters its 80th year, we continue to evolve our approach to corporate responsibility. I hope you find this report useful, and I welcome your feedback on any aspect of our approach or performance: responsibility@motorola.com.

Gregory Q. Brown
President and Chief Executive Officer

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About this report

Scope
This report covers global corporate responsibility activities for all Motorola operations.

Reporting year
All data are for Motorola's fiscal year 2007 (ending 31 December 2007), unless otherwise noted.

Currency and measurement
All $ references are U.S. dollars, unless otherwise noted. Measures used are metric, except where stated. "Tonnes" refers to metric tonnes.

GRI guidelines
Motorola uses the Global Reporting Initiative (GRI) guidelines as a basis for reporting. Some indicators are fully reported, some partially. For more information on the GRI guidelines, visit **www.globalreporting.org**.

Motorola profile

Motorola is known around the world for innovation in communications. We develop technologies, products and services that make mobile experiences possible.

During 2007, Motorola acquired Symbol Technologies and realigned its businesses into the three segments noted below.

Enterprise Mobility Solutions

Primary products:

- Mission-critical communications tools including analog and digital two-way radios and data communications systems

- Mobile computing, advanced data capture, wireless infrastructure and radio-frequency identification solutions for enterprise customers

Home & Networks Mobility

Primary products:

- Digital video solutions and interactive set-top devices

- Voice and data modems for digital subscriber line and cable networks

- Broadband access systems (including WiMAX and cellular infrastructure systems)

Mobile Devices

Primary products:

- Mobile phones

- Accessory products

As of 31 December 2007	
Countries of operation	**72**
Employees, approximate	**66,000**
Net sales, millions	**$36,622**

Market sales by region

- 51% United States
- 13% Europe
- 12% Latin America
- 9% Asia, excluding China
- 7% China
- 8% Other markets
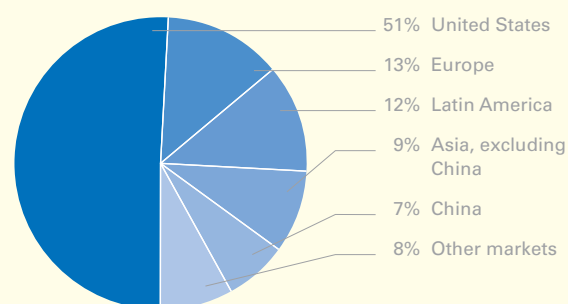
Consolidated net sales by business segment

- 52% Mobile Devices
- 27% Home & Networks Mobility
- 21% Enterprise Mobility Solutions

Employees by region

- 40% North America
- 33% Asia Pacific
- 17% Europe, Middle East and Africa
- 10% Latin America
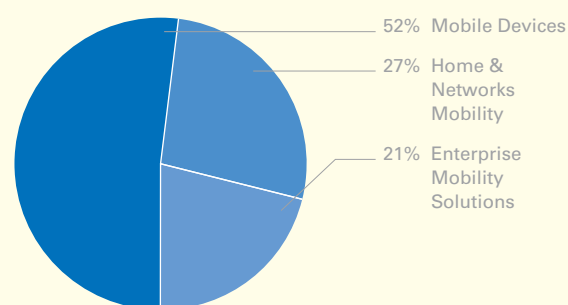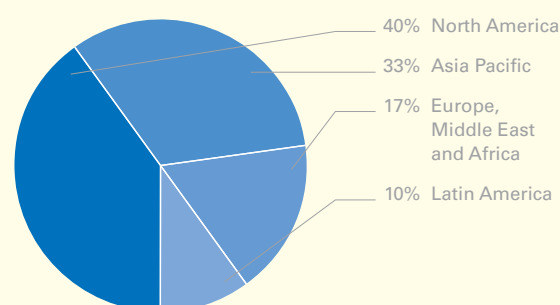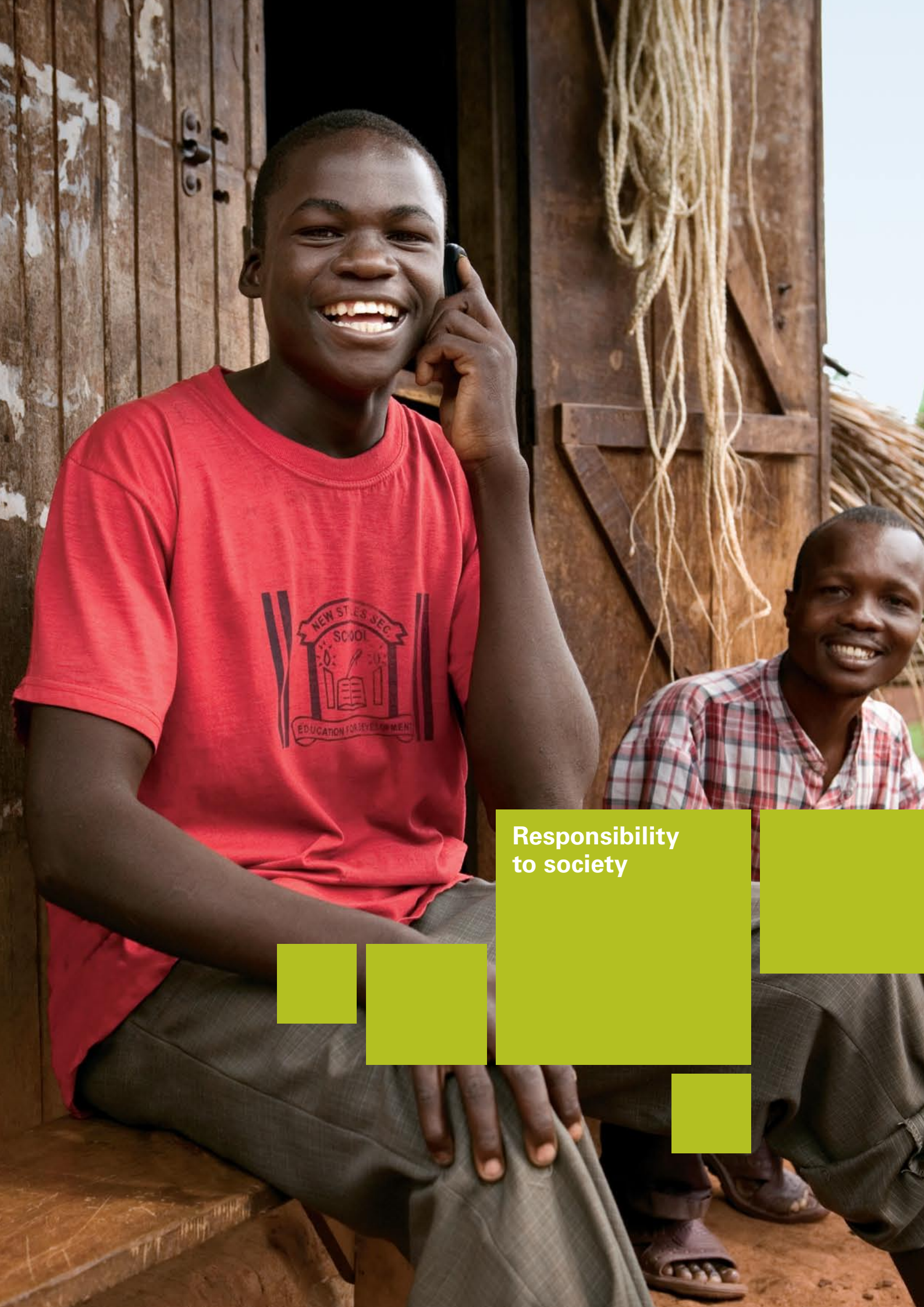
**Responsibility
to society**

Socio-economic impact

The issue

Mobile communication technology contributes to the world's social and economic development, particularly in those emerging economies without a fixed-line infrastructure. The industry is bringing communications to people in isolated communities who previously had to travel long distances simply to make a phone call.

Mobile phone ownership is growing rapidly in developing countries. According to the World Resources Institute, more than 1.5 billion mobile phones already are in use in developing countries, with the number likely to reach 2.5 billion within the next five years. Studies show that this growth is boosting gross domestic product, enabling entrepreneurial opportunities and reducing costs. For example, mobile technology can help people eliminate expensive journeys, strengthen businesses' contact with their customers, access market information and spur electronic cash transfers.

In addition, mobile communication technology provides people with greater access to important social benefits such as education, health care and public safety, as well as entertainment.

Our approach

Mobile phone ownership is growing twice as fast in the developing world as in developed countries. We conduct research to understand emerging markets and their consumers, and we also conduct field trials of products to assess whether they meet consumers' and customers' needs. Motorola participates in initiatives that promote greater access to mobile telecommunications in the developing world, where affordability is not the only issue.

Our 2007 performance

In 2007, Motorola continued to offer products targeted to new mobile phone users in both the developed and developing worlds. Our W-series mobile phones focus on delivering differentiated features such as FM radio, Bluetooth hands-free capabilities, specialized design or color options while maintaining affordability. The W-series phones also are designed to deliver great battery life, durable as well as nicely designed finishes, loud audio, bright displays and dependable performance.

Motorola has continued to use its wireless broadband solutions such as WiMAX and Canopy to increase connectivity in remote areas. Our technology can be used to develop remote health, education, safety and other services that previously were unavailable.

Our WiMAX communication solutions offer the potential to bring broadband to underserved communities. WiMAX technology can provide coverage across a large rural or urban area, avoiding the need for fixed lines. For example, Wateen Telecom deployed Motorola WiMAX in Pakistan in

WIND- AND SOLAR-POWERED MOTOROLA BASE STATION

Many people in emerging markets live in rural areas where provision of the power grid is limited. Yet mobile phone base stations rely on a secure supply of power, which creates a challenge for operators setting up networks in these countries. Installing a power grid can take significant time, and even then the power supply can be unstable and expensive. As an alternative, some operators use diesel generators to power base stations, but these generators require regular maintenance, are expensive to run and often are targeted by thieves. Operating costs prove a significant barrier to network deployment for operators as most subscribers in emerging markets have low incomes, generating low revenues for operators.

To address this issue, in 2005 Motorola installed an experimental wind- and solar-powered base station at its Swindon facility in the United Kingdom. This innovative base station quickly demonstrated the feasibility of a renewable-energy solution.

In 2007, Motorola worked with operator MTC Namibia and the GSMA Development Fund to demonstrate this solution in Namibia (pictured above), where approximately 90 percent of citizens live in rural areas that mostly are unconnected to the electricity grid.

Part of Motorola's Reach GSM Network Solution, the Motorola and MTC Namibia wind- and solar-powered base station demonstrated that renewable energy can offer a cost-effective and environmentally friendly alternative to traditional fuel-based energy. Since the base station began operation, site power costs have totaled almost zero, and the equipment has required minimal maintenance.

Although the trial occurred during winter, the least favorable time for sunshine, the system ran so well that additional wireless equipment now has been connected and the operation period extended. In the future, such alternative power solutions may be used to reduce the demand on the existing power grid and provide new energy sources in rural areas around the world.

Elements of Motorola's Reach GSM Network Solution can be manufactured locally, which could generate further cost benefits for operators while supporting the local manufacturing economy. One example is the "strongbox" outdoor cabinet, which saves energy by eliminating the need for air conditioning in many locations.

Recognizing the success of the Namibian trial, the British Computer Society named Motorola, the GSMA Development Fund and MTC Namibia as a 2007 medalist in its award category "Best Use of Green Technology."

2007. In just nine months, we had provided coverage in 17 cities, delivering broadband services to nearly 1 million subscribers in a country where previously less than 100,000 broadband lines were available.

Opposite: Through the SharedPhone initiative (see page 6), entrepreneurs in Uganda charge a small usage fee for mobile phones, allowing local residents who cannot afford to own a phone to benefit from mobile technology. Photo by Charles Sturge.

In 2007, Motorola WiMAX solutions also were deployed in Bahrain, Malaysia, Uganda and Vietnam.

To expand access to wireless broadband communication, we are leading a cooperative effort to donate WiMAX and Canopy technology to the city of Garanhuns in Brazil. Caetes, a nearby town, also will benefit from the initiative, which will enable Internet access for public schools, libraries, cultural centers, health clinics, public safety agencies and other public services, as well as for some 120,000 local residents. The estimated value of the equipment and installation is $250,000.

MOTOPOWER

In 2007, Motorola launched MOTOPOWER, a project to bring renewable energy and business opportunities to women in Uganda. We have established 55 solar-powered kiosks that are run by local women and that offer free mobile phone charging and sell operator SIM cards (portable memory chips that identify mobile subscribers). This effort is helping to increase mobile phone ownership in a country with one of the lowest levels of electricity supply in Africa. The kiosks also provide repair services and operate as a local "phone booth."

SharedPhone

In 2007, Motorola continued to support the GSMA Development Fund to pilot and roll out SharedPhone software that enables individuals to operate their mobile phones as pay phones that can be used by other local residents for a fee.

Together with network operator MTN Uganda, more than 9,000 business-in-a-box handsets have been bought by entrepreneurs from local Motorola distributors. Research has shown that the entrepreneurs should recoup their money in approximately six months.

SharedPhone has connected many communities across Africa that otherwise would have had no access to mobile communications, bringing the social and economic benefits of mobile technology straight to those who can benefit most from it.

Phones for Health

To help manage disease in the developing world, Motorola worked with health-care software provider Voxiva in conjunction with the GSMA Development Fund and the World Health Organization to develop a mobile phone-based application. Health workers in the field file patient reports and check drug supplies through a mobile phone, which transfers the information to a central database. Reports of disease outbreaks or shortages of medicine enable the national and international health communities to recognize and respond to the emergence of pandemics and send life-saving drugs to needy areas. After a successful Rwanda pilot in 2006, the Phones for Health program is expanding to 10 other African countries. Motorola will support this expansion with a donation of mobile phones valued at $250,000.

Economic value added

As a $36.6 billion company operating in 72 countries, Motorola makes a direct contribution to the global economy. Employees, governments, investors, suppliers and the communities where we operate also benefit economically from our activities.

in millions	2006	2007
Net revenue	$42,879	$36,622
Research and development spend	$4,106	$4,429
Suppliers		
Supplier spend	$30,000+	$24,000+
U.S. diversity supplier spend	$477	$509
Employees		
U.S. 401(k) plan contribution	$84	$80
U.S. pension funding	$276	$270
Incentive plans payments	$630	$362
Stock options and restricted stock units granted	40	48
Employees granted stock options and restricted stock units, *thousands*	28	32
Participants in employee stock purchase plan, *percent*	41%	38%
Learning and development investment	$62	$72
Communities		
Motorola/Motorola Foundation charitable giving	$30.8	$30.5
Investors		
Payment of dividends	$443	$468
Share repurchases	$3,826	$3,035
Government		
Income tax expense (benefit), U.S. federal	$902	($593)
Income tax expense (benefit), U.S. states	$106	($44)
Income tax expense (benefit), other nations	$341	$352
Cash paid for income taxes	$463	$440

For the information communication technology (ICT) sector, there are clearly huge opportunities in emerging markets. ICT can be a powerful driver of economic development, participation and democracy.

— Steve Rochlin, *AccountAbility*

Community investment

The issue

Corporations have the opportunity to bolster the communities where they operate by sharing financial resources and products and engaging employees in supporting charitable and civic organizations with their time and money.

Our approach

We focus our community investment on:

- Education: Supporting basic education needs as well as programs that inspire students to embrace science, technology, engineering and mathematics
- Access to communication technology: Increasing access primarily for people in the developing world (see pages 5-6)
- Community: Supporting communities in areas where we operate as well as those around the world that have been impacted by disaster

Motorola and the Motorola Foundation support these three areas through cash and product donations and by encouraging and enabling employees to participate in volunteer and charitable-giving programs.
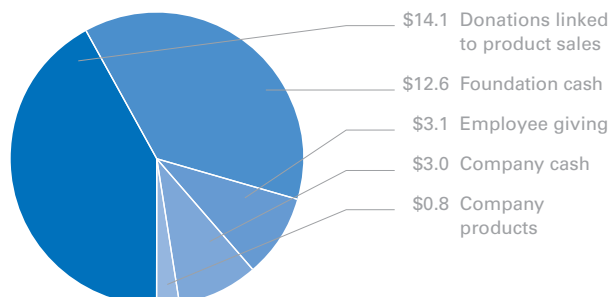
Our 2007 performance

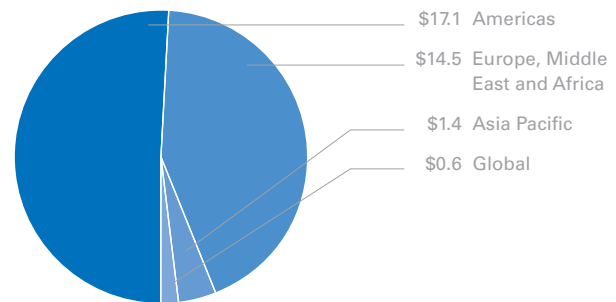|	2005	2006	2007
Motorola/Motorola Foundation charitable giving, *millions*	$13.9	$30.8[1]	$30.5
Percent of pre-tax profits	0.22%	0.67%	—[2]
Employee donations – U.S. giving campaign and matching-gift applications, plus global gifts for disaster relief, *millions*	$4.3	$3.2	$3.1

[1] Increased giving from 2005 to 2006 primarily reflects Motorola giving to the Global Fund through the (PRODUCT) RED™ initiative as well as expanded funding for education and access to technology.
[2] Motorola posted a loss in 2007.

Giving by source, millions

- $14.1 Donations linked to product sales
- $12.6 Foundation cash
- $3.1 Employee giving
- $3.0 Company cash
- $0.8 Company products

Giving by region, millions

- $17.1 Americas
- $14.5 Europe, Middle East and Africa
- $1.4 Asia Pacific
- $0.6 Global

Giving by category, millions

- $21.9 Community – includes (PRODUCT) RED initiative and disaster relief
- $11.1 Education
- $0.6 Access to communication technology
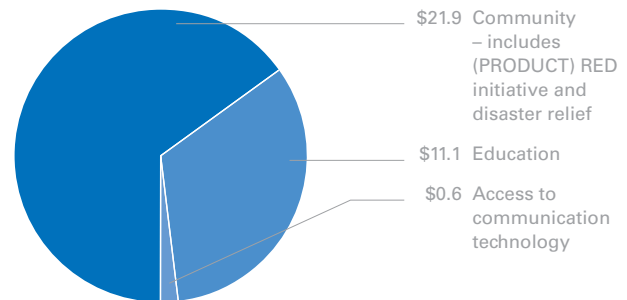
Examples of our community investments in 2007
Inspiring the next generation of innovators

The Motorola Foundation provided $3.5 million in Innovation Generation Grants to inspire young people in the United States to learn more about science, technology, engineering and mathematics. We supported 106 programs to develop interest in technology-related fields, particularly among girls and groups that currently are underrepresented in these fields. Projects ranged from after-school and summer science programs to activities that promoted innovative technology use and teacher training. Of the programs, 41 percent served African-American students, 19 percent reached Hispanic youth, and 31 percent targeted female students.

In 2008, the Motorola Foundation plans to increase funding for Innovation Generation Grants and to expand funding for science education initiatives outside the United States.

Support for education around the world

In 2007, Motorola expanded its commitment to science and robotics clubs, providing increased funding for science clubs in Brazil, Chile, China, India, Israel, Mexico, Russia and the United States. These clubs make science meaningful and fun for participants who create robots, rockets and other technologies that work and move.

Children in rural China face enormous pressure to leave school due to high fees, the low performance of inadequately resourced schools and families' needs for more income earners. In 2007, Motorola continued its support for Project Hope, a social welfare program run by the China Youth Development Foundation. Since 1994, Motorola and the Motorola Foundation have helped more than 23,000 children in rural China return to elementary school. We have donated more than $5 million to fund 100 Motorola Hope Schools, plus teacher training, resources and student

scholarships for advanced education. More than 1,000 employees volunteer with Project Hope.

Motorola is a corporate sponsor of the United Nations Children's Fund (UNICEF) School-in-a-Box program, which provides educational supplies to children who have been uprooted by emergencies such as armed conflict or natural disasters. Education helps these children re-adapt to normal life and establish daily routines. Each School-in-a-Box kit contains supplies for a teacher and up to 80 students.

HELPING YOUNG PEOPLE IN DISTRESS

In 2006, the Motorola Foundation began supporting Samaritans, a charity that provides people in distress with 24-hour confidential emotional support in the Republic of Ireland and the United Kingdom. We donated $53,000 in 2007 to help fund Samaritans' SMS text-messaging project to offer emotional support to young people.

While research shows that young people are a higher-risk group for suicide and self harm, it also shows that many in this group are uncomfortable talking about their feelings on the telephone. On the other hand, text messaging is one of the most widely used means of communication that young people employ. It also is the most convenient method for people with disabilities, such as loss of hearing.

The Motorola Foundation grant helped support software and project development as well as staff training and the cost of sending text responses.

Over a 15-month period in 2006–07, Samaritans received 180,000 text messages, reaching more than 4,100 individuals. Two-thirds of these contacted Samaritans when thinking of harming themselves.

Texted comments from service users:
"I have been using this service regularly over the last couple of months, and it really helps to get through the day. It's nice to know someone is there."

"The text service has been my saviour. Sometimes I feel like if I hadn't been in touch with Samaritans, I may have seriously harmed or killed myself."

To enable Samaritans to double the number of branches offering the SMS text-messaging service, the Motorola Foundation has expanded funding for this program.

The Motorola Foundation also granted an additional $28,500 to Samaritans to match personal donations made by our UK employees.

Community commitment

The Motorola Foundation awarded cash grants of $255,000 in 2007 for disaster relief around the world, including helping victims of earthquakes, floods, hurricanes and wildfires. We established the Motorola Families in Need Fund to enable our employees to support colleagues who lost homes in the California wildfires in 2007.
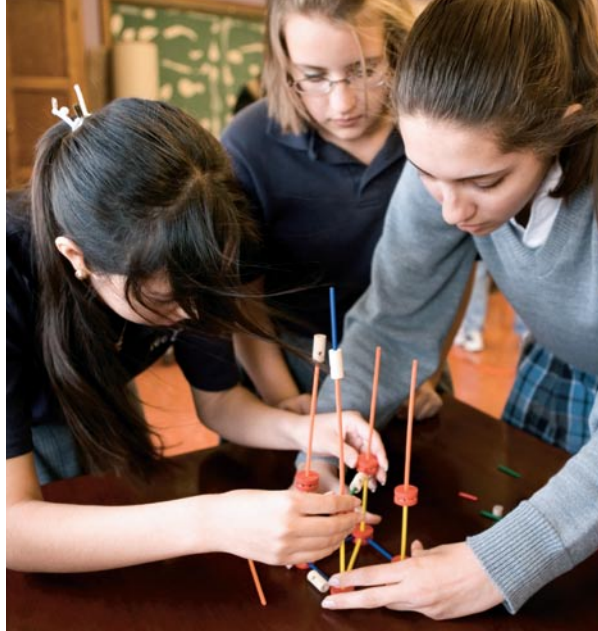
Top: During Motorola's Global Day of Service, employees engage students through "introduction to engineering" presentations at local high schools. Bottom: In Cordoba, Argentina, employees painted at a school on the Global Day of Service.

In 2007, Motorola contributed $13.4 million to the Global Fund to help eliminate AIDS among women and children in Africa. We contribute a percentage of the profit from each (PRODUCT) RED mobile phone and Bluetooth accessory sold in Canada, Japan, Malaysia, Singapore, Switzerland, the United Kingdom and the United States.

Employee involvement

Motorola has forged a tradition of encouraging employees to volunteer in their communities. On our second-annual Global Day of Service in 2007, more than 11,000 employees volunteered in 47 countries. Some 300 non-profit organizations benefited from projects that addressed community concerns and needs, including education, environmental sustainability and social services. Employees also showed their support by donating $20,000 to the UNICEF School-in-a-Box program.

More information:
www.motorola.com/giving

Goals for 2007	Progress in 2007	Goals for 2008
Conduct a second global day of service for employees involving 11,000 employees in 45 countries.	Achieved.	Conduct an eco-friendly focused Global Day of Service.
Expand support for student science clubs to Brazil, China, India, Israel, Mexico and Russia.	Achieved.	Double Motorola Foundation giving outside of the United States to $3.4 million.
Provide $3.5 million in Innovation Generation grants to programs that support science, technology, engineering and math education in the U.S.	Achieved.	Direct 25% of U.S. Innovation Generation grants to new science education and innovation programs.

Supply chain corporate responsibility

About our supply chain in 2007

Number of suppliers:	26,900+*
Spend:	$24+ billion
Number of countries where suppliers are located:	49

Our complex global supply chain starts with raw materials extraction and processing and continues through manufacturing of components and final products. We own manufacturing and assembly operations that produce 65% of our products or assemblies, and we contract out 35% to a network of suppliers.

Indirect goods and services
Anything for internal consumption and to support Motorola operating requirements

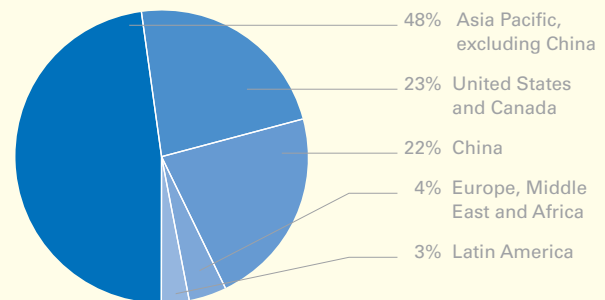|	
Number of suppliers:	22,800+
Spend:	$5+ billion

*Reduction from 2006 reflects focus on establishing deeper relationships with fewer suppliers.

Direct materials
Any material, including software, intended for eventual sale to external customers

Number of suppliers:	4,100+
Spend:	$19+ billion

Direct materials spend by region

- 48% Asia Pacific, excluding China
- 23% United States and Canada
- 22% China
- 4% Europe, Middle East and Africa
- 3% Latin America

The issue

The global trend to move manufacturing to developing countries has many implications. On one hand, the investment in these countries is contributing to their economic development and reducing poverty levels. On the other hand, working conditions for employees in many of these countries cause concern and criticism. Environmental protection in developing countries also may be below western norms.

Our approach

Motorola expects its suppliers to provide good working conditions and protect the environment. Corporate responsibility throughout our supply chain also is crucial to maintaining high quality and continuity of supply.

We are using our commercial influence to improve supply chain conditions for our industry. Our policy on business conduct expectations for suppliers (see box) sets forth our expectations. Since the launch of this policy in 2003, we have focused on reducing risks in our supply chain by engaging proactively and candidly with suppliers. We drive continuous improvement through monitoring, training and expanding our suppliers' capabilities.

Taking action as an industry with one voice and a common set of tools and processes carries more weight with supplier companies, spreads best practices and avoids duplication of effort and cost. That's why we actively participate in the Global e-Sustainability Initiative (GeSI) and co-lead the organization's supply chain working group. We have designed and implemented our program around the best practices identified by GeSI in collaboration with the Electronic Industry Code of Conduct (EICC).

Our supplier policy

Incorporated into supplier contracts, our business conduct expectations for suppliers policy requires our suppliers to:

- Comply with the law
- Reject corruption
- Not discriminate
- Not use forced labor or child labor
- Allow workers to choose to join an association
- Avoid excessive overtime
- Pay workers at least the legal minimum wage (or industry standard where no law exists)
- Operate a safe and healthy work environment
- Operate an environmental management system
- Disclose materials contained in the products they supply

See policy at: **www.motorola.com/supplierexpectations**

Monitoring

A key component of our supply chain corporate responsibility program, monitoring enables us to identify problems and trends and to drive continuous improvement in the performance of our supply chain. It also helps us to identify and avoid suppliers whose practices conflict with Motorola values and policies.

We focus on direct-materials suppliers that pose a high risk and those with which we want to establish deeper, longer-term relationships (our "preferred" suppliers). These preferred suppliers represent 90 percent of our direct-materials spend.

Supply chain CR process supports continuous improvement

Motorola business conduct expectations for suppliers policy	**Supplier engagement**	
	Controls	**Capability building**
	Contracts with suppliers	Best practices sharing
	Supplier self-assessments	Supplier training
	Risk assessments	Motorola supplier team training
	On-site audits	
	Corrective action: tracking, feedback, closure	

| Management reviews | Industry collaboration | Stakeholder engagement |

We assess potential and existing preferred suppliers for conformance with our business conduct expectations for suppliers policy, with existing preferred suppliers reassessed every two to three years.

In addition to our regular assessments, we investigate reports of potential corporate responsibility issues from internal and external sources.

Motorola has established four levels of severity for issues identified through monitoring:

- **Priority Red:** severe issues that require immediate escalation to senior Motorola and supplier management, including child labor, debt labor, illegal dumping of hazardous materials and serious sanitary, health and safety conditions
- **Priority One:** legal-compliance issues or other issues that represent significant risk to Motorola or the supplier
- **Priority Two:** non-compliance with contractual terms, our expectations or other applicable codes or standards
- **Priority Three:** opportunities for improvement

For a Priority Red issue, we often require immediate containment actions to prevent the issue from worsening and to mitigate the negative impact. We require corrective actions for issues at all levels except Priority Three. We ask suppliers to provide a date for completion and work with them until all issues are resolved. These deadlines are set on a case-by-case basis, and it may take several months to resolve the most complex issues.

Beyond tier-one suppliers

We require our tier-one suppliers (suppliers from which we buy directly) to monitor the corporate responsibility performance of their suppliers. In 2007, we strengthened the Motorola supplier agreement to emphasize the need for our suppliers to engage with their own supply chains. We also require them to provide a list of their suppliers (our tier-two suppliers) on request. In 2008, we will develop key performance indicators to assess our suppliers' programs for monitoring their own suppliers.

Training and capability building

We help our suppliers resolve issues identified during the monitoring process, which encourages them to develop the awareness, systems and skills to deal directly with corporate responsibility issues. However, we recognize the limitations of monitoring and realize that lasting improvements will be achieved only if suppliers have the capability to manage worker rights and environmental impacts themselves. That is why we hold training sessions for suppliers that help them understand our expectations and standards.

We participate in the Foreign Investment Advisory Service's Capability Building Program, which aims to improve corporate responsibility performance in the Chinese information and communication technology industry. In 2007, we participated in a pilot project to improve a selected supplier's management of corporate responsibility issues. The outcomes of this project are being collected, analyzed and shared as part of our effort to establish best practices for suppliers.

I like the fact that Motorola is training its suppliers — not just policing but actually collaborating with them. We need to see more collaboration with suppliers on environmental and climate performance.
— Cornis Van der Lugt, *United Nations Environment Programme*

Coltan

Some capacitors in mobile phones contain tantalum, a material derived from the mineral coltan. Mining of coltan in the Democratic Republic of the Congo has been connected with armed conflict, the exploitation of human rights and the killing of endangered species.

Motorola does not buy coltan or tantalum directly. We require our suppliers to verify in writing that the tantalum-containing components sold to Motorola do not contain tantalum derived from illegally mined Congolese coltan. We have significantly reduced our use of capacitors containing tantalum due to improvement in the performance of alternative ceramic capacitors.

Our 2007 performance

2007 direct-materials suppliers monitoring

	2006	2007	Total
Number of suppliers completing self-assessment questionnaire	83	211	294
Number of suppliers receiving feedback based on self-assessment questionnaire	63	87	150
Number of facilities covered by self-assessment questionnaire	137	328	465
Number of in-depth audits	20	75	95
Number of top 75 suppliers completing self-assessment questionnaire	26	37	63
Percent of spend represented by suppliers completing self-assessment questionnaire	27%	33%	60%

In 2007, we received 211 responses to self-assessment questionnaires, encompassing more than 328 supplier facilities. To date, 63 of our top 75 suppliers have completed the questionnaires, falling short of our 100 percent participation target. The 294 participating suppliers represented approximately 60 percent of our direct-materials supply chain spend.

We conducted 75 on-site supplier audits, up from 20 in 2006:

- 63 planned as part of our normal visits to suppliers
- 7 to follow up on on-site audits
- 3 conducted in response to allegations to our Ethics Line or other channels
- 2 for potential new suppliers

Motorola's goal for 2008 is to conduct 75 on-site supplier audits.

In 2007, we also audited five Motorola-owned sites, exceeding our target of four. In 2008, we plan to audit three Motorola sites.

Management reviews

In 2007, we introduced management reviews to track progress against our supply chain goals. Each month, senior procurement managers assess progress against a scorecard, which includes corporate responsibility goals such as number of audits completed and issues closed. Each quarter, senior management reviews the progress of our supplier corporate responsibility program.

ASSESSING MOTOROLA'S SUPPLY CHAIN PROGRAM

Motorola asked us at Verité to assess its supply chain corporate responsibility (CR) program. We conducted our assessment through interviews with Motorola's supply chain CR and sourcing team, by conducting a review of management systems including policies and processes and by examining a sample of factory-level findings.

We found that Motorola has several elements of a strong program, among them:

- Broad communication of its supplier policy
- Controls to embed the policy in contracts
- A demonstrated willingness to embed CR into procurement decisions
- Open-minded and capable supply chain CR staff

Critical components remain to be put in place, however. The Verité report made specific recommendations such as:

- The need for an exponential increase in Motorola's ability to understand, support and respond to labor problems among tier-two suppliers
- Action to address weaknesses in the current reliance on self-assessment by key suppliers, such as ensuring that incentives are given for performance improvement and that falsification of information is seen as a zero-tolerance violation
- Training of Motorola procurement staff to raise knowledge and awareness of labor issues as part of CR performance

We encourage Motorola to undertake in the near future these recommendations and others that will emerge from external stakeholders and from within. This will enable the company to move beyond compliance with its supplier policy toward leveraging supplier relationships to improve health and safety, pay and benefits, workplace freedom and other concerns for the people in Motorola's supply chain.

Dan Viederman
Executive Director
Verité

Most common supplier audit findings

Issue	Number of findings
Working hours	171
Wages and benefits	151
Hazardous substances	137
Emergency preparedness and response	110
Occupational injury and illness	102

Monitoring: findings and responses

In 2007, Motorola identified an average of 25 findings during supplier corporate responsibility audits. When the same audit was completed at five Motorola facilities in Asia, auditors found an average of only four issues per site.

When we identify issues during an on-site audit, we require the supplier to develop a corrective action plan. We ask the supplier to provide a date for completion and work with the supplier until all issues are resolved. As of 31 December 2007, our tier-one suppliers had resolved more than 1,120 issues, or 75 percent of issues identified in 2007.

Detailed on-site supplier audit results

Issues identified may reflect inadequate policies or improper practices. Visit www.eicc.info for descriptions of the categories below.

Region[1]	Asia Pacific	Europe, Middle East and Africa	Total
Audit counts by type of supplier audited			
Tier 1 – Part/component	51	0	51
Tier 1 – Electronic manufacturing service/original design manufacturer	19	1	20
Tier 2 – Component	4	0	4
Total on-site audits	74	1	75
Audit counts by reason for audit			
Planned	62	1	63
Issue response	3	0	3
New supplier	2	0	2
Follow up	7	0	7
Total on-site audits	74	1	75
Number of issues identified by type of issue[2,3]			
Ethics			
Business integrity/no improper advantage	25	0	25
Information disclosure	3	0	3
Protection of intellectual property	4	0	4
Protection of identity	11	0	11
Fair business, advertising and competition	10	0	10
Community engagement	20	0	20
Labor			
Freely chosen employment	38	0	38
Underage workers	3	0	3
Protection of workers ages 16–17	76	0	76
Working hours	171	0	171
Wages and benefits	151	0	151
Humane treatment	13	0	13
Anti-discrimination	12	0	12
Freedom of association	1	0	1
Health and safety			
Occupational safety	74	6	80
Emergency preparedness	108	2	110
Occupational injury and illness	100	2	102
Industrial hygiene	54	0	54
Physically demanding work	12	0	12
Machine safeguarding	21	2	23
Dormitory and canteen	57	0	57

Region[1]	Asia Pacific	Europe, Middle East and Africa	Total
Environment			
Permits and reporting	24	0	24
Pollution prevention	5	0	5
Hazardous substances	137	0	137
Wastewater and solid waste	40	0	40
Air emissions	28	0	28
Product content restrictions[4]	3	0	3
Management system			
Company commitment	22	0	22
Management accountability and responsibility	68	0	68
Legal and customer requirements	37	1	38
Risk assessment and risk management	61	0	61
Performance objectives with implementation plan and measures	56	0	56
Training	47	0	47
Communication	43	0	43
Worker feedback and participation	10	0	10
Audits and assessments	61	0	61
Corrective action process	30	0	30
Documentation and records	26	0	26
Total issues – all audits	1,662	13	1,675
Total issues – Tier 1 supplier audits	1,492	13	1,505
Percent of Tier 1 supplier issues closed/resolved[5,6]	75%	100%	75%

[1] While our program applies globally, no audits were conducted in North America or Latin America in 2007.

[2] Issues identified do not include the results of one supplier audit, which was not available at printing time.

[3] An audit may identify multiple issues within a category.

[4] The three product content restrictions findings related to suppliers not having adequate systems for managing product content data. Motorola is working with these suppliers to improve their systems.

[5] Tier 1 supplier audit issues not tracked to closure include one supplier location that has been closed and a second supplier that supplied a Motorola business unit that was divested.

[6] Tier 2 supplier audit issues not tracked to closure as we require our suppliers to track them.

Underage workers

In 2007, we identified three cases relating to child labor issues. In one instance, we found one worker under the legal age of 16 in a tier-two supplier facility. This was the only 2007 Priority Red issue — the most severe issues that require immediate escalation to senior Motorola and supplier management.

Motorola addressed this issue by requiring immediate removal of the worker from the manufacturing environment. We also required the supplier to provide support for the worker, including financial or education assistance, and to implement rigorous controls to prevent the situation from reoccurring. We worked with a non-government organization to mediate the situation.

While the supplier complied with our request to remove the worker from the facility, it did not comply with our other demands. The supplier did not share Motorola's view on the severity of the situation, and since Motorola represented a small portion of the supplier's business, we had limited influence. Motorola identified a new supplier for these parts, but the business unit using these parts was divested for unrelated business reasons.

In the other two cases, records showed that workers were underage when hired but, at the time of the audit, were above the age limit. We required the two suppliers involved to strengthen their processes to prevent future hiring of underage workers.

Protection of workers ages 16–17

The 76 issues relating to protection of workers ages 16–17 primarily related to people of these ages working unrestricted hours or with hazardous materials or processes. Also included were situations involving lack of proper documentation and completion of appropriate physicals. We are working with suppliers to resolve these issues.

Working hours

Excessive or higher than legally permitted working hours was our most common finding in 2007, with 171 instances identified. Motorola measures suppliers' working hours against its supplier policy, industry norms and applicable legal requirements. This means that a single supplier can have multiple working hours-related findings. In China, where labor laws allow an average of 36 hours of overtime per month, the majority of suppliers audited did not comply with working-hour limits.

Corrective actions to reduce working hours have been a significant challenge for many factories in China that need to balance workers' monetary needs, availability of labor and production needs against accepted social norms.

In 2007, Motorola implemented a system in which suppliers with such issues must now provide detailed plans for reducing their average and maximum monthly working hours per employee to acceptable levels. We also require that people working overtime do so on a voluntary basis and are paid the correct wages.

Wages and benefits

Incorrect payment of wages and benefits was the second most common finding, with a total of 151 instances. The majority related to improper calculation of overtime rates and non-payment of locally required insurance. We are working with suppliers to resolve these issues.

Hazardous substances

Hazardous substance issues were the third most common finding, with a total of 137 instances. The majority of findings related to improper labeling, signage and storage of hazardous substances. Suppliers have completed or are implementing corrective actions.

Emergency preparedness

There were 110 emergency-preparedness findings, such as lack of exit signs, fire extinguishers, first-aid kits and fire drills. Suppliers have completed or are implementing corrective actions.

Occupational injury and illness

Of the 102 occupational injury and illness findings, most involved supplier shortcomings concerning proper personal protective equipment and lack of documentation or injury investigation. Suppliers have completed or are implementing corrective actions.

Freely chosen employment

In 2007, we identified 38 issues relating to freely chosen employment. These mainly include inappropriate practices for managing worker contracts (such as delaying signing contracts), keeping new employees on probation beyond the legal limit and recouping training fees when employees leave the company. The most serious issue related to foreign contract workers being charged high recruiting fees. We are working with suppliers to resolve these issues.

Business integrity / no improper advantage

The 25 findings classified as business integrity/no improper advantage related to suppliers not having policies or programs in place. The majority of findings in the ethics category relates to the lack of adequate programs, not necessarily violations of policy. Suppliers have completed or are implementing corrective actions.

Humane treatment

Thirteen audit findings related to humane treatment. Most related to lack of procedures for disciplining employees, lack of policies forbidding inhumane treatment and lack of appropriate training. We are working with suppliers to resolve these issues.

One instance involved a report of verbal abuse by an immediate supervisor. Motorola required the supplier to implement an employee management training program for front-line supervisors. The training was completed, and the issue has been closed.

Anti-discrimination

Of the 12 anti-discrimination findings, five related to female employees being asked to complete a pregnancy test when applying for a job, and one related to job applicants being tested for hepatitis B. While no evidence of discrimination was found, these activities indicate a risk of discrimination. The remaining six issues related to local workers receiving more benefits than foreign workers and suppliers lacking policies against discrimination. We are working with suppliers to resolve these issues.

Training and capability building

In 2007, we held 23 supplier training sessions in India, Singapore, South Korea, Taiwan, Thailand and the United States. Representatives from both direct- and indirect-materials suppliers attended. The direct suppliers accounted for more than 25 percent of our direct-materials spend. The training detailed the standards that Motorola expects of its suppliers and included an introduction to such industry tools as e-TASC, an online system developed by GeSI and the EICC to help manage and analyze supplier data.

Common industry tools

In 2007, suppliers completed 211 self-assessment questionnaires for more than 328 facilities. In 2008, we will invite our suppliers to complete their self-assessments using e-TASC. We then can access the questionnaire responses and use the risk assessment tool in e-TASC. In the future, participating companies will be able to view their suppliers' on-site audit results and corrective actions. Suppliers control which customers can view the information.

We participated in the GeSI/EICC pilot to develop common methods for joint auditing and selecting auditors. This aims to reduce the audit burden on suppliers and customers by enabling sharing of assessment results. For example, a company that supplies five customers participating in the program would be audited once rather than five times. During phase one of the pilot, Motorola volunteered its manufacturing facility in Tianjin, China, for an assessment to test the joint audit process. Approximately 16 companies are participating in phase two, and several Motorola suppliers that also supply the other participating companies have volunteered to be audited.

Goals for 2007	Progress in 2007	Goals for 2008
Conduct 75 in-depth, on-site supplier audits.	Achieved.	Conduct 75 in-depth, on-site supplier audits.
Require top 75 suppliers to complete the GeSI self-assessment questionnaire during 2006–2007.	Not achieved – to date, 294 suppliers have completed the questionnaire, with 63 representing our top 75 suppliers.	Require 150 preferred suppliers to complete GeSI self-assessment questionnaire during 2006–2008.
Conduct corporate responsibility training with suppliers representing 90% of our direct-materials spend.	Not achieved – trained suppliers representing 70% of our direct-materials spend.	Conduct in-depth, on-site audits of Motorola facilities in Brazil, India and Mexico.
Conduct corporate responsibility on-site audits at four Motorola manufacturing sites.	Achieved – audited five sites in China, Malaysia, Singapore and Taiwan.	Develop key performance indicators to assess our suppliers' programs for monitoring their own suppliers and implement at 150 suppliers.

Supplier diversity

Diversity businesses are at least 51 percent owned, operated and controlled by historically excluded minorities. In the United States, this normally means businesses owned by ethnic minorities; women; gay, lesbian, bi-sexual or transgender people; and disabled veterans.

Minority groups frequently are underrepresented in business and, consequently, in the supply chains of major corporations. The practice of supplier consolidation — when companies source from a limited number of large suppliers — often accentuates this underrepresentation.

To address this issue, the U.S. federal, state and local governments and many U.S. businesses require their suppliers to allocate a portion of their procurement spend to diversity businesses. No finalized supplier diversity legislation exists outside the United States, with the exception of the Broad-Based Black Economic Empowerment Bill in South Africa.

Motorola recognizes that increasing the diversity of its supply chain is a business imperative:

- Globalization – A diverse supply base helps us to meet the needs of customers around the world and to reach new markets. Supporting socially and economically disadvantaged business sectors also helps strengthen the economies where we do business.

- Competitiveness – Championing supplier diversity attracts customers that also view this as a business imperative. Diversity-owned businesses tend to be smaller companies, which can help make our supply chain more flexible and agile.

- Innovation – Supplier diversity promotes innovation and creativity, which helps us meet the needs of a wide range of people.

United States

Our supplier diversity team conducts outreach activities to help diversity suppliers access Motorola procurement opportunities. We set annual goals to increase the diversity of our supply chain, and the team promotes diversity with

both tier-one suppliers (suppliers from which we buy directly) and tier-two suppliers (suppliers to our tier-one suppliers).

We locate qualified diversity suppliers through organizations that certify the diversity status of businesses, including the National Minority Supplier Development Council, the Women's Business Enterprise National Council, the National Gay and Lesbian Chamber of Commerce and the U.S. Small Business Administration.

We work with our tier-one suppliers to extend our diversity program to their suppliers, expanding the reach of our program beyond the businesses directly supplying Motorola. We include supplier diversity requirements in our contracts with major suppliers and provide a website where they report their spend with diversity suppliers.

Through our participation in the Telecommunications Industry Group (TIG), comprising supplier diversity professionals from U.S.-based telecommunications companies, we advocate the expansion of supplier diversity initiatives among our customers, our peer companies and our suppliers. Motorola's leadership in engaging diversity suppliers in next-generation telecom technologies was recognized with the DiversityNXT NXTGen Corporation Award at the TIG DiversityNXT conference in 2007.

We also help our current diversity suppliers to strengthen and grow their business with Motorola. For example, in 2007, we invited diversity suppliers to our annual Innovation Collaboration conference. This brought together Motorola's top preferred suppliers with our procurement team to help them better understand Motorola's needs. We held another two-day event for diversity suppliers that included "matchmaker" sessions where diversity businesses met with sourcing managers to discuss potential business opportunities. Diversity suppliers representing 60 percent of Motorola's diversity spend attended training sessions on Motorola's sourcing processes, supplier expectations policy, corporate responsibility and TL9000 quality standards.

Beyond the United States
We began to expand our supplier diversity programs outside the United States in 2003. Our supply base includes diversity suppliers in Australia, China, India, Malaysia, Singapore, South Africa and Vietnam.

Before we can establish a supplier diversity program in countries without defined diversity programs we need to identify the minority groups in that country. This can be a challenge. For example, laws or culture may prohibit asking questions about the ethnicity or gender of the business owner. Some countries have no agreement on how to define a "minority group," and other countries have large numbers of different minority groups. For example, China has 55 ethnic minorities. In 2008, we will continue working to identify diversity suppliers in other Asian nations and in Europe.

We work with local diversity organizations to identify minority categories and to contact diversity suppliers. For example, we work with Minority Supplier Development-UK in the United Kingdom. We also participate in trade missions with diversity business organizations to meet with companies that qualify as diversity businesses in a particular country.

In 2007, we co-sponsored a 10-day trade mission to China led by the National Minority Supplier Development Council. The mission aimed to generate business ties with Chinese diversity businesses and to build a relationship with the China Association of Advanced Knowledge Promotion in Ethnic Regions, a national diversity organization. A member of Motorola's supplier diversity team joined the mission, which visited diversity suppliers in Beijing, Chongqing, Hong Kong, Shanghai and Shenzhen and met with government officials from the State Ethnic Affairs Commissions and regional economic development departments. Motorola's sourcing director for emerging markets presented our procurement processes in China to the mission delegates.

Motorola joined the Women's Business Enterprise National Council's global business committee in 2006. This group supports women-owned businesses outside the United States, with current focus on China, India and the United Kingdom. The committee is encouraging efforts to introduce certification standards for women-owned businesses that are consistent with those used in the United States.

Motorola also participated in the America-China Women's Business Conference held in Beijing in 2007. More than 400 representatives from U.S. and Chinese women-owned businesses attended, forging relationships to expand their businesses globally and discussing issues relating to U.S.-China trade.

Our 2007 performance

In 2007, U.S supplier spend with diversity suppliers reached 10.4 percent, up from 8.3 percent in 2006.

Diversity businesses supplied Motorola with a variety of products and services such as cables, accessories, packaging, logistics, travel and engineering.

Supplier diversity U.S spend

	2004	2005	2006	2007
Percent spend with U.S. tier-one diversity suppliers	2.6%	5.7%	8.3%	10.4%

More information:
www.motorola.com/supplierdiversity

Goals for 2007	Progress in 2007	Goals for 2008
Achieve 10% of U.S. tier-one supply chain spend with diversity suppliers.	Achieved.	Achieve 11% of U.S. tier-one supply chain spend with diversity suppliers.

**Responsibility
to consumers**

Mobile phones have become indispensable to many people. As these communication devices have grown in number, so has the need for the industry to ensure that consumers have access to information about mobile phone safety, security, control of content, accessibility and privacy.

Motorola products are designed, manufactured and tested to meet or exceed international and local standards for consumer safety and performance. We use externally accredited testing labs in China, Denmark, France, Germany, Korea and the United States to ensure the products meet our requirements. Motorola also has strict requirements and specifications for suppliers to support production of quality products.

With mobile phone owners now able to access the Internet with their handsets, parents must be able to protect their children from potential exposure to adult content and other online risks. Motorola is investigating solutions for parental control of the sharing of multimedia files on mobile phones and will focus on enhancing the network filters already offered by operators.

Mobile phone theft

Mobile phone theft remains a major problem in some areas, and younger phone owners often are targeted. The mobile industry continues to explore ways to reduce theft.

The GSM Association coordinates the implementation of security features across the industry, and Motorola supports its work.

Every Motorola phone includes a unique, tamper-resistant International Mobile Equipment Identity (IMEI) number programmed into it. If a mobile phone is stolen and reported, this number helps to prevent the phone's access to the network, making it unusable. This works in conjunction with network operators that are connected to the IMEI database, which stores the blacklisted IMEI numbers.

It is the responsibility of the operators to check the IMEI database. Under GSM Association guidelines, operators should not connect mobile phones to the network if they find that the phones have been reported as stolen. Unfortunately, this is difficult to enforce. Stolen phones often are shipped to and used in countries where the guidelines are not enforced.

As an additional measure, we continue to enhance protection of the security mechanism that "locks" a handset to a specific network. Strengthening this protection helps prevent locked stolen handsets from operating on other networks.

We continue to evaluate options for including information about IMEI numbers in global phone user manuals to reinforce messages from local operators on this topic.

We promote responsible driving through our products and consumer education efforts.

Responsible driving

Motorola believes that mobile phone users must make driving their first priority and communicates this message through its product manuals and website.

In many countries, it is illegal to drive while using a hand-held mobile phone. In the United States, legal restrictions vary by jurisdiction. The most common requirement in countries that restrict mobile phone use while driving is that only hands-free calls may be made.

Motorola encourages responsible driving:

- Through education and awareness
- By providing products and features in phones that help drivers to comply with the law and drive responsibly

All of our mobile products come with the Cellular Telecommunications and Internet Association's tips on safe driving. We provide responsible driving tips specifically for teens and young drivers on our website, stressing the danger of being distracted while driving.

We provide easy-to-use mobile phone features that encourage responsible driving, including touch dialing, automatic answer, voice dialing and caller identification. We also offer Bluetooth headsets for hands-free mobile phone use and integrated hands-free kits that allow the mobile phone to be operated from the steering wheel.

More information:
www.motorola.com/callsmart

Radio-frequency energy and health

The issue

A mobile phone sends and receives information using radio-frequency (RF) energy transmitted as waves through the air. Some have raised questions about the safety of RF energy from mobile phones, network antennas and two-way radios. Research on this subject stretches back more than 50 years, and ongoing research and expert reviews are coordinated by the World Health Organization (WHO).

Our approach

Ensuring that Motorola's products are safe for our customers, consumers and employees is of paramount importance. All our products comply with international safety guidelines for RF energy exposure, and we conduct research and support independent studies to increase scientific knowledge about the safety of RF energy. We want to maintain the trust of consumers and are responsive to questions about the safety of Motorola products.

Safety standards

Highly regarded international organizations have set safe exposure limits for RF energy from wireless phones and network antennas. Worldwide, most countries follow the exposure limits recommended by the International Commission for Non-Ionizing Radiation Protection (ICNIRP) and the Institute of Electrical and Electronic Engineers (IEEE). These limits are consistent and include substantial safety margins. Meeting these standards provides a sound scientific basis for confidence in the safety of products using RF energy. All Motorola products using RF energy, including mobile phones and two-way radios, comply with international exposure limits.

IEEE and the International Electrotechnical Commission (IEC) also have established testing standards to confirm product compliance with safe exposure limits. In 2007, the IEC advanced development of a standard for determining compliance of mobile phones, two-way radios and accessories used close to a person's body. When completed, the new standard will complement an existing IEC standard for testing mobile phones used at the ear. Both standards will ensure conservative and reproducible measurements for compliance testing of hand-held and body-worn wireless devices.

Communication

We communicate with our customers and consumers and respond to public concerns about RF safety and health. Our website, www.motorola.com/rfhealth, provides information, links to independent scientific resources and a link for consumers to reach us with any questions or concerns.

Some consumers are interested in learning about the amount of RF energy associated with mobile phones. This energy is measured as Specific Absorption Rate (SAR). We publish SAR values for mobile phones in user manuals and at www.motorola.com/rfhealth. SAR is measured in laboratory conditions using the highest power level of the phone. The actual SAR of the phone operating on a network can be well below this value. Although SAR values for products vary, all SAR values for Motorola products are within safe exposure limits, and all products are considered equally safe.

Research

We conduct research on RF energy measurement and the compatibility of mobile phones and two-way radios with other electronic products such as medical devices. We also support independent health research programs in Canada, China, the European Union, Japan, Russia and the United States.

International research on RF energy and health is guided and coordinated by the World Health Organization RF Research Agenda. Its database for RF research comprises more than 1,800 ongoing or completed studies from countries around the world.

The World Health Organization states: "None of the recent reviews has concluded that exposure to the RF fields from mobile phones or their base stations causes any adverse health consequence."

Numerous expert panels and government organizations around the world have consistently concluded that RF products that meet internationally recognized standards for exposure to radio waves pose no known health risk.

Mobile phones and children

Many parents feel more secure when they know they can communicate quickly and easily with their children. Yet some parents may be worried that their children's health could be affected by using mobile phones. The World Health Organization, the Health Council of the Netherlands, the U.S. Food and Drug Administration, the Ireland Expert Group on Health Effects of Electromagnetic Fields and others in the scientific community have stated there is no health-related reason or scientific justification to limit use of mobile phones by children.

Research projects published in 2007

The following reports published in 2007 conclude that current evidence does not suggest that adverse health effects are produced by radio-frequency exposure below the ICNIRP limits. They also conclude that more research is needed on the longer-term effects of RF exposure.

- Review of EMF and health – Independent Expert Group, Swedish Radiation Protection Authority

- Possible effects of electromagnetic fields on human health report – Scientific Committee on Emerging and Newly Identified Health Risks, European Commission

- Report 2007 – Program Management Committee, UK Mobile Telecommunications and Health Research Programme

- Safety of cellphones report – National Radiation Laboratory, New Zealand Ministry of Health

More information:
www.motorola.com/rfhealth
www.icnirp.de
www.who.int/peh-emf/en

Accessibility

Improving all-round accessibility

The Moto Q9h is one of our most accessible mobile phones yet. It incorporates more than 50 features that help people with a broad range of abilities to communicate more easily.

Most Motorola handsets are fitted with a magnetic earpiece speaker to enable compatibility with telecoil hearing aids

Font sizes can be adjusted for increased visibility

Users with cognition needs can set the handset to display confirmation questions to check that all commands given were intended

To help people with visual needs, the keys are raised from the surface, making them distinguishable by touch

MicroUSB and USB 2.0 provide a high-speed connection for assistive devices

Simple design helps those with movement and manipulation difficulties:
- No controls require twisting or wrist rotation
- Flat back for tabletop operation
- Rubberized casing for enhanced grip

Bluetooth Class 2.0+ Enhanced Data Rate for use with compatible headsets and assistive devices

Compatibility with third-party MobileSpeak Smartphone software programs helps people with vision and cognitive needs:
- Screen reader software "speaks" what is on screen
- Screen magnifier software enlarges important parts of the display and enables zooming in

Two-way text messaging, email and instant messaging help those with hearing and speech needs

Dialing by voice helps those with cognition and vision difficulties

For a full list of accessible features for the Moto Q9h and other products, visit the websites noted below.

The issue

While many consumers use wireless and broadband products with ease, others experience various degrees of difficulty. Everyone's natural abilities differ, and improving accessibility of products means making them usable by as many people as possible.

Our approach

We recognize that people have a broad range of capabilities. We strive to make products that can be used easily by the widest range of consumers, and we are committed to designing products with accessible features whenever possible (see above). We have formed affiliations with manufacturers that make assistive devices for people with more severe disabilities, helping to ensure compatibility with our products.

Motorola set-top boxes provide closed-captioning features to help deaf or hard-of-hearing consumers as well as those with certain cognitive needs enjoy television programming. We also incorporate advanced features that allow people to modify the sub-title display to suit their requirements.

We increase our understanding of consumers' needs by consulting with disability advocacy groups, standards bodies and research organizations. We also participate in accessibility-related conferences. Our accessibility team shares feedback with engineers to influence the design process. We also support accessibility research organizations with equipment, technical assistance and advice.

Our design process ensures compliance with accessibility regulations such as Section 255 of the U.S. Telecommunications Act. This requires manufacturers of telecommunications equipment and providers of telecommunications services to ensure that their products and services are accessible to and usable by persons with disabilities, if readily achievable.

Motorola established its internal People with Disabilities Business Council in 2004 to raise awareness about disabilities and promote accessibility in product design and marketing. Motorola is a charter sponsor of the Leadership Institute for Managers with Disabilities at the University of California at Los Angeles' Anderson School of Management, which supports these managers as their careers progress. Motorola also co-chairs the Business Advisory Council of the National Spinal Cord Injury Association.

We have expanded the information on our accessibility website to help consumers identify the Motorola products that best meets their needs. The site lists our products and the accessibility features of each Motorola mobile phone, as well as compatibility with other assistive devices.

More information:
www.motorola.com/au/accessibility
(Australia, New Zealand)
www.hellomoto.com/eu/accessibility
(Africa, Europe)
www.motorola.com/accessibility
(United States)

Privacy

The issue

A person has the right to control what information about him or her is collected and to determine how that information is used. All businesses are responsible for ensuring that this information is used appropriately, safeguarded and provided to a third party only with the consent of the individual.

Our approach

Motorola is committed to protecting personal information submitted to the company by its customers, consumers and employees. We comply with privacy and related data protection laws in the countries where we do business.

When it is necessary for business reasons to share a person's information with third parties such as network service providers and marketing campaign partners, we work together to ensure that we maintain the highest privacy standards.

Policy

Our information protection policy, called "iProtect," commits employees and third parties working for Motorola to protect customers' and consumers' personal information. The policy states that we will:

- Inform customers and consumers about the types of information we collect about them and how we intend to use it

- Allow customers and consumers to choose whether their personal information is used for marketing purposes or shared with third parties

- Transfer personal information in accordance with local laws

- Ensure security of personal information, so that it remains accurate, is not accessed without authorization and is used appropriately

- Provide customers and consumers with access to the data we hold about them and allow them to update it

Employees who violate our information-protection policies are subject to disciplinary action, including dismissal. Agents and subcontractors face contractual penalties or termination for violations.

Management

Motorola's privacy efforts are jointly coordinated by the company's law and information technology (IT) organizations. Effective information privacy and security compliance depends on the active involvement of teams from IT, marketing, human resources, product development, supply chain and other areas.

Training and awareness

Motorola's privacy compliance team, along with information protection staff, business security managers and others, raises awareness about our privacy policies and practices and provides advice and assistance to employees. Detailed privacy and security documentation and tools are available to all employees whose jobs involve handling personal information.

Product implementation

Motorola works to incorporate privacy and security protection in its products. This includes technology to protect devices against external interference and encryption of voice data when transmitted across a mobile phone network. We also seek to educate consumers of information privacy and security risks through our product user manuals.

Our 2007 performance

In 2007, Motorola had no reportable breaches of customer or consumer personal information. A reportable "breach" generally is when a person's unencrypted personal information is believed to have been acquired by an unauthorized person or entity. "Personal information" refers to a person's last name paired with a first name or first initial and one of the following: a U.S. Social Security or equivalent national identification number, a driver's license or equivalent identification number, or a number from a bank account, credit card or debit card, along with a password or security code that would give access to the account.

Training and awareness

In 2007, 78 percent of our workforce completed data protection training, exceeding our goal of 50 percent. We also met our goal to launch online privacy training for employees working in marketing and in call centers. More than 50 Motorola sites received on-site training and distributed awareness brochures with tips for employees on how to protect personal information. We also customized training sessions and materials to meet the individual needs of business teams. Approximately 1,500 Motorola employees receive regular newsletters on data protection and consumer privacy compliance.

More information:
www.motorola.com/privacy

Goals for 2007	Progress in 2007	Goals for 2008
Reach at least 50% of employees with privacy training.	Achieved – 78% of employees completed privacy training.	Reach 90% of employees with privacy training.
Launch online privacy training for employees working in marketing and in call centers.	Achieved.	

**Responsibility to
the environment**

Green design

The issue

Rapid growth in the electronics industry has focused attention on the environmental impact at each stage of the product life cycle. The environmental impact of individual products is small, but the proliferation of electronic equipment means the collective impact potentially could be significant. It is important to take actions that will ensure that the manufacture, use and disposal of these electronic products create a minimal environmental footprint.

"Green" design requires assessment of the materials and processes used in manufacturing and packaging products. It includes the performance of the product in use — primarily energy efficiency — and the capacity for it to be reused or recycled after its first use.

Our approach

Motorola is sensitive to the environmental impact of mobile phones and other electronic products. We apply our technical skills to reduce negative impact to the environment at each stage of the product life cycle.

Motorola's efforts are coordinated by its product stewardship committee, a cross-functional team representing each business. The mission of this committee:

- Develop and recommend processes and policies governing product stewardship across Motorola businesses
- Influence the adoption of product-related environmental standards, regulations and legislation to ensure they are based on sound science, practicality and global consistency

- Assess need for research and development on product-related environmental issues

Long-term objectives for our products

We are working toward these long-term objectives for our products:

- Achieve better than 90 percent recyclability
- Use more than 20 percent recycled material content
- Achieve high energy efficiency
- Use environmentally preferred materials
- Minimize the ratio of packaging material to product volume

We also have an "ecofacts" webpage for consumers that provides environmental information on some 50 U.S. Motorola mobile phones. We are expanding this site in 2008 to cover more products.

More information:
www.motorola.com/ecofacts

The environmental benefits of our products
Our products also benefit the environment in a number of ways. For example, our wireless and broadband products enable people to work from any location, avoiding the environmental impacts of commuting to the office.

12-in-1 device cuts resources and waste

The Moto Q9h does the job of a mobile phone, a music player, a watch, an alarm clock, a calculator, a PDA and a basic computer. Reducing the number of separate devices we need cuts down on the use of resources, e-waste and energy consumption during product use.

Mobile TV* Portable GPS device Music player Voice recorder

Gaming device DVD player* PDA/ basic computer Landline phone

Camera Calculator Alarm clock Watch

*TV shows and movies can be downloaded to the Moto Q

Motorola needs to work in partnership with the service providers to develop and introduce more energy-efficient set-top boxes. In particular, the new boxes should automatically go into a low-power mode when the user is not watching, recording or playing back a show. We understand Motorola is committed to making improvements in this area and look forward to seeing what they come up with.

— **Noah Horowitz**, *Natural Resources Defense Council (NRDC)*

Today's mobile phones do much more than just make a phone call — they combine the functions of many devices into one package (see diagram at left). A standard mass market phone now performs the job of a mobile phone, music player, watch, alarm clock, calculator and PDA. The Motorola Q adds the functions of a basic computer. Reducing the number of separate devices cuts down on the use of resources, e-waste and energy consumption. However, the amount of energy needed to manufacture and run information communication technology equipment offsets some of the environmental benefits.

Energy use in mobile phone chargers
We are committed to improving the energy efficiency of our products.

About half the energy used during the life cycle of a mobile phone is wasted when the charger is left on standby (plugged in, but not in use). In 2008, we will install software in our new mobile phone designs to remind users to unplug their chargers after use.

We also have reduced the standby energy consumption of our chargers (see page 24), and, in 2007, we became the first major mobile phone manufacturer to achieve the U.S. Environmental Protection Agency's Energy Star qualification for all of our chargers. Motorola is a voluntary signatory to the European Union's code of conduct on energy efficiency of external power supplies for mobile phones and also participates in the integrated product policy energy task force for mobile phones.

Energy use in set-top boxes
We apply our energy-efficiency efforts to other products, such as our set-top boxes for cable television. Our DCH-70 model uses half the power of our 1998 model.

Our Whole Home Media technology offers better energy efficiency in homes with more than one set-top box. By networking a digital video recorder (DVR) set-top box to other non-DVR boxes, the system consumes less power overall. This means that people can enjoy the functionality of having multiple DVR set-top boxes while using less energy.

Energy use in enterprise mobility products
We have redesigned all our power suppliers for mobile and wireless technologies for the enterprise market to comply with California's appliance efficiency regulations, the European Union's ecodesign requirements for energy-using products and the Australian and New Zealand energy performance requirements for external power supplies.

Hazardous materials
Motorola complies with the European Union's directive on the restriction of hazardous substances (RoHS) for electronic products sold in the EU. We have voluntarily extended RoHS requirements to all newly designed mobile phones and many of our mobile and wireless technologies for the enterprise market, regardless of where they are sold worldwide.

During 2007, we achieved compliance with new Chinese management methods (CMM) for electronic products and prepared for Korea's hazardous-materials requirements and recycling reporting.

Regional regulations differ, and Motorola has a list of more than 60 substances targeted for exclusion, reduction or reporting during the design and manufacture of our products. The categories:

- Banned substances – not permitted in any Motorola product at any level
- Controlled substances – limited for use in manufacturing processes or certain product applications, with use limits typically defined by national or international environmental regulations
- Reportable substances – not currently banned or controlled

Our environmental assessment laboratory develops and implements reliable protocols for quantifying the levels of substances in our products. The laboratory works with external laboratories to align Motorola with industry best practices, and it shares technical design ideas and concepts across Motorola to ensure that our products meet environmental standards and regulations.

In 2007, we worked with suppliers to assess the extent to which tetrabromobisphenol A (TBBPA), the most commonly occurring brominated flame retardant in electronics products, is used in our mobile phones. In 2008, we will work with suppliers to develop plans to remove TBBPA from our mobile phones.

Our 2007 performance

Mobile phones

From the V60 in 2001 to the MOTOKRZR K1 in 2007, Motorola made several significant environmental improvements while still producing an iconic phone. We reduced mass by 6.5 percent and both lead content and RoHS substances by 99 percent. In both designs, recyclability was above the 65 percent target set by the European Union's WEEE directive. We increased recycled-material content from 7.3 percent to 9.2 percent. Talk time increased 68 percent, which conserves energy by reducing charging frequency.

Environmental performance of best-selling Motorola mobile phones

	V60 2001	MOTORAZR V3i 2006	MOTOKRZR K1 2007
Mass without battery, *grams*	89.3	79.4	83.5
Lead content, *percent*	0.4141	0.0131	0.0044
RoHS substances, *grams*	0.3699	0.0106	0.0037
Recycled-material content, *percent*	7.3	5.9	9.2
Recyclability, *percent*	86	66	67
Talk time, *hours*	4	7	6.7

Mobile phone chargers

In 2007, all our chargers were rated Energy Star 4 by the U.S. Environmental Protection Agency. We achieved this designation in 2006 by meeting our commitment under the European Union's code of conduct on energy efficiency of external power supplies. As such, our chargers consume no more than 0.3 watts in standby mode. Some of our chargers use even less power. The table below shows how the code has implemented increasingly challenging targets. Since signing the commitment in 2000, we have reduced the average standby power of our chargers by at least 70 percent.

European Union's code of conduct to improve energy efficiency of power supplies

	2001	2003	2005
Targets for standby power (watts) of mobile phone chargers	1.0	0.7	0.3

At press time a new target had not been set.

Set-top boxes

Over the past decade, we have continued to reduce the energy consumption of our set-top boxes. The chart below shows how our DCH70 set-top box (pictured above), introduced in 2007, uses half the energy of our 1998 model, the DCT2244.

Average power consumption for Motorola set-top boxes

	DCT2244 1998	DCT2500 2002	DCT700 2003	DCH70 2007
Power (watts) when turned on	22.8	13.9	10.9	10.9*

*Remained steady despite added functionality such as analog tuner and government-mandated cable card.

Packaging

In 2007, we continued to work to reduce the weight and volume, while increasing recycled content, of our product packaging:

- New mobile phone packaging designs eliminate the need for a plastic tray. Instead, the carton flaps contain the product. This change will reduce our use of plastic packaging by more than 90 tonnes, a 53 percent reduction from 2006.
- Our corrugated packaging board for mobile phone packaging uses an average of 50 percent recycled material.
- We reduced packaging on enterprise-mobility products, reducing the use of corrugated cardboard by 21 tonnes, or 60 percent, from 2005.

We also added internationally recognized recycling symbols to our mobile phone product packaging globally to facilitate recycling.

Alternative energy sources

Motorola is researching and exploring various alternative energy sources to power our products in the future. For example, in 2007, we worked with network operator MTC Namibia and the GSMA Development Fund to demonstrate our wind- and solar-powered base station solution in Namibia, where approximately 90 percent of citizens live in rural areas that mostly are unconnected to the electricity grid. The trial demonstrated that renewable energy can offer a cost-effective and environmentally friendly alternative to traditional fuel-based energy. For more information, see page 5.

More information:
www.motorola.com/productstewardship

Reuse and recycling

The issue

The rapid pace of technological change means consumer electronics equipment is replaced regularly. People in developed countries want the latest features and upgrade their mobile phones on average every 18 months, even though the phones are designed for a longer lifespan. Network equipment typically is upgraded approximately every 10+ years to support new services.

Electronic equipment can damage the environment if disposed of incorrectly. Many phones that are replaced are still in good condition and can be refurbished for reuse. Those that cannot be reused can be recycled, which reduces waste and the use of raw materials to make new phones.

Our approach

Design for recyclability
We recognize the need to design our products to be recyclable and to contain environmentally preferred materials. The recyclability of our mobile phones exceeds the European Union's waste electrical and electronic equipment (WEEE) directive target of 65 percent.

Product take-back
The WEEE directive requires us to take back and recycle our products in the 27 member states of the European Union and the European Economic Area, and Motorola complies with this directive. We also are ensuring that our customers are fulfilling their directive obligations as importers or producers, where applicable.

Motorola's commitment to product take-back goes beyond legislation. We offer take-back programs in 42 countries not covered by the directive. We have take-back programs in countries that make up 90 percent of our mobile-phone unit sales. In the United States, we have expanded our programs to include other devices as well, such as cable modems and set-top boxes.

Specialist companies process the equipment received through our take-back programs for reuse, recycling of parts and materials and, as a last resort, disposal in a safe and responsible manner. We ensure that our recycling suppliers comply with all regulatory requirements for disposal of electronic equipment and follow Motorola and industry standards. Like all suppliers, recyclers must abide by our business conduct expectations for suppliers policy (see page 9).

Mobile phones
Our take-back programs accept any mobile phone or accessory (not just Motorola products). Some of the phones that are refurbished for reuse are sent to developing countries where they are sold at a lower price, helping to boost access to communications.

We offer or participate in mobile phone take-back programs in the following countries:

Argentina	Israel	Saudi Arabia
Australia	Italy	Singapore
Austria	Japan	Slovakia
Belgium	Jordan	Slovenia
Brazil	Korea	South Africa
Bulgaria	Kuwait	Spain
China	Latvia	Sweden
Colombia	Lithuania	Switzerland
Costa Rica	Luxembourg	Taiwan
Cyprus	Malaysia	Thailand
Czech Republic	Malta	Turkey
Denmark	Mexico	Ukraine
Egypt	Morocco	United Arab Emirates
El Salvador	Netherlands	United Kingdom
Estonia	Nicaragua	United States
Finland	Nigeria	Venezuela
France	Norway	Vietnam
Germany	Oman	
Greece	Panama	
Guatemala	Philippines	
Honduras	Poland	
Hong Kong	Portugal	
Hungary	Puerto Rico	
India	Qatar	
Indonesia	Romania	
Ireland	Russia	

Network equipment
We operate network equipment take-back programs in countries covered by the WEEE directive. In other countries, we provide take-back of network equipment if requested or contracted to do so by our customers or when it is required by law. However, our customers often prefer to handle used equipment themselves to protect commercially sensitive information and to protect private information of individuals. In some cases, we are unable to take back network equipment used by government customers due to their specific requirements for confidentiality and protection of public safety.

Other products
We continue working to extend our take-back programs beyond compliance for other Motorola products. In 2007, we:
- Launched a take-back program in the United States for consumers to return their Motorola-branded set-top boxes, modems and cordless phones. Consumers can print a return-mail label from our website to send products to us at no charge.

- Ran periodic promotions offering discounts on new two-way radios when customers traded in used equipment for recycling.

Encouraging mobile phone returns

The success of our mobile phone reuse and recycling program depends on consumer participation. Some people choose not to hand in their old phones and instead keep them as a spare, give them to a relative, resell them or donate them to other recycling programs.

We work to increase the number of people who return their mobile phones and accessories to Motorola by:

- Enclosing prepaid return envelopes in packaging boxes
- Providing prepaid postage labels on our website
- Encouraging recycling through charity take-back programs
- Holding electronics collection events at our facilities for employees and local communities
- Offering incentives such as music cards and product discounts
- Participating with governments and other companies in take-back events and promotions
- Locating highly visible collection containers in our service centers

We now operate prepaid-label programs in Austria, Belgium, Estonia, France, Ireland, the Netherlands, Norway, Poland, Spain, Switzerland, the United Kingdom and the United States. In many emerging markets, the infrastructure for a mail-in program is not available, and the perceived value of old phones means that people are unlikely to return them.

Incentives

We encourage people to return their mobile phones by participating in charity take-back programs. Proceeds from the reuse or recycling of phones returned through these programs are donated to charity. We currently work with charity programs in France, the United Kingdom and the United States.

For the third year in France, we supported the 2007 TV Téléthon event that raised funds for research into neurological diseases in children. We ran a campaign involving hundreds of events encouraging people to hand in their mobile phones. All proceeds from reuse and recycling of the phones went to the Téléthon charities. The French handed back more than 65,000 phones, raising €107,820.

Motorola's Race to Recycle program encourages U.S. students to collect and return mobile phones. We provide schools with posters to raise awareness about the program as well as useful tips on how to excite kids about phone recycling. We pay the schools a varying amount for each phone, depending on the model and age of each phone.

Our 2007 performance

During 2007, we achieved our goal to expand our take-back programs to countries that represent 90 percent of mobile-phone unit sales. We now have mobile phone take-back programs in 69 countries and will add new countries in 2008. The majority of new countries added in 2007 were in Latin America and emerging markets.

We collected for recycling more than 2,534 tonnes of electronic and electrical equipment waste, an 11 percent increase from 2006.

These figures include take-back programs (both regulated and voluntary), internal electronics recycling efforts and external electronics recycling events sponsored by Motorola. They do not include Motorola-branded electronics recycled through other industry or operator programs.

Global electronics take-back and recycling results
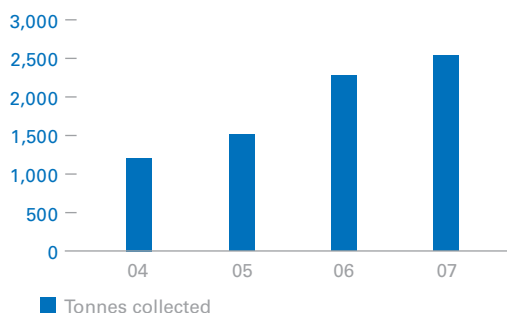
■ Tonnes collected

More information:
www.motorola.com/recycle

Goals for 2007	Progress in 2007	Goals for 2008
Expand take-back programs to countries that cover 90% of our mobile-phone unit sales.	Achieved.	Increase tonnes of electronics waste collected for recycling by 5 percent.
		Establish formal take-back program for business-to-business products in the United States.

Environment, health and safety operations

The issue

Designing, manufacturing and distributing electronic communication products uses natural resources, creates emissions and waste and contributes to climate change, principally through carbon dioxide emissions from energy use. In addition, potential health and safety risks exist for workers.

Companies must implement management systems in their design and manufacturing functions to minimize environmental impacts and to protect workers.

Our approach

Motorola is committed to reducing the environmental footprint of its operations and to protecting the health and safety of its employees. This is not only the right thing to do, but it also helps us reduce costs, improve operational efficiency and meet the expectations of our stakeholders.

Long-term objectives

The following long-term objectives reflect our ideals and our vision of a sustainable business. Financial and technological limitations impact our ability to specify a time frame for achieving them.

Product stewardship – Design all products for the environment and for safety

Zero waste – Reuse or recycle all waste materials

Benign emissions – Eliminate from manufacturing plants all emissions that adversely impact the environment

Closed loop – Fully integrate products and processes in the recycling loop to conserve natural resources

Zero occupational injuries and illnesses – Create a workplace free from occupational injuries and illnesses

Green energy – Use energy in highly efficient ways at sites, and use renewable energy

Policy and management system

Our environment, health and safety (EHS) policy commits us to operating our facilities to minimize environmental impact, to continuously improve our EHS processes and to prevent pollution. The policy supports Motorola's corporate responsibility business principles and code of business conduct (see page 42).

We implement our policy through our EHS management system, which describes how we identify and manage potential risks to people and the environment, improve our performance and monitor compliance. The system has earned independent certification to the international standard ISO 14001 at our manufacturing sites and larger design centers. In 2008, we will begin the process to attain certification for manufacturing operations added as part of the 2007 Symbol acquisition.

In 2007, we completed the transition from site-specific EHS management to a common system that applies across all Motorola manufacturing facilities, including those added through the Symbol acquisition. This change has improved efficiency and control—reducing the number of EHS procedures from 3,000 to just 150.

Verifying compliance

Motorola's EHS audit program assesses how ISO 14001-certified sites are complying with the company's policy, management system and legal requirements. Our staggered audit schedule ensures that each site is audited at least annually.

- Corporate-level audits of the EHS management system – every three years
- Site-level audits of the EHS management system – every three years
- Site-level audits of EHS compliance with legal requirements – every three years by independent, third-party auditors
- ISO 14001 surveillance audits – every three years by independent, third-party auditors

We record all non-compliances identified by these audits and systematically track them to ensure that corrective actions are taken and the root causes corrected. Motorola's senior leaders and board of directors review the audit results periodically.

I'd like to see Motorola establish a world-class green manufacturing facility that could be replicated throughout the world. Build in renewable generation. Go for Leadership in Energy and Environmental Design (LEED) platinum certification in all your offices.

— **John Waters**, *Rocky Mountain Institute*

Managing our impact on climate change

Climate change is one of the greatest challenges facing the world, and Motorola is working to address it.

Our operations and products result in the release of "greenhouse" gases from sources including energy use in our buildings and processes, combustion in back-up generators and boilers at some sites, business travel, the distribution of parts and products, our suppliers' operations and consumers' use of our products.

We have launched a strategy to reduce the climate impact of our operations and products (see box). In addition to benefiting the environment, this also makes good business sense. Acting now ensures that we are well positioned to address future regulation of greenhouse gas emissions and also may offer a competitive advantage in the marketplace.

For more information on how we are improving the energy efficiency of our products, see pages 22–23.

Motorola's climate-change strategy

By 2010, we will reduce carbon dioxide emissions from our operations by 15 percent per million dollars of sales, compared with 2005.

As a member of the Chicago Climate Exchange, we also have committed to a 6 percent reduction in our absolute greenhouse gas emissions by 2010, compared with 2000.

We will achieve these reductions by:

- Improving energy management at our operations

- Using more renewable energy

We also aim to increase the energy efficiency of our products and to develop more climate-friendly products.

In 2008, we will measure the environmental impact of employee business travel and will establish a Motorola-wide methodology for measuring the carbon footprint of our products.

We are involved in voluntary climate change programs that promote awareness and challenge us to improve our performance and to be transparent about our actions:

- The Carbon Disclosure Project encourages companies to report on greenhouse gas emissions and actions to mitigate them. Motorola has participated since 2004.
- The Chicago Climate Exchange (CCX) is an innovative voluntary trading system to reduce greenhouse gas emissions. Motorola became a founding member in 2004 and renewed its commitment to CCX Phase II in 2007, becoming the first CCX member to include in its commitment all of its worldwide manufacturing sites that are not covered under the regulatory emissions reduction requirements of the Kyoto Protocol signatories and the European Union Emissions Trading Scheme.

We are a member of the Global e-Sustainability Initiative's climate change working group, an industry effort to improve the sustainability and energy efficiency of the information and communication technology (ICT) sector. The group is working to measure greenhouse gas emissions relating to ICT and is exploring how to quantify greenhouse gas reductions when video and teleconferencing are used as alternatives to business travel. It aims to create an online system that companies can use to offset their emissions when using video and teleconferencing.

Remediation

Motorola is involved in environmental remediation at five current and former manufacturing locations and several former waste disposal facilities. The need for remediation resulted from activities that at the time were legal and compliant with industrial practices. Motorola has $16 million reserved to cover environmental liabilities and shares remediation expenses with other responsible parties. In 2007, we gained one remediation site as part of the Symbol acquisition, and we settled one remediation site in Puerto Rico.

Motorola shares with two other companies remediation obligations for the North Indian Bend Wash site in Scottsdale, Arizona. In October 2007, we learned that one of the facilities used to treat groundwater for use as drinking water had operational issues resulting in incomplete groundwater treatment. A separate incident involving the release of untreated water from the facility due to a malfunction occurred in January 2008. The treatment facility is owned and operated by a private water company.

Motorola is working closely with the potentially responsible parties, federal, state and local regulatory authorities, Congressional representatives and the community to understand what happened and take appropriate corrective action to ensure ongoing proper treatment of the groundwater.

Health and safety

Occupational injuries and illnesses are preventable, and we operate a management system to identify and reduce potential risks. Our goal: zero occupational injuries and illnesses.

U.S. Occupational Safety and Health Administration's Voluntary Protection Program

As part of its voluntary program for health and safety excellence, the U.S. government awards "STAR" recognition to organizations that go beyond compliance requirements and demonstrate injury and illness rates below the national average for their industries. Motorola has five STAR sites: Chandler, Arizona; Plantation, Florida; Arlington Heights, Illinois; Schaumburg, Illinois; and Fort Worth, Texas.

Our 2007 performance

Audit results

In 2007, we introduced a new audit process as part of the move from a site-specific EHS management system to a common system for all Motorola manufacturing facilities, and we completed three pilot audits of the new system.

Number of audits conducted

	2004	2005	2006	2007
Site management systems audits	15	11	11	11
Compliance audits	22	19	8	14
ISO 14001 audits	7	10	12	5
Corporate management systems audits	7	8	6	3*
*pilot audits				

Regulatory compliance history

In 2007, we achieved our goal of zero EHS-related fines, violations or citations.

	2004	2005	2006	2007
Environmental non-compliances*	0	2	0	0
Safety non-compliances*	1	1	0	0
Fines or penalties	$0	$375	$0	$0

*Notices of violation, citations, administrative orders or notices of non-compliance

Sustainable practices at on-site cafeterias

In 2007, Motorola launched an initiative to implement sustainable practices in its 16 U.S. on-site employee cafeterias by replacing foam food packaging made from non-renewable petroleum with biodegradable containers made from renewable resources such as paper and sugarcane.

The cafeterias also have substantially reduced waste through a "Choose to Reuse" employee campaign that communicates the environmental impact of using disposables and offers incentives for using reusable cups and water bottles.

BEIJING ENERGY-EFFICIENCY INITIATIVE

Our new Beijing campus, opened in 2007, reflects Motorola's commitment to protecting the environment. An array of energy-efficient technologies will help address climate change. For example, the building's dimmer controls and management systems reduce energy use from lighting. Its "low e-glass" reflects nearly half the light of normal glass, reducing loss of heat and the need for artificial lighting. The heating and ventilation system also uses efficient technology. The site's direct-fired absorption heater and chillers use natural gas instead of electricity, making them more energy efficient and helping to reduce the demand for electricity in Beijing during peak summer months. The site also will save 30,000 tonnes of water each year by reusing water from the building for flushing toilets and landscaping.

2007 recognition

China
BoHai Circle Area Energy Saving Top 100 Enterprise award from Climate Friendly Technology Financing Facility project and Tianjin Economic-Technological Development Area Environmental Protection Bureau

Environmental Protection Excellence Enterprise award from Tianjin Economic-Technological Development Area Environmental Protection Bureau

Germany
SIGNAL IDUNA Environmental Prize from Hamburg Chamber of Commerce for waste management

Singapore
Environmental Achievement Merit Award from Singapore Environment Council for strong commitment to tackling environmental challenges such as waste minimization, resource conservation and pollution prevention

Workplace Safety and Health Silver Award from Ministry of Manpower

Taiwan
National Award for Waste Minimization, Recycling and Reuse from Environmental Protection Administration and Ministry of Economic Affairs

United States
Cleaner Texas Cleaner World National Leader recognition from Texas Commission on Environmental Quality

Environmental Performance Track partner recognition from Environmental Protection Agency

Occupational Safety Performance award from National Safety Council

EHS performance

Category	Absolute				Normalized			
	2005	2006	2007	Units	2005	2006	2007	Units
Carbon footprint								
Global direct greenhouse gas emissions and indirect greenhouse gas emissions from electricity use	387,458	385,149	375,324	Tonnes CO_2 equivalent	10.5	9.0	10.2	Tonnes CO_2 equivalent per million sales dollars
Energy use								
Global electricity and natural gas use	711.8	713.6	690.5	Million kilowatt-hours	19.3	16.6	18.9	Million kilowatt-hours per billion sales dollars
Waste								
Global hazardous waste	319	223	670	Tonnes	8.7	5.2	18.3	Tonnes per billion sales dollars
Global non-hazardous waste recycling rate	79	79	80	Percent recycled	79	79	80	Percent recycled
Health and safety								
Global recordable injury and illness case rate	0.39	0.30	0.21	Recordable injuries and illnesses per 100 employees	0.39	0.30	0.21	Recordable injuries and illnesses per 100 employees

Motorola's operations consist of administration, research and development, distribution and manufacturing sites. Approximately 65 percent of Motorola manufacturing is performed at Motorola sites and 35 percent by suppliers.

Our main sites, which account for 62 percent of total floor space as of 31 December 2007, are included in the data on pages 30–31:

Brazil
Jaguariuna

China
Beijing*

Tianjin

Germany
Berlin

Flensburg

Neubiberg

Taunusstein

Israel
Arad

Japan
Tokyo*

Malaysia
Penang

Mexico
Juarez*

Nogales

Reynosa*

Singapore

Taiwan
Taipei

United Kingdom
Basingstoke (two facilities)*

Birmingham*

Swindon

United States
Chandler, Arizona

Tempe, Arizona

San Diego, California

Plantation, Florida

Lawrenceville, Georgia

Arlington Heights, Illinois

Libertyville, Illinois

Schaumburg, Illinois

Holtsville, New York*

Horsham, Pennsylvania*

Fort Worth, Texas (two facilities)

McAllen, Texas*

*Facilities added to data in 2007

Energy use and carbon footprint
In 2007, Motorola used 690.5 million kilowatt-hours of energy, a 3 percent decrease from 711.8 million kilowatt-hours used in 2005 despite a net gain of five sites during this period. This resulted in a 3 percent reduction in our carbon footprint. We accomplished this through the actions of a new global energy team that focuses on energy management. We conducted energy audits at all major operating sites to identify and prioritize energy conservation opportunities related to heating, cooling, lighting and equipment use.

Renewable energy
Our purchases of renewable energy remained steady at 5.4 percent in 2007. We will continue to seek opportunities to increase use of renewable energy globally.

Waste
In 2007, we produced 670 tonnes of hazardous waste compared to 319 tonnes in 2005. The increase is due to the reclassification of electronics waste from non-hazardous to hazardous waste in China and Malaysia. Electronics waste classified as hazardous waste, accounting for 417 tonnes or 62 percent of the total, was sent for reuse and recycling. Excluding this electronics waste, we produced 253 tonnes of hazardous waste in 2007, a decrease of 21 percent from 2005.

Our recycling of non-hazardous waste remained steady at approximately 80 percent in 2007. Going forward, we will pursue new markets for materials currently not recycled.
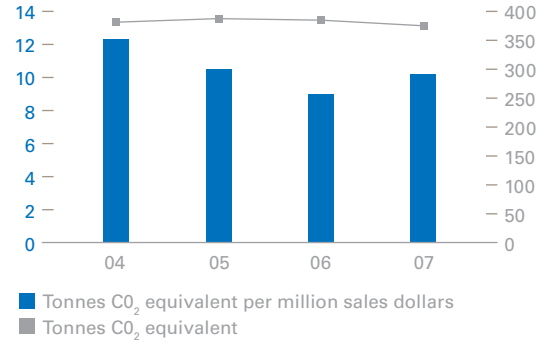
Health and safety performance

We reduced by 46 percent the global recordable injury and illness rate from 0.39 in 2005 to 0.21 in 2007. This reflects the success of employee engagement in accident mitigation, employee training and awareness and management commitment.
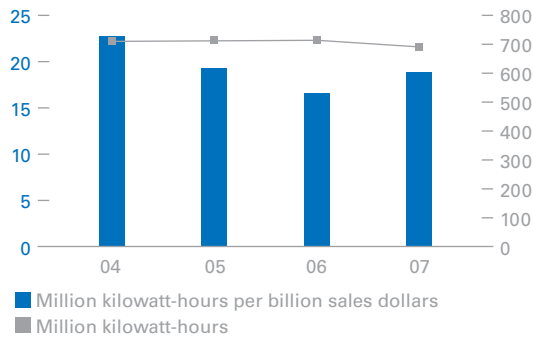
Water use and volatile organic material emissions

Because nearly all of Motorola's water use is for sanitary purposes, not manufacturing, we have discontinued water use as a goal. Similarly, we have eliminated the goal for volatile organic material emissions as we have reached minimal emission levels.
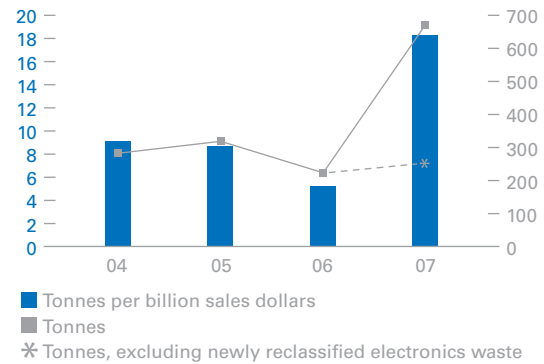
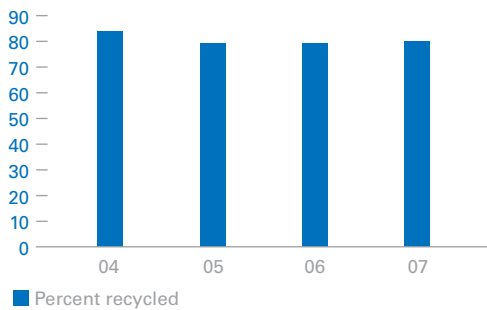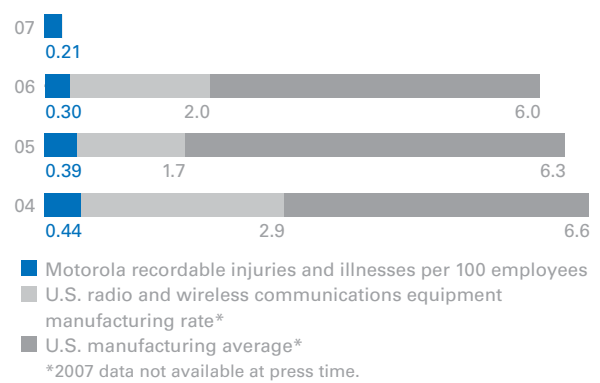### Global direct and indirect greenhouse gas emissions

- Tonnes CO_2 equivalent per million sales dollars
- Tonnes CO_2 equivalent

Global electricity and natural gas use

- Million kilowatt-hours per billion sales dollars
- Million kilowatt-hours

Global hazardous waste

- Tonnes per billion sales dollars
- Tonnes
- ✳ Tonnes, excluding newly reclassified electronics waste

Global non-hazardous waste recycling rate

- Percent recycled

Global recordable injury and illness case rate

07	0.21		
06	0.30	2.0	6.0
05	0.39	1.7	6.3
04	0.44	2.9	6.6

- Motorola recordable injuries and illnesses per 100 employees
- U.S. radio and wireless communications equipment manufacturing rate*
- U.S. manufacturing average*
  *2007 data not available at press time.

More information:
www.motorola.com/environment

Goals for 2010	Progress in 2007
Reduce normalized carbon footprint (includes direct greenhouse gas emissions and indirect emissions from electricity use) by 15% from 2005.	Decreased carbon footprint by 3% from 2005.
Reduce normalized hazardous waste by 30% from 2005.	Hazardous waste increased significantly due to reclassification of electronics waste from non-hazardous to hazardous waste in China and Malaysia.
Increase recovery and recycling rate of non-hazardous waste to 90%.	Recycling rate for non-hazardous waste remained steady at approximately 80%.
Continuously reduce recordable injury and illness case rate.*	Achieved – reduced recordable injury and illness case rate by 46% from 2005.
Achieve zero EHS-related fines and citations.*	Achieved zero EHS-related fines and citations.

*Ongoing annual goals

**Responsibility
to employees**

Employment

The issue

A good employer does more than provide a competitive compensation and benefits package. A company needs to offer training and development that enable employees to reach their full potential, as well as flexible work options, well-being programs and open communication.

Our approach

Employing approximately 66,000 people in 72 countries, Motorola works to attract, develop and retain top talent by treating people fairly and providing them with a competitive rewards package. We help our employees to reach their full potential by providing opportunities for professional development.

Employee engagement and communication

We measure employee perceptions of the company through an annual survey. Individual responses are anonymous, encouraging employees to express their views candidly and without fear of reprisal. The survey helps senior management identify what is working well in our company and what needs improvement. We encourage managers and their teams to discuss group results from the survey so that any problems or issues can be addressed and resolved.

Good internal communication keeps employees well informed, encourages involvement in company activities and provides feedback to management. During 2007, our communication initiatives included:

- CEO podcasts
- email updates from senior leaders
- weekly news summaries
- town-hall meetings
- online forums
- expanded employee intranet site

Training and development

Motorola offers training and development opportunities that enable all employees to learn continuously, develop cutting-edge skills and execute their knowledge.

We focus on three ways to develop our employees:

- Experience – on-the-job learning through projects, tasks and job-rotation programs
- Feedback – personal development through coaching and mentoring
- Education – online and classroom training through Motorola and outside institutions

Education programming includes:

- Motorola University's classroom training and e-learning courses, including leadership, management, compliance and functional solutions
- Our educational assistance programs
- External institutions, seminars and conferences

As part of our annual performance-management process, each employee creates a development plan with his or her manager. This helps monitor performance, identify training opportunities and set career goals. Each employee discusses performance during an interim review, followed by a year-end summary.

Motorola also has a management-development curriculum in which all managers participate. The curriculum includes a course for all newly hired or appointed people managers that explains their responsibilities related to compensation, performance management and employee relations. Additional courses focus on key competencies needed as managers take on more responsibilities or encounter new situations. Motorola employees spent more than 4,000 classroom days in leadership development in 2007.

The company sponsors an executive training program, which all vice presidents attend in small groups. We expanded the program to director-level employees in 2007.

We reimburse the tuition and fees of many employees working on degree and non-degree certificates or similar programs related to their work. Education-assistance programs vary by region.

Financial rewards

Motorola rewards high performance, and compensation packages include pay that is linked to achieving individual and business goals. Motorola shares its financial success with employees through an annual incentive plan, which motivates them to boost sales, profitability, customer satisfaction and quality. All employees participate in an incentive plan.

The company works to achieve an equitable resource distribution among stockholders, the business and employees by:

- Paying for performance, including sharing profits based on the company's success in the marketplace
- Providing competitive, market-based salaries
- Providing a comprehensive range of rewards, including base salary, incentive pay, equity grants and benefits

Health and wellness

Our approach to health and well-being goes well beyond avoiding accidents and injury in the workplace. We work with our employees to support their overall health and wellness.

Motorola provides private health-care insurance for employees in 45 countries. In 2007, we implemented a U.S. high-deductible health plan with a health savings account, which offers low premiums and a tax-free way to build savings for future medical expenses. We also launched a new U.S. incentive program, the LIVESMART Challenge, which allows employees to accumulate points when they obtain preventive health-care services and participate in wellness programs such as weight loss and smoking cessation. Employees can exchange points for tax-free cash, usable for health-care expenses.

In 2007, the company invested more than $21 million in wellness programs for employees, including education and activities to promote healthy diets and physical activity. We encourage employees to keep fit and have on-site fitness centers in Canada, Denmark, Germany, India, Israel and the United States. Where on-site fitness centers are unavailable, the company subsidizes employees' membership in external fitness centers. The annual reimbursement runs $240–$600.

Motorola also encourages health and wellness through programs that vary by location, such as on-site medical clinics, wellness seminars, health coaching and recreational sports leagues.

Work-life integration

We offer many programs that provide employees with information, resources, financial assistance and benefits to help them integrate work and personal responsibilities.

Motorola continues to help employees deal with life-changing events through programs that vary from country to country. Examples include time off for new parents, education assistance, employee counseling, childcare services, family medical leave and disability programs. We sponsor seven on-site childcare facilities in Germany, India and the United States.

As a global company with a highly distributed workforce, we need people to interact, manage and perform across cultures and time zones. In 2007, we continued to develop our workplace mobility program, which includes flexible work options, more collaborative workspaces and new technology and resources to increase mobility, productivity, collaboration and global teamwork.

Separations

Maintaining a competitive business means that the company has to maintain a flexible structure that is responsive to changing market needs. During 2007, we initiated productivity improvement plans that involved separating 6,700 employees. For affected employees, we provided severance assistance, extended medical coverage and professional outplacement services.

We help our employees deal with business restructurings through ongoing communication, and we offer counseling for those employees who are having difficulty dealing with change.

When selling any of its business units, Motorola negotiates with the acquiring company to try to maintain employees' terms and conditions of pay and benefits during the transition and on completion of the transaction. We also request that the acquiring company offer the same severance benefits that would have been provided by Motorola, if the need should arise.

Human rights

Motorola's human rights policy confirms the right of its employees to join or refrain from joining associations and the right to collective bargaining unless prohibited by law. It also covers anti-discrimination, freely chosen employment, working hours and wages, safe and healthy working conditions and the prohibition of child labor and harsh or inhumane treatment.

More information:
www.motorola.com/humanrightspolicy

Our 2007 performance

Employee survey

The company's annual employee survey helps management assess employee satisfaction and engagement and identify areas for improvement. The 2007 survey, conducted by an external company to protect the privacy of respondents, asked employees to share their opinions about:

- The company's vision, future and leadership
- Performance management
- Collaboration and cooperation
- Growth and development opportunities
- Participation and innovation
- Rewards and recognition
- Inclusion and diversity
- Business conduct and values

Sixty-four percent of employees participated in the survey, down 6 percent from 2006. Employee engagement dropped slightly from 2006 (see below), due in part to the difficult business environment and significant workforce reductions. Given these challenges, we developed new tools to assist managers with developing and executing specific action plans to address workplace issues among their teams.

	2004	2005	2006	2007
Employee engagement	65%	66%	67%	63%

The employee engagement results reflect agreement with these statements:

- I am proud to be a Motorola employee.
- I rarely think about looking for a new job with another company.
- I would gladly refer a friend or family member to Motorola for employment.
- Overall, I am satisfied with Motorola as a place to work.

Training and development

In 2007, Motorola invested $72 million globally in training and development, with 31 percent spent on education assistance, 10 percent on executive education and 59 percent on classroom training and e-learning.

The average training hours per employee was 33 hours, up from 30 in 2006, with a significant increase in quality and continuous improvement training.

Pay for performance

In 2007, Motorola paid employees more than $362 million through its Motorola incentive plan and sales incentive plans, based on the company's 2006 performance.

The Motorola incentive plan aligns employee performance with annual business goals and rewards employees based on how successfully the company achieves those goals. In 2006, these goals related to revenues, operating margin, customer satisfaction and quality. The sales incentive plan aligns sales employees with both our short- and long-term business goals and rewards sales employees for achieving or exceeding key sales goals.

Equity grants and stock purchase

During 2007, Motorola granted more than 48 million stock options and restricted stock units to more than 32,000 employees, or 48 percent of the workforce.

Employees purchased 10.2 million shares of Motorola stock in 2007 through our discounted stock purchase plan, which provides employees with a 15 percent discount on stock purchases. Thirty-eight percent of employees across 30 countries participated in 2007.

Retirement and savings

Motorola helps its employees save for the future through competitive retirement and saving programs. We sponsor retirement plans or retirement saving plans in the majority of the countries where we have employees.

In 2007, we contributed $80 million to the U.S. 401(k) plan and $276 million to the U.S. pension plan. Employees who joined Motorola prior to 2005 are eligible for the pension plan, while employees hired in 2005 or after receive a higher company match in the 401(k) plan instead. We also provide a comprehensive financial planning program in the United States to help employees and their families.

2007 recognition

Australia
Employer of Choice for Women recognition from Australian government's Equal Opportunity for Women in the Workplace Agency

China
Top 10 Employer recognition from China Central Television

Denmark
Best Workplaces in Denmark recognition from Great Place to Work Institute

France
Best Workplaces in France designation from Great Place to Work Institute France

Israel
Best Companies to Work for recognition from Business Data Information's BDI Code of Leading Companies in Israel

Malaysia
Penang Chief Minister's K-ICT Award for knowledge-worker development

Mexico
Best Companies to Work for designation in both Mexico and Latin America from Great Place to Work Institute

Singapore
Top 50 Employers recognition from *Human Resources* magazine

United States
Perfect score on Human Rights Campaign's Corporate Equality Index for lesbian, gay, bisexual and transgender equal rights

Best Diversity Company recognition from *Diversity/Careers in Engineering and Information Technology* magazine

More information:
www.motorolacareers.com

Inclusion and diversity

The issue

An organization should reflect the diversity of the labor market from which it draws. This applies to the organization's workforce and work environment and also impacts its products, marketing, supplier base and philanthropic initiatives. An inclusive organization has a culturally diverse and geographically dispersed management team, benefits from a wider pool of talent and is better able to understand the needs of a global marketplace.

Our approach

Motorola has a global presence and seeks to present a global face. We embrace diversity of individuals, opinions, cultures and abilities. The broader the perspectives and experiences of our employees, the more innovative our products and technologies will be and the better we will meet the needs of our customers and consumers around the world.

In 2006, we launched a three-year inclusion strategy and goals to help make Motorola a more inclusive company. Our strategy covers three aspects:

- Workforce: To achieve a globally diverse talent pipeline. We not only embrace and value diverse individuals, we actively seek them. We want to create a diverse workforce and a leadership team that is well represented around the world.

- Workplace: To create a great place to work by providing an environment that enables all employees to experience successful careers at Motorola. We offer the technology, flexibility and space to suit the needs of our employees.

- Marketplace: To achieve external alliances that reflect our commitment to inclusion. We aim to meet the needs of global customers by working as an inclusive employer, supplier and neighbor to our global communities.

In 2007, we focused on process integration. We established an inclusion dashboard to track progress against goals and metrics. The dashboard raises awareness of inclusion and diversity among employees, drives leader accountability and includes quantified workplace, marketplace and workforce goals and metrics (see page 37).

Strategic alliances

We form strategic alliances with diversity organizations to help us engage with and attract diverse talent from university graduates through to senior managers. Examples include:

- Hispanic Engineer National Achievement Awards Conference, which supports Hispanic engineers

- Society of Women Engineers, which supports women at college level

- Leadership Development Institute, which works with people with disabilities at management level

- National Black MBA Association, which focuses on mid-career professionals

Workplace flexibility

Inclusion in the workplace means creating a work environment that supports different ways of working across time zones, cultures and geographies. As an organization connected by technology 24/7, we are rethinking our traditional approach to working. We are promoting flexible work options, encouraging employees to become more mobile, creating more collaborative workspaces and introducing new technology and resources to increase mobility, productivity, collaboration and global teamwork.

Motorola business councils

These councils help integrate inclusion into our marketing, community involvement, recruitment and employee development initiatives. The employee councils, each led by a senior executive, raise cultural awareness, sponsor inclusion events, collaborate with external community organizations and provide professional development experiences and mentoring to our employees. Our councils include:
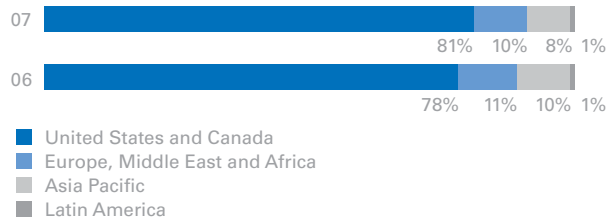
- Asian Business Council – United States

- Black Business Council – United States

- Gay, Lesbian, Bisexual and Transgender Business Council – United States

- Latino Business Council – United States

- People with Disabilities Business Council – Global

- Women's Business Council – Asia Pacific (Australia, China, Hong Kong, India, Japan, Korea, Malaysia, Singapore, Taiwan); Canada; Europe, the Middle East and Africa (Dubai, South Africa, the United Kingdom); Latin America (Brazil, Mexico); and the United States (15 chapters)

- State Diversity Councils (United States) – Arizona, Florida

- Country/Region Diversity Councils – Australia, Central America, Colombia, Mexico, Peru, Puerto Rico, South Africa, Venezuela

- Business/Function Diversity Councils (Global) – Enterprise Mobility, Home & Networks Mobility, Law, Technology

Our 2007 performance

Workforce
In 2007, the company slightly improved the percentage of females in senior management globally and U.S. senior managers who are people of color.* This was achieved despite significant downsizing. The percentage of senior management based outside the United States decreased.
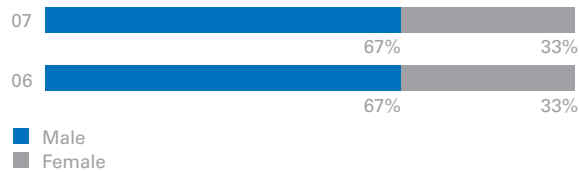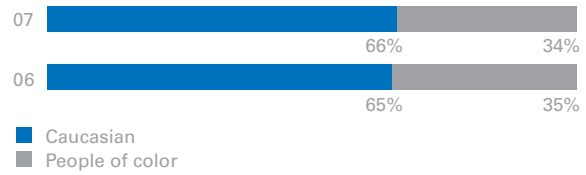
Senior management* by region

07   81%   10%   8%   1%
06   78%   11%   10%   1%

■ United States and Canada
■ Europe, Middle East and Africa
■ Asia Pacific
■ Latin America

Senior management* by gender

07   85%   15%
06   86%   14%

■ Male
■ Female

Global employees by gender

07   67%   33%
06   67%   33%

■ Male
■ Female

U.S. senior management* by race

07   83%   17%
06   84%   16%

■ Caucasian
■ People of color

U.S employees by race

07   66%   34%
06   65%   35%

■ Caucasian
■ People of color

Workplace
In 2007, agreement to employee survey responses to statements related to workplace diversity and inclusion increased notably.

Responses to employee survey, percent agreement

	2006	2007
Flexible work options allow me to adjust my schedule and location to accommodate the needs of my work.	67%	75%
In my workgroup, we behave with a global mindset and are sensitive to the needs of people like me.	64%	73%
Motorola has created an environment where people with diverse backgrounds like mine can succeed.	63%	69%
Motorola's efforts to create an inclusive work environment support people like me.	56%	65%

Marketplace
In 2007, Motorola Foundation grants to U.S. programs benefiting people of color increased nearly 17 percent. Supplier diversity spend also increased (see page 15).

07   4.9
06   4.2

■ Foundation grants benefiting U.S. people of color, $ millions
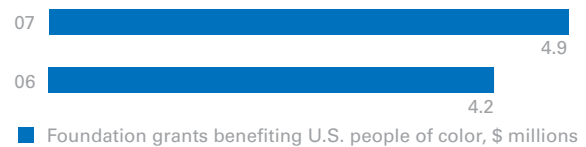
More information:
www.motorola.com/inclusion

Goals for 2008	Progress in 2007
Increase the percentage of people of color in senior management in the U.S.	People of color in senior management in the U.S. increased to 17%.
Increase the percentage of women in senior management globally.	Percentage of women in senior management globally increased to 15%.
Increase senior management representation outside the U.S.	Senior management representation outside the U.S. decreased to 19%.

*Directors and vice presidents

**Responsibility
to stakeholders**

Corporate governance

As a publicly owned company, we responsibly manage our business to serve the needs and interests of our shareholders, employees and other stakeholders.

Governance principles
Motorola's board of directors is elected by and responsible to shareholders. The company's business is conducted to enhance the long-term value of the corporation for shareholders by our employees, managers and officers, under the direction of the chief executive officer and with the oversight of the board. The board monitors the performance of the CEO and senior management to ensure shareholders' long-term interests are served.

Director independence
In 2007, the Motorola board of directors had 13 members. An independent director was appointed as acting chief financial officer, and the chief operating officer was promoted to the board, bringing the number of employee directors to three. Our 10 non-employee directors qualified as independent, which means that they do not have any direct or indirect material relationship with Motorola.

In 2005, the board appointed a lead director as an alternative to separating the chairman and chief executive roles. The lead director chairs executive sessions of the independent directors and serves as liaison with the chairman of the board with respect to matters considered by the independent directors.

Board diversity
In 2007, the Motorola board included one woman and one African-American.

Board committees and responsibilities
Motorola's board has three required committees:
- Audit and legal
- Compensation and leadership
- Governance and nominating

All committee members are independent directors under the criteria established by the New York Stock Exchange and other applicable rules.

The board also has established two other committees:
- Executive
- Finance

Each required committee has a charter outlining the purpose and responsibilities of the committee, the obligation to report to the board and, if relevant, specific membership requirements. The board annually reviews the charters of each committee. Each required committee meets at least four times per year. The executive committee meets only when delegated a task by the board, and the finance committee meets as necessary.

Senior management
Motorola's 2007 senior leadership team comprised the chief executive officer, the chief operating officer, the heads of the businesses, the chief information officer, the chief financial officer, the general counsel, the chief marketing officer, the chief strategy and technology officer and the heads of human resources and supply chain. Three of these leaders were women.

Shareholder rights and communication
Motorola recognizes the importance of listening to its shareholders and gaining their support for key decisions.

Recently, shareholders of many U.S. companies, including Motorola, have supported an annual advisory shareholder vote on executive compensation. The Motorola board, like many other boards considering the issue, is concerned with the broad nature of the policies being proposed. If shareholders were to "vote" against an advisory resolution on executive compensation, the board and its compensation committee would not have specific information on what factors had influenced the vote.

In response to shareholder input, Motorola terminated the company's shareholder-rights plan in 2006. Commonly referred to as a "poison pill," such plans include measures to protect a company from unsolicited takeover bids. In its place, the board of directors established a policy that requires any new shareholder-rights plan to be subject to shareholder approval within 12 months of its adoption. In response to shareholder input, the board also adopted a policy to recoup unearned incentive pay. These changes reflect the Motorola board's commitment to corporate governance best practices.

Throughout 2007, the company increased communication with shareholders, which helped senior management and the board of directors to gain a deeper understanding of shareholder concerns and long-term goals. Communications channels available to shareholders, such as email, phone messages and the annual shareholder meeting, enable shareholders to provide meaningful information about their concerns to the board and enable Motorola to respond to shareholders.

More information:
www.motorola.com/investors

Business conduct

The issue

Unethical business behavior undermines the rule of law, distorts trade and slows economic development. Unethical behavior by employees or executives represents a risk to the organization through termination of contracts, loss of business, damage to reputation and liability to prosecution.

Our approach

Motorola is committed to conducting its business with integrity and earning the trust of its stakeholders.

We emphasize our strong values and requirements for ethical behavior to all employees. Our code of business conduct describes the ethical standards that we require from our employees. Failure to comply with the code can lead to disciplinary action, up to and including dismissal from the company. Our code also identifies policies and resources to help employees live up to these standards. The code of business conduct requires all employees to:

- Earn customer loyalty by delivering on our promises
- Build quality relationships with other companies that share our values
- Treat the investment of our shareholders as if it were our own
- Compete aggressively but with integrity
- Provide products and services that benefit people
- Obey the law
- Make business decisions based on the best interests of Motorola
- Communicate business conduct concerns
- Obtain business legally and ethically, without ever accepting or giving bribes or kickbacks

Read the code of business conduct:
www.motorola.com/code

Management oversight

The audit and legal committee of Motorola's board of directors has overall responsibility for the company's compliance with its code of business conduct. Motorola's ethics and compliance office manages our ethics program at the corporate level and presents a report to the committee each quarter, as well as monthly reports on matters under review.

At the local level, business conduct champions take the lead on business ethics and promote compliance programs to our employees. Senior leaders in each business and region are required to communicate business conduct expectations to employees regularly.

Employee training

We use ethics training and awareness activities to ensure our employees understand our values. Every three years, all salaried employees must complete an online introduction to the ethics program and reaffirm their compliance with the code. We also require training for employees whose jobs we consider high risk. Managers, especially those in newly acquired businesses and at high-risk locations, attend classroom ethics training.

Our ethics course is available in English, Portuguese and Spanish, and in 2008, we also will offer the course in French, Hebrew, Mandarin and Russian.

Monitoring

People both inside and outside of Motorola can voice concerns relating to ethical practices. Employees, customers, suppliers and other stakeholders can report any suspected violations anonymously by phone, email or fax using our global Ethics Line. Employees also can use our online Ethics Line Interactive, which allows anonymous engagement with the office of ethics and compliance and enables investigators to ask for clarification and give feedback.

Report issues anonymously

Global Ethics Line*
Email: ethicsline@motorola.com
800 538 4427
United States and Canada

+1 602 808 4427
Outside United States and Canada

China Ethics Line
800 810 9798
+8610 656 684 42

Visit www.motorola.com/code for worldwide toll-free numbers. We also accept collect calls.

*The global Ethics Line has been combined with the Audit Committee Line. Employees and external stakeholders now can contact the Motorola board of directors' audit and legal committee through the Ethics Line.

Our 2007 performance

In 2007, employees, customers, suppliers and others made 949 reports to the office of ethics and compliance, down from 1,036 in 2006. The most frequent violations in 2007 were related to embezzlement, conflicts of interest and information protection.

Reports to the office of ethics and compliance	949
Reports requiring investigation	188
Investigations substantiated	83
Investigations closed	179[1]
Resulting disciplinary actions	130
Resulting separations–includes resignations and terminations	43 employees 18 contractors 16 vendors 1 customer

[1] 30 from prior years

Employee survey

Responses to ethics statements in our 2007 employee survey showed that 85 percent of employees agreed that Motorola supports them in acting ethically. The survey also showed good awareness of our reporting channels and highlighted areas for improvement.

Responses to employee survey, percent agreement

- ■ My manager supports me in doing "the right thing," in accordance with Motorola's principles.
- ■ In the past 12 months, I have never felt pressured to violate the code of business conduct.
- ■ I know how to report a violation of company policy, the code of business conduct or the law, if I were to observe or become aware of one.
- ■ Only employees whose behavior is consistent with the code of business conduct are rewarded at Motorola.

Awareness and training

During 2007, we updated our online and classroom ethics training to reflect internal changes and external trends such as business intelligence and anti-corruption. Employees completed approximately 50,000 hours of training, with manager- and director-level employees targeted. We also introduced modules on anticorruption and government relations.
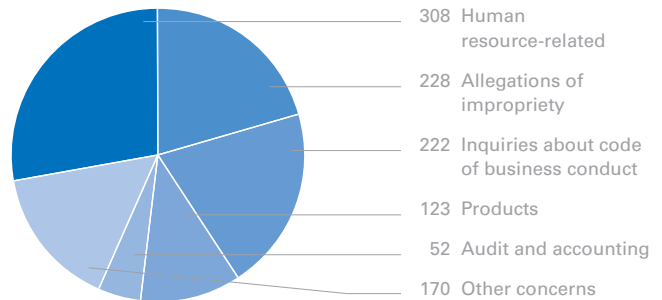
We achieved our 2007 goal to define and execute a process for introducing ethics and compliance standards to employees joining Motorola through mergers and acquisitions. When Motorola acquired Symbol in 2007, all employees received the code of business conduct and were asked to agree to abide by it. Training also was available to employees during the year.

We have introduced an automated process to manage our third-party sales representatives (TPSRs). The system allows managers to target training to ensure TPSRs understand our legal, ethical and contractual requirements. TPSRs also are asked to report their activities using the system, which improves monitoring.
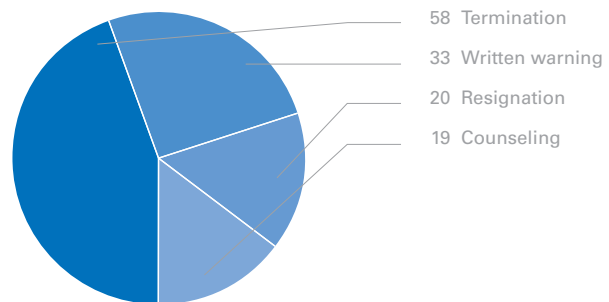
In 2007, we held 14 ethics events in China, India, Malaysia, Singapore, South Korea and Taiwan. Activities highlighted Motorola's ethics standards and raised awareness of our business conduct champions and other channels for reporting ethical concerns. Participants included some 700 in Malaysia, 3,350 in China and 1,200 in Singapore.
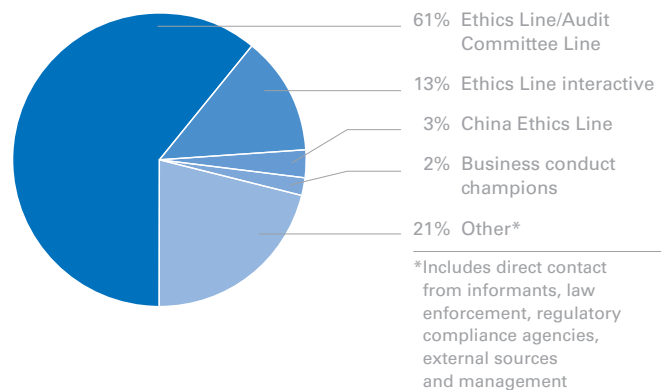
Report categories, count
A report may concern multiple categories

- 308 Human resource-related
- 228 Allegations of impropriety
- 222 Inquiries about code of business conduct
- 123 Products
- 52 Audit and accounting
- 170 Other concerns

Disciplinary action, count

- 58 Termination
- 33 Written warning
- 20 Resignation
- 19 Counseling

Reporting channels used

- 61% Ethics Line/Audit Committee Line
- 13% Ethics Line interactive
- 3% China Ethics Line
- 2% Business conduct champions
- 21% Other*

*Includes direct contact from informants, law enforcement, regulatory compliance agencies, external sources and management

Goals for 2007	Progress in 2007	Goals for 2008
Require senior leaders in each business and region to communicate business conduct expectations to employees quarterly.	Achieved.	Improve employee agreement with the statement "Only employees whose behavior is consistent with the code of business conduct are rewarded at Motorola."
Require classroom training for managers in new businesses and at high-risk sites.	Achieved.	Achieve 95% completion by target audience for anti-corruption and government relations training.
Launch online training on anti-corruption and government relations.	Achieved.	
Establish a process to introduce ethics and compliance standards to employees joining Motorola through mergers and acquisitions.	Achieved.	

Corporate responsibility governance

Our policies
Motorola's corporate responsibility business principles commit us to manage the company with integrity, protect the environment and create an inclusive, safe and healthy workplace. They also define our behavior toward external stakeholders, including supporting the communities near our operations, creating economic benefits and selecting suppliers with acceptable labor and environmental standards.

Management
Our corporate responsibility council coordinates corporate responsibility activities at Motorola. The council determines which issues are important to Motorola, establishes performance indicators and sets goals for improvement. Members of the council in 2007 included leaders and senior managers from ethics and compliance; environment, health and safety; corporate and philanthropic giving; governance; human resources; communication; inclusion and diversity; and supply chain. The council also has oversight of engagement with external thought leaders and reporting to stakeholders.

Motorola operates an environment, health and safety management system and has a product stewardship committee to reduce the environmental impact of its products throughout their life cycles. Our supply chain's corporate responsibility team assesses suppliers' compliance with our business conduct expectations.

Progress on key issues is reported periodically to the audit committee of the board of directors.

How we measure performance
Motorola has established metrics in several areas of corporate responsibility and continues to strengthen both the metrics and the data collection systems that support them. To determine the appropriate metrics, we refer to the Global Reporting Initiative guidelines, other company reports, the findings of stakeholder engagement and best-practice reporting.

Internal communication
Motorola promotes corporate responsibility to employees through communication channels including the company intranet, weekly e-news summaries, employee meetings and internal video and audio systems. Each year, we share metrics and achievements with employees and provide the link to our annual report online.

Corporate responsibility business principles
www.motorola.com/responsibility

Code of business conduct
www.motorola.com/code

Environment, health and safety policy
www.motorola.com/environment

Business conduct expectations for suppliers policy
www.motorola.com/supplierexpectations

Human rights policy
www.motorola.com/humanrightspolicy

2007 recognition

Brazil
Listed as one of the 100 best companies in Human Organizational Development Index for corporate citizenship, human capital management, corporate governance and socio-environmental responsibility practices

China
Received Social Responsibility Contribution Award from Tianjin Economic Technological Development Area Government

Received Best Corporate Citizen Award from Tianjin Economic Technological Development Area Administrative Commission

Israel
Ranked among the five most socially responsible businesses in Maala Business for Social Responsibility survey, with high marks for Motorola's business ethics, human rights, community investment, employee volunteering and environmental policy

Mexico
Received Corporate Social Responsibility Certificate from Mexico Center for Philanthropy for leadership in community engagement, environmental awareness, business ethics and quality of life

United States
Ranked No. 4 on Best Corporate Citizens list by *Corporate Responsibility Officer* magazine for shareholder, community, governance, diversity, employee, environment, human rights and product practices

Stakeholder engagement and key issues

The issue

Businesses have many stakeholders with legitimate interest in what the company does, including customers, employees, governments, investors, the media and non-government organizations (NGOs). Engaging with stakeholders helps a company to understand and prioritize the corporate responsibility challenges it faces.

Our approach to engagement

We seek feedback from stakeholders to assess our performance and to inform our judgment about issues.

We engage with our stakeholders at the global, regional and local levels in three primary ways:

- Responding to specific requests for information
- Participating in multi-stakeholder relationships
- Conducting our own engagements

Our 2007 performance

Thought leaders
We engaged with 21 corporate responsibility thought leaders in 2007, asking them to comment on our reporting and performance. We selected leading academics, corporate responsibility organizations, industry specialists, international and national government agencies, NGOs and socially responsible investors. The findings:

Reporting
Motorola's reporting has progressed, with the 2006 report covering key issues. Respondents said they would like more depth in some areas, such as data, targets, benchmarks and commitments. They appreciated the frank discussion around the challenges we face.

Key issues
Thought leaders praised Motorola's corporate responsibility management and acknowledged the breadth of issues we address. They would like Motorola to adopt a more ambitious approach to corporate responsibility and show leadership in our field. They highlighted the following issues for our corporate responsibility program:

- **Access to technology in the developing world**
  Thought leaders stated that Motorola has an opportunity to make a real difference in emerging markets, and they want to see more actions to realize the business and social benefits, particularly in working with governments and NGOs.

- **Product environmental impacts**
  Motorola must recognize that legislation, economic incentives and consumer demand will drive it to continue improving the environmental footprint of its products, considering energy use, material content, packaging and recycling.

- **Supply chain labor standards**
  Motorola must stay vigilant because supply chain labor standards will continue to be a key issue. We must use our influence to ensure high standards further down the supply chain, beyond tier-one suppliers.

Non-government organizations
NGOs are key stakeholders and represent the interests of certain other Motorola stakeholders, such as workers in our supplier factories and communities local to supplier operations.

During 2007, Motorola expanded its engagement with the Greenpeace organization, meeting with its representatives and providing updated information for its electronics studies. We plan to continue this dialogue and our efforts to improve our green-design program.

We also met periodically with representatives from NGOs working on supply chain issues, including Good Electronics, the Center for Reflection and Action on Labor Issues (CEREAL) and the Center for Research on Multinational Corporations (SOMO).

Socially responsible investors
We engage with investors and research analysts on corporate responsibility issues both to better understand their concerns and to learn from their research. We respond to inquiries and meet with them to better understand specific issues.

In 2007, Motorola was included in the following socially responsible investment indices:

- Dow Jones Sustainability North American Index
- Dow Jones Sustainability World Index
- Calvert Social Index
- FTSE4 Good Index
- Ethibel Excellence Sustainability Index

Customers

We engage with customers in many ways. During 2007 we:

- Collaborated with our customers through the Global e-Sustainability Initiative

- Completed customer surveys on corporate responsibility, including self-assessment questionnaires

- Participated in corporate responsibility summits hosted by our customers

- Collaborated with cellular operator MTC Namibia and the GSMA Development Fund to trial alternative energy sources for our base stations in Namibia, where the electrical grid has limited capacity

Employees

Motorola employees have many formal and informal channels to discuss corporate responsibility issues, including the annual employee survey. We encourage employees to go to their managers or business conduct champions with any ethical concerns at work. Employees also can report suspected violations of our code of conduct anonymously using the global Ethics Line. For more information, see page 40.

Suppliers

We engage with our suppliers on corporate responsibility:

- Offering training sessions to suppliers regarding our expectations and standards

- Distributing supplier assessment questionnaires developed by GeSI, which help new suppliers assess their compliance with our policy and raise awareness of our expectations

- Incorporating corporate responsibility requirements into corporate supplier agreements

- Monitoring our suppliers to identify any potential problems and drive continuous improvement in corporate responsibility performance; this also helps us avoid working with suppliers whose practices conflict with Motorola values

- Working with suppliers to resolve corporate responsibility issues identified by audits

For more information on our supply chain program, see page 9.

Government and regulators

We engage with government officials directly and through industry associations. We provide our perspective on issues affecting our industry and lobby for policies that balance social and environmental objectives with our business interests. For more information, see page 46.

Multi-stakeholder initiatives

We participate in GeSI, which brings together NGOs and companies to improve the sustainability of the information and communication technology industry. For more information, see page 9.

Identifying issues

Identifying those corporate responsibility issues that are most important to Motorola is a process of informed judgment. We capture the findings from engaging with stakeholders to identify as many current and future issues as possible. Then, our corporate responsibility council evaluates issues to determine their importance to Motorola. The evaluation rates the potential for an issue to impact negatively on our business and the opportunity for Motorola to benefit by anticipating or responding to an issue.

Motorola's key corporate responsibility issues in 2007

- Environmental and social issues in our supply chain

- Environmental impact of our products

- Socio-economic impact of mobile technology

- Employment (e.g., diversity, well-being, rewards, development)

The table on page 45 summarizes the issues raised by different stakeholder groups and how Motorola is responding.

Summary of issues raised by stakeholders

Issue	Stakeholders who raised issue	Our response
Socio-economic impacts		
Access to mobile technology in the developing world	Investors Thought leaders	We regard developing and emerging economies as key markets. We are tailoring our products and pricing to the needs of the developing world so that we can offer affordable technologies to as many people as possible. For more information, see page 5.
Supply chain		
Supply chain corporate responsibility management	Investors Customers Thought leaders	We are a member of the Global e-Sustainability Initiative, and Motorola co-chairs the supply chain working group. Our policy on business conduct expectations for suppliers sets the standards we expect our suppliers to meet, and we monitor compliance. For more information, see page 9.
Supply chain management beyond tier one	Customers Thought leaders Non-government organizations	We require tier-one suppliers to engage their suppliers on corporate responsibility. For more information, see page 10.
Consumer issues		
Radio-frequency energy and health	Investors	All specific absorption rate values for Motorola products comply with international guidelines. For more information, see page 18.
Product stewardship		
Product energy consumption	Investors Thought leaders Non-government organizations	Our product stewardship committee works to drive better energy efficiency across our product lines. For more information, see page 22.
Materials contained in our products	Thought leaders Non-government organizations	We ensure that Motorola products meet or exceed regional regulations on the use of materials in products. For more information, see page 23.
Product take-back and recycling	Thought leaders Non-government organizations	We operate or participate in take-back programs in countries covering more than 90% of our mobile phone unit sales. For more information, see page 25.
Employment		
Development and advancement opportunities	Employees	We invested $72 million in employee development in 2007. For more information, see pages 33 and 35.
Executive compensation	Investors	The Motorola board of directors' compensation and leadership committee sets compensation levels for our highest-ranking executives and oversees executive compensation for other executives based on performance evaluations and the value of similar compensation packages for comparator companies. For more information, see page 39.

Public policy

The issue

Companies make their views known to governments and regulators, directly or through industry organizations, so that their interests are reflected in policy decisions. This is done by engaging with policy makers or other influential bodies, such as multilateral and non-government organizations. The technical expertise of businesses often plays an important role in shaping policies.

Our approach

Motorola engages in public policy dialogue in countries and communities where it does business. We operate within the guidelines of applicable laws, the Motorola code of business conduct and Motorola compliance policies. Every employee who interacts with government employees or officials must complete the Motorola course "Building Government Relations of Strength and Integrity." This clarifies the Motorola standards and policies relating to ethical conduct and government relations to ensure that employees and third parties protect the company from both reputation and legal risks.

In the United States, one of the ways Motorola advances its views on public policy is through political campaign contributions. Where permitted by federal, state and local law, we support candidates and elected officials who share Motorola's public policy views.

U.S. law prohibits corporate contributions to federal political candidates. Eligible employees can make individual donations to the Motorola Political Action Committee (PAC), which supports U.S. federal, state and local pro-business candidates for elected office. Corporate contributions may be used in some states for candidates running for state or local office. Contributions to the Motorola PAC from eligible employees are voluntary and not tax deductible. Motorola neither favors nor disadvantages any employee because of the amount of his or her contribution or decision to contribute.

Motorola does not make political contributions or donations outside of the United States.

Our 2007 performance

In 2007, Motorola contributed $295,000 to state and local candidates and ballot-measure campaigns in the United States, where legally permitted. These contributions aligned with our policy positions and corporate political guidelines. In 2007, the Motorola PAC contributed $275,445 in employee contributions.

We support an intelligent energy grid
Government organization engaged:
National Association of Regulatory Utility Commissioners, U.S. Department of Energy

Industry organizations Motorola works with:
Edison Electric Institute, Nuclear Energy Institute

Motorola's position: A major effort is under way to modernize the U.S. electricity grid through public policy and regulatory initiatives that will dramatically impact the way in which states, localities and consumers receive and use energy. These initiatives will make the grid more reliable, will reduce environmental impacts through increased efficiency and will protect against threats to critical infrastructure.

Motorola could play a significant role in the development of the intelligent grid through communications technologies such as Canopy, mesh, WiFi and broadband over power line. We are working with the U.S. Department of Energy to encourage the federal government to provide funding for a demonstration project. In addition, Motorola supports energy legislation that provides incentives to develop the intelligent grid, such as tax depreciation for smart meters, federal matching funds for smart grid investments, federal funding for pilot programs and state regulatory incentives.

We advocate broader use of the television spectrum
Government organizations engaged: U.S. Congress, U.S. Federal Communications Commission

Industry organizations Motorola works with:
Telecommunications Industry Association, Institute of Electrical and Electronics Engineers

Motorola's position: Much of the spectrum available for broadcast television remains unused throughout the United States. Motorola supports making this resource available for unlicensed use based on intelligent "cognitive" radios capable of efficiently meeting the need for a variety of critical applications, including broadband services to rural areas and wide-area mobile broadband for enterprise, public safety and consumers, without interfering with broadcast operations.

We advocate mobile health technology solutions
Government organization engaged:
U.S. Department of Health and Human Services

Industry organization Motorola works with:
Information Technology Industry Council

Motorola's position: Routine medical errors related to patient medications, specimen collections and medical procedures affect tens of thousands of patients each year. These errors threaten the health of patients, prolong hospital stays, necessitate additional medical procedures and cost hospitals millions of dollars each year. Information technology systems that employ advanced data capture help reduce medical errors and improve patient care. Mobile computing systems allow health-care providers to access real-time medical information at a patient's bedside. Barcode- or RFID-enabled patient wristbands and medication labels help ensure that patients receive the right medication, in the right dose, at the right time.

We advocate U.S. public safety grants

Government organizations engaged: U.S. Office of Management and Budget, U.S. Congress, U.S. Department of Homeland Security, U.S. Department of Justice, National Telecommunications and Information Administration of the U.S. Department of Commerce

Industry organizations Motorola works with: International Association of Chiefs of Police, International Association of Fire Chiefs, Association of Public-Safety Communications Officials - International, Inc.

Motorola's position: In a public safety environment that faces challenges ranging from natural disasters to terrorist threats, compatible communications capability is a must for emergency services. Motorola supports increasing federal, state and local funding for first responders.

We advocate funding for road safety communications

Government organizations engaged: U.S. Department of Transportation, U.S. Federal Highway Administration, U.S. National Highway Traffic Safety Administration, U.S. Office of Management and Budget, U.S. Congress

Industry organization Motorola works with: Intelligent Transportation Society of America

Motorola's position: The U.S. Vehicle Infrastructure Integration (VII) initiative, aimed at crash prevention and congestion relief through vehicle-to-roadside and vehicle-to-vehicle communication, will make valuable contributions to road safety. A Motorola product, MOTODRIVE™, can provide the communications architecture needed to meet the goals of the VII program. Motorola has engaged with the U.S. Department of Transportation to make available $800 million in grant funding for select urban partners to implement intelligent transportation systems. Motorola also is encouraging Congress to provide continued funding for this vital program.

We advocate support for European Union's proposals to translate its i2010 initiative into results

Government organizations engaged: European Commission, European Parliament and Permanent Representations of the Member States to the EU, Committee of the Regions

Industry organizations Motorola works with: European Information Communications and Consumer Electronics Technology Industry Associations, American Chamber of Commerce to the European Union, British Chamber of

We support policies that ensure a rapid, coordinated response among first responders.

Commerce in Belgium, European-American Business Council, Enterprise First Europe, Irish Business Bureau Europe, Confederation of British Industry Europe, Intellect UK, Security and Defence Agenda, European Enterprise Platform, Fibre-to-the-Home Council Europe

Motorola's position: We seek a positive public-sector environment for developing communications technology across Europe. A mixed-technology approach, such as fiber- and radio-access solutions, offers the only way to reach rural and remote areas and respond to the bandwidth needed to carry increased consumer traffic. We support a technology neutrality and performance-based approach in the design of the European legislation and have an active dialogue with EU institutions:

- *Security issues:* biometrics, border security, critical infrastructure protection
- *Spectrum:* regulatory framework on electronic communications, digital dividend, mobile TV, public safety
- *Environment and health standards:* eco-design of energy-using products, waste electrical and electronic equipment, restriction of the use of certain hazardous substances in electrical and electronic equipment, battery and accumulator directive

I want Motorola to explain how their lobbying positions dovetail with their corporate responsibility programs, or if they don't, to at least show that they are consistent with their corporate responsibility programs.

— **Peter Mason,** *Ethical Performance*

Corporate responsibility goals

Goals for 2007	Progress in 2007	Goals for
Community investment – page 7		**2008**
Conduct a second global day of service for employees involving 11,000 employees in 45 countries.	Achieved.	Conduct an eco-friendly focused global day of service.
Expand support for student science clubs to Brazil, China, India, Israel, Mexico and Russia.	Achieved.	Double Motorola Foundation giving outside of the United States to $3.4 million.
Provide $3.5 million in Innovation Generation grants to programs that support science, technology, engineering and math education in the U.S.	Achieved.	Direct 25% of U.S. Innovation Generation grants to new science education and innovation programs.
Supply chain corporate responsibility – page 9		**2008**
Conduct 75 in-depth, on-site supplier audits.	Achieved.	Conduct 75 in-depth, on-site supplier audits.
Require top 75 suppliers to complete the GeSI self-assessment questionnaire during 2006–2007.	Not achieved – to date, 294 suppliers have completed the questionnaire, with 63 representing our top 75 suppliers.	Require 150 preferred suppliers to complete GeSI self-assessment questionnaire during 2006–2008.
Conduct corporate responsibility training with suppliers representing 90% of our direct-materials spend.	Not achieved – trained suppliers representing 70% of our direct-materials spend.	Conduct in-depth, on-site audits of Motorola facilities in Brazil, India and Mexico.
Conduct corporate responsibility on-site audits at four Motorola manufacturing sites.	Achieved – audited five sites in China, Malaysia, Singapore and Taiwan.	Develop key performance indicators to assess our suppliers' programs for monitoring their own suppliers and implement at 150 suppliers.
Supplier diversity – page 14		**2008**
Achieve 10% of U.S. tier-one supply chain spend with diversity suppliers.	Achieved.	Achieve 11% of U.S. tier-one supply chain spend with diversity suppliers.
Privacy – page 20		**2008**
Reach at least 50% of employees with privacy training.	Achieved – 78% of employees completed privacy training.	Reach 90% of employees with privacy training.
Launch online privacy training for employees working in marketing and in call centers.	Achieved.	
Reuse and recycling – page 25		**2008**
Expand take-back programs to countries that cover 90% of our mobile-phone unit sales.	Achieved.	Increase tonnes of electronics waste collected for recycling by 5 percent.
		Establish formal take-back program for business-to-business products in the United States.

Goals for 2007	Progress in 2007	Goals for
Environment, health and safety operations – page 27		**2010**
See 2010 goals.	Decreased carbon footprint by 3% from 2005.	Reduce normalized carbon footprint (includes direct greenhouse gas emissions and indirect emissions from electricity use) by 15% from 2005.
	Hazardous waste increased significantly due to reclassification of electronics waste from non-hazardous to hazardous waste in China and Malaysia.	Reduce normalized hazardous waste by 30% from 2005.
	Recycling rate for non-hazardous waste remained steady at approximately 80%.	Increase recovery and recycling rate of non-hazardous waste to 90%.
	Achieved – reduced recordable injury and illness case rate by 46% from 2005.	Continuously reduce recordable injury and illness case rate.[1]
	Achieved zero EHS-related fines and citations.	Achieve zero EHS-related fines and citations.[1]
Inclusion and diversity – page 36		**2008**
See 2008 goals.	People of color in senior management in the U.S. increased to 17%.	Increase the percentage of people of color in senior management in the U.S.[2]
	Percentage of women in senior management globally increased to 15%.	Increase the percentage of women in senior management globally.[2]
	Senior management representation outside the U.S. decreased to 19%.	Increase senior management representation outside the U.S.[2]
Business conduct – page 40		**2008**
Require senior leaders in each business and region to communicate business conduct expectations to employees quarterly.	Achieved.	Improve employee agreement with the statement "Only employees whose behavior is consistent with the code of business conduct are rewarded at Motorola."
Require classroom training for managers in new businesses and at high-risk sites.	Achieved.	Achieve 95% completion by target audience for anti-corruption and government relations training.
Launch online training on anti-corruption and government relations.	Achieved.	
Establish a process to introduce ethics and compliance standards to employees joining Motorola through mergers and acquisitions.	Achieved.	

[1] Ongoing annual goals
[2] Senior management = directors and vice presidents

Performance and data summary

	2006	2007
Community investment		
Motorola and Motorola Foundation charitable giving (millions)	$30.8	$30.5
Percent of pre-tax profits	0.67%	—[1]
Supply chain corporate responsibility		
Total spend (billions)	$30+	$24+
Direct-materials spend (billions)	$24+	$19+
Indirect goods and services spend (billions)	$6+	$5+
Total number of suppliers	32,600+	26,900+
Number of direct-materials suppliers	3,600+	4,100+
Number of indirect goods and services suppliers	29,000+	22,800+
Supplier diversity		
Percent spend with U.S. tier-one diversity suppliers	8.3%	10.4%
Reuse and recycling		
Mobile phone unit sales represented by countries with take-back programs	80%+	90%
Global take-back and recycling of electronic and electrical equipment (tonnes)	2,282	2,534
Environment, health and safety (EHS) operations		
Recordable injury and illness case rate (per 100 employees)	0.30	0.21
Electricity and natural gas use (million kilowatt-hours)	713.6	690.5
Electricity and natural gas use (million kilowatt-hours per billion sales dollars)	16.6	18.9
Direct and indirect greenhouse gas emissions (tonnes CO_2 equivalent)	385,149	375,324
Direct and indirect greenhouse gas emissions (tonnes CO_2 equivalent per million sales dollars)	9.0	10.2
Hazardous waste (tonnes)	223	670
Hazardous waste (tonnes per billion sales dollars)	5.2	18.3
Non-hazardous waste recycling rate	79%	80%
EHS fines and citations	0	0
Employment		
Number of employees	66,000	66,000
Employee engagement index	67%	63%
Senior management outside the United States[2]	22%	19%
Global senior management who are female[2]	14%	15%
Global employees who are female	33%	33%
U.S. senior management who are people of color[2]	16%	17%
U.S. employees who are people of color	35%	34%

[1] Motorola posted a loss in 2007
[2] Senior management = directors and vice presidents

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We welcome your comments and feedback.

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