



■ Summary of Discussions

Plenary meeting with external
Stakeholders

December 14, 2010





Foreword

In 2010, as part of its policy on sustainable development and corporate social responsibility (SD/CSR), the company SUEZ ENVIRONNEMENT collaborated with Comité 21 to pursue the dialogue strategy it had initiated in 2007 with its external stakeholders.

In 2007 and 2008 four meetings were held in Paris and New York to bring together roughly one hundred participants (humanitarian organizations/NGOs, research organizations, trade unions, public institutions, regional authorities, etc.) to discuss two core issues in the fields of water treatment and supply:

- fair and universal access to drinking water and sanitation,
- communication/dialogue: the balance of influence with the company's stakeholders.

During this first set of meetings SUEZ ENVIRONNEMENT agreed to adopt a three-tiered action plan. The first tier addressed the group's social responsibility policies; the second, the development of its commercial supply; and the third, its governance. As a result, two selective, collaborative workshops were organized in 2009 to focus on these core issues: one focusing on access to water, and the other on ethics and transparency.

SUEZ ENVIRONNEMENT decided to hold a conference in Paris in 2010 in order to report on the outcomes of the thematic workshops and start a new action plan for the coming years.

The plenary session was divided into two sections:

- reporting: an overview of the actions SUEZ ENVIRONNEMENT has undertaken since 2007,
- expanding on the issues: discussions about the company's overall social responsibilities, (employment/labor-related, social, environmental and economic) in the fields of water, sanitation and waste management (the group's second-largest activity).

Comité 21 mobilized the stakeholders and presided over the meetings, which were run according to its guidelines, after approval by all attendees. Comité 21's role during the conference was to promote courtesy, listening, thorough answers to participants' questions, and confidentiality (Chatham House rules).

The stakeholders praised the company's efforts to solidify its CSR strategy. After the conference, they expressed appreciation for the meetings and the more comprehensive understanding it provided them of SUEZ ENVIRONNEMENT's procedures, as well as their desire to continue the dialogue process. However, they also made a certain number of suggestions and proposals, detailed below.

This summary of the key discussions between SUEZ ENVIRONNEMENT and its stakeholders was written by Comité 21, with the collaboration of SUEZ ENVIRONNEMENT, and submitted to the stakeholders for potential amendments. As part of the dialogue process, the company formally committed to answering every and any question the stakeholders raised. However, the process did not require the company's full agreement and/or ability to provide operational and/or immediate responses to every comment made by the stakeholders.



Summary of discussions

In accordance with the conference's agenda, the stakeholders raised questions with the company and determined levers for change. Pertinent to the stakeholders' queries and remarks, you will find listed below the main issues the company has tackled in recent years, the precise actions it has taken to confront them, and the themes it would like to expand upon in the coming months and years.



Overview of the conference and SD/CSR strategies since 2007

- **The “New Ideas on Water” Initiative**

Stakeholder questions

The questions raised by the stakeholders largely pertained to SUEZ ENVIRONNEMENT's plan to resolve civil society's lack of trust in the water industry, notably on:

- Improving the **dialogue on water**: being less technical and more precise in the terms used (for example, speaking about the price of supply services, rather than the price of water),
- Illustrating why the **delegation of public services** is in the interest of the consumer,
- **Including the general public** alongside elected officials in the governance of water; and rebalancing powers with elected officials of small regional authorities, which have less resources than large corporations (lack of funding, lack of commitment from their own governments...),
- Increasing **transparency about concession contracts** and avoiding conventional discourse on actual profit margins, which often differ from those published,
- Developing “true” **environmental credibility** at a local level by precisely measuring SUEZ ENVIRONNEMENT's impact on each water basin and any progress it has made,
- Predicting and dealing with **regulatory constraints** that might prevent the company from making good on some of its promises and projects.

The stakeholders also questioned the company about the future of Paris's **raw water** supply: would an increase in non-potable water use mean high cost overruns?

Company response

The current dialogue strategy was initiated in early 2010 as an extension of the commitment LYONNAISE DES EAUX had made in its 2006 Charter for Sustainable Water Management. Two key actions had been taken: an online dialogue platform was designed, including an opinion poll, and two expert forums were set up, one presided by Erik Orsenna and the other by Luc Ferry (in progress). The goal of these actions was to draw in water specialists to converse on two central themes: the *value and price* of water and its related *health risks*.

Results from the first forum showed that opinions were mixed and suggested new lines of thinking, which, if the company considers them one by one, should respond to the stakeholders' concerns:

- Addressing the lack of public awareness about the system,
- Thinking of a less systematic approach to drinking water that can be adapted to different patterns of consumption,
- Reducing the impact of agriculture, without however stigmatizing the industry,
- Raising public awareness about the idea of virtual water through the use of a “water footprint”-type indicator and awareness-raising programs,

- Promoting more efficient collaboration between regional authorities at local and national levels,
- Thinking about performing efficacy tests on services rendered by water departments, both private and public (indicators),
- Instructive and transparent prices,
- Considering progressive rates as a means to conserve resources,
- Increase transparency and trust in contract agreements, following the model of the contract signed with the city of Bordeaux.

- **Innovations in Public-Private Partnership (PPP) contracts: Haiti and Algiers**

Stakeholder questions

The stakeholders praised both initiatives and discussed what important lessons could be deduced. Their suggestions were:

- To develop a systematic link between PPP strategies and **development needs** (adaptability to different living standards). Taking the example of the successful campaign in Algiers, to explain how difficulties in providing clean water to disadvantaged communities were resolved, and what were the consumers' complaints, if any,
- In order to ensure its **presence in the world** and stay profitable, SUEZ ENVIRONNEMENT should be more proactive and make use of its expertise in cities in emerging markets such as India, where permanent access to water is often still non-existent. SUEZ ENVIRONNEMENT should nonetheless remain open to the **sharing of experience** from southern-hemisphere countries to northern-hemisphere countries,
- To contribute to the move from concession contracts toward **management contracts**, which better integrate populations with no access to water and help evaluate performances,
- To make it clear whether SUEZ ENVIRONNEMENT is planning to sign **consulting contracts**, as it did in Haiti, on a more regular basis,
- To explain why the company finds it necessary to have **its own NGO** (Aquassistance).

In the particular case of Haiti, the stakeholders wanted to know why SUEZ ENVIRONNEMENT had been unable to deploy faster the resources needed to provide timely technical support.

Company response

As for the contract with the city of Algiers, SUEZ ENVIRONNEMENT illustrated the PPP's excellent results, particularly the efficient coordination between local stakeholders and the company: each party's role was clearly defined, the contract was transparent, expertise was progressively passed on, and so on. The project also received strong support from local authorities, who made water access and sanitation one of their priorities. Despite having room for improvement, the company earned itself a positive image among the local population. The "pressure map" for Algiers, which shows network pressure in real-time, is one example of what can be imported from the southern to the northern hemisphere.

SUEZ ENVIRONNEMENT has been active in Haiti for more than 20 years, through the activities of Lyonnaise des Eaux and Aquassistance. After the earthquake, Aquassistance committed to the restoration of production units under the aegis of Action Contre La Faim (ACF). SUEZ ENVIRONNEMENT's technicians also offered their services, repairing leaks in the water system and restoring facilities. SUEZ ENVIRONNEMENT submitted a proposal for an international RFP launched with the aim of prolonging business with private companies in the region, in the form of consulting work.

- **SUEZ ENVIRONNEMENT’s “Water For All” Foundation**

Stakeholder questions

Questions were raised about the Foundation’s status within the SUEZ ENVIRONNEMENT Group:

- What exactly is **Aquassistance’s** mode of operation within the Foundation, what are its budget and the percentage of contacts that have led to actions?
- Has the Foundation increased its fields of **expertise** since it began, and has it benefited the rest of the company?
- How does the Group **decide which actions will be performed** by its Business Units and which actions will be performed by the Foundation?
- Can the Group’s employees contribute through **save-as-you-earn** schemes?

Company response

The SUEZ ENVIRONNEMENT “Water For All” Foundation was created in 2007 with an annual allocation of 3 million euros (for a cumulative total of 9 million euros, 7 million of which have already been spent). The first budgetary item is the running of Aquassistance, which is mainly composed of volunteers from SUEZ ENVIRONNEMENT Group, and for which the Foundation allots roughly 50% of its budget. Employees may contribute to it financially, but not via pay-as-you-earn schemes. The second budgetary item is the contribution of finances to humanitarian development actions. These operations successfully provided water to more than 150,000 people who previously had no access at all, mostly in Africa. The rest of the actions involved emergency relief aid, the creation of a “Water For All” Chair with Agro ParisTech, and a prize designed to reward innovative projects. The Foundation will most likely be replaced with a “SUEZ ENVIRONNEMENT Initiative” endowment fund, which would have a larger endowment and a broadened field of activity, allowing it to provide aid to the disadvantaged in France.

The main idea behind the “Water For All” program is to develop a high level of expertise in drinking water access and sanitation in disadvantaged neighborhoods of cities in which the company is active, in association with NGOs and humanitarian associations. Created in 1999, the goal of the program is not necessarily to connect all persons individually to the water grid, but rather to progressively improve the quality of services in collaboration with local authorities. In coming years, the program should provide a sort of operational toolbox for people working in the field. It would also be suitable to revise the field of activity to address issues emerging in northern-hemisphere countries regarding unemployment and instability.

- **Major operational advances in SD/CSR policies and prolonging the policy after 2012**

Stakeholder questions

The stakeholders asked questions about the future of the company’s economic model, which conflicts with the necessity to not waste water and to produce less waste, citing certain key issues:

- **Employment:** involvement of trade union bodies, employment (ex. linking bonuses to employment and/or ESG goals), equal opportunities and training (especially for young employees, women and manual laborers),
- **Governance:** including women and minorities on the Board of Directors, salaried administrators, transparency on executive compensation,
- **Reporting:** third-party assessment of the company’s SD/CSR policies and discussions with the stakeholders about which tools will show the CSR strategy’s benefits over time. Stakeholders can play the role of moderator, easing internal tensions.

They wished to know the company's stance on certain initiatives about which they encouraged the company to be more proactive:

- Contributing to the **Carbon Disclosure Project (CDP)** strategy on water,
- Adopting the **ISO 26000 standard** and operating within its sphere of influence, especially in dealing with financial partners (who were absent from the session) to encourage funding for drinking water access.

Company response

Since its initial public offering in 2008, SUEZ ENVIRONNEMENT has used indicators to measure its extra-financial performance and targets for 2012. Today, nearly half of the 12 commitments are in the green. At the same time, the Group is looking past 2012 and engaging the subsidiaries in order to reach the Group's objectives (bottom-up approach). After this work is done, the stakeholders will see new indicators.

The Group is considering a new economic model to address three key factors: quality and quantity of resources, respect of biodiversity and greenhouse gas emissions. This model has already been negotiated with regional authorities and it would base compensation on the achievement of precise objectives. In practice, the Group proposed this approach in 10 of its contracts, contracts for which this type of revenue accounts for around 10% of the total contract revenue.

The company remains open to international initiatives such as ISO 26000, which will be tested at pilot sites, and the CDP Water initiative, to which the company will reply, even though it is not directly concerned by the program.

2010- 2012 : building a new SD/CSR strategy

- **Integration and diversity: implementing a Diversity plan**

Stakeholder questions

The stakeholders requested that the company detail its policy, which appears to be thorough but still needs to be tested in practice:

- How much **room for maneuver** does the leadership of Human Resources have in the implementation of its directives in the branches?
- How will the company **measure the positive impact** of diversity within the company?
- How will the company conduct itself with individual and collective employee representatives regarding the **fight against discrimination** (the preferred term over "diversity")? Are there any training sessions planned? What about subsidiaries in other countries? Has any dialogue been initiated with the representatives of the community or internal stakeholders who may be susceptible to corporate discrimination? Also, do anti-discrimination policies apply to consumers as well, for example, water access for the disabled?
- Does SUEZ ENVIRONNEMENT include information in its social report on **pay gaps** for certain employment categories?

Company response

In recent years a new mindset has arisen that led SUEZ ENVIRONNEMENT to commit itself to a program presented in June 2010, entitled "Equality Opportunities, Social Progress and Employee Awareness." The choice of a "positive" title that made reference to equal opportunities for disadvantaged persons (women, children, seniors, the disabled...), rather than a negative term such as "discrimination," was intentional. The program addresses five core issues: *employment and integration, women in the workplace, disabled workers, senior citizens, and employee awareness and quality of life in the workplace*. It is currently being applied internally and is complementary to the existing initiatives such as SITA Rebond and the agreements

made regarding the GDF-SUEZ Group. An office for diversity and social development was also created, as well as a network of internal sponsors. Combined with training sessions, these measures will facilitate the long-term internal implementation of this strategy. While it is true that no precise tools have been designed to measure the related economic benefits or pay gaps within employment categories, these points are addressed in the overall strategy.

- **Environment: integrating biodiversity in waste management site operations, the SITA experience**

Stakeholder questions

Despite an encouraging report, the stakeholders would like to see SUEZ ENVIRONNEMENT take a more proactive stance on:

- Integrating biodiversity in the growth of the Group's activities **before problems arise** (ex. when selecting construction sites for new storage platforms),
- **Going beyond regulatory requirements**, particularly by anticipating compensatory measures (ex. harm to endangered species) and dealing with exotic invasive species,
- **Measuring the impact** of actions in surrounding terrains and integrating respect for natural habitats (when consulting with local experts),
- Regarding semantics, prefer the term **fragile ecosystems** to fragile "sites".

They also wished to learn more about the company's strategy regarding:

- The scope of the **SITA ecological quality standard** (French vs. international, references to specific regulations, number sites being experimented, room for improvement, etc.),
- The conditions and possible outcome of **cost overruns** due to new ecological strategies in contracts. Have relations with local authorities been formalized on ecological procedures?

Company response

SITA France handles 17 million tons of waste every year and offers its services to 21 million people through its recycling centers, energy valorization units, compost centers and waste storage sites. In 2007 a program for integrating and promoting local biodiversity near treatment plants was initiated. This program relies upon evaluations of the fragility of ecosystems surrounding sites, the production of tools for operators and an effort to classify sites according to their exposure, as well as the help of volunteers and external specialists, such as the LPO (League for the Protection of Birdlife). Operators must follow the sites for at least thirty years after their renovations. As a result, long-term action plans can now be implemented. In 2008 work began with the French Natural History Museum to come up with an ecological value indicator that will allow those involved to follow the progress of biodiversity at sites and demonstrate the efficacy of the undertaken measures.

In the future, the company hopes to be part of the France's "ecological corridors." It supports the implementation of compensatory measures prior to the undertaking of projects, despite the limited leeway the company has in this highly regulated field. For now, significant progress has been made in earthworks and rationing operations plants and, on a broader scale, getting local populations to approve and support the sites.

- **Ethics: applying SUEZ ENVIRONNEMENT's Ethics Charter**

Stakeholder questions

Questions were asked about the operational application of the Ethics Charter initiated in 2010:

- Targeting the **ethics training** for certain parts of the world that are more at risk than others and the availability of external parties that could alert the company in the event of breach of the Charter,
- Having understanding for **limited internet access** and language proficiency for communicating with certain partners,

- Resolving **conflicts of interest**, which seem to be on the rise,
- Right to **information and advice** about employee representation meetings,
- Existence and resolution of **serious breaches** of the Ethics Charter, committed by employees or subcontractors,
- Dealing with **tensions** between current in-house processes and Charter requirements.

Company response

When the Ethics Charter was first presented during the 2009 “Ethics and Transparency” workshop, many comments were made that the company has strived to integrate its operations. In particular, based on a suggestion made by the stakeholders, the company performed an assessment of the Charter’s implementation. Translated into 10 languages and distributed in close to 40 countries, the document was signed by every member of the executive committee. The Charter guidelines will be implemented through managerial enforcing and adequate training.

In certain countries and activities, the Charter primarily addressed competition and corruption of public and private individuals. An email address has been set up where employees can report deviant behavior. A second version of the Charter will be published in 2011, updated with regulatory developments. Although there is evidently a certain amount of tension – surrounding financial accounts and objectives assigned to business units, for instance – SUEZ ENVIRONNEMENT writes no memorandums that would go against the core principles outlined in the Charter.

- **Regional integration: making local dialogue one of the Group’s core strategies**

Stakeholder questions

The importance and involvement of consumers in local dialogue procedures was at the heart of the discussion. The stakeholders asked questions about:

- The organization of **forums or conferences** for local debate (ex. rates, reliability and visibility of information, etc.) and difficulties during the creation of local advisory committees. This topic was brought up in one of the previous workshops,
- The task of **speaking directly with the consumers themselves**, outside of dialogues with their representatives (to avoid being presented solely as experts),
- Integrating the **cost of dialogue** in contracts and the “**acculturation**” of management on these issues.

Company response

Considering the fact that the subsidiaries already communicate daily with local populations, the idea was to conceive of a system that would allow teams in the field to share and rationalize their dialogue. For now the system relies on three measures: a diagnostic tool for monitoring actions and their impact, an action/communication plan and training and discussion programs. The tool has already been tested on a dozen contracts of different types. This strategy begins with mapping regional parties and involving collaborators on all levels. It should succeed in limiting disagreements.

- **Methods for pursuing dialogue and the next steps**

Stakeholder questions

The stakeholders reacted positively to the idea of pursuing the dialogue strategy, but they felt that in order for the benefits to be mutual, real progress would need to be made.

They wished to hear more about:

- Connections between SUEZ ENVIRONNEMENT’s **two management** teams working on sustainable development and the cost of the dialogue process in relation to the company’s earnings,

- An **expansion of the occasions for dialogue**, particularly in between the meetings organized by Comité 21.

Practically speaking, they asked to receive more prep documents prior to the meetings and suggested integrating the AccountAbility audit results into the company's 2011 annual reports, for wider distribution.

Company response

In March 2010 an external evaluation of SUEZ ENVIRONNEMENT's dialogue process, based on AA1000 standards, carried out by Accountability showed that the company possessed a desire to act and that the dialogue strategy was operating and well-structured. Nonetheless, the company still has progress to make in internally implementing the required principles and actions. Some stakeholders felt that the proposed dialogue method did not allow them to fully comprehend questions asked specifically to them. Funds have been committed, but certain groups of stakeholders are not included in the process, such as trade unions and SUEZ ENVIRONNEMENT's operational teams and their representatives. The way in which the dialogue was organized created expectations on behalf of the stakeholders that the company needs to meet. Indicators are currently being worked on, for distribution to the subsidiaries and improved measurement of future results.

For the coming years, the company offered to create workgroups that would meet several times a year to address specific issues. In a distributed questionnaire, the stakeholders suggested four general topics of discussion. These plenary meetings would be a forum to exchange ideas. The company also announced the first meetings devoted entirely to its waste management activities, to be held in 2011.

Conclusion

In questionnaires filled out by the stakeholders after the conference, the stakeholders indicated they appreciated the meetings and had gained a fuller understanding of the company's operations. They also showed wide approval of the principles and rules provided by Comité 21 (the representation and diversity of the stakeholders, the Chatham House rules, the 18-month periodicity of the meetings, the freedom of expression, the choice of topics, etc.).

After the two 2009 workshops, Comité 21 recommended that SUEZ ENVIRONNEMENT continue the dialogue process by expanding the issues to include corporate responsibility (social and environmental issues) and the company's various business lines (waste management). Comité 21 also insisted on the necessity of partially renewing the make-up of the panel to give impetus to the procedure. Comité 21 deemed it necessary to include more high-level representatives as a statement of the company's desire to commit fully to the process by listening to the stakeholders' comments, criticism and proposals by implementing changes in day-to-day operations.

Comité 21 is pleased to see that its recommendations were generally taken into account during the conference. However, Comité 21 still encourages the company to progress further in this direction by demonstrating to its stakeholders that their suggestions are leading to tangible changes in the company's activities. This stage is necessary to ensure the stakeholders' future participation in the dialogue process and to conserve the trust they have in the company's ability to evolve. Comité 21 has reiterated to SUEZ ENVIRONNEMENT its proposal to create indicators to track the company's promises made during the conferences and to allow the stakeholders to monitor any resulting changes.