

SUEZ ENVIRONNEMENT

A limited company with share capital of €3,323,457,083
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MAKING THE PLANET
SUSTAINABLE
IS THE BEST JOB
ON EARTH



5 YEARS 1 GROUP

Tackling the environmental, economic and social challenges of the regions, and providing tailored, innovative and competitive solutions.

€65 M.

invested in R&D and innovation in 2008

€74 M.

in 2012. Each year, a further €2 million is reinvested



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Through its subsidiaries, SUEZ ENVIRONNEMENT currently supplies 97 million people with drinking water and 66 million with wastewater treatment services. The Group provides 50 million people worldwide with waste-collection services and is firmly committed to waste recovery in all its forms. The Group's 79,549 employees work hard every day to protect natural resources, providing public-sector and industrial customers with innovative solutions. SUEZ ENVIRONNEMENT generated €15.1 billion in revenues in 2012.

Take a look at the other booklets in the SUEZ ENVIRONNEMENT Group Annual Report:

BOOKLET 02 

70 countries

An international presence: the Group's key figures.

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A balanced economic model: our financial and social indicators.



FOR MORE INFORMATION:

Look at the elements of the Annual Report on the website: www.suez-environnement.com/group/profile

In a world where environmental, economic and social challenges combine, SUEZ ENVIRONNEMENT, a global expert in water and waste services, intends to play its key role to the full, helping to transform our economies with green, sustainable growth.

The structure of the SUEZ ENVIRONNEMENT Group is designed to support its customers – both local authorities and businesses – as they work to become leaders in environmental performance. To achieve this, the Group relies on expert, innovative industrial know-how, a sound economic model, employees who listen and serve their customers, and a shared determination to make joint sustainable development commitments a reality. In businesses that are always very high tech but which increasingly require an attitude of service and flexibility, SUEZ ENVIRONNEMENT maintains the culture of partnership so integral to its identity.

The Group is now ready to embark on a new phase in its history, and to take full advantage, alongside its stakeholders, of opportunities for green growth that respects both people and the environment.



“GDF SUEZ and SUEZ ENVIRONNEMENT have built a fine industrial history together. SUEZ ENVIRONNEMENT is now a listed, independent Group and a world leader in environmental services that will continue to be a privileged partner for GDF SUEZ.”

Gérard Mestrallet — Chairman of the Board of Directors



A NEW PAGE IN TWO HISTORIES THAT HAVE LASTED ONE HUNDRED YEARS

Since July 2008, GDF SUEZ has been working alongside SUEZ ENVIRONNEMENT as it marks a new stage in its history and development.

In the past five years, the shareholders' agreement that links GDF SUEZ and five other shareholders of SUEZ ENVIRONNEMENT has allowed the Group to develop, consolidate its strategy and build a strong identity. It is now positioned as a benchmark player in the environmental sector. SUEZ ENVIRONNEMENT is a very large, international company, with a relevant and effective economic model, capable of expanding further with a greater level of autonomy and an excellent outlook.

35.7%

GDF SUEZ'S EQUITY INTEREST in SUEZ ENVIRONNEMENT'S shareholding

A new stage will begin on July 22, 2013, when the two Groups will write a fresh page in their history, following the non-renewal of the shareholders' agreement. GDF SUEZ will continue to be SUEZ ENVIRONNEMENT'S reference shareholder, and we have reciprocal commitments to our commercial and industrial partnerships.

OVER 100

EXISTING AGREEMENTS between the two Groups, in France and internationally

Desalination, the city of the future, unconventional gas and smart grids are areas in which the skills of our two Groups complement each other perfectly.

A FRAMEWORK AGREEMENT FOR INDUSTRIAL AND COMMERCIAL COOPERATION BETWEEN THE TWO GROUPS

sets out a reciprocal preference for purchasing and sales, the development of synergies in industrial activities, and the development of joint commercial offerings.

GDF SUEZ is undergoing a process of transformation from a mainly European utility into a true global energy player, with a unique, well-balanced model. GDF SUEZ is now the world number one in the utilities sector, the world's biggest independent power producer and the leading supplier of energy efficiency services. With the robust aim of being the world's benchmark energy supplier, and the clear mission statement of "By People, For People", it will turn to SUEZ ENVIRONNEMENT as its preferred partner in supporting and assisting with this mission.

A GROUP WITH SOUND FUNDAMENTALS, WHICH IS READY FOR ACTION



“Our Group is based on a unique, standout model, which in 2012 allowed us to achieve a solid performance in a difficult context. It also makes us fully prepared to tackle the challenges and issues that face us in the future.”

Jean-Louis Chaussade — Chief Executive Officer of SUEZ ENVIRONNEMENT

The economic climate was difficult in 2012: how did the SUEZ ENVIRONNEMENT Group perform?

Jean-Louis Chaussade: We put in a solid performance in 2012, achieving €15.1 billion in revenue and across-the-board growth in all our businesses. EBITDA stood up well, at €2,450 million, mainly due to our COMPASS program to optimize performance. Finally, we made investments of €1.2 billion. These were selective, but with no compromise in terms of future growth.

We saw very intense commercial activity. In water, Lyonnaise des Eaux renewed all major contracts up for renegotiation. Agbar recorded growth in its business in the Spanish and Chilean markets, and renewed many contracts. Commercial activity in waste was still dynamic, although growth was affected by the decline in European industrial output. We successfully adjusted to changes in our markets and devised new contractual models to meet customer requirements in France as well as at an international level, where we currently generate 31% of our revenue.

Our performance in 2012 clearly shows that our strategy and economic model are appropriate.

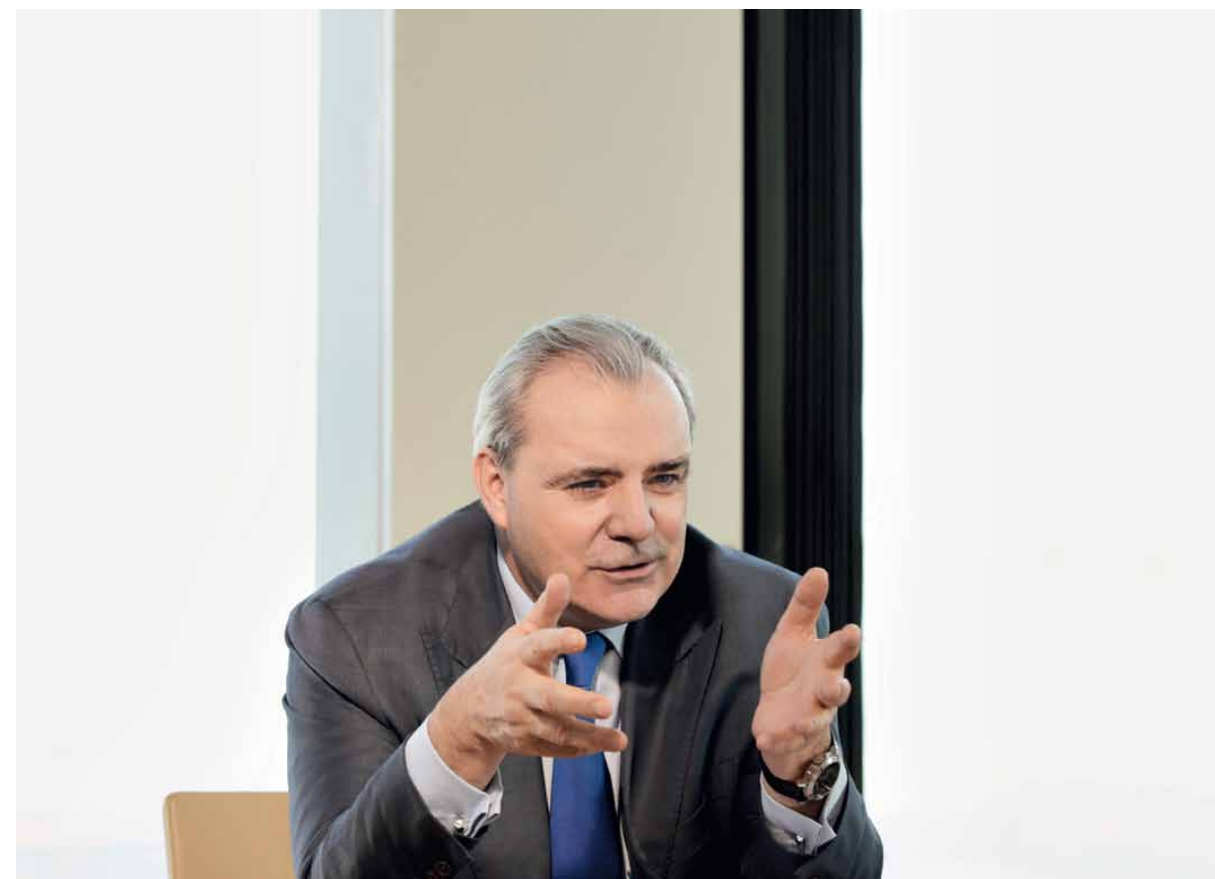
A number of major international events took place in 2012 that addressed environmental issues. What contribution did SUEZ ENVIRONNEMENT make to these debates?

J.-L. C.: In 2012, we attended the sixth World Water Forum in Marseille and the Rio+20 conference. At the World Water Forum, we took part in the debates, and presented practical solutions – already implemented in various countries – which responded, for example, to the problem of water access and the protection of water resources.

Similarly, at Rio+20, we played the role of key player and contributor appropriate for a group of this kind. We see ourselves as a key player because the solutions of the next 20 years will not be the sole preserve of governments and international organizations, and we believe that broader alliances, particularly with businesses, will be crucial. We are a contributor, because our businesses can provide part of the solution. This has already started to happen, with proven and tangible results.

What key challenges is the Group currently facing in its two businesses?

J.-L. C.: The challenges that our businesses have to tackle are well-known: the growing world population, mainly in cities; stricter environmental regulation in an increasing number of countries; and, of course, the problem of scarcity of resources, drinking water, energy and raw materials. .../...



€15.1

BILLION
in revenue in 2012, with growth in all our businesses

€2,450

BILLION
in EBITDA, due to the COMPASS program

31%

OF OUR REVENUE
was generated internationally (ex. Europe) in 2012

.../... Our businesses – water and waste management, and, more generally, implementing resources strategies for our customers – are at the very heart of the challenges of the 21st century. Meanwhile, our economic environment remains uncertain. Most mature economies have been affected by serious economic problems, and recession is steadily taking hold, particularly in Europe. In terms of our businesses, this has meant lower volumes, chiefly in Waste Europe segment (volumes were down by 2.5% in 2012). In water, we have certainly seen pressure on our prices, but our margins have been stable, thanks to productivity gains and our ability to offer new, high value-added services, such as smart metering and leak detection in water networks.

Looking beyond the economic crisis, we have to adapt to the expectations of our customers, on a path towards better performance, a wider range of technologies, and greater transparency and sharing in modes of governance. All of these trends, both structural and economic, are providing us with opportunities that we are determined to grasp.

How is the Group responding to these challenges?

J.-L. C.: We want to be a strategic partner for our customers. We want to help them to optimize their resources, in order to enhance their environmental performance. With this aim in mind, our Group is basing its action on four key growth accelerators:

— In water, we plan to develop value-added services and solutions. These stem from the combined effect of new customer expectations and the wide range of possibilities that information technology offers in terms of controlled, smarter and more economical management of water resources. The market for these services is worth an estimated €20 billion in total for the period to 2020. We already generate €300 million of revenues in this domain.

— Again in water, the Group will strengthen its operations for industrial customers. The industrial water market has significant potential, with €24 billion in investment expected by 2020.

— In waste, we aim to provide proactive support for the development of waste sorting, recycling and recovery. The Group is already a European leader in this field, generating revenue of €2.9 billion in 2012. We are making substantial investments in this area: for example, four energy recovery plants have been built in the past few years, in the UK, the Netherlands, France, and – most recently – Poland.

— The Group also plans to step up its international development, which is already generating a marked increase in revenue (€2.5 billion to €4.6 billion in four years). To facilitate this international growth, we have developed new contractual models tailored for the requirements of customers, and the specific issues they face, not only in countries where we are already very active, such as China and the US, but also in countries where we are launching a business, such as India and Poland.

How is 2013 shaping up for the Group?

What about your outlook in the longer term?

J.-L. C.: We have turned a new page in our history in 2013. After the non-renewal of the shareholders' agreement in July 2013, GDF SUEZ will remain our reference shareholder and our long-term strategic partner. We feel very positive about entering this new stage. Since 2008, we have been developing our Group in a balanced way, expanding our two businesses, bolstering our positions in strong-growth regions, adjusting our models and making research and innovation one of our key strategic building blocks. In a period of just five years, helped by the active involvement of all our employees, we have become a listed company in our own right, with a strong identity and a solid financial structure. These enable us to develop independently and in line with the 10 principles of the UN Global Compact, which we joined in 2008. Our businesses play a key role in the circular economy that is now being established, and today we serve our customers by creating solutions for the application of bona fide resources strategies. Our local roots, our expertise, our partnership approach, and the quality and commitment of our employees are what make us so dynamic and different.



FIND OUT MORE:

View the 10 principles of the Global Compact at: www.unglobalcompact.org/AboutTheGC/TheTenPrinciples



MANAGEMENT COMMITTEE

A new organization was set up in April 2013, with the aim of strengthening the Group's structure to speed up its development and seize opportunities for growth.

The Management Committee



01 — Jean-Louis Chaussade Chief Executive Officer

"The hallmark of SUEZ ENVIRONNEMENT is our capacity for long-term partnerships with entities completely different from ourselves, with whom we share objectives, skills and manpower."



02 — Christophe Cros Deputy Chief Executive Officer in charge of Waste Europe activities under the SITA brand

"We are currently moving one stage further towards a circular economy. Our businesses and industrial standards are focused on waste recycling and recovery, as natural resources will not last forever."



03 — Marie-Ange Debon Deputy Chief Executive Officer in charge of International Water and Waste

"One of the things that makes us stand out is our ability to innovate, our creativity and our drive as we reinvent our businesses, and the fact that we are achieving this through dialog with our stakeholders across the globe."



04 — Angel Simon

Deputy Chief Executive Officer in charge of Water Europe activities, principally Lyonnaise des Eaux and Agbar

“We create value that benefits sustainable development. People and innovation are at the heart of our strategy and are central to our commitment.”

**05 — Frédérique Raoult**

Director of Sustainable Development and Communications

“Our businesses deliver value to our customers, because they work with them to co-construct the most appropriate solutions, while adhering to the highest standards and complying with the Group’s values, particularly in terms of corporate social responsibility and sustainable development.”

**FIND OUT MORE:**

About the SUEZ ENVIRONNEMENT Management Committee at: www.suez-environnement.com/group/corporate-governance

06 — Denys Neymon

Head of Human Resources in charge of the Health & Safety, Security, and Diversity Development departments

“We are firmly rooted in the regions, and as such we are in some ways a local business wherever we have a presence, but with strong common values at global level. Developing employee abilities is a key part of our model.”

**07 — Jean-Marc Boursier**

Deputy Chief Executive Officer in charge of finance, purchasing, SAFEGE oversight, the investment committees, and the performance improvement plans

“We are an industrial services Group that draws on the substantial expertise of its subsidiaries, and which has structured itself in a cross-functional way to become more profitable and more efficient, benefiting our customers and our shareholders.”



BOARD OF DIRECTORS

SUEZ ENVIRONNEMENT's Board of Directors and its four committees are made up of experts and seasoned professionals from a variety of backgrounds.

The Board of Directors

of SUEZ ENVIRONNEMENT has opted to split the functions of Chairman of the Board and Chief Executive Officer. Gérard Mestrallet holds the office of Chairman of the Board, and Jean-Louis Chaussade performs the duties of Chief Executive Officer of the company. The Board of Directors establishes operational guidelines for the Group and oversees their implementation. It has 18 members, appointed for four years, including, as at December 31, 2012:

- 4 independent Directors,
- 4 female Directors,
- 4 non-French Directors.

In 2012, the Board of Directors met 10 times with an attendance rate of 88.3%.



1 — Gérard Mestrallet
Chairman of the Board of Directors of SUEZ ENVIRONNEMENT and Chairman and Chief Executive Officer of GDF SUEZ

2 — Jean-Louis Chaussade
Chief Executive Officer of SUEZ ENVIRONNEMENT

3 — Guillaume Pepy
Chairman and Chief Executive Officer of SNCF

4 — Lorenz d'Este
Managing Partner of E. Gutzwiller & C^{ie}

5 — Delphine Ernotte Cunci
Deputy CEO of France Telecom Orange and Senior Executive Vice President of Orange France

6 — Gilles Benoist
Director

7 — Valérie Bernis
Executive Vice-President of GDF SUEZ in charge of Communications, Marketing and Sustainable Development

8 — Harold Boël
Executive Director of Sofina

9 — Alain Chaigneau
General Secretary of GDF SUEZ



2012 UPDATE:

The Board of Directors addressed the following matters:

- the progress of business, and particularly the status of work on the Melbourne desalination plant;
- the Group's financial situation, performance and borrowing situation;
- corporate governance, particularly the change in the composition of the Board of Directors and its committees;
- the setting up of a performance action plan;
- examination of the decision not to renew the shareholders' agreement by GDF SUEZ and the other shareholders bound by the agreement, and authorization of the agreement on the general framework and guidelines for industrial and commercial cooperation between GDF SUEZ and SUEZ ENVIRONNEMENT.

The Strategic Committee

advises and submits its recommendations to the Board of Directors on the strategic guidelines planned by the Board or proposed by the Chief Executive Officer. It reviews all plans for internal and external growth, disposals, strategic agreements and agreements for alliances or partnerships submitted to the Board of Directors.

The Audit and Accounting Committee

assists the Board of Directors in ensuring the accuracy and fairness of the parent company's and consolidated financial statements of SUEZ ENVIRONNEMENT, as well as the quality of internal control and information issued to the shareholders and the markets.

The Ethics and Sustainable Development Committee

ensures compliance with the individual and collective values on which the Group bases its actions and the rules of conduct that each of its employees must apply. These values include the Group's specific responsibilities with respect to safeguarding and improving the environment and sustainable development. The committee also establishes and assesses hygiene and safety policies. Lastly, it examines social and environmental responsibility policies.

The Appointments and Compensation Committee

is mainly tasked with examining questions relating to the composition of the Board of Directors and the committees. It reviews succession plans for the main executives. It analyzes executive compensation and policies relating to bonuses, profit-sharing and employee share plans.



10 — Isabelle Kocher
Executive Vice-President, Chief Financial Officer of GDF SUEZ

11 — Jean-François Cirelli
Vice-Chairman and President of GDF SUEZ in charge of the Energy Europe Business Line

12 — Gérald Arbola
Director

13 — Penelope Chalmers
Executive Vice-President, Strategy and Communications, International Power

14 — Patrick Quart
Director

15 — Olivier Pirotte
Chief Financial Officer of the Bruxelles Lambert Group

16 — Nicolas Bazire
Chief Executive Officer of Groupe Arnault SAS

17 — Amaury de Sèze
Vice-President of Power Financial Corporation of Canada

18 — Jérôme Tolot
Executive Vice-President of GDF SUEZ in charge of the Energy Services Business Line

MORE PEOPLE, MORE NEEDS

There is a widening gap between the natural resources available and the needs of the world's growing population. To address this situation, we have to work together to build the foundations of a circular economy and make green growth an opportunity for everybody.

Booklet 01 5 years, 1 Group

⊕ **INCREASING ACCESS TO ESSENTIAL SERVICES**

The world's population has reached 7 billion, with another 1.5 billion forecast by 2030. People are now faced with a problem: how can we help everybody access the services they need to survive? SUEZ ENVIRONNEMENT's water and waste management businesses have a role to play in the solution, by helping our public-sector and industrial customers to reconcile economic, social and environmental performance.

⊕ **LOCAL, TAILOR-MADE RESPONSES**

SUEZ ENVIRONNEMENT has a presence in over 70 countries, and is committed locally to regional development. Our aim is to build a tailor-made solution with each of our customers, which incorporates the requirements of all stakeholders. The Group is open to dialog with civil society, and has set up bodies for discussion at every level, including the Foresight Advisory Council (FAC) and the "stakeholders' sessions". This means that the solutions provided vary according to the economic situation and condition of the infrastructure in cities or countries, but every solution is underpinned by the technical know-how, expertise and innovative capacity of a major group.

⊕ **FOR MORE INFORMATION:**
In developing countries, the Group supports projects in the domains of water access, wastewater and waste management. Find out more at: www.savoirspartages-suez-environnement.com/#!/en/home

7 Bn
population in 2012
(source UN)



8.5 Bn
population in 2030
(source UN)



NATURAL RESOURCES ARE NOT INFINITE

Water, raw materials, precious metals, and fossil fuels are natural resources that are overstretched and becoming exhausted.

⓪

PROTECTING NATURAL RESOURCES

Periods of profound change move the world along. Our businesses developed 150 years ago in just such a context of change: in hygiene and public health. Nearly a century later, with the next profound change – this time in urban comfort – our businesses went through a process of adjustment. Today, we are facing a third change. We have to come to terms with scarcity of natural resources. To protect these resources, our businesses need to innovate and reinvent themselves.

⊕

FOR MORE INFORMATION:
With Nexans, the world cable manufacturing expert, SUEZ ENVIRONNEMENT, through its subsidiary SITA, has created a used cable recycling unit to recover not only copper but also plastic. These materials are then reintroduced into the production chain. To find out more, see Booklet 05 of this Annual Report.

⓪

PRODUCING SECONDARY RAW MATERIALS

The increasing scarcity of natural resources is changing the position of waste recycling and recovery in our economic models. Our Group makes waste recovery its priority in this business. The aim is to produce secondary raw materials, organic materials and energy. It chiefly involves forging partnerships with industrial companies and setting up a specific recycling treatment line.

IN 2012

Gold, silver, lead and even copper are metals that we should protect

FROM 2027

The beginning of metal shortages



A BLUE PLANET, BUT WATER IS BECOMING SCARCE

Fresh water is essential for life, and is unevenly distributed worldwide in terms of quantity and quality.

④ USING ALTERNATIVE RESSOURCES

Nearly 1 billion people currently have no access to drinking water, and 2.6 billion have no wastewater services. The United Nations General Assembly has made access to safe drinking water and wastewater treatment a universal human right, so how can we put this right into practice? We also know that by 2030, one person in every two will be living in a situation of water stress.

④ FOR MORE INFORMATION:

See how sea water is converted into fresh water at: www.emag.suez-environnement.com/en/desalination-key-issue-future-361

④ DESALINATING SEA WATER

In 2012, Degrémont, a subsidiary of SUEZ ENVIRONNEMENT, completed the sea water desalination plant at Melbourne, in Australia. In December 2012, the plant demonstrated its full operating capacity with production of 450,000 cubic meters of drinking water a day.

98%

of water on Earth is salt water

2%

of water on Earth is drinking water



INVENTING THE CITY OF TOMORROW, SUSTAINABLE AND PLEASANT TO LIVE IN

In addition to the phenomenon of population growth, we are witnessing increased urbanization. The proportion of cities with more than 10 million inhabitants is rising dramatically. Cities consume resources and produce waste. How can they be made sustainable? How can user services be developed to improve the quality of life of all these city dwellers?



MEGACITIES TO BE MANAGED

Every day, nearly 200,000 people on average go to live in a city somewhere in the world. Within 20 years, half of the planet's population will be living in cities. With this in mind, how can the services essential for human and economic development be provided, while limiting the impact on the environment of these megacities? SUEZ ENVIRONNEMENT believes that sustainable development challenges have to be incorporated upstream in regional planning, so that solutions can be developed that will preserve ecosystems while ensuring technical performance and comfort for users.



FOR SUSTAINABLE REGIONAL DEVELOPMENT...

Since 2008, the Group has been engaged in an ambitious sustainable development policy, formalized in a route map that sets out its priorities and commitments. 2012 marked an important stage in the process, with a positive report on this initial roadmap, and the definition of new objectives for 2016. These targets reaffirm our aim of helping to achieve more sustainable growth, preserving the environment, enhancing personal wellbeing and adding to the attractiveness of the regions. They also reflect our requirements in terms of corporate and societal responsibility, and a fresh exchange of ideas on the subject with all of our stakeholders.



FOR MORE INFORMATION:
www.suez-environnement.com/sustainable-development

23

cities with more than 10 million inhabitants in 2012
 (source UN)

36

cities with more than 10 million inhabitants in 2025
 (source UN)



Since it was first created, SUEZ ENVIRONNEMENT has been structured to serve the aim of making its customers leaders in environmental performance and co-constructing solutions for the future with all stakeholders.

The Group passes on the experience of its subsidiaries – renowned for their technical expertise – to its customers. This expertise is sustained by an ambitious Group-wide innovation and research policy that fosters knowledge-sharing and synergies. SUEZ ENVIRONNEMENT implements a common human resources policy designed to enhance the skills of its employees. To encourage its businesses to take more account of environmental, corporate and societal factors, the Group has established a roadmap for commitment to sustainable development.

Since it believes co-construction, partnership and dialog to be the fundamental principles of its businesses, SUEZ ENVIRONNEMENT fosters these at every level of its activity, making them key elements of its identity and levers for its strategy.

①
FOR MORE INFORMATION:
 View the dedicated pages
 in the 2012 Annual Report at:
www.suez-environnement.com/group

SERVING OUR CUSTOMERS WITH OPEN AND EFFECTIVE INNOVATION

Research and innovation are major strategic levers for SUEZ ENVIRONNEMENT. They are supported by its efficient network of research and development centers, and by a policy of co-construction with its partners and customers, which have been placed at the heart of a system designed to respond to their needs, both now and in the future.

SUEZ ENVIRONNEMENT'S RESEARCH SYSTEM

Research & Development

In 2012, SUEZ ENVIRONNEMENT identified key challenges for 2020. It created a multi-disciplinary research program for each of these (e.g., wastewater treatment plants of the future), bringing together researchers, operatives and engineers from various subsidiaries and research centers.

Partnerships

The Group has a number of partnerships
 — With scientific and technical players in the public sector (IRSTEA, CNRS, universities, etc.) and the private sector (Danish Hydraulic Institute, etc.)
 — With competitiveness clusters (Axelera, Vitagora, Advancity, DREAM, Pôle Eau de Montpellier, Pôle Alsace Lorraine)
 — With innovative companies, mainly through the Group's investment fund, *Blue Orange*, which identifies and promotes innovative technologies that can be applied in the water and waste businesses.

Customers

To address their issues as effectively as possible, SUEZ ENVIRONNEMENT involves them upstream in its innovation program.

SUEZ ENVIRONNEMENT has structured all of its research and innovation to maximize its added-value, with the aim of serving customers and their environmental performance. Partnership and cooperation are the Group's watchwords.

All of SUEZ ENVIRONNEMENT's entities operate in a network, complementing each other and working together as part of a general innovation effort.

Chiefly due to the important work done in the past five years to establish joint standards, share best practices and prioritize issues, Group innovation is based on a robust common platform. The research centers have retained a spirit of enterprise and a sense of regional grounding, enabling each of them to respond to the specific needs of customers in their geographical areas. They manage and enhance an entire range of expertise in water and waste to respond to every technological, environmental and public health challenge in these fields.

At the same time, SUEZ ENVIRONNEMENT implements an open innovation approach, which is an important generator of partnerships,

both academic and in the realm of business. These collaborations give SUEZ ENVIRONNEMENT access to a broader range of skills, speeding up innovation development and shortening time-to-market. Through its *Blue Orange* investment fund, the Group identifies start-ups working on promising technologies in water and waste. *Blue Orange* supports these companies by acquiring interests in their capital, and performing the role of industrial and commercial partner. SUEZ ENVIRONNEMENT also organizes "technology tests" to assess, under industrial conditions, the solutions put forward by its partners, start-ups, large groups and SMEs.

The Group's ultimate aim is, of course, to provide tailored responses to its customers' requirements.

SUEZ ENVIRONNEMENT is convinced of the benefits of a collaborative approach: of working alongside customers to co-construct the innovations that they need. The Group mainly approaches customers during its "Ideas Competition". It businesses also cooperate with a number of industrial customers from the very early stages of their projects, particularly in recycling and the reuse of wastewater.

01 — CIRSEE, located in the Paris region, is part of the network of research centers and over 200 analytical laboratories serving SUEZ ENVIRONNEMENT's research and innovation function.

02 — Providing innovative solutions and making a commitment to sustainable development in waste collection. In Belgium, SITA has co-developed a hybrid truck – the Metropolis – with MAN.



01



02

€74**MILLIONS**

This is the budget invested by SUEZ ENVIRONNEMENT in 2012 in research, technological development and innovation

400**RESEARCHERS**

This is the worldwide network of experts and technicians focused on the Group's strategic priorities

31**NEW PATENTS**

filed by the Group in 2012 (+60% of inventions patented since 2010)

OVER 170**PROJECTS**

submitted by employees in 2012 for the Group's Innovation Trophies, which are receiving increasing in-house interest

**FOCUS****KEY INITIATIVES FOR JOINT INNOVATION IN 2012****"Ideas Competitions" to survey customers**

These sessions, held with Group customers to address practical issues raised by their requirements, are an opportunity to listen to their needs and ideas, and to co-construct new and innovative services with them. Four Ideas Competitions have been held to date, at Goussainville (95), Courbevoie (92), Lyon (69) and Lille (59) (in the Union eco-district), on subjects including the fight against fly-tipping, reintroducing water and nature to the neighborhood, and the social links that the presence of water can create in an urban environment.



"By co-constructing solutions with our customers and partners, research centers and businesses, we can be more efficient and relevant in our innovation."

Paul-Joël Derian

Director of the Innovation and Industrial Performance department

Co-construction: the electric collection truck

Competition is strong in the waste collection industry, so a company has to innovate to make its mark. By co-developing electric or hybrid trucks with specialized partners such as SEMAT and MAN, SITA France can offer its customers new, environmentally friendly and safer solutions for urban waste collection. This has enabled it to win a number of contracts, including in Courbevoie (95), Neuilly (92) and Lyon (69).

Micropollutants: rapid treatment against perchlorate in Bordeaux

SUEZ ENVIRONNEMENT is firmly committed to finding fast, effective solutions to emerging health risks. The Group reacted in record time to treat water contaminated with ammonium perchlorate in the urban area of Bordeaux.



FOR MORE INFORMATION:
www.suez-environnement.com
/innovation/innovation-suez-environnement

The solution identified for Bordeaux was subsequently shared with all of SUEZ ENVIRONNEMENT's entities, demonstrating the Group's ability to pool its innovation efforts.

Successful "Smart Water" solutions

To give its customers smart, remote solutions so that they can manage their water distribution networks better, SUEZ ENVIRONNEMENT has developed diagnostics tools and real-time control software that combine new technologies with recognized expertise in the water sector. At the end of 2012, the Group's smart metering services were already very successful, with 2 million meters sold. After adaptation for gas metering, SUEZ ENVIRONNEMENT's technology was also selected during a call for tenders by GrDF, a GDF SUEZ subsidiary. Another "Smart Water" application, the RAMSES remote control tool, protects Bordeaux from flooding and pollution due to bad weather by analyzing rainfall levels and storing rain water.

"Smart Waste": Blue Orange invests in SigrenEa

Since the end of 2012, Blue Orange has been supporting the start-up SigrenEa in developing its new waste collection technology. Christened aEner'COM, the technology enables remote measurement, in real time, of fill rates at voluntary waste drop-off points. A sensor installed in the container continuously measures its fill level, and transfers the information to waste operators, helping to optimize collection routes.

SUSTAINABLE DEVELOPMENT ACCELERATES TRANSFORMATION

SUEZ ENVIRONNEMENT has achieved the targets on its sustainable development roadmap for 2008-2012. All the Group's businesses have made progressive changes by incorporating these targets into their performance supervision systems. The Group plans to pursue this ambitious policy, with new commitments set out in 2012 for the next four years.

THE GROUP'S NEW ROADMAP FOR 2012-2016

Priority 1 — Innovate to develop our activities and assists our clients in becoming leaders in economic and environmental performance.

Priority 2 — Develop our employees' talents to become enablers in the transformation of our businesses.

Priority 3 — Enable our businesses to become contributors to the attractiveness of regions and to work together with our stakeholders to build solutions.

POSITIVE RATINGS

The SUEZ ENVIRONNEMENT Group is regularly evaluated by non-financial rating agencies. The ratings awarded have enabled it to join the most prestigious indices, where it has a strong ranking:

- Dow Jones Sustainability (World and STOXX);
- Ethibel Sustainability Indices Excellence Europe and ASPI Eurozone.

This puts the Group among the 120 best-rated companies in the eurozone, according to Vigeo criteria;

- FTSE4Good (since 2011).

In 2008, SUEZ ENVIRONNEMENT set itself four priorities, divided into 12 environmental, corporate and social performance commitments. Targets were attached to each of these commitments for end-2012, all of which were achieved. The Group's sustainable development reports, which are published every year, show the progress made in the indicators monitoring the various commitments. SUEZ ENVIRONNEMENT's environmental performance is regularly assessed by non-financial rating agencies, and the Group is ranked among the global leaders in its sector.

A catalyst for change

The sustainable development approach has served as a catalyst for, and an accelerator of, change in SUEZ ENVIRONNEMENT's economic model. During this four-year cycle, the Group's businesses have undergone a process of far-reaching change to achieve the targets on the roadmap. In particular, they have devised and set out new modes of corporate governance, to involve their customers, the regions and other stakeholders more closely in their processes. These new approaches have now become assets that help the Group stand out.

An integral part of strategy

SUEZ ENVIRONNEMENT currently plans to consolidate this change, and to take it further, with a new roadmap for 2012-2016. The map confirms the consistency between the Group's strategy and its sustainable development approach. It is an expression of the – by now unbreakable – link between economic, environmental and social performance: the circular economy and green growth have now become unavoidable and they represent an opportunity for all economic players and for SUEZ ENVIRONNEMENT's customers. Meanwhile, stakeholders have made their requirements clear in terms of corporate social responsibility, including the expectations of employees. The Group's new roadmap acknowledges the importance of dialog, co-construction and the contribution to be made by each party (company, customers, employees) to this shared aim of sustainable development.



FOR MORE INFORMATION:

Track changes in the indices and see full CSR reporting in the Sustainable Development Report at: www.suez-environnement.com/sustainable-development/issues-stake



"Our Group is engaged in a process of profound change: we are transforming our model to support the emergence of the green economy."

Thomas Perianu
Sustainable Development
Director



FOCUS

LARGE PROJECTS DEMONSTRATE OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

A new-generation sorting center in Rotterdam

In 2011, SITA NEWS won a five-year contract to manage a new sorting center in Rotterdam, which will process 25% of discarded plastic packaging in the Netherlands. The plant is highly efficient due to the use of infrared technology, and will help with the financial balance of the entire plastics chain. It will comply with Dutch quality criteria for secondary raw materials, which are very strict.

The Melbourne desalination plant runs on renewable energy sources

The largest PPP (public-private partnership) desalination plant, opened in Australia in 2012, will exclusively use renewable energy sources for the production and delivery of drinking water. The energy will mainly be provided by a new wind farm in the state of Victoria.

43.2%

OF WASTE RECYCLED

This was the overall recovery rate achieved for household and non-hazardous industrial waste by SUEZ ENVIRONNEMENT in 2012. The original target for this deadline, which was surpassed by some distance, was 36%

+26%

THIS WAS THE INCREASE

in renewable energy production by SUEZ ENVIRONNEMENT in a four-year period. The 2008-2012 roadmap target was 10%

01 — The Melbourne desalination plant is, quite literally, green: three million trees and plants have been planted to provide vegetation at the site, including on the roof.

The Mars plant in Haguenau to receive its energy supplies from SITA and Cofely Services, a subsidiary of GDF SUEZ

The site, which mainly manufactures M&M's®, will be fuelled by the superheated steam heating network of SMITOM's Energy Assessment Center in Haguenau Saverne. The link-up, scheduled for 2013, will reduce the plant's greenhouse gas emissions by 60%.

The new roadmap established in consultation with stakeholders

150 people, both inside and outside the Group, were involved in drawing up the new sustainable development roadmap. Approached during a "stakeholders' session", stakeholders were able to include their comments directly into the draft document. Their candid remarks were debated in full session, which helped to enrich the final version, particularly in terms of corporate governance. After this dialog, SUEZ ENVIRONNEMENT added "progress" indicators to its quantified indicators.



A GROUP THAT GIVES EVERYONE THE RESOURCES THEY NEED TO DEVELOP

SUEZ ENVIRONNEMENT aims to be a fair company. With operations in 70 countries, the Group sees employee diversity as a tool for improved performance. It cares about the wellbeing of the men and women within the company. It is committed to developing their expertise and abilities, in order to provide them with the resources they need to continually refresh their professional skills.

The added-value that SUEZ ENVIRONNEMENT brings to its customers lies in the lasting expertise that the Group provides and in the partnerships that it builds with them. This model is based on the men and women who make up the Group, their know-how and interpersonal skills. As a green economy develops, SUEZ ENVIRONNEMENT will support its customers as they take up the challenge. The Group sees this goal as a great opportunity for its employees. SUEZ ENVIRONNEMENT therefore intends to develop their expertise and abilities, enabling them to play an active part in transforming the businesses in which they work. This is one of the three key priorities set out in the Group's new sustainable development roadmap, drawn up in 2012 for a period of four years.

Diversity and equal opportunities

Ensuring equal opportunities for its employees, and that its workforce reflects society, is both a duty and a long-term economic challenge for SUEZ ENVIRONNEMENT. In the 70 countries where it operates, the Group's businesses are at the heart of local life. Its local roots are a powerful aid in developing partnerships with its customers.

SUEZ ENVIRONNEMENT aims to preserve a balance between its local market presence and its overall organization: the Group has been structured in this way for five years.

In 2012, it completed its three-year Diversity program for equal opportunities, social progress and employee involvement.

Skills development

SUEZ ENVIRONNEMENT aims to anticipate changes in its businesses and newly emerging needs, while giving every employee the tools for career development. Training is fundamental in achieving this aim. The Group is also committed to developing internal mobility, a source of experience, believing that this involves dialog between businesses, employees and their managers.



FOR MORE INFORMATION:

Find out about our HR commitments in the new sustainable development roadmap for 2012-2016 at: www.suez-environnement.com/sustainable-development/commitments-actions/priority-2-road-map-2012-2016

13.32

IS THE FREQUENCY RATE*

for workplace accidents, which reached its lowest point in the history of the SUEZ ENVIRONNEMENT Group in 2012

FORMAL COMMITMENTS

Since 2008, SUEZ ENVIRONNEMENT has formally set out its CSR commitments in its Group sustainable development roadmap. As one of the key priorities set in 2012 for the next four years, SUEZ ENVIRONNEMENT aims to develop the abilities of its employees so that they can play an active role in transforming its businesses. The Group has renewed and deepened its commitments in terms of developing and training employees, motivation and quality of working life, promoting equal opportunities, and safety.



"We want people to feel that belonging to SUEZ ENVIRONNEMENT carries the force of a label: we want our employees to be known for their awareness of environmental issues and up-to-date knowledge, and also the way they put these into practice."

Denys Neymon

Head of Human Resources in charge of the Health & Safety, Security, and Diversity Development departments

3.3%

RESIGNATIONS WITHIN THE GROUP

A low rate, down 0.3 points compared with 2011. Regular commitment surveys have been set up in 12 business units in France and internationally



FOCUS

A POSITIVE REPORT ON 2012

Completion of the Diversity program

2012 saw the completion, with very encouraging results, of the first stage of the Diversity program for equal opportunities, social progress and employee commitment. The Group registered especially strong progress in equal gender opportunities. The proportion of women in management was 27% in 2012, surpassing the target of 26%. In 2012, SUEZ ENVIRONNEMENT launched a new approach in France, aimed at helping young female employees to visualize themselves in management positions.

The Group continued to work on the employment of seniors. Employees aged 55 and over accounted for 12% of the French workforce at the end of 2012, compared with 9.37% at end-2009.

To improve recruitment rates and support for people with disabilities, SUEZ ENVIRONNEMENT relied on the experience of Lyonnaise des Eaux, which created and implemented ACCEO, a sign language interpreting service for the hard of hearing. This Group subsidiary also extended its partnership with the ESSOR platform



FOR MORE INFORMATION:

See the first report on the Diversity program for equal opportunities, social progress and employee involvement (2010-2012)



FIND OUT MORE:

Also see Booklet 05 of the Annual Report for more information on the Group's sustainable development policy

to management of its administrative services. ESSOR was created within French disability charity l'Association des Paralysés de France, and employs 16 people with disabilities.

Common training provision

In 2012, the Group delivered 1.34 million hours of training, i.e. 24 hours per person trained. 68.4% of the workforce received training. SUEZ ENVIRONNEMENT brought together all of the training delivered by its entities into a single "Training Catalogue", which contains more than 1,500 courses. Passing on expertise is often a key factor in the success of SUEZ ENVIRONNEMENT's initiatives.

Health and safety policy: substantial progress

The results of the health and safety initiatives implemented by SUEZ ENVIRONNEMENT in 2012 show a picture of continuing improvement. The accident frequency rate*, one of the indicators monitored very closely by the Group as part of its sustainable development policy, came in at 13.32 in 2012 (compared with 16.28 in 2010). The average severity rate** fell to 0.60 (from 0.68 in 2010). SUEZ ENVIRONNEMENT aims to achieve a "best in class" position in these key areas.

* Frequency rate: number of accidents with sick leave x 1,000,000/number of hours worked.

** Severity rate: number of days of work stoppage x 1000/number of hours worked.

SUPPORTING LOCAL DEVELOPMENT

SUEZ ENVIRONNEMENT aims to contribute to the lives of the communities in which it operates. It has an active sponsorship policy, and supports a number of projects, in keeping with its environmental businesses and its values.

THREE MAJOR AREAS OF INTERVENTION

SUEZ ENVIRONNEMENT supports initiatives in three areas:

Solidarity and economic and social inclusion

Fostering social commitment, particularly the inclusion of young people through sport

Cities and culture

Promoting access to culture

Environment and biodiversity

Initiating and encouraging action to protect and raise awareness

To reinforce its regional roots and assert its social responsibility credentials, the Group operates a partnership and sponsorship policy based on support, dialog and innovation. It takes action in three main areas: solidarity and economic and social inclusion, cities and culture, the environment and biodiversity.

As it operates at the heart of the regions, SUEZ ENVIRONNEMENT is aware of the importance of social connections. Because of this, it aims to contribute to city development not only economically, but also socially and culturally. To this end, it promotes a whole range of initiatives, relating to solidarity and economic and social inclusion or to the city and culture.

SUEZ ENVIRONNEMENT also believes that the very nature of its businesses, and the vital role they play in preserving natural resources, entails a duty to help protect the environment and biodiversity. It also supports initiatives to raise awareness of these issues.

FOCUS COMMITMENT TO SOLIDARITY IN ACTION

Better sorting for better food

In mid-2012, SITA France's partnership with French food bank charity **Banques Alimentaires** led to the construction of seven refrigerated sorting airlocks for food banks. SITA France pays one euro to the project for every metric ton of packaging from selective collection processed. The operation has a dual aim: to encourage waste sorting, and to help the **Banques Alimentaires** to preserve food more efficiently. In 2012, SUEZ ENVIRONNEMENT and its subsidiaries made a similar commitment, signing an agreement with **Banques Alimentaires** in France, which

will last for several years. By the end of the year, more than 360 employees had given their time to a national collection operation that put together the equivalent of 200,000 meals.

Promoting recycling in schools

SITA Australia launched "**Recycle at School**", a turnkey support program for schools, designed to help them manage waste. The program audits the existing structure and provides communication, educational and reporting tools: it is a comprehensive service to raise awareness and enthusiasm about environmental protection.

A community washhouse in a suburb of Béthune

In 2012, Eaux du Nord (Lyonnaise des Eaux) and the city of Lille inaugurated

"**Au Lavoir**", a community space where clothes washers and dryers have been provided for the residents of the suburban district of Béthune, with a means-tested pricing system. Eaux du Nord fitted out and equipped the premises. Charitable associations also work in this pleasant space, designed for socializing and forming friendships, just like the washhouses of the past.

Restoration of a water garden in Marseille

SUEZ ENVIRONNEMENT helped to restore the cages in the *Palais Longchamp* zoological gardens in Marseille. The Provence city has been named European City of Culture in 2013.

INITIATIVES IN KEEPING WITH THE GROUP'S BUSINESSES

1994 — Creation of Aquassistance, at the instigation of employees. This charity enables them to use their skills to help populations in distress.

2008 — To take action beyond the scope of Aquassistance, SUEZ ENVIRONNEMENT created the Water For All Foundation, under the aegis of the Institute of France.

2011 — Creation of the SUEZ ENVIRONNEMENT Initiatives Fund, which took over from the Foundation.



"The challenges that we chose to tackle related to populations in very vulnerable situations. So we have to do everything we can to provide them with relevant, effective and lasting aid."

Myriam Bincaille
Managing Director of the SUEZ ENVIRONNEMENT Initiatives Fund

INVOLVING LOCAL POPULATIONS TO ACHIEVE SUSTAINABLE RESULTS

The SUEZ ENVIRONNEMENT Initiatives Fund promotes partnership with community organizations. It fosters the involvement of all stakeholders in the projects it supports and asks Group employees to lend their skills.

The SUEZ ENVIRONNEMENT Initiatives Fund took over from the SUEZ ENVIRONNEMENT Water For All Foundation in 2011, with a broader scope and two key objectives. It works all over the world to provide disadvantaged populations with access to essential services: water, wastewater, and waste management. In France, it promotes the inclusion of socially vulnerable people, and combats their exclusion through employment and training. As well as financial support, it provides the initiatives that it sponsors with the expertise of SUEZ ENVIRONNEMENT employees.

The Fund believes that co-construction with community charities, their beneficiaries and other stakeholders on the ground is vital for the long-term success of the projects it supports. To achieve this, the commitment of the populations concerned, and their involvement in devising solutions tailored to their environment and their specific circumstances, is fundamental. Other key factors for lasting success are actions to raise awareness and support for the professionalization of services, mainly through specific training and the organization of players into a network.

FOCUS SOME OF THE CHARITIES SUPPORTED BY THE SUEZ ENVIRONNEMENT INITIATIVES FUND IN 2012

Amor Recycling
Amor (the Mozambique Recycling Association) is working to build a solid waste recycling chain in Maputo and its suburbs. It organizes the collection system, which is based on the activity of rag-and-bone merchants. The charity also aims to reduce urban poverty by creating activities that generate revenues and promote social inclusion and environmental education.

Rejoué
French charity **Rejoué** collects secondhand toys that are then repaired

by people returning to the labor force and resold at a subsidized price to disadvantaged families. In 2012, SUEZ ENVIRONNEMENT held a collection at the Group's Ile-de-France sites. Nearly 800 kg of toys were collected, thanks to employees' efforts.

④ **€4 MILLION**
This is the annual budget of the SUEZ ENVIRONNEMENT Initiatives Fund, contributed by the Group and its subsidiaries Lyonnaise des Eaux, Degrémont and SITA France

④ **180 CANDIDATE APPLICATIONS**
were received by the Fund in 2012. 11 new projects were selected. At the end of 2012, the Fund portfolio included 19 directly managed projects, as well as nearly 80 projects supported via Aquassistance

④ **FOR MORE INFORMATION:**
See the latest report on the activities of the SUEZ ENVIRONNEMENT Initiatives Fund at: www.suez-environnement.com/group/suez-environnement-initiatives-fund



Sarah Illenberger

SUEZ ENVIRONNEMENT gave Sarah Illenberger a free hand in illustrating its 2012 Annual Report. With her stimulating and poetic installations, this visual artist applies her creative perspective to the major environmental and social challenges of the future.

Coordination

Communications Department
SUEZ ENVIRONNEMENT

Editing

Charlotte Ripken

**Graphic design
and production**

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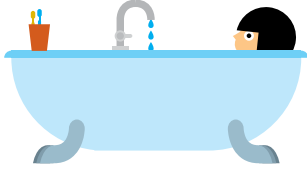
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Group key figures for 2012

97 M.

people supplied with drinking water by SUEZ ENVIRONNEMENT



50 M.

people benefiting from SUEZ ENVIRONNEMENT waste-collection services



66 M.

people benefiting from SUEZ ENVIRONNEMENT wastewater services



44 M.

metric tons of waste treated by SUEZ ENVIRONNEMENT



Revenues
(in M€)

| | |
|------|--------|
| 2011 | 14,830 |
| 2012 | 15,102 |

€15,102 M

in revenues

Current operating income
(in M€)

| | |
|------|-------|
| 2011 | 1,039 |
| 2012 | 1,146 |

€1,146 M

in current operating income

EBITDA
(in M€)

| | |
|------|-------|
| 2011 | 2,513 |
| 2012 | 2,450 |

€2,450 M

in EBITDA

Net income Group share
(in M€)

| | |
|------|-----|
| 2011 | 323 |
| 2012 | 251 |

€251 M

in net income Group share

Training
Percentage of employees trained

68.4%

Training increased in 2012



Safety at work
Frequency rate*

13.32

The frequency rate for workplace accidents in 2012



Safety at work
Severity rate**

0.60

The severity rate for workplace accidents in 2012



70 COUNTRIES

International development into new geographies means devising business models that fulfill the requirements of our customers, the regions in which they operate and the populations they serve.

19%

of revenues generated internationally in 2008 (excluding Europe)

31%

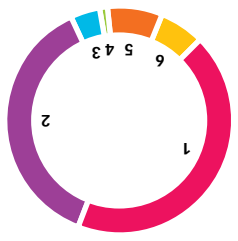
of revenues generated internationally in 2012 (excluding Europe)



06 | Business key figures
08 | Group key figures
04 | Innovation and R&D
04 | Social Indicators
02 | International presence
04 | Financial results

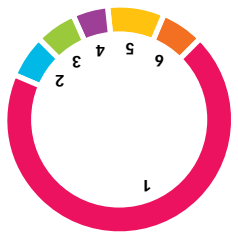


| | |
|------------------------------|-------|
| 1. France | 43.7% |
| 2. Europe (excluding France) | 37.7% |
| 3. North America | 4.2% |
| 4. South America | 0.3% |
| 5. Africa/Middle East | 7.8% |
| 6. Asia/Oceania | 6.3% |



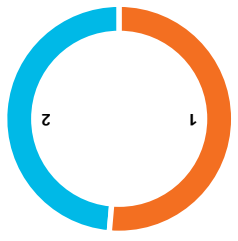
Distribution of employees
by geographical area

| | |
|-----------------------|-----|
| 1. Europe | 69% |
| 2. Africa/Middle East | 6% |
| 3. North America | 6% |
| 4. Asia | 5% |
| 5. Oceania | 8% |
| 6. South America | 6% |

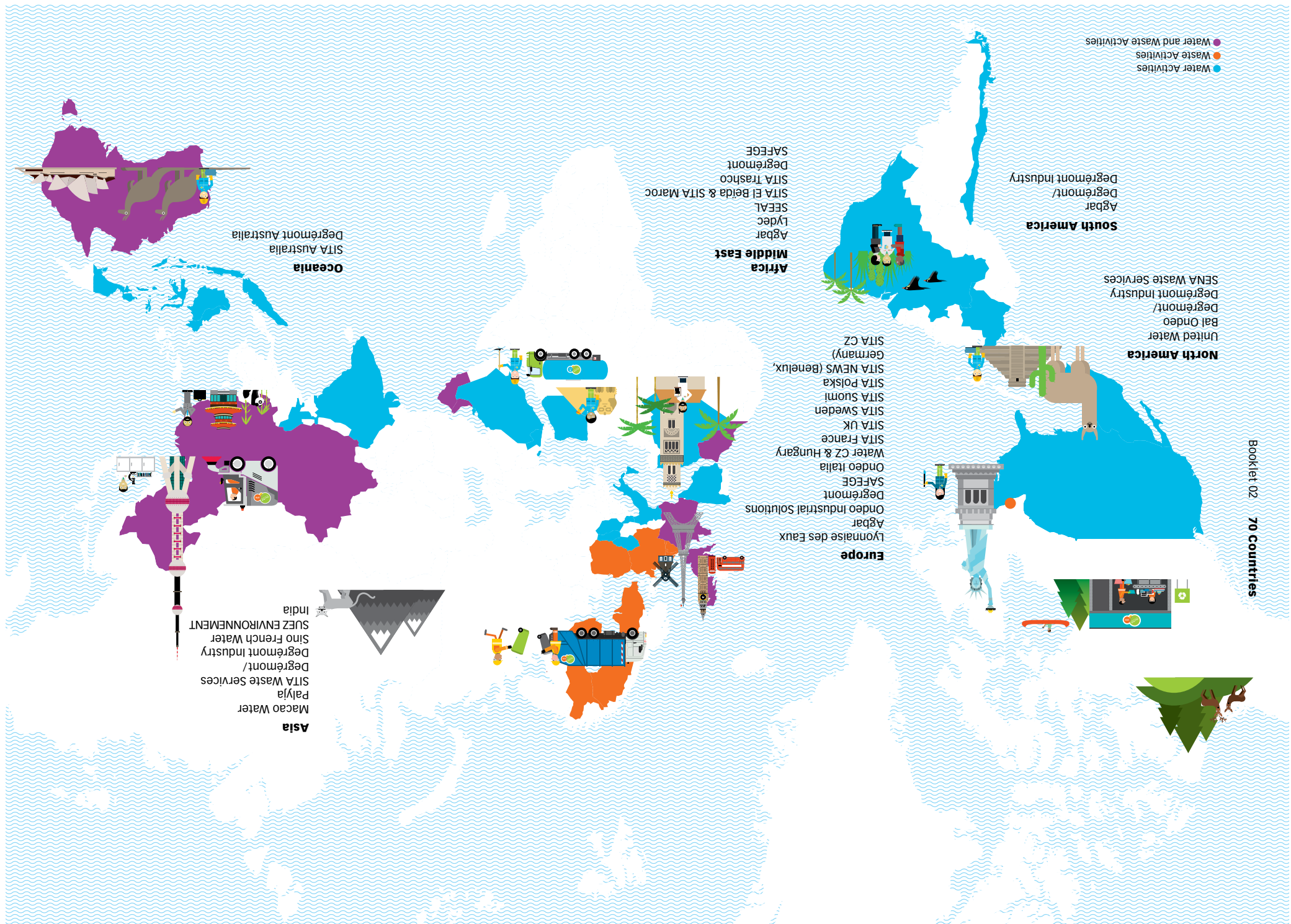


Revenue breakdown
by geographical region

| | |
|----------|-------|
| 1. Waste | 51.5% |
| 2. Water | 48.5% |



Revenue breakdown
by business



2012 Net Financial Income

Net income Group share
(in M€)



€15,102 M

in revenue

€1.177 Bn

in net investment

Current operating income
(in M€)



€1,146 M

in current operating income

+1.8%

revenues growth in 2012

EBITDA
(in M€)



€2,450 M

in EBITDA

3.0

times financial debt/EBITDA

Net income Group share
(in M€)



€251 M

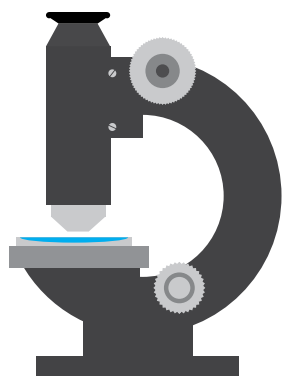
in net income Group share

⊕ **FOR MORE INFORMATION:**
on financial news, visit:
www.suez-environnement.com/finance

Innovation and R&D

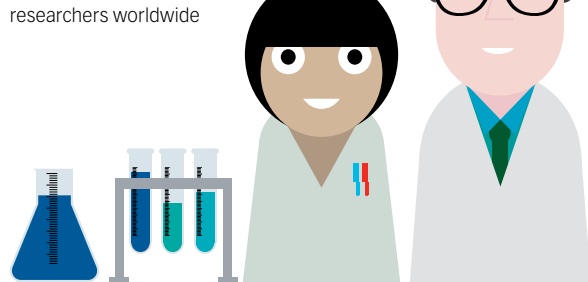
€74 M

invested in research, technological development and innovation



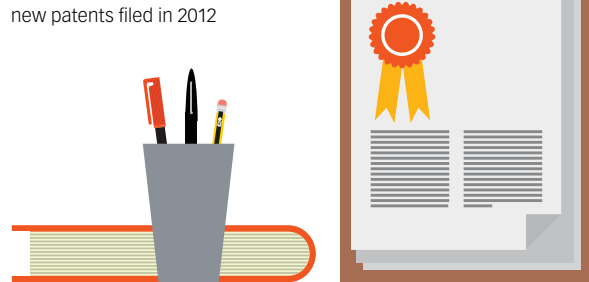
400

researchers worldwide



31

new patents filed in 2012



30

technological tests financed to prepare for innovations to be brought to the market



2012 social indicators

Employees
worldwide



79,549

women and men in 70 countries

Distribution of employees
by socio-professional category



14.2%

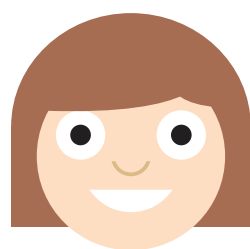
managers in 2012



85.8%

non-managers in 2012

Distribution of employees
by gender



27%

women in management



20%

women in overall workforce

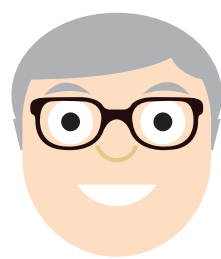
Distribution of employees
by contract type



93%

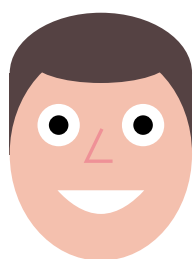
on long-term contracts in 2012 and 7% on other contracts

Distribution of employees



12%

of employees aged over 55 in France (+3% in 3 years)



2%

of employees with disabilities (consolidated data from France and Germany transferred to global workforce)

Training
Percentage of workforce trained



68.4%

of the workforce trained in 2012

Training
Number of hours



1.34

million hours of training

Safety at work
Frequency rate*



13.32

The frequency rate for workplace accidents in 2012

* Frequency rate: number of accidents with stoppages x 1,000,000/No. of hours worked.

Safety at work
Severity rate**



0.60

The severity rate for workplace accidents in 2012

** Severity rate: number of compensated days x 1,000/No. of hours worked.

Key figures for Water

97 M.

people supplied with drinking-water by SUEZ ENVIRONNEMENT



Key figures for Waste

50 M.

people benefiting from SUEZ ENVIRONNEMENT waste-collection services



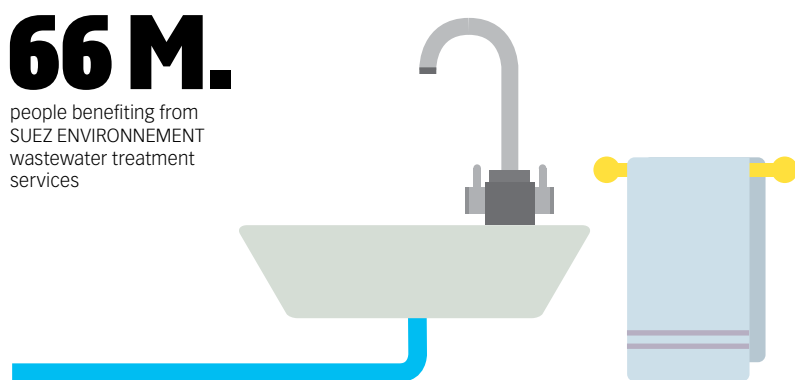
44 M.

metric tons of waste treated by SUEZ ENVIRONNEMENT



66 M.

people benefiting from SUEZ ENVIRONNEMENT wastewater treatment services



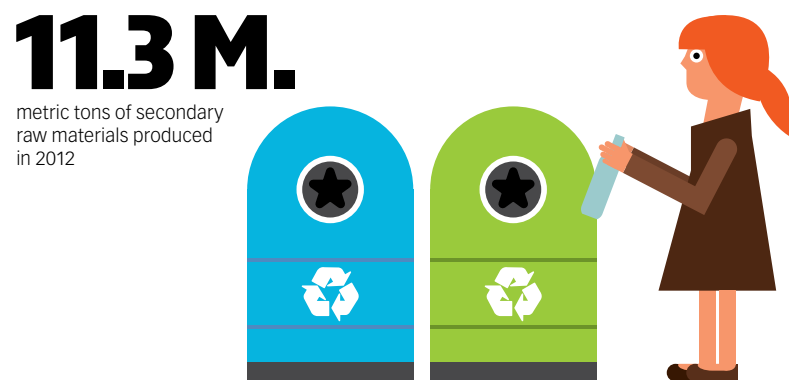
466,000

industrial and commercial customers



11.3 M.

metric tons of secondary raw materials produced in 2012



SUEZ ENVIRONNEMENT

A limited company with share
capital of €3,323,457,083
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MAKING THE PLANET
SUSTAINABLE
IS THE BEST JOB
ON EARTH



2 BUSINESSES

A Group of 80,000 men and women putting
our expertise and sense of service to work
to provide customer satisfaction in our water
and waste management activities.

62,000
employees
worldwide in 2008

~ 80,000
employees
worldwide in 2012



Take a look at the other booklets in the SUEZ ENVIRONNEMENT Group Annual Report:

BOOKLET 01 

5 years, 1 Group

A Group tackling its challenges: our water and waste service solutions.

BOOKLET 02 

70 countries

An international presence: the Group's key figures.

BOOKLET 04 

1 ambition

A growth strategy based on a co-constructive approach.

BOOKLET 05 

12 commitments

A robust and ongoing commitment to sustainable development.

BOOKLET 06 

2012 Performance

A balanced economic model: our financial and social indicators.

Through its subsidiaries, SUEZ ENVIRONNEMENT currently supplies 97 million people with drinking water and 66 million with wastewater treatment services. The Group provides 50 million people worldwide with waste-collection services and is firmly committed to waste recovery in all its forms. The Group's 79,549 employees work hard every day to protect natural resources, providing public-sector and industrial customers with innovative solutions. SUEZ ENVIRONNEMENT generated €15.1 billion in revenues in 2012.

Backed by the expertise of its subsidiaries, SUEZ ENVIRONNEMENT helps its customers face up to the increasingly complex environmental, technological and societal challenges of water and waste management.

Throughout the world we have subsidiaries operating in all water and waste cycles, proving their worth as high-value-added partners for the regions and our industrial customers. With the Group's support, specifically in the areas of research and innovation, they share their experience, constantly seeking to innovate and reinvent to meet the environmental challenges of the future.



FOR MORE INFORMATION:

Coming soon: a report on the year's key projects in the special Annual Report pages at: www.suez-environnement.com

IN 2012, THE GROUP'S EXPERTISE PROVIDED A SOLID FOUNDATION ON WHICH TO BUILD THE FUTURE

The Group's major projects in 2012 illustrate the expertise of its different subsidiaries, their innovative capacity and the sharing of good practices. In its two key activities, water and waste, SUEZ ENVIRONNEMENT is today well-positioned to support public authorities and its industrial customers and to seize opportunities in mature and emerging markets.

Ⓛ
FOR MORE INFORMATION:
Visit: www.suez-environnement.com

Ⓛ SAFEGE EXPERT IN URBAN PLANNING

€112
MILLION IN REVENUES (NON-CONSOLIDATED), 31% OF WHICH ON INTERNATIONAL MARKETS

1,400
EMPLOYEES, INCLUDING 900 IN FRANCE

Sustainable city

A leading player in sustainable urban and regional planning, SAFEGE supports its public and private customers in their planning decisions and infrastructure design, offering a range of global solutions which span water, waste, energy and mobility...

In 2012, SAFEGE expanded into Africa from its base in Morocco, also setting up in Cameroon.

In France, SAFEGE has for the last three years been involved in the SYRACUSE research program, which brings together technical and socio-economic experts to design new water, waste and energy flow management systems on different urban scales.

Ⓛ SITA FRANCE AT THE LEADING EDGE OF WASTE RECOVERY

€3.7
BILLION IN REVENUES*

21,600
EMPLOYEES

A partnership approach to recycling

SITA leads the French market for waste management and recovery. As an expert in every stage of the cycle, it can offer optimal flow management for all types of waste. Recovery in all its forms (material, biological, energy) is a core element of its strategy.

SITA favors long-term recycling partnerships with its customers (see the example of cable recycling with Nexans, described in more detail in booklet no. 05). SITA also deploys innovative logistics solutions to process increasingly complex waste mixes (for example, the Villers-Saint-Paul plastics processing center. See booklet no. 04).

Ⓛ LYONNAISE DES EAUX FOR NEW WATER GOVERNANCE IN FRANCE

€2.3
BILLION IN REVENUES*

OVER 12,200
EMPLOYEES**

Lyonnaise des Eaux provides a local service to French industrial customers and municipalities over the whole water cycle. It supplies drinking water to 19% of the French population. It is the second largest private sector company and operates under public service delegation for three quarters of its contracts.

Contract for Water Health

Having drawn up the Contract for Water Health in 2011, setting out its commitments in terms of governance, innovation for water health and the promotion of an equitable water model, the SUEZ ENVIRONNEMENT subsidiary signed variations of this contract with a number of its customers (including Laon, Dijon and Dunkirk...) in 2012.

Ⓛ AGBAR NEW "SMART" WATER SERVICES

€2,0
BILLION IN REVENUES*

OVER 10,000
EMPLOYEES

Agbar is the number one private operator in Spain's water sector. A subsidiary of SUEZ ENVIRONNEMENT since 2010, Agbar generates one third of its revenues outside Spain, mainly in South America (Chile in particular), the UK, Oran (Algeria) and in the United States.

Smart water

In 2012, Agbar pursued the development of its Aqualogy brand. Created in 2011, it capitalizes on the Group's water sector know-how to offer value-added solutions adapted to meet the needs of customers and the new water markets (see booklet no. 04 of this Annual Report for an example of the Aqualogy brand in action).



"We are currently capitalizing on our worldwide presence to work towards greater standardization and industrialization of our products and services and to further the sharing of expertise and know-how in order to offer our customers solutions that are right for them and ever more competitive."

Thierry Mallet
Director of Innovation
and Business Performance

Ⓛ SITA UK & SCANDINAVIA TURNING WASTE INTO ENERGY

OVER €1,3
BILLION IN REVENUES*

OVER 7,100
EMPLOYEES

Major recovery projects

SITA UK & Scandinavia handle SITA's activities in the UK, Sweden and Finland. SITA UK is responsible for 70% of the subsidiary's activity. Today, the UK is moving towards greater waste recovery, and SITA UK's strategy is to help it on its way.

The Group's subsidiary is currently making major investments, particularly at the energy recovery plants. For instance, in 2012 it signed a contract with the cement manufacturer Cemex to supply two of its plants with fuel obtained from plastic and biodegradable waste.

* Revenues are the consolidated revenues contributing to the consolidated revenues of the SUEZ ENVIRONNEMENT Group.

** Number of employees as of 12/31/2012.

Jean-Louis Chaussade — Chief Executive Officer, SUEZ ENVIRONNEMENT

“SUEZ ENVIRONNEMENT delivered, in 2012, a strong operating performance, particularly in water and internationally, despite the difficult economic climate in Europe. This result is testament to a highly-relevant business model.”



Degrémont Industry, serving the industrial sector

Degrémont Industry has, since 2011, been the umbrella company for Ondeo IS in Europe and all Degrémont activities serving the industrial sector worldwide. A leading player in the optimization and global management of the industrial water cycle, Degrémont Industry boasts a broad portfolio of technology solutions and groundbreaking services. It demonstrates particular expertise in the petrol, gas and petrochemical sectors.

Ⓢ NORTH AMERICA DESIGNING MODELS FOR A BOOMING MARKET

€718
MILLION IN REVENUES*

OVER 2,300
EMPLOYEES

Investing in America

United Water is one of the leading water suppliers and providers of wastewater processing services in the United States. The SUEZ ENVIRONNEMENT subsidiary is currently working to consolidate its market. Despite their current debt situation, in the years to come

a number of local authorities will have to invest in replacement infrastructures. With this in mind, in 2012 United Water joined forces with the investment fund KKR to develop a contractual model which brings long-term investors on board (see booklet n° 04).

Ⓢ INTERNATIONAL – ASIA PACIFIC SEIZING EMERGING OPPORTUNITIES

€1.3
BILLION IN REVENUES*

4,400
EMPLOYEES

Supporting growth and saving resources

The Group continues to expand in China in the water sector, via its Chinese partner New World, and in waste. In 2012, it was active in forging partnerships with local authorities and signed major contracts, especially with industrial parks.

Urbanization and the sustainable development targets set by the Chinese government are generating important opportunities for the Group, one of the country's five private water service operators. In the waste sector in Hong Kong, the West Kowloon transfer station will be renovated and operated

Ⓢ SITA NEWS (BENELUX, GERMANY) LEADER IN AN EXTREMELY DEMANDING MARKET

€1.6
BILLION IN REVENUES*

OVER 7,400
EMPLOYEES

Showcasing the Group's recycling activities

SITA NEWS encompasses SITA's activities in Germany and the Benelux countries. The countries in this region lead the way for waste recycling in Europe with very advanced regulatory frameworks. In these countries, the majority of solid municipal waste is recycled (around 60%) or turned into energy (approximately 35%). Waste really is viewed as a secondary resource. Backed by its solid position on these markets, over the last few years SITA NEWS has launched several state-of-the-art projects in the field of waste sorting and energy recovery (see the SITA NEWS pages later on in this booklet).

Ⓢ DEGRÉMONT A STRONG INTERNATIONAL PRESENCE AND RECOGNIZED EXPERTISE

€1.4
BILLION IN REVENUES*, 79% OF WHICH
WERE GENERATED OUTSIDE FRANCE

5,500
EMPLOYEES WORLDWIDE

Degrémont designs, builds, equips and operates drinking water and industrial process water production facilities, sea and brackish water desalination plants and facilities for the treatment and recycling of urban and industrial wastewater and for the treatment of sewage sludge. Known as a quality innovator, Degrémont held 139 patents at the end of 2012. Around one billion people are served by almost 10,000 facilities which Degrémont has designed, built or equipped in its 70 years of existence. The subsidiary is at the center of the Group's international growth strategy.

by SUEZ ENVIRONNEMENT for 10 years, as will the station on Hong Kong Island.

Along with the US and China, Australia has been earmarked by the Group for international expansion, specifically due to its shortage of water resources. In 2012, Degrémont completed the construction of the Melbourne seawater desalination plant and will be in charge of its operation for the next 27 years. The Group's Australian presence extends to its subsidiary SITA Australia, the market leader in waste recovery, processing more than 4.6 million metric tons of waste.

In India, the Group just signed a water and wastewater services contract for the Malviya Nagar district in New Delhi.

Ⓢ INTERNATIONAL – CENTRAL EUROPE, THE MEDITERRANEAN BASIN AND THE MIDDLE EAST HIGH VALUE-ADDED PARTNER

€880
MILLION IN REVENUES*

OVER 10,400
EMPLOYEES

A quality leap forward

In Central and Eastern Europe, the Group capitalized on improving living standards and a move towards compliance with European regulations to grow its waste sector. In 2012, it won the largest public-private call for tenders ever launched in Poland to build and operate an energy-from-waste plant in Poznan. SUEZ ENVIRONNEMENT is present in the Maghreb, mainly in Morocco via LYDEC and SITA, and in Algeria via SEAAL in Algiers and SEOR in Oran. In the Middle East, Degrémont's successes in 2012 included a contract to extend the As Samra wastewater processing plant in Jordan.

* Revenues are the consolidated revenues contributing to the consolidated revenues of the SUEZ ENVIRONNEMENT Group.

WATER — LYONNAISE DES EAUX

AQUAVIVA, ONE OF THE FIRST CARBON-NEUTRAL WASTEWATER TREATMENT PLANTS IN THE WORLD

The water returned to the environment by the new wastewater treatment plant in the Cannes basin is of exceptional quality, thanks to a ground-breaking treatment membrane. In addition, its solar farm and energy efficient facilities, which allow it to treat its own sludge, mean that it has zero impact on the climate.

280,000

KWH PRODUCED EACH YEAR

by solar panels: Aquaviva is one of the region's largest solar farms

20,000

METRIC TONS OF SLUDGE

produced each year, reduced to 4,000 metric tons after drying

01 — Aquaviva was designed to blend in with its environment. State-of-the-art technologies limit noise and odor pollution.

02 — Thanks to Degremont's ultrafiltration membrane technology, the water returned to nature is of an extremely high quality to preserve the outstanding marine environment.

03 — Aquaviva and its solar farm.



INTERVIEW

Luc Aribaud, Technical Director of Lyonnaise des Eaux – Côte d'Azur

“Operated by the regional company Lyonnaise des Eaux in Côte d’Azur, Aquaviva benefits from the SUEZ ENVIRONNEMENT Group’s know-how. Showcasing the Group’s technology par excellence, it achieved its carbon-neutral status by combining a number of its assets. The most visible of these is its solar farm, which deploys the Group’s Solar Active System on an industrial scale. But Aquaviva also treats wastewater, which can then be re-used to water the green spaces, supply process water to a plant, clean the roads, and more... All of which impacts its carbon footprint. The sewage sludge that is dried and then turned into energy offsets the plant’s already low residual emissions.”

FOR MORE INFORMATION:

Visit the Lyonnaise des Eaux website: www.lyonnaise-des-eaux.com



WATER — AGBAR

AGBAR USES AQUALOGY TO FURTHER ITS DEVELOPMENT IN BRAZIL

Aqualogy, the brand name for Agbar's integrated water solutions, has won over the city of Limeira, which has commissioned it to install and operate a facility to treat the sludge from its wastewater treatment plant. Already enjoying an extensive presence in Latin America, Agbar is thus positioning itself in one of the Group's key markets: Brazil is planning massive investment in its water management infrastructures, which are currently inadequate for its 200 million, mainly urban, inhabitants.



€200

BILLION

of investment earmarked for the national sanitation plan over the next 15 years

7th

PLACE AMONG

the local authorities with the most-developed sanitation services, Limeira is a city of 280,000 inhabitants in the state of São Paulo

01 — Limeira is known nationally for its effective water management improvement initiatives: its network water loss is less than 10%, a record for Brazil.

02 — Foz do Brasil, the city's water services operator, commissioned Agbar's Aqualogy technology to install and operate a facility to treat the sludge from its wastewater treatment plant.



INTERVIEW

Jonas de Miguel, Area Manager of Aqualogy in Brazil

"Brazil is a growth market for us. Agbar has begun to carve out a niche for its Aqualogy brand thanks to its innovative sludge drying technology, which has been selected for the Limeira wastewater treatment plant, one of the country's leading water management facilities. We are working in partnership with an established private operator, Foz do Brasil. We also have water loss reduction programs underway, an initiative in which all the wastewater companies are investing. This means an increasing number of wastewater treatment plants are planned in all parts of the country, which is for us both a major challenge and a genuine opportunity."

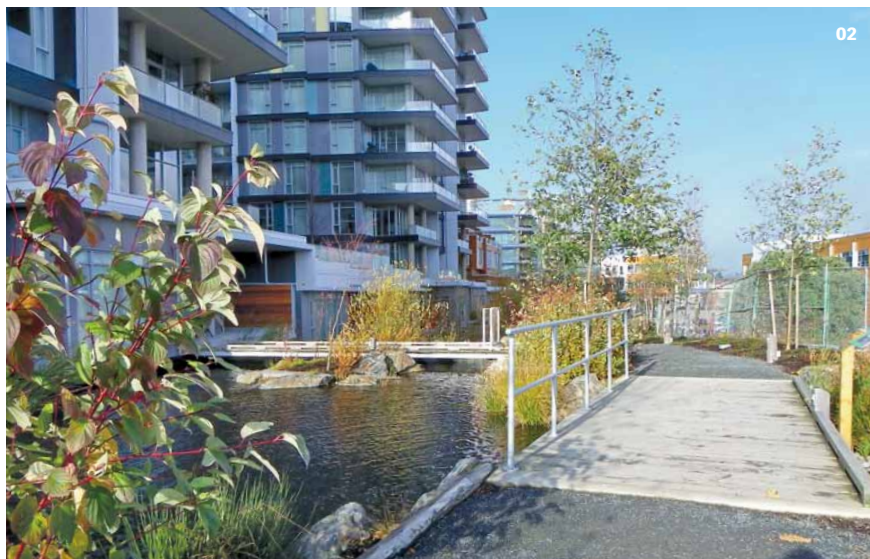
📄

FOR MORE INFORMATION:

Read another Agbar-Aqualogy Latin America case study in booklet n° 04



01



02



03

CONSULTANCY AND ENGINEERING — SAFEGE

WITH ITS TAKEOVER OF EXPLICIT, SAFEGE IS GAINING GROUND IN THE FIELD OF ENERGY-CLIMATE EFFICIENCY

In the 20 years of its existence, Explicit has acquired a reputation for its expertise in the fields of energy efficiency and adaptation to climate change. SAFEGE is capitalizing on this expertise to position itself as a consultant in all areas of land planning for public and private customers.

2

BILLION more city dwellers between now and 2050 and a challenge: designing the city of tomorrow

3x20

2020 TARGETS FOR EUROPE
20% renewables in the energy mix. 20% reduction in CO₂ emissions and a 20% increase in energy efficiency



INTERVIEW
Benoît Clocheret, SAFEGE
Chairman and Chief Executive Officer

“SAFEGE and Explicit are working with the local authorities to draw up master plans and regional energy-climate plans, which include proactive policies to improve the thermal efficiency of buildings and the performance of transportation systems and network operations, with a view to deploying energy transition solutions.”

01 — In 2012, SAFEGE put the finishing touches on the many benchmark ecoquarters it had built in various countries. The objective was to examine good practices and work together to invent new urban development methods.

02 — Sweden’s Malmö district was included in this benchmark.

03 — This benchmark provides a source of innovation for SAFEGE in its quest to help its customers find global environmental performance solutions.

FOR MORE INFORMATION:
Visit the SAFEGE website : www.safège.com/en/safège
And Explicit website: www.explicit.fr

WASTE — SITA FRANCE

IN LYON, SITA HELPS TO MAKE WASTE COLLECTION SUSTAINABLE

SITA France won the contract to manage household waste collection in six districts of Lyon and Villeurbanne for a five-year period. Innovation: one in five collection trucks will be powered by electricity and SITA will help improve the selective collection facilities.



“We are proud to be taking positive steps to continually improve this collection service, benefitting both the inhabitants of Greater Lyon and the environment.”

Stéphane Leterrier
CEO of SITA Center East Region



INTERVIEW
Nordine Makhlof, SITA Lyon collection team member

“I work on the Villeurbanne and Buers district round. The new round is completely different from the old one: there is a lot of traffic on this round, there are cars parked right along the route and the bins are often not in the right place. It wasn't easy at first but we manage to find them. It's the same round, with the same driver, every day. You don't change a winning team! Today, for example, thanks to the new route we were able to collect 7.5 metric tons of selective waste in record time.”

€53

MILLION over five years: the revenues this contract will generate for SITA France

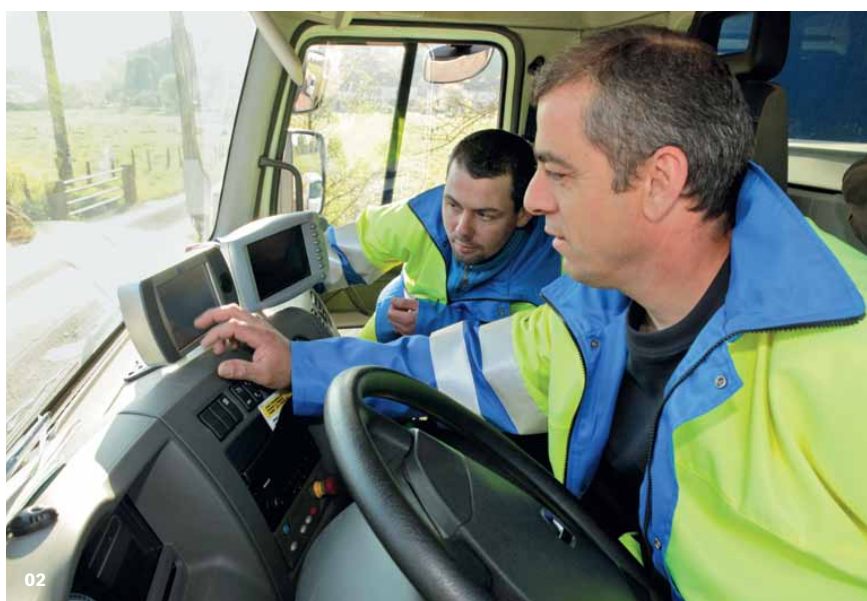
40

SERVICES EACH DAY six days a week, for 380,000 inhabitants, within new city-center collection boundaries: quite a logistical challenge

01 — 20% of the household waste collection trucks will be electrical.

02 — Each truck will have onboard computer technology which will pass on to SITA information about the geolocation of the vehicles, so it can quickly pick up any anomalies.

03 — The new Villeurbanne and Buers district round has been optimized.



FOR MORE INFORMATION:
Visit the SITA FRANCE website:
www.sita.fr

WASTE — SITA UK & SCANDINAVIA

THE OLYMPIC GAMES WHERE RECYCLING RATES WERE HIGH

At the London Olympic and Paralympic Games, SITA met the challenge it was set by the Organizing Committee (LOCOG) to achieve the highest recycling rates in the history of the Olympic Games.



“At the height of the operations, this project proved to be the largest and most demanding commercial contract we have ever undertaken in the UK.”

David Palmer-Jones
Chief Executive Officer,
SITA UK

OVER 200

SITA EMPLOYEES were involved in this communal effort throughout the Games

OVER 11

MILLION spectators and over 14,000 athletes

9,000

METRIC TONS of waste collected

01 — Anthony James, a SITA UK truck driver, was chosen to carry the flame through the streets of Gillingham, near London, on 20 July 2012.

02 — The contract was for 75 Olympic sites throughout the UK.



01



INTERVIEW
Marek Gordon, Contracts
Director at SITA UK

“I am delighted to report that the whole SITA UK team worked remarkably well, and we received excellent feedback from the Organizing Committee. It was a remarkable feat on the part of the whole team. I am proud that we were able to handle such a complex project so well. We had to collect waste under very strict security conditions in the middle of the crowd and in very small spaces. We deployed all our equipment to maximize our recycling and composting capabilities, and, for the full duration, all our plants prioritized this major event.”



02

FOR MORE INFORMATION:
Visit the SITA UK website:
www.sita.co.uk

WASTE — SITA NEWS

NETHERLANDS: AT THE LEADING EDGE OF WASTE RECOVERY

With an extremely strict regulatory framework and less than 4% of its total waste going to landfill, the Netherlands is, with their neighbors Germany, Belgium and Luxembourg, a European leader in waste management and recycling. The Group enjoys an excellent position in these very demanding markets.

UNDER 5%

OF TOTAL SOLID MUNICIPAL WASTE

is sent to landfill in the SITA NEWS operating area (Germany, Netherlands, Luxembourg and Belgium)

83%

RECYCLING RATE

The 2015 target set by the Dutch Government

OVER 80%

OF DUTCH WASTE

is currently recycled and 16% is turned into energy

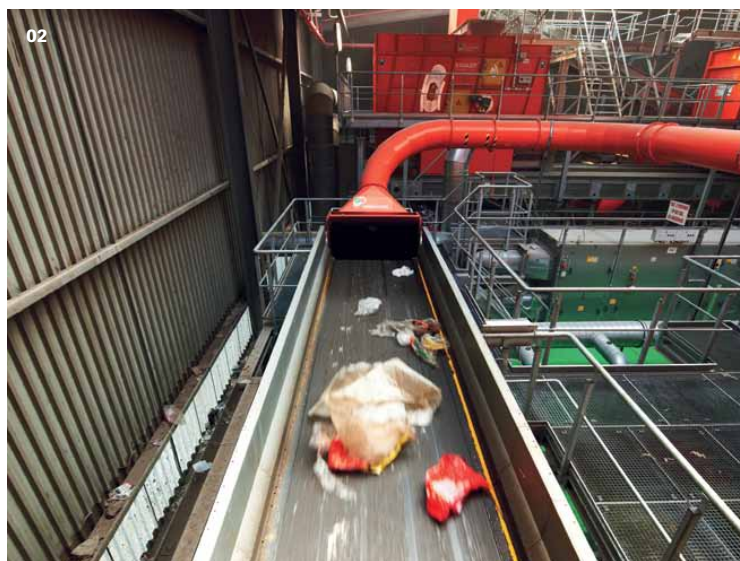
01 — The SITA fleet in Arnhem now has two vehicles which run on biogas produced from fermenting waste.

02 — The Rotterdam sorting center can handle very large quantities of packaging thanks essentially to a series of optical separators for plastics.

03 — Rotterdam: once sorted, the plastics are compacted by a baler and stored before being sent for recycling.



01

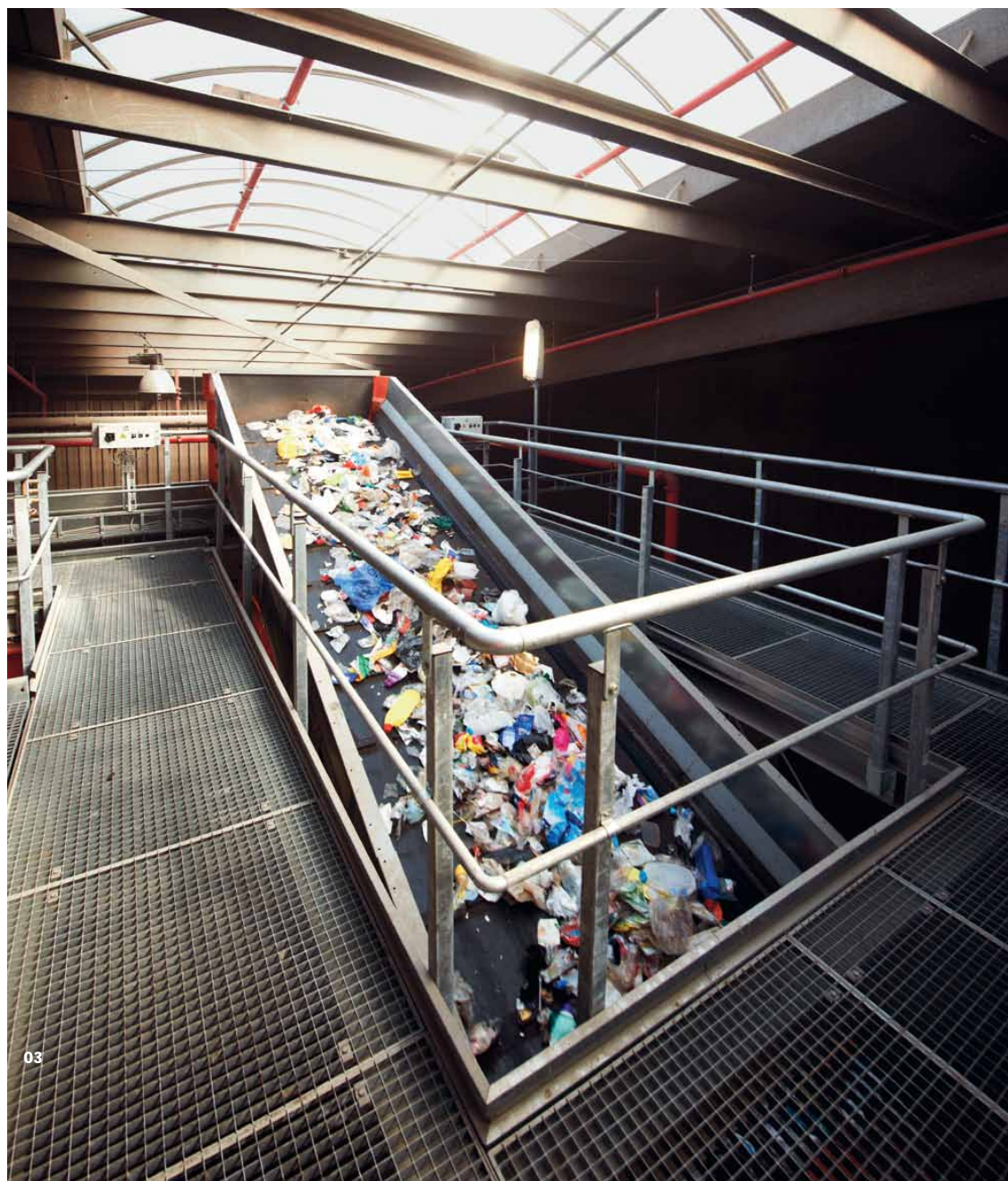


02

In the Netherlands, the Group has gained ground in recycling and energy recovery in the last few years.

At the end of 2011, SITA opened the ReEnergy energy – from-waste plant, one of the highest performing in Europe. Located in Roosendaal, it processes the waste from almost 2 million people, which it uses to generate electricity for 70,000 households. In September 2011, SITA opened a sorting line in Rotterdam where fully-automated processes handle one quarter of all plastic packaging in the Netherlands (250,000 metric tons per annum).

The objective is to use leading edge technologies to achieve optimum sorting and also high levels of homogeneity as the materials are destined for recycling. The same site is home to an exhibition area dedicated to the circular economy and recycling which is open to the public.



03



FOR MORE INFORMATION:

For a list of all contracts signed in these markets in 2012 visit:
www.suez-environnement.com

WATER — DEGRÉMONT

IN MELBOURNE, A DESALINATION PLANT TO COMBAT DROUGHT

The plant, designed by Degrémont, has gone into operation for 27 years. It can produce 450,000 cubic meters of water each day. It is the largest seawater desalination plant ever built in the Southern Hemisphere by a public-private partnership.



“Our teams demonstrated commitment and successfully met the technological and environmental challenges of the project.”

Rémi Lantier
CEO of Degrémont



INTERVIEW
Véronique Bonnelye,
Process Manager

“I started to provide technical elements for this project in 2007, and I worked on it full time from 2009. There were up to 600 engineers involved in the design phase. In terms of the process, the main challenge was to meet the extremely ambitious treated-water quality target set. The Melbourne plant has more than 250 online water quality analyzers. The other challenges related to the scale of the project : the size of the production unit (three independent plants each with a daily capacity of 150,000 cubic meters and a transfer system), the volume of equipment we had to manage and information we had to process. The plant has been operating fully automatically since the day it was commissioned and is started literally by the click of a mouse.”

FOR MORE INFORMATION:
Visit the Degrémont website:
www.degremont.com

450,000

CUBIC METERS
of drinking water per day at full capacity: with three production lines, the plant will adapt its volumes to the region’s requirements

OVER 250

PLANTS BUILT
in 35 countries. Degrémont is a world leader in desalination

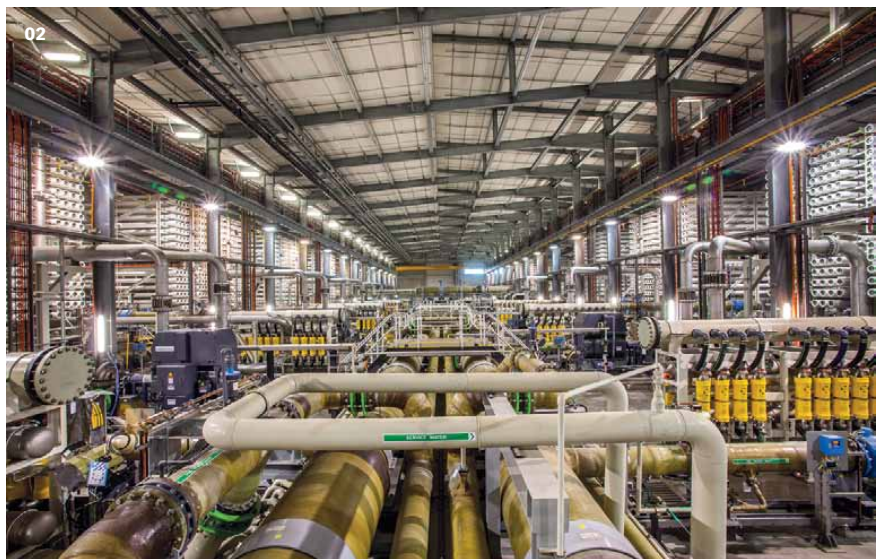
01 — One of the largest seawater desalination plants in the Southern Hemisphere.

02 — One of the plant’s three desalination lines with its reverse osmosis racks, its energy recovery units and the water pipelines.

03 — The reverse osmosis membranes are assembled in tubes which are in turn mounted on the racks. This structure allows the ultrafine membranes to process very high volumes.



01



02



03



01

WATER — DEGRÉMONT INDUSTRY

BP ROTTERDAM CHOSE THE DEGRÉMONT INDUSTRY SOLUTION

Degrémont Industry won the engineering and supply contract to equip the wastewater treatment plant at the BP Refinery in Rotterdam. BP's wish was to refurbish its plant to meet its growing needs and plan ahead for regulatory changes.

€10.7

MILLION

The value of the contract. The plant is due to be commissioned in 2014

WITH 380,000

BARRELS PROCESSED

each day, the Rotterdam refinery is BP's largest in the region and one of the two largest in Europe



02



03

01 — Rotterdam Port is home to, and serves, several major refineries.

02 — For its wastewater treatment plant, the BP refinery chose Degrémont Industry.

03 — The wastewater discharged into the natural environment will have been treated to the high standard required.



INTERVIEW
Bertrand Garnier,
Technical Director,
Degrémont Industry

"The oil industry, in particular refining, uses vast quantities of water and has stringent requirements in terms of the processing of its effluents: the quality of the wastewater must of course be irreproachable. Our customers know that water has a vital role to play in the profitability and sustainability of their business. Technologies in this sector are changing fast, and Degrémont Industry offers companies innovative solutions to treat their industrial wastewater and effluents. We face the exciting challenge of finding a solution to their problems, each one of them unique."



FIND OUT MORE:

Visit the Degrémont Industry website: www.degre-mont-industry.com
In booklet n° 04, find out about how Degrémont Industry is working with Italian energy producer Eni to ensure optimal reuse of its wastewater

WATER — UNITED WATER

EAST PROVIDENCE WASTEWATER PLANT REFURBISHED TO PROTECT THE BAY

United Water completed renovation work at East Providence's main wastewater treatment plant in 2012, demonstrating yet again its operational excellence in Rhode Island, where it operates other contracts in Westerly, Newport and Warren.

01 — One of the improvements made to the wastewater treatment plant, which dated back to 1954, was the addition of an odor control system.

02 — A biological nutrient removal process reduces nitrogen levels, which prevents the proliferation of algae and thus improves the quality of the water in Providence River and Narragansett Bay.

03 — The new pumping station and wastewater pipeline at Watchemoket Cove will prevent overspill.



INTERVIEW
Bertrand Camus,
 CEO of United Water

"We are delighted that our know-how has helped East Providence achieve its objective to provide its inhabitants with an effective, sustainable wastewater treatment service. In addition to the plant renovation and improvement work we were contracted to carry out, we are proud to have built strong local partnerships. Restoring and repaving the East Bay cycle path has benefitted both the environment and the local community."

\$52

MILLION
 (around €40 million) is the total invested under the contract to bring the Rhode Island equipment up to standard; a provision was also made for United Water to operate the plant for 10 years in return for €33 million

2/3

OF THE 50,000 INHABITANTS
 of East Providence are served by this wastewater treatment plant. United Water also operates the plant which processes the remaining third of the city's wastewater

\$13

MILLION
 of savings made by the city in the medium term thanks to our innovative design-build-operate approach



📍 **FOR MORE INFORMATION:**
 Visit the United Water site:
www.unitedwater.com



01

INTERNATIONAL — ASIA PACIFIC

SUEZ ENVIRONNEMENT PURSUES ITS GROWTH IN CHINA

The Group has had a presence in China for more than 30 years. To mark the 10 years of its water partnership with the city of Chongqing, the city and SUEZ ENVIRONNEMENT created an environmental center of excellence which will serve as basis for expanding its offering to all cities in China.



02

01 — In Hong Kong, the West Kowloon transfer station will be renovated and operated by SUEZ ENVIRONNEMENT for 10 years, as will the station on Hong Kong Island.

02 — The Chongqing wastewater treatment plant.

03 — SUEZ ENVIRONNEMENT has had a presence in Chongqing for 10 years through the partnership between its Chinese subsidiary Sino-French Water and the Chongqing Water Group.

OVER 7,000
EMPLOYEES
in China

OVER 30
CONTRACTS
in the water segment, mainly with Degrémont, in more than 20 Chinese cities

2
OF THE LARGEST
waste storage centers
in the world operated
in Hong Kong



03

The Chongqing center of environmental excellence will showcase innovation in the water, sewage and waste management services. It will become part of SUEZ ENVIRONNEMENT's worldwide technology and research network. Through it, Chongqing will acquire the skills to support the city's rapid growth and help it meet its environmental protection objectives. Beyond Chongqing, this center will also help SUEZ ENVIRONNEMENT expand into the country as a whole, helping it to constantly improve the services it offers its Chinese customers. The Group already has a research center in Shanghai.

①
FOR MORE INFORMATION:
To find out about all our activities in the region, visit:
www.suez-environnement.com

INTERNATIONAL — CENTRAL EUROPE,
THE MEDITERRANEAN BASIN AND THE MIDDLE EAST

INNOVATIVE RESOURCE PRESERVATION SOLUTIONS

In the areas in and around the Mediterranean and the Middle East, the Group offers innovative technological solutions to help its customers manage the scarce water resources. In the waste sector, its main activity is in Central Europe where, integration into Europe is demanding more recycling.

€850

MILLION

estimated revenues over 25 years, €180 million investment earmarked to build and operate the energy-from-waste plant in Poznan (Poland)

34

MILLION

cubic meters of drinking water, equivalent to the consumption of a city of one million inhabitants, is what Lydec is saving each year

01 — In Jordan, Degrémont signed a 25-year contract in 2012 for the expansion of the As Samra wastewater treatment plant. The plant will serve one third of the Jordanian population.

02 and 03 — In 2012 Lydec, in partnership with SUEZ ENVIRONNEMENT, successfully trialed the SmartBall™ process developed by Pure Technologies in Casablanca. Sound sensors inside foam balls released into the pipes “hear” leaks in the network. This means a leak can be detected without interrupting the service.



01



02

SUEZ ENVIRONNEMENT has a presence in the Maghreb. Indeed it has been in Morocco since 1950, and this country plays an important role in its growth in Africa.

The Group operates in the continent through a number of subsidiaries, which include SAFEGE, Degrémont, SITA and Lydec. Lyonnaise des Eaux de Casablanca is a joint venture with Moroccan partners and employs nearly 3,500 people. A 30-year contract signed in 1997 entrusted Lydec with the responsibility for water distribution and wastewater services, and also the electricity supply, for over three million inhabitants in greater Casablanca. The subsidiary applies the Group's technological innovations to preserve the little water there is locally. It manages a major investment plan aimed at improving the infrastructures, reducing water loss from the network and also reducing wastewater pollution. In neighboring Algeria, the Group is also developing its water activities in Oran and via a renewed and extended contract in Tipaza province in Algiers.

①

FOR MORE INFORMATION:

For a list of all contracts signed in these markets in 2012 visit: www.suez-environnement.com



03



Sarah Illenberger
SUEZ ENVIRONNEMENT
gave Sarah Illenberger
a free hand in illustrating
its 2012 Annual Report.
With her stimulating
and poetic installations,
this visual artist applies

her creative perspective
to the major environmental
and social challenges
of the future.

Coordination
Communications Department
SUEZ ENVIRONNEMENT

Editing
Charlotte Ripken

**Graphic design
and production**
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mcsaatchicorporate.com

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MAKING THE PLANET
SUSTAINABLE
IS THE BEST JOB
ON EARTH



1 AMBITION

Building solutions for the future with our customers and all stakeholders means listening and discussing, so that we can tackle the challenges they face in the area of environmental performance and green growth.

8
stakeholders' sessions
took place between
2008 and 2012



150
is the total number of
stakeholder representatives
taking part in these sessions
between 2008 and 2012



02 | Interview of Margaret Catley-Carlson and Jean-Louis Chaussade
08 | Smart Water
12 | Waste recovery
16 | New International Business Models
20 | Industrial waste water



Through its subsidiaries, SUEZ ENVIRONNEMENT currently supplies 97 million people with drinking water and 66 million with wastewater treatment services. The Group provides 50 million people worldwide with waste-collection services and is firmly committed to waste recovery in all its forms. The Group's 79,549 employees work hard every day to protect natural resources, providing public-sector and industrial customers with innovative solutions. SUEZ ENVIRONNEMENT generated €15.1 billion in revenues in 2012.

Take a look at the other booklets in the SUEZ ENVIRONNEMENT Group Annual Report:

BOOKLET 01 

5 years, 1 Group

A Group tackling its challenges: our water and waste service solutions.

BOOKLET 02 

70 countries

An international presence: the Group's key figures.

BOOKLET 03 

2 businesses

Using our expertise to serve our customers: 2012 highlights for our subsidiaries.

BOOKLET 05 

12 commitments

A robust and ongoing commitment to sustainable development.

BOOKLET 06 

2012 Performance

A balanced economic model: our financial and social indicators.



FOR MORE INFORMATION:

Look at the elements of the Annual Report on the website: www.suez-environnement.com/group/profile

In the near future, environmental performance will determine the competitiveness of both companies and regions. Through its businesses, SUEZ ENVIRONNEMENT is right at the center of this economic and social transformation. It aims to support its customers, so that they can grasp opportunities.

The Group has therefore taken a listening and co-constructing approach: we have to work together to build the economy of the future. Sharing ideas and added-value throughout our business lines is the only way to achieve creative and sustainable solutions in water and waste management.

The period ahead offers SUEZ ENVIRONNEMENT the prospect of significant development opportunities. The Group is preparing for this imminent future by broadening the scope of its activities. It has identified four strategic pathways to win new territories of growth and provide its customers with the innovative solutions they need. Great success has already been achieved in these four priority areas, as this booklet will show. These four successful projects, sharing with our customers and which pave the way for new economic models, give us an idea of what will be the water and waste treatment businesses of the future.

THE CIRCULAR ECONOMY IS A QUESTION OF PARTNERSHIP

In a context of crisis and increasingly scarce resources, the capacity to think within an ecosystem has become a crucial aspect of providing appropriate solutions for the challenges ahead. Margaret Catley-Carlson, President of the FAC (Foresight Advisory Council), and Jean-Louis Chaussade, Chief Executive Officer of SUEZ ENVIRONNEMENT, take a joint look at their longstanding partnership, the circular economy and the Group's vision.

Margaret Catley-Carlson, you have been collaborating for the past 14 years with the SUEZ ENVIRONNEMENT Group: what are the objectives of this cooperation? How does the FAC help to formulate Group strategy?

Margaret Catley-Carlson: I joined the WRAC (Water Resources Advisory Committee), the precursor of the FAC, because I was attracted by the intelligence of this approach and by the prospect of being able to give advice upstream and in advance to SUEZ ENVIRONNEMENT, so that we could all help to improve large-scale water services management! And I have always been fascinated by the range of contributor profiles that the Group consults or that approach it independently: NGOs, academics, microbiologists, legal experts, water specialists, and, more recently, waste specialists, etc. Of course, we have to be modest about what we do: we only meet twice a year and there are currently only about 23 of us, from about 12 different countries. But with time, and with the information that SUEZ ENVIRONNEMENT has given us, we have developed a certain maturity regarding the questions and the challenges linked to water and waste management.

Jean-Louis Chaussade: The FAC acts as a mirror for SUEZ ENVIRONNEMENT. It questions what we do, and what we are. It has an external, non-complacent view of the company, and this highlights the problems that we have to resolve in order to serve our customers better, and to adapt in a rapidly changing world. For example, the FAC has been central to our discussions about efficient resources management.

M.C.-C.: I can remember a good example of this kind of debate: it was about wastewater treatment, a few years ago. At that time, SUEZ ENVIRONNEMENT's model was mainly about simply treating wastewater to make it clean again, and the FAC suggested using treatments that would produce a range of different water qualities for different uses. This was a revolutionary idea at the time. You have put it into practice since then, for example in Jordan, where the treated water produced by the As Samra wastewater treatment plant represents nearly 10% of the country's water resources and is used in agriculture. This would have been almost unimaginable 10 years previously. The 100 million cubic meters of water treated at the plant each year reduces the amount of water drawn at source, and means that this water can be kept for domestic use.

.../...

"The FAC acts as a mirror for SUEZ ENVIRONNEMENT."

Jean-Louis Chaussade
Chief Executive Officer
of SUEZ ENVIRONNEMENT



"SUEZ ENVIRONNEMENT has supported the growing involvement of end-users in decisions relating to water and waste."

Margaret Catley-Carlson
President of the FAC



THE FORESIGHT ADVISORY COUNCIL (FAC)

Margaret Catley-Carlson is President of the Foresight Advisory Council (FAC). Created in 2004 by and for SUEZ ENVIRONNEMENT, this advisory body brings together 23 international and independent experts in the environment and in development. It comprises academics, charity representatives, senior civil servants, former government ministers and company executives. The FAC's members meet twice a year to discuss the SUEZ ENVIRONNEMENT's strategic guidelines, positioning and initiative with the Group's executives. Their recommendations enrich the Group's approach.

.../... **How do you see the Group as you look back over the path it has taken, particularly in the last few years?**

M. C.-C.: The way that SUEZ ENVIRONNEMENT looks at things has changed substantially. It has moved towards greater integration between its two businesses, towards greater awareness of the needs of industrial companies, and towards greater efficiency. I remember, a few years ago, when we started talking about the principles of the circular economy, particularly in terms of waste recovery. Within the FAC, we debated how to extend this concept to water management. The Group's current strategy has taken these suggestions into account. You have also managed to help with the growing involvement of consumers and companies in decisions relating to water and waste. The way that the company talks about itself has also changed: before, it was focused on figures – numbers of cubic meters treated and people served. Now, with waste recovery, Smart Water, and storm water management, etc., the way you speak and your approach have evolved towards developing new, value-added services. So a new dimension has been added to the water and waste businesses to achieve controlled, smarter and more economical management of resources.

J.-L. C.: The aspect that isn't new, and that has been in the company's DNA for a long time, is SUEZ ENVIRONNEMENT's ability to work in partnerships. We also cultivate partnerships with a perfect 50:50 balance, which goes against everything taught in business schools and all the precepts of management! We think that equitable treatment is important:

"Companies that make the best decisions in terms of managing their resources, whether these consist of energy or raw materials and water, will have a competitive advantage."

Margaret Catley-Carlson
President of the FAC

we see it as a fundamental condition of long-term success. This culture of partnership is one of the things that makes our Group stand out from the crowd. It also provides a response to our customers' current needs.

What recent projects best exemplify this approach?

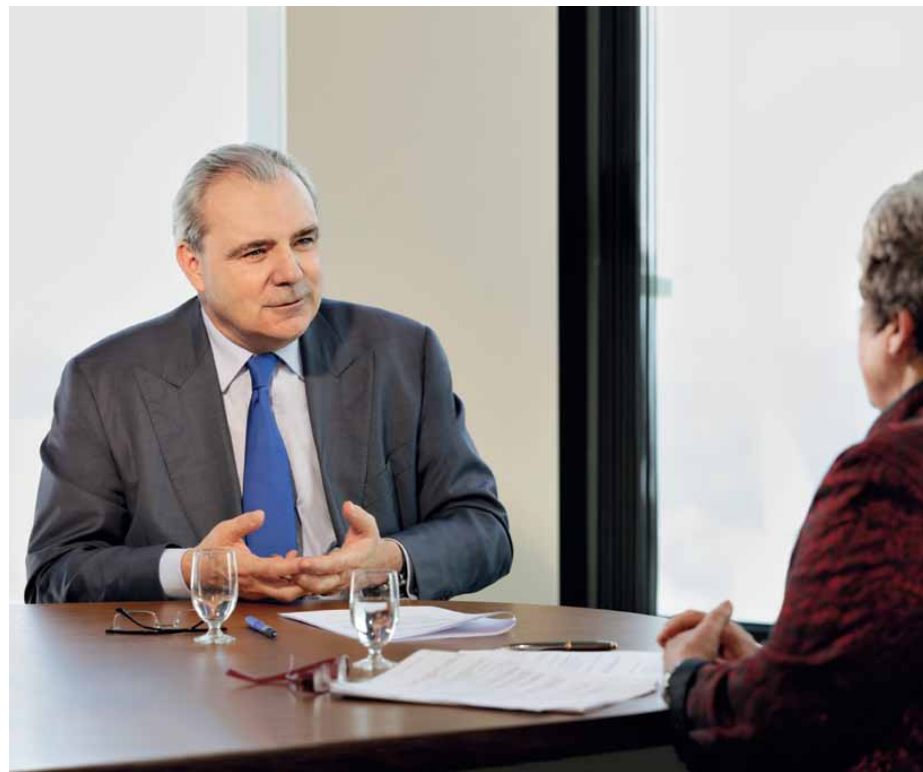
J.-L. C.: In Australia, for example, in Perth and in Adelaide, we are working within a model called Alliance. It's a clear-cut form of partnership that involves sharing governance, risks and profits with the customer. But other types of business models are also emerging, such as the experiment in tripartite operations that we're developing in the US, with the town of Bayonne in New Jersey and KKR, the infrastructure investment fund. Under this model, every partner benefits, and management of assets is kept separate from operations. In this highly complex world, we have to win together; we have to help our partners win. We therefore want to make partnership a winning factor in SUEZ ENVIRONNEMENT's competitiveness, at all levels of the business, both global and local.

M. C.-C.: One of the 2012 FAC sessions was held in Algiers. We took the opportunity to meet up with managers and employees working under the management contract that the Group has set up with SEAAL (Société des Eaux et d'Assainissement d'Alger). We found out about WIKTI, the knowledge-sharing tool that you devised to support the project. With 25 expatriate experts, you helped to steer a company with a workforce of 4,000 that wasn't your own, and, by dint of working together in synergy, your customer was able to set up a 24/7 water distribution and wastewater treatment service for the city of Algiers! The visit was all the more interesting for us because we had previously mentioned the management contract as a good idea, but making the point that the question of its economic model would have to be resolved. And it was just as satisfying to realize that this success could be reproduced – why not take the model into the realm of waste?

J.-L. C.: Tools such as WIKTI are the result of a process of industrializing our processes, our know-how, our products and our services. This process represents a very profound change in SUEZ ENVIRONNEMENT's model. We believe that our businesses can "industrialize" their expertise, so that it can be reused from one unit, country or customer to another, and be continuously improved to create high value-added elements in both the water and waste treatment chains. It was this objective that led us to create an Innovation and Industrial Performance Department in early 2013.

"In this highly complex world, we have to win together; we have to help our partners win."

Jean-Louis Chaussade
Chief Executive Officer
of SUEZ ENVIRONNEMENT



MARGARET CATLEY-CARLSON

has chaired the FAC since 2004. She was previously (from 2000) President of the WRAC (Water Resources Advisory Committee), the precursor of the FAC and supported by SUEZ. She is a specialist in the protection of water resources and sits in a number of development bodies. A Canadian by birth, and a former diplomat, she has performed a number of other roles, including Chairwoman of the Canadian International Development Agency and the Global Water Partnership.

“There is still a huge amount to be done in the area of recycling, particularly in waste recovery. The role of technologies and innovation will be crucial.”

Margaret Catley-Carlson
President of the FAC

.../...

Earlier, you were talking about the circular economy. What are the biggest challenges in the area of water and waste in the medium term?

M. C.-C.: One key idea came strongly to the fore in early 2013 at the World Economic Forum in Davos: companies that make the best decisions in terms of managing their resources, whether these consist of energy or raw materials and water, will have a competitive advantage. The projects carried out by SUEZ ENVIRONNEMENT with the aeronautics and automotive sectors are fascinating in this respect. These projects were the forerunners of the Group's partnership and co-construction approach. Of course, there is still a huge amount to be done in the area of recycling, particularly in waste recovery. The role of technologies and innovation will be crucial.

J.-L. C.: I also believe that the ability to capture raw materials will be a cornerstone of business competitiveness in the next 20 years. We can already see this with customers such as Renault, which has invested in sheet scrap recycling with us, to reduce uncertainty about its supplies. Water could, to my mind, present a problem even more critical than that of energy. Regions and countries, particularly in development, have to start defining a growth strategy that takes into account all the various uses for water, and the potential usage conflicts that will no doubt occur. In the long term, industrial companies will not be able to draw so freely on water resources. Governments will want to prioritize this resource, so essential to life, for populations and agriculture.

With these challenges in mind, how does SUEZ ENVIRONNEMENT view the period to 2020?

J.-L. C.: In this period, which is very hard for developed countries, we have to make changes to adapt to our customers' new requirements. At the same time, we have to show that we have objectives in place for the 2020 time horizon, and that we intend to respond to the serious issues of world population growth and rampant urbanization that make the circular economy a necessity. I believe that SUEZ ENVIRONNEMENT has an important role to play in tackling this enormous technological and social challenge. We are preparing ourselves for this by focusing on four key strategic areas. We aim to take a smart approach to water. Just now, you mentioned “storm water management”, which involves managing rainfall to avoid overflows – this is some of the remarkable expertise that we call “Smart Water”, i.e. the teaming of our businesses with new technologies, particularly IT and telecoms. In waste sorting and recovery, and particularly recycling, we are investing in a learning process to acquire new, specialized and complex techniques. We also plan to help industrial groups to fulfill their water requirements, especially in developing countries, where they play a vital part in raising living standards. Lastly, at the international level, we are considering making changes to our economic models to provide each customer, in every country, with the most appropriate form of cooperation, while adding value to our expertise in a more industrialized way.

M. C.-C.: We – the FAC's members – have watched these major themes emerging with real enthusiasm, particularly the development of international economic models, which is a topic that we like to raise questions about. We have encouraged the Group to look at industrial park projects, along the lines of those devised in China, and to analyze the successes and failures of the various projects, in order to learn from them. We are proud that we have been able, in our small way, to make a contribution to SUEZ ENVIRONNEMENT'S thought process and strategy.

How will the Group be cooperating with the FAC in the future?

J.-L. C.: The FAC has encouraged SUEZ ENVIRONNEMENT to engage in dialog, which determines the development of our businesses. SUEZ ENVIRONNEMENT now plans to take co-construction further. The FAC will also have to change, while retaining its multi-cultural and multi-disciplinary aspects.

“We believe that our businesses can industrialize their expertise, so that it can be reused from one unit, country or customer to another, and be continuously improved.”

Jean-Louis Chaussade
Chief Executive Officer
of SUEZ ENVIRONNEMENT



4

STRATEGIC AREAS

- Smart Water
- Waste recovery
- Industrial wastewater
- International

AGBAR + CARTAGENA — SMART WATER

THE BEST THAT TECHNOLOGY CAN OFFER, TO PRESERVE AND PROTECT WATER RESOURCES

In partnership with Agbar's teams, and thanks to the expertise of the Aqualogy brand, the city of Cartagena in Colombia has taken the fast track to innovative public water services. The final chapter in this joint adventure is the construction of the third-longest underwater pipeline in the world: a real achievement.

THE CHALLENGES

Supporting the city of Cartagena as it develops, while protecting water resources and the environment

THE PARTNERSHIP

— Agbar's experience and the solutions of its Aqualogy brand, at the forefront of technology and "Smart Water"
 — The city's commitment to improving the quality of life of its residents, and well-organized, long-term development of the region
 — In-depth knowledge of the local issues faced by Aguas de Cartagena, a public/private company operated by Agbar and the city authorities, created in 1995

THE BENEFITS

— A high-quality water service for the city's 1.2 million inhabitants
 — Wastewater treated with no environmental impact
 — Water resources are preserved, due to technologies provided by Agbar and Aqualogy

Cartagena is known for its colonial architecture, its cultural energy and the beauty of its coastline, which make it one of the most popular tourist destinations in the South American continent.

These assets are now protected by a water distribution and wastewater treatment service that is at the very forefront of modern technology. Thanks to the 4.3km underwater pipeline built with Aqualogy's teams, in 2012 Cartagena became the first city in Colombia to treat all of its wastewater. But not so long ago, the situation was almost alarming. In 1995, water was only distributed to part of the population, and for a mere three hours a day. The water was not drinkable, and the wastewater collection service was almost non-existent, creating public health problems. Because wastewater was not treated, the region's environmental balance was jeopardized, representing a "sword of Damocles" for its tourist and fishing industries.

Cartagena's district authorities came up with a public action plan in response to these problems.

They obtained financial aid from international organizations such as the World Bank and the Inter-American Development Bank, as well as a guarantee from the Colombian government. They then launched an international call for tenders. The aim was first of all to upgrade and optimize the performance of water distribution networks. Next, the objective was to develop the infrastructure needed to collect and treat wastewater. For this second phase, experts from the World Bank recommended an underwater pipeline. A pre-treatment plant would eliminate solids, sediment and fat from wastewater. The wastewater would then be channeled through an underwater pipeline, where it would be mixed with sea water at high pressure. The remaining elements would be treated and absorbed by the marine environment – due to the movement of marine currents, sunlight and the salt content of the water – with no impact on the environment. This solution requires a specific type of experience, combining management of infrastructure work with advanced water management technologies. To remain operational and efficient in the long term, it also requires expert maintenance.

.../...



⊙ **Jorge Lequerica**
 Deputy Mayor of
 the city of Cartagena
Francisco Perez Tena
 Chief Executive Officer
 of Aguas de Cartagena



“We are proud to have been able to give the city of Cartagena the infrastructure it needs to develop and to preserve its environment. With Aguas de Cartagena, we have built an innovative model, the only one of its kind in Colombia, that meets our requirements and provides us with all of Agbar’s experience and technology, for smart and efficient management of our water resources.”

Carlos Otero Gerdtz
Mayor of Cartagena

.../...

Agbar was selected and teamed up with the Cartagena district authorities to create a 50:50 public/private company, Aguas de Cartagena.

The public authorities made the creation of a PPP (Public-Private Partnership) a condition of the call for tenders in order to establish this water management model, a type of arrangement that is very unusual in Colombia. The PPP is based on cooperation and sharing of profits, risks and problems. Aguas de Cartagena SA ESP will implement a water management improvement plan, except for the construction of the underwater pipeline, which was entrusted to another operator.

Problems began to emerge in December 2010, when the pipeline collapsed, causing a sudden interruption in operations. To prevent further delays to the project, the Cartagena district authorities and Aguas de Cartagena decided to take charge of the underwater construction themselves. Agbar seconded its technical experts to the project. They already had experience with this type of infrastructure, obtained in Spain, Chile and Cuba. The works recommenced, with the implementation of cutting-edge technological solutions provided by Agbar under its new water solutions brand, Aqualogy.

Construction was completed within a record period of 17 months.

However, this was no small task. Sections of the old pipeline, scattered at the bottom of Cartagena Bay as far as Nicaragua, had to be recovered. The constant stream of cruise ships and fishing boats made this process even more complicated. Missing pipes were transported from Norway and assembled, and the whole pipeline was then submerged. Aqualogy and the local Aguas de Cartagena teams employed innovative approaches to install it, devising special machinery to put the missing sections in place without weakening the structure.

While the technologies provided by Aqualogy’s experts were vital factors in achieving completion of the project, the cooperation within Aguas de Cartagena was also key to its long-term success. The skills transferred by Aqualogy’s experts enabled Aguas de Cartagena’s local employees to maintain the new infrastructure.

④ FOCUS **CREATION OF A FRENCH EXPERT IN PROPERTY PERFORMANCE MANAGEMENT**

In 2012, Lyonnaise des Eaux united Ocea, Lyonnaise des Eaux Pro and Isiom, three of its entities specializing in techniques for remote reading of fluids (water, gas, electricity, heating, etc.) and data analysis. The merged unit, Ocea Smart Building, is the only player in France

that covers the entire chain of expertise required for the technical and administrative management of property. Accounting for 46% of national energy consumption, the building sector has come under pressure to improve its performance. The Grenelle building plan requires the sector to reduce its energy consumption by 38% by 2020. Since its creation, Ocea Smart Building has signed three major contracts with large property companies.

④ FOCUS **ONDEO SYSTEMS’ “SMART METERING” SELECTED BY GRDF**

Ondeo Systems, a subsidiary of Lyonnaise des Eaux, was selected by gas network operator GrDF, a subsidiary of GDF SUEZ, to define its remote metering solution. Ondeo Systems’ proposal, which combined long-range technology and new technologies, won excellent scores during tests for the call for tenders.

THE 3RD

LONGEST UNDERWATER PIPELINE in the world: built from high-density polyethylene, it forms part of a wastewater treatment system with zero environmental impact

50/50

IS THE DIVISION of Aguas de Cartagena’s capital, with 50% in the public sector, held by the Cartagena district authorities, and 50% in the private sector, held by operator Agbar (46%) and other local investors (4%)

100%

OF WASTEWATER is now treated. Cartagena is one of the first cities in the country to achieve this

INTERVIEW CROISÉE

Francisco Pérez Tena, Chief Executive Officer of Aguas de Cartagena
Jorge Lequerica, Deputy Mayor of the city of Cartagena

Why was this public/private model chosen for water management? How does it work?

Jorge Lequerica: It’s an innovative model, and the envy of many other cities, because it works so well. In 1995, it was the only one of its kind in Columbia. We adopted it in consultation with residents, after a democratic process that lasted 18 months. We were then able to implement our first public action plan to improve water management in the city. The cooperation within Aguas de Cartagena is real: we share both the risks and the profits. We can therefore invest these to benefit the city and its residents.

Francisco Pérez Tena: The model is also based on a very clear division of responsibilities. The local authority, which owns the infrastructure, defines its policy, plans priority actions and allocates financial resources. The private operator contributes its knowledge of the business and its technologies.



“Within the public/private company Aguas de Cartagena, Agbar is both an operator and a partner, which creates a relationship of trust and genuine dialog.”

Francisco Pérez Tena
Chief Executive Officer of Aguas de Cartagena

④ **FIND OUT MORE:**

Find out about Agbar’s solutions under the Aqualogy brand at: www.agbar.com

Within the public/private sector company Aguas de Cartagena, Agbar is both an operator and a partner, creating a relationship of trust and genuine dialog. The city’s Mayor is Chairman of Aguas de Cartagena, and the Chief Executive Officer is appointed by Agbar. The effectiveness of the model has been proven over several years, and again demonstrated its appropriateness during the construction of the underwater pipeline.

What new technologies were used during this project to improve wastewater treatment services?

J. L.: Since our partnership began, Agbar has been providing us with its technical expertise, to upgrade and automate our infrastructures. Innovative solutions have been implemented, such as flow control by information systems, and analytical tools to check water quality. But the best example is the underwater pipeline: Aqualogy’s experts really provided all the infrastructure experience and the technology required for the project to succeed.
F. P. T.: We benefited from the assistance of Aqualogy’s teams, who trained our local employees and helped us perfect our skills. In 2013, we started implementing the second public action plan. New technologies will play a key role in meeting its targets, by reducing water leaks and treating wastewater for reuse.

SITA + SMVO — WASTE RECOVERY

WORKING ALONGSIDE PIONEERING REGIONS

SITA has helped its customer, SMVO (Syndicat Mixte de la Vallée de l’Oise), to extend its plastics sorting activities. The environmental requirements of the local authority, combined with the waste specialist’s technologies and ability to listen, have made the Villers-Saint-Paul sorting center a cutting-edge recycling facility.

“One of Europe’s most efficient sorting centers”

Over 90% of plastic waste entering the site through selective sorting is “recognized” and sorted entirely automatically and at the very fast rate of 10 metric tons per hour. Plastic materials not identified elsewhere are decoded there, chiefly through a battery of 9 optical separators operating in series. The entire facility represents a feat of technology and a real showcase for SUEZ ENVIRONNEMENT. The Villers-Saint-Paul sorting center, which was upgraded by SITA in 2012 in record time, is a taste of things to come in the near future in selective sorting and the circular economy.

The story began in 2011, when Éco-Emballages launched a call for tenders for large-scale testing of an extension of selective sorting to a number of polymer resins currently not sorted in France: the polypropylene (PP) in yogurt containers, the polystyrene in packaging “chips” and meat containers, the transparent PET used in salad containers, flexible films (PET, low-density polyethylene, etc.), and bottle packs, as well as the PVC used in containers such as margarine tubs. Through this operation, the eco-body planned to study sorting techniques and the possibility of building recycling lines for the new materials in question, in a population of around four million people, for an 18-month period. Taking part in this trial was a gamble on the future, which the SMVO decided to take. The SMVO, the owner of the Villers-Saint-Paul site, which was operated under a delegated public service contract by Esiane, a subsidiary of SITA, planned to upgrade the sorting center, which dated from 2003, mainly to support the local authority’s commitment to waste sorting.

In early 2012, Éco-Emballages again awarded the contract to the SMVO.

It was a race against time to prepare for the extended collection scheduled for June 15. On this date, the sorting guidelines would be published and residents asked to comply. Esiane, assisted by SITA France and the Group’s Sorting Center of Excellence, had to review all of the sorting center’s processes and implement the upgrade in an extremely limited period.

Esiane drew up a business plan for the new-generation sorting center that shared out the profits among several parties. With the assistance of ADEME (Agence de l’Environnement et de la Maîtrise de l’Énergie) and Éco-Emballages, SITA undertook the €7.7 million investment. The center was still owned by the SMVO. In exchange, Esiane took ownership of the materials sorted by the center, and its operating contract was extended to 2019. .../...

THE GAMBLE TAKEN BY SMVO

Extending the sorting guidelines within its region to include five new polymer resins

SITA’S CONTRIBUTION

- Devising an economic model that benefits all partners
- An investment of €7.7 million

THE RESULTS

- An efficient sorting tool, using cutting-edge technology
- Reduced costs
- New recycling lines, within which the SMVO produces high-quality secondary materials, and is therefore a sought-after supplier



© Jean-Paul Dubois
Head of Esiane
(a subsidiary of SITA France)



© Philippe Marini
Chairman of the SMVO,
Senator of Oise and
Mayor of Compiègne

90%
WASTE RECOVERY
rate

.../...

With this guarantee of an additional period of time and the quality of sorting that the upgraded center would provide, Esiane could renegotiate the terms of the recovery of secondary materials. The paper manufacturer UPM, which is supplied by Villers-Saint-Paul, was thus able to set a minimum price for the center's output. This is a very significant condition in a context of strong volatility in raw materials prices.

30,000
METRIC TONS OF WASTE
sorted each year
(compared with 20,000
before the upgrade)

Once this win-win economic model had been defined, work began on June 1.

The sorting center was fully dismantled in 14 days – and then reassembled within six weeks. At the height of the works, 60 people were on site 24/7, without a single accident. On August 1, everything was ready for fine-tuning, and the upgraded center was inaugurated in September.

€7.7
MILLION
in investment undertaken
by Esiane, with a subsidy
of 20% from ADEME and
a contribution of €150,000
from Éco-Emballages

The workstations had been reviewed and ergonomically adjusted, and operatives began primarily working in a quality control capacity. Éco-Emballages' verdict on the recycling of new polymer resins and on the changes in the sorting guidelines is scheduled for January 2014. The SMVO, with SITA by its side, has already taken the plunge.



“Whatever conclusions Éco-Emballages comes to, we are certain of the long-term economic models that have resulted from this experience.”

Jean-Paul Dubois
Head of Esiane (a subsidiary
of SITA France)

④
FOCUS
**POZNAN INVESTS
IN ENERGY RECOVERY**

In 2012, SUEZ ENVIRONNEMENT signed a 25-year contract with the Polish city of Poznan, to build and operate a unit to recover energy from waste. This call for tenders for a 2-year PPP, the biggest ever created

in Poland, will bring in around €850 million in revenues during the term of the contract for SITA Zielona Energia, the joint venture created by SITA Polska and the Marguerite investment fund. For this highly capital-intensive contract, SUEZ ENVIRONNEMENT has joined forces with this fund, which specializes in infrastructure and the fight

against climate change. The projected investment is an estimated €180 million. The plant will treat 210,000 metric tons of waste every year. Poland is a strategic market for the Group: the country is bringing its facilities into compliance with European regulations on waste, and is moving towards increased recovery in preference to landfill.



“We very much welcomed SITA's ability to take account of our needs and transform them into a winning project for both partners.”

Philippe Marini
Chairman of the SMVO,
Senator of Oise and Mayor
of Compiègne

INTERVIEW
Philippe Marini, Chairman of the SMVO,
Senator of Oise and Mayor of Compiègne

Why did you want to upgrade the sorting center?

We opened the Villers-Saint-Paul sorting center in June 2003. Households in the region became more and more committed to recycling, and in 2010 we found that the capacity and efficiency of our center were no longer adequate. Equipment had to be adapted so that we could take part in the experimental extension of the sorting guidelines launched by Éco-Emballages. We also wanted to improve working conditions for the center's staff.

What specifications did you give SITA and what did you think of their response?

We had to act very quickly to adapt to the timetable set by Éco-Emballages. The sorting center upgrade would only work if SITA agreed to undertake the investment side of the project and design a center that would accept all types of waste (both separate and mixed flows). We also wanted to make substantial savings on sorting costs. SITA responded as we had hoped. Regarding the technical solution, we wanted to be at the very forefront of current sorting technology. SITA got us there.

5
NEW PLASTIC RESINS
sorted

490,000
RESIDENTS SERVED
(15 federations
of municipalities)

④
FIND OUT MORE:
Find out about SITA Recyclage's activity at:
www.sita.fr

INTERVIEW
Jean-Paul Dubois, Head of Esiane
(a subsidiary of SITA France)

The sorting center was upgraded amazingly quickly. How did you do it?

It would normally take a year to build a sorting center. We tried to gain time by launching the preparatory phases of the project before the results of the call for tenders were even published. We really pulled out all the stops to make the plan meet the SMVO's requirements. For us, it was a chance to work for a customer that wanted to prepare for the future. We are proud that we were able to give our support during the project.

What lessons have you drawn from this experience?

Whatever conclusions Éco-Emballages comes to, we are certain of the long-term economic models that have resulted from this experiment and that have ensure the added-value is shared well. Our positive experience makes us think that there is a real future for this type of facility. Opportunities are more likely to appear at the level of the administrative division local and regional, which can afford to make investments on this scale. But in any case we think that these innovative solutions will be developed in the very near future.

THE CHALLENGES

Finding a way to upgrade and efficiently operate a water treatment system with limited financial resources.

THE PARTNERSHIP

- The know-how and innovations of United Water
- KKR's capacity for long-term investment

THE BENEFITS

- Bayonne retains ownership and control of its infrastructure, which is upgraded
- Operational efficiency and water quality are improved
- The city has a lighter balance sheet
- Prices are stabilized in the long term



© **Bertrand Camus**
Chief Executive Officer
of United Water
Brandon Freiman
Director of Energy and
Infrastructure at KKR

UNITED WATER — KKR/SOLUTIONSM

A LONG-TERM SOLUTION FOR WATER IN THE UNITED STATES

The city of Bayonne in New Jersey wanted to upgrade its water and wastewater treatment system, which would have required a financial investment beyond its resources. United Water signed up to a partnership with KKR to provide the city with a sustainable solution, capable of resolving the issues faced by several US municipalities.

Its inventors named it SOLUTIONSM. The American Water Summit called the project "Partnership Performance of the Year 2012"*.

The contractual solution created by United Water with the city of Bayonne in New Jersey is a good example of how SUEZ ENVIRONNEMENT forges innovative partnerships to meet the needs of its customers as effectively as possible. The Clinton Global Initiative has even recognized it as a viable response to a water management problem encountered by many US local authorities. Cities have to comply with increasingly rigorous environmental and quality standards, although their networks are aging.

Bayonne, a coastal city in New Jersey with 63,000 residents, had to upgrade and operate its drinking water and wastewater networks more efficiently, but was unable to meet the investment on its own.

To provide a way out of the impasse, United Water devised an innovative and unprecedented offer that entailed teaming up with investment fund KKR. The two partners came together in a joint venture that would act as a concession holder for the Bayonne Municipal Utilities Authority (BMUA), the public body that manages the city's water network. They offered the BMUA a solution that combined the operational know-how and innovations of United Water and the SUEZ ENVIRONNEMENT Group with the long-term investment capacity of private investment fund KKR.

The joint venture will devote at least \$107 million throughout the term of the contract (40 years) to renovating the network, including \$14.5 million in the first three years.

United Water will allocate the expenditure to repairing pipework and installing smart metering equipment for the remote transmission of information that will enable, amongst other things, consumption monitoring and leak detection. Monitoring tools will make it easier to reduce losses and prioritize maintenance operations, thus improving the system's operational efficiency. The concession holder will subsequently allocate \$2.5 million per year, throughout the term of the contract, to the implementation of upgrade projects.

.../...



“We worked together to build an innovative and creative solution for the city of Bayonne.”

Bertrand Camus
Chief Executive Officer
of United Water

OVER \$100

BILLION
in investments will be needed in the next 20 years to bring all of the water treatment infrastructures in the US up to a standard level

.../... Finally, the quality of service for users will improve very markedly and sustainably. The BMUA will retain ownership of the equipment. It will keep control over pricing, which will evolve as decided by the municipal authorities (this was a priority expressed by the mayor during the discussions). The partners also gave Bayonne extra room for maneuvering by taking on the BMUA's debt. This boost of nearly \$130 million will enable the city authorities to invest in other services, such as education. Ratings agency Moody's revised its opinion of Bayonne upwards in March 2013, since the transaction had served to clean up the city's finances considerably.

There is substantial further potential for this type of contractual innovation in the US, as the case of Bayonne is far from isolated.

The country is facing a crisis in the maintenance of its water transportation and treatment infrastructure. Local authorities have their backs against the wall: by 2020, 45% of network pipes will be in poor or very poor condition, or even at the end of their life. According to the American Society of Civil Engineers, the estimated total renovation budget for the entire country is more than \$1,000 billion in the next 20 years. Work to seal up major leaks and protect against bad weather has now become absolutely vital. Hurricane Sandy left New York City authorities with a repair bill of \$23 million for its wastewater evacuation system. Faced with these urgent problems, not all local authorities have the resources they need to undertake the necessary investments on their own.

SOLUTIONSM is one of a range of partnership models developed worldwide by SUEZ ENVIRONNEMENT, with the aim of finding – whether in Perth, Algiers or Dijon – the most appropriate form of governance for its customers' issues and environment.

⊕
**FOCUS
FINDING THE RIGHT
PARTNERSHIP MODEL**

In every country, SUEZ ENVIRONNEMENT adapts itself to the needs of its customers in terms of governance, and tries to work with them to set up the contractual model that suits them best. To support the city of Algiers, which wanted to improve the quality of its water services, the Group developed a management contract with the SEAAL, the city water operator. The SEAAL continued to manage its equipment, while SUEZ ENVIRONNEMENT contributed its technologies,

mobilized the skills of about 30 experts (30,000 total working days) and organized a transfer of expertise. The results were spectacular. In just five years, Algiers not only made the change from sporadic distribution to a continuous, high-quality water service, but also halved its leakage rate.

In Australia – in Perth and Adelaide – SUEZ ENVIRONNEMENT operates under the Alliance model, which involves transparent procedures and the sharing of risks as well as profits by the partners.

⊕
**FOCUS
INTERNATIONAL
GROWTH:
A NEW CONTRACT
IN NEW DELHI**

International growth is a major area for development for SUEZ ENVIRONNEMENT, which can rely on its ability to adapt its contractual models. The Group won a contract at the end of 2012, worth €75 million over 12 years, to improve water distribution in Malviya Nagar, a district of New Delhi. 400,000 residents are involved in this project, which the capital of India, covering an urban area with 17 million inhabitants, has set up as a pilot operation.

INTERVIEW CROISÉE

Bertrand Camus, Chief Executive Officer of United Water
Brandon Freiman, Director of Energy and Infrastructure at KKR

How did your partnership for the city of Bayonne project come about?

Bertrand Camus: In its 2011 call for tenders, the city authorities, who were proposing a classic, 10-year maintenance contract, also asked candidates to look at any alternative that could resolve its equipment financing problem in the long term. We then began discussions with KKR.

KKR was an ideal partner for us, because it has a lot of experience in investing in infrastructure, and it is very committed to improving both the operational and the environmental performance of the businesses in its portfolio.

Brandon Freiman: We have been looking out for opportunities in the area of water and the environment for several years now. The contract with Bayonne is our first public-private partnership in water. This is definitely a huge challenge for us, because it entails providing the city's residents with a high-quality water service for the next 40 years! United Water's reliability and operational expertise were a decisive factor in our decision to invest and work together.



“This type of very long-term cooperation enables efficient operational and investment decisions to be made.”

Brandon Freiman
Director of Energy
and Infrastructure at KKR

**7
BILLION GALLONS
OF WATER**

(more than 26 million cubic meters), is lost every day through leakage in the US. More than 3 billion cubic meters of wastewater are discarded without being treated. This is the volume of water that flows over Niagara Falls in a 21-day period

⊕
FIND OUT MORE:
Find out about SOLUTIONSM on the United Water website at: www.unitedwater.com

What was especially new about the solution you proposed for Bayonne?

B. C.: It was a new type of contractual approach. During our discussions with the city authorities, we worked with them to build an innovative response that took a creative approach to the division of risks between the operator, the concession holder and the municipal authorities.
B. F.: Bayonne can manage its infrastructure and service quality in the long term, while retaining ownership of equipment and control over tariffs.

This very long-term contract enables efficient operational and investment decisions to be made. This is exactly what the municipal authorities, whose budget is subject to annual approval, are unable to achieve.

What is the outlook for this type of contract?

B. C.: I am sure that we have found the right model, one that suits the US market. We are moving forward on a case-by-case basis to win over local authorities, which are not yet used to delegating their investments and financing to the private sector. We are currently in the process of setting up a similar contract in Nassau.

B. F.: Some municipal authorities are starting to show an interest in this type of partnership, and to see that they are beneficial for all the partners involved. Due to the increasing scarcity of water resources and dwindling public funds, the role played by the private sector is more important than ever.

THE REFINERY PROJECT

Eni builds, alongside one of its existing refineries, the first plant using an innovative and strategic technology. The energy group aims to reduce the water consumption of this new facility as much as possible.

THE SOLUTION

Degrémont Industry designs a recycling unit to supply the new refinery with water from the existing refinery, adapting to Eni's constraints in terms of performance, availability, location, safety and cost.

THE RESULTS

An extension that actually enables the existing refinery to save water.



© Alessandro Marchetti
Project manager at Eni
Daniele Staunovo
Project manager at
Degrémont Industry

DEGRÉMONT INDUSTRY + ENI — RECYCLING OF INDUSTRIAL EFFLUENT

COMBINING ENVIRONMENTAL AND ECONOMIC PERFORMANCE

Degrémont Industry supports its industrial customers as they implement their projects, by helping them to optimize their use of water resources. Degrémont Industry, through Ondeo IS, cooperated with energy group Eni to optimize the environmental performance of a new strategic refining unit.

The water consumption of the new plant, built at the site of Eni's refinery at Sannazzaro de' Burgondi, south of Milan, will be reduced to a strict minimum.

The plant will in fact enable the whole site to considerably reduce its overall requirement for water. With the new water treatment loop installed by Degrémont Industry, the Group's subsidiary dedicated to industrial customers, Eni plans to make a savings of 2.8 million cubic meters a year, a net gain for natural reserves as well as its income statement. This is a substantial asset in a sector that consumes large quantities of water. The new refining unit stems from one of the energy group's strategic projects: it is the first application, on an industrial scale, of Eni Slurry Technology (EST). Eni developed this process, in which it has already invested €1.1 billion, to refine the heavy and extra-heavy crude oil that typically appears in alternative deposits such as those in the Orinoco basin in Venezuela. Oil companies are turning to these "non-conventional" resources in the face of the increasing demand for fuel. The aim of EST is to refine this heavy crude and to rid it of polluting impurities (sulfur, heavy metals, etc.) while avoiding any production of the heavy residues typical of refining (coke, fuel oil), in order to manufacture only light products, such as gasoline or high-purity diesel. Eni thus aims to minimize the environmental impact of its processes. Water has become a big issue for the refining industry, which consumes large quantities of it in the form of steam and in cooling systems. Making this investment in Sannazzaro without consuming extra water is imperative for Eni, which also wants to preserve this resource in a region where rice cultivation – which also uses a lot of water – plays a major role in the economy.

The solution proposed by Degrémont Industry involves setting up a water reutilization loop.

There are already two water treatment units at the site. The first, which operates upstream of the existing refinery, demineralizes water in the network and supplies it to the processes. The other, which operates downstream, treats the plant's wastewater, conforming to European regulations. The new recycling facility fits into the process after this wastewater plant, taking charge of two-thirds of its flows to produce demineralized water from wastewater. .../...

2.8

MILLION
cubic meters
saved each year



“Cooperation was a key dimension of this project. After this phase, we worked with Degrémont’s teams to transform our requirements into concrete solutions.”

Alessandro Marchetti
Project manager at Eni

.../... This recycled water supplies the new EST refining unit. The remaining treated water is redirected to the old refinery, passing through the demineralization unit. It is this loop that reduces the consumption of the entire site so substantially.

From the call for tenders stage, the teams of Degrémont Industry and Eni engaged in discussions, in order to adjust a very demanding set of specifications to real requirements and find ways to optimize costs with no compromise in water quality.

The continuing availability of the facility was a very important criterion. It was particularly vital to ensure that maintenance of the recycling plant could be carried out without any service disruption, because it would be out of the question to shut down the refinery to carry out these operations. Equipment was therefore doubled up, to ensure the highest possible degree of reliability. Amongst other solutions, Degrémont Industry proposed that Eni rethink the double installation of measuring instruments, so that the control system could ensure that the plant continued to operate reliably, even if an instrument broke down, by using indirect data.

To respond as appropriately as possible to the specific needs of its customer, Degrémont Industry relied on a combination of industrial standards and tailored innovation.

Its experience of the technologies used – ultrafiltration and reverse osmosis – allowed it to standardize some parts, such as reverse osmosis racks. It also drew on a body of good practices and data accumulated in the course of similar initiatives to design a solution perfectly suited to the customer’s needs, the characteristics of the water, conditions at the site and, of course, the specific requirements of the EST project. Eni was therefore able to benefit from experience acquired on other projects for the oil industry.



FIND OUT MORE:

Visit the Degrémont Industry website at:
www.degremont-industry.com/en

INTERVIEW

Alessandro Marchetti,
Project manager at Eni
Daniele Staunovo,
Project manager at Degrémont Industry

What were the challenges faced by Eni?

Alessandro Marchetti: Although it is very difficult to ensure a sustainable approach in the oil sector, Eni is a leader in CSR and appears on the main sustainable development indexes. All of our projects have to meet very strict criteria in terms of environmental, corporate and social performance, from the design stage and through its entire lifecycle. For this EST refining project, which is strategically important for us, we really wanted to reduce our water consumption. We also had to find a very efficient, and also very reliable, way to respond to our production constraints.

How did you work together?

A. M.: Cooperation was a key dimension of this project. At the start, we had a number of discussions so that we could align our viewpoints. After this phase, we worked with Degrémont to transform our expectations into real, feasible solutions. We were able to move forward in a spirit of compromise and open discussion, and this paved the way for new opportunities for the project.



“We got the refinery manager involved in the discussions very early on, so that we could adapt as much as possible to his needs and constraints: our role doesn’t just stop at the connection pipes!”

Daniele Staunovo
Project manager
at Degrémont Industry

Daniele Staunovo: Our contacts at Eni knew exactly what they wanted. We got the refinery manager involved in the discussions very early on, so that we could adapt as much as possible to his needs and constraints: our role doesn’t just stop at the connection pipes! We also started pooling our ideas from the call for tenders stage. For example, as we didn’t have to manage water flows at very high pressure, we were able to agree on equipment that is less costly but which meets the requirements and the very strict safety standards set by Eni.

How did Degrémont Industry’s teams adapt their solution to Eni’s constraints?

D. S.: The constant availability of this new water recycling facility was a serious constraint. For each piece of equipment, we had to plan a replacement “clone”, and look at alternatives when this approach wasn’t possible. This had an effect, for example, on the sizing of the reverse osmosis units, which had to be able to withstand the changes in flows that they would undergo during a stoppage of one of the lines. Our experience of the technologies used also enabled us to reduce the space needed for our facility to the maximum, while leaving enough space for secure operation and maintenance.



Sarah Illenberger

SUEZ ENVIRONNEMENT gave Sarah Illenberger a free hand in illustrating its 2012 Annual Report. With her stimulating and poetic installations, this visual artist applies her creative perspective to the major environmental and social challenges of the future.

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Communications Department
SUEZ ENVIRONNEMENT

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and production**

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MAKING THE PLANET
SUSTAINABLE
IS THE BEST JOB
ON EARTH



12 COMMITMENTS

Committing to sustainable development demands concrete action in the field and fixed, measurable objectives.

01 | Editorial by Frédérique Raoult
02 | 2008-2012 Road Map in review
04 | Four priorities of 2008-2012
20 | Three new priorities for 2012-2016

31.6%
of household and industrial waste recycled in 2008

43.2%
of household and industrial waste recycled in 2012



Through its subsidiaries, SUEZ ENVIRONNEMENT currently supplies 97 million people with drinking water and 66 million with wastewater treatment services. The Group provides 50 million people worldwide with waste-collection services and is firmly committed to waste recovery in all its forms. The Group's 79,549 employees work hard every day to protect natural resources, providing public-sector and industrial customers with innovative solutions. SUEZ ENVIRONNEMENT generated €15.1 billion in revenues in 2012.

Take a look at the other booklets in the SUEZ ENVIRONNEMENT Group Annual Report:

BOOKLET 01 

5 years, 1 Group

A Group tackling its challenges: our water and waste service solutions.

BOOKLET 02 

70 countries

An international presence: the Group's key figures.

BOOKLET 03 

2 businesses

Using our expertise to serve our customers: 2012 highlights for our subsidiaries.

BOOKLET 04 

1 ambition

A growth strategy based on a co-constructive approach.

BOOKLET 06 

2012 Performance

A balanced economic model: our financial and social indicators.



FOR MORE INFORMATION:

Look at the elements of the Annual Report on the website: www.suez-environnement.com/group/profile

In 2012, we came to the end of our first sustainable development roadmap.

Despite a difficult economic context, we are proud to present our first report: we have met all the targets we set ourselves in 2008. This first result demonstrates the Group's determination and the willingness of its subsidiaries the world over to take concrete action in support of sustainable development, a topic that concerns us by the very nature of our activities.

This dynamic has played a major role in the changing face of our operations. We must move on from being a simple technical expert to become a true strategic partner who can adapt to meet our customers' environmental and social challenges. Helping the regions and companies better manage their resources is the very essence of what we do.

However, our sustainable development initiative does not stop there. We want to involve our employees and stakeholders, whether our customers or civil society in the wider sense, by continuing to place dialog and cooperation at the very heart of our businesses. And our new four-year roadmap is all about taking our commitments and ambitious objectives one step further and engaging all our employees.

It is up to us to take concrete action and spread the word to all our teams to ensure sustainable development in all its forms remains an important element of our corporate culture.

Frédérique Raoult — Head of Sustainable Development and Communications



OUR DAY-TO-DAY ACTIONS INSPIRE THE GREAT PROJECTS OF THE FUTURE

Yesterday 31.6%, today 43.2%: in four years the percentage of household and non-hazardous industrial waste recycled by SUEZ ENVIRONNEMENT has exceeded the objective we set in our 2008-2012 sustainable development roadmap (36%). Everyone had their part to play as we took one step further towards a circular economy. Group subsidiaries designed new models to benefit all stakeholders. Our customers accompanied us on our circular economy journey, and users also had a role to play because without their sorting efforts, there would have been no recycling.

⊕ A GREAT RESULT FOR 2008-2012

Increasing the rate of waste recycling was one of the Group's 12 sustainable development targets 2008-2012. And four years on, the result is more than positive. Some of the objectives, recycling and renewable energy production, for instance, were even exceeded. The Group's health and safety figures were also better than expected, although in this area there is still room for improvement with an every day commitment.

⊕
FIND OUT MORE:
To read our 2008-2012 roadmap and everything you need to know about our sustainable development policy, visit: www.suez-environnement.com

⊕ NEW COMMITMENTS FOR 2016

In some cases four years were just not long enough. Our aim to address biodiversity at what we term "sensitive sites" proved to be more complex than anticipated, and our desire to draw up an appropriate action plan for each of these sites was only 60% achieved in the time allocated. With all, or almost all, of our targets met, we have put in place a new roadmap for 2012-2016 which will help us make further steady progress on our journey.

31.6%
of household
and industrial waste
recycled in 2008

43.2%
of household
and industrial waste
recycled in 2012



PROTECT RESOURCES AND ENGAGE IN THE CIRCULAR ECONOMY

We do not have an endless supply of natural resources, so we must preserve them and use them rationally. SUEZ ENVIRONNEMENT is committed to recovering as much waste as possible and to protecting water supplies by combating leaks and promoting reuse.

2008-2012 REPORT

In these areas, which are key factors in an emerging circular economy, the Group has exceeded the objectives it set for itself in 2008. Converting waste into secondary raw materials or energy, smart monitoring of water networks and recycling water for industrial or agricultural use are all central to SUEZ ENVIRONNEMENT's strategy today.



FIND OUT MORE:

Download the Group's Sustainable Development report:
www.suez-environnement.com/sustainable-development



COMMITMENT NO. 1

OPTIMIZE WASTE RECYCLING AND RECOVERY RATES

The Group collects waste from more than 50 million people worldwide and has made waste recovery one of its priorities. It has seen a constant increase in the proportion of waste that is reused, recycled or recovered. The proportion that cannot be turned into energy or other materials is disposed of in an environmentally-friendly manner, and the cost of this process is closely monitored.

2008-2012 Report

In 2008, SUEZ ENVIRONNEMENT set itself the target of increasing the material recovery rate of household and non-hazardous industrial waste to 36% in four years. This target was exceeded back in 2010, and at the end of 2012 the rate had reached 43.2%. Recycling has an increasingly important place in the Group's strategy.

43.2%

OF WASTE COLLECTED
 by SUEZ ENVIRONNEMENT
 is recycled

800,000

INHABITANTS

An average French city of 800,000 inhabitants could have been supplied with water for a year thanks to the leak detection and reporting work carried out by Lyonnaise des Eaux between early 2009 and the end of 2012



COMMITMENT NO. 2

INCREASE THE YIELD OF DRINKING WATER NETWORKS

SUEZ ENVIRONNEMENT's water business constantly strives to improve the yield of the drinking water distribution networks and reduce the number of leaks. The Group uses a linear loss index to monitor the number of leaks for each individual contract. The Group constantly seeks innovative ways to monitor the condition of the networks and to repair what it can without major road works. These repairs save vast quantities of water.

2008-2012 Report

In four years, Lyonnaise des Eaux prevented a loss equivalent to the average annual consumption of a French city with 800,000 inhabitants, thereby exceeding its initial objective (700,000 inhabitants). However, worldwide, the Group's reported losses are currently higher than in 2008. This can be explained by the recent addition of new contracts for networks which suffer more significant leaks. The Group is putting its expertise to find ways to reduce the water leaks on these networks.

RECYCLING CABLES WITH NEXANS

RECYCÂBLES... REUSING, AGAIN AND AGAIN

A close collaboration between SITA and its customer, world cable industry expert Nexans, in the form of a joint venture called Recycâbles, has led to the recycling of all types of cables and, for the industrial partner, to an improvement in the way it manages its raw materials, whose prices have become expensive and volatile.

Together, Nexans and SITA have found a way to turn used cables into a secondary raw material that can be used again and again to produce new cables.

Having been processing its end-of-life cables for quite some time, Nexans wanted to take things a step further by creating a genuine recycling loop. Following a market study it decided to join forces with SITA: the two companies had already worked together to dismantle the Metaleurop Nord plant in Noyelles-Godault. They pooled their know-how in a joint venture, Recycâbles (34% owned by Nexans and 66% by SITA), and set up an eco-hub at SITA Agora in November 2009. The cables supplied by Nexans are crushed to separate the metal from the polymer sheath. With a series of technologies it can combine to offer a tailor-made service, it can process all types of cables, from the simplest to the most complex. Innovative solutions have been found to maximize the percentage of pure copper shot recovered (99.9%) and to obtain plastics which contain less than 0.1% metal.

The copper shots recovered are sent to the Nexans plant in Lens, which has invested in a process to melt them down again.

The materials thus recovered are used to make new cables which meet the same quality and safety standards as those produced from virgin copper using the regular Nexans process. Nexans reuses on average 10,000 metric tons of recycled copper each year, and in doing so makes significant savings, guarantees its supply and reduces its CO₂ emissions, because the Recycâbles site is next to the Nexans site.

In 2012, both partners launched new projects

and began to recycle aluminum cables and polymers, which they also hope to be able to incorporate into new cable production.

⊕

FIND OUT MORE:

Visit the Group's website to find out about its energy-related innovations: www.suez-environnement.com/innovation/our-innovations/expertise

METALS, EXCELLENT CANDIDATES FOR RECYCLING

Metals can be recycled again and again, and some are very valuable. Through Recycâbles and another three of its subsidiaries, SITA Recyclage has developed a range of solutions which extract the ferrous and non-ferrous metals (copper, zinc, aluminum) from the cables, industrial scrap and waste.

15,000

COMPARED TO 12,000 metric tons of cables processed each year for Nexans (plus 5,500 metric tons from demolition sites and other users, and 5,000 for France Télécom)

No. 1

RECYCÂBLES is the leader on the French cable crushing market

35%

OF THE COPPER USED IN PRODUCTION worldwide is recycled

SUEZ ENVIRONNEMENT 2012



01 — A world cables and cabling systems expert, Nexans supplies industry and the construction, energy and telecoms sectors.

02 — At the Recycâbles plants, the cables are crushed to separate the copper shot from the polymer sheath.



"Nexans can produce new cables that meet the same quality and safety standards as those produced from mined materials."

⊕

TESTIMONIAL

A SIGNIFICANT SAVINGS

"The copper shot that Recycâbles produces is supplied direct to our foundry in Lens. Recycâbles produces it for Nexans, but we in turn supply 12,000 to 15,000 metric tons of cables for the process each year. This saves us a considerable amount of money and also significantly reduces our CO₂ emissions when we compare it to buying virgin copper, most of which comes from Chile. Furthermore, working closely with Recycâbles guarantees us our supplies without having to worry about unforeseen events

in the copper producing countries or the logistics of importing it by sea. Nexans can thus produce new cables from recycled copper shot and cathode (sheets of virgin copper) and the end product meets the same quality and safety standards as the cables produced from mined materials."

Jean-Paul Sadoulet
Industrial Director of Nexans Europe

INNOVATE TO RESPOND TO ENVIRONMENTAL CHALLENGES

Combating climate change, improving energy efficiency, producing renewable energies and preserving biodiversity are all factors SUEZ ENVIRONNEMENT takes into account in its "climate-energy-biodiversity" offer for public and industrial customers.

2008-2012 REPORT

In four years, SUEZ ENVIRONNEMENT has brought about several changes to reduce its impact on climate change. It has improved the energy efficiency of its plants and increased its renewable energy production. It has promoted the development of action plans to protect the sensitive sites at which it operates.



FIND OUT MORE:

Download the Group's Sustainable Development report:
www.suez-environnement.com/sustainable-development



COMMITMENT NO. 3 REDUCE GREENHOUSE GAS EMISSIONS

SUEZ ENVIRONNEMENT has committed to reducing its greenhouse gas emissions with a focus on the direct emissions from its storage centers.

2008-2012 Report

SUEZ ENVIRONNEMENT has increased the volume of waste it stores in facilities equipped with biogas recovery and processing systems from 84.8% to 92.3%. In Europe, this figure is 97%.



COMMITMENT NO. 4 IMPROVE ENERGY EFFICIENCY

The energy efficiency of SUEZ ENVIRONNEMENT's plants has financial and environmental significance for the Group and its customers.

2008-2012 Report

The Group has improved its energy consumed/revenues ratio from 741 to 652 Wh/ , exceeding the initial reduction target of 5% by the end of 2012. 2012 also saw the launch of its global energy package to improve its customers' energy efficiency (see the next page).

92.3%

OF WASTE STORED

by SUEZ ENVIRONNEMENT is in centers equipped with a biogas capture and processing system (compared to 84.8% in 2008). In Europe, this figure is 97%

+26%

MORE RENEWABLE ENERGY

produced by the Group between 2008 and 2012. The 2012 production would meet the annual energy requirements of around 485,000 inhabitants



COMMITMENT NO. 5 INCREASE AND PROMOTE RENEWABLE ENERGY GENERATION

SUEZ ENVIRONNEMENT produces renewable energies from: unavoidable waste incineration, the energy recovered from the biogas from its storage centers and its methanization plants, and sludge, which is a by-product of its wastewater treatment plants.

2008-2012 Report

This production has steadily grown, finally achieving a total 25% increase over four years (3,250 GWh). At the end of 2012, it equated to the annual energy needs of approximately 485,000 inhabitants.



COMMITMENT NO. 6 INCORPORATE BIODIVERSITY IN SITE MANAGEMENT

To be able to offer its local authority and industrial customers sustainable, environmentally friendly services and equipment, the Group is constantly on the lookout for innovative ways it can limit the impact of its activities on the natural environment.

2008-2012 Report

SUEZ ENVIRONNEMENT has introduced biodiversity reporting and encourages the drafting of action plans for sensitive sites. In four years its subsidiaries have developed a number of initiatives, such as the Zone Libellule®, which has proven effective in combating micropollutants. This system gently returns to the natural environment the water processed in a wastewater treatment plant, which is then used to regenerate the local biodiversity.

THE SUEZ ENVIRONNEMENT GROUP ENERGY OFFERING

AN ALL-ENCOMPASSING OFFERING TO IMPROVE ENERGY EFFICIENCY AT THE REGIONAL LEVEL

As both potential energy producers and consumers, there are a number of ways SUEZ ENVIRONNEMENT's businesses can help the local authorities with their energy transition.

20 x MORE

WATER AND WASTE generate more energy in France than the sun (2011 figures)

110 L

OF GASOLINE Has the same energy potential as the organic household waste five people produce in a year

Water and waste management represents up to 50% of a local authority's total energy bill.

At a time when combating climate change has clearly become a priority for the regions, they also face the challenge of optimizing their energy bill. All the more so because water and waste need not simply be energy consumers, they also have real energy-producing potential. Indeed, a region could meet half of its energy consumption by recovering its household waste. Based on these two facts, SUEZ ENVIRONNEMENT has grouped together all the solutions offered by its subsidiaries operating in the field of energy optimization to produce a comprehensive energy package for operators which offers them seven options for conducting a global analysis at regional level, acting on the results and then applying long-term solutions.

In terms of renewable energy production, recovering organic waste, which generates biogas, is a particularly interesting concept.

Wastewater sludge can also be dried and processed as a source of energy (it has a calorific value equivalent to that of wood). Water can also give off energy if you capture its power in microturbines located directly in the pipelines. The heat from wastewater, which flows at a temperature of between 12 and 25°C, can also be recovered. This is the principle behind the Degrés Bleus® system, which Lyonnaise des Eaux has put into operation in a number of districts and buildings such as schools and sports facilities in France.

And of course there is also another significant way local councils can keep a tight rein on their energy budget.

They can factor in the efficiency of their equipment, favoring more cost-effective procedures. The biological treatment chain, the main energy consumer of any wastewater treatment plant, can be optimized by, for instance, basing the choice of equipment on the cost of long-term ownership of the air machines. Savings can also be made by monitoring and managing procedures using innovative technologies such as GREENBASS™, which automatically regulates the ventilation of the basins.



FIND OUT MORE:

Visit the Group's website to find out about its energy-related innovations: www.suez-environnement.com/innovation/our-innovations/expertise

01 — In Bègles, SUEZ ENVIRONNEMENT (Lyonnaise des Eaux) is set to optimize the performance of the Clos de Hilde wastewater treatment plant, which will then make a net contribution to the city's gas grid. The plant processes the wastewater from part of Bordeaux city. This has been made possible by the synergy between the wastewater treatment plant and the neighboring Astria energy-from-waste plant that will supply it with heat.

02 — The As Samra wastewater treatment plant in Jordan is virtually self-sufficient thanks to a system of hydraulic microturbines – upstream and downstream – and the recovery of its biogas.



01



02



"By tackling water, waste and energy together, we can offer our customers some very effective optimization solutions."

⊕
**TESTIMONIA
A GLOBAL APPROACH
AT REGIONAL LEVEL**

"With energy prices on an upward trend and regulations factoring in climate change initiatives, local authorities are looking for grassroots solutions to optimize their energy consumption. And to help them, in 2012 we decided to place all the Group's energy know-how in one global offering. The energy representatives from all the businesses, who hold regular network meetings, worked together to identify a number of solutions which impact energy performance in all areas of water and waste. We then grouped these

solutions into seven customer-oriented packages addressing the main areas in which they could take action: optimizing consumption or purchases, producing renewable energies and controlling and managing climate impact... Offering regions a global water, waste and energy approach makes us more relevant and efficient in offering optimal solutions for the energy issues they face on a local level."

Jean-Michel Terry
Head of Innovations Marketing
at SUEZ ENVIRONNEMENT

EMPOWER OUR EMPLOYEES AS ACTORS OF SUSTAINABLE DEVELOPMENT

SUEZ ENVIRONNEMENT owes the success of its sustainable development approach to the commitment of its employees. The Group is asking for their active participation in these initiatives but also wants the employees to be the first to benefit. It is creating an environment in which the men and women in its workforce can develop their skills and further their careers.

2008-2012 REPORT

The Group attained the targets set in 2008 by organizing a sharing of resources and good practices between its subsidiaries. "Diversity", an ambitious three-year project, underlines the importance of diversity within the Group. SUEZ ENVIRONNEMENT has achieved very positive health and safety results and is moving towards a standard safety culture for all its subsidiaries.



FIND OUT MORE:

Download the Group's Sustainable Development report:
www.suez-environnement.com/sustainable-development



COMMITMENT NO. 7 FOSTER PROFESSIONAL KNOWLEDGE

Training is a major factor in the Group's social and economic performance. With its business units becoming increasingly technical, formalizing practices and the transfer of knowledge are of strategic importance. SUEZ ENVIRONNEMENT undertakes to give each of its employees the means to further their own professional development.

Report 2008-2012

The Group exceeded its training target of an average of 15 hours per employee per year (based on figures for the global workforce). At the end of 2012, the average was 16 hours. SUEZ ENVIRONNEMENT developed initiatives such as e-learning (9% of total training hours delivered in 2012) and management training and is launching modules to prepare experts for passing on their know-how. In 2012, it published a single training catalog for all its subsidiaries.



COMMITMENT NO. 8 CONTINUOUSLY STRIVE TO IMPROVE HEALTH AND SAFETY IN THE WORKPLACE

SUEZ ENVIRONNEMENT cannot conceive of operating without concern for the health and safety of its employees, its partners and third parties. These issues are of prime importance to the Group and it constantly strives to engage all parties involved in a quest for continuous improvement.

26.3%

COMPARED TO 23.7%
 Between 2008 and 2012, the number of women in management positions in the Group increased to 26.3%. The target was 26%

16 HOURS

COMPARED TO 13.5 HOURS
 The average number of training hours per annum for each employee (based on figures for the global workforce) also increased

2008-2012 Report

The health and safety results show that the Group's performance continues to improve in these areas. The accident-at-work frequency rate* fell from 17.45 to 13.32 between the end of 2008 and the end of 2012. The severity rate** fell from 0.65 to 0.60 during the same period (see following page).



COMMITMENT NO. 9 SUPPORT DIVERSITY

SUEZ ENVIRONNEMENT's HR policy addresses diversity as a priority issue. The Group's commitment to equal opportunities and social advancement is formalized in five topics in its Diversity program: access to employment and inclusion, hiring and careers for women, seniors, supporting employees with disabilities, motivation and quality of life in the workplace.

Report 2008-2012

The Diversity program ended 2012 with positive results, specifically an increase in gender mix thanks to mobilization at all subsidiaries. The program will remain in place with updated objectives for 2013-2016.

* Frequency rate: number of accidents with sick leave x 1,000,000/number of hours worked.

** Severity rate: number of days sick leave x 1000/number of hours worked.

THE HEALTH AND SAFETY POLICY

TOWARDS A COMMON HEALTH AND SAFETY CULTURE

The health and safety figures improved significantly thanks to a structured initiative with input from all parties at all levels. The Group is progressively rolling out a common health and safety culture for all its businesses in every country.

The average accident frequency rate* fell by 25% between the end of 2008 and the end of 2012, and the severity rate was down 8%.**

SUEZ ENVIRONNEMENT achieved its 2012 objectives with a record low accident-at-work record. Its frequency rate of 5.1 ranked it among the companies in the water management sector with the most advanced safety records. Major construction projects such as the desalination plant in Melbourne, which required 18 million working hours, passed off without a single accident. But it was the Group's waste activities which saw the greatest improvement (frequency rate went from 24.4 to 18 in five years), the specific nature of the waste collection business making this feat all the more remarkable. In this sector, the Group currently enjoys a middle ranking.

Behind these results is the work done by all employees, following a major drive by the Group's management that was rolled out by the managers.

Of course, progress in this area is never adequate: when it comes to health and safety, continuous improvement is the only way forward. With this in mind, the SUEZ ENVIRONNEMENT Group has for the last few years been working to promote a common safety culture for all its entities. It has drafted 15 "golden rules" for health and safety management, and industrial standards for the main "at risk" areas. Each year, at around 30 subsidiaries, it puts in place "safety contracts" with objectives which are audited at the year end. Health and safety is also a component of manager appraisals. The detail of each safety contract is drafted according to the company's safety record and the maturity of its safety management system. It is also based on a number of internal rules, drafted by the Group over a period of some 10 years, which take account of local regulations, the businesses' expertise and the exchange of good practices.

Operational managers and operators are supported by a network of approximately 300 health and safety experts.

Pilot projects have been set up at SITA UK and Degrémont in France with a view to investigating the safety culture further and placing an even greater emphasis on the human factor at all levels.

TRAINING THE MANAGERS

Their involvement is fundamental in spreading a culture of safety to all teams. There is a standard training program for managers that is being progressively rolled out worldwide. In 2012, the program was delivered to 650 managers (compared to 500 in 2011).

13.32

COMPARED TO 17.4

The average frequency* rate of accidents in the workplace fell between the end of 2008 and the end of 2012 in all Group business areas

0.60

COMPARED TO 0.65

The severity** rate also fell during the same period

*Frequency rate: number of accidents with sick leave x 1,000,000/ number of hours worked.

**Severity rate: number of days sick leave x 1000/number of hours worked.

01 — To limit accidents, you need to train the teams and get the managers involved.

02 — In the waste sector, the frequency rate fell from 24.4 to 18 in five years. For the teams, wearing personal protective equipment has become very much part of their daily routine.



01



02



"We are concentrating on work organization and focusing our training on improving individual behavior and involving the managers."

© TESTIMONIAL
FINDING THE RIGHT SOLUTIONS FOR THE LOCAL MARKET

"Safety does not necessarily involve a large amount of resources. In practice, accidents are more likely to occur as a result of organizational deficiencies or human error than a lack of resources. 'The idea therefore is to concentrate on work organization and refocus our training on improving individual behavior and involving the managers.' With this in mind, risk assessments are conducted at the premises of our subsidiaries. They are based on Group rules, and the resulting solutions must be appropriate for

the local market. Take the case of road safety in the waste sector: we looked into this in Germany and the Netherlands and were able to find solutions by using simulators to train our collection truck drivers.

Informing residents is another way forward – 1,500 educational road safety DVDs have been distributed to trainers in Germany. Work organization can also be improved by optimizing our collection rounds or working towards improving traffic at our sorting sites."

Jean-Marc Laouchez
SUEZ ENVIRONNEMENT Health and Safety Director

BUILD OUR DEVELOPMENT WITH ALL STAKEHOLDERS

SUEZ ENVIRONNEMENT is certain that its sustainable development must involve all its stakeholders. The Group commits to listening to them and requesting their input when drawing up its strategy and in its business operations. It is fully aware that its own growth is closely linked to the growth of the societies with which it operates. It endeavors to provide all its stakeholders with fully transparent information on the environmental, social and societal impact of its activities.

2008-2012 REPORT

The Group has formalized the framework for its dialog with stakeholders at both the institutional and the operational level. It has structured its community volunteering and partnership policies. It has made progress in implementing a reliable environmental and social responsibility reporting system.



FIND OUT MORE:

Download the Group's Sustainable Development report:
www.suez-environnement.com/sustainable-development



COMMITMENT NO. 10 **MAINTAIN ACTIVE DIALOG WITH OUR STAKEHOLDERS**

SUEZ ENVIRONNEMENT views dialog as a key factor of its success and seeks it at all levels, whether taking the concerns of civil society into account when defining its strategy or running joint initiatives with the regions.

2008-2012 Report

The Group holds regular stakeholder sessions at an institutional level to encourage dialog and the exchange of ideas. It has drawn up a procedure to help its teams engage and conduct a dialog on the ground in relation to each contract.



COMMITMENT NO. 11 **PLAY A KEY ACTOR OF LOCAL SUSTAINABLE DEVELOPMENT**

The SUEZ ENVIRONNEMENT Group takes an active role in the economic and social life of the regions in which it operates. It partners local authorities in their sustainable development initiatives, providing support through partnership actions or its own activities.

8

STAKEHOLDERS SESSIONS
 organized since 2007

74%

OF THE 19 CSR INDICATORS
 audited were given "reasonable assurance" status (the remaining quarter received a "moderate assurance" rating)

2008-2012 Report

A large number of initiatives have been developed to allow SUEZ ENVIRONNEMENT to make a greater contribution to sustainable development in the regions. In France, the Contract for Water Health paved the way for a more equitable, collaborative management of this fragile resource. As a vehicle for its socially inclusive activities in France and worldwide, the Group has set up the Fonds SUEZ ENVIRONNEMENT Initiatives, which replaces the Fondation Eau pour Tous.



COMMITMENT NO. 12 **PROVIDE REGULAR AND EASILY ACCESSIBLE INFORMATION ABOUT OUR SUSTAINABLE DEVELOPMENT ACTIONS**

SUEZ ENVIRONNEMENT makes every effort to provide accurate information about its social and environmental performance and its governance. It publishes its data in accordance with the Global Reporting Initiative and Global Compact guidelines. It listens to its stakeholders and incorporates their comments into its reports.

2008-2012 Report

Each year since 2008, the Group has commissioned statutory auditors to verify a selection of its environmental and social performance indicators. Its non-financial ratings rank among the highest in its category.

ECO-FRIENDLY, SOCIALLY-INCLUSIVE WATER TARIFF IN DUNKIRK

DUNKIRK LAUNCHES AN ECO-SOCIAL WATER TARIFF SCHEME

This groundbreaking local authority water policy successfully combines a water-saving initiative and access for all in the one tariff.

NEW SOCIAL TARIFF SCHEME

Access to water and a social tariff was one of the topics put to a panel of experts as part of the Lyonnaise des Eaux "Idées Nouvelles sur l'Eau" consultation in 2012. Based on the conclusions of this consultation, it was able to identify a number of ways to move forward with a package of solutions rather than a single product.

Supported by the city, custom-designed with corporate players and governed with the city's inhabitants, the new water tariff scheme adopted for Dunkirk and the surrounding area in 2012, which is both ecologically-friendly and socially-responsible, was the result of constructive dialogue successfully translated into concrete action.

Since October 1, 2012, residents in and around Dunkirk have received water bills with three tariff brackets clearly identified according to use and consumption. The "essential water" tariff for the first 75 cubic meters used for food and hygiene has been reduced by at least 20% for all users and by 70% for the 10% of households who are eligible for complementary universal health care coverage, who will receive this in the form of a "water check". Beyond the first 75 cubic meters, the tariff varies according to the quantity of water used: "useful water" (up to 200 cubic meters) and "comfort water" (200 cubic meters and over). All in all, based on like-for-like consumption, 80% of inhabitants will receive a lower bill.

The tariff is eco-friendly because it encourages consumers to think rationally about their water use. There is an accompanying awareness campaign to help inhabitants keep a check on their water bill and change their behavior. It is socially responsible because it results from a local authority initiative to put into practice the right to water provision of the 2006 Act. In France, water accounts for around 1% of household budgets, but for two million households, their bill exceeds the UN 3%-of-income acceptability threshold.

The project was a joint initiative of the SMAERD (Syndicat Mixte pour l'Alimentation en Eau de la Région de Dunkerque), Lyonnaise des Eaux, a subsidiary of SUEZ ENVIRONNEMENT, and all partners in the Dunkirk region. The social partners were very much involved and their input sought from the diagnostic phase: they are in the best position to identify the people who will benefit from social measures. They are now involved in the water management process. If a water bill is unpaid, Lyonnaise des Eaux will contact the CCAS (Community Centers for Social Action), who will mediate with the households in difficulty to prevent their water being cut off in as many cases as possible.

1.5

BILLION LITERS

less drinking water drawn from the network over the last 10 years: the area in and around Dunkirk has access to limited water reserves and has a long-standing policy in place to reduce consumption

01 — Fully committed to the protection of biodiversity and the environment for almost 20 years, the urban community of Dunkirk is the perfect role model.

02 — The *Grand Large* ecoquarter will help transform the urban Dunkirk community.



01



02



"Eco-social is not simply a word, it's a concrete commitment we are making by launching this initiative, the first of its kind in France."



TESTIMONIAL

SAVING WATER AND COMBATTING ENERGY SHORTAGE

"We are experimenting on the ground with a principle often mentioned but rarely put into practice: establishing water as a basic everyday essential in the lives of our fellow citizens. The initiative is both eco-friendly and socially inclusive. In fact, in more general terms, I would say it is economical in both senses of the word: it saves a vital resource and, for the lowest-income households, their water bill will be less of a drain on their resources."

Eco-social is not simply a word, it's a concrete commitment we are making by launching this initiative, the first of its kind in France. We are pre-empting one of the French President's promises of a new tariff system to combat energy shortage and save water resources. This is yet another example of Dunkirk's ability to plan ahead, use its initiative and introduce innovative solutions. This application of sustainable development to our water resources is fully in line with our policy which dates back some 20 years."

Michel Delebarre

Senator Mayor of Dunkirk, President of the Urban Community of Dunkirk and President of the SMAERD (Syndicat Mixte pour l'Alimentation en Eau de la Région de Dunkerque)

THREE NEW PRIORITIES FOR 2012-2016

In 2012, SUEZ ENVIRONNEMENT drew up a new sustainable development and social responsibility roadmap setting out three new priorities to help it build on and advance the progress it made between 2008 and 2012.

A NEW ROADMAP FOR 2012-2016

The Group's new sustainable development roadmap provides the framework and the direction for SUEZ ENVIRONNEMENT's progress in that field over the next four years. For each of the priorities described there are four concrete commitments and a number of quantitative indicators.

The 2016 targets include:

2

METRIC TONS OF WASTE to be recovered in Europe for every metric ton of waste destined for disposal

30%

OF THE GROUP'S managers to be women

OVER 100

PROFESSIONALS AND MANAGERS in the water and wastewater divisions trained in developing countries

④

**PRIORITY NO. 1
INNOVATE TO DEVELOP OUR ACTIVITIES AND ASSIST OUR CLIENTS IN BECOMING LEADERS IN TERMS OF ECONOMIC AND ENVIRONMENTAL PERFORMANCE**

Our businesses are central to the circular economy. We are deploying our expertise, know-how, life skills and innovative capacity to achieve optimal management of the major water and waste cycles. SUEZ ENVIRONNEMENT works with its customers to help them achieve their objectives and thereby reconcile environmental performance with economic competitiveness. It works with its customers to devise customized, sustainable solutions while listening to all its stakeholders.

④

**PRIORITY NO. 2
DEVELOP OUR EMPLOYEES' TALENTS TO BECOME ENABLERS IN THE TRANSFORMATION OF OUR BUSINESSES**

To help us move towards a green economy, we are changing our models and our businesses. And our employees will be a driving force behind this change.

SUEZ ENVIRONNEMENT is taking action to: develop their skills, promote equal opportunities, strengthen their commitment and improve the quality of life in the workplace, while keeping everyone safe.

④

**PRIORITY NO. 3
ENABLE OUR BUSINESSES TO BECOME CONTRIBUTORS TO THE ATTRACTIVENESS OF REGIONS AND TO WORK TOGETHER WITH OUR STAKEHOLDERS TO BUILD SOLUTIONS**

SUEZ ENVIRONNEMENT plans to work with local authorities, industry and the general public to find solutions to the many challenges they face locally, such as access to water, wastewater services and waste collection services. We firmly believe that working in partnership with the local communities is vitally important for the success of the solutions we offer and implement. Our quest is always to foster dialog and find the most appropriate forms of governance.



Sarah Illenberger

SUEZ ENVIRONNEMENT gave Sarah Illenberger a free hand in illustrating its 2012 Annual Report. With her stimulating and poetic installations, this visual artist applies her creative perspective to the major environmental and social challenges of the future.

Coordination

Communications Department
SUEZ ENVIRONNEMENT

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Charlotte Ripken

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mcsaatchicorporate.com

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**MAKING THE PLANET
SUSTAINABLE
IS THE BEST JOB
ON EARTH**



2012 PERFORMANCE

Preparing for our future growth and improving our performance from today. The key financial and social indicators for 2012 highlight the strength and relevance of our business model.



Through its subsidiaries, SUEZ ENVIRONNEMENT currently supplies 97 million people with drinking water and 66 million with wastewater treatment services. The Group provides 50 million people worldwide with waste-collection services and is firmly committed to waste recovery in all its forms. The Group's 79,549 employees work hard every day to protect natural resources, providing public-sector and industrial customers with innovative solutions. SUEZ ENVIRONNEMENT generated €15.1 billion in revenues in 2012.

Take a look at the other booklets in the SUEZ ENVIRONNEMENT Group Annual Report:

BOOKLET 01 

5 years, 1 Group

A Group tackling its challenges: our water and waste service solutions.

BOOKLET 02 

70 countries

An international presence: the Group's key figures.

BOOKLET 03 

2 businesses

Using our expertise to serve our customers: 2012 highlights for our subsidiaries.

BOOKLET 04 

1 ambition

A growth strategy based on a co-constructive approach.

BOOKLET 05 

12 commitments

A robust and ongoing commitment to sustainable development.

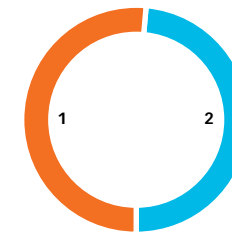


FOR MORE INFORMATION:

Find more detailed information at: www.suez-environnement.com/finance

Revenues breakdown

by business



| | |
|----------|--------------|
| 1. Waste | 51.5% |
| 2. Water | 48.5% |

Revenue

(in M€)

| | |
|------|--------|
| 2011 | 14,830 |
| 2012 | 15,102 |

EBITDA

(in M€)

| | |
|------|-------|
| 2011 | 2,513 |
| 2012 | 2,450 |

€1.177 Bn

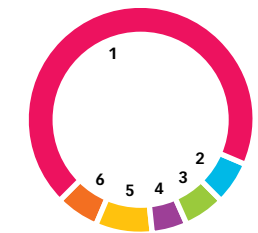
in net investment

3.0

times financial debt/EBITDA

Revenues breakdown

by geographical regions



| | |
|-----------------------|------------|
| 1. Europe | 69% |
| 2. Africa/Middle East | 6% |
| 3. North America | 6% |
| 4. Asia | 5% |
| 5. Oceania | 8% |
| 6. South America | 6% |

Current operating income

(in M€)

| | |
|------|-------|
| 2011 | 1,039 |
| 2012 | 1,146 |

Net income Group share

(in M€)

| | |
|------|-----|
| 2011 | 323 |
| 2012 | 251 |

+1.8%

revenue growth in 2012

€1,358 M

in free cash flow in 2012 i.e. +58% vs. 2011

Consolidated financial statements

In millions of euros

| | Dec. 31, 2012 | Dec. 31, 2011 |
|--|-----------------|-----------------|
| Non-current assets | | |
| Net intangible assets | 4,060.8 | 4,045.9 |
| Goodwill | 3,256.9 | 3,264.7 |
| Net property, plant and equipment | 8,882.0 | 8,782.6 |
| For-sale securities | 395.9 | 410.9 |
| Loans and receivables at amortized cost | 700.7 | 662.3 |
| Derivative financial instruments | 259.1 | 193.5 |
| Stakes in associated companies | 490.9 | 498.2 |
| Other assets | 80.0 | 87.3 |
| Deferred tax assets | 755.1 | 754.7 |
| Total non-current assets | 18,881.4 | 18,700.1 |
| Current assets | | |
| Loans and receivables at amortized cost | 266.6 | 196.8 |
| Derivative financial instruments | 5.5 | 34.4 |
| Trade receivables and other debtors | 3,805.3 | 4,118.0 |
| Inventory | 290.1 | 331.0 |
| Other assets | 1,116.8 | 1,172.9 |
| Financial assets valued at fair value by income | 23.5 | 14.7 |
| Cash and cash equivalents | 2,247.3 | 2,493.5 |
| Total current assets | 7,755.1 | 8,361.3 |
| Total assets | 26,636.5 | 27,061.4 |
| Group share, shareholders' equity | 4,863.9 | 4,946.1 |
| Minority interests | 1,995.3 | 1,871.1 |
| Total shareholders' equity | 6,859.2 | 6,817.2 |
| Non-current liabilities | | |
| Provisions | 1,431.5 | 1,289.0 |
| Financial liabilities | 8,554.8 | 8,035.6 |
| Derivative financial instruments | 90.7 | 156.4 |
| Other financial liabilities | 2.7 | 3.1 |
| Other liabilities | 645.3 | 602.1 |
| Deferred liability taxes | 573.9 | 583.9 |
| Total non-current liabilities | 11,298.9 | 10,670.1 |
| Current liabilities | | |
| Provisions | 563.7 | 545.6 |
| Financial liabilities | 1,363.6 | 2,035.2 |
| Derivative financial instruments | 11.3 | 32.8 |
| Trade payables and other creditors | 2,871.0 | 2,752.5 |
| Other current liabilities | 3,668.8 | 4,208.0 |
| Total current liabilities | 8,478.4 | 9,574.1 |
| Total consolidated shareholders' equity and liabilities | 26,636.5 | 27,061.4 |

NB: The figures in the table are generally expressed in € million.
Where figures have been rounded up or down there may be an insignificant discrepancy in totals or variations.

Consolidated income statement

In millions of euros

| | Dec. 31, 2012 | Dec. 31, 2011 |
|---|----------------|----------------|
| Non-current assets | | |
| Turnover | 15,101.6 | 14,829.6 |
| Purchases | -3,486.9 | -3,439.5 |
| Personnel expenses | -3,764.4 | -3,663.3 |
| Amortization, depreciation and provisions | -1,036.0 | -1,178.8 |
| Other operating expenses | -5,925.2 | -5,757.6 |
| Other operating revenue | 256.7 | 249.0 |
| Current operating income | 1,145.8 | 1,039.4 |
| Mtm on operational financial instruments | 3.5 | -4.5 |
| Depreciation of property, plant and equipment, intangible assets and long-term financial assets | -87.5 | -69.0 |
| Restructurings | -78.4 | -39.9 |
| Perimeter effects | 63.5 | 122.4 |
| Other income from disposals and non-recurring items | 5.2 | 43.4 |
| Income from operating activities | 1,052.1 | 1,091.8 |
| Financial expenses | -563.5 | -557.4 |
| Financial revenue | 144.3 | 152.6 |
| Net financial income | -419.2 | -404.8 |
| Income tax | -185.7 | -174.2 |
| Share of income of associated companies | 22.4 | 37.4 |
| Net income | 469.6 | 550.2 |
| Group share of net income | 251.4 | 322.8 |
| Net income from minority interests | 218.2 | 227.4 |
| Group share of net income per share (euros) | 0.45 | 0.60 |

Social indicators

| | Absolute value | | | | Relative value | | | |
|---|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| Distribution of workforce by division | | | | | | | | |
| Water Europe | 11,851 | 24,402 | 23,302 | 22,208 | 18.0% | 30.7% | 29.0% | 27.9% |
| Waste Europe | 34,189 | 35,080 | 35,014 | 34,561 | 51.9% | 44.1% | 43.5% | 43.4% |
| International | 19,250 | 19,424 | 21,429 | 22,038 | 29.2% | 24.4% | 26.6% | 27.7% |
| Headquarters | 605 | 648 | 665 | 742 | 0.9% | 0.8% | 0.8% | 0.9% |
| Total | 65,895 | 79,554 | 80,410 | 79,549 | 100.0% | 100.0% | 100.0% | 100.0% |
| Distribution of workforce by geographic region | | | | | | | | |
| France | 32,398 | 34,948 | 35,654 | 34,776 | 49.2% | 43.9% | 44.3% | 43.7% |
| Europe (excluding France) | 21,295 | 32,347 | 31,141 | 29,974 | 32.3% | 40.7% | 38.7% | 37.7% |
| North America | 3,281 | 3,347 | 3,362 | 3,367 | 5.0% | 4.2% | 4.2% | 4.2% |
| South America | 269 | 252 | 238 | 240 | 0.4% | 0.3% | 0.3% | 0.3% |
| Africa/Middle East | 4,479 | 4,377 | 5,137 | 6,165 | 6.8% | 5.5% | 6.4% | 7.7% |
| Asia/Oceania | 4,173 | 4,283 | 4,878 | 5,027 | 6.3% | 5.4% | 6.1% | 6.3% |
| Total | 65,895 | 79,554 | 80,410 | 79,549 | 100.0% | 100.0% | 100.0% | 100.0% |
| Distribution of workforce by socio-professional category | | | | | | | | |
| Managers | 8,649 | 10,665 | 11,181 | 11,261 | 13.1% | 13.4% | 13.9% | 14.2% |
| Senior technicians and supervisors | 12,302 | 15,089 | 15,829 | 16,162 | 18.7% | 19.0% | 19.7% | 20.3% |
| Workers, employees and technicians | 44,944 | 53,800 | 53,400 | 52,126 | 68.2% | 67.6% | 66.4% | 65.5% |
| Total | 65,895 | 79,554 | 80,410 | 79,549 | 100.0% | 100.0% | 100.0% | 100.0% |
| Proportion of women in Group | | | | | | | | |
| Men | 53,705 | 64,104 | 64,471 | 63,858 | 81.5% | 80.6% | 80.2% | 80.3% |
| Women | 12,190 | 15,450 | 15,939 | 15,691 | 18.5% | 19.4% | 19.8% | 19.7% |
| Total | 65,895 | 79,554 | 80,410 | 79,549 | 100.0% | 100.0% | 100.0% | 100.0% |
| Proportion of women in management | | | | | | | | |
| Men | 6,555 | 7,939 | 8,218 | 8,215 | 75.8% | 74.4% | 73.5% | 73.0% |
| Women | 2,094 | 2,726 | 2,963 | 3,046 | 24.2% | 25.6% | 26.5% | 27.0% |
| Total | 8,649 | 10,665 | 11,181 | 11,261 | 100.0% | 100.0% | 100.0% | 100.0% |
| Proportion of employees with disabilities | | | | | | | | |
| Percentage of employees with disabilities at year-end | | | | | 1.5% | 1.5% | 1.5% | 1.8% |
| Breakdown of workforce by contract type | | | | | | | | |
| Full-time permanent contracts (FTE) | | | | | 92.3% | 91.3% | 91.4% | 93.0% |
| Other contracts | | | | | 7.7% | 8.7% | 8.6% | 7.0% |
| Total | | | | | 100.0% | 100.0% | 100.0% | 100.0% |
| Employment | | | | | | | | |
| Turnover (1) | | | | | 7.4% | 6.5% | 6.7% | 6.4% |
| Voluntary turnover (2) | | | | | 3.3% | 3.0% | 3.6% | 3.3% |
| Hiring rate (3) | | | | | 15.7% | 20.6% | 21.6% | 18.6% |
| Rate of FTE hires (4) | | | | | 46.1% | 36.4% | 39.0% | 45.3% |
| Recruitment | | | | | | | | |
| Number of external FTE hires | 4,709 | 5,906 | 6,773 | 6,743 | | | | |
| Number of external fixed-term contract (FTC) hires | 5,498 | 10,316 | 10,601 | 8,137 | | | | |
| Total | 10,207 | 16,222 | 17,374 | 14,880 | | | | |
| Working conditions | | | | | | | | |
| Absenteeism (days of absence/employee) (5) | 12.1 | 12.2 | 12 | 11.6 | | | | |
| Overtime rate (6) | | | | | 4.9% | 4.4% | 4.3% | 4.3% |
| Job safety | | | | | | | | |
| Number of fatal accidents (employees) | 4 | 5 | 4 | 5 | | | | |
| Frequency rate (7) | 15.35 | 16.28 | 14.06 | 13.32 | | | | |
| Severity rate (8) | 0.64 | 0.68 | 0.66 | 0.6 | | | | |
| Training | | | | | | | | |
| Percentage of workforce trained | | | | | 59.7% | 61.2% | 69.4% | 68.4% |
| Annual number of training hours per person | | | | | 23 | 26 | 24 | 24 |
| Average training expenses per individual trained | | | | | 579€ | 532€ | 550€ | 537€ |
| Breakdown of training time by type of activity | | | | | | | | |
| Business techniques | | | | | 30.6% | 28.4% | 24.5% | 27.2% |
| Quality, environment and safety | | | | | 41.7% | 36.6% | 40.4% | 36.8% |
| Languages | | | | | 4.1% | 5.2% | 5.4% | 7.7% |
| Other | | | | | 23.6% | 29.8% | 29.7% | 28.3% |

(1) Turnover: number of layoffs and resignations/average workforce – (2) Voluntary turnover: number of resignations/average workforce – (3) Hiring rate: number of FTC and FTE employees recruited/average workforce – (4) FTE hiring rate: number of FTE employees recruited/number of FTC and FTE employees recruited – (5) Based on a theoretical workday of 8 hours – (6) Overtime hours: number of overtime hours/number of hours worked – (7) Frequency rate: number of accidents with leave x 1,000,000/number of hours worked – (8) Severity rate: number of days compensated x 1,000/number of hours worked.

Performance on the 12 commitments

| | Unit | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|------------|------------|--------------|------------|------------|
| 1 - Optimize the rate of recycling and waste recovery | | | | | | |
| Total rates of material recovery of common household and industrial waste | % | 31.6 | 31.9 | 36.8 | 40.7 | 43.2 |
| Quantities of recycled materials placed on the market (millions of metric tons) | MT | 12.5 | 12.8 | 13.6 | 15.4 | 15.3 |
| 2 - Increase the yield of drinking water networks | | | | | | |
| Linear index of network losses | m ³ /km/j | 9.5 | 9.7 | 9.5 | 9.3 | 8.7 |
| 3 - Reduce greenhouse gas emissions (GHG) | | | | | | |
| Direct and indirect greenhouse gas emissions | TeqCO ₂ | 5,928,175 | 5,877,886 | 6,210,860 | 6,821,223 | 6,222,481 |
| Contribution to emissions avoided | TeqCO ₂ | -5,748,153 | -6,419,452 | -6,241,487 | -7,360,933 | -7,308,188 |
| Metric tons of waste stored in non-hazardous waste landfill centers with a biogas capture and treatment system | % | 84.8 | 84.3 | 91.2 | 94.6 | 92.3 |
| 4 - Improve energy efficiency | | | | | | |
| Total primary and secondary energy consumption | MWh | 5,924,539 | 5,914,608 | 5,932,633 | 6,129,487 | 6,536,127 |
| Energy consumption related to revenues | Wh/€ | 741 | 798 | 682 | 595 | 652 |
| 5 - Increase and promote renewable energy generation | | | | | | |
| Usable production of renewable energy (waste + wastewater treatment) | MWh | 2,586,049 | 2,500,673 | 2,456,967 | 2,849,891 | 3,247,869 |
| Installed power for energy recovery | MW | 547 | 537 | 473 | 594 | 610 |
| Alternative fuels replacing fossil fuels, provided by SUEZ ENVIRONNEMENT | tep | 233,682 | 217,496 | 227,034 | 290,168 | 244,327 |
| 6 - Incorporate biodiversity in site management | | | | | | |
| Biodiversity – number of sensitive sites inventoried | No. | 228 | 278 | 193 | 212 | 240 |
| Biodiversity – number of sensitive sites with action plan in progress | No. | 62 | 86 | 31 | 39 | 40 |
| Biodiversity – number of sites (sensitive and non-sensitive) with a voluntary action plan | No. | | | 98 | 103 | 104 |
| 7 - Develop professional knowledge | | | | | | |
| Annual number of training hours per employee | hr/pers | 13.5 | 12.9 | 14.5 | 15.97 | 16.9 |
| Proportion of employees who have received training in total workforce | % | 57% | 59.0% | 63.0% | 69.7% | 68.4% |
| 8 - Continuously strive to improve health and safety in the workplace | | | | | | |
| Frequency rate (FR) of accidents at work | No. | 17.45 | 15.35 | 16.28 | 14.06 | 13.32 |
| Severity rate (SR) of accidents at work | No. | 0.65 | 0.64 | 0.68 | 0.66 | 0.6 |
| 9 - Commitment to diversity | | | | | | |
| Gender distribution rate | % | 18.2% | 18.3% | 18.6% | 19.2% | 19.0% |
| Gender distribution rate among management | % | 23.7% | 24.3% | 24.9% | 25.9% | 26.3% |
| Gender distribution rate among qualified employees | % | 33.7% | 34.3% | 34.9% | 36.5% | 36.6% |
| International (non-French) rate among management employees | % | 32.1% | 31.5% | 27.9% | 35.5% | 26.4% |
| Proportion of individuals with a disability in total workforce | % | 1.5% | 1.5% | 1.6% | 1.8% | 1.9% |
| 10 - Maintain active dialog with stakeholders | | | | | | |
| Deployment of the dialog procedure with stakeholders | % | | * | | | |
| 11 - Be a major player in local sustainable development | | | | | | |
| Number of non-commercial partnerships or agreements in local development involving educational, social, environmental, cultural, sports or consumer-related actions | No. | | ** | | | |
| Number of persons re-entering employment through a social inclusion program supported by the company or its subsidiaries | No. | | | Test in 2010 | | |
| 12 - Provide regular and easily accessible information about our sustainable development actions | | | | | | |
| Information available on ESG indicators through websites or annual sustainable development reports at each significant operating level | yes | yes | yes | yes | yes | yes |
| Verification of transparency and completeness of sustainable development reports by external auditors | yes | yes | yes | yes | yes | yes |
| Reasonable assurance of non-financial indicators | 5 | 11 | 11 | 11 | 11 | 14 |
| Documented circulation of good Sustainable Development practices and dedicated Sustainable Development category on local websites | | | *** | | | |



Sarah Illenberger
SUEZ ENVIRONNEMENT gave Sarah Illenberger a free hand in illustrating its 2012 Annual Report. With her stimulating and poetic installations, this visual artist applies her creative perspective to the major environmental and social challenges of the future.

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* Eight stakeholders' sessions since 2007. Toolkit rolled out in three languages. ** Large number of partnerships signed with NGOs (LPO, FNE, MNHN, etc.) and 20 academic partnerships in humanities and social science (12 in 2008). *** cf. Edelwey – SE and subsidiaries' websites – GRI B+ – 2008, 2009, 2010 and 2011 SD Performance and Commitments reports
ESG indices: DJSI World & STOXX – Aspi Eurozone – ESI Excellence Europe and FTSE4Good.