

## SUEZ, a CSR Company, member of the Global Compact

### June 2006

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## 1. MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUEZ was one of the first companies to sign up to the Global Compact at the time of its launch by United Nations Secretary General Kofi Annan, in 2000.

The Global Compact's aim is to encourage dialogue and exchanges of experience on "good practice" regarding sustainable development, among a variety of players (United Nations agencies, private and public corporations, and NGOs).

The Global Compact's principles correspond to the SUEZ principles of corporate governance, to its values and key charters. We are committed to adopting, supporting and implementing in our sphere of influence these fundamental principles governing human rights, labor standards, the environment, and the fight against corruption: these are principles at the heart of the Global Compact.

Historically, the companies that have made up the SUEZ Group, the source of its profits and growth, have endeavored to improve people's living conditions through the supply of water, gas and electricity, together with the collection, treatment and recycling of waste, while respecting the environment.

Since its formation in 1997, SUEZ has proactively pursued a sustainable development policy, which is daily implemented by everyone in its work force of 160,000 employees.

By its very nature, the business of SUEZ is central to the challenges of sustainable development. Through its operations, it is playing a major role in the conservation of resources (energy, drinking water), environmental protection (greenhouse gas, waste water and waste), and the satisfaction of the essentials of life.

SUEZ and its subsidiaries are meeting the demands of cities and corporations confronted with new needs born of population growth, urban development, rising living standards, and environmental protection.

The men and women of SUEZ are daily tackling those challenges. They are at work on the ground, operating through partnerships whose watchwords are performance, innovation and dialogue. Their technical and managerial expertise is helping bring energy consumption under control, limit greenhouse gas emissions, provide water and sanitation services, and conserve natural resources. They continuously manage the risks liable to impact the health and safety of populations. Sustainable development is a guarantee of the long-term future of SUEZ and its operations, permeating both its own organization and relations with its stakeholders. Inside its organization, the proper application of the principles of corporate governance is helping SUEZ to guide its development effectively and judiciously.

The independence of its directors and Board committees, the authority wielded by its risk managers, and the role of its ethical compliance network, create a sound basis for its decisions. Consistent with its support for the major national and international declarations, SUEZ has instituted a series of house charters and codes of conduct applicable throughout all of its entities. This response to the needs of stakeholders is a pillar of sustainable development policy as conceived by SUEZ.

The businesses of SUEZ, and the personal commitment of each of its employees to the sustainable development, are rooted in:

- *shared values*: acting professionally, performing as a partner, cultivating team spirit, creating value, respect for the environment, and behaving ethically,
- *charters* governing the business and functions of SUEZ, e.g. an ethical charter, an international social charter, an environmental charter, a charter governing business relationships, etc.,
- *a dynamic human resources policy* focused on cross-perspectives issues of common interest, such as health, safety, and training, for example. This is presented and discussed via the “European Instance of Dialogue” an internal platform for dialogue with labor unions and operating entities,
- *an environmental policy*: this is firmly rooted in day-to-day operations and implemented in close cooperation with the stakeholders concerned, i.e. local authorities, industries, consumers, local associations, etc.,
- *research and innovation*: SUEZ R&D policy spans a vast array of projects in the technical, commercial and managerial areas, notably.

In less than six years, the Global Compact has emerged as a focus for exchanges between the United Nations, the business community, labor unions, and civil society, a place where they can share and promote the values and experiences associated with responsible management.

In June 2006, the Global Compact had more than 3,300 members (comprising corporations, institutions, and other organizations, including nearly 400 French businesses).

SUEZ is proud to be a member of the Global Compact and to demonstrate at the international level its values and its commitment to sustainable development.

Gérard Mestrallat  
Chairman and Chief Executive Officer of SUEZ  
14 June 2006

## 2. SUEZ PRESENTATION

### *SUEZ identity*

SUEZ, an international industrial and services Group, designs sustainable and innovative solutions in the management of public utilities as a partner of local authorities, businesses and individuals in electricity, gas, energy services, water and waste management.

### *SUEZ mission*

Delivering the essentials of life

### *SUEZ values*

- Act professionally
- Perform as a partner
- Cultivate team spirit
- Create value
- Respect the environment
- Behave ethically

### *Key figures at 31.12.2005*

- € 41.5 billion in 2005 revenues
- 157,650 employees throughout the world
- 200 million individual clients
- 500,000 industrial and commercial clients
- 3,000 municipalities served daily
- 1,939 sites certified ISO 14001, ISO 9001 V2000 or EMAS
- 400 researchers in 6 R&D centers

SUEZ is listed on the Brussels, Luxembourg, Paris, New York and Zurich stock exchanges and is represented in the major international indices: CAC 40, BEL 20, DJ STOXX 50, DJ EURO STOXX 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and ASPI Eurozone.

More information on : [www.suez.com](http://www.suez.com)

### 3. PRESENTATION OF SUEZ' COMMITMENTS

#### ***Human rights***

##### **Principle 1:**

Businesses should support and respect the protection of internationally proclaimed human rights; and

##### **Principle 2:**

Make sure that they are not complicit in human rights abuses.

SUEZ is an international industrial and services corporation that designs sustainable and innovative solutions in the management of Public Utilities, partnering institutions, businesses and private customers in electricity and gas, and in energy, water and waste services. Group companies function as local partners: their activities cannot be relocated. They have to be accepted by partners with whom they will have to work (Local Authorities, Customers, Manufacturers, Communities, Unions,...).

As a result, the Group's activities depend on the hiring of local workers, backed by the technical skills needed to provide a quality service to customers. There is no direct risk of human rights violations in our business activities; on the contrary, they depend on their promotion.

The SUEZ social commitment is based on the International Social Charter negotiated with the Company's social partners and signed in 1998. This charter includes fundamental rights and principles such as non-discrimination, equal opportunities and respect for human rights. The Group's performance of these commitments is followed up every year. The employee representatives sitting on the European Consultative Committee (*Instance Européenne de Dialogue - IED*, The European works committee) are directly involved in this operation. Reviews have been carried out informally since 1999-2000 and in a more formal manner since 2004. These reviews have not found Group's activities to involve any breach of human rights.

The Group works to promote human rights by communicating about its values and by distributing its International Social Charter throughout the world. Consideration of human resources management in China, which included views on human rights (Trades Union freedom and especially gender equality), is currently in hand under the auspices of the International Social Observatory (see Appendix). A symposium was held on this issue on the 14<sup>th</sup> June 2006.

There is a more substantial risk in our value chain, particularly with our raw material suppliers and with the suppliers to our equipment suppliers. Controlling this entire chain is an extremely complicated matter and takes time and a meticulous approach. The option adopted by Suez consists in exercising its power as a principal. After having set up "Purchasing Ethics" which extend to the respect of human rights as one of the criteria applicable to the purchasing procedures, the Company is now about to take a step towards greater formalisation: procurement contracts will now be required to include a clause whereby suppliers must familiarise themselves with the Suez ethics policy.

During 2005, an investigation was undertaken into the buyers' use of the Group's Guide to Purchasing Ethics. The conclusions reached were positive because they emphasised the fact that very many purchasers support the principles contained in the Guide.

The charter can be viewed at the following address:

[http://www.suez.com/documents/french/SUEZ ethiqueachats fr 01072003.pdf](http://www.suez.com/documents/french/SUEZ_ethiqueachats fr 01072003.pdf)

In addition, SUEZ believes that access to essential services is a fundamental human right. Its mission, after all, is to bring "you the essentials of life." Which is why, through its environment and energy businesses, it is making a positive contribution to the fight against poverty and to supplying essential needs, notably via access to water and electricity.

As part of its mission as a delegated public utilities operator, SUEZ provides support to municipal clients seeking to promote social integration and reduce poverty. This entails supplying deprived neighborhoods, creating jobs, developing people's skills, and initiatives to promote community solidarity. Group subsidiaries view their social commitments as a central pillar of their relationship with the community.

Initiatives taken by SUEZ to promote the local economy embrace all sections of society within a given territory, including the jobless, the poor, minorities, the handicapped, and youngsters in deprived neighborhoods. Some examples:

#### **SITA REBOND: The vocational integration scheme**

Since 2002, SITA Rebond in France has specifically employed those in precarious situation: long-term unemployed, those receiving minimum integration benefits, young people receiving no benefits, etc. The aim is to provide them with an opportunity to achieve vocational integration through experience in the field. SITA Rebond provides them with customised support that includes training, top-up skills and temporary assignments. SITA Rebond currently has four vocational integration enterprises and three temporary assignment vocational integration enterprises. To date, approximately 400 individuals have benefited from this scheme. Some have taken up stable employment: 36 permanent employment contracts, 38 temporary employment contracts for more than six months and 12 qualifying training schemes. This scheme's success has led SITA and the whole of the Suez group to investigate means of extending this initiative.

#### **UNITED WATER : To promote local employment**

In 2004, the North American subsidiary of SUEZ Environment, United Water, was honored for its initiatives to promote local employment in Indianapolis: more than 30% of its subcontracting was with local small businesses run by minorities or women—far above the 12% contractually agreed with the authorities.

For further information, other best practices can be found in the appendix:

- Researches by the International Social Observatory of the social requirements linked to Globalization
- Partnership between the United Nations Volunteers Program, Aquassistance and Energy Assistance
- Fondation SUEZ and Couleurs de Chine
- “Water and Sanitation for all” Programme
- LYDEC : temporary electrification of Casablanca shantytown, Morocco
- Palyja : Improving access to water in the low-income areas of Jakarta, Indonesia

### ***Labor standards***

#### **Principle 3:**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

#### **Principle 4:**

The elimination of all forms of forced and compulsory labour;

#### **Principle 5:**

The effective abolition of child labour; and

#### **Principle 6:**

The elimination of discrimination in respect of employment and occupation.

Strong local roots play an important part in our operations, which is why SUEZ engages in genuine dialogue with its social partners, both locally and at Group level. Social dialogue and social negotiations are two major commitments expressed in the International Social Charter. Compliance with this charter is the joint responsibility of the Human Resources Division and the “European Consultative Committee”(*Instance Européenne de Dialogue - IED*).

Each country’s representation on this body was recently renewed to reflect changes in the distribution of Group employees in Europe. This body now has 50 members coming from 17 countries. Its 7-member executive committee meets in ordinary session for 12 days each year and has recently been expanded to admit a second Dutch representative and a Swedish representative. The IED has extended a permanent invitation to the European Trade Union Confederation (ETUC) to attend its meetings and those of its executive committee.

The IED meets twice a year. It enjoys very lively discussions on the Group’s industrial strategy. «Trade» committees address stakes that are more specific to the activities involved (energy, water, waste).

Furthermore, many of the Group’s entities have signed agreements on trades union rights with their social partners, bringing additional security to the actions and pronouncements of trades union representatives. This approach does not include the agreements signed each year by the companies within the Suez Group on matters related to working conditions (working hours, health & safety, organisation) based on the statutory guidelines applicable in the country concerned.

A recurrent practice within the Group is the negotiating of collective agreements which primarily takes place in the business units, where the Company is at its closest to the field, in order to better respond to the requirements of the trade concerned. At Electrabel in Belgium, the rhythm of the social dialogue is governed by the negotiation of the Convention Collective du Travail (CCT) [*Collective Labour Convention*] every two years within the Joint Committee that brings the gas and electricity businesses together. All issues are reviewed: salary increases, working conditions, social programming. Accordingly, the last CCT was signed on the 30<sup>th</sup> June 2005 with all trades union organisations.

Article 10 of the International Social Charter endorses the ban on child labour and on forced labour and refers back to the provisions of the OIT conventions. As part of the discussions on Charter application, members of the Suez management and personnel representatives were thus invited to examine this issue.

Generally speaking, the Suez trades require technical expertise and / or physical strength which excludes child labour. Another mistake-proofing mechanism: the Group's activities are meticulously monitored by the public powers and local communities for whom the Suez teams work in a «totally transparent» way. The Group's clients (local authorities, major industrials or other important principals) traditionally demand unimpeachable working conditions from their contractors, especially in the case of services such as water and power supplies that are so essential to local life.

Similarly, the nature of forced labour (an environment that is often «confined» and/or supervised; any control over the policing / penitentiary / military mechanism, restricted personnel movement; excessively long working hours) does not meet the conditions that are essential to the water distribution and treatment domains or to the production and distribution of energy.

Once again, the main risk, bearing our disciplines in mind, is increasingly present in our value chain which is a very complicated to control. Under these circumstances, the best medium-term action consists in applying a stringent selection procedure to the Group's suppliers. This is one of the main aims of the “Purchasing Ethics” document referred to previously and which explicitly takes up the OIT principles as part of the purchasing procedures.

Despite the statutory restrictions on preparing statistical data on an ethnic group membership (particularly in continental Europe), SUEZ is particularly careful to promote the social and cultural diversity of its employees and the war on discrimination in recruitment. As far as the Group is concerned, a social mix is an essential condition enabling it to develop its international dimension while encouraging its local integration. More than 40% of the SUEZ payroll comes from the Anglo Saxon, Hispanic, Brazilian, Asiatic or African cultures and more than 100 nationalities are represented outside France and Belgium.

Internally, SUEZ attaches particular importance to topics concerning the business's social responsibility: diversity, integration but also, more generally, access to jobs for the young or for adults continue to be priorities for all employees.

The commitments entered into by the Group in these areas can be seen on a daily basis through initiatives pushed forward by employees. At the start of the year, some of the social responsibility initiatives were compiled to produce a white paper called *«ten years of social responsibility initiatives»*. This white paper is a non-exhaustive overview of the initiatives taken in the fields of employment, training, integration and solidarity.

The war on exclusion and, more specifically, the exclusion of young people from districts regarded as sensitive, constitutes a recurrent and central problem for the Group. Approximately thirty regional integration conventions have been signed since 1993. These conventions (which usually take the form of partnerships between businesses and regional authorities) have enabled more than 300 young people to benefit from training and career experience.

The latest conventions signed were those of Aulnay sous Bois, Mantes la Jolie and Creil, as part of a programme called «the job's the goal [*un but pour l'emploi*] ». These projects were resoundingly successful and led to a partnership with the French Football Association.

«The job's the goal programme is a strong partnership linking businesses located in the same territory, responsible for the career integration of young people, with a training centre that provides them with personal follow-up and with the National Employment Department that undertakes social follow up. As far as the football clubs are concerned, this enables them to recruit motivated youngsters. These developments have brought a new dimension to SUEZ' integration initiatives.

Another trend that is increasingly gaining ground with a view to ensuring a more effective integration of young people is the creation of Business Clubs in the regions. Several initiatives are in hand in Nantes, Paris and Bordeaux and have been designed to set up business clubs and to enhance the integration and job access opportunities for people experiencing difficulties.

Other examples have confirmed that integration is one of the Suez business's strengths:

Various **literacy programmes** have been set up by Suez subsidiaries so that employees can benefit from opportunities providing them with greater career scope within the Company. Accordingly, **SITA Ile-de-France Collectivités** has collaborated with its Works Committee to set up a literacy programme designed to provide training to all its personnel. Updating qualifications became a necessity in view of the technical developments affecting the field of waste collection, and of increasing customer demands. Additionally, the preferred career for rubbish collection operatives – of whom more than 50% are of foreign extraction – is that of waste collection truck driver.

This assumes not only that they obtain a heavy goods license but also that they acquire real relational skills in order to be able to work in direct contact with the neighbouring populations. At **LYDEC in Morocco**, a successful Arabic and French literacy programme was also put in place.

**GEPSA**, an Elyo subsidiary, provides major support and integration through an original approach. In France, as part of a global contract, GEPSA is responsible, under a mixed management scheme, for the operation of 15 penitentiary establishments and deploys a service dedicated to returning offenders into jobs combined with a comprehensive support mechanism: in addition to training provided during their incarceration, Gepsa has set up a Career Project Tutor scheme for offenders, these tutors being responsible for providing offenders, after their release, with support in seeking and maintaining stable employment. In 2004, under this scheme, 141 persons out of 246 processed were able to find jobs.

Social responsibility for SUEZ also means all the efforts made with regard to job-seekers: thus, training young people through apprenticeships, training adults to our trades through agreements signed with the National Employment Department (ANPE and the National Council for Local Missions) continues to be one of the Group's strong points in the field of employment.

Resolutely committed to integration, training and access to employment for the past decade, in 2005, the Group decided to further this citizen initiative by opening the diversity site: its commitment in this area can be seen through the signature of a Diversity in Business Charter [*Charte de la Diversité en Entreprise*], through its participation in associations such as the Entreprises aux Couleurs de la France and through its launch in June 2005 of the Diversity working group.

Promoting the social and cultural diversity of the Group's employees and the war on discrimination in employment became a priority. As far as the Group is concerned, a social mix is an essential condition enabling it to develop its international dimension while promoting local integration. The social mix also constitutes a financial stake for the Group: in a market where there is fierce competition for talent and where the survival of businesses depends on employee capacity for innovation, finding new profiles has become an essential issue.

Within the context of the Diversity working group initiated by the Human Resources Division and sponsored by the Chairman and Chief Executive Officer, a global policy and positive actions were put forward with the aim of encouraging the integration of all members of society (men and women, young people, whether or not trained, visible minorities, the disabled).

This plan of action was launched at the beginning of 2006 and includes 5 essential features. Sensitizing all employees on matters related to the war on discrimination and promoting equal opportunity and diversity through the provision of a reference text to which the Group is formally committed. Quantifying diversity is another of the Group's arenas: a qualitative measurement of diversity had already been undertaken but the quantitative measurement has yet to be looked into. Employees must also be trained in matters of diversity because it is essential that changes be made to attitudes and behaviour towards those susceptible to discrimination (recruitment practices call for very special attention in this context).

The HR procedures are currently being analysed: too often, as part of sourcing practices, the prerequisites imposed during the recruitment stage, lead to a natural selection of candidates. Therefore, we need to improve these procedures if we are to reach a wider public. A «diversity network» present in all the Group's entities, will enable us to promote this policy in the field.

As part of the social dialogue with our trades union partners, the Group's Management recently created an "Equal Opportunities" committee which detailed its scope of action during the plenary meeting held in September 2005.

For further information, other best practices can be found in the appendix:

- The Report "10 years of social responsibility initiative "
- PHARE Mission for the employment of handicapped people

## ***Environment***

### **Principle 7:**

Businesses should support a precautionary approach to environmental challenges;

### **Principle 8:**

Undertake initiatives to promote greater environmental responsibility; and

### **Principle 9:**

Encourage the development and diffusion of environmentally friendly technologies.

In the conduct of its businesses, its practices and its environmental policies, SUEZ strives to overcome the 5 challenges set by the Group, i.e. local roots, market shifts, climate change, conserving resources, and quality of life.

**The environment is an integral part of management.** SUEZ has made environmental reporting a true management tool closely linked to the reporting of operational performance. It enables the Group to closely monitor changes in environmental indicators for all its businesses. The results, which are reported to operational managers, show the progress made and areas of improvement and prompt comparative studies (benchmarking) between the Group's units engaged in comparable activities. In 2005, its environmental indicators moved yet further forward.

Driven by the general management of SUEZ, this policy is applied in the field by operational staff and is pursuing five points:

- developing business and industrial activities directly linked to environmental protection;
  - keeping its installations compliant at all times;
  - limiting its environmental footprint and managing the attendant responsibilities;
  - identifying and controlling environmental risks;
  - innovation and R&D
- 
- **Developing business and industrial activities directly linked to environmental protection**

SUEZ also works with industrial companies to help them comply with their environmental obligations while reducing costs, aptly illustrated by the involvement of Ondeo Industrial Solutions (Ondeo IS) on the site of Miko, an ice cream manufacturer in Saint-Dizier, eastern of France and the cleaning up of Metaleurop by Sita Agora in Nord Pas-de-Calais, France.

### **SITA Agora : The former Metaleurop reconverted into an ecological showcase**

The industrial reconversion of the Metaleurop site is an exemplary sustainable development project. SITA Agora took on the ambitious mission to transform the site of the former Metaleurop foundry in the Nord-Pas-de-Calais region of France. Started in 2003, the project generated 170 new jobs.

The first phase was completed in 2004 and consisted in ensuring public safety and preparing the project's launch. The second phase, the foundry's demolition and site decontamination, was symbolically concluded on March 16, 2006 with the razing of the last smoke stack.

The final phase, completing the site's economic reconversion, begins soon. The site will become an eco-industrial activity zone devoted to new technologies and environment-oriented business including a waste transfer, recycling and conditioning platform and a construction materials demolition and recycling unit. Between now and the end of 2006, this eco-center will create 190 new jobs.

### Ondeo IS : Sludge management for Miko

In order to increase productivity, Miko awarded Ondeo IS a major project to adapt its wastewater purification station. The objective was to reduce the production of sludge which consumes significant amounts of transport and reprocessing. After a comprehensive survey of the existing facilities and a detailed assessment of the requirements and constraints, Ondeo IS implemented an innovative solution, called BioControltm. The station has been modernized and a new reservoir has been built to enable the volume of sludge to be limited by a bacteria stabilization process. Since then, Ondeo IS has provided Miko with a full range of services from operation of the station to transportation and sludge treatment, with a contractual guarantee to reduce the sludge. In two years, the volume of sludge to be removed has been reduced by 40%, generating savings of 175,000 euros.

- **Keeping its installations compliant at all times**

The Group is careful about making the necessary investments to bring its facilities into regulatory compliance and even exceeding legal standards when further reducing its environmental impact is compatible with the economic management of the activity.

SUEZ corporate headquarters and the business lines perform environmental audits to verify that the Group's units are complying with environmental regulations and to assess major environment risks.

The implementation of environmental management system (EMS) illustrates that SUEZ exceeds legal standards.

At the end of 2005, units having published an environmental commitment declaration represented 90.2% of sales relevant to SUEZ in terms of environmental impact, compared to 83.7% in 2004 (revised figure). These commitments can lead to the implementation of environmental management systems (EMS) based on documentation: a complete set of procedures and objectives defined as part of an ongoing improvement program. The EMS may also receive external certifications such as ISO, EMA, or other local certifications for 48.2% of Group sales. An internal management system is also defined to ensure that the environment is taken properly into account in the strategy of the units that do not implement EMS (630 sites).

In 2005, the Group's environmental expenditures (operating and capital expenditure combined) rose to over 2.6 billion euros, an 18% increase compared to 2004. The Group's pro-active environmental policy is producing results.

- **Limiting its environmental footprint and managing the attendant responsibilities**

#### *Improvement of energy efficiency*

In 2005, because of the improved energy efficiency of its burning facilities, the use of new filters, and the sensitive combination of combustibles used, SUEZ achieved the following reductions in emissions: carbon dioxide (3%), nitrogen oxide (12%), sulphur dioxide (17%), and dust (over 40%). What's more, the technological solutions and the expertise developed by the Group (nuclear, hydro, methane collection, etc.) have avoided the discharge of 60 million tonnes of CO<sub>2</sub>. The volume of hazardous and nonhazardous waste (combustion residue, incineration by-products, and fume washing residues) has likewise decreased as follows: fly ash (9%), clinker (7%), and desulphurization by-products (over 30%). Conversely, the volume of recovered waste and by-products (excluding sludge) increased 4%.

*Protection of water resources :*

SUEZ is also actively involved in protecting water resources. In France, a growing water deficit since the winter of 2004-2005 has impacted natural reservoir levels, stream flow, and the replenishment of underground water tables. Lyonnaise des Eaux has consequently set up a monitoring tool to reinforce vulnerable water production points in the form of a national alert system that consolidates local data collected at each of its operational sites every 15 days. Thanks to this system, and to its everyday relationships with its various partners, this subsidiary is able to anticipate sensitive situations and offer technical solutions to local communities.

*The preservation of biodiversity*

The Group's environmental policy also includes a significant commitment to preserving biodiversity. The variety of animal and plant species provides essential resources for life (food, energy, medicine, etc.). But for SUEZ, biodiversity is also a source of raw materials, contributing in particular to the quality of water resources, the biodegradation of waste, and the production of energy from biomass.

Electrabel contributed to the return of the peregrine falcon to Belgium and the Netherlands by signing an agreement with the Fund for Birds Prey and by financing the construction nesting boxes placed on the walls the cooling towers of its electric power plants and on certain of its chimneys. In 2005, there were approximately 320 peregrine falcons in Belgium, including 200 nesting in the boxes designed by the Fund for Birds of Prey.

The Group is currently stepping up its efforts to preserve biodiversity. European legislation increasingly requires environmental impact studies that present in particular a list of potentially threatened species and biotopes and suggest compensatory measures, for new projects involving the production of energy, drinking water, waste management, and wastewater.

*Managing climactic changes*

The long-term effects of climactic changes caused by the emission of greenhouse effect gases (GEG) represent the biggest challenge that Man has had to resolve on a worldwide scale. These effects very closely involve the Group's disciplines.

As an energy specialist, SUEZ has a duty of helping to resolve this problem. In 2005, the Group discharged 79.6 million equivalent tonnes of CO<sub>2</sub> into the atmosphere. Half of these emissions come under the European System of Negotiable Emission Quotas (*SEQUEN in French*).

Therefore, SUEZ has elected to develop an increasingly diversified range of electricity generation systems. A balanced approach to natural gas, nuclear and renewable energy systems will provide a long-term response to one of the greatest issues facing the 21<sup>st</sup> century.

Fossil fuel management, particularly coal, seeks to limit the traditionally high GEG emissions. SUEZ uses advanced technologies, such as combined biomass and coal combustion, that restrict CO<sub>2</sub> discharges. Natural gas, the keystone of SUEZ' energy « mix », emits less GEG than other fossil fuels. Additionally, renewable fuels constitute an integral part of the SUEZ diversified range, forming 13% of the renewable « mix ».

The following boxed text illustrates SUEZ' active contribution to climate change management.

**Tractebel Energia and Electrabel : Biomass**

Since the end of 2003, Tractebel Energia uses wood scraps to generate electricity and steam at its cogeneration plant at Lages, Brazil.

Meanwhile, in 2005, Electrabel converted its Awirs (Belgium) power plant from coal to wood pellets. A world premiere !

Biomass fuels have the advantage of discharging fewer pollutants and, above all, less greenhouse gases. The Lages project was recognized as a Kyoto Protocol Clean Development Mechanism - an arrangement where an industrialized country operator finances greenhouse gas reduction projects in a southern hemisphere country. In return, emissions credits are earned. A further benefit from both the Lages and the Awirs projects is that these new technologies have resulted in both direct and indirect job creation.

- **Identifying and controlling environmental risks**

The management of environmental and industrial risks consists of two modules: environmental risk prevention plans and environmental crisis management plans. These are an essential aspect of Environmental Management within the Group and at the local level are often integrated with general risk management and crisis management plans. In 2005, environmental risk prevention plans covered 60.9% of sales and environmental crisis management plans 70.1%.

- **Innovation and R&D**

Innovation allows SUEZ to react to environmental issues. It follows two main lines: R&D and the Innovation Trophies. Both aim to respond to stakeholder expectations. Innovative service design contributes not only to SUEZ client performance but also to SUEZ' own performance in the field of sustainable development.

- The broad lines of the SUEZ R&D policy can be broken down into five sustainable development challenges facing SUEZ: local rootedness, market shifts, climate change, resource preservation, quality of life.

13 patents were lodged in 2005. Six research centres are actively working together and with the university world: Laborelec in Belgium, Elyo Cynergie, the CIRSEE and the Cerdeg in France but also Denard in the United States and Ondeo Industrial Solutions at the European level. An 84.4 million euro budget was allocated to R&D for 2005.

#### SUEZ partners AXELERA's competitiveness centre

Under its policy of support for innovation, the French government has created "competitiveness centres" which, for a given region and in a precise scientific and technological domain, enable businesses, universities and public research centres to join together in shared projects.

SUEZ is one of the founder members of Axelera's competitiveness centre, which aims to develop a competitive and environmentally-friendly chemicals industry in Lyon and the Rhône-Alpes region. The program of this "green chemicals" centre, the other partners of which are Arkema, the *Centre National de Recherche Scientifique*, the *Institut Français du Pétrole* and Rhodia, comprises 12 projects for technological cooperation. SUEZ is overseeing the project devoted to water treatment that is designed to anticipate and control the consequences of liquid discharge from industrial and urban activities and to build a new global management policy for catchment areas in the region. It enables the Group and the participating subsidiaries (Lyonnaise des Eaux, Ondeo Industrial Services, Degrémont, SITA and Elyo) to exploit their know-how in environmental matters and their social responsibility.

It is also an opportunity to strengthen links with industrial chemical companies in the region and be at the heart of one of the most renowned centres of excellence for research and development in the chemicals industry.

- Within SUEZ entities, innovation management is supported by the Innovation Trophies. Every year, these awards recognise team projects submitted by the Group's subsidiaries. These projects involve technical, commercial, managerial and financial improvements. They may also enhance synergies within the Group.

2006 saw the 20<sup>th</sup> anniversary of the Innovation Trophies that have recognised more than 400 projects since their inception in 1985. Previously the domain of researchers, the Trophies were extended to all SUEZ employees in 1989.

The 134 projects selected this year were viewed on the basis of their contribution to sustainable development. All four branches of SUEZ were represented by the 36 successful projects submitted for this 20<sup>th</sup> Trophies series, involving projects throughout the world.

For further information, other best practices can be found in the appendix:

- Partnership between Gasoducto Nor Andino Argentina SA, Greenpeace, FVSA and local communities
- Training kit with UNEP : preparation of training kit for the installation of urban environmental management systems

### ***Anti-corruption***

#### **Principle 10:**

Businesses should work against all forms of corruption, including extortion and bribery.

From its very inception, ethical behavior and transparency have figured prominently among the values promoted by SUEZ. These values govern our relationships with all Group stakeholders.

These commitments are the responsibility of each of the 10 members of our Executive Committee, and the Committee for Ethics, the Environment and Sustainable Development, whose job is to ensure buy-in across all our subsidiaries.

Ethical behavior, at SUEZ, is expressed at numerous different levels:

- a specific organization has been set up to place ethical issues at the heart of the Group. At the time of its formation, 8 years ago, Gérard Mestrallet called for a Group Ethical Charter. SUEZ led the way on this score in Europe. Procedures have been put in place to ensure the Charter's dissemination and application, a key feature being a network of 80 ethical compliance officers (cf. Appendix) in the business segments and subsidiaries. The procedures also include a special email address for whistleblowers;
- ethical standards demand constant vigilance and a process of continuous improvement. In this regard, 5 years ago, Gérard Mestrallet ordered tougher measures to prevent corruption in business relationships. A guide to ethical conduct in business dealings has been drawn up for that purpose. For example, the guide lays down a set of common procedures for our four business segments regarding the selection of agents responsible for negotiating contracts with foreign authorities or for helping the Group to penetrate new markets. Like the other mechanisms, the application of this procedure is monitored by managers, the ethical compliance officers' network, and also by internal audits where appropriate;
- in 2006, the Group's «Our Values, our Ethics» Charter and «Rules on Company organisation and management» were updated to bring them into line with changes affecting the environment and with the stakes involved. A major employee training programme, particularly with regard to the dangers of corruption, was launched;
- initiatives have also been taken outside France, moreover, with SUEZ-Tractebel SUEZ took part in the evaluation of the OECD Convention in Belgium in 2005. SUEZ is also working with networks specializing in the fight against corruption and is a member of the NGO Transparency International.

The ethical compliance officers' network, set up in 2002, has improved the flow of information to and from units in the field. Since June 2004, the network holds its annual meeting in the presence of a hundred or so operating chiefs, to share their respective experience and chart a course for future improvements.

## APPENDICES

### **Appendix 1 : Best Practices Examples**

#### *Principles 1, 2 & 3*

- Researches by the International Social Observatory of the social requirements linked to Globalization
- Partnership between the United Nations Volunteers Program, Aquassistance and Energy Assistance
- The Fondation SUEZ and Couleurs de Chine
- “Water and Sanitation for all” programme
- LYDEC : temporary electrification of Casablanca shantytown, Morocco
- Palyja : Improving access to water in the low-income areas of Jakarta, Indonesia

#### *Principle 6*

- The Report “10 years of social responsibility initiative “
- PHARE Mission for the employment of handicapped people

#### *Principles 7, 8, 9*

- Partnership between Gasoducto Nor Andino Argentina SA, Greenpeace, FVSA and local communities
- Training kit with UNEP : preparation of training kit for the installation of urban environmental management systems

#### *Principle 10*

- The network of SUEZ ethics officers

### **Appendix 2 : Table showing the link between the SUEZ principles and actions described in the Activities and Sustainable Development Report**

## Appendix 1 : Best Practices Examples

### PRINCIPLES 1, 2, 3

#### Researches by the International Social Observatory of the social requirements linked to Globalization

The International Social Observatory (OSI) was founded by SUEZ in 1998 in order to respond more effectively to the social consequences of globalization, over and beyond purely economic and financial considerations. As a forum for observing and analyzing international realities on the social front, the OSI's concrete proposals are helping to integrate the human and social dimension into business decisions. The OSI now has more than 100 partners worldwide, from the business and academic communities, along with political leaders, labor unions, Non-Governmental Organizations (NGOs).

Across the world, and especially through its four regional offices in Argentina, Europe, Morocco and the United States, the OSI performs and shares studies and pilot social experiences while respecting cultural diversity. The Observatory is building expertise on such practical issues as social performance indicators, the European social model, lifelong education and training, etc. It is also forging local partnerships to combat social marginalization, poverty and illiteracy, and to promote integration of the informal sectors of the economy. In 2005, the OSI focused on three key issues, namely the consolidation of an enlarged "social" Europe around the questions of education and training formation, the social risks business increasingly face, and the place of social considerations into corporate strategy.

Since its creation, the OSI has organised four conferences. The latest was held in Paris in 2006 and addressed the HR challenge laid down by China's exponential growth. These events offer a formidable background to discussions and corporate exchanges between all the company's actors. Another line of thought developed by the Observatory was «business and the issue of meaning». During a conference which took place in April 2006, various protagonists from the worlds of university and of business explored the avenues that allow businesses to give meaning to employees and also to the business's external stakeholders.

The International Social Observatory (OSI) has changed significantly since its first Rome Symposium organized by SUEZ in January 2000 and attended by 150 personalities from the world of business, institutions, labor unions and other figures from public life: it became an independent organization in December 2000; and it has attracted the interest of a growing number of corporations and civil society partners. Four regional offices have been opened, in Paris, Buenos Aires, New York, and in Morocco.



One of its aims is to stimulate businesses wishing to act in a socially responsible manner to engage in corporate citizenship initiatives, another being to draw on these experiences to encourage governments to implement realistic and long-term social programs nationwide, with private-sector support.

A series of cross-perspectives and regional themes have been launched, taking care to respect cultural differences, and making no claim to any kind of convergence toward a global model.

*Cross-perspectives themes:* indicators of social performance ad non-discrimination/marginalization.

*Regional themes:* In North Africa, education, literacy and learning. The OSI's Moroccan office is contributing to a "social standards raising" program, notably by proposing new forms of social dialogue in the country. In South America, fighting poverty and unemployment through public-private partnerships and countering the brain drain. In North America, creating ties between businesses and local communities. In Europe, access to "lifelong" training.

In South America, the OSI has carried out 4 missions in Buenos Aires. More than 20 leading independent figures from the public and private sectors, the academic world and civil society have expressed interest in this initiative, among them CEADS, Fundación Riachuelo, Fundación Ciudad, FARN, the Ministry of Social Affairs, Ville de Buenos Aires, the Austral University, as well as local firms and multinationals. These partners have confirmed their willingness to develop experience-sharing programs and to promote and coordinate pilot initiatives defined within the framework of the OSI.

These efforts, begun four years ago, have produced the following significant outcomes:

- the development of operational social indicators which several corporations have adopted and incorporated into their annual reports, especially those concerning pay and training.
- an agreement to promote lifelong education was signed between companies, Unions, Civil Society representatives, and members of the European Parliament. It will have to be adapted to the needs of each organization.
- developing new forms of social dialogue in Morocco, and establishing appropriate social indicators for local conditions in Morocco.

### **Partnership between the United Nations Volunteers (UNV) Program, Aquassistance and Energy Assistance**

Created in 1994, Aquassistance is an association comprising 6 permanent and 600 voluntary members. This association performs humanitarian actions in the field throughout the world, coming to the assistance of populations in the fields of water and of the environment. Its mandates consist in providing these populations with emergency services, with development or rehabilitation aid using appropriate material means. Over an 11-year period, more than 7700 days were devoted on a voluntary basis to field assignments in almost 75 countries.

Energy Assistance was created in 2001. This association, made up of 300 voluntary members, employees of SUEZ Tractebel, places its expertise in the field of energy at the service of communities whose essential needs are not being met. The aid provided by the association can cover a financial assessment of energy requirements, the industrial design of a structure, the provision of equipment, hands-on training or the transfer of know-how. Within less than 5 years, more than 120 projects have been investigated and 40 completed.

In August 2001, the United Nations Volunteers Program and SUEZ signed a *Memorandum of Understanding* under which SUEZ agreed to place volunteer employees at the disposal of the UNV, mainly to perform consulting and expert appraisal missions. SUEZ was to pay all wages and related costs, insurance, transportation to the project site and living costs there. The UNV would help volunteers integrate into the project and would cover the cost of any local travel that might prove necessary. The agreement entails no obligation to provide specific staff numbers, SUEZ being free to accept or refuse urgent demands emanating from the UNV.

Aquassistance has carried out two missions under this agreement:

- One mission was organised in April 2003, to assess needs concerning the collection, selective sorting and landfilling of household waste in the Korca district (Albania). This mission involved three volunteers for 10 days.
- The second took place in November 2003 and involved the setting up of a system for collecting and eliminating hospital waste for the Hospital at Niamey (Niger).

Two volunteers carried out a one-week expert appraisal and consulting mission. The follow-up is now in progress, with the possible supply of appropriate equipment.

Since 2004, Aquassistance has been to:

- Ziguinchor (Senegal) to assist with waste management. The project resulted in three assignments equivalent to 46 person-days spent on site. In addition to advice on organisation matters, Aquassistance was responsible for the construction of a temporary landfill site.
- Sangha (Mali) for a water and environment assessment. This project could be extended with technical support on hydrogeology;
- Gabu (Guinea Bissau) where two areas of work were involved. One concerned waste management, providing regular technical support to the UNV project team and its partners, including the supply of plant and equipment. The UNV project, called «Promoting local participation and voluntary work in waste management for the town of Gabú» aims to improve household and hospital waste management throughout the 16 districts of the town of Gabú through an approach based on volunteers and the participation of the local populations, especially women. The other concerned water, with technical assistance provided to ENAFUR (water management organisation) and included a «plant and equipment» aspect as part of the UNDP-FENU project. Four missions have already been carried out in respect of these two projects (representing 114 days on site) and two consignments of plant have been despatched.

Energy Assistance, meanwhile, has performed three missions:

- The first in Honduras, from June 3 through 15, 2002, which made recommendations concerning the power distribution networks.
- The second was to the Galapagos Islands, from July 5 through 15, 2002. This studied the sources of pollution damaging the islands' ecosystem, recommended organizational measures, and made recommendations concerning the implementation of energy production choices; it also explored various local possibilities for renewable energy (water, wind, solar).
- The third took place in East Timor in June 2002. This consisted in a comprehensive audit of installed capacity at the Comoro (Dili) electric power plant. Appropriate recommendations were made to E.D.T.L. and to the local UNDP representatives. A follow-up to the project is now in progress.

The UNV program has favorably evaluated the subsequent mission reports.

SUEZ attaches great importance to working closely with the United Nations humanitarian agencies.

In September 2004, the Suez-UNV agreement was renewed, including Aquassistance and Energy Assistance as signatories.

## Fondation SUEZ and Couleurs de Chine

- Presentation

### *Fondation SUEZ*

*Founded in:* 1992, under the auspices of the *Fondation de France*

*Resources:* 100% financed by SUEZ

*Organisation:* 10 members in the Executive Committee

*Chairman:* Gérard Mestrallet

*Vice-Chairman:* Jean Nassau

*Secretary General:* Michèle Meyzie-Debenest

*Mission:* to support in France and throughout the world, Sustainable projects in the fields of Health and Education

The Fondation SUEZ has been supporting *Couleurs de Chine* since 2003

### *Description of the actions undertaken*

*Objectives:* allowing all school aged-children, and particularly young girls, most of whom are not educated, living in the region of the "great mountains of Miao" in Guangxi to have access to primary school for six years and then to have access to college. In the longer term, the objective is to enable the inhabitants of this region to develop their own economic resources and to reaffirm the position of women in society.

*Contents:* financing the construction of a dormitory for the girls of the College of the Canton of Danian, in the north of Guangxi, extending the building in 2004, building the Gaoma school in 2004, teacher training.

- Impact

### *Stake*

Solidarity sponsoring action

### *Stakeholders involved*

*Beneficiaries:* 2,6000 children from the minorities of the remote and underprivileged mountainous regions.

*Partners:* Local authorities

### *Results*

- *For the communities:* financing school education for 2,600 children in Guangxi through sponsorships, construction and renovation of school buildings (17 village schools rebuilt), learning centres and dormitories

### *Key information on Couleurs de Chine*

*Payroll:* 5 members on the board of directors, 3 regional branches in China, one manager of the national network in France, 8 managers of local networks in France, 1,681 donating sponsors in 22 countries.

### **“Water and Sanitation for all” programme**

SUEZ manages water distribution and sanitation activities for major metropolises in the developed world and in emerging countries.

In all these large cities, SUEZ is confronted with the issue of supplying water to deprived neighborhoods, a problem that calls for specially tailored solutions.

In 2000, SUEZ launched its “Water and Sanitation for All” program specifically to consolidate all of the experience and expertise scattered throughout the Group’s subsidiaries, and to develop appropriate methods and technical solutions in order to supply services to deprived neighborhoods.

SUEZ Environment currently supplies Water and Sanitation services to million people living below the poverty line, connecting 3 million of them within the last 5 years. Thanks to the positive impact of Water and Sanitation on the health of the populations served and the economic leverage generated by its initiatives, SUEZ Environment is now a key player in the development process.

The “Water and Sanitation for all” program was honored by a *World Business Award* in 2004. This international prize was awarded by the UNDP, the International Chamber of Commerce, and the Prince of Wales International Business Leaders Forum (IBLF) to 10 corporations in recognition of their contribution to the United Nations Millennium Development Goals (MDGs).

### **LYDEC : Temporary electrification of Casablanca shantytown, Morocco**

LYDEC is the SUEZ subsidiary in Casablanca, Morocco. It has been operating a public water, sanitation and electricity concession there since 1997. LYDEC also took responsibility for public lighting in 2004.

In addition to its delegated management missions, LYDEC has put in place a development and partnership program with the communities of Casablanca, making it one of the leading players in Morocco today in the field of social and environmental responsibility. LYDEC’s “Massira 2007” program is further implementing its drive for sustainable development. LYDEC is also supporting the opening of the Morocco branch of the “21 Committee” (a French association for the environment and sustainable development).

Besides, in Morocco, the governmental policy on insalubrious dwellings aims to re-absorb the shanty towns either by re-housing the inhabitants in new dedicated districts or by renovating the districts. As part of this programme, LYDEC has designed an innovative partnership with local authorities and the population, for setting up a specific electrification programme tailored to the shanty towns, providing the inhabitants of these districts with legal access to electricity under appropriate technical and financial conditions, whilst involving the representatives of the communities in the daily management of the service.

This action improving living conditions, education and health for 30,000 families (200,000 people), creation of jobs generated by network installation and maintenance. Links with local authorities were reinforced.

### Improving Access to Water in the Low-income Areas of Jakarta, Indonesia

- Presentation

*Objectives :* Improving Access to Water in the Low-income Areas of Jakarta

*Content :* The Palyja concession contract was negotiated in 1998. It provides for the extension of services to 60% of the population of west Jakarta by 2007.

*Structures :* The SUEZ subsidiary has financed all of the works undertaken (without any government subventions), resulting in the rehabilitation of nearly two thirds of the water distribution system (1,500 km of a total 5,000 km of distribution network). It has also installed 140,000 new connections, representing a 70% increase in the number of connections installed since the start of the contract.

Service expansion levels have been higher among low-income families, with a five-fold increase in the number of poor households connected to the system (12,000 connections at the start of the concession contract, 58,000 by mid-2005). Efforts to extend services to poor areas have however been hampered by difficulties at the local level such as the scarcity of water resources and land tenure problems.

In unserviced areas, families obtain their water from street vendors (who charge exorbitant prices for water – 25 times higher than municipal tariffs according to a study commissioned by the regulator) or from wells which are often contaminated (with all that that entails in terms of the attendant health problems).

To ensure access to piped water for low-income families, an innovative scheme has been launched, co-financed through the World Bank's "Global Partnership on Output-Based Aid" fund. The project is implemented through partnerships with the community, the local authorities and Palyja. 10,000 new households will be connected under the scheme which covers both concession areas of Jakarta. The value of the subsidy awarded is USD 5 million and its disbursement is tied to the services actually delivered.

The project is implemented through partnerships with the community, the local authorities and Palyja.

In developing the scheme, Palyja has been able to draw on SUEZ Environnement's ten years of experience in implementing the "Water for All" program in emerging countries.

- Impact

#### Stakes

- Responsible company
- Security and transparency

#### Stakeholders involved

- *Beneficiaries:* Low-income families from western areas in Jakarta
- *Partners:* City government (DKI Jakarta), delegating authority (PAM Jaya), regulatory agency for water, Ministry of Public Works responsible for planning in a context of rampant urbanization, concessionaires for water and sewerage (Palyja and TPJ), customer associations, NGOs and universities, International funding agency (World Bank - GPOBA)

### *Results*

*For the communities :* The access to piped water for low-income families became a reality. 10,000 new households will be connected under the scheme which covers both concession areas of Jakarta, which will allow them to supply in water for a lower price than before. Those families connected under the scheme will then be charged very low tariffs for water.

## **PRINCIPLE 6**

### **SUEZ : “Ten years of social responsibility” report**

At the beginning of 2006, the SUEZ Employment Department published an official report entitled “10 years of social responsibility initiatives”. The report lists 280 initiatives of Group employees in favour of employment, job market access, training and solidarity.

The report is a tribute to the women and men of SUEZ, illustrating with concrete examples, to encourage their sharing, Group sustainable development practices.

It may be found on : [www.suez.com](http://www.suez.com), headings “Publications”

### **PHARE Mission for the employment of handicapped people**

- Presentation

*Launch date:* 2004, for 30 months

*Objectives:* To model and put in place a process to favour keeping employees in employment whose inability in their job has been decided upon by the occupational health doctor: financing by the associative environment of training projects for new business lines, re-training for the group's business lines.

*Type / Structures:* Personalised support of the employees from the training to the new job, both inside the group and outside the group.

*Number of people involved:* One project leader, a consultancy firm, the Inéo HR network.

- Impact

### *Stakes*

Social responsibility: Employment, maintenance in employment, Training

Corporate Citizen: Change people's attitude to handicaps

Social acceptance in the company

### *Stakeholders involved*

*Beneficiaries:* Handicapped persons

*Partners:* MPI Consultant, associations, public authorities.

### *Results*

*For the communities:* The partnerships with both national and regional Handicap players are favoured, the handicapped employees are not cut off from social life.

**Key information:** approaches to be developed:

1. Put in place a SUEZ coordination, as soon as possible in the future, in view of targeting greater effectiveness.
2. Develop Handisport type partnerships, so as to communicate with the group's employees with the aim of making them aware of and gaining their acceptance on this issue.
3. Generally, to model our actions at the Group level as much as possible.

## **PRINCIPLES 7 , 8 , 9**

### **Partnership between Gasoducto Nor Andino Argentina SA, Greepeace, FVSA and the local communities, Argentina**

- Presentation

*Launch date:* 1998

*Objectives:* at the start of the project, the objective was to transport the gas using a pipeline through the Andes between the North of Argentina and the North of Chile. From this moment, the NGOs and the local communities protested about this project invoking the destruction of the forest, endangering jaguars and making it difficult for local communities to coexist with the NA representatives. Partnerships needed to be put in place.

*Type / Structures:* NAA finances numerous actions designed to protect the ecosystem of the Yungas region and to contribute to its sustainable development, particularly in the sector of the upper basin of the Río Bermejo, its geographic catchment area. These actions are focussed not only on preserving the biodiversity, but also on developing a regional model which enables economically viable and sustainable production processes to be drawn up. These projects also enhance the quality of life of local communities by using their own organisation systems to reinforce their cultural identity. These actions have been mainly successful through associations with NGOs which are heavily involved in the region.

In real terms, NA decided to carry out more in-depth environmental impact studies and encouraged the communities to become involved in the project. Local experts and scientists agreed to give their advice to the NA. The NGOs such as the *Fundacion Vida Silvestre* (FVSA member of WWF), Greenpeace Argentina and LIEY (Yungas Ecological Research Laboratory) agreed to work with NA. This effectively enabled the project to be finalised as of 1999.

*Number of people involved:* 20 working directly on the projects

- Impact

*Stake*

Corporate Citizen

*Stakeholders involved*

*Beneficiaries:* mainly inhabitants of Humahuaca, San Andres and Los Naranjos.

*Partners:* province of Salta, LIEY, University of Tucuman, Greenpeace Argentina, FVSA.

*Results*

*For the communities:* NA carried out numerous actions: purchase of 8,000 hectares attached to the Baritu National Park, purchase of 6,000 hectares to create a new "Pintascayo Provincial Park", putting in place of a residential gas network for Humahuaca in the province of Jujuy, construction of two classrooms in San Andres, equipping the Jujuy museum of archaeology, creation of a

“proyngas” programme in partnership with the LIEY and the national university of Tucuman, for research into and protection of the Yungas forest, registering plots along the gas pipeline to enable the inhabitants to obtain property titles for their land, constructing a dispensary in El Oculto in partnership with the municipality and the hospital of Oran, creating nurseries in San Andres and Los Naranjos where over 1,000 plants have been distributed. Other projects are underway such as the construction of a crèche in San Andres and Los Naranjos, the construction of a hydroelectric project for the communities of Los Naranjos, the development by FSC of a re-forestation project to help to make it a sustainable project.

*Key information*

Website: <http://www.suezenergyint.com/content/activities/southamerica/argentina.asp>

**Training kit with UNEP : preparation of a training kit for the installation of urban environmental management systems**

In 2002, SUEZ decided to back a project involving environmental certification for local authorities the world over wishing to become involved in a “chain” of eco-friendly initiatives

The project’s aim was to work with the UNEP to produce a **training kit** for instructors with a view to enabling cities—in the developing countries especially—to set up ISO 14001 certified environmental management systems.

Several hundred copies of this highly detailed kit were produced, comprising a ring file for paper documents and a CD-Rom, available in several languages. Its production was made possible thanks to the simultaneous creation of a global network of partners. The task of this network now is to “leverage” the kit, continuously enriching and improving it in light of feedback from the city governments and in response to new needs generated as a result of its use.

The kit contains:

- modules on specific themes, comprising case studies, informative materials, together with exercises in improving existing environmental management systems,
- a method for organizing and following-up practice sessions and workshops,
- tools for promoting the concept of environmental management systems with local authorities.

The kit now addresses a broader public, including:

- local officials wishing to promote the concept and practice of an environmental management system within their municipality,
- local government associations and associated training establishments,
- instructors in search of training materials for their workshops,
- local elected officials in need of materials in order to put in place their own environmental management system.

Through this program, SUEZ is providing long-term assistance to local governments in identifying the environmental criteria to be applied when selecting their contractors. Inside our Group, too, we are now setting up certifiable environmental management systems in order to improve our

performance in this area, and to satisfy the demands of our customers and local communities. A similar approach aimed at higher echelon territorial governments is expected to yield substantial benefits for the environment, as well as for corporations such as ours that have the capacity to protect—or even improve—it.

## PRINCIPLE 10

### The network of SUEZ ethics officers

- Presentation

*Launch date:* 1997

*Objectives:* The ethics officers plays a functional role and must deal with the ethics questions in relation to the conduct of the company's business. He is also responsible for drawing up and disseminating professional deontological declarations and codes of conduct, verifying that these are respected.

*Type / Structures:* At the invitation of the Chairman of the controlling parent company, each Chairman, or head of the board if this is a different person, of a company of a certain size, nominates a deontologist. The ethics officer fulfils four main missions:

- He proposes objectives, strategies and actions designed to guarantee compliance with the ethics charter, with documents relating to the ethics of each of the sectors and companies by ensuring their consistency with the SUEZ policy in this respect.
- He promotes ethical behaviour patterns through the internal distribution of information and the training of the employees, through a collaboration with the functional departments of the company (or companies). This information and training work must lead to the implementation of a consistent multi-annual action plan.
- He reports to the Chairman of his company and to the Ethics Committee on behaviour in terms of ethics through quality contacts with line managers and employees, close collaboration with Audit departments and accounts departments.
- He advises the employees and proposes any improvement or adaptation.

The SUEZ ethics officers network is structured for each business function and, if necessary, for each country or group of countries. The ethics officers of the branches or Business Units meet every other month. The global network meets up one a year to address with highly operational themes linked to risks to the Group's business activities.

- Impact

*Stake:* Responsible company

*Stakeholders involved*

*Beneficiaries:* Business Units, branches, SUEZ Group

*Partners:* Business Units, functional departments of the branches.

*Results*

*For the communities:* Visibility on the main ethics of the Group, ease of access to the list of ethics officers through the website.

**Appendix 2 : Table showing the link between the SUEZ principles and actions described in the Activities and Sustainable Development Report**

PRINCIPLES	2005 Activities and Sustainable Development Report
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and	Pages 26, 36, 39, 74, 92
<b>Principle 2:</b> make sure that they are not complicit in human rights abuses.	Pages 26, 36, 39, 74, 92
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Pages 29, 40
<b>Principle 4:</b> the elimination of all forms of forced and compulsory labor;	Pages 28, 39, 40
<b>Principle 5:</b> the effective abolition of child labor; and	Pages 27, 29
<b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	Pages 44-48 et 51-53
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;	Pages 41, 74-90
<b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and	Pages 77-82
<b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.	Pages 14, 17, 34, 35, 80-85
<b>Principle 10:</b> Businesses should work against all forms of corruption, including extortion and bribery.	Pages 26, 27, 28