

SAUR: Commitment to the principles of the Global Compact

The SAUR Group

SAUR is one of the three historic leaders on the French market for private management of public water and waste services on behalf of local authorities. Saur has also developed a sound position in design/build projects for equipment connected to the water cycle.

Since its inception in 1933, the Group has grown substantially: originally a local operator specialized in water contract management, it has now gained recognition as a ranking national player in water and waste services. It has also developed expertise in design/build projects for water treatment plants, extended operations to cover all of France as well as to international markets, and broadened its client base to include industrial accounts as well as local authorities.

With a workforce of 12,000, the Group manages about 5,300 water contracts and more than 1,000 waste collection contracts, serving 5.5 million customers and over 5 million inhabitants respectively in France.



In 2004, the Saur Group posted net pro forma sales of €1283.5 million and an EBITDA of €115 million. 93% of net sales were generated in France.

The Group is active through four operating units:

Saur France is involved in the management of water distribution and sewage services in France.

Coved, the Group's waste services subsidiary, offers a broad range of services (waste collection, materials recovery, processing and landfilling).

Stereau is involved in design/build projects for infrastructure connected with the water cycle.

Saur International oversees the international drinking water distribution and sewage treatment activities of the Saur Group, mainly in Spain and Poland.



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Message from the Chairman

A company can only achieve lasting prosperity provided its relationships with stakeholders are grounded in certain values, such as mutual respect, dialogue, the defence of civil rights and environmental protection.

Not only the Global Compact is instrumental to promote sustainable development but also to enhance our company's advance. With this in mind, I encourage each person working for the Saur Group to join us in actively defending these principles. Only this approach will guarantee the success of the Compact

Speaking for every individual in the Saur Group, I am proud to express our company's firm commitment to promote - through the actions of each employee - the principles and avenues of progress set forth in the Global Compact.

Hervé Le Bouc
Chairman and CEO, Saur

PRINCIPLES 1 & 2

Promote the protection of and respect internationally proclaimed human rights.

Take care not to become an accomplice to human rights violations.

SAUR's mission is to work with local authorities to deliver high-quality services in the production, transport, treatment and distribution of drinking water as well as sewage treatment and waste services.

Every day, the people in the Saur Group provide services that improve human living conditions. This is an important step towards upholding the right of each individual to live over time in an environment that is not harmful to human health.

Saur operates in developed countries, but also takes part in development operations advocated by international organizations whose mission is to support development in emerging countries.

In all of these host countries, Saur establishes a public/private partnership with public authorities based on the broad principles of international law (commercial and public).

Saur's motto is: "Harmony is a source of progress." One natural implication is that harmony must be sought in human relations and environmental protection. In this sense and in this spirit, Saur can help preserve human dignity.

PRINCIPLE 3

Support the freedom to form labour unions and the right to collective bargaining.

Good labour relations are key to the company's success as an operator providing public services. The management at Saur

ensures that labour legislation in all host countries is noted and taken into account. This goes beyond strictly formal and regulatory aspects to a policy of dialogue with labour unions.

Employees are free to organize labour unions at the Saur Group. This is demonstrated by the number of different labour organizations representing its employees.

Issues of interest to employees and employers are covered at regular collective bargaining sessions, at which all parties are expected to give a fair hearing to different points of view.

PRINCIPLES 4 & 5

Eliminate all forms of forced and mandatory labour.

Finally abolish child labour.

By delivering water via water distribution systems, Saur helps make it easier for people to get access to water, whether it be to drink at the tap or to irrigate crops. In some countries, this provides relief from certain arduous tasks, such as carrying water, that are often performed by women and children.

SAUR requires its service providers to comply with the social legislation in effect in their host countries. As part of its integrated QSE management system, Saur strives to provide temporary workers with the same health and safety conditions as employees with open-ended contracts, during their period of temporary employment at the company.

PRINCIPLE 6

Eradicate discrimination relative to employment and professional activity.

Management at Saur believes that its people are its greatest asset. Under a diversity-oriented recruitment policy, precise criteria are used to assess professional skills for specific functions or duties. This policy reflects the company's determination to prohibit any type of discrimination on the basis of gender, race or religion.

As for human resource management at Group level, annual performance reviews are standard procedure. Saur also implements internal and external training programs designed to reflect the change in knowledge trends in its businesses and the career development needs of its personnel.

When Saur bids for a services contract (mostly for waste services), its proposal often contains a section devoted to labour issues with solutions for the integration of disadvantaged people coupled with training initiatives. For instance, at its material recovery facilities, Saur often employs the beneficiaries of a work placement program that finds jobs for the unemployed.

PRINCIPLE 7

Advocate a vigilant approach with regard to key environmental issues.

Saur is a socially responsible eco-business unit that incorporates risk prevention as regards public health and the environment into its management.

In the pursuit of its business activities, Saur encourages and develops technologies and processes that minimize environmental impact, helps curb the discharge of pollutants into the natural environment, and contributes to the treatment of waste and materials recovery.

In offering appropriate services, Saur offers its customers, especially public authorities, solutions that allow them to implement the "precautionary principle" into the organization and performance of the public service for which they are responsible.

The R&D department at Saur has developed a system to monitor and detect Legionella bacilli, just one example of preventive action.

SAUR guarantees a vigilant approach to environmental and public health issues through the deliberate implementation of integrated QSE management system in line with the three contractual international standards pertaining to quality (ISO 9001:

2000), safety (OHSAS 18001: 1999) and the environment (ISO 14001: 2004) at all operating units. These QSE management systems rely on recurrent risk analysis, taking a systemic approach with the different stakeholders to define and implement preventive measures to ensure continuous, measurable improvement in the company's overall environmental performance. For instance, the regional branches of Saur France have developed an environmental program to ensure that all sewerage treatment by-products (sludge, grease, particulate matter, etc.) are treated using regulatory processes.

Finally, Stereau, the engineering unit of Saur, has introduced environmental qualification processes that conform to ISO 14001 (2004 edition) in designing new treatment processes.

To minimize the impact of potential environmental and health risks, SAUR now requires each operating unit to set up an emergency management organization as part of its QSE management approach. In the event of an emergency (e.g. flooding, the accidental contamination of water networks or a power failure), the company could work more efficiently with the crisis management teams set up by public authorities to provide assistance to the local population.

PRINCIPLE 8

Take initiatives in favour of more responsible environmental practices.

Saur promotes eco-responsibility by requiring all operating units to implement integrated QSE management systems.

To reinforce the transparency and credibility of programs intended to prevent operating risks, Saur turns to accredited certification bodies, usually AFAQ for units in France and BVQI for those outside France, to ascertain that the QSE management systems implemented by the operating units are efficient and compliant with standards. In 2005, the Western Region of Saur France became the first eco-business in France to win triple QSE

certification for all of its activities as a water and waste services operator and the works associated with these activities. In 2004, Coved obtained ISO 14001 (2004 ed.) certification for its activity as a landfill operator. Having earned over 50 certificates since 1995, Saur is a leader in QSE management system certification.

Furthermore, since 2002, Saur has published an annual sustainable development road map with an action plan for the year. For HR development and environmental protection, Saur intentionally allocates a larger budget than is required under current regulations. Here, its goal is to allow the company and its partners to advance together. At the end of the year, qualitative analysis of road map actions is performed and the results are published on Saur's website.

Aware that it has a role to play in training its future customers, Saur includes actions targeting school children whenever possible. The aim is to show how environmental considerations are taken into account when the company makes services/construction proposals.

Among its other external actions, Saur:

- Works with public and private environmental organizations on projects concerning ecosystem preservation in the water sector
- Contributes financially to operations intended to raise public awareness about protecting the environment and biodiversity.

In this respect, Saur is taking part in several projects intended to protect coastal areas and raise public awareness of the vulnerability of the flora and fauna. These efforts are being carried out jointly with the Conservatoire du Littoral (French coastal protection agency). This partnership has led to firm actions, including a study of the water supply and distribution for the sprinkler system at the Rayol Gardens (Var) and the construction of an individual sewer system (Pointe des Poulains, Morbihan). Working with Ifremer, SAUR developed a hydrological model of the bay of La Baule (Loire Atlantique).

Saur regularly helps finance local beautification projects. One such project involves the creation of a park dedicated to a stream and its flora and fauna (Sainte Terre, Gironde). Another project involves restocking watercourses in south-western France with young fish. A third supports a reforestation campaign undertaken by the town of La Garde Freynet in the aftermath of forest fires.

PRINCIPLE 9

Encourage the development and dissemination of technologies that minimize environmental impact.

The core business of Saur and its subsidiaries is to offer services and installations that make a contribution in terms of environmental quality: drinking water production, sewer treatment, sludge removal, municipal cleaning, as well as waste collection, removal and recovery. To achieve this end, the R&D department at Saur develops high-performance, economical and ecological solutions with public health and environmental applications that not only protect the environment but help improve it. The most recent processes are very innovative.

Through its R&D activities, Saur brings technological responses to the removal of hazardous substances that have a lasting harmful effect on water resource quality. These responses include:

For the treatment of wastewater, Saur has conceived Aqua-RM[®], a biological process that performs nitrification, denitrification and carbon removal, as well as the fully biological Rhyzophyte System for rural areas.

To reduce residual waste sludge by 30%, the MycET[®] process uses mycelium strains. It consumes very little energy and requires no chemical reagents.

Increasingly, water resources are being polluted by livestock production and intensive farming. Here again, Saur showed initiative and foresight with the innovative Carboflux[®] process, which uses fluidised activated carbon to remove pesticides and micropollutants.

As far as nitrate removal is concerned, Saur developed the all-biological Bionitracycle® process and the Nitracycle® process, which treats water by filtering it through an anionic resin that is periodically regenerated.

For all of these techniques, the objective remains the same: remove pollutants without inducing a new source of environmental harm.

Whenever possible, Saur promotes the recycling of by-products generated by its treatment processes. For sewage treatment plants, the Heliocycle® process offers an ecological, economical solution whereby sludge is dried and stored at a location that can subsequently serve as a composting facility. It treats other nuisances, such as grease, drainage residue and odours, using fully biological processes that do not require any chemical reagents (Lipocycle®, Lipolift®, Rhizodor® and Lanodor®).

Coved, Saur's waste services subsidiary, has installed a unit to collect and recover biogas at a landfill.

A Saur France subsidiary, Formule Golf, is currently testing the use of compost derived from wastewater treatment sludge to fertilize its golf courses.

To ensure compliance, every employee is comprehensively informed about the relevant regulatory and legal framework. Informing meaningfully employees so they understand the rights and obligations of the company vis-à-vis stakeholders is meant to prevent unlawful behaviour and acts.

To validate internal control procedures, the Saur Group sets up audit committees whose members are non-executives. In addition, like all socially responsible companies, it asks independent external consultants to control the regularity of the legal and financial information to be disclosed to stakeholders.

PRINCIPLE 10

Fight corruption of all types, including all forms of monetary extortion and fraud.

Corporate governance at Saur is based on a balance between the operational functions and the functions in charge of verifying and implementing the means needed by the company to operate and carry out its policies. Under the supervision of the company's corporate bodies, the Office of its Chief Financial Officer is responsible for the management of financial, accounting and legal risks, and ensures the transparency of the corporate information and the lawfulness of its operations.

At Saur, the first rule of ethical behaviour is to obey the law, and this applies to each Group legal entity as well as each Group employee, irrespective of his or her hierarchical position.