

SUEZ, a CSR Company, member of the Global Compact

CONTENTS

1. OUR GLOBAL COMPACT COMMITMENT

Gérard Mestrallet

2. SUEZ GLOBAL COMPACT INITIATIVES

Four initiatives undertaken in 2001

- Evaluating the impact of water, energy and waste management services on efforts to improve living conditions for poor communities: how action by Aguas Argentinas has affected child health;
- The development of social and environmental performance indicators by the Observatoire Social International on the social requirements linked to Globalization;
- The creation of projects under a partnership agreement between SUEZ and the United Nations Volunteer (UNV) Program;
- The preparation of a training kit for the installation of urban environmental management systems, in conjunction with the United Nations Environmental Program (UNEP).

Two new programs proposed in 2004

- LYDEC's commitment as a "social responsible corporation" in Casablanca (Morocco);
- SUEZ Environment's "Water and Sanitation for all" program.

3. HOW SUEZ IS IMPLEMENTING THE GLOBAL COMPACT 10 PRINCIPLES

APPENDICES

Projects Details

The 10 Principles of the Global Compact

1. OUR GLOBAL COMPACT COMMITMENT

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 (emissions, 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.

In addition, SUEZ was the instigator of the Observatoire Social International, a forum where corporations, political leaders, labor unions and NGOs meet to discuss the social consequences of globalization.

- *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 five 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 2005, the Global Compact had more than 2,000 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 contribute to its proceedings, demonstrating the international dimension of its commitment to ethical behavior, values, and sustainable development.

Gérard Mestrallet
Chairman and Chief Executive Officer of SUEZ
8 June 2005

2- SUEZ GLOBAL COMPACT INITIATIVES

United Nations Secretary General and Nobel Peace Prize laureate Kofi Annan launched the “Global Compact” in 2000 as a means to tackle the potentially adverse effects of the globalization process. The Global Compact has come to be a permanent platform for exchanges between the UN, the business community, labor unions, and civil society, in seeking to share and promote values and experiences associated with responsible management in the areas of human rights, labor standards, and the environment.

ACTION BY SUEZ IN SUPPORT OF THE GLOBAL COMPACT

SUEZ was among first group of companies to commit themselves alongside UN Secretary General Kofi Annan in support of his Global Compact initiative.

Since then, SUEZ has regularly taken part in Global Compact initiatives, both at the national level and in international gatherings.

In France, SUEZ is an active member of the network of French corporations forming the “Friends of the Global Compact in France” run by Institut de l’Entreprise, a French business forum.

At the international level, SUEZ is a regular participant in the “Learning forums” organized by the Global Compact General Secretariat to foster exchanges of experiences among members of the Global Compact.

In addition, the Chairman of SUEZ, Gérard Mestrallet, has personally attended two meetings organized by the Global Compact for corporate leaders in the presence of the UN Secretary General, one in New York on June 19, 2004, the other in Paris, on June 14, 2005.

SHARED INITIATIVES

In signing up to the Global Compact, SUEZ has pledged to implement and share its experiences with the members of the Global Compact around the **first four initiatives**, to which two **new initiatives** were added in 2004. A progress report on each of these initiatives is appended to this document.

These initiatives are part of a series of initiatives pursued by SUEZ within the framework of its sustainable development and Corporate Social Responsibility (CSR) policies. They have been selected for their contribution to the principles of the Global Compact and for their usefulness in terms of sharing experiences with the other members of the Global Compact. Each year SUEZ publishes a more comprehensive survey of its initiatives arising out of this policy in its annual report on operations and its annual sustainable development report.

THE 4 INITIATIVES LAUNCHED IN 2001

1. AGUAS ARGENTINAS: Evaluation of the impact of water, energy and waste management services on improving living conditions for poor communities (action completed)

This project was designed to measure the impact on child health of improvements in the quality of the water service provided by its Argentine subsidiary Aguas Argentinas. Under the leadership of the SUEZ Environment Division, and with funding from the SUEZ Innovation Fund, numerous local partners were involved in the project, including private sector companies (the three subsidiaries Aguas Argentinas, CLIBA and Edenor), the public sector (regulators, the Government of Argentina, the City of Buenos Aires and three city boards), civil society (the Riachuelo Foundation, the “Laboratoire du Futur”, representatives of pilot neighborhoods) and the academic world (the Austral University), together with a local labor union. The project defined a set of economic, social and environmental indicators, together with a methodology for evaluating the social and health impact of “essential” services. In addition to on-site measurements, surveys focused on six pilot neighborhoods representing approximately 45,000 people overall. The indicators yielded practical evidence that neighborhoods where the service was operated by a public-private partnership were providing a better response to essential needs, with a positive impact on health. Also in these districts, users displayed greater willingness to contribute to the long-term development of the systems set up, even at times of crisis (see Appendix).

2. SURVEY BY THE OBSERVATOIRE SOCIAL INTERNATIONAL OF THE SOCIAL REQUIREMENTS LINKED TO GLOBALIZATION (see Appendix)

The Observatoire Social International (OSI—international observatory of labor relations) 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. Its prime purpose is to devise the ways and means to strike the necessary balance between economic imperatives and the new demands in the social sphere. The OSI has expanded its reach considerably, with the opening of branches in a number of countries, and with 4 regional offices in Argentina, Europe, Morocco, and the United States.

The OSI now has more than 100 partners worldwide, from the business and academic communities, along with political leaders, labor unions, non-governmental organizations, and other people in public life. Headed by Dominique Fortin, it became a standalone organization, in Rome, on December 6, 2000.

Within the framework of the Global Compact, SUEZ has paid close attention to the OSI’s research on the social demands arising from globalization. Cross-perspectives themes (e.g. social indicators of performance, non-discrimination, and marginalization) and regional issues (education, literacy and learning, access to lifelong training) have been tackled in a spirit of respect for cultural diversity, but without in any way seeking convergence toward a global model.

The OSI has achieved several significant outcomes since 1998, centered around the establishment of operational social indicators, i.e.:

- a global network of more than 100 partners capable of talking to members of the Global Compact,
- an agreement was signed between companies, Unions, Civil Society representatives, and members of the European Parliament, to promote “the right to lifelong education and training,”
- an agreement with the Argentine Secretariat for Sustainable Development, in conjunction with the Global Compact project in Buenos Aires, to promote good practice nationwide, especially with respect to the expansion of integrated water, waste management and energy services (a Type II Argentine Initiative adopted by the organizers of the Johannesburg Summit),
- opening regional offices in Argentina, Morocco and the United States.
- developing new forms of social dialogue in Morocco, and establishing appropriate social indicators for local conditions in Morocco.

3. Forging a partnership between the United Nations Volunteers (UNV) Program and Aquassistance and Energy Assistance (see Appendix)

In 2001, SUEZ entered into a partnership agreement with the United Nations Volunteers Program to develop a series of technical assistance projects.

The two entities working directly with the UNV are Aquassistance and Energy Assistance, two humanitarian organizations staffed by volunteer SUEZ employees, who provide the technical expertise. Aquassistance was founded in 1994 and now has 5 permanent staff and 500 volunteer members. This organization is engaged in humanitarian work in the field, bringing help to populations deprived of water or electricity. Its missions are to provide emergency relief, development assistance and help in rehabilitating installations using appropriate means and equipment. In 10 years, its volunteers have given more than 6,700 days to missions in aid of local communities in nearly 70 countries.

Energy Assistance was founded in 2002. This organization’s 100 volunteer members, all employees of SUEZ Tractebel (Belgium), use their expertise to install energy supplies for communities lacking essential services. Energy Assistance provides help in a variety of ways, from economic appraisals of energy needs to the industrial design of an installation, equipment supply, operational training, and know-how transfers.

The two organizations are participating in projects proposed by the UNV program, which is affiliated to the United Nations Development Program (UNDP). Under the partnership agreement, renewed in October 2004, the following have been made available:

- four expert volunteers from Energy Assistance to oversee energy choices in Honduras, East Timor, and the Galápagos Islands,
- experts from Aquassistance to assess needs concerning the collection, selective sorting and landfilling of household waste in the Korca district (Albania). Experts in water and waste management have also been involved in missions in Guinea Bissau and Mali.

The UNV program has favorably evaluated the subsequent mission reports, and further projects are now in the pipeline.

4. TRAINING KIT WITH UNEP: preparation of a training kit for the installation of urban environmental management systems (see Appendix)

SUEZ has supported the production of a guide to ISO 14001-type certification practices sent out to local communities. The kit was prepared in conjunction with the United Nations Environmental Program (UNEP) and ICLEI, a network of NGOs working to defend the interests of local communities. The guide has been published in several languages, in both paper and CD-Rom formats (action completed).

2 ADDITIONAL INITIATIVES PROPOSED IN 2004

In 2004, SUEZ proposed the presentation of two further initiatives within the framework of the Global Compact:

5. LYDEC: committed to operating as a “socially responsible corporation” in Casablanca, Morocco (see Appendix)

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).

6. “WATER AND SANITATION FOR ALL”: a SUEZ Environment Program (see Appendix)

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 more than 8 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).

3-HOW SUEZ IS IMPLEMENTING THE GLOBAL COMPACT 10 PRINCIPLES

Through its “Values and Sustainable Development” program, SUEZ has produced an array of charters, procedures, organizational structures and initiatives aimed at honoring its Global Compact commitments.

All SUEZ initiatives form part of a continuous improvement approach. It has established monitoring and evaluation procedures based on indicators to measure the company’s economic, social and environmental performance.

Since 2001, moreover, SUEZ has begun charting the progress of its key initiatives and actions in this regard, together with the results of the above indicators, in its widely circulated annual Report on Operations and Sustainable Development.

The 2004 Report on Operations and Sustainable Development contains a specific chapter on SUEZ Group’s Global Compact commitments.

Below we review the main SUEZ initiatives aimed at promoting the Global Compact principles and ensuring that our commitments are upheld.

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 Group’s commitment to labor standards is spelled out in its 1998 International Social Charter, the outcome of labor-management negotiations. This lays down the fundamental rights and principles, including non-discrimination, equality of opportunity, and respect for human rights.

There is a more material risk in our value chain, however, notably at the level of our raw materials suppliers. Consequently, SUEZ has established a “Purchasing officers’ code of ethics” that includes respect for human rights among its procurement criteria.

http://www.suez.com/documents/english/SUEZ_ethiqueachats_en_01072003.pdf

We also undertook a review of our supplier relations in early-2005, which should lead to formalization of a stronger Group policy on this issue by end-2005 or early-2006.

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:

- 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 the visually impaired, Lyonnaise des Eaux translates their water bills and its monthly magazine “Water and You” (sent to all customers) into Braille;
- The Group cooperates closely with a range of French non-profit organizations working to combat social exclusion, such as the *Institut de Mécénat de Solidarité*, *SOS Racisme*, the *Association pour la Réinsertion Sociale et Professionnelle des Personnes Handicapées* (ADAPT), *Fondation Agir Contre l’Exclusion* (FACE) and *Fondation pour les Écoles de la Deuxième Chance*;
- SUEZ Environment has launched a program to provide access to Water and Sanitation for all. Through this program, SUEZ currently supplies Water and Sanitation services to more than 8 million people living below the poverty line, 3 million of whom have been connected 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 major player in the development process.

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 Instance for Dialogue”.

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 EID has extended a permanent invitation to the European Trade Union Confederation (ETUC) to attend its meetings and those of its executive committee.

The Charter also prohibits recourse to forced labor and child labor. As with human rights in the broadest sense, the chief risk in our businesses lies mainly in our value chain. Our “Purchasing officers’ code of ethics,” mentioned above, explicitly embodies the International Labor Organization’s principles in its procurement criteria.

Internally, SUEZ places great importance on promoting social and cultural diversity within its own work force, and in combating all forms of discrimination at the moment of recruitment. It views social diversity as essential to the development of its international dimension and as a factor helping it to integrate locally. More than 40% of the Group’s employees are of English speaking, Hispanic, Brazilian, Asian or African origin, and more than 100 nationalities are represented overall, French and Belgian aside.

SUEZ is currently reaching out to other sensitive sections of society and sites. In 2005, it signed a Diversity in the Workplace Charter and teamed up with non-profit organizations such as *Entreprises aux Couleurs de la France* (a body to promote diversity in the workplace reflecting the diversity of French society), chaired by Gérard Mestrallet. It has also set up a “Diversity Club.” Initiated by the Human Resources Division, under the patronage of the Chairman and CEO, this will formulate global policies and practical initiatives for integrating into the Group’s organization and companies people from every section of the community, including men and women, skilled and unskilled young people, visible minorities, the handicapped, etc. Group executives feature prominently in the club’s membership.

As part of its dialogue with labor unions, Group Management recently set up an “Equal Opportunities” commission to recommend guidelines at the plenary session to be held in September 2005.

In the field of programs to create work for the jobless, since 1993 SUEZ has focused mainly on hiring young people in France in order to facilitate their integration into the work force and develop their employability. This policy has included local initiatives emphasizing local economic development and jobs. To further this policy, the Group has signed 24 youth job creation agreements with local partners. It recently confirmed this commitment with two new agreements covering sensitive neighborhoods known in France as “urban free trade zones.”

Finally, SUEZ is successfully engaged in a variety of programs aimed at helping jobseekers back into jobs. In one original example GEPSA, a subsidiary of ELYO, holds a global contract to operate 15 penitentiaries in France under a mixed management formula, providing a range of services to assist former prisoners find work. This program found jobs for 141 people out of 246 cases handled, in 2004.

Since July 2002, moreover, SITA *Rebond* has run work projects to help people experiencing serious difficulties, e.g. long-term jobless, people on welfare or unskilled youngsters aged under 26, to regain a footing in society through economic activity. At the time of hiring, SITA *Rebond* employees are setting targets backed by vocational training or training leading to qualifications in Group subsidiaries, to ensure their return to long-term employment. More than 270 people have been hired in this way on 24-month fixed-term contracts. Nearly 117 of these found work at the end of their contract.

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

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.

Working through the existing structure and organization, the Group is pursuing a four-point environmental policy:

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

- SUEZ has also deployed substantial resources to provide stakeholders with robust and transparent information about its operations.

Because environmental performance is intimately linked to operational performance, environmental reporting indicators are used as a management tool on a par with other key performance indicators.

SUEZ began developing a purpose-designed computerized reporting system in 1999, to guide implementation of its environmental policy, manage environmental risks, and facilitate communication of its environmental performances. A growing number of environmental performance indicators, moreover, are subject to verification by the independent auditors as part of a moderated quality assurance process.

- Environment legislation and regulations are imposing ever tougher restrictions on air, water and ground emissions
SUEZ takes all necessary steps to enforce compliance with these limits. Indeed it goes further wherever reduction of its ecological footprint is economically feasible.

- Risk management plays a key role in Group environmental policy
Environmental risks connected with the most hazardous sites are governed by strict national and international regulations, and are subject to regular government inspection. The management of industrial and environmental risks is split into two modules: risk prevention and crisis management. The Group also mapped its risk profile in 2004.

Operating divisions are encouraged to undertake a program of environmental audits of their sites, to ensure local compliance with environmental regulations and assess major environmental risks. One important way to reduce environmental risks is by permanently matching all installations, and services performed or operated, to constantly rising environmental standards.

- Through its network of environmental coordinators, SUEZ encourages its subsidiaries to formulate and implement environmental policies of their own, respecting the Group Environmental Charter but adapting this to local economic conditions, their activities and the demands of their industrial and institutional customers.

At the end of 2004, the revenues of entities that had adopted an environmental commitment statement accounted for 84.5% of relevant (1) revenues¹. Depending on economic conditions and overall utility, these policies may lead to the introduction of environmental management systems (EMS). These systems operate through a body of documents and procedures, together with objectives forming part of a continuous improvement process. In some cases, too, they are certified externally.

At December 31, 2004, entities representing 43.5% of relevant revenues had in place a certified EMS. At that date, the Group had obtained 311 ISO 14001 certifications, 195 ISO 9001 version 2000 certifications (comprising an environmental section), nine EMAS registrations, and 107 local certifications, covering almost 1,800 sites and/or activities.

¹ Relevant revenues are revenues generated by Group subsidiaries whose operations are considered relevant in terms of environmental impact.

In January 2005, more than 80 additional EMSs were in the process of certification or registration and should be completed in the next two years.

Some subsidiaries also have their own internal environment management systems guaranteeing proper inclusion of environmental considerations in implementing their strategies. Several Group entities have preferred to define their own standard for environmental management systems, with an internal recognition procedure. There were 140 of these at the end of 2004, covering some 723 sites and/or activities.

SUEZ actively encourages its entities to formalize their approach to environmental management, and each business segment sets certification or registration targets in response to local operating and business conditions.

Several electric power plants—including two nuclear plants—are ISO 14001 certified or take part in the EMAS system.

* Roughly 50% of Electrabel's total generating capacity in Europe is ISO 14001 certified. Procedures to improve environmental results are ongoing, while several sites are currently engaged in the certification process or preparing for it.

* Several SUEZ Energie International power plants too are ISO 14001 certified, and others are currently engaged in the certification process. ELYO and Fabricom plants also obtain additional ISO 14001 certifications each year.

* The ELYO Ile-de-France "Industrial Cogeneration" agency obtained certification in November 2004, for example. This was the first time this environmental management system has been certified at the agency level.

* Like Fabricom, ELYO assists its customers in their efforts to obtain certification, and more generally helps them achieve their improvement targets. This may also be done by including the environmental dimension in the ISO 9000 process.

* Tractebel Engineering has been contributing positively to its customers' ISO 14001 and EMAS processes through its consulting services since 1996. In 2004, Tractebel Engineering helped the Total Petrochemicals site at Feluy to obtain ISO 14001 certification, by training personnel (more than 500 people) and forming a team to carry out the plant's internal audit.

➤ The SUEZ "Trophées Initiatives Innovation" (awards to Group employees for initiative and innovation) reward the originators of technical, commercial or managerial innovations. In 2004, 40 projects submitted by candidates from all over the world were distinguished.

SUEZ is investing in innovative technologies in order to respond as effectively as possible to its customers' needs. Its strategy, via this policy of innovations, is to design services responding to the present and future needs of businesses and institutions.

SUEZ also pursues R&D programs dedicated to technological innovation in its subsidiaries. In 2005 it opened a "Chemicals and Environment" Technology Park in a venture with Arkema and Rhodia in the Rhône-Alpes region in France.

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 ethical compliance officers (58 at present) 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, 4 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;
- initiatives have also been taken outside France, moreover, through the OECD Convention, the United Nations and the Global Compact, whose 10th principle covers the fight against corruption. SUEZ is a member of the Global Compact, and with SUEZ-Tractebel we 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. In June 2004, the network held 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

1- AGUAS ARGENTINAS: Evaluating the impact of water, energy and waste management services on efforts to improve the living conditions of poor populations

When SUEZ won the world's largest concession in 1993, in Buenos Aires, local conditions called for innovative technical and social solutions in order to supply the city's deprived neighborhoods. In the space of 11 years, Aguas Argentinas has connected 2 million inhabitants to drinking water, and 1 million to sanitation services, with no increase in the price of water. Child mortality, meanwhile, has fallen 24% in the poorest municipalities over the same period. This figure demonstrates that it is possible to offer an accessible service to poor populations, one that is effective in social, economic and environmental terms. Over the past five years, subsidiaries of SUEZ Environment have connected more than 3 million people to drinking Water and Sanitation services, respecting their contractual obligations to create significant social value.

The monitoring of the impact of municipal services on the development of low-income neighborhoods was realised with our subsidiaries operating locally in partnership with local NGOs.

The first pilot unit was launched in Buenos Aires, where our subsidiaries Aguas Argentinas and SITA, respectively operating in the water and waste services sectors, have involved many other service providers—even from outside the Group—in this program.

These pilot units will subsequently serve to introduce the approach in other countries. In addition to the surveys already carried out in this respect, there is a vital need to study the social, economic and environmental impacts of basic services installations (water, energy, and waste services) through purpose-designed public/private/community partnership models, and to draw the appropriate lessons.

In its operating activities, the Group is committed to training large numbers of local staff in energy and environmental sector skills. For most of the employees concerned, this represents a first professional experience and an opportunity to acquire skills. This is the case with the program set up by Aguas Argentinas in the suburbs of Buenos Aires, where more than 800 people have been trained in building water distribution infrastructures since February 2004.

In Buenos Aires, the central laboratory of Aguas Argentinas applies methods laid down contractually framework and by regulations to verify the quality of water distributed to the metropolis's 8 million inhabitants. In waste treatment, incinerator plant workers now sit on committees comprised of local authorities, non-profit organizations and industrial firms, to monitor dioxin levels. It does so by sharing good practices—in accident analysis, for example (Report on Operations and Sustainable Development).

The project selected sought to measure the impact on child health of improvements in the quality of the water service provided by its Argentine subsidiary Aguas Argentinas. Under the leadership of the SUEZ Environment Division, with funding from the SUEZ Innovation Fund, numerous local partners were involved in the project, including private sector companies (the three subsidiaries Aguas Argentinas, CLIBA and Edenor), the public sector (regulators, the Government of Argentina, the City of Buenos Aires and three city boards), civil society (the Riachuelo Foundation, the "Laboratoire du Futur", representatives of pilot neighborhoods) and the academic world (the Austral University), together with a local labor union. The project defined a set of economic, social and environmental indicators, together with a methodology for evaluating the social and health impact of "essential" services.



In addition to on-site measurements, surveys focused on six pilot neighborhoods representing approximately 45,000 people overall. The indicators yielded practical evidence that neighborhoods where the service was operated by a public-private partnership were providing a better response to essential needs, with a positive impact on health. Also in these districts, users displayed greater willingness to contribute to the long-term development of the systems set up, even at times of crisis. An institutional network has been created, backed by outside funding, with a view to replicating this approach and promoting the expansion of services nationwide.

2- OBSERVATOIRE SOCIAL INTERNATIONAL (OSI): Survey by the Observatoire Social International of the social requirements linked to Globalization

The Observatoire Social International (OSI—international observatory of labor relations) 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 2004, 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 organized three symposiums, the most recent being held in the European Parliament in Brussels, in March 2004. These events provide a first-class forum for discussing social issues among representatives from all sectors of society.

Presentation

The Observatoire Social International (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.

Outcomes

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 and 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.
- an agreement signed with the Argentine Secretariat for Sustainable Development to promote nationwide capacity building, regarding the expansion of integrated water, waste management and energy services (A Type II Argentine Initiative adopted by the organizers of the Johannesburg Summit),
- developing new forms of social dialogue in Morocco, and establishing appropriate social indicators for local conditions in Morocco

3- THE UNITED NATIONS VOLUNTEERS (UNV) PROGRAM: in partnership with Aquassistance and Energy Assistance

In August 2001, the United Nations Volunteers Program and SUEZ signed a *Memorandum of Understanding* (MOU) 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 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.

In 2004, the Board of Aquassistance has agreed to two missions:

- A mission involving four volunteers to draft preliminary specifications for household waste collection and to improve sanitation for several towns in the Zinguinchor region of Senegal.
- An expert appraisal for the setting up a preliminary design to supply water to three villages in the Gabu region (Guinea Bissau).

Energy Assistance, meanwhile, has performed three missions:

- The first in Honduras, from June 3 through 15, 2002, which made recommendations concerning the power grids.
- 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.

The MOU was signed for two years and was renewed in October 2004.

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

4- TRAINING KIT WITH UNEP: preparation of a training kit for the installation of urban environmental management systems (action completed)

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.

5- LYDEC: operating as a “Socially Responsible Corporation” in Casablanca, Morocco



In August 1997, the City of Casablanca awarded the world's first delegated management contract for water, electricity and sanitation services to LYDEC, SUEZ Environment's Moroccan subsidiary. LYDEC rose to the challenge, winning recognition for its expertise and achievements both locally and internationally.

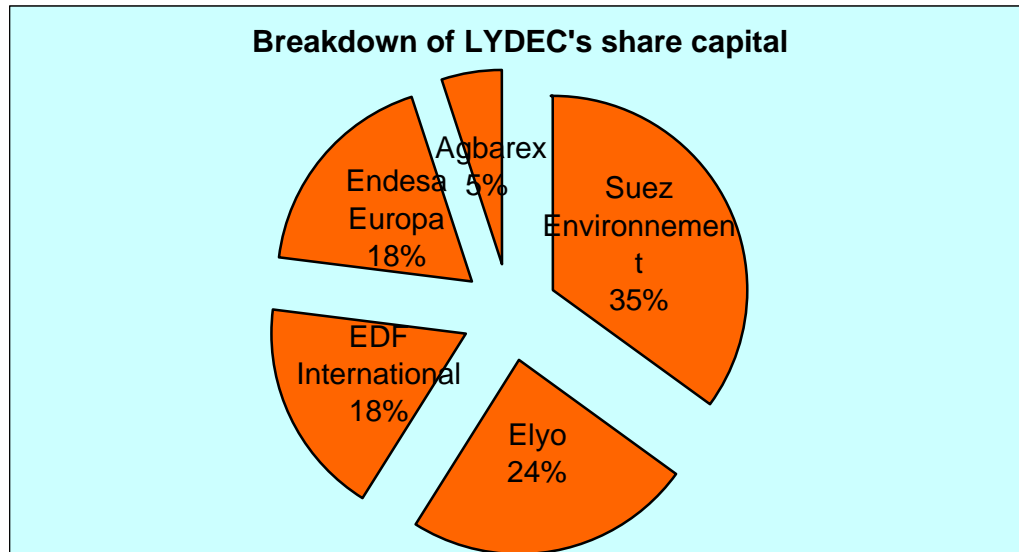
Casablanca and LYDEC is the story of a remarkable partnership dating back to 1997, one that has grown and grown ever since. When signing this multi-services delegated management contract, the City of Casablanca was counting on its partner to improve the quality of electricity, Water and Sanitation services, and to satisfy the needs of its 4.5 million inhabitants.

The 30-year contract between Casablanca's metropolitan authority and an industrial consortium led by SUEZ-Lyonnaise des Eaux (now the SUEZ Group) calls for a 30 billion dirham (3 billion euros) investment plan to supply electricity, drinking Water and Sanitation services for all districts making up the “Wilaya,” Casablanca's city center and outskirts. Of this figure, 10 billion dirhams (1 billion euros) were to be financed by the contractor, LYDEC.

LYDEC's commitments included:

- improving the quality of essential urban services;
- equipping the city with infrastructures to match its ambitions;
- forging an exemplary partnership with elected officials and the authorities.

LYDEC is a joint-stock company, with 800 million dirhams share capital, broken down as follows:



1. All change – a continuous process

At the start of the contract, LYDEC inherited a heavily overstaffed public corporation and deteriorating service. Main weaknesses included almost non-existent customer management and a sanitation system unable to cope with heavy rainfall.

Since 1997, LYDEC has demonstrated its know-how and commitment to improving living conditions for the inhabitants of Casablanca. Regular opinion surveys are conducted to monitor progress and achieve higher service standards. Further, LYDEC is fully integrated into the Moroccan economy and is seen as a local employer and a community-oriented company.

In concrete terms, more than 90% of customers say water, electricity and sanitation services have improved: customer relations have been revamped entirely, procedures streamlined, agencies stay open longer, and customers are free to select the agency of their choice...

LYDEC's website, launched in 2003, reflects this customer-driven approach, enabling end-users to consult their past and present consumption in a fully secure section. The payback for both LYDEC and its customers is measurable, as payment recovery rates have improved, and so have customer confidence and relations.

These results stem from the Group's capacity to optimize its human and material resources, leveraging its worldwide experience and best practices in the operational, environmental and cultural spheres. Today, LYDEC continues to apply best managerial practices and has developed its own initiatives and projects in Casablanca through a process of continuous improvement.

- In electricity, the company is striving to improve and secure the supply of electric current. Major works have been undertaken to equip the city with electrical infrastructures reflecting its rate of growth, implementing technologically innovative solutions where appropriate. One example of the latter is the BCC (Centralized Control Bureau), the world's largest simultaneous remote control and intervention platform for public networks (electricity, water, sanitation), which entered service in October 2002. This installation is fully automated and equipped with every possible modern system in order to synergize with Lydec's various activities. Hefty investments have also been made to secure the city's electricity supply and keep pace with its expansion, with the coming into service of the Sidi Othmane power plant and, shortly, the Dar Bouazza plant.

- Following several successive years of drought, the management of water resources is a major challenge for Morocco. LYDEC's commitment in this field is widely acknowledged, both in the terms of ensuring water quality and improved management of resources. Considerable efforts have been made in terms of water resource management throughout the system, via renovation and reinforcement of the supply systems, meter management, and leak detection, where LYDEC has earned an international reputation for its technology. The overall results have earned general satisfaction, with annual water savings of 25 million m³ at the end of 2005—equivalent to the annual consumption of 800,000 inhabitants.



- From the outset, LYDEC has made the management of liquid sanitation a central priority. Every year, massive human and material resources are dedicated to controlling rainwater runoff. Structural investments have been carried out in flood-sensitive zones, and thanks to these efforts the number of vulnerable sectors decreased from 54 in 1997 to just 12 at the end of 2003. The flagship investment in this regard was the diversion and extension of the City's main western sewer, which has secured the district of Derb El Soltane El Fida. In 1996, just before LYDEC arrived, this area was hit by fatal floods, with human loss; which is why rainwater evacuation is a major challenge for the company. Elsewhere, LYDEC has also been entrusted with the supervision of works for the development of a further diversion canal for the Oued El Maleh River in Mohammédia. This should definitively eradicate the risk of devastating floods.
- Customer satisfaction is LYDEC's number one priority, for private individuals and multinationals alike. Based on regular surveys, the company has spared no effort to provide a service that meets expectations. Which is why, for LYDEC, "customer care" is central to its identity and concerns. For the general public, longer agency opening hours, more flexible payment means, reliable meter-readings thanks to portable terminals—are all helping to satisfy client needs on a lasting basis. For corporate customers, LYDEC has forged personal relationships through direct contacts and advice, assisting clients in improving productivity and providing a range of services geared to their needs.



Also, special attention has been given to property developers, responding to their specific water, sanitation and electricity needs, enabling them to build to the highest social and economic standards.

- LYDEC's first priority, in responding to these different challenges, was to draw on its internal human resources, the company's prime asset. A wide range of initiatives is aimed at leveraging its employees' potential and improving their performance.
- The Synergie 2000 project, aimed at reorganizing the company and breaking down barriers between the different water, waste and electricity activities, was designed and implemented with the assistance of more than 120 employees and a specialized consulting firm. Training combined with staff mobility greatly enhanced LYDEC's portfolio of internal expertise and the company achieved major synergies between its different operations. The keys to its success lay in recognition of efforts and rewarding performance. Regarding labor-management relations, from the very outset LYDEC initiated a strategy of dialogue and consultation with its social partners. Further progress was achieved in 2003, with the signature of a memorandum of understanding with labor representatives, along with a Charter for Health and Safety in the Workplace.

2. Sustainable Development, cornerstone of Corporate Citizenship

Water lies at the origin of life. Energy also. That puts LYDEC truly a life business. It is this aspect of its identity that has driven it to make sustainable development central to its concerns, and to its human, social and environmental responsibilities.

Operating on several fronts simultaneously, the company has proved that partnerships can work together to build a better future for all. By connecting deprived populations to its networks, by protecting the environment, and through public awareness programs, LYDEC has repeatedly demonstrated its determination to perform as a community partner in its own right. Two major projects have given concrete expression to this ambition: the first concerns the connection of deprived districts to the drinking water supply system, and the second has involved connecting slums to the electricity grid.



▪ **“Blue connections”: Water for all**

Implemented in conjunction with the Casablanca District Council, the “Blue connections” project seeks to facilitate access to drinking Water and Sanitation in underprivileged areas of Casablanca. Till recently, these neighborhoods had to rely on public standpipes for their water supply. A major effort has been made to cut the cost of connection and streamline red tape.

At the end of 2003, almost 7,817 homes had benefited from this operation.

▪ **Electricity for slums**

Since 1998, LYDEC has pursued a vast program to supply electricity safely and legally to slum homes. Previously, slum dwellers often connected up to the electricity grid illegally, with attendant risks to personal safety and grid security. To maximize the project's success, this program was based on the total involvement and participation of inhabitants in the design, installation and daily management of the project.



By cutting the cost of indoor installations by 20% while securing the grid, by lessening the risks of the premature ageing of facilities, and by billing consumers using a “social rate”, LYDEC is offering the district’s inhabitants a solution to suit their means. At the end of 2003, this project had connected 30,000 households to the grid. To date, this program has been completed in five main districts of the City. Some additional operations remain to be carried out in the districts of Ain Sebaâ and Sidi Bernoussi.

- **Acknowledged expertise in social development projects**

As local and national authorities seek innovative ways to tackle insalubrious living conditions, LYDEC is leveraging its practical expertise to deal with social aspects of its projects as well.

This expertise, gained through its electrification program, gives the company legitimacy in the eyes of these populations, the capacity to devise appropriate technical and commercial solutions, and in the management of social aspects. The authorities have turned to LYDEC for its contribution to the development and implementation of projects on the strength of these capabilities.

These projects, conducted in partnership with the population under the authorities’ oversight, involve designing global solutions aimed at improving living conditions, through access to water, sanitation and electricity services, clearing up land ownership issues, developing public amenities, and progressively renovating homes. The major challenge is to define and adjust the proposed improvements in a manner socially and financially acceptable to the populations concerned; at the same time, these improvements must be consistent with wider public development plans.

3. A quality program targeting excellence for all

To consolidate these results on a long-term basis, LYDEC is fully committed to a continuous improvement process based on its quality program. Quality is a strategic priority for LYDEC, aimed at forging a management model as a natural outgrowth of all of the company’s efforts since it began operating. Its objective is clear, namely to satisfy customer needs fully and durably, while stepping up the company’s overall performance. The two pre-requisites are staff buy-in and improved business processes and work flow management.

LYDEC’s goal is to be efficient, as defined by the ISO 9004 version 2000 standard. Backed by a full time task force and outside consultants (mainly Moroccan), a series of process improvement teams secured buy-in by all employees, broke down barriers, facilitated the process of learning the necessary changes, and focused all efforts on improving business processes and work flow management. As the project advanced, working groups kicked in, reflecting on ways to implement the initiatives proposed by the process improvement teams.

LYDEC was certified ISO 9001 version 2000, in January 2005 by AKAK and SNIMA, two local certification bodies.

4. Massira 2007, a vision for the future

In its drive for efficiency, LYDEC is committed to an ambitious and innovative strategic initiative called Massira 2007. Initiated in 2002, this exercise had two main goals: to assess LYDEC's first five years of activity, and to define a new vision for 2007, the next 5-year stage in the contract. As a company supplying services to the public, LYDEC surveyed all its stakeholders (clients, authorities, suppliers, shareholders, personnel) to obtain a shared assessment and vision in line with the demands of these different publics. All employees were involved in this review, reinforcing their sense of being part of the company, taking "ownership" of the past and projecting themselves into the future. This innovative management initiative was followed up with a strategic plan to guide LYDEC in its activities over the years to come.

Our vision for 2007

- Develop a close, trust-based relationship with local authorities and elected representatives
- Anticipate the city of tomorrow
- Leverage our professionalism and team spirit to improve our performance

Observers have hailed Marissa 2007 as an innovative management initiative. It has attracted interest from several Moroccan companies that have asked LYDEC to implement the same management initiative at their companies.

5. Promoting a sense of community

Through its commitment to the community, LYDEC's support for pro-environmental initiatives has made it a central partner for the authorities and elected officials in their efforts to bring lasting improvements to the everyday lives of the citizens of Casablanca. Practical measures to improve people's lives are in progress on many fronts, working with all of the city's active groups, including neighborhood associations, schools and universities and, more generally, with the entire civil society of the Greater Casablanca Region. Priorities notably include raising public awareness of environmental issues, supporting local groups, and promoting environmental education initiatives.

6- “WATER AND SANITATION FOR ALL”: a SUEZ Environment program

Where development is concerned, extending Water and Sanitation services to outlying urban districts and under-equipped areas continues to be a major priority for both governments and the donor community at large.

SUEZ Environment’s “Water and Sanitation for All” program is working via public-private partnerships to develop solutions geared to the needs of local communities.

This program’s mission is to supply sustainable Water and Sanitation services to low-income customers, as stipulated in our contracts, and on economically viable terms.

To achieve this, we have devised a series of specific methods, including:

- involving users in the management and maintenance of Water and Sanitation systems,
- adapting the network to level for which the population is prepared to pay,
- involving the community in each stage of the project,
- communicating from the outset on all aspects of the project and reporting regularly on progress.

We know from experience that to operate in deprived and low-income neighborhoods we need to adapt our approach to the specific socio-economic circumstances and the overall city planning context.

Based on its experience, SUEZ Environment has singled out a set of key principles essential to the success and durability of initiatives in this regard, namely:

- including low-income communities in the overall contract,
- optimizing technical standards and instituting an appropriate customer relationship model,
- supplying services, not merely a connection (working through local communities for health education, installing bathrooms, organizing the community appropriately, etc.),
- forging strategic partnerships.

1. Outcomes

With over 10 years’ operational experience in the developing countries, SUEZ now serves nearly 40 million people there, more than 8 million of them living below the poverty line. Through its Water and Sanitation for All program, SUEZ Environment has established access to drinking water for more than 5 million people over the past 5 years, making a real contribution to fulfillment of the Millennium Development Goals. These projects have been carried out in partnership with local governments, users’ associations and NGOs, leading to significantly improved living conditions for the communities concerned.

Alongside these projects in the field, SUEZ Environment’s local teams and headquarters experts have reflected at length on the methodological issues raised by this type of work. This has resulted in a series of recommendations on methodology and best practices on technical subjects (condominium sanitation, etc.), organization (e.g. social development), and business issues (pricing and subsidization).

In addition to these initiatives on the ground, local teams and headquarters have together undertaken a far-reaching methodological review. This has resulted in, among others, a series of recommendations regarding methodological aspects and best practices, as well as on technical issues (condominium sanitation, etc.), organization (social development, etc.), and business aspects (pricing and subsidization).

2. Partnerships

All projects under this program are implemented in partnership with the local communities and authorities concerned, and in certain cases with local NGOs familiar with the issues at stake.

- **Communities:** Each project is founded in the first place on the demands expressed by the communities themselves. These are subsequently involved at every stage, from initial design to management of the network, and they are fully integrated into the decision-making process regarding level of service, billing methods (individual or community billing, etc.). The success of this kind of project depends on proper information and on whether or not the community takes “ownership” of the process. This is what ensures the system’s long-term viability, customers’ trust in the company, underpinned by a better understanding of the service and the prices charged.
- **City Council** Local authorities are responsible for defining the standard of service and pricing policy, as well as for deciding whether or not to subsidize deprived households, in addition to fundamental city planning issues and the city’s land ownership and development policy. Indeed it is essential for city council and operator to hammer out a clear framework for operations in these neighborhoods.²
- **NGOs** In operational terms, partnerships with NGOs and local associations can help to strengthen social development and community organization initiatives, which play a key role in projects of this type.
- **Donors / Universities**
SUEZ Environment is actively involved in sharing and publicizing these experiences, working with a wide range of partners, including universities (Buenos Aires, Manaus, Delft UNESCO-IHE, etc.), international institutions such as the World Business Council for Sustainable Development (WBCSD), Inter-American Development Bank, the World Bank, etc., and bilateral aid donors such as the AFD French Development Agency, State Secretariat for Economic Affairs (SECO-Switzerland), and US Aid.
SUEZ’s work in the developing countries is contributing to the global debate on new funding models for private sector action. The experience of SUEZ Environment proves that it is possible to serve deprived populations in economically viable conditions.



Many people living in large cities in the developing countries lack access to Water and Sanitation. SUEZ Environment is helping to manage these services for various cities in South America, Africa and Asia. A key priority is to extend these services progressively to deprived neighborhoods, building the necessary infrastructures and designing viable payment procedures capable of guaranteeing sustainable and permanent access to services.

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).

The 10 Principles of the Global Compact³

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.

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 labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

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.

Anti-Corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

³ Source: Global Compact website: www.unglobalcompact.org