



GDF SUEZ

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# **CEO WATER MANDATE**

## **Communication on progress 2011**

BY PEOPLE FOR PEOPLE

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## **Water and Sustainable development: A cornerstone of GDF SUEZ Strategy**

Water scarcity continues to be a major issue in this new century. As a consequence of demographic and urbanization growth, water and sanitation needs will increase dramatically. Today, more than half of our planet's population lives in cities. As this urbanization trend continues, there will be an estimated 19 megacities with populations of more than 10 million by 2020.

The world's governments agreed at the Millennium Summit to halve the number of people who lack access to safe water, mainly in the cities, by 2015. To do so, water and sanitation management remains vital in both developing and developed economies.

In this context of heightened social, political and regulatory pressures, GDF SUEZ aims to contribute solutions for the long term. Active in energy and environment, the Group strives to maintain a balanced, ecological footprint throughout its businesses to promote sustainable installations for its own activity and for its customers'.

Its research and innovation efforts support new technologies and tailor-made solutions for sustainable water management.

GDF SUEZ also considers stakeholder dialogue as pivotal in finding innovative and adapted solutions.

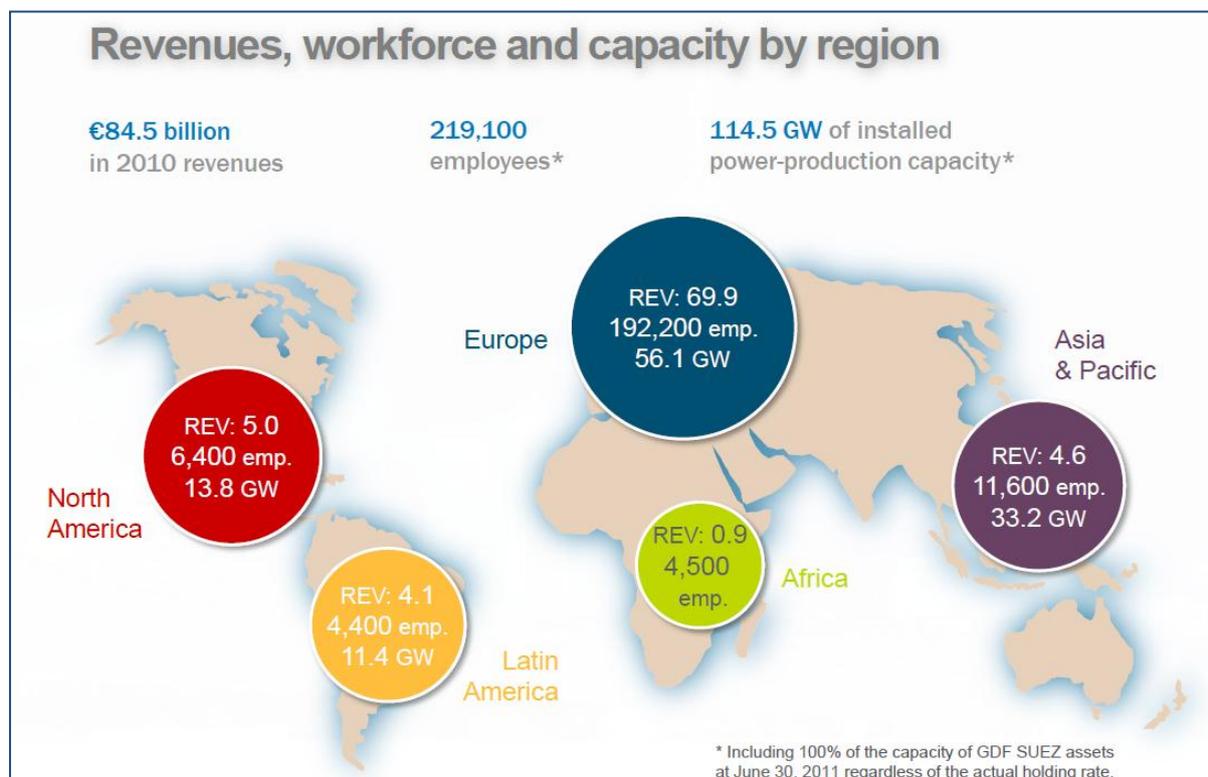
GDF SUEZ is a signatory to the United Nations Global Compact (UNGC) Principles, which seek to promote responsible corporate citizenship. Having established conservation and preservation of natural resources as key priorities in its day-to-day management, the Group joined early the CEO Water Mandate initiative of the UNGC.

By signing the CEO Water Mandate, our Group would like to confirm that ecological footprint including water sustainability is a corporate priority.

As CEO of GDF SUEZ, I am pleased to renew the Group's commitment to the CEO Water Mandate. As a global industrial company, we aim to use water even more efficiently within our own operations, by adopting innovative new technologies, continually improving processes and raising awareness among our employees, clients, suppliers and all stakeholders.

Gerard Mestrallet  
Chairman and CEO  
September 15, 2009

## 1. GDF SUEZ Overview



### Key figures

- €84.5 billion in 2010 revenues.
- 1<sup>st</sup> company in the “utilities” sector worldwide (*Forbes Global 2000*).
- €11 billion invested per year over 2011-2013.
- 114.5 GW of installed power-production capacity.\*
- 219,100 employees throughout the world
  - inc. 62,300 in energy and services
  - and 156,700 in energy and environmental services.
- 1 100 researchers and experts in 9 R&D centers.

\* Including 100% of the capacity of GDF SUEZ assets at June 30, 2011 regardless of the actual holding rate.

# GDF SUEZ operational organization

GDF SUEZ businesses are structured around six business lines – five active in energy and one active in environment.

Energy France	Energy Europe & International	Global Gas & LNG	Infrastructures	Energy Services	SUEZ Environnement
<p>• <b>10,800</b> employees.</p> <ul style="list-style-type: none"> <li>• Supply of natural gas and electricity in France.</li> <li>• Power production in France.</li> <li>• Energy services for individuals and professionals in France.</li> </ul>	<p>• <b>28,550</b> employees.</p> <ul style="list-style-type: none"> <li>• <b>8</b> business areas: Europe; Benelux &amp; Germany; United Kingdom; North America; Latin America; Middle East, Turkey &amp; Africa; Asia; Australia.</li> <li>• Power production.</li> <li>• Supply of natural gas and electricity.</li> </ul>	<p>• <b>2,250</b> employees.</p> <ul style="list-style-type: none"> <li>• Exploration &amp; Production.</li> <li>• Natural-gas and LNG supply.</li> <li>• Supply of natural gas to major clients in Europe.</li> </ul>	<p>• <b>17,300</b> employees.</p> <ul style="list-style-type: none"> <li>• Natural-gas transmission network.</li> <li>• LNG terminals in France.</li> <li>• Storage activities in and outside France.</li> <li>• Gas distribution networks in France.</li> </ul>	<p>• <b>76,200</b> employees.</p> <ul style="list-style-type: none"> <li>• Management of urban networks in and outside France.</li> <li>• Management of industrial and tertiary electrical installations.</li> <li>• Global multitechnical offers.</li> </ul>	<p>• <b>80,500</b> employees.</p> <ul style="list-style-type: none"> <li>• Water and sanitation services.</li> <li>• Water-treatment engineering.</li> <li>• Waste management.</li> </ul>



## 2. Direct operations

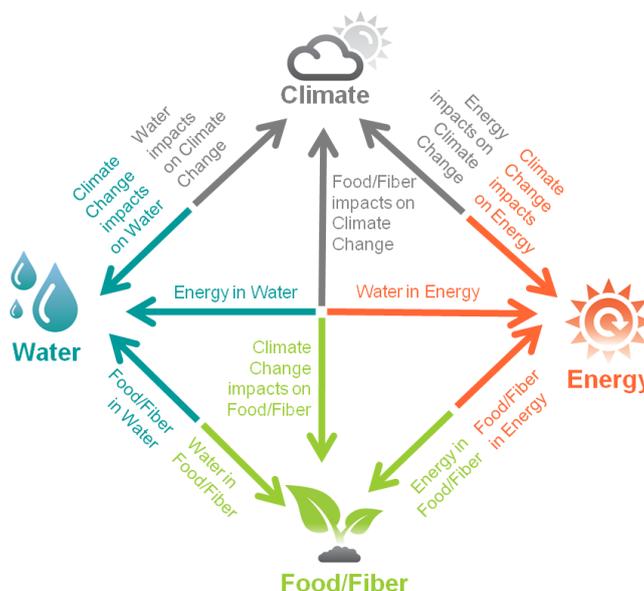
Energy, water and waste treatment are indispensable to the economic and social development of over six billion human beings. Because these activities are strategic for humanity, GDF SUEZ aims to become a major benchmark in sustainable development.

The two lines of business – energy and water – of GDF SUEZ, are dealing directly with the major issues of integrated water resources management and sanitation. In this context of heightened social, political and regulatory pressures, the Group provides solutions for the long term: GDF SUEZ has chosen to include water as a key factor in each of its operating processes in order to maintain a balanced, ecological footprint, to promote sustainable installations for its own industrial plants and for its clients and encourage research and innovation for new technologies.

The GDF SUEZ Group intends to satisfy in full its social and environmental responsibilities in every country where it does business. This commitment takes on particular importance in the current economic and financial crisis.

### 2.1. Water is part of GDF SUEZ sustainable development strategy.

Regarding its activities GDF SUEZ is involved in most of the nexus between water-energy-climate change-food.



Source: WBCSD, Water-Energy-Food nexus

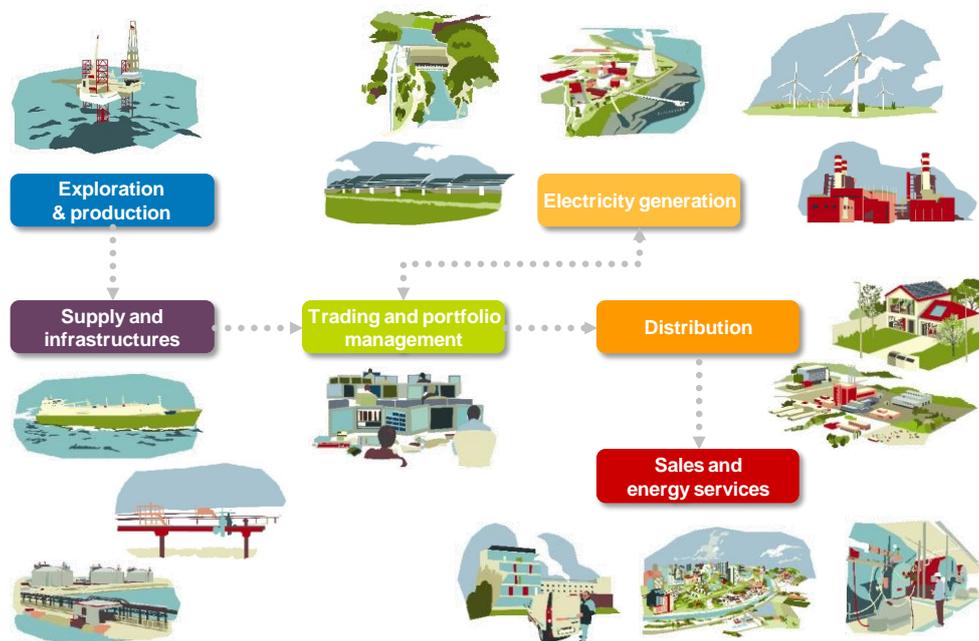
Hence water is a part of the GDF SUEZ sustainable development strategy.

(<http://www.gdfsuez.com/en/commitments/our-vision/strategy/sustainable-development-as-a-core-strategy/>)

GDF SUEZ Sustainable Development policy is mainstreamed in the whole Group. It is put into actions throughout GDF SUEZ's business lines and business units. Each entity designs and implements an action plan based on the three policy orientations established by the Group. These lines are adjusted to fit the specific situations of each business. Every year we evaluate the implementation of the action plan and how much progress each business has made.

## 2.2. Energy: a global leader in independent power generation.

One of the GDF SUEZ's environmental impacts is the energy activities. Through those activities, GDF SUEZ has a presence across the whole energy value chain.



GDF SUEZ consumes or uses water for:

- Cooling (thermal power plants) or heating (LNG terminals) systems
- Hydropower plant
- Demineralization
- Flues gas treatment
- Industrial uses
- Gas exploration and storage
- Etc...

In 2010, the water consumption for energy activities was 62.98 Mm<sup>3</sup> for industrial uses and 110.30 Mm<sup>3</sup> for cooling and heating.

Actions plans are implemented locally to decrease the water consumption and reduce the impacts on the ecosystems. The reuse and recycling of the water is also one of the solutions considered by the plants.

### Examples of best practices:

#### **Netherlands and the power plants water balance**

In 2009, Electrabel Netherlands has decided to launch an analysis about reduction of water use in Dutch Power Plants. After studies and measurements, they have found a potential savings of water on each plant from 10 to 20%.

**Brine reuse in Storengy**

In some places, natural gas is stored in saline cavities. The process consists in extracting brine from the cavities and injecting the gas instead of it. Storengy has signed a convention with a chemical industry to sell them this brine instead of losing it or sending it back, after treatment, to the milieu. Thus 70% of the water withdrawal of Storengy in France is transformed in brine and reused by industry.

**Elyo Italia – A cogeneration which respects the environment**

Carefully designed, financed, constructed and currently manages the 48 MW electricity cogeneration plant, which provides all the electricity and thermal energy required for the Michelin industrial complex at Cuneo, which covers a total area of around 1,000,000 m<sup>2</sup>.

Objectives achieved: net reduction of the costs, increase in the reliability of the energy production systems and respect for the environment, including the maintenance of the water in the water table.

**2.3. Environment: a world leader in water and waste treatment.**

GDF SUEZ's environmental businesses are grouped around its SUEZ Environnement subsidiary, the world leader that operates exclusively in the water and waste treatment business, in which it has a 35% stake.

SUEZ Environnement and its subsidiaries are committed in daily life to meet the challenge of preserving resources and protecting eco-systems by providing innovative solutions in the areas of drinking water, sanitation and waste management.

SUEZ Environnement is not an end user of water, but acts as a provider for various end users (households, industry, commercial clients, municipal departments, etc...). In an accounting system dealing with the use of water resources in a given territory, the volume of drinking water used in the networks managed by SUEZ Environnement should be allocated to the final users, and not to the service provider, so as to avoid double accounting. SUEZ Environnement own consumption consists in the losses in the water systems that we manage. Therefore we see those losses as the most relevant indicator for monitoring our progress on quantitative aspects of water use. In 2010, the linear loss index was 12.91 m<sup>3</sup>/km/day.

SUEZ Environnement's business areas span the entire water value chain:

- collection, treatment and distribution of drinking water,
- collection and treatment of wastewater, including industrial wastewater,
- recycling and recovery of wastewater sludge

In the waste area, SUEZ Environnement orients its services to waste recycling, now viewed a resource in the value chain of energy production, or towards other recycling subsidiaries (for example, steel, glass, plastic, papers, electronic equipment, and batteries).

**Examples of best practices:****Italy: Nuove Acque combats water loss**

Nuove Acque, a subsidiary of SUEZ ENVIRONNEMENT, is responsible for managing water services and water treatment in 37 communes around Arezzo (Tuscany, Italy), an area with some 350,000 inhabitants.

The company was awarded Tuscany's Eco-efficient Company Award for 2008 for reducing leaks across the water distribution network and for the quality of its management services. The prize recognises the efforts made by Nuove Acque to optimise water treatment systems and to reduce both visible and hidden leaks across the network.

These efforts, part of a well-established programme at Nuove Acque, were intensified in 2007 as part of the implementation of an Emergency Water Plan. A team dedicated to identifying leaks has been set up, employing state-of-the-art detection techniques.

In the Arezzo basin alone, water leakages have been reduced by 1.5 million m<sup>3</sup> since the team was set up, which is equal to the annual consumption of a 30,000-person town. In a region historically affected by frequent water shortages, the over exploitation of resources has been avoided and service continuity guaranteed.

#### **Agbar: Addressing the challenges of Spanish water**

As Spain's water leader, Agbar participates in a water sector marked by the emergence of new needs. The country is facing drought and suffering from water shortages. Agricultural development in certain regions raises questions of conflicting uses. Moreover, the tourism industry requires that municipalities provide infrastructure capable of adapting to sometimes significant seasonal population increases. Given these challenges, Agbar offers specific responses, such as desalination, the re-use of waste water, artificial replenishment of water tables and rainwater management.

In Spain, 11% of waste water is reused, 70% of it for agricultural purposes, but 20% is also used to replenish water tables. Agbar, which manages over a hundred purification plants, now reuses 21% of treated water through its advanced technology and expertise. A plan was launched by the Spanish minister of the Environment and Rural and Maritime Affairs to triple the rate at which waste water is reused.

#### **Increase the technical efficiency of drinking water networks: Committed to fighting leaks.**

Drinking water is a precious and increasingly costly resource. SUEZ Environnement is committed to decreasing drinking water waste through reducing leaks in the water distribution system.

As part of its sustainable development policy, by 2010 Lyonnaise des Eaux will have saved the equivalent of the drinking water consumed annually by a 700,000-person town.

A technical water distribution centre, specializing in the identification and localisation of leaks, has now been set up to serve the entire company. Employees are trained specifically to combat any water loss, and net losses across the entire system are centrally monitored. Remote detection systems have also been instituted in Dijon, Corbeil and Orléans. Two hundred fifty priority contracts have been established and are closely tracked, with the aim to have zero priority contracts by 2010.



Synergies between energy sector and water sector have been developed during the last years, specifically with the implementation of desalination linked with a power plant.



**Melbourne: Southern hemisphere’s largest desalination plant with 100% renewable energy**

A double record for the contract Degrémont won in July 2009, in Australia’s Aquasure Joint Venture: on the one hand, the largest seawater desalination unit to be built in the southern hemisphere, and on the other hand, the world’s largest public-private partnership project in the desalination sector. Located 80 km from Melbourne, the project, undertaken by the State of Victoria, involves building and operating the plant in accordance with very strict energy and environmental guidelines. Capacity will total 450,000 m<sup>3</sup> of drinking water per day and cover one third of the Melbourne metropolitan area’s water needs by end-2011. Over time, an additional treatment line is envisioned, increasing capacity to 600,000 m<sup>3</sup>. The plant will also play the role of integration into its environment and preservation of natural resources: green roof, ambitious replanting program, protection of fauna. In turn, the energy needed to produce and deliver drinking water will be 100% renewable, originating specifically from a new government wind farm.

Synergies can also be developed between energy and gas activities.

**SPEM, Montoir-de-Bretagne : Performance in sustainable development**

The implementation of the project SPEM of GDF SUEZ, the first combined cycle power plant in western France, is fully consistent with a sustainable development approach. Indeed, this plant helps to strengthen the grid through its technological and environmental performance for the region Pays de la Loire. Proximity to the LNG terminal will reduce the environmental impact: water heated by the central Loire may be used by the LNG terminal to regasify Liquefied Natural Gas, which keeps out water without impacting Loire the ecosystem.

## 2.4. GDF SUEZ has taken strong commitments at the French national “Grenelle de l’environnement”

Since 2007, France has engaged in a vast movement to involve all public constituencies (politics, associations, businesses, unions, researchers, etc.) in implementing a national environmental preservation strategy. GDF SUEZ, a major player in sustainable development in France, has been heavily engaged in this work, and has signed a set of 12 voluntary commitments to mark its involvement in the process.

### 12 Commitments to the Grenelle environmental Plan

#### As a professional in the energy, water and waste services businesses, GDF SUEZ is committed to ...

1. Providing solutions to address the Grenelle’s ambitious goals for environmental and energy efficiency in buildings.
2. Participating in the transition toward low-carbon energy production, both in France and internationally.
3. Offering competitive and environmentally-friendly solutions for passenger transportation.
4. Promoting a circular economy based on the reduction, reuse and recycling of waste.
5. Focusing R&D on sustainable development.

#### 6. Taking measures to combat waste by improving the yield of potable water systems: in order to save the equivalent of the water consumption of a town of 700 000 inhabitants between now and end-2010 in France.

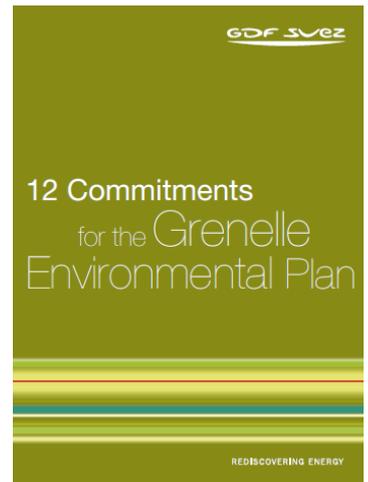
7. Developing public-private partnerships.
8. Incorporating biodiversity into the management of Group sites.
9. Hiring 114,000 employees by 2014.

#### As a CSR company, GDF SUEZ is committed to ...

10. Making efforts to reduce its environmental impact and to turn employees into ambassadors for sustainable development.
11. Pursuing active dialogue with its stakeholders at all levels of Group governance.
12. Persuasively demonstrating to its shareholders that the Group’s sustainable development strategy is an asset.

A brochure is available for download at the Group’s website:

<http://www.gdfsuez.com/document/?f=files/en/suez-gdf-grenelle-uk.pdf>



### 3. Supply chain and watershed management

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**As a global industrial company, GDF SUEZ is convinced that companies can have a direct impact on water management in their own business, as well as an indirect impact.**

GDF SUEZ has built a strong purchasing policy including sustainable development approach in order to respect the UN Global compact 10 principles.

Human rights are part of this principle and are incorporated into the Group's formal commitments: the CSR agreement for Gaz de France, signed in July 2008 with all European social partners, and the International Social Charter for SUEZ. These two documents explicitly refer to human rights and the International Labor Organization conventions. The agreements are currently under renegotiation with the social partners to establish a benchmark text on these matters for the new group. In the meantime, the previous two versions remain in effect. The actions to be taken cover:

- Purchasing practices
- Nondiscrimination
- The right to organize and the right to negotiate
- Prohibition of child labor
- Prohibition of forced or compulsory labor
- Safety practices
- Rights of local populations.

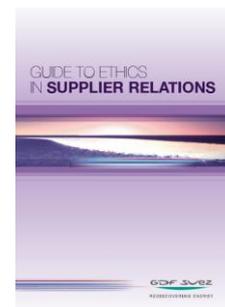
GDF SUEZ incorporates its environmental and social concerns in its purchasing procedures. For that reason, its contracting specifications include criteria for selecting suppliers and products as a function of its social and environmental commitments.

Purchasing officers at GDF SUEZ make sure their suppliers follow practices that comply with international standards, such as the "OECD Guidelines for Multinational Enterprises" or the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" of the International Labor Organization – as well as SA 8000 and ISO 14000.

Specifically, the purchasing officer must make sure that suppliers comply with certain simple principles: products and services must meet the needs stated in our specifications; the supplier must comply with regulations on safety, worker well-being and child protection, and must commit not to discriminate in any form within its company or against subcontractors, and not to engage in any act of corruption; it must respect the environment in designing, making, using and destroying or recycling products.

#### **Code of Conduct for Supplier Relationships**

As part of the Group's values and its commitments to sustainable development, the Group hopes to include its suppliers in the same approach. In 2008 it developed a Code of Conduct for Supplier Relationships, asking suppliers to respect the charters and principles of the Global Compact on human rights, labor rights, preserving the environment, and ethics. This code is incorporated into all supplier contracts.



### **Sustainable purchases**

In December 2010, GDF SUEZ signed the French best practice charter between major principals and SME. Created by the Compagnie des Dirigeants et Acheteurs de France (CEOs and purchasers organization), this practical code is based on 10 key commitments and includes promoting collaboration with strategic suppliers, selecting these suppliers by evaluating the overall purchase cost and not simply apparent price and taking into account environmental impact.

Commitment and vigilance in a policy of responsible and sustainable purchasing is one of the Group's ambitions and is developed in Business Lines and Business Units. Several support documents, specifically designed for purchasers, support this policy: Group purchasing governance, the purchasing handbook, the practical guide to ethical supplier relations, commitment to social responsibility (RS) and an ethical and sustainable development clause. They are adapted at a Business Line, Business Unit and entity level, taking into account local differences.

### **Suppliers' assessment**

In order to promote sustainable development within our suppliers, a self assessment survey was prepared including question on water management and consumption. The objective is to encourage our suppliers to reduce their ecological footprint and adopt environmental and more widely sustainable development policies.

### **Sensitive and local actor, GDF SUEZ is involved in the watershed management.**

In 2008, during the 16th sustainable development commission, the United Nations confirmed the interest of water management by watershed.

As a local actor and water consumer, GDF SUEZ is involved in the IWRM (Integrated Water Resource Management) and we support and integrate regional plans.

#### **Implementation of the European Directive framework on water**

In France, Lyonnaise des Eaux and Safège were involved in the elaboration of the creation of the SDAGE (Schéma directeur d'aménagement et de gestion des eaux = Master plan and water management). The SDAGE was developed (in France) by basin committees, on the scale of large watersheds (or catchments), involving local elected officials, representatives of the state of users (manufacturers and farmers) and associations. This work was prepared in the regions by the water agency and the regional office of the State for the Environment.

#### **Territorial cooperation program SUDOE**

As part of the South-West European Territorial Cooperation Programme (SUDOE), the Hérault Departmental Council formed a network comprising the Gironde department, five Spanish and Portuguese local authorities and fourteen other partners (public institutions and water management authorities) in order to study possible synergies between regional planning policy and water policy. This affiliation led to the creation of the Water and Territories project (WAT), which seeks to pool knowledge regarding the sustainable management of water resources.

#### **Plan of hydraulic and ecological restoration of the Rhone: the CNR a committed player**

From 2004 to 2013, the Compagnie Nationale du Rhône (CNR), which is the second electricity producer in France with 100% of renewable energy (hydropower), has implemented a "Missions of general interest" action plan. Within this plan, they aim improve ecological environment and landscape of the Rhone, in accordance with other actors of the watershed like institutions, universities, watershed agencies.

## 4. Collective action

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The activity of GDF SUEZ, as a provider of public utility services to local governments and companies around the world, lie at the heart of sustainable development challenges :

- Ensuring that populations have access to basic essential services such as energy, water and sanitation;
- Climate change
- The depletion of natural resources and the need to promote circular economic
- The security of supplies to regions

To ensure these activities, collective actions are needed :

### 4.1 Stakeholders dialogue

For GDF SUEZ, the multi stakeholders' collaboration is necessary to develop sustainable projects and ensure social acceptability. GDF SUEZ talks to its stakeholders (Clients and populations served, employees, facility neighbors, suppliers, economic actors, elected officials and opinion makers) at all levels in the Group. For example, multi stakeholders' dialogue sessions were organized in 2009 at GDF SUEZ and in 2008 at Electrabel and SUEZ Environnement.

#### **Waterblog**

In order to contribute to an open dialogue around water and sanitation issues, SUEZ Environnement has created a public blog.

<http://www.waterblog.suez-environnement.com/en/>

### 4.2 Working with National, Regional and Local levels

In order to provide permanence and to ensure transparence and proximity with the territories representatives, the Group develops strong and close relations with all socio-economical actors. Some employees of the Group are dedicated to these missions (meetings, partnerships...)

At national level, GDF SUEZ actively participates to several organization such as "Entreprises pour l'environnement (EpE)", "Association Scientifique et Technique pour l'Eau et L'Environnement" (ASTEE) and has build partnerships with environmental NGOs and other organizations. For example, within the EpE association, the Group led a study on water preservation, named "L'eau à l'horizon 2025" and published in august 2008.

### 4.3 Encourage R&D and Innovation

GDF SUEZ encourages the development and use of new technologies including water efficiency, desalination, and ecological footprint. In 2010, the Group devoted 222 million euros into R&D programs conducted. It employs 1,100 researchers and technicians across eight special research centers. Their work focuses primarily on four areas: safety of supply, technical and economic performance, control of environmental impacts and the fight against climate change. GDF SUEZ conducts both “centralized” research on major issues for the Group (safety, efficiency) and a number of “market-oriented” programs to meet specific demands from the business areas to improve a process or adapt a technique for specific projects. GDF SUEZ Research and Innovation has a double role: to illuminate the future to prepare for the technologies of tomorrow and to meet the market’s needs, consistent with Group strategy.

#### GDF SUEZ Research and innovation in 2010

- 1,100 researchers and experts
- 10 research centers,
- a budget of EUR 222 million,
- a portfolio of 3,200 patents.

The three primary operating activities at R&I are research and development, technical assistance, knowledge management.

GDF SUEZ has ten research centers all over the world:

- ✓ CRIGEN – Saint-Denis (France)
- ✓ CYLERGIE - Elyo – Lyon (France)
- ✓ CIRSEE - SUEZ ENVIRONMENT – Le Pecq (France)
- ✓ CIRADE - SUEZ ENVIRONMENT – Gargenville (France)
- ✓ CERDERG - Degremont – Croissy-sur-Seine (France)
- ✓ CETAQUA - Agbar – Barcelona (Spain)
- ✓ AGBAR – Madrid (Spain)
- ✓ LABORELEC – Brussels (Belgium)
- ✓ DENARD - Degremont – Richmond (Virginia, USA)
- ✓ WATER RESEARCH CENTER - SCIP – Shanghai (China)

At **SUEZ Environnement**, the development of water and wastewater services is central to the three major issues of the 21st century:

- satisfying the increased requirements caused by demographic change, while preserving water resources
- attenuating the explosion of urban development and industrialization by limiting the impact of water and wastewater services on the environment
- protecting biodiversity.

SUEZ Environnement has the capacity to simultaneously reply to all of these issues conditions how we convert to sustainable service models: our partners (local authorities and industries) want us to be a source of proposals to help them quickly and sustainably reduce their environmental footprint. Its conviction is the conversion towards sustainable models involves switching from a volume-based economy to a value-based economy: our objective is to allow our customers "to produce more with less", i.e. to maintain the same level of service by integrating objectives in terms of environmental performance in 3 major areas: reducing greenhouse gas emissions (GGE), safeguarding water resources, and protecting biodiversity.

#### 4.4 Working with international organizations

The Group has been involved in many works related to sustainable water use and management at international level.

##### **Global compact and CEO Water Mandate**

GDF SUEZ is actively involved in the French Network of the UN Global Compact's Country Networks. Gérard Mestrallet, Chairman and CEO of GDF SUEZ is president of the French network. In less than 10 years, the Global Compact has become a platform for the exchange of views and information among the United Nations, business, trade unions, and society at large – a place for promoting and sharing values and best practices for responsible management. This year the Global Compact has more than 6,000 members all over the world, nearly 600 of them in France, embracing a gamut of large, small and medium-size businesses and other organizations.

GDF SUEZ was engaged in the CEO Water Mandate since 2007, year of the creation.

##### **WBSCD**

GDF SUEZ supports the work of several existing water initiatives involving the private sector.

The WBSCD is a proactive actor on this issue. In 2011, GDF SUEZ has become a member of the water leadership group. They work on four axes:

- Water, energy, food, climate change linkages
- The 'true value' of water
- Water stewardship, and the development and implementation of the Global Water Tool
- Access to water and sanitation

##### **GDF SUEZ employee associations: Aquassistance, Energy Assistance, CODEGAZ**

<http://www.gdfsuez.com/en/group/corporate-patronage-and-partnerships/employee-associations/involvement-of-employees/>

Supplying drinking water or energy to the most disadvantaged populations on earth is the mission of Aquassistance, Energy Assistance and Codegaz, the three humanitarian associations formed by GDF SUEZ employees.

**Aquassistance**, formed in 1994, now has more than 800 members and participates in more than 150 missions all over the world. In 2008, it initiated, continued or completed numerous projects in water and waste management: work to open up a water supply in Madagascar, a waste management mission in Congo, expert assistance in refugee camps in Somalia, emergency aid after an earthquake in China and hurricanes in Haiti, and more.

<http://aquassistance.blogspot.com/>

**Energy Assistance** has 270 members and donors. It has conducted more than 80 projects since it was founded in 2001. Almost 200 projects are under study, and 30 are currently in progress.

In 2009, for example, it donated and installed 63 m<sup>3</sup> of electromechanical teaching materials for the CHE CHE school in Bukavu, Democratic Republic of Congo. It brought electricity to health centers in Bare, Rwanda, and in Mali and the Democratic Republic of Congo.

<http://www.energy-assistance.be/>

**CODEGAZ** is a humanitarian association formed by Gaz de France employees and retirees in 1989. It has some 240 members, and works to assist disaster victims internationally. It is conducting more than 25 humanitarian projects and social solidarity actions in 25 developing countries. CODEGAZ's projects are in food, water, health, assistance for children, education/training, and energy.  
<http://www.codegaz.org/>

#### **GDF SUEZ International water and energy insecurity observatory**

In 2009 the Group set up an internal observatory on water and energy insecurity. The objective of this structure is to study, measure and understand the mechanisms of energy and water insecurity with the aim of taking action in all countries where GDF SUEZ is present.

This conservatory organized a large conference on 23 November 2010 which brought together experts in the field of identifying and fighting all forms of insecurity. The event was also an opportunity to present different innovative experiences in terms of reducing insecurity conducted by subsidiaries of the Group in France, Belgium, Morocco and Indonesia.

The Observatory's 2011 program will include a new public website and the second international conference with participation from Group customers who are themselves in a situation of insecurity.

#### **Launch of "Rassembleurs d'énergie": Promoting access to sustainable energy for all**

With 20% of the world population not having access to electricity and more than one in four people in Europe facing energy scarcity, access to energy – an essential service – is key to poverty reduction. Through GDF SUEZ Rassembleurs d'Energies, the Group provides technical and/or financial support for projects that promote access to sustainable energy for disadvantaged populations throughout the world.

The Group's aim is to capitalize on this dynamic to foster economic and social development of isolated towns and regions and reduce energy scarcity for low-income customers.

*To find out more, e-mail: [rassembleursdennergies@gdfsuez.com](mailto:rassembleursdennergies@gdfsuez.com)*



## 5. Public policy

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GDF SUEZ activities, related to energy, water and waste management are close to public services. By working with public authorities and sharing its ground experience, the Group thinks it could help shaping public policies. We consider this kind of involvement is part of our responsibility.

For instance, the Group has been in touch with members of the French parliament before the vote of the law "Grenelle 1", in order to carry an amendment. The purpose was to maintain in the law the incentive for sustainable management of the hydraulic dams by operators.

Since SUEZ Environnement is a business line of the Group, dedicated to water, sanitation and waste management services, the subsidiary has developed several partnerships in order to conduct its activities (Cf. Activity and sustainable development report of SUEZ Environnement).

### **UN report on Millennium Development Goals gives a positive overall assessment of progress in access to drinking water 08/14/2009**

The Secretary-General of the United Nations (UN) published a report on 6 July in Geneva assessing the progress achieved with regard to the Millennium Development Goals (MDG). More than halfway to the 2015 deadline, the important progress made in the fight against poverty and hunger is starting to slow down and in some cases regress due to the global economic and food crises. Nevertheless, access to drinking water, which is Target 3 (Halve, by 2015, the proportion of the population without sustainable access to safe drinking water) of MDG no. 7 (Ensure environmental sustainability), is on track to be achieved by most of the affected countries.

An overall trend noted by the UN is that successful actions have been made possible by adequate financing and strong political will. The report confirms, for example, that "the world is on its way to meeting the drinking water target".

The assessment of progress in achieving objectives related to drinking water access is therefore rather positive. The report notes that "the world is ahead of schedule in meeting the 2015 drinking water target". Nevertheless, a certain number of countries, mainly located in Sub-Saharan Africa, still must overcome some major obstacles. It is important to remember that 884 million people worldwide still rely on unimproved water sources for their drinking, cooking, bathing and other domestic activities. Of these, 84 per cent (746 million people) live in rural areas.

The positive results achieved in providing access to drinking water stand in contrast to the mixed results presented for sanitation. The report considers that progress must quickly be stepped up if sanitation conditions are to improve for the 1.4 billion in the world who still lack facilities. Contrary to the drinking water situation, if progress continues at its current rate, the 2015 target for sanitation will not be met.

With regard to climate change, the report notes that economic needs will in all likelihood continue "to exert pressure on an already fragile global environment... and a global water crisis looms". Preventing such a crisis requires granting a higher priority to the conservation of natural resources. Elsewhere in the report, UN Under-Secretary-general for Economic and Social Affairs Sha Zukang laments the lack of political goodwill and unity in the fight against climate change. Zukang believes that water shortages have already befallen a number of the world's arid regions. The end conclusion drawn by the 2009 Millennium Development Goals report is rather pessimistic. In spite of the numerous successes, the report maintains that overall progress has been too slow to achieve most of the targets set for 2015.

## **Monitoring and protecting sensitive sites, LOCAMAPS : mapping Natura 2000 areas and water flows**

The Group has agreed to establish action plans at all sensitive sites in Europe by 2015. For this purpose, actions will be associated with setting up tools and operations to raise awareness among those who use the land. For example, the Group has a mapping tool that will make it possible to determine the vulnerability of sites relative to zones designated as sensitive or protected, like Natura 2000, the regional natural parks, and WWF eco-regions. This tool, LOCAMAPS, yields a list of GDF SUEZ sites that might adversely affect the environment. These sites are audited by experts, and action plans are proposed. Environmental impact studies for potential new activities are conducted in partnership with major international NGOs (ProNatura), consulting firms (Véritas) and scientific institutions (Museums of Natural History in Paris and Brussels). The Group closely studies the opportunities that the land it uses may offer, especially in the Île-de-France region, for transformation into ecological corridors (study by GRTgaz) or into preferential habitat zones for certain species like bees (study by SITA). GRTgaz incorporates biodiversity protection into its procedures for siting new buildings and maintaining easement strips.

<http://www.gdfsuez.com/document/?f=files/en/gdf-suez-radd08-vus.pdf>

## **Partnerships with university**

Universities and Chairs in Social Sciences (economics, political science, law, management, sociology, geography and town planning etc.) are closely linked to the water and sanitation business lines and to the activities carried out by international operators in these fields.

Teachers, students and researchers have expressed the wish to build up contacts with the private sector as a way of having access to information that will enhance their courses and their research work.

It is in this context that **SUEZ Environnement has developed partnerships with several teaching institutions in the field of human and social sciences, both in France and abroad.** Thus, the Company contributes to:

- strengthening its knowledge and its consulting capacity in the socio-economic and socio-political fields,
- participating in the discussions that are currently taking place in academic circles and on the international stage.

Subjects dealt with in these collaborations are mainly related to:

- public-private partnerships,
- rules of governance, transparency and the responsibility of public and private operators in water and sanitation,
- access to water in developing countries, price and pricing structures,
- sustainable development,
- project finance."

## **Globally**

- l'Unesco-IHE – Institute for Water Education (Delft, Pays-Bas)
- l'Unesco Center for Water Law, Policy and Sciences (Dundee, Royaume-Uni)
- Imperial College London (Royaume-Uni)
- Université de Northampton (Royaume-Uni)
- International water association

### In France

- Agro Paris Tech, particularly the National School of Agricultural Engineering and Forestry (Engref)  
Sciences Po (Paris, Rennes, International Social Observatory)
- l'Ecole Nationale des Ponts et Chaussées
- l'Ecole Centrale de Paris
- l'Ecole des hautes études en sciences sociales (EHESS)

In addition, through the IWA (International Water Association) Young Water Professionals program SUEZ Environnement supports an initiative aimed at creating a network of young researchers, engineers and students involved in the water and sanitation sectors across the world.

#### **UNESCO-IHE Institute for Water Education (Delft, the Netherlands):**

MSc courses (water Management), scholarships, technical assistance

One facet of the partnership between UNESCO-IHE and SUEZ Environnement is the courses we teach for the "Water Management" Master of Science ("Water Services Management" specialisation). SUEZ Environnement is responsible for courses on contractual and financial engineering in water services management, on adapting business models to different national social-economic contexts, as well as cross-functional issues such as corporate social responsibility, management of change, health and safety, etc. These courses present the governance rules associated with public-private partnerships, mainly in the form of case studies and talks with our subsidiary managers, but also with customers and representatives from the public sector.

In addition, SUEZ Environnement finances scholarships for students from developing countries who wish to pursue a 12-month master's degree in Delft, followed by 6 months of personal research task under the guidance of a subsidiary.

Lastly, SUEZ Environnement regularly collaborates with UNESCO-IHE on technical assistance projects developed by its subsidiary SAFEGE. For example, a shared management tool was installed in the four countries bordering the catchment area of the Sava river, a tributary of the Danube, to ensure coordinated implementation of the European Directive on water. The UNESCO-IHE (Institute for Water Education), a Dutch university which in 2001 passed under the aegis of UNESCO, is mainly attended by young professionals from Southern countries. Over the past 50 years, the university has graduated 13,000 students – scientists, engineers and decision-makers – from over 100 countries.

## 6. Community engagement

GDF SUEZ encourage multi stakeholders dialogue in order to improve continuously its sustainable development approach.

The diagram below highlights the many different stakeholders, their expectations, and the ongoing across-the-board dialogue the Group favors.



GDF SUEZ measures its success by how well it is rooted within its regions and how well it implements community actions with all stakeholders.

GDF SUEZ encourages dialogue with its stakeholders (customers and populations served, employees, neighbors of installations, economic players, elected officials, opinion makers, etc.), at all levels of the Group – in the field, within its operating entities, in its business lines, and globally.

For example, multi stakeholders meetings were organized at GDF SUEZ level in 2009. Coordination meetings with stakeholders were organized in 2008 at Electrabel (European subsidiary in Energy) and SUEZ Environnement. During projects, stakeholders were involved at an early stage to get their opinions on the projects' execution and long-term impact.

### The International Social Observatory

GDF SUEZ has continued to encourage exchanges with all stakeholders through the International Social Observatory (OSI). A symposium on governance has strengthened the discussion among managers of major companies and trade union and political leaders on the considerable changes that are taking place all over the world. The evolution of the current crisis has proved the relevance of the courses brought up for discussion within the OSI, and the need to think about what concrete

steps should be taken to make them a reality. In 2008, the OSI continued its work on the international health policies of major global corporate groups, and supported the initiatives of its branches in Morocco and Argentina. The latter organized a much-noted seminar that facilitated an exchange between companies, academics and trade union members (both French and South American) on the challenges of sustainable development and corporate social responsibility in Latin America.

At SUEZ Environnement several initiatives were launched to encourage stakeholders' dialogue. Indeed, as part of its responsibilities, it promotes participation in local development in collaboration with all stakeholders. The business has thus developed practices and methods that promote the development of local roots, the training of teams in social issues and the transfer of knowledge.

SUEZ Environnement is also committed to considering the reasonable expectations of its stakeholders and integrates its partners in strategy development by :

- Pursuing an active dialogue with stakeholders through regular consultation meetings in order to harmonize business strategy with the expectations of civil society.
- Acting as a driver of sustainable local development, it participates actively in the economic and social life (employment, reintegration, etc.) of the communities where it operates and partners with local cooperatives in their sustainable development efforts related to its activities.
- Providing regular and accessible information on its sustainable development actions based on reliable and verifiable data.

SUEZ Environnement and its Moroccan subsidiary, Lydec, are partners of Alliance Maghreb Machrek pour l'Eau (ALMAE – the Maghreb Machrek Water Alliance), which supports initiatives in favor of women. Lydec has completed an assessment on the place of women in the company. On this basis, a training program covering equal opportunities issues will be developed.

#### **Foresight Advisory Council (FAC)**

Service providers are involved in citizens' daily lives. They must establish effective dialogue at the local and international levels. To nourish this dialogue, SUEZ Environnement created the Foresight Advisory Council (FAC) in 2004.

A council of independent experts

The FAC is composed of 25 independent experts from various countries. All are specialists in environmental and developmental issues. They are researchers, academics, senior government officials, business executives, members of non-governmental organizations or international institutions. The council is convened twice a year by Margaret Catley Carlson, President of the Crop Diversity Trust.

The FAC comprises two bodies:

- the Business and Development Committee, composed of experts in management, governance, socio-economics or law, and a majority of representatives from emerging economies (Algeria, Brazil, India, Morocco, Oman, etc.) capable of raising awareness about the expectations or challenges facing their countries,
- the Science and Technology Committee, principally comprising scientists from Western countries (agronomists, hydrologists, microbiologists, epidemiologists, etc.)

Freely and openly debating the company's strategy and initiatives.

SUEZ Environnement presents its strategy, research and initiatives to FAC members. Experts debate these freely before formulating their recommendations. In so doing, the FAC contributed to the development of keynote messages that the business has presented to the World Water Forum in 2009 in Istanbul, as it did in 2006 in Mexico.

The FAC also encourages SUEZ Environnement to remain as open as possible to dialogue with civil society. In particular, it guides the search for partnerships and the definition of specific commitments, contributing in this way to progress in providing access to drinking water and wastewater services for all.

#### **Water for all Foundation**

In 2008, the SUEZ Environnement - Water for All Foundation supported and assisted ten projects by NGOs specialized in water management and development.

The SUEZ Environnement - Water for All Foundation provides these projects with financial support but also, for some of them, its expertise (technical, administrative, methodological, training etc.), complementary to that of the NGOs proposing the projects.

The expertise and/or technical aid provided by the Foundation call upon SUEZ Environnement know-how, in terms of the suitable technologies, contractual relations, service management methods and follow-up tools, tariff policy and definition of suitable payment methods, training courses for skills transfer, etc.

The SUEZ Environnement - Water for All Foundation intervenes in Africa (Senegal, Burkina Faso, Chad and Madagascar), in Asia Pacific (Philippines and New Caledonia), in the Greater Antilles (Haiti).

## 7. Transparency

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Transparency goes to the heart of accountability. Leading companies recognize that transparency and disclosure are crucial in terms of meeting the expectations of a wide group of stakeholders. Such efforts help companies focus on continuous improvement and turning principles into results – a process which is crucial in terms of realizing gains and building trust.

### 7.1. Transparency:

GDF SUEZ has ensured itself the means necessary to comply with the most stringent corporate governance requirements, in keeping with its own culture of transparency.

At the highest level of the Company, these issues are reviewed by the Board of Directors' Ethics, Environment and Sustainable Development Committee.

Ethics policies are coordinated from the Executive Committee by the Group's General Secretary, who is also its Chief Ethics Officer.

The Business Ethics and Compliance Division, which reports to the Office of the General Secretary, collaborates in establishing the Group's ethics rules, and ensures they are incorporated into its strategy, management and practices.

Each business line and business unit has its own ethics officer. The Group has a network of more than 100 ethics officers and ethics coordinators who are thus at work in the field throughout the Group.

The Compliance Committee, chaired by the Group's Chief Ethics Officer, includes the heads of the Audit, Legal, Compliance and Ethics Divisions. It ensures that the Group complies with its own ethics rules throughout, and can detect any abuse.

As of July 22, 2008, the GDF SUEZ Board of Directors adopted a set of documents to establish the channels and resources for efficient Group operation. These documents lay out the rights and duties of each Director with complete transparency:

- The Internal Regulations define the composition and operations of the Board, and the scope of Board, General Management, and Board Committee responsibility.
- The Directors' Charter sets down rules for carrying out the office of a Director: respect for the company's interests, compliance with the law and the bylaws, the Directors' independence and duty of expression, conflicts of interest, professionalism, involvement, and efficiency.
- The Code of Conduct lays down rules covering transactions in the Company's securities and insider trading, applying to Directors, corporate officers, and all employees.

Code of Conduct:

<http://www.gdfsuez.com/document/?f=files/en/code-of-conduct-handling-of-the-info-gdf-suezgb8110708.pdf>

Internal Regulations:

<http://www.gdfsuez.com/document/?f=files/en/gdfsuez-internal-regulations-081217-en.pdf>

Directors' Charter:

<http://www.gdfsuez.com/document/?f=files/en/gdfsuez-directors-charter-081217-en.pdf>

A set of documents establish the framework and rules to which all of the Group's current actions must adhere: the guidelines for commercial relationships, the environmental charter, guidelines for

handling information: protecting the confidentiality of inside information, code of conduct, purchasing ethics, and ethics in supplier relations.

All ethics documents and guides currently in preparation will be published in 20 languages and widely distributed. They will present the rules and principles to gird the Group against risks that might affect its operation, integrity or image. They must serve as a benchmark for all units, enabling them to comply at all times with all national and international regulations. In particular, they present lists of best practices and prohibited practices within the Group for all situations an employee might face in a commercial relationship: invitations and gifts, commissions, conflicts of interest, fraud, financing of political parties, etc.

The Group has set up two courses of training in ethics questions for managers. In 2008, 3,665 employees participated in online training modules, two of which concerned questions of corruption in public contracts. The online courses are available in five languages. This training helps sensitize managers to questions of ethics, and gives them the keys to good conduct in their own professional activities.

## **7.2. GDF SUEZ is signatory of the UN Global Compact principles**

GDF SUEZ was one of the first companies to join the Global Compact when the initiative was launched by the Secretary General of the United Nations.

The GDF SUEZ Group's Sustainable Development policy, its principles of corporate governance, and its principal charters all comply with the principles of the Global Compact.

The Group and all its employees share one certainty: sustainable development is an imperative. The associated environmental, ethical, social and societal challenges are unavoidable for a company like ours.

GDF SUEZ has established a policy on ethics and fighting corruption. Its commitments in this regard are formally laid down in the Sustainable Development policy, the Ethics Charter (currently in preparation), and the Ethics Guidelines for Commercial Relationships.

### **Communication on progress**

The principles of the Global Compact reinforce GDF SUEZ's commitment to sustainable development in its own activities, and encourage internal synergy.

In less than 10 years, the Global Compact has become a platform for the exchange of views and information among the United Nations, business, trade unions, and society at large – a place for promoting and sharing values and best practices for responsible management.

Every year, GDF SUEZ is preparing its communication on progress report for the UN GLOBAL COMPACT. The Communication on progress can be found on various websites from the UN GLOBAL COMPACT web to the French network "association des amis du pacte mondial) and GDF SUEZ web site.

### **Ethics**

G rard Mestrallet recently signed the letter from the Top Executives of Industry in support of actively applying the 2003 United Nations Convention against Corruption, ratified by 130 countries. This letter to the Secretary General of the UN was signed by 29 other top executives of international companies.

#### **French UN Global Compact network “association des amis du Pacte Mondial”**

Gérard Mestrallet, Chairman and CEO of GDF SUEZ is leading the French UN Global compact network. This year the Global Compact has more than 6,000 members all over the world, nearly 600 of them in France, embracing a gamut of large, small and medium-size businesses and other organizations.

### **7.3. GDF SUEZ is member of several networks working on transparency and sustainable development**

GDF SUEZ is member of various national and international networks working on sustainable development and ethical issues. As an example, the Group is member of the network Transparency international, the French network of Transparency international.

SUEZ Environnement is member of the Water Integrity network. This network, formed in 2006, stimulates anti-corruption activities in the water sector locally, nationally and globally. It promotes solutions-oriented actions and coalition-building between civil society, private and public sectors, medias and governments

**Web site:** <http://www.waterintegritynetwork.net>

### **7.4 Sustainable development Performance indicators**

For GDF SUEZ measuring sustainable development performance should be done through environmental, social and financial reporting.

In order to ensure the transparency and reliability of the data it publishes, GDF SUEZ has initiated the progressive review by its Auditors of the quality of certain indicators related to the environmental and corporate data published. This is a well established procedure implemented in accordance with the Global Reporting Initiative guidelines and with the French “New Economic Regulations” (NRE) Act.

Among the verified Key Performance Indicators, 2 are directly related to water:

- **Consumption of water used for industrial process (GRI EN8) :**

Water consumption for industrial process: volume of water removed from surface water, ground water and the public network. This is the volume of water used for water softening installations, low NOx installations, de-sulphurisation installations and bottom-ashes extraction in open circuits. Water consumption for cleansing activities (SITA) is included. The following water consumptions are excluded from this indicator: water for cooling system, water used by third parties, sanitary water.

- **Consumption of water used for cooling process (GRI EN8) :**

Volume of water removed from surface water used for cooling process that does not return to the source (evaporated water or water sent to the sewage) or for which water quality have been changed + Total ground water and public network water consumption for cooling process.

A dedicated reporting tool enables the structured communication of data. This tool, called CERIS, is an IT solution for environmental reporting, which enables the management of the network of environmental agents and coordinators, the management and documentation of the environmental reporting scope, the input, control and consolidation of indicators, the production of reports and finally the availability or publication of the documentation necessary for the collection of data and

the control of information feedback. CERIS now covers all the Business Lines and is today deployed directly in most Business Lines and subsidiaries. As a consequence, the consumptions of water used for industrial process and for cooling process are monitored and well-known for each subsidiary and for each Business Lines, allowing the implementation of either global, either local action plans, depending on the criticality of the situation.

GDF SUEZ has also a cross-reference table featuring the principles of the United Nations "Global Compact, of which GDF SUEZ has been a founding member since 2000 (annex 1)

For the first year GDF SUEZ has responded to the CDP Water questionnaire.

GDF SUEZ has developed several working groups on ecological footprint and performance indicators:

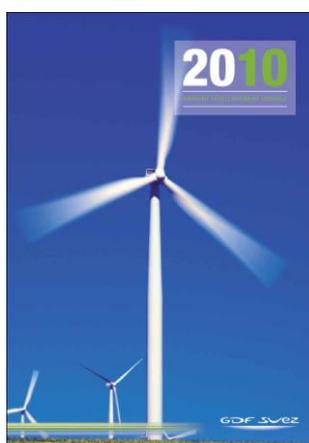
- At the R&D department of GDF SUEZ and SUEZ ENVIRONNEMENT, two dedicated team works on the elaboration of an ecological footprint tool for the Group.
- At the environmental department, the environmental network is currently working on the selection of new reporting indicators to cover all the environmental risks including water footprint.

## **ANNEX 1: Some of the actions launched by GDF SUEZ under the Principles of the Global Compact**

A table of actions and initiatives set up by GDF SUEZ under the ten principles of the Global Compact appears on page 81 of the [2010 Sustainable development report](#).

## **ANNEX 2: Publications**

### **2010 SUSTAINABLE DEVELOPMENT REPORT**



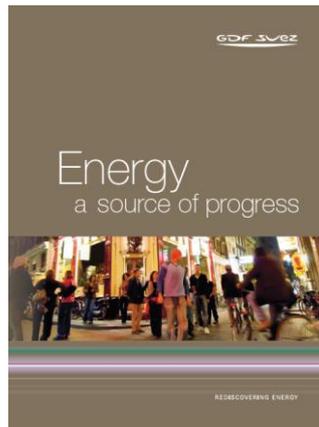
<http://gdfsuez.beevirtua.com/Library/Data/Documents/Default/r/radd10/beevirtua/beevirtua.html#app=1517&adf3-lang=en>

### **Actions committed to sustainable development**



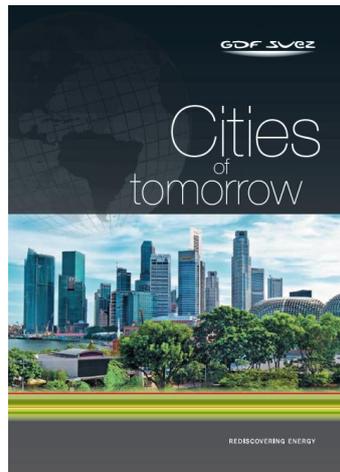
<http://www.gdfsuez.com/document/?f=files/en/gdf-suez-brochure-5-enjeux-03-2010-vus.pdf>

## GDF SUEZ CORPORATE BROCHURE



<http://www.gdfsuez.com/document/?f=files/en/gdf-suez-energy-a-source-of-progress.pdf>

## CITIES OF TOMORROW 2009



<http://www.gdfsuez.com/document/?f=files/en/cities-of-tomorrow-gb-18-pages.pdf>



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