



SRI : an opportunity to close the gap?

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Two growth pillars

Municipal and local clients



Industrial clients



Groups organization and businesses

- ▶ SUEZ is organized in four operational divisions



Key figures

- **160 700** employees in over **100** countries.
- **200 millions** individual customers served in the world.
- **3 000** municipalities provided with services.
- **500 000** industrial and commercial clients.
- **40,7 billion euros** turnover in 2004.
- **1,1 billion euros** net current income gs 2004.
- **80%** of turnover generated in Europe Europe.
- **43,5%** of relevant turnover covered by an EMS.

●●● AT THE HEART OF XXI CENTURY ISSUES

▶ **Supply water**

- ▶ 1 billion people don't have access to potable water
- ▶ Water-related diseases kill 30,000 children every day



▶ **Supply energy**

- ▶ 2 billions people don't have access to electricity
- ▶ World energy demand: + 50% (2010)

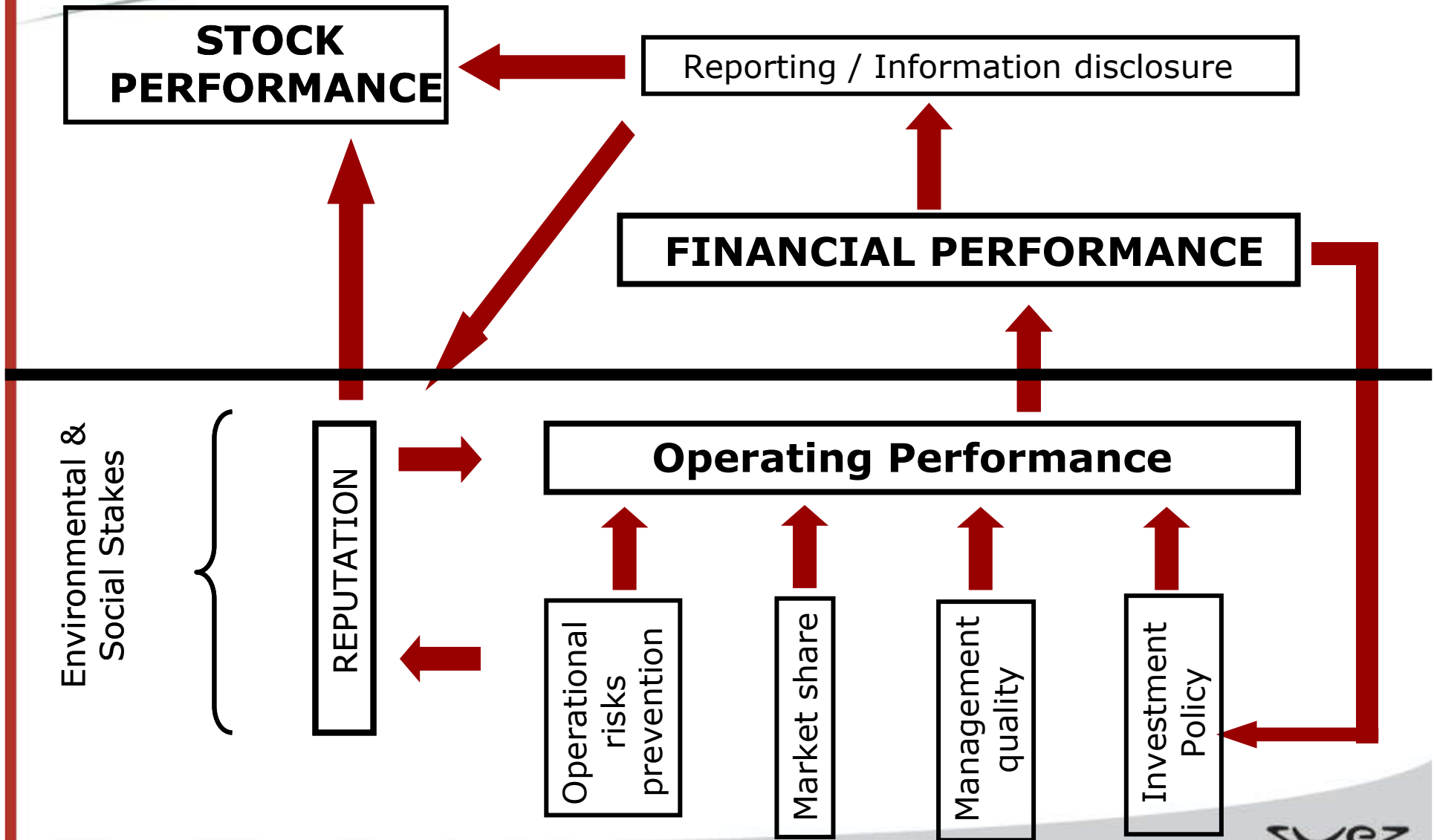


▶ **Preserve the environment**

- ▶ Within OECD countries, each person produces 500 kg of waste per year



CSR and levels of performance



Implications for companies

- What is at stake: account for externalities, [explanation of the business model](#), resources allocation and use, reputation

- Relevant stakeholders :

Financial markets, global actors, international and national regulators

- What is at stake: externalities management, license to operate = operational performance

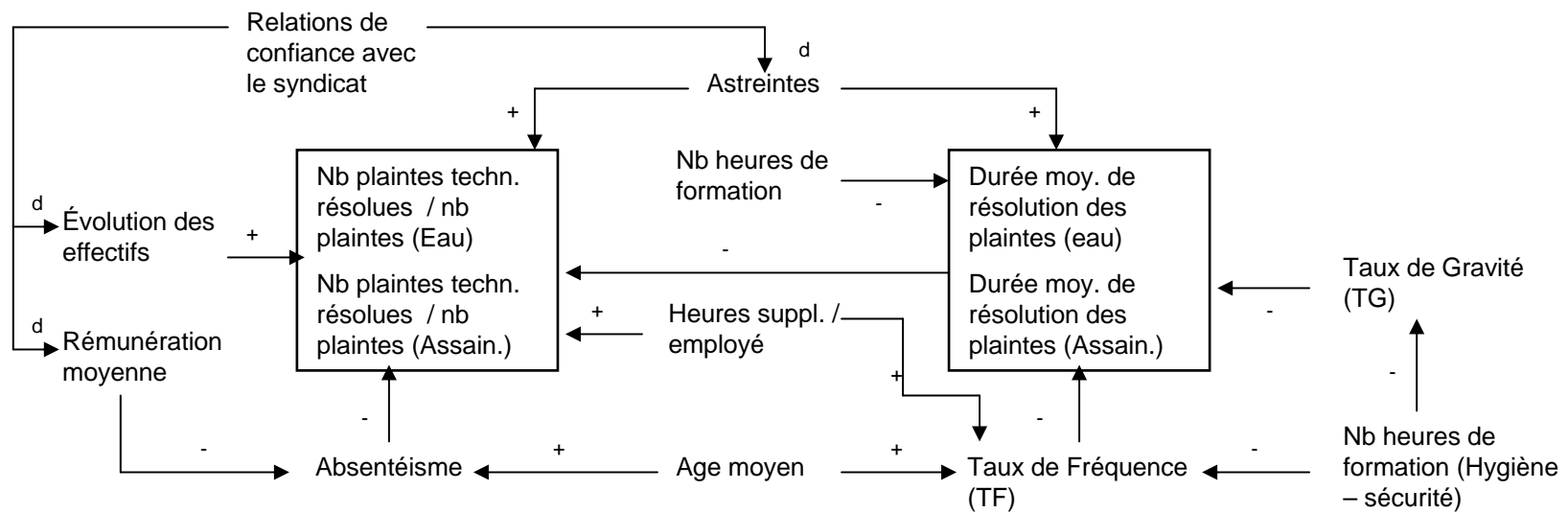
- Relevant stakeholders:

Clients, employees and local unions, local civil society, local public authorities, biophysical environment

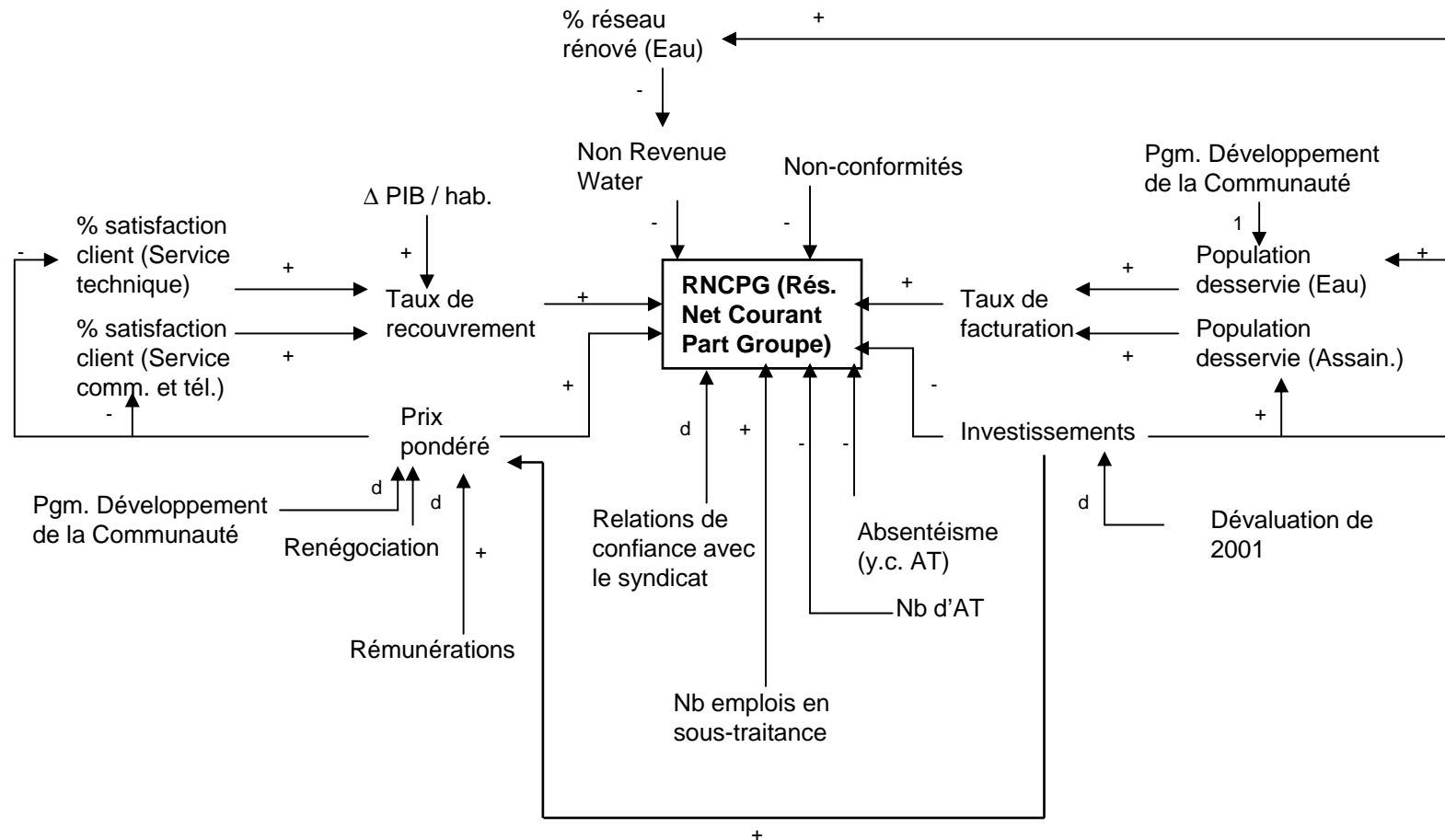
The ever lasting debate over the link between CFP / CSP

- SRI is based upon the idea that there is a genuine link between CSP and corporate performance. Two questions :
 - can there be a link between CSP and **stock** performance?
 - what exactly is the link between financial performance and stock performance, calling to the issue of market efficiency?
- What seems to be a robust theoretical link : CSP and operational performance.
 - minimizing risks;
 - increasing credibility and efficiency
 - reducing the global cost of negative externalities, hence fostering social capital.

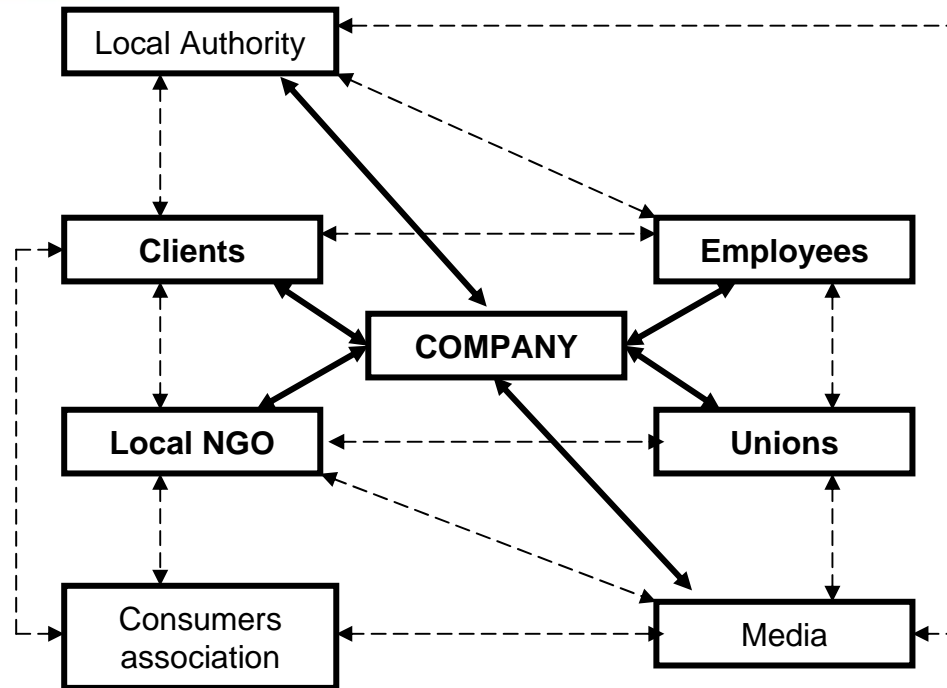
Social policies and service quality



Local model of value creation



Embeddedness and LT relationships



- Company do not behave in an « economic » sphere, independent from its social context and network
- Its relations with stakeholders go beyond mere dyadic links
- It produces and uses social capital : the constitution of social network is one of its main assets, and is build and maintained over time.

What is at stake, from an industrial perspective?

Can SRI actually modify the efficiency of financial markets through a better understanding of companies' business model and operational

A few interrogations regarding the shift in financial perspective represented by SRI :

- integration of social and environment externalities : which are in and which are out?
- how can the known malfunctions of mainstream analysis be qualified by SRI analysis (time, objectives..)?
- can SRI impose itself upon mainstream without falling in the same pitfalls (expected returns, market consensus etc..)?
- are SRI investors ready to bear the difficulties of investing over the long term?

●●● Huh.. Valery.. One last question for you..

- It's a bit easy to say to the young profession of SRI : you could do much better and there's a long way to go.
- But..
- 1. What can listed **companies** do to foster SRI in particular and SR behaviour in financial markets in general?
- and 2. Aren't we failing to explain to the markets the importance of SR policies for our activities, and of SD for our future?

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