

A ONCE IN A GENERATION OPPORTUNITY

FOR ALL OF THE COMPLEXITY AND DEBATE surrounding the European Green Deal, a simple consensus has emerged: The private sector will play a vital role in its success—or failure.

To hear how a leading European business was preparing for the Green Deal, Brunswick Europe Chair Pascal Lamy recently spoke with Bertrand Camus, CEO of SUEZ, a French-based environmental services company whose customers span five continents and include some of the world's largest industrial producers. The company's operations include water and waste management, as well as developing cutting-edge, environmentally friendly technology capable of improving air quality or regenerating soil. Its 2019 revenue—the year Mr. Camus became CEO—exceeded €18.4 billion (\$21.9 billion).

Mr. Camus, who rose through the ranks after joining SUEZ in 1994, spoke candidly in a wide-ranging conversation that touched on everything from ESG trends to technology SUEZ developed to detect COVID-19 in wastewater.

Bertrand, what does the European Green Deal mean for you and for SUEZ?

We have supported the Green Deal since its conception and actively contributed to its development. My belief that the European Green Deal was the only possible growth agenda for the EU grew even stronger with COVID-19 and the economic shockwave the pandemic has sent through European economies. When some called it too ambitious, too expensive, SUEZ argued exactly the opposite. Yes, the investments required are huge but those investments, of which the private sector will have to support a large share, are the only sustainable recovery project to rebuild the European economy after the pandemic. At SUEZ, we support a sustainable recovery to restart the economy differently. Every step taken by policymakers and the private sector should aim at improving air quality and the quality of life of citizens across Europe.

Has SUEZ already integrated the Green Deal in its business strategy or are you waiting for the regulatory obligations to be clearly defined?

There is no wait and see at SUEZ. The Green Deal objectives are very clear, and they will guide all our

That's how **BERTRAND CAMUS**, CEO of SUEZ, sees the European Green Deal and its potential for the environmental services sector.

activities, including on the innovation front, for the next 20 years at least. We already incorporated many of the Green Deal objectives in our corporate strategy, SUEZ 2030, which we adopted in the fall of 2019. I think you can summarize our approach as being an exemplary adopter ourselves while providing the necessary tools and services to those of our clients willing to make a difference and reduce their impact on the planet without any further delay. To give you a sense of what I mean, by 2030 we committed to reduce by 45 percent the direct and indirect greenhouse gas emissions from our activities; to help our customers avoid 20 million tons of CO2



emissions a year; and offer 100 percent sustainable solutions to our customers.

These are all impressive targets, but did you assess how sustainable your own activities portfolio is?

We did and we did it over a year before being legally obliged to do so under the EU taxonomy reference framework for sustainable business activities. I am particularly proud to report that 74 percent of SUEZ's 2020 revenue already qualifies as sustainable under the EU taxonomy reference framework. This means that almost three-quarters of the Group's business activities are identified by this European regulation as contributing to the preservation of the environment and the fight against climate change. And let me add that this high percentage serves as further evidence of SUEZ's strong ESG profile for investors seeking to invest in sustainable business activities.

Lastly, let me make a broader comment on ESG criteria. For the time being, the ESG debate focuses on the environmental dimension, somewhat to the detriment of the S (social) and the G (governance). The EU Taxonomy needs to focus on the social governance dimension. I personally believe that the rate of gender diversity in management positions is a criterion that should be included under the Taxonomy.

Bertrand, this is a great achievement but in the absence of regulatory guidance, how did you assess your business activities against the EU Taxonomy?

We developed our own methodology based on the work of the Technical Expert group on sustainable finance, established by the European Commission, in cooperation with KPMG. Our methodology is meant to be a living document that will be updated as EU regulation is fine-tuned, and evaluation criteria clarified. For us it was essential to do so because the taxonomy benchmark plays a huge role in accelerating investment flows towards companies, such as ours, committed to contributing to put in place a virtuous dynamic for the planet. This is the kind of dynamic we need to encourage.

What are the key parameters around which the methodology is built?

The methodology identifies 2020 revenue from business activities eligible for climate change mitigation and activities contributing to the five other objectives of the European taxonomy: climate

change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and reduction, the protection and restoration of biodiversity and ecosystems. Those interested in learning more about the methodology can read about it on our website.

Can you tell me more about the technologies SUEZ has developed that will play a critical role in achieving the Green Deal objectives?

I think our innovative solutions in air, water and soils regeneration are among the most advanced on the market. These solutions are developed and manufactured in Europe, which is testimony to the exceptional scientific and engineering capabilities we have, but they are not solely designed for Europe's needs. They allow us to compete for contracts on a global scale because the solutions we have developed contribute to improving our quality of life and to fight against the environmental crisis that is already impacting all of us, no matter where we live. We are doing things unheard of a few years ago to keep our towns and cities clean and accelerate the adjustments necessary to build a sustainable, green recovery from our current crisis. Let me give you some concrete examples:

In Spain, we worked with our municipal customer in Granada to turn the wastewater treatment plant into what we call a biofactory. Thanks to biogas recovery, from a net consumer of energy, the wastewater treatment plant is now energy neutral, and it can sometimes even produce more energy than it requires to function. One-hundred percent of the treated wastewater can be reused in various applications for agriculture and/or industry. We also make the most of the byproducts of wastewater treatment, turning them into biofertilizer for agriculture.

SUEZ's City Watch initiative allows for coronavirus detection in wastewater. This technology allows public authorities to detect surges in the virus at a very early stage—and it's already been deployed in several cities in France and Spain, we upgraded it to make it possible to detect variants of the virus as well. We fully subscribe to the recent communication of the European Commission inviting Member States to monitor and track the virus in wastewater to halt its spreading, and most importantly to share data gathered. Exchange of best practices and solidarity must drive our action across Europe.

We offer best-in-class technology and process expertise to solve the toughest water and wastewater challenges of the industrial sector: Today, energy

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production and manufacturing industries account for nearly 30 percent of water use in Europe. With existing technologies, we can reduce both the water and water use related carbon footprint of the industry.

We offer integrated solutions to measure, track and anticipate air pollution, and we are piloting new technologies for the treatment of indoor and semi-confined air in places like metro stations, schools, streets, and ports, with a focus on most fragile populations: children.

SUEZ's customers include some of the largest industrial producers on the planet. Did you develop any solutions to help them transition to circular industrial ecosystems?

Yes, we are actively supporting our customers to that end and partnering with leading industrial players on recycling pilot projects. Reducing single-use packaging, for example, is a core objective in Europe. We advise brand owners and packaging manufacturers on how to make their packaging recyclable and truly eco-friendly. We also certify the recyclability of packaging, like we did with REN Skincare for their sunscreen plastic packaging.

We also aim to boost production of high-quality recycled plastics in Europe. Our plant in Maastricht

In Chile, SUEZ helped construct one of the world's largest wastewater treatment plants. It treats the wastewater produced by seven million inhabitants of Santiago, the nation's capital city, in a way that produces zero waste and uses no fossil fuels.

aims at producing soon 50,000 tons of recycled plastic pellets, to be used for non-food applications like care products and luggage. We intend to build more of these plants across Europe as the demand for recycled plastics is growing.

Along with BASF and Eramet, we are also participating in ReLieVe, an EU-funded project that aims to develop an innovative closed-loop process for the recycling of lithium-ion batteries, which will be crucial to keep electric vehicles as green as possible.

Bertrand, we have talked a lot about what SUEZ is already doing and it should be encouraging for politicians who are reading this. But what do you need from them as European leaders are translating the Green Deal into regulation?

From SUEZ's perspective, and I think it is true for any business, we hope to see regulation that leads to clarity, stability, and reliability. The European Commission will be issuing dozens of legislative proposals over the coming months and some of them, such as the carbon adjustment mechanism, are bound to be controversial. We need the EU to ensure a holistic and coherent approach between different sectors and across individual and sectoral pieces of legislation. Failing that, businesses will get lost in a legislative maze and it could jeopardize the

successful implementation of major projects such as the Green Deal.

Are you concerned this regulatory explosion could hamper your competitiveness?

I think we need the EU to set the rules in a way that allows for fair competition. We need regulation that recognizes and unleashes the innovative forces of the private sector, especially in the green sector and in green tech. We need clear regulatory signals that create incentives and new markets, and which lead to new and innovative market-based solutions. The EU should aim at setting a stable, coherent and predictable legal framework to promote competition, secure investments and generate innovation. If competition is reduced in strategic sectors like environmental services, innovation will be jeopardized, and it could put the Green Deal at risk.

Are you concerned about foreign competitive pressure?

Not for the time being and not if we get the Green Deal right. I do not think many people realize that environmental services is not a field in which Europe is lagging or catching up. Europeans are world leaders. Our platform for international success is investment in innovation in a highly competitive sector driven by ambitious environmental regulation and goals. But we need to stay vigilant. We have seen before industries and markets where Europe did not manage to sustain an early technological lead. We also need to make sure that we all play with the same rules and avoid unfair practices, which can sometimes be detrimental to European industrial interests.

Europe will compete internationally by relentless innovation at home and abroad, leveraging a dynamic ecosystem made of world leaders, large utilities, SMEs, and start-ups. Ambitious and sound environmental legislation in Europe is definitely a driver for the success for the environmental services sectors, and it creates a lot of jobs.

Environmental services are crucial for our economy and society. Competitiveness in this sector will be key to boost the environmental transition of the whole economy and achieve the goals set by the Paris Climate Agreement.

When it comes to environmental services, we have a success story in Europe, made possible by the constant commitment and hard work of our companies and employees. We need to continue setting ourselves up for success.

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Is your involvement in the European Green Deal also a challenge in terms of HR management?

The success of our strategy depends on harnessing the energy and expertise of our employees to meet the needs of our customers and our partners. That is why our “Corporate culture and HR management” is one of the key transformative levers of our SUEZ 2030 vision. Four core values underpin this new corporate culture: passion for the environment, customer first, respect and team spirit.

As you can imagine, rolling out and promoting these four values across a business with 86,000 employees requires creative employee engagement solutions. Fun interactive “games” designed to boost employee’s engagement are one of the tools we resorted to. We rolled out Environment Fresco, for example, an employee engagement game explaining the challenges related to environmental preservation and how solutions developed by SUEZ Group can help our customers and partners meet these challenges.

Promoting an inclusive, diverse and equal culture is an essential pillar of that new corporate culture. On the gender equality front, we have adopted very clear targets that apply to every single entity of SUEZ Group: by 2022, 25 percent of our workforce being women; by 2023, 33 percent of management positions led by women.

Has the Group’s governance also been impacted by your new strategy?

The composition of the Group’s Board has been strongly modified in 2020. An important objective was to increase the number of independent directors serving on the Board. Bringing in independent directors allowed us to diversify the set of skills and experiences represented on the Board.

We were particularly keen to attract profiles with significant experience in the management of large industrial groups to support our objective to strongly increase our activities in industrial markets. Our new Chairman, Mr Philippe Varin, former Chairman of PSA Peugeot Citroën, exemplifies that focus.

With 82 percent of our directors being independent, 36 percent non-French nationals, and 45 percent women, I’d say our 14-member board is probably one of the most diverse you of any large European company. ♦

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PASCAL LAMY, Chair of Brunswick Europe, was formerly Director-General of the World Trade Organization. Additional reporting by **GAËLLE LEMAIRE**, a Partner. Both are based in Brussels.