



WATER POLICY



Water and weather, the delicate balance between evaporation and precipitation, is the primary cycle through which climate change is felt.

Tensions around water resources and its sustainable management are increasing, especially due to climate change and the growth of population. Due to climate change, the water cycle is expected to undergo significant change and face major challenges in the coming decades. Both quality and quantities has become vital for the ecosystem, health and food security and energy production that could lead to significant impacts on businesses that are energy and water dependent.

Saint-Gobain owns several production sites and active quarries located in around 64 countries across different climate zones. Unlike carbon emissions, which have the same impact on the global atmosphere wherever they released from, the consequences of water consumption or water discharge on the environment are local.

Within the course of its activities Saint-Gobain has to manage a wide variety of water-related risks: water availability, water quality or climatic events, as well as regulations, competition for water with other actors, community opposition, and scrutiny of corporate water practices by NGOs. Those risks are locally specific and not evenly distributed around the world.

Moreover, dependency on local water conditions and impacts on water resources show great discrepancies between the Groups' different businesses.

This is why Saint-Gobain has decided to implement a water policy at the level of the Group. This policy apply to all our activities: industrial sites, quarries, distribution centers and offices.

By laying down its water policy, Saint-Gobain confirms its willingness to

- *Withdraw as few resources as possible with a focus on areas where water or ecosystem resources are already under adverse pressure or are susceptible to impacts.*
- *Ensure the environmental impact of any water discharges is minimised as far as possible.*
- *Strive towards 'zero discharges' of industrial water, while avoiding the generation of new impacts on other environments and/or stakeholders.*

In order to meet this goal, the following objectives have been set:



The water policy is based on concrete objectives and tools:

Mobilize and make all the Group's functions, sites and stakeholders (including suppliers) more aware of water-related challenges, while including socioeconomic challenges (dialogue with communities).

Plan the implementation of appropriate action on the Group's sites, according to their level of exposure to water-related risks.

Measure progress attained by using common indicators that are coherent with the existing guidelines and reference tools on an international level.

Anticipate changes in laws & regulations in the countries where the Group operates and include water-related challenges in the Group's innovation strategy.

This policy contributes to Saint-Gobain's global response to the challenges of sustainable development and is consistent with efforts already undertaken by the Group (adoption of the Principles of Conduct and Action, signature of the United Nations Global Compact, reduction of water withdrawal volumes on our sites, etc.).

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I - Why a water policy?

To respond to today's challenges

Climate change, the rapid growth in the world population, especially in cities, and the increasing environmental impact of human activities are factors that are reinforcing tensions around water resources and their sustainable management.

These challenges of today require all the stakeholders concerned to become aware and committed. Saint-Gobain has already launched efforts to reduce volumes of consumption. The Group is particularly involved in the search for sustainable water management solutions, especially through its historic pipe business and the contribution of that business to the water cycle.

To promote a continuous improvement process

In order to go further, this Saint-Gobain water policy expresses the Group's willingness to be recognized as a responsible Group everywhere it operates, and one that is involved in a continuous improvement process, especially for water management and its related challenges.

The water policy covers a vast field of issues, which exceed the strict environmental framework. It follows on directly from the Principles of Conduct and Action, which were adopted by the Saint-Gobain Board of Directors in 2003, and which establish the values that are common to all the staff members of the Group, as well as the charter and letter of commitment that specify these principles in the fields of Environment, Health and Safety.

The water policy also follows on from the commitment of the Group as a signatory of the United Nations Global Compact since 2003, and of its two supplementary manifestos, the *CEO Water Mandate*¹ and *Caring for Climate*².

To fix strategic goals for the Group

More globally, the water policy is in line with the framework of the Saint-Gobain Group's response to the challenges of sustainable development, in its activities, its range of products and solutions at the service of sustainable habitat and in the mobilization of its capacity for research and innovation.

The water policy tackles the impact of Saint-Gobain's businesses on water resources at every stage of the life cycle, including outside the Group's sites, from the extraction of raw materials to the end of product life cycles. It also deals with the socioeconomic challenges of water-related risks.

The policy fixes the strategic goals that must be addressed. It is aimed at all the functions in the Saint-Gobain Group, including the teams responsible for Research and Development, Engineering, Production and Distribution, Purchasing, Environment, Responsible Development and Risks and Insurance. It concerns the teams who operate on all sites, including administrative sites, and must be adopted in respect to the time frame decided by the Group and as soon as reasonably practical.

1 The CEO Water Mandate (Mandate of Chief Executive Officers for sustainable water management) was launched in 2007 by the United Nations Global Compact to encourage a voluntary commitment of companies to take up the urgent challenges related to the worldwide water crisis. As a signatory, Saint-Gobain has committed itself to sharing best practices and emerging practices related to its conduct of operations, management of the logistic chain, protection of catchment areas, transparency, taking public policies into consideration, community commitment and collective action.

2 Caring for Climate (initiative to fight climate change by mobilizing companies) was also launched in 2007 by the United Nations Global Compact. This platform brings together representatives from companies, civil society organizations, governments and United Nations agencies.

The water policy is written in the form of objectives. When water-related risks are identified on a site, the Saint-Gobain water guideline, specifying the means to be implemented to reach the general objectives must be implemented. It is the responsibility of the management (country or business level in accordance with Saint-Gobain organisation) to ensure that the guideline is deployed where it's necessary. To do so, countries or businesses may design their own documents for its application, by example in the form of catalogues of good practices, and to implement an action plan with concrete and measurable actions.

By laying down its water policy, Saint-Gobain confirms its willingness to reduce as much as possible the quantitative and qualitative impact of its activities on water resources, concerning both withdrawal and discharges, its objective is to withdraw as few resources as possible, ensure the environmental impact of any water discharges is minimised as far as possible and to strive towards 'zero discharges' of industrial water in form, while avoiding the generation of new impacts on other environments and/or stakeholders.

II - What is a responsible water user?

Saint-Gobain recognizes that the increasing worldwide scarcity of water resources, especially related to phenomena of demographic growth and urbanization, as well as pollution risks, are likely to affect local life and activities. The acceptance (or not) by society of the way water is used in the framework of our activities can have a direct impact on the regions where the Group operates.

As a responsible corporation, Saint-Gobain promotes a reasoned and constructive dialogue with the local communities living close to its sites, to facilitate a better understanding of its activities and enable sustainable and shared management of local water resources.

III - How can we identify water-related risks on our sites?

Saint-Gobain has already drawn up a priority action framework for its sites that are listed as “concerned for the environment” by the Department of Environment, Health and Safety (DEHS). These sites represent most of the environmental impacts of the Group’s activity on a worldwide scale and the list is updated every 3 years. They contribute to at least 90% of the Group’s environment impacts, including water withdrawal and water risk. It also takes into account water risks based on independent databases.

Due to the large geographic and diversity of businesses, the strategic orientations of Saint-Gobain must be adapted to the benefits and constraints and to the specificities of each business or country, to ensure their effective implementation.

Particular attention is paid to limiting the Group’s withdrawals in water stressed areas and in not competing for access to drinking water with the local populations. To assess the water sensitivity of its sites, the Group uses the global “Aqueduct” atlas of the WRI organization. This tool enables each industrial site to assess its water risk from “low” to “extremely high” based on qualitative and quantitative physical risks (such as water stress of flood risk), but also on stakeholder risk (like access to water).

The Group manages the risks of losses aggravated by climate change (floods, rainfall or storms) as part of its industrial and distribution risk prevention policy (see Chapter 4, Section 2.2.2).

The rollout of this policy in action plans will first have to be carried out on sites with high exposure levels, which will have to acquire the necessary level of knowledge and the necessary tools in order to set up regular monitoring of the progress achieved. The mandatory Group environmental risk assessment has to be used to help the site assessing their water risk exposure level.

IV - How to have a responsible organization for water in the Group?

The steering of water-related challenges will be made by management and its EHS organization (Companies, countries and businesses), in close coordination with all the other concerned departments including research and development, industrial performance, engineering, Distribution, purchasing, sustainable development and risks and insurance.

To facilitate the collation and exchange of information and to encourage the most transversal approach possible to water-related challenges, it's necessary to use existing links and build new ones between the different departments and persons concerned.

Finally, due to a concern for efficiency and consistency, Saint-Gobain strive to contribute to pilot projects carried by external players in the framework of cooperation efforts, both at an international level (e.g. CEO Water Mandate and CDP Water Disclosure³) and at a local level, and include the results in its policies.

V - How to define water indicators and make them more reliable?

To facilitate the monitoring of the progresses that are achieved, Saint-Gobain has at its disposal common definitions and indicators related to water management. These quantitative and qualitative indicators, which are included in the internal environmental reporting system, are defined in compliance with international benchmarking tools such as the *Global Reporting Initiative*⁴ (GRI).

Every Business can put forward additional indicators that are appropriate to its specific needs. Every site must adopt all definitions and indicators.

To make these indicators more reliable, every country and Business is responsible for defining the methods and standard frequencies for measurement and, where necessary, recommending the

³ The Carbon Disclosure Project (CDP) is an association bringing together investors, which works towards the transparency of the carbon emissions of major corporations. Every year, it sends a questionnaire to the largest worldwide corporations (in France, the questionnaire is sent to the companies on the SBF250 index). In 2010, the CDP launched a second initiative, the CDP Water Disclosure, widening the field of the questions sent to the companies to include water-related issues.

⁴ The mission of the GRI (Global Reporting Initiative) is to supply a reliable and credible framework for sustainable development reporting to organizations everywhere, of all sizes and in all sectors. It is currently the most frequently used framework one in the world for sustainable development reporting, and is divided into 6 sections: Economy, Environment, Human Rights, Employment, Labour Relations and Work, Product Liability and Society.

appropriate tools and equipment to its sites. More specifically, the installation of meters for measuring withdrawals and discharges must be promoted.

Every site must have a good knowledge of existing water networks (plan of water-pipes) and of its water flow (quantities used per workstation). In the case of a justified technical impossibility to measure a type of water flow, it can be assessed by using a calculation method.

VI - Which guidelines for existing and newly-acquired sites?

As defined in the Saint-Gobain EHS frame of reference, all sites are managing environment in a continuous improvement process.

During the acquisition of sites, water-related risks are assessed and taken into consideration in the due diligence carried out prior to acquisition. Integration plans have to take the water policy into consideration.

Every site must define objectives for progress and the system for monitoring progress in water management and of the related risks. The Group guideline may be used to establish more precisely the practices to be implemented and the prohibited practices, in compliance with objectives of the water policy.

Exchange of good practices between sites and feedback about water-related incidents has to be organized at local and business level. Good practices concerning water-related risk management must, wherever possible, be supplemented by contextual data, making it possible to appraise the real impact of the action carried out compared to local environmental constraints. Country and businesses must also plan the duplication of good practices on other sites in the Group, in a perspective of continuous improvement.

VII - Which guidelines for new sites and new installations?

Every project for a site or a new activity on the site requires the carrying out of an impact study, especially including a measurement of the initial conditions of the environment (quality and quantity of resources available).

It is also necessary to ensure that communities close to the site and to the withdrawal site have satisfactory access to water with respect to the international standards in force and local needs, including when the water mostly comes from a distant source.

Saint-Gobain wishes to establish a principle of exemplary behaviour for its new sites. This principle requires the use of best practices available at an economically acceptable cost. Every new site must especially fix the general objective of withdrawing as little water as possible and of striving towards 'zero discharges' of industrial water.

It is recommended that the engineering team of every Business draw up its own checklist for new sites, according to its processes and the relevant best practices.

In the same way, any modification or significant new investment on an existing site must lead to an update of the assessment of water-related risks and the implementation of the relevant best available practices.

VIII - Which efforts for R&D and innovation?

Research and Development projects must include water-related challenges at all stages.

Every R&D team must include the water management in its effort of innovation for setting up and improving manufacturing processes, products and solutions, while ensuring that their global environmental performance is not negatively impacted.

The Businesses will also investigate breakthrough technologies that could significantly reduce the water footprint of manufacturing processes, products and solutions in the long term.

IX - Which involvement by our suppliers?

In compliance with the purchasing charter and the supplier charter adopted by the Group, the definition of a water policy requires that all the stakeholders concerned throughout the value chain, including suppliers, are taken into consideration. Such stakeholders may operate upstream (raw materials, energy, etc.), as well as downstream (e.g. waste management).

The water policy recommends that tools and programmes for raising the awareness of the Group's purchasers about responsible purchasing and environmental issues systematically include water-related challenges. The objective is to ensure that these challenges are well understood and clearly taken into account by purchasers in all their activities in the long term.

Operational risks related to the use of water by a supplier in its production process and likely to block the operation of a Saint-Gobain site by a water supply failure are addressed as a priority. Furthermore, it should be noted that risks related to the reputation of suppliers, should they be held liable for the irresponsible use of water resources, are also likely to have negative consequences on Saint-Gobain's reputation.

Therefore, this policy recommends reinforcing Saint-Gobain's capacity to assess the degree of exposure to the water-related risks of its suppliers who are already listed, especially by using existing programmes and tools (audit campaigns, responsible purchasing questionnaire) and by specifically including water-related criteria in them, inspired by the assessment grid (see chapter III).

Among the criteria for selecting new suppliers, the policy recommends taking compliance with international commitments into account (United Nations Global Compact, *CEO Water Mandate*, etc.), as well as certification according to relevant standards (EMAS, ISO 14001 and 9001) and the inclusion of sustainable development in the way their activities are carried out, by using the responsible purchasing questionnaire, which is included in invitations to tender.

Central teams participate in this effort for identification for worldwide and transversal markets, as will the country and businesses, who are responsible for identifying certain suppliers that are likely to have particular exposure to water-related risks, as well as the statutory and natural constraints specific to certain geographical areas and territories.

X - How can we reinforce our global intelligence about water-related challenges?

In its different areas of operation, the Group monitors in an organized and regular manner the main trends and phenomena (environmental, socioeconomic, political, statutory, etc.) that are likely to impact local water management (conditions of access to the resource, acceptance by communities, water quality, etc.) and therefore the way Saint-Gobain's activities are carried out.

The Countries, in coordination with the Businesses and the DEHS, will organize this monitoring process, especially in countries and regions considered as sensitive concerning the management of water-related challenges.