

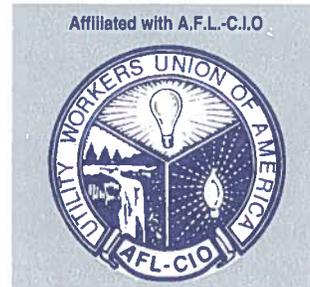
UTILITY WORKERS UNION OF AMERICA

D. MICHAEL LANGFORD
PRESIDENT

STEVEN VANSLOOTEN
EXECUTIVE VICE PRESIDENT

GARY M. RUFFNER
SECRETARY-TREASURER

JOHN DUFFY
VICE PRESIDENT



815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 974-8200
(202) 974-8201 FAX
www.uwua.net

EXECUTIVE BOARD MEMBERS

HARRY FARRELL
NANCY LOGAN
MIKE COLEMAN
RICHARD HARKINS
DAN HURLEY
ANDY O'CONNELL

ROBERT T. WHALEN
JIM ANDERSON
KELLY J. COOPER
JAMES C. HARRISON
MONTE KOTUR
LUCIA PAGANO

ROBERT KOVAR
JOHN CAPRA
ROBERT FARRELL
TINA HAYNES
DAVID LEONARDI
RICHARD J. PASSARELLI

PATRICK M. DILLON
NOEL J. CHRISTMAS
ARTURO FRIAS
KEITH HOLMES
FRANK MEZMARICH SR.
CHARLIE D. RITTENHOUSE



June 8, 2011

Diane Bean
U.S. National Contact Point for OECD
Guidelines for Multinational Enterprises
Office of Investment Affairs
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

Re: United Water/Suez Environnement

Dear Ms. Bean:

We are writing on behalf of our two organizations – the Utility Workers Union of America and Food & Water Watch – to raise an urgent matter under the OECD Guidelines for Multinational Enterprises. Specifically, we wish to advise you of numerous breaches of the Guidelines by United Water, a subsidiary of French multinational corporation Suez Environnement.

As summarized below, the Company's conduct constitutes serious breaches of Chapter V of the Guidelines concerning Employment and Industrial Relations, and Chapter VI concerning Environment. In particular, the U.S. National Labor Relations Board has authorized complaints charging United Water with unlawful bargaining conduct at two different locations.

In addition, the U.S. Department of Justice has issued a criminal indictment in Indiana charging the Company with numerous environmental felonies over a five-year period at a wastewater treatment plant in Gary, Indiana. In both cases, the underlying corporate conduct violates core principles established by the Guidelines.

Parties

The Utility Workers Union of America ("UWUA") is a labor organization representing 50,000 working men and women in the utility and related industries in the U.S., including 500 employees of United Water in the U.S. states of Delaware, New Jersey, New York, and Pennsylvania.

Food & Water Watch is an international non-profit, consumer advocacy organization that works to ensure that water resources are safe, accessible, and sustainable. Food & Water Watch advocates for clean, affordable, public tap water, and for keeping shared resources under public control. Food & Water Watch has more than 250,000 activists throughout the U.S.

United Water (the “Company”) is a water and wastewater company with operations across the U.S. The Company provides water and wastewater management services, both as a utility owner and as a contract services operator. United Water is a subsidiary of Suez Environnement, with headquarters in Harrington Park, New Jersey.

Suez Environnement is a multinational corporation operating in the water and waste management sectors. Suez operates on five continents and is headquartered in Paris, France.

Unlawful Bargaining Conduct in Pennsylvania and New Jersey

As noted above, United Water’s recent activities in the U.S. constitute serious breaches of both the labor and environmental provisions of the Guidelines. For example, on May 31, 2011 the U.S. National Labor Relations Board issued a complaint charging United Water with unfair labor practices during negotiations for a new collective bargaining agreement for UWUA members at the Company’s facility in Bloomsburg, Pennsylvania.¹

Specifically, the NLRB charges that the Company unlawfully withheld information requested by the UWUA which was relevant and necessary for the Union to negotiate over Company proposals concerning employee retirement benefits. The complaint further charges that, by withholding the requested information, United Water engaged in bad faith bargaining in violation of §§ 8(a)(1) and (5) of the National Labor Relations Act.

In addition, the NLRB has authorized another complaint charging United Water with similar unfair labor practices in Jersey City, New Jersey.²

The information requested by the UWUA concerns United Water bargaining demands at both locations to impose significant concessions in employees’ retirement benefits. Specifically, United Water has proposed that all newly hired employees would no longer be allowed to participate in the existing pension plan. Instead, new employees would participate only in a defined contribution “401(k)” plan, with significantly reduced benefits.³

¹ See NLRB Complaint, Case No. 6-CA-37236 (Exhibit A).

² Although the NLRB has not yet issued that complaint, the Board has informed UWUA that a complaint has been authorized charging United Water with unlawfully withholding relevant bargaining information.

³ United Water has made similar demands during negotiations in Wilmington, Del. and New Rochelle, N.Y.

Diane Bean
Office of Investment Affairs
June 8, 2011
Page 3

In order to negotiate over United Water's proposals, the UWUA requested essential bargaining data from the Company. In Pennsylvania, for example, the Union requested a copy of the proposed retirement plan; financial data to allow the Union to evaluate the cost of the Company's pension proposals in comparison to continued coverage for employees under the existing plan; and other information. United Water failed to provide a copy of its proposed 401(k) plan for weeks after the Union had requested it, and completely refused to provide the other requested data.

As a result of this refusal to provide essential bargaining information, United Water has severely impeded the UWUA's efforts to negotiate new union contracts in Bloomsburg and Jersey City.

Environmental Felony Indictment in Indiana

On December 8, 2010, a federal grand jury issued an indictment charging that United Water and two of its managers intentionally manipulated water quality monitoring results at a Gary, Indiana wastewater treatment plant over a five year period between 2003 and 2008.⁴ The indictment charges the Company with 25 counts of Clean Water Act violations and one count of conspiracy to defraud the U.S. Government by tampering with *E. coli* bacteria monitoring results.

Specifically, the indictment alleges that United Water engaged in a scheme to routinely reduce chlorine levels used to keep *E. coli* concentrations in wastewater discharged from the plant within federal limits. According to the indictment, the Company temporarily increased chlorine levels shortly before taking monitoring samples, and then reduced the levels after taking the samples. Prosecutors have alleged United Water did this to cut its chlorine chemical costs.

United Water and the two managers have pleaded not guilty, and a trial has not yet been scheduled in the case.

Even so, we believe public statements by top management concerning the indictment suggest that United Water fails to take seriously its responsibility to ensure its operations comply with best environmental practices. In a press release issued the day of the indictment, for example, United Water President Robert Iacullo argued that "the government's claim is, at best, a disagreement about operating and monitoring methods, with no allegation of environmental harm."⁵

Internal emails recently released by U.S. prosecutors, moreover, show that United Water managers and other employees knew about – and indeed questioned the propriety of – *E. coli* monitoring procedures utilized by Company management in Gary beginning in 2003.

In June 2003, for example, a United Water employee wrote the following email to a United Water manager concerning his observations at the Gary facility:

⁴ Indictment, U.S. District Court for Northern District of Indiana, Cause No. 2:10-cr-00217 (Exhibit B).

⁵ See United Water press release, December 8, 2010 (Exhibit C).

The hypochlorite feed rate is increased to produce an adequate free chlorine residual (0.3 to 0.6 m/l) several hours before the E. Coli sample is taken and then reduced after the E. Coli sample is taken. Jack indicated he was asked to do this by Dwain and Reggie.

In my opinion, this procedure is a recipe for disaster – ethical issue – best effluent all of the time. If IDEM [the Indiana Department of Environmental Management] or EPA [the U.S. Environmental Protection Agency] takes a grab sample outside the higher hypochlorite feed time you would definitely have a problem!⁶

Two days later, the United Water manager receiving that email wrote to the Company's project manager in Gary:

I have heard that there is a proposed modification on dosage during testing. This is contrary to the 'rules of the game' and should not be modified for short durations. Call me if you have questions.⁷

According to federal prosecutors, however, the questionable chlorine dosing practices continued at the Gary wastewater plant. In August 2003, for example, a United Water supervisor wrote to the Gary project manager after a division manager had asked him to investigate:

Best management practices would dictate that a dosage be established and allowed to remain in effect throughout the day. This data would indicate that the chlorine is adjusted higher somewhere around 8:00 am when the e-coli sample is taken and adjusted back down after the compliance sample is taken. Can you explain why the residual chlorine varies so much in the contact tank on a daily basis?

The supervisor forwarded this email to the Division Manager, who then wrote to the Gary manager (with a copy to the United Water manager involved in the June 2003 email exchange):

This is very disturbing. I want a complete explanation why these chlorine residuals spike every day.

In response, the United Water manager who had cautioned Gary management two months earlier about the "rules of the game" wrote to the Division Manager:

Jack has stated this method as a way to save \$. I recommended against "playing" with the system. Is there anything that you saw to indicate the dosage was being manipulated to coincide with the grab sample?⁸

⁶ See Exhibit D.

⁷ See Exhibit E.

⁸ See Exhibit F.

Notwithstanding these internal United Water emails, federal prosecutors allege that the scheme in Gary to temporarily “spike” chlorine doses just before taking the *E. coli* monitoring samples continued until 2008, when U.S. federal agents executed a search warrant at the facility.

For its part, top United Water management continues to insist that the federal indictment is “unfounded,” and dismisses any significance to the Company emails released by prosecutors. In a May 18, 2011, memo to Company employees, United Water President Robert Iacullo stated:

[The DOJ] refers to a few internal emails selected from more than 700,000 documents that we provided. We are confident that the full context of these emails will support our position that the Company and its employees acted properly.⁹

Notably, Iacullo’s memo does not dispute the authenticity of these United Water emails.

The OECD Guidelines

As you know, the OECD Guidelines are designed to promote responsible conduct by multinational enterprises and to facilitate resolution of disputes arising from their operations. The Guidelines include standards of conduct involving employment and industrial relations matters, as well as environmental stewardship.¹⁰

Recent conduct by United Water – as alleged by the U.S. National Labor Relations Board, the Environmental Protection Agency, and the Department of Justice – violate fundamental principles of the OECD Guidelines.

Indeed as noted in Chapter I of the Guidelines, “obeying domestic laws is the first obligation of enterprises.” In this matter, federal law enforcement agencies have charged United Water with violating U.S. statutes protecting workers’ rights and also with serious environmental crimes.

Concerns over labor issues

In addition, the Company’s conduct has violated specific provisions of the Guidelines. For example, Chapter V dealing with Employment and Industrial Relations specifically provides that multinational enterprises should “provide information to workers’ representatives which is needed for meaningful negotiations on conditions of employment. . . .”¹¹

⁹ See Exhibit G.

¹⁰ The relevant provisions of the OECD Guidelines are reproduced below.

¹¹ Guidelines, Chapter V, ¶ 2(b).

The Guidelines also stipulate that management should “engage in constructive negotiations . . . with a view to reaching agreements on terms and conditions of employment,” and should “enable authorized representatives of the workers in their employment to negotiate on collective bargaining or labor-management relations issues. . . .”¹²

In this case, the National Labor Relations Board has charged that United Water has refused to provide to the UWUA bargaining data that is essential for the Union to bargain over contract proposals demanded by management, and therefore has failed to negotiate in good faith in violation of fundamental provisions of U.S. labor law.

Concerns over environmental issues

Chapter VI of the Guidelines, moreover, provides that multinational enterprises should “take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development.”

Chapter VI also stipulates that enterprises should establish and maintain appropriate systems of environmental management, including the “collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities. . . .”¹³

The Guidelines further provide that corporations should “provide the public and workers with adequate, measureable and verifiable (where applicable) and timely information on the potential environment, health and safety impacts of the activities of the enterprise,” and should “engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.”¹⁴

In this case, United Water stands accused by U.S. prosecutors of having intentionally manipulated *E. coli* monitoring tests at a wastewater plant discharging treated sewage into a public waterway in a major urban area, merely to reduce its disinfectant chemical costs.¹⁵ As a result of this alleged tampering, according to federal prosecutors, United Water provided unreliable monitoring results to public regulators in violation of its operating permit and U.S. environmental law.

Certainly United Water has a right to contest in court whether it has violated U.S. criminal statutes. In our view, however, public statements by top management dismissing the gravity of these allegations call into question whether United Water is committed to the need to collect and

¹² Guidelines, Chapter V, ¶¶ 1(b) and 8.

¹³ Guidelines, Chapter VI, ¶ 1(a).

¹⁴ Guidelines, Chapter VI, ¶ 2.

¹⁵ The Gary plant discharges treated sewage from four Indiana communities into the Grand Calumet River, which flows into Lake Michigan. Lake Michigan beaches in this urban area adjacent to Chicago are widely used by recreational users during warm weather months.

Diane Bean
Office of Investment Affairs
June 8, 2011
Page 7

evaluate “adequate” information regarding the environmental and public health impacts of its operations, as stipulated by the Guidelines, or to provide “adequate, measureable, and verifiable” information to the public and affected communities.

The indictment charges that United Water engaged in numerous environmental felonies over a five year period. If convicted, the two indicted managers could face decades in prison, and the Company subjected to a significant fine, probation, or both.

We believe that, if true, these allegations represent far more than a mere technical “disagreement” about “operating and monitoring methods,” as claimed by United Water President Iacullo. Leaving aside U.S. criminal and environmental statutes, we believe such conduct would clearly violate the environmental provisions of the OECD Guidelines.

Request for NCP Intervention

Based on the foregoing, we urgently request that your office raise these matters with representatives of United Water. We also request that you immediately refer our submission to the National Contact Point for France, and urge the French NCP to promptly raise these matters with the CEO of Suez Environnement as well as the CEO of its affiliated corporation GDF Suez.

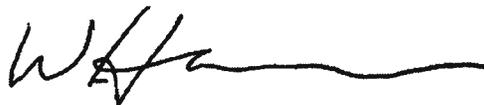
We have communicated with the Trade Union Advisory Committee concerning these matters, and have requested its assistance in raising our concerns within the structures of the OECD.

We are enclosing for your convenience the contact information for the relevant corporate officials of Suez Environnement, GDF Suez, and United Water. Please let us know if you require additional information in this matter. We look forward to your reply.

Sincerely,



D. Michael Langford
National President
Utility Workers Union of America



Wenonah Hauter
Executive Director
Food & Water Watch

cc: John Evans, General Secretary, Trade Union Advisory Committee
Peter Waldorff, General Secretary, PSI
Manfred Warda, General Secretary, ICEM
Richard L. Trumka, President, AFL-CIO

OECD Guidelines for Multinational Enterprises

Chapter V – Employment and Industrial Relations

Employers should, within the framework of applicable law, regulations and prevailing labor relations and employment practices and applicable international labor standards:

...

1. b) Respect the right of workers employed by the multinational enterprise to have trade unions and representative organizations of their own choosing recognized for the purpose of collective bargaining, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on terms and conditions of employment. . . .
2. b) Provide information to workers' representatives which is needed for meaningful negotiations on conditions of employment. . . .
8. Enable authorized representatives of the workers in their employment to negotiate on collective bargaining or labor-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorized to take decisions on these matters.

Chapter VI – Environment

Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:

1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
 - a) Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities. . . .
 - c) Regular monitoring and verification of progress toward environmental, health, and safety objectives or targets. . . .

2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:
 - a) Provide the public and workers with adequate, measureable and verifiable (where applicable) and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and
 - b) Engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation. . . .

6. Continually seek to improve corporate environmental performance, at the level of the enterprise . . . by encouraging such activities as:
 - a) Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;
 - b) Development and provision of products and services that have no undue environmental impacts. . . .

GDF Suez and Suez Environnement Contacts

Suez Environnement:

Jean-Louis Chausade
Chief Executive Officer
Suez Environnement
Tour CB21
16, place de l'Iris
92040 Paris La Défense Cedex
FRANCE

GDF Suez:

Gérard Mestrallet
Chairman and CEO
GDF Suez
1, Place Samuel de Champlain
Faubourg de l'Arche
92930 Paris la Défense
FRANCE

United Water:

Bertrand Camus
Chief Executive Officer
United Water
200 Old Hook Road
Harrington Park, NJ 07640