

Gaz Métro 2013 Sustainability Report

APPENDIX 1 – PRELIMINARY ASSESSMENT OF POTENTIAL RISKS ASSOCIATED WITH SUPPLIERS

A preliminary, non-exhaustive assessment of the risks and impacts associated with each supplier category was carried out, taking into consideration activity areas with a strong potential for negative impacts.

The following table summarizes the main potential risks by supplier category. The potential impacts identified by the preliminary assessment relate to the environment, social issues (human rights, employment, etc.), economic issues and governance. The assessment was done by type of supplier with a focus on Gaz Métro’s 20 leading goods and services suppliers.

PRELIMINARY ASSESSMENT OF POTENTIAL RISKS ASSOCIATED WITH NATURAL GAS SUPPLIERS

Potential Risks					
		Environment	Economy	Society	Governance
Natural Gas Suppliers		→ GHG emissions related to transportation;	→ Market volatility (commodity price);	→ Complexity of relations with stakeholders in extraction zones and near gas pipelines;	→ Risk of bad governance practices among suppliers.
		→ Environmental impacts of extraction processes (water, air, soil).	→ Change in supply rates.	→ Reputation of shale gas industry (public stance).	

PRELIMINARY ASSESSMENT OF POTENTIAL RISKS ASSOCIATED WITH SUPPLIERS OF OTHER GOODS AND SERVICES

Potential Risks					
		Environment	Economy	Society	Governance
Goods and Services	Contractors	→ Equipment damaged during installation and maintenance; → Contaminated soil management (compliance) following excavation.	→ Number of contractors hired by Gaz Métro; → Partner diversification (transfer of knowledge).	→ Working conditions for personnel.	→ Collusion and corruption.
	Equipment and materials (including telephones and IT)	→ Equipment and network obsolescence; → GHG emissions produced by the transportation of goods.	→ Problems with gas consumption measurement systems on customer premises; → Equipment failure; → Maintenance costs.	→ Working conditions for personnel; → Ergonomic aspects of equipment and tools; → Equipment accessibility.	→ Damage to Gaz Métro’s reputation for the quality of its distribution service.
	Vehicle fleet	→ GHG emissions produced by the vehicle fleet.	→ Fuel expenditures.	→ Courteous driving; → Observance of traffic laws; → Motor vehicle accidents.	→ Damage to the company’s reputation stemming from use of the vehicle fleet and partner practices in the field.

Potential Risks				
	Environment	Economy	Society	Governance
Building management	<ul style="list-style-type: none"> → Building energy efficiency; → Contaminated site management. 	<ul style="list-style-type: none"> → Energy bills and management of rental expenses for certain premises. 	<ul style="list-style-type: none"> → Comfort and well-being of personnel; → Cleanliness of premises. 	<ul style="list-style-type: none"> → Required and timely planning for real estate investments.
Marketing	<ul style="list-style-type: none"> → Environmental footprint of events and products. 	<ul style="list-style-type: none"> → Positioning of natural gas in relation to other energy sources. 	<ul style="list-style-type: none"> → Impact of promotional campaigns on the company's image and reputation. 	<ul style="list-style-type: none"> → Communication and promotional practices that could tarnish the company's reputation.
Human Resources	<ul style="list-style-type: none"> → Employee awareness-raising initiatives and good practices for protecting the environment. 	<ul style="list-style-type: none"> → Commitment and retention of human resources. 	<ul style="list-style-type: none"> → Working conditions (health and safety). 	<ul style="list-style-type: none"> → Labour relations.
Corporate Services (including financial and professional services)	<ul style="list-style-type: none"> → Procurement of goods (textiles, office supplies, etc.); → GHG emissions produced by the transportation of goods; → Errors in project design. 	<ul style="list-style-type: none"> → Cost of equipment and goods; → Impact on employee productivity; → Local economic impact vs. foreign; → Financial security; → Crisis insurance; → Group purchasing; → Cost and scheduling overruns. 	<ul style="list-style-type: none"> → Observance of human rights by suppliers in developing countries; → Social acceptability. 	<ul style="list-style-type: none"> → Irresponsible financial management; → Choice of insurance; → Risk of damage to the company's reputation if a partner becomes involved in collusion or corruption.
Transportation and Lodging	<ul style="list-style-type: none"> → Selection of pollution-causing modes of transportation; → GHG emissions. 	<ul style="list-style-type: none"> → Delivery deadlines; → Transportation expenses. 	<ul style="list-style-type: none"> → User satisfaction with service. 	