



CSR Performance Digest 2013

€22.3 billion
in consolidated
revenue

€922 million
in adjusted operating
income

202,800
employees worldwide
(at December 31, 2013)

Veolia, the global benchmark in optimized resource management

Veolia designs and deploys solutions for water, waste and energy management in countries across the world. The company works with industry, municipalities and individuals to optimize resource use and ensure greater efficiency from an economic, environmental and social standpoint. Through these efforts, Veolia helps conserve ecosystems and fight climate change.

Every day, the 202,800 employees who make up our company work to provide solutions for developing access to resources, preserving resources and replenishing resources.

This document presents key data on Veolia's Corporate Social Responsibility (CSR) performance. It reaffirms Veolia's undertakings as a committed player that supports the economic and social development of the areas in which it operates on behalf of its local authority and industry clients.

Access to basic services and equitable resource distribution are defining issues today as societies undergo profound transformations. Access to water, waste management and energy are the very core of our businesses and expertise. These services are closely linked to the lives of the communities we serve on a daily basis.

Measuring our social, environmental and societal performance, along with our responsible procurement policy, form part of an approach based on continuous improvement and enhancement of our economic models and the services we offer to our clients. It is made possible as a result of strenuous efforts to define key indicators and establish reporting parameters at a company-wide level (with over 330 consolidated indicators and several thousand contributors across Veolia).

Above and beyond meeting our regulatory reporting obligations, our indicators are included in our contracts and anchored in specific regional considerations.

This transparency reflects the continuous sustainable progress approach we take everywhere in the world, to the benefit of all our clients and stakeholders.

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Managing corporate responsibility

2013 was the second year of implementing our transformation plan and represented a turning point for the company. The new Veolia is now based on a consistent, integrated structure organized by country rather than division.

A more precise management system is helping to improve Veolia's performance, faced with the challenges of increasingly complex pollution and soaring urbanization to which it responds on behalf of its clients. Since 2011, Veolia has been adapting its business activities to move from an approach based on resource consumption to one of using and recovering resources in accordance with the principles of circular economy. Veolia designs and deploys solutions to develop access to resources and to protect and replenish them.

In order to manage our corporate responsibility as effectively as possible, we have focused particularly on:

- *improving management systems in areas of corporate social responsibility;*
- *developing commercial offers that incorporate the three aspects of sustainable development, therefore ensuring our ability to support our client's sustainable development strategies;*
- *designing contractual models and innovative partnerships in the social economy, so that disadvantaged populations can have access to basic services, notably in emerging countries.*

Veolia has established an appropriate governance system and measures its performance using relevant indicators.

1. COMMITTED TO SUSTAINABLE DEVELOPMENT

Whatever the geographical context and regardless of the economic and financial situation, Veolia's activities must be carried out in compliance with both national regulations and the recommendations of international organizations, in particular with regard to respect for basic rights, taking account of cultural diversity and protecting the environment.

Ethics Guide

In 2003, Veolia produced an Ethics Guide⁽¹⁾ to guide its staff, setting out the fundamental values that employees' behavior should reflect in all circumstances. The guide was updated in 2013 and explains the values and rules of behavior the company expects its employees to adhere to and which it promotes to other stakeholders, such as compliance with laws and regulations, social responsibility, solidarity and social equity, innovation, customer focus and risk management, quality of information and corporate governance, as well as a commitment to sustainable development.

For more information, please see the Ethics Guide on our website.

Sustainable Development Charter

In conjunction with the Ethics Guide, the company has worked to a 12-point Charter⁽¹⁾ since 2006.

- 1. Protect the environment;** contribute to conserving natural resources and biodiversity, and combat climate change.
- 2. Promote—through innovation,** research and development—environmental, economic and social solutions that will meet the needs of future generations.
- 3. Raise awareness** of environmental challenges and the ensuing need for behavioral changes among all concerned with our activities.
- 4. Adapt our service offers** through dialogue, the quality of the advice we provide and our expertise to meet the needs and expectations of clients.
- 5. Ensure our employees' health and safety** and help improve public health.
- 6. Provide working conditions** compliant with fundamental human rights and international labor standards.
- 7. Promote diversity** and combat discrimination to guarantee equal opportunities.
- 8. Encourage skills development** and upward mobility for our employees throughout their career.
- 9. Gradually set our own environmental and social standards** to be applied to all our operations around the world.
- 10. Base our corporate governance** on transparent communication, anticipation of risks and the definition of rules for ethical conduct and compliance.
- 11. Contribute to local economic and social development,** and to meeting international goals for access to essential services.
- 12. Encourage partners, subcontractors and suppliers** to adhere to our values and make their own contribution to our sustainable development commitments.

(1) Documents available at <http://www.veolia.com/en>

Our commitments under the Global Compact

Veolia joined the United Nations Global Compact on June 12, 2003 after an official decision by its governance bodies and a declaration of membership signed by its Senior Executive Vice-President. Since then, a permanent correspondent has been monitoring our close relations and contacts with the Global Compact Board in New York. Our participation in the Global Compact, and the resulting pledge to support and promote its principles within our sphere of influence, is a major consideration in all aspects of our company's social responsibility policy.

Our commitment to human rights

Over the years, Veolia has shown a clear commitment to respecting human rights in its activities and in the countries in which it operates.

These principles for action are in line with guidelines set out in international benchmarks, including the Universal Declaration of Human Rights and Additional Protocols, the Organization for Economic Cooperation and Development (OECD) Guidelines for multinational enterprises and local legislation in the countries in which the company operates.

Promote recognition of the fundamental right to a safe and healthy working environment

■ On July 1, 2013, Veolia—represented by its Chairman and CEO—signed the Seoul Declaration at the International Labour Organization in Geneva, recognizing the fundamental human right to a safe and healthy working environment. In so doing, Veolia has made a commitment to promoting the continuous improvement approach in terms of health, safety and security promulgated by the Seoul Declaration, training key players and employee-employer dialogue in this area.

Principles of the Global Compact

■ Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
2. Make sure that they are not complicit in human rights abuses.

■ Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and

6. The elimination of discrimination in respect of employment and occupation.

■ Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

■ Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Recognition of the Right to Water

■ In 2010, Veolia welcomed the official recognition of the Right to Water. The company continues to do whatever it can—as a modest contributor given the size of the challenge—to work with its public authority partners to turn this right into a concrete reality through access programs that are both technically ambitious and socially innovative.

Veolia also continues to respond to the invitation of institutions involved in implementing this right by proposing two factors of progress: recognized technical excellence and dialogue between all stakeholders to drive the emergence of shared solutions.

At the 6th World Water Forum in Marseille in 2012 and at Rio +20, Veolia—in conjunction with AquaFed, the international federation of private water operators—reasserted its commitment to good governance of water at a local and international level, and the contribution to implementing the right to water and sanitation. In 2013, Veolia reaffirmed these commitments in the context of public events, including at the international film festival and forum on human rights in Geneva.

2. STRUCTURED ORGANIZATION

To anchor sustainable development in the day-to-day operations of its businesses, Veolia incorporates the concept into its management systems by defining commitments and deploying policies, objectives and procedures.

Veolia uses a variety of bodies and methods to ensure its corporate responsibility is actively managed at all stages of maturity of the issues affecting the company. The Sustainable Development Department, which is directly accountable to the General

Counsel's Department, instigates and coordinates this process and encourages the adaptation of contract models and commercial offers in order to make sustainable development a priority and a lever for value creation.

Our sustainable development policy involves a large number of internal stakeholders—functional departments, business units and independent bodies—and therefore requires a structured approach to manage all related issues, from compliance to forward thinking.

COMPLIANCE

■ **Legal Department**

Drafts legal procedures and guidelines, disseminates and applies these to ensure that the company's activities are compliant with the law.

■ **Internal Control Department**

Formalizes and deploys internal control procedures (transposed for the business units).

■ **Internal Audit Department**

Assesses the company's risk management, including environmental risk, governance and internal control processes independently and objectively, and contributes to improving these procedures using a systematic and methodical approach.

■ **Fraud reporting**

Information transmitted to the heads of the Internal Audit and Internal Control Departments and to the Accounts and Audit Committee in relation to fraud management within the company.

MANAGEMENT

■ **Environmental Management System**

Managed by the Technical and Performance Department, which deploys company policy on the environment and environmental health.

■ **Social reporting**

Managed by the Human Resources Department, which defines and deploys the company's labor relations policy.

■ **Sustainable purchasing reporting**

Managed by the Purchasing and Sustainable Development Departments.

■ **Client reporting**

Managed by the Innovation and Markets Department.

■ **Extra-financial reporting**

Managed by the Sustainable Development Department.

■ **Campus Veolia**

Runs training for employees to meet company needs.

■ **Veolia Foundation**

Financial assistance for projects and provision of skills and expertise on a voluntary basis.

<http://fondation.veolia.com/en/>

ANTICIPATION

■ **Research, Innovation and Sustainable Development Strategy Committee (attached to the Board of Directors)**

Assesses the company's R&D and sustainable development strategies and policies.

■ **Ethics Committee**

Conducts an independent assessment of all questions and alerts relating to the company's ethical values and principles.

■ **Risk and Insurance Department**

Coordinates the analysis of risks that could affect the company's activities and implements action plans.

■ **Research and Innovation (VERI)**

Manages and coordinates R&D programs on priority company issues.

■ **Public Affairs Department**

Plans, coordinates and represents the company's interests in its dealings with the French authorities and European institutions.

FORWARD THINKING

■ **Research and Innovation**

Partnership with universities and programs to drive innovation in eco-technologies.

■ **Institut Veolia**

Think-tank for forward thinking on environmental issues that works to analyze transformation processes in the interplay between society and the environment.

<http://www.institut.veolia.org/en/institut-veolia-environnement.html>

■ **Critical Friends Committee**

Helps Veolia move forward in its vision of sustainable development and its thinking in this area.

2.1 Coordinated anticipation of risks

Veolia builds relationships with its clients based on long-term trust, with a particular emphasis on its capacity to manage the risks it addresses on their behalf. Implementing a coordinated system for risk prevention and management is the company's response to an issue that is fundamental to its development and reflects its strong commitment to corporate social responsibility for itself and its stakeholders. It goes without saying that providing basic services that are essential to community life and to industry demands constant vigilance and preparedness: managing the risks that its clients ask it to address lies at the heart of Veolia's expertise and means incorporating environmental, social and economic factors in strategic thinking about the company's development.

Overall management of risks

The company's Risks and Insurance Departments were combined in late 2012 in order to deploy a comprehensive, consistent risk-management policy in line with Veolia's strategy. The Group Chief Risk and Insurance Officer reports to the General Counsel who is a permanent member of the Executive Committee. This new organizational structure is based on the principle of simplifying Veolia's organization to drive momentum in the sector and offer direct support to all countries in which the company operates. The Risks Department is the starting point and coordinator for risk management and mapping the major risks faced by the company. It is responsible for implementing action plans and ensuring their effectiveness.

Veolia's risk analysis methodology is based on a common methodological core, designed to identify and prioritize risks consistently, in line with overall risk management standards and best practices. Veolia's approach to risk management allows the company to categorize all types of risks (strategic, operational, HR, financial, IT, etc.) in a standard fashion through the use of risk mapping; it therefore includes environmental factors (e.g. flooding/drought and damage to the environment), social factors (e.g. HR) and economic/financial factors (e.g. market risks).

Health and environmental risks: Veolia's responsible approach to tackling emerging risks

- The ability to manage environmental and health risks is a cornerstone of the company's expertise. Above and beyond strict compliance with regulations, Veolia fosters a proactive, multifaceted approach to anticipating emerging risks in each of these areas. This approach is in part based on stringent prevention procedures involving identification and assessment of risks, an awareness of any possible impact on the company's operations, and relevant recommendations.

Veolia's active vigilance in ensuring an all-round commitment allows the company to anticipate new developments—by constantly monitoring regulations, reviewing business operations, scientific research and participation in international programs and R&D partnerships—in particular on issues such as nanomaterials, emerging biological parameters, chemical toxicity, and the impact of climate change on the environment.

In addition to analyzing their financial impact through evaluating strategic risks and opportunities (achievement of objectives) and projects (profitability and relevance), all risks and opportunities are examined in light of the company's CSR and sustainable development objectives at both head office and business unit levels.

In 2013, the risk mapping exercise carried out at country level and for the whole of the company was presented to the Executive Committee, meeting as a Risks Committee, and to the Accounts and Audit Committee in order to validate and monitor the effectiveness of the company’s action plans; amongst other things, this helps the company to adapt to its exposure to environmental, social, societal and economic factors. Risk management involves close cooperation between the Risks and Insurance Department, the Internal Audit Department, the Legal Department and the Sustainable Development Department, which oversee the implementation of risk reduction plans.

In addition, the Country Risk Unit of the Risks and Insurance Department analyzes external factors affecting areas where the

company operates now or may operate in future, such as the geopolitical, economic, social and financial situation, but also the level of development, working and environmental conditions in order to incorporate stakeholder expectations as effectively as possible, in line with Veolia’s corporate social responsibility.

Ensuring service continuity

Risk management allows Veolia to ensure service quality and continuity for its clients and users. Various methods are employed in the company to manage alerts and business continuity plans, and ensure that service is maintained or resumed following unusual events. These have proved effective in a number of situations, particularly during simulation exercises.

More detailed information on the company’s risk management systems is available in chapter 4 of the registration document, at <http://www.veolia.com/en/veolia-group/media/publications>

2.2 Ethics

Ethics Guide

Veolia has formalized its values for all its employees since 2003, in a guide called the *Ethics, Commitment and Responsibility Program*; the guide has been updated several times, in 2004, 2008, 2011 and 2013. Renamed the *Ethics Guide*⁽¹⁾ in 2013, it is disseminated across the company and translated into more than 10 languages so far. It is a Company project designed to guide the conduct of our employees in their day-to-day activities. Since 2010, Veolia's General Management has entrusted the General Secretary's Department, which amongst other things chairs a committee for the monitoring of ethical issues and compliance, with applying and monitoring the company's policy on ethics. A network of ethics correspondents takes part in monitoring the company's ethical policy at a local level.

Raising awareness and training employees

Veolia uses training to ingrain its ethical culture throughout the company.

In 2004 and 2005, the *Ethics and Business Life* awareness-raising campaign targeted over 400 senior executives in France and other countries.

Between 2008 and 2012, over 3,700 managers attended the *Competition Law Compliance* training program, which consisted of seminars, support material and online training in France and other countries. In 2013, this was followed up with an online training course consisting of four modules and aimed at over six thousand company employees throughout the world.

The program on *Preventing Criminal Risk Exposure and Raising Awareness of Corruption Risks* has been deployed since 2010 and has already been delivered to around 2,700 people, mainly in France (850 executives), Europe, Brazil, the United Arab Emirates, Great Britain, the USA, China, Japan and South Korea.

In 2012, nearly 500 managers around the world received training on improving fraud control and prevention. All course participants received a copy of the *Ethics Guide* along with the booklet on criminal risk exposure.

Finally, in 2013 a new communications campaign on the *Ethics Guide* was run in all countries in which the company operates.

The guide and a reminder of the values and major rules it contains was sent to directors in each country and to members of the Management Committee by the CEO in January 2014, reaffirming the company's commitment at the highest level. The documents were then relayed by the company's Human Resources Director and Communications Director to their departments in each country and featured in local communications campaigns and training initiatives.

Providing a framework for practices

The company uses a number of internal mechanisms to reduce the risk of non-compliance with ethical principles:

- **a guide to competition law compliance**⁽¹⁾ (published in 2008, updated in 2010, and available in French, English, German, Spanish, Italian, Chinese and Japanese) has been distributed to company executives;
- **a guide to managing criminal risk exposure**⁽¹⁾ (published in 2010, updated in 2011, and available in French, English, German, Spanish and Italian) has also been distributed to executives;
- **the Procurement Charter**⁽¹⁾ and the **Procurement Code of Conduct** have sections describing the ethical practices to be respected and promoted by anyone involved in company procurement. (For more information, see the chapter on *Managing Sustainable procurement*);

(1) Documents available at <http://www.veolia.com/en>

■ **a company procedure that sets out a framework for commercial intermediaries and business introducers.** It provides for central approval by the General Secretary's Department and the use of a standard contract. The contract itself includes a detailed "ethics and anti-corruption" clause. Internal audits are carried out to ensure application of relevant procedures:

- **a legal reporting procedure for the company as a whole;**
- **a special procedure for sponsorship and patronage activities⁽¹⁾;**
- **a procedure for declaring cases of fraud involving company employees;**
- **an internal prevention and management procedure to handle conflicts of interest;**
- **an internal guide to good conduct aimed at company employees** involved in representing its interests;
- **an internal procedure on compliance with competition law;**
- **an internal procedure to manage criminal risk exposure and prevent corruption.**

These documents are available on our intranet site and training courses are also available to supplement them.

Internal control and internal audit

Furthermore, control procedures to ensure compliance with the company's ethical principles are deployed in the functional departments concerned and by the Internal Control Department.

Fraud reporting was set up in 2005 by the Internal Control Department. Every six months, the Managing Director and Finance Director of all consolidated Veolia companies must declare whether any frauds have occurred. Each case of fraud is subject to a review by Veolia management to identify any potential weaknesses in internal controls and the corrective actions to be taken within the relevant business unit and, where applicable, in other company subsidiaries. The Accounts and Audit Committee is informed once a year, and more frequently if necessary, of the reported frauds. The information is also shared with the main directions in charge of risk management and internal control. The lessons learned from information acquired in this way are incorporated when defining the annual audit plan and the audit assignments.

The Internal Audit Department reports directly to Veolia's General Management and regularly informs the Accounts and Audit Committee of its activities. It works in close cooperation with the Risks and Insurance Department and the Internal Control Department.

The annual internal audit plan, approved by the Accounts and Audit Committee, is based on a map of the company's key risks. As well as purely financial internal control reviews, it includes reviews of the entity's governance and, in particular, ensures that the Ethics Guide and company procedures are understood and applied, and that the human resources management policy and procedures are respected. Since december 2012, the environmental audit team was integrated into the internal audit department allowing covering, whenever relevant, all the risk areas of the audited entity.

The Internal Audit Department also reviews company acquisitions and new contracts once they have been made; these audits include a financial review as well as a review of the contractual process and terms. The Internal Audit Department always intervenes in the event of fraud to recommend the necessary reinforcement measures.

In addition to audits of each separate legal entity, cross-divisional audits are carried out, such as controls on the use of commercial intermediaries (at regular intervals), the implementation of anti-corruption measures (2009), the environmental management system (2010), social reporting (2011) and the whistleblowing system in the United States (2011).

(1) Documents available at <http://www.veolia.com/en>

The Ethics Committee

An Ethics Committee was created by the Executive Committee in March 2004, to examine a wide range of ethical questions or issues. It consists of three to five members selected by the company's Executive Committee. Its members are under strict obligation to act independently and maintain confidentiality and are not entitled to express their personal opinion outside the committee. To guarantee their freedom of judgment, they may not receive instructions from the company's General Management and cannot be dismissed during their term of office (four years renewable).

The Ethics Committee's mission is to make recommendations concerning Veolia's fundamental values. It ensures that the *Ethics Guide* is accessible to all.

Any employee can call upon the committee or the committee can take the initiative itself to analyze any ethics-related issue. It can carry out visits to check ethics in all of the company's operations. During the visits, individual interviews are conducted with a sample of employees that is as representative as possible. The aim, in particular, is to assess the employees' level of ethical maturity, their knowledge of the company's values, the ethical problems they may encounter, the training they receive from their superiors, or that they themselves provide for their employees on the subject.

The Ethics Committee can be used as a last resort by whistleblowers to report issues that could not be referred otherwise to their operational superiors or other specific warning instances about failures in compliance, particularly in relation to the rules set out in the company's *Ethics Guide*. The committee

is invested with all necessary powers for its activities and has the authority to summon any company employee, the statutory auditors and third parties. It can also call on the Internal Audit Department or any Veolia departments or on the services of external experts.

The Committee stepped up an internal communication campaign to raise awareness of the whistleblowing system starting in 2009. In order to increase its visibility within the company and especially among non-managerial staff, the Ethics Committee published a cartoon in 2010 that lightheartedly explains its purpose and can be viewed on the company's intranet site and website in four languages.

In 2013, the Committee presented its report on its activities for the past year to the Accounts and Audit Committee as well as to the Executive Committee, as it does every year.

3. RECOGNIZED PERFORMANCE

As a company listed on France's CAC 40 index, Veolia is rated for its extra-financial performance based on published information and statements. Extra-financial ratings and inclusion in specialized stock market indexes provide a measure of companies' sustainable development performance. The principal areas evaluated are governance, human resources management, environmental performance, ethics, human rights, customer care, supplier relations and dialogue with civil society.

FTSE4Good

Veolia has been listed on the FTSE4Good since 2004. Considering that inclusion criteria are regularly reviewed and tightened, Veolia's recurrent inclusion in these indexes is an acknowledgment of the company's performance and long-term commitment to sustainable development. Companies are selected on the basis of a series of internationally recognized corporate responsibility and sustainable development criteria and standards.

Bronze Class Sustainability Award 2014 from RobecoSAM

Every year, RobecoSAM rates the performance of companies that are leaders in sustainable development. Veolia's inclusion in the Bronze Class Sustainability Award category of the Sustainability Yearbook 2014 ranking recognizes the company's excellent performance, marking it out as one of the top 15% of businesses in its sector.

Euronext VIGEO Europe 120

Veolia has been listed on the Euronext VIGEO Europe 120 since its creation in 2012. Vigeo's

indices are composed of the highest-ranking listed companies as evaluated by the agency in terms of their performance in corporate responsibility. The index is updated every six months, providing investors with information on companies assessed by Vigeo that have achieved the highest ratings in corporate social responsibility.

Ethibel Sustainability Indices (ESI)

Veolia is included in the ESI Europe index, which selects the 200 European companies with the best ratings. The Ethibel Sustainability indexes offer an overall view of the financial performance of the world's largest companies in terms of sustainable development. These two indexes are composed of companies listed in the Excellence Register compiled by the independent organization Forum Ethibel.

Classified Prime by Oekom Research

Veolia was selected in the *Prime* category assigned by German agency Oekom Research to companies that are among the best in their industry for social and environmental responsibility.

Carbon Disclosure Project

In 2013, the company obtained a score of 94/100, up two points on the previous year, and is thus ranked on the CDLI (Climate Disclosure Leadership Index) France, which is reserved for the 25 top companies. The CDLI recognizes the transparency of companies' carbon information (quality and clarity of responses), reflecting a solid understanding of the issues associated with climate change. In addition, the company has retained its B rating in terms of performance. While the average company score is 75C, these results reflect the fact that climate change has long been included in the company's priorities. The aim of the Carbon Disclosure Project (CDP) is to assist investment decisions so they account for the effects of climate change on companies. The association is supported by over 760 institutional investors with worldwide assets worth \$92 billion.

Managing societal performance

Social cohesion and social equity in the communities we serve are essential to our success in providing the public services entrusted to us.

In today's globalized economy, where entire industries are moving across borders and oceans, public services naturally run counter to the prevailing trend. Water, energy and environmental services management cannot be relocated. Veolia offers local authorities advantages in terms of social cohesion by providing efficient public services. Furthermore, a city's appeal depends to a large extent on its public services and the various amenities that facilitate the lives of companies and their employees.

As a key player in social and territorial cohesion, we maintain close relationships with the local authorities we depend on for our business. We have therefore developed a three-fold approach to our community strategy that includes a careful analysis of the needs of the communities and regions we serve, dialogue with local stakeholders, and innovative solutions that meet the requirements of our public- and private-sector clients.

The company's commitments to sustainable development in the regions in which it operates can be defined as follows:

- continue to develop and maintain access to services for residents
- develop transparent and constructive relationships with our stakeholders
- support regional economic development by fostering a partnership-based approach
- take action on international solidarity and humanitarian emergencies

In 2013, we strengthened our societal reporting, improved our processes for engaging in dialogue with stakeholders, made our external communications on our tangible initiatives more transparent and opened up channels of communication with new players, in response to more stringent requirements from the public authorities at a regulatory level in France and Europe, and to increasing demand from our clients.

1. CONTRIBUTING TO THE DEVELOPMENT OF ACCESS TO SERVICES

1.1 Our commitment

In its Sustainable Development Charter, Veolia undertakes to “contribute to local economic and social development and to meet international goals for access to essential services.”⁽¹⁾

Logically, Veolia is therefore committed to working closely with and on behalf of its contracting authorities as a key player in meeting the Millennium Development Goals (MDG), one of which aims to “*halve, by 2015, the proportion of people without sustainable access to safe drinking water and to basic sanitation services.*”⁽²⁾

At the last World Water Forum (Marseille 2012), Veolia renewed its commitment, through Aquafed⁽³⁾, to working constructively with governments and public authorities in order to contribute to providing high-quality water and sanitation services and addressing water-related challenges both locally and at a global level.

Our commitment is expressed in tangible terms through our response to calls for tender in countries where increasing access

to services is a cornerstone of human development and is formally requested by the authorities. In the context of the current debate on new objectives for sustainable development, the principle of which was established at the Earth Summit in Rio de Janeiro in 2012, Veolia backed the contribution of the United Nations Business & Industries Major Group on May 24, 2013 in support of including a specific objective for water and sanitation in the post-2015 agenda.

Years of working with local public authorities have proven that Veolia is a reliable, effective and creative partner that can help them develop and implement ambitious policies to achieve the Millennium Development Goals efficiently. For several years now, the company has been working alongside numerous municipalities in developing countries to meet these challenges, under contracts with specific and ambitious goals, and incentives to promote access to basic services for all.

In developed countries, access to water or maintaining access is also a problem that affects people in unstable situations or who are homeless, and Veolia is committed to addressing this issue.

Veolia and water companies have been committed to a “Water Solidarity” policy

in France since 2004, in the context of service contracts with local authorities. This solidarity policy has been enshrined in law (through the Cambon Act in 2011 and the Brottes Act in 2013) and has contributed to the establishment of new social tariffs, which will be trialed over the next few years. In this context, Veolia – via the trade federation for water companies (FP2E) – is a proactive force in establishing social pricing structures, applied on the basis of social criteria.

Veolia has also taken advantage of its membership of the trade federation for water companies to submit proposals to ensure effective access to water, showers and public toilets for 140,000 people who are either homeless, living in squatter settlements or in camps with no water supply in France. This initiative is part of the tangible implementation of the right to water as a human right, recognized by the United Nations General Assembly in 2010.

Although there are now clear and internationally recognized goals and commitments with respect to access to water, the same cannot be said for energy and waste management. In both areas, however, Veolia is careful to observe best practices and is pioneering new models that address concerns such as alleviating energy

93.5 million people benefit from drinking-water services

62 million people benefit from wastewater services

51 million people benefit from waste-collection services

12 million people benefit from heating services

1) Veolia Sustainable Development Charter, commitment number 11. - 2) Millennium Declaration of September 8, 2000 (UN); cf. <http://www.un.org/fr/millenniumgoals/>
3) Aquafed: international federation of private water operators.

poverty and implementing price incentives for waste collection and treatment.

Veolia’s Sustainable Development Charter also includes a commitment to *“adapt our service offers, through dialogue, the quality of advice we provide and our expertise, to meet the needs and expectations of clients.”* This commitment, which is intimately connected and complementary to the one mentioned above, is a top priority for our company (see § 2 *Dialogue with stakeholders*).

1.2 Robust financial and contract models to achieve social objectives in partnership with public authorities

Through its contracts with local authorities, the company provides 93.5 million people with drinking water, 62 million people with wastewater services, 51 million people with waste-collection services and over 12 million people with heating services.

When enabling access to basic services is a public policy objective, it is made a formal contractual requirement, either directly under a delegated management contract, or in a contractual amendment or specific agreement. In this case, the provider is set precise objectives. When contracts do not clearly specify a robust business plan, Veolia proactively proposes one as the means to achieve these objectives.

The work carried out in Morocco is a good example of the company’s commitment to providing access to services and the approach it takes. The delegated management contracts that Veolia signed with the Moroccan cities of Rabat, Tangier

and Tetouan in 2002 had the ultimate objective of serving 100% of households. This goal had an impact on the projected cost of services. In 2005, when the government of Morocco decided to make access to basic services one of the priorities of its National Initiative for Human Development (NIHD), Veolia and its contracting authorities discovered that the burden to households under the contracts was too demanding. They therefore signed an agreement to undertake an “NIHD Connection” program. This made it possible to set up a suitable pricing structure that was more favorable to the lowest-income households, while setting new objectives and ultimately establishing a new business plan. New funding to make access to drinking water and sanitation affordable for all was raised through cross-subsidies from water, sanitation and energy services in line with local economic dynamics. Nearly €200 million were thus invested to connect some 80,000 families to water supply and sanitation systems. In Tangier, 9% of eligible families applied for a subsidized connection within one year after the system was installed in their neighborhood, with a payment collection rate of 97%. This shows the importance of such “contractual engineering” and of making sure that prices are properly aligned with local incomes.

1.3 Our expertise: ACCES

Veolia's efforts have now connected over 4.5 million people in emerging and developing countries to the drinking water supply. Veolia has also given over 2 million people access to sanitation services and provided electricity to nearly 2.5 million people, primarily through its social connection programs in Africa and Latin America⁽¹⁾. In Colombia, for example, in the city of Montería, which has had a contract with the company⁽²⁾ since 2000, drinking water coverage has increased from 58% to 99.8% in 10 years and sanitation services coverage has increased from 27% to 56%.

Veolia is thus instrumental in the overall campaign to meet the Millennium Development Goals.

To achieve these results, the company has developed a methodology that it applies to all of its business activities, combining technical, financial and legal innovations and specialized communication and marketing techniques to form a body of expertise known as ACCES. This

is based on the eight principles shown below. The purpose of the first five is to adapt services provided under public service management contracts to low-income customers, while the last three concern the company's corporate social responsibility in general:

ACCES

- 1. Use existing water resources and infrastructure to serve more people**, by optimizing the operation of existing infrastructure and reducing leakage in the network (tested worldwide and most notably in India, Morocco and the Czech Republic).
 - 2. Implement pricing policies that are socially acceptable**, by helping public authorities set tariffs that are affordable to the most disadvantaged populations, while ensuring the ongoing economic viability of the service (Morocco, Gabon, Niger, Ecuador, Italy, Poland, Bulgaria, France and the UK).
 - 3. Promote subsidized individual connections**, by using an approach that makes it possible to establish a dialogue with disadvantaged people, understand their requirements, provide assistance to reduce the cost of connection to water supply and sanitation systems, and remove or reduce technical and administrative obstacles.
 - 4. Propose new methods of providing regulated and secure collective service** when individual customer service lines are not possible in the short term.
 - 5. Develop accessible services that meet specific local needs**, by providing all customers with nearby resources and services that are tailored to meet the specific characteristics of their neighborhood or village (Morocco, Romania and the UK).
 - 6. Promote more efficient water use to optimize services**, by raising awareness of the relationship between hygiene and health with simple messages about water use (pilot tests in Niger and Thailand).
 - 7. Societal research and innovation** Develop new and innovative service models that make it possible to provide good quality water in accordance with local requirements and in an economically viable manner despite local constraints (Bangladesh).
 - 8. Assess the impact of the actions taken on human development and local communities** through programs with researchers (in Morocco, Bangladesh and India).
- These points will be examined in detail in the next few pages.

1) data as at January 1, 2013. 2) through Proactiva, Veolia's subsidiary in Latin America

ACCES 1

Use existing water resources and infrastructure to serve more people

Our primary objective is to use existing infrastructure as efficiently as possible. This includes infrastructure such as water production and wastewater treatment plants, water distribution and sanitation networks and storage tanks. In particular, there are specific plans to reduce water loss caused by leaks from water distribution networks to improve output. In water-stressed areas, this makes it possible to serve more people using the same infrastructure, while reducing the amount of water extracted from the natural environment per capita.

■ In 2005, the World Bank and the Indian government selected Veolia to conduct a project in the state of Karnataka to prove the feasibility of providing a pilot test area of four municipalities with a continuous supply of water without increasing the strain on natural resources. The optimization of existing infrastructure made it possible to double the number of people connected to water services in only four years, while reducing source withdrawal by more than 16%. In 2013, Veolia embarked on a collaborative project with the city of Bijapur in the north of the country, to refurbish its

water distribution network, which will and improve its output (which was 60% at best).

■ In Tetouan, Morocco, Veolia succeeded in reducing water withdrawal by as much as 18% while delivering 18% more water between 2002 (when the contract began) and 2009 (when the threshold of 80% network efficiency was achieved). This made it possible to serve 59% more customers while preserving precious water resources.

ACCES 2

Implement pricing policies that are socially acceptable

Pricing

Only public authorities are able to set prices for public services. Veolia never sets rates itself. The principle that “*water pays for water*” observed in OECD countries is unrealistic for many emerging countries. The investment required is too costly for customers to bear alone. In these countries, the objective of “total cost recovery” from the customer must be replaced with that of “acceptable cost recovery.”

For each contract, Veolia can propose solutions and support targeted policies that ensure the most disadvantaged populations and/or neighborhoods have improved access

to services, in accordance with the “right to water” principle. This means that access to safe drinking water and sanitation must be affordable: in other words, it must not exceed the ability and also the willingness to pay of the lowest-income households.

In some countries, Veolia makes contractual commitments to ensure that pricing matches national and local political will to reduce social disparities.

■ In France, Veolia has launched 27 initiatives involving more than 200 municipalities and nearly five million people (figures as at January 1, 2013) through its *Water for All* program, which focuses on three main areas:

- emergency individual solutions to maintain access to the water supply, such as payment schedules, debt clearance and water vouchers;
- support services to help people manage their consumption and budget in the long term;
- prevention solutions to issue a notification in the event of unusual excess consumption.

■ Veolia launched its *Water Solidarity* program in the Greater Paris region in 2011. The program helps people who are temporarily or consistently having difficulty paying their water bill, particularly when the bill exceeds 3% of their financial resources.

One percent of the income from water sales in the area covered by the Greater Paris water authority (Sedif)—over €2 million a year—is paid into a fund that serves to assist the most disadvantaged households on a preventive or emergency basis. The first of its type in France on this scale, the program makes a substantial contribution to reducing the cost of service for the poorest households.

■ The Perpignan intermunicipal partnership has also made solidarity a priority in renewing its delegated management contract for public water services. Local authorities in Perpignan, Bompas, Canohès and Le Soler have chosen to introduce a tiered pricing system through which the first 60 cubic meters used are billed at a third of the cost of subsequent cubic-meter consumption. The initiative goes hand in hand with measures to roll out the *Water for All* program.

■ At the request of the authorities in Morocco, the company has implemented a pricing structure that enables water and electricity consumed below a specified threshold to be purchased for less than the price charged to Veolia by the national utilities. For water, this special low rate is available for up to 40 liters of consumption

per person per day, which is twice the amount that the United Nations estimates is necessary to meet basic needs.

■ In China, the city of Changzhou has been applying this type of social policy since 2007 by providing Veolia with a list of “low-income individuals” eligible for subsidized services every six months. Veolia then ensures that these people are properly connected to the public water supply. The number of people benefiting from the system can vary from one six-month period to the next; however the program covers an average of 8,000 to 10,000 applications a month. About 10,000 households benefited from subsidies in 2013. Annual subsidy amounts change in line with adjustments in water pricing.

■ In Guayaquil, Ecuador, there are a number of options available to ensure access to water for the most disadvantaged members of the population. A mass campaign of connecting neighborhoods to water and sanitation services is facilitated by a mechanism that takes a higher contribution from major consumers (in the industrial and commercial sector, among others) to the benefit of low-income populations. A social pricing structure has also been introduced for people on the lowest incomes. This is set at \$0.10 per cubic meter—compared with the normal rate of \$0.55 per cubic

meter—for the first 30 cubic meters of water used (setting an upper limit helps to rationalize water consumption). Some 12,000 customers have benefited from social pricing since 2010. Another initiative in 2010 was the introduction of a massive program of debt reduction in relation to water services for about 5,000 users in a situation of extreme poverty, along with flexible payment options aimed at people in difficulty. Eligibility is determined by the local government. 37,540 customers now benefit from these flexible payment plans.

Prepayment

Some households in emerging countries are not accustomed to planning their spending in the medium term (on a weekly or monthly basis). They tend to spend money as soon as it comes in: having to pay a bill at the end of the month for a service that is consumed on a day-to-day basis can therefore be quite a challenge. This problem is often exacerbated by the failure of households to monitor consumption, which gives them the impression that the bill is unjustifiably or even abusively high. This can make customers, and even the local population in general, hostile toward the provider or manager of the public service.

Our company’s subsidiary in Gabon, which produces and distributes both water and electricity, addressed this problem by

introducing prepayment plans for electricity. Prepayment enables consumers to adjust their spending in accordance with their immediate income. Almost 70% of households in Gabon were purchasing electricity on a prepayment basis by the end of 2011. Veolia also began offering this payment method in northern Morocco in 2011.

ACCES 3

Promote subsidized individual connections

Reducing the cost of service for consumers is insufficient if most households are not connected to a public water network. Yet the cost of connection to public services is often dissuasively high for many families. To establish connections to individual homes in developing countries, Veolia has developed subsidized connection programs with innovative financing arrangements designed in partnership with contracting authorities. This program may combine, for example, tailor-made loans, local cross-subsidies and pioneering financing solutions with national and international development aid organizations. The company has also designed services intended specifically for low-income customers and introduced measures in all of these areas to expand subsidized connections and monitor their progress.

ACCES 4

Propose new methods of providing regulated and secure collective services

When individual access to drinking water is impossible (in urban slums, illegal or non-viable areas), communal standpipes provide an alternative solution that Veolia can implement for public authorities. Examples can be found in countries such as India, Gabon, Niger, Ecuador, Morocco and Colombia.

To prevent some of the problems that may occur in urban environments, such as abusive consumption of free water by contractors and other groups for which the water is not intended, as well as long waiting lines and the resale of water at prohibitively high prices, Veolia enables local authorities to control the amount of water distributed while still making it affordable for the poorest populations.

For this purpose, Veolia has developed a prepaid communal standpipe system that limits access to people who have a special key equipped with a computer chip that contains all necessary water consumption information. This solution allows the authorities to allocate a fixed and pre-paid quantity of water to a specific

population it has identified as requiring access to inexpensive water. This gives the most disadvantaged households access to drinking water at a very low price or even at no cost.

More detailed information on this subject is available in an article published in the Institut Veolia magazine, FACTS, on the website <http://factsreports.revues.org/743>

ACCES 5

Develop accessible services that meet specific local needs

To adapt its services to the specific characteristics of each environment in which it operates and to the needs of local populations, Veolia must constantly find new ways of getting services efficiently to remote areas.

■ Proactiva set up dedicated Social Management departments to meet the contractual requirements of the authorities in Latin America in providing water and sanitation services to disadvantaged neighborhoods, which sometimes represent almost half of the local population. The choice of service provision depends on the type of neighborhood: for example, tanker trucks and communal standpipes

are used in undeveloped suburban areas, while individual connections are installed in neighborhoods that are undergoing development. Everything is perfectly clear for local consumers, who are in constant contact with Social Management department staff. The end result is that almost all of these several hundred thousand people who live in the areas served by Proactiva have the minimum recommended access to safe drinking water at a socially acceptable price.

■ Before Veolia joined the Nagpur demozone project in India in June 2007, local inhabitants were only supplied with water for a few hours a week and had to pay a lump-sum price regardless of their real consumption. As may be expected, there were many fears about the major changes involved in the project—provision of water service by a private-sector company, availability 24/7, and charging in proportion to consumption—and concerns among inhabitants about future rates, people’s ability to pay, and the water system operator’s exact intentions... Building on the enthusiastic support of the first people to benefit from a connection to the public water system and who volunteered to promote the new service, Veolia set up a network of “*Water Friends*”. This network was given the task of explaining the new project to future users, providing them with

all useful information—on issues such as the respective responsibilities of the public and private sectors, everyday benefits and the information resources at their disposal—and responding to questions and concerns in their own words. *Water Friends* was instrumental in the success of the Nagpur demozone project.

Outlying areas that have been recently connected to public water supply systems are often far from sales offices. The people who live in these neighborhoods generally have no bank account and must make several long back-and-forth trips between government agencies to request a connection, obtain information or pay bills. As a result, some families sometimes give up on getting connected to the water service altogether. Veolia developed the concept of a mobile sales office to resolve this problem. This consists of a bus equipped with all normal office facilities and a communication system that enables real-time access to the customer management system. The buses serve customers directly near their homes. Bus routes and schedules are planned with local authorities to coincide with local events and public gathering places, such as markets. These mobile offices can also provide a “one-stop shop” that is shared with government agencies to make it easier for customers to fill out and submit official

forms. Initially launched in Morocco, mobile offices are now being used in rural areas of France.

ACCES 6

Promote more efficient water use to optimize services

In Niger, where half of consumers get their water from communal standpipes, unsanitary transportation, storage and handling practices can make this water unfit to drink, exposing local populations to hygiene and health problems. Employees of SEEN, Veolia’s local subsidiary, set out to make sure that people are better informed about this problem. This is a vital issue in a country where water-borne illnesses are the leading cause of death and disease. Veolia set up a Water and Health program in 2007 to make local people more aware of how drinking water and hygiene can affect health. The program was first implemented within the subsidiary then presented to external stakeholders, such as private-sector managers of communal standpipes, who were given training by the NGO Rail Niger, allowing them to inform local populations about the links between water, hygiene and health.

ACCES 7

Societal research and innovation: developing new models

A social business experience

Aware of the difficulties that rural operators face in emerging countries, Veolia decided to pioneer new service models —in partnership with local stakeholders who have an in-depth understanding of rural concerns—to provide safe water in accordance with the needs of local populations and in an economically sustainable manner, despite local constraints. In developing these models, Veolia leverages the company’s capabilities to transfer expertise to rural water system operators and enhance their contributions.

The partnership with Grameen Healthcare Service (a subsidiary of Grameen Bank) is Veolia’s first social business project. Instigated in 2008, its objective is to provide drinking water in compliance with World Health Organization (WHO) standards to poor rural populations in areas of Bangladesh where underground water naturally contains large amounts of arsenic. Five years after its creation, the Grameen-Veolia Water joint venture continues to expand its network of communal standpipes and individual water connections in the rural villages of Goalmari and Padua.

The partnership with Grameen is an opportunity to apply the social business principles established by its founder, Mohammad Yunus (winner of the 2006 Nobel Peace Prize) to the provision of drinking water. This involves adapting market economy mechanisms to the poorest populations to provide sustainable solutions rather than excluding them by offering charity or short-term subsidies. In accordance with the principles of social business, the profits generated by the sale of drinking water are all reinvested to develop the project and the business.

After getting off to a very strong start, the project began to stall in 2010. Grameen-Veolia Water therefore asked a team of Bangladeshi anthropologists at the Drishte Research Center to find out why. After a six-month study and the preparation of an action plan, water consumption is now steadily increasing. However, consumption growth is too slow and at its current rate it will take too long to reach the breakeven point. Grameen-Veolia Water has therefore decided to use its plant in Goalmari to produce large “demijohn” bottles of water for urban customers. The money earned from this finances the development of the rural area project, according to the principle of urban-rural solidarity.

By the end of 2013, the company was selling over 500 demijohns of drinking water a day

in urban areas and supplying a drinking water network made up of 75 outlets in rural areas.

Find out more about this project’s links with the academic world in § 2.3 / *Dialogue with civil-society stakeholders and academics.*

Output-based aid

In other areas, we are working on new models to enable the poorest populations to access services. One example is Veolia’s partnership with the World Bank and the Global Partnership for Output-Based Aid (GPOBA) in Tangier between January 2007 and December 2011, where an output-based approach was tested on water supply and sanitation projects for the first time. The idea is to gradually pay out a grant as measurable and verifiable objectives are successively achieved, as determined by an independent audit. Since investments are initially financed by the public- or private-sector operator, the gradual release of funds provides an incentive to quickly achieve program objectives in compliance with specifications. This approach provides an alternative to standard public aid and makes it possible to engage the private sector in financing service-access projects. A year before the project was completed, Veolia’s subsidiary Amendis Tangier had established enough connections in the neighborhoods approved by the World Bank to receive the full amount of the grant it had

been allocated. This shows the efficiency of the approach introduced by Veolia to rapidly develop access to water and sanitation services for all.

More detailed information is available on the *Global Partnership for Output-Based Aid* website at <http://www.gpoba.org/>

Social mediation

Other subjects, such as social mediation, are also at the heart of the company's actions.

■ Veolia and its Sustainable Development department have been working in the Greater Paris region since 2012, in partnership with the association VoisinMalin, which recruits, employs and trains residents of disadvantaged neighborhoods to talk to other local residents and help them understand how public services operate (see § 2 *Dialogue with stakeholders*).

■ Veolia is also a founder member of the National Union of PIMMS¹⁾ (UNPIMMS), which brings together and runs the network of local PIMMS in partnership with the French government, local authorities and regional players. The PIMMS concept

consists of facilitating access to public services for people in a given area and preventing difficulties. PIMMS mediation staff offer users support, explanations (about topics such as day-to-day processes, billing arrangements and access to internet services) and advice (on areas such as managing a family budget and controlling energy consumption). In June 2011, Veolia and UNPIMMS signed a three-year partnership agreement.

ACCES 8

Assess the impact of actions taken on the quality of life

In 2007, Veolia joined a research program to assess the impact on human development and welfare of subsidizing the connection of water supply and sanitation service lines to households in the city of Tangier. This program was conducted in partnership with the Abdul Latif Jameel Poverty Action Lab (J-PAL), an MIT economics research laboratory headed by Esther Duflo. In addition to funding, Veolia also provided operational support.

This research found that the service provided specific benefits in terms of social integration, additional leisure time and welfare. The findings were presented in January 2011 in Paris and were published in a paper entitled *Happiness on Tap: Piped Water Adoption in Urban Morocco* (Devoto, Duflo et al, 2011).

An evaluation of the Grameen-Veolia Water project was carried out in 2013 in conjunction with the ESSEC Business School (see § 2.3 / *Dialogue with civil-society stakeholders and academics*). Among other things, the results of the study showed that there was no segmentation of civil society in terms of water consumption in the area studied (that is, standard of living has no impact on water consumption). Articles will be published in due course.

1) Multi-service information and mediation point.

2. DIALOGUE WITH STAKEHOLDERS

2.1 Our commitment, our approach

Over the last few years, the ecosystem in which a business specializing in environmental services and access to essential goods operates has undergone a fundamental change. The way in which the company interacts with its environment, treats its employees and engages with its stakeholders determines its acceptability as a producer and seller and its “license to operate”.

While dialogue with our clients, public authorities and industrial clients remains particularly important, not least in terms of improving our service and responding to their new expectations, it is no longer our only focus.

Satisfying the needs of end consumers or users (our “indirect” clients) is essential, as without the support of the wider population for the level of service we offer at the price we ask, we do not have a legitimate or sustainable business.

What was once a binary and then a triangular relationship has become a matrix, with the emergence of new players in civil society, NGOs, social entrepreneurs, consumer associations, solidarity organizations and academics. The arrival of these new players has extended the traditional boundaries of our activities and obliged us to take a fresh look at the governance of the business. The company is committed to engaging in dialogue with not just some but all of its stakeholders.

Our stakeholders: multiple complexities



As part of Veolia’s transformation, its CEO, Antoine Frérot, decided to create a committee of “critical friends” for the business to call on the expertise and advice of independent eminent figures. The committee consists of 10 members, half from France and half from international backgrounds, from community, institutional and academic organizations, who are willing to offer the new Veolia their expertise, vision and constructive criticism. The committee is chaired by Jean-Michel Severino, former Director General of the French Development Agency and Vice-President of the World Bank; he now heads a fund management and technical support business for SMEs in Africa.

The committee met twice in 2013, with the CEO and members of the Executive Committee in attendance. The quality of the discussions and proposals put forward prompted us to clarify certain actions. In order to incorporate such positive dialogue into the company’s strategy, it was decided that the chair of the committee should provide an annual report of its proposals and positions to Veolia’s governance bodies.

Veolia produced two reference documents in 2013, in order to promote an active policy of dialogue with stakeholders in all the areas in which we operate.

- The first of these is a map of our stakeholders (political institutions, financial institutions, professional associations, associations of local authorities, development and solidarity NGOs, foundations and universities). For each of these, we have defined objectives, the partnerships we would like to build and points of entry into the company. A committee of stakeholders has been tasked with building on this and making it a reality.

- The second is a methodological guide to dialogue with stakeholders, aimed at operational managers (countries and operational entities) to enable them to implement the policy and in particular, to make the link between specific local circumstances and the guidelines established by the teams at head office. Deployment of the guide is accompanied by feedback, sharing and dissemination of good practices and the pitfalls encountered.

Dialogue with non-contractual stakeholders is now based on a clear managerial determination and tools designed to support its deployment and ensure high-quality content. Today, it is not only a question of talking to and understanding each other but of building joint projects between players, notably in relation to social entrepreneurship (such as social businesses) or as part of the transition towards sustainable cities via multi-actor platforms.

2.2 Dialogue with local stakeholders under a contractual framework

Veolia’s stakeholders come from multiple backgrounds: local authorities and elected officials are not only our main contractors and institutional clients but also are the elected representatives of the people in the communities we serve. Furthermore, most of their constituents are consumers of the services we provide and often live near the facilities we operate. Industrial and institutional clients are also economic actors in the areas where Veolia operates. The relationships between these stakeholders are complex and Veolia takes specific steps to ensure the best possible and transparent dialogue with each of them.

Our companies promote ongoing dialogue with all local stakeholders in the context of our contracts with local authorities. Management of basic services requires the support of consumers and all relevant stakeholders with regard to the services provided and the cost of these services. Cooperation is a prerequisite for efficiency and legitimacy.

Local public authorities

Our public-private partnership model for providing public services ensures an ongoing dialogue with local authorities and government agencies. The resources and procedures for maintaining this dialogue are specified in our contracts, as are the means and frequency of our interaction with stakeholders. Dialogue with elected representatives and local civil servants is an ongoing process, not only to ensure strict compliance with the terms of the contract but also to adjust agreements to the authority's changing needs. They communicate their requirements or complaints using procedures they themselves specify contractually and our ability to respond to these requests is one way that our performance is measured. The service provider's obligations to communicate information transparently—through quarterly reports, performance indicators, etc.—are also specified contractually.

Veolia is also able to provide national and local authorities with specialized expertise in specific areas and assist them in planning a strategy for their environmental solutions.

■ Through its Proactiva subsidiary, Veolia is a partner to the city of Montería, in Colombia, and has supported it for several

years in its approach to combating climate change. In 2010, the municipality decided to innovate, by becoming the first Colombian city to calculate its carbon footprint on the basis of know-how from its private-sector partner, Proactiva. Once it had a carbon map of its territory, the city pursued the process it had begun with the company by defining a target for reducing greenhouse gases and developing a master plan, the *Montería ciudad verde 2019* climate plan, which consolidates about 15 planned actions, and which the city's mayor presented to the press and community organizations on August 10, 2011. This project strengthened the company's reputation for expertise in the country. The Colombian government has also asked Proactiva to participate in a recently created national task force on climate change. In 2013, the city of Montería achieved Leading Sustainable City status for its *Montería ciudad verde 2019* program. In March 2014, Montería joined the five other finalists out of 163 cities that took part in the *Earth Hour City Challenge* competition organized by the WWF in Vancouver and also won the award for the most sustainable city in Colombia.

■ Veolia has entered into discussions with associations of elected representatives at a national level (in France, the *Association des maires de France* and the *Association*

des maires des grandes villes de France) and internationally (*Cités et gouvernements locaux unis* and ICLEI) in order to take part in discussions on ecological transition in cities and managing scarce resources. Veolia's stance is one of promoting moderation (combating waste), rational use (avoiding unnecessary consumption), efficient consumption and identifying alternative resources (reusing waste water and the circular economy) in response to the urban challenge of providing greater well-being and more services while putting less strain on natural resources.

Industrial clients

Veolia supports its industrial clients in developing their activities in ways that reflect the company's environmental and social responsibility.

This is based on a cooperative approach that focuses on:

- ensuring Veolia's commitments are in line with the CSR policy implemented by our industrial clients;
- providing access to our know-how and tools (such as those used for calculating an organization's carbon footprint) to ensure optimal management of natural resources, respect for biodiversity and promoting the circular economy.

■ The project at the ArcelorMittal Vega plant in Brazil is a good example of a successful partnership between Veolia and its industrial client ArcelorMittal Brazil. Working in a constrained environmental context (a natural area with a high level of biodiversity), Veolia supported its client by providing utility services, including design, construction and operation of a multi-utility plant (compressed air, hot water, etc.), end-to-end management of the water cycle, waste management, production and distribution of industrial gases and distribution of electricity and natural gas. Veolia was able to meet its client's expectations by deploying innovative techniques (in particular, low water consumption – with a reuse rate of over 98.5% – and recycling of 95% of solid waste).

■ In the pharmaceuticals sector, Veolia has been supporting Novartis since 2001 and managing its site in Basel (Switzerland), home to Novartis' head office and several production units. Veolia provides and optimizes water supplies and management (drinking, ultra-pure, industrial and demineralized water) and utilities (electricity, steam, superheated water, compressed air and cooling water) and provides waste collection and waste treatment services, in particular recycling of special waste.

Veolia's Research & Innovation teams have contributed to defining innovative processes in respect of energy efficiency and special waste treatment (particularly solvents) and implementing them at an operational level. Offering access to our know-how and tools has resulted in a new partnership, in which Veolia will reproduce the expertise it used in Basel in 15 of the group's plants in France, Spain, Italy and Ireland. The agreement covers drinking water, industrial (demineralized) and waste water, treating toxic pollution and seeking circular economy solutions for energy and solvents. The new contract, with a major industrialist, covers multiple occupations and multiple geographical areas, and aligns perfectly with Veolia's new strategy.

■ In April 2013, Veolia and Total opened Osilub, a plant to convert used oils into high-end lubricants. The conversion process, developed by Veolia in conjunction with the Regional Center for Innovation and Technology Transfer in Toulouse and with support from ADEME, the French Energy Management Agency, produces a regenerated base oil, Vacuum Gas Oil (VGO), which undergoes a finishing treatment in the nearby Total oil refinery. This example of industrial synergy is also part of a circular economy process of saving resources.

Consumers/users and impact on local communities

Veolia works actively to maintain a dialogue with its clients, local communities and residents and to keep them informed of its activities through initiatives such as meetings with local officials, non-profits and residents, tours of facilities and "open-house" events that include the general public.

We can only achieve this dialogue and pursue the search for tailored solutions if we have a solid prior understanding of the different stakeholders involved and the issues affecting each of the areas in which we operate.

■ In late 2011, Orange City Water (OCW) – a joint venture between Veolia Water India and VIL – signed a delegated management contract with the Indian authorities to improve the drinking water supply in the city of Nagpur. The goal is to ensure an uninterrupted service for all of the city's inhabitants, including the third of the city's population who live in slums (about one million inhabitants), in line with international standards on water pressure and quality.

■ In 2011, through a partnership with Veolia’s Water business activity in India and as part of its *Societal Innovation campaign*, Veolia’s Sustainable Development Department launched a research-action project with IRENÉ—the Institute for Research and Education in Negotiations at the ESSEC business school—and the Centre de Sciences Humaines (CSH) research center in Delhi, designed to anticipate the challenges involved in connecting slum areas to the drinking water supply and providing OCW with solutions to help organize and manage these operations. The project aims to:

- analyze and understand issues related to organizing a water supply system in slums before the contract comes into effect (including governance, resources, stakeholders, practices and links to the informal economy) and the possible impact of a new operator entering the market;
- analyze and map stakeholders in the water sector in India, with a focus on Nagpur.

The research program paved the way for contract targets in line with the expectations of those affected by the service. It also serves to highlight the external factors resulting from the arrival of a private operator, allowing us to anticipate the kind of solutions we will need to

implement. IRENÉ and CSH submitted about 10 overall recommendations, which largely recap the findings of Veolia teams.

Understanding and servicing the needs of disadvantaged populations is gradually becoming a distinct function at Veolia.

■ In Colombia and Ecuador, Proactiva has set up dedicated departments to handle relations with consumers and stakeholders, particularly in the most disadvantaged neighborhoods and areas. These “community management” departments are part of the local subsidiaries’ sales departments, which provide appropriate human resources and equipment. The departments work in conjunction with all subsidiary departments and play a pivotal role that consists of informing and listening to local residents whenever a new project is to be launched (that is, service line connections, start of works, a new invoice model or a sanitation system extension), and detecting any potential difficulties and providing feedback that sales departments can use to adapt services if necessary. They perform these tasks working with specific representatives in each neighborhood and in conjunction with elected representatives and other public-sector and NGO partners. Veolia considers this approach to be of strategic importance, since it helps strengthen its foothold in local communities.

The *Alrededor de Iberoamérica* program is an education program that has been running for several years (2015 will be its eighth) in schools in Latin American towns and cities served by Veolia. The program works in partnership with the OEI (*Organización de estados iberoamericanos*) and raises awareness about the Millennium Development Goals, the environment and sustainable development through illustrations, board games, teaching materials and so on, and reaches almost 30,000 children in state schools in eight countries.

■ In the Greater Paris region, Veolia’s Water and Dalkia business activities have been supporting the VoisinMalin association since 2012, backed by the Sustainable Development Department. VoisinMalin provides “neighbor” services to companies, institutions and public authorities by recruiting and training local people to foster stronger ties with service users through an approach that involves door-to-door visits to explain services, oral translation where necessary and assistance in using services. The result is a network of well-informed neighbors who provide a new point of contact for residents facing economic, cultural or language difficulties. This creates added value for both local services and neighborhood residents. VoisinMalin helps Vedif and Dalkia to improve the services they provide to the public and to increase satisfaction among end users. Through this partnership, VoisinMalin focuses on helping people control consumption while

preventing unpaid bills and putting people in touch with social services.

■ Veolia is also a partner of the National Union of PIMMS (UNPIMMS), which brings together and runs the network of local PIMMS (Multi-service information and mediation points) in partnership with the French government (see § 1.3 / ACCES 7 – Social mediation).

■ In Tangier, when the *National Initiative for Human Development* (NIHD) Connections program was launched, Veolia and its contracting authority client decided to set up an “NIHD Committee.” The committee, created by Veolia and its contracting authority, meets every two weeks and is composed of all program partners, including the city’s prefecture and urban planning and development agencies. Its job is to decide borderline cases (where household qualification must be closely examined), discuss any obstacles or problems encountered and immediately find a solution. This committee is one of the reasons why this very ambitious and extremely important project has made such good progress.

However, clients and individual customers, apart from those in difficulties, sometimes fail to understand our company’s activities and responsibilities. As a result, civil society actors and user associations can also misunderstand how the service is managed, which may lead to questions.

■ To this end, the *Club Consommateurs* was set up in Marseille in 1998, involving management at the highest level. The CEO of Eaux de Marseille now sits in on every meeting. In addition, based on the issues on the agenda, directors in charge of relevant projects for both the service provider and the local authority are on hand to answer questions from neighborhood committees, known as *comités d’intérêt de quartier* (CIQ). The club aims to promote immediate feedback on expectations, demands, obstacles and disputes. The goal is to inform representatives of civil society, who act as intermediaries while also promoting dialogue. *Club Consommateurs* participants are involved in drawing up the agenda for meetings and are free to raise any issue they choose.

Veolia regularly conducts customer satisfaction surveys as part of its own operations. These surveys enable us to assess how our services have progressed, along with their benefits to users, what users expect and why they may be dissatisfied. We make firm commitments to our clients at a local level in numerous operational situations. When our services are sufficiently mature to warrant the deployment of a quality management system we carefully monitor these commitments as part of our continuous improvement process.

The informal sector

The informal sector, or informal economy, impacts Veolia’s operations in a variety of ways. It is sometimes a competitor (as in the case of recycling), sometimes complementary to our activity, and sometimes even critical to making our contracts economically viable. It must therefore be acknowledged and understood.

■ At the Presidente landfill site in Cali, in Colombia, a social integration initiative for rag collectors has been set up in partnership with local bodies. Following the implementation of an action plan to provide official recognition for such activities, 100 rag collectors have set up two recycling cooperatives and have been given relevant training, along with obtaining access to medical services. The company provided all necessary funding to enable training and set up the cooperatives, among other things. Other local stakeholders are also involved in other areas, such as healthcare, nutrition and education. Following a consolidation phase (2008-2012), the cooperatives are now operating independently and the company is making preparations to subcontract a number of services, for example parks and gardens maintenance.

■ Another example comes from the Philippines, in the informal recycling

sector for waste electrical and electronic equipment in the metropolitan region of Manila: the Veolia Foundation is providing four years' support for the program launched by the NGO Médecins du monde (MDM) in 2012, and which aims to improve working conditions and health for workers in this sector. This involves providing both financial support and skills, by offering the services of volunteers from a Veolia company that specializes in WEEE recycling to train recyclers on the dangers of toxic products and work with them to find solutions to minimize health risks and adjust recycling practices.

2.3 Dialogue with civil-society stakeholders and academics

The Institut Veolia: looking to the future

The Institut Veolia is an unusual think-tank that provides insights into the future and supports innovative modes of interaction between the company and civil society.

The Institut Veolia is a not-for-profit association created by Veolia to build a forward-looking vision of emerging challenges at the crossroads of environmental and societal issues. Since 2001, it has been engaged in an ongoing dialogue with scientific and academic environments and key development players such as NGOs that lead their field in the areas concerned. The organization is designed to contribute to long-term insight into universal issues while providing a platform for independent debate. For all its activities, the Institut Veolia relies on a multidisciplinary, international network of partners, including the members of its Foresight Committee, which was enlarged in 2013 by the addition of economist Esther Duflo, a professor at MIT and a member of President Obama's Global Development

Council. The Institute is able to use the leading internationally renowned expertise of its Foresight Committee to guide its work while staying closely in touch with the reality of social and environmental concerns through its exposure to Veolia's day-to-day operations. This combination of global awareness and local practices gives the Institut Veolia an original and powerful perspective.

The major directions of future development outlined in 2013 were:

The research program on helping cities adjust to natural or climatic disasters, as part of the *European Ramses - Science for Cities in Transition* project, including the organization of the first *Stakeholder Dialogue* in Brussels in October 2013. The event was an opportunity for partners to share the first expert reports produced as part of the research project (on indicators, planning, development costs and the emergence of a shared vision of urban transition towards resilience) with key stakeholders engaged in helping cities adjust to climate change. Led by the ICLEI, this first meeting brought together representatives from cities (Antwerp, Rotterdam, Bratislava and Dresden), the European Commission, the European Environment Agency and academic experts. It is worth mentioning that through the Institute, Veolia is the only business representative to act alongside⁽¹⁾ academic and institutional partners.

¹⁾ The 12 partners include the Potsdam Institute for Climate Research (PIK), the London School of Economics and Political Science, the World Health Organization, the European secretariat of the ICLEI and other German, British, Belgian, French, Italian and Spanish organizations.

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■ Managing and restoring ecosystems is the theme for the Institute’s 7th Environmental Foresight Conference scheduled for May 29-30, 2014 in Washington, DC, which will look at the links between ecosystems, economics and society and how to restore ecosystems on a large scale. The conference will focus on analyzing restoration projects through the ecological improvements they offer but also the economic and development opportunities attached to them. This is an initiative on an international scale, resulting in an innovative collaboration between the Institut Veolia, the French Development Agency – as the financial institution at the heart of the French system of publicly funded development aid – the International Union for Conservation of Nature, which is the largest environmental network in the world, and the National Academy of Sciences, which represents American scientific excellence. The aim of the Institute’s conferences is to drive public debate, act as a catalyst for innovative thinking, mobilize the most advanced expert views and facilitate dialogue between key players. The Institute will also be playing to the full its role in shedding light on topics associated with environmental and social foresight.

Since 2007, the Institute has been working towards its aim of capitalizing on and sharing experience and knowledge through the

development of two original, electronic, scientific journal projects, S.A.P.I.EN.S and FACTS Reports; the first of these is dedicated to interdisciplinary themes in the environmental field and the second to development actions on the ground, led primarily by NGOs. No other business, to our knowledge, has forward-looking publications tools like S.A.P.I.EN.S and FACTS Reports. At the same time, these provide an opportunity to:

- collect objective knowledge and confront innovative ideas;
- identify new challenges and emerging needs;
- create and maintain networks of experts;
- identify the most reliable knowledge based on a multidisciplinary approach and innovative practices and share them with NGOs.

In addition to spontaneous submissions of articles, the content of the journals relies on themed or geographical partnerships with an immediate impact, both in terms of diversifying the readership and increasing geographical coverage. 2013 again saw a very substantial increase in the number of visits to the two journals’ websites, with each of them achieving 500,000 page views. This is a significant development, which was made possible thanks to strong and visible cooperative relationships, such as with the IUCN for S.A.P.I.EN.S or Livelihoods for FACTS, which have helped unite a scientific

community around a particular topic, provide content and visibility and finally, increase the impact with an ever-larger and more international readership. Such innovative editorial partnerships reflect Veolia’s commitment to promoting the public interest by mobilizing on the one hand, the relevant scientific communities and on the other, leading players on the ground and networks of NGOs.

In 2012, the Institut Veolia received official accreditation from the UN General Assembly and joined the “civil society” network of UNDESA. It is also recognized by the European Commission as a research organization, an essential prerequisite for participation in the Seventh Framework Programme (FP7). These advances have promoted recognition of the Institut Veolia as a platform for knowledge sharing and networking on priority issues.

Thanks to Veolia’s commitment and through its journals, studies and conferences, the Institut Veolia collects and builds on reliable scientific knowledge and field-proven practices to make these assets available to all stakeholders in the public and private sectors who are working to tackle sustainable development issues.

For more information about the Institut Veolia, see: www.institut.veolia.org.

Social business and the academic world

The partnership with Grameen Healthcare Service (a subsidiary of Grameen Bank) is Veolia's first social business project. The aim of their joint subsidiary, Grameen Veolia Water, is to provide drinking water to poor rural populations in areas of Bangladesh where underground water naturally contains large amounts of arsenic (for more information, see § 1.3/ACCES 7).

The project and the innovative economic model it implements (social business) have caught the attention of prestigious universities such as the ESSEC business school through the Institute for Innovation and Social Entrepreneurship (IIES) and Stanford. As part of the GMIX (Global Management Immersion Experience) program, for example, two students from the MBA (Master of Business Administration) program at Stanford University were sent to Grameen Veolia Water for a month, in September 2013, to work on the project's development and implementation strategy.

Partnership with ESSEC's Institute for Innovation and Social Entrepreneurship (IIES)

Since 2009, Veolia has been working with the ESSEC on a research-action project.

Created in 2005 by ESSEC's chair in Social Entrepreneurship, the IIES is the first institute for social entrepreneurship launched by a management school in France. The aim of its research-action programs is to support the emergence and development of sustainable social enterprises with a significant social impact. As a forum for innovative ideas, it helps compare actions on the ground with theoretical concepts.

In 2013, the IIES worked on evaluating the Grameen Veolia Water project through its cooperation with Veolia. The evaluation tool it developed combines several indicators in the financial, environmental, social and health fields. One of the findings from the Grameen Veolia Water project, for example, was that there is no segmentation of society based on water consumption (the quantities of water consumed remain stable across groups with different levels of affluence). The evaluation was based primarily on developing and implementing

performance monitoring indicators on key issues. The indicators are extremely useful for the business being evaluated (articles will be published in due course). They enable better monitoring of the project for its administrators and have been developed into decision-making tools for managers.

The chair in Social Entrepreneurship has created an educational case study based on the Grameen Veolia Water experience. This has been submitted to students working under the ESSEC chair in Social Entrepreneurship and Global MBA programs since 2012.

Another form of dialogue in the social entrepreneurship sector is the discussions initiated in 2012 with Antropia (IIES-ESSEC's business incubator) and Ashoka, the first global network of social entrepreneurs (3,000 in 80 countries), aimed at creating mechanisms to develop social entrepreneurship at a territorial level.

The project is based on pooling Ashoka's and Antropia's know-how in respect of the social and solidarity economy on the one hand and Veolia's territorial coverage on the other, to help social entrepreneurs make their social business perform better and be more efficient and more sustainable.

Participation in the *Enterprise and Poverty* action tank

Created in 2010, by the chair in *Social Business, Enterprise and Poverty* at the HEC business school in Paris as a testing ground for social experimentation, the *Enterprise and Poverty* action tank now brings together enterprises, associations and the academic world around a common aim: helping to reduce poverty and exclusion in France. Its objective is to help businesses develop economically sustainable projects that have an impact on reducing poverty and exclusion in France and have the potential to be deployed on a large scale.

Veolia joined the action tank in early 2014 and is playing an active role in the working group on refurbishing run-down condominiums.

2.4 Dialogue with development institutions

As a global business, Veolia needs to set an example in terms of social responsibility. Veolia continues to work with the major UN agencies, bilateral organizations and international donors to meet its commitments as a member of the Global Compact, which it joined in June 2003, help achieve the Millennium Development Goals and participate in defining international development agendas.

Veolia takes its commitment further than the 10 principles of the Global Compact by participating actively in the themed working groups *CEO Water Mandate* and *Caring for Climate*. The company also contributes to extending the influence of the 10 principles by working with local Global Compact networks, particularly in France, and participated in the Global Water Summit in New York in 2013.

Through its participation in the R20⁽²⁾, which brings together several regions of the world around a common objective of combating climate change, Veolia was given the Sustainia Award, a competition created by the Scandinavian think tank *Monday Morning* and developed in close cooperation

with the UN Global Compact. Sustainia is the only award of its kind and each year recognizes an innovation in sustainable development. In 2012, Veolia won the Sustainia Award for two of its achievements: an almost zero-carbon car-manufacturing plant in Morocco and an innovative approach to recovering heat from data centers in France. The awards were presented as part of the international Rio +20 conference. In 2013, the joint Veolia/Dalkia/city of Borås (Sweden) project based on an innovation linked to optimizing the management of heating networks in the city of Borås, helping to reduce the use of fossil fuels and therefore the city's carbon footprint, won the award for *Best Energy Solution*.

Since 2013, Veolia has been directly involved in the consultation with major groups instigated by the UN as part of the preparations for the next Conference of the Parties on climate (COP21 in Paris in 2015).

Veolia is an active member of the World Urban Campaign headed by UN Habitat, the agency that promotes sustainable urban development. At the World Urban Forum on "The Urban Future", held in Naples, Italy, in September 2012, Veolia was given the opportunity to showcase its solutions to promote efficient, sustainable management of urban services. Based on its ability to provide such solutions, the company has also

2) R20 (Regions of Climate Action), a non-governmental organization founded by Arnold Schwarzenegger in 2010 with the support of the United Nations, is a coalition of sub-national governments, private companies, international organizations, NGOs and academic and financial institutions. According to the R20 Charter, the NGO intends to limit the increase in world average temperature to 2 degrees Celsius by 2020, by reducing global greenhouse gas emissions by 75%.

joined a panel of international experts tasked with preparing the Habitat III conference (2016), where the focus will be on the role of these fundamental services in strategic urban planning.

In addition, Veolia has sought to participate in operational partnerships with international organizations, either on infrastructure projects in difficult environments or in pilot projects that seek to provide access to basic services for all. This participation has, for example, taken the form of joint investment with AFD subsidiary Proparco and the World Bank's International Finance Corporation (IFC) in companies in Africa and India, where the development of infrastructure and access to water, sanitation and electricity are of crucial importance.

By investing alongside economic development actors, Veolia is stepping up its commitments in emerging countries while ensuring that its business assets are contractually secured. The company also incorporates clear social objectives into its contracts. The Group is also involved with the World Bank in experiments where the skills and dialogue helped win contracts. In India (Demo-zone of Karnataka) Veolia proved that it was possible and affordable to supply water continuously through an appropriate pipe renovation program. In addition to the technical and operational solutions, employee

skills, the strict contractual innovative public-private model (mastery of the financial risk), participation and community dialogue (social mediation cell to cooperate with local stakeholders or the State) and communication / awareness of people which allowed Veolia to meet the expectations and extend the contract twice. This "laboratory" has also paved the way for other contracts in India. The case of Morocco (OBA pilot project) is to be remembered too.

2.5 Participation in multi-actor platforms

Veolia's partnership initiatives are part of an approach based on making use of its partners' respective areas of expertise to support specific areas. By getting involved in multi-actor networks or platforms at both a local and international level, the company seeks to identify synergies with its ecosystem (the private, public or community sector or the world of research). These synergies help produce messages and even common actions for territorial development and promotion.

■ Vivapolis is an umbrella label that seeks to bring together French organizations – in both the public and private sectors – that are committed to promoting a shared

aim of sustainable urban development at an international level. The government aims to use the Vivapolis label to bring together French businesses and local elected representatives to conquer urban development markets that are growing strongly in emerging countries. The approach is developed on a joint basis and supported by the French public authorities and by trade federations in the private sector. It was launched in Nantes in September 2013 to coincide with Ecocity, the 10th World Summit on sustainable cities, in which Veolia took part. A website vivapolis.fr (and vivapolis.com) has been set up under Ubifrance. This will present a database of French businesses (including Veolia), their positioning, references and examples of their achievements. Veolia has participated in creating the label through various industry working groups and is an active contributor.

■ France Nature Environnement (FNE) and Veolia have been in discussions since 2009 on urban sprawl, a large-scale phenomenon that affects all key players (local authorities, residents, farmers, businesses, associations, etc.). Their findings are summarized in the publication *Etalement Urbain - Réflexions croisées – Eléments de définition et termes du débat*, published jointly by FNE and Veolia in 2013. This analyzes the causes and consequences of the phenomenon, while seeking to clarify the often vague terms

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associated with urban sprawl and noting the issues and controversies it raises. Comparing theoretical ideas with the realities on the ground experienced by the two partners provides an additional perspective on the research and work already carried out in this area.

■ Veolia is a founder member of the French Alliance for Cities and Territorial Development (PFVT), which is sponsored by two government ministries (the Ministry of Foreign Affairs and the Ministry of the Economy) and backed by the French Development Agency (AFD). The group brings together French key players in urban development to increase the international influence of their areas of expertise through studies, publications and events, in which the company plays an active role. The PFVT is an important means of recognizing Veolia as a key player in international urban cooperation. To this end, Veolia is a member of the French Institute for Local Government Cooperation (ICIC), which was set up by Cités Unies France (CUF).

■ Veolia has also established itself as a key player in shaping the future of the Greater Paris region through its 2010 initiative to set up a think tank, the *Mission métropole du Grand Paris*, to contribute to public debate through publications, organizing conferences and its research

into future services. The program involves numerous decision makers (some 40 organizations) in the public and private sectors, all working toward the same goal: enhancing the appeal of Paris and its surrounding area to attract investment—particularly foreign investors—while promoting economic growth, creating jobs and improving quality of life for local people. *Mission Métropole* is also a key driver in building Veolia’s capabilities in areas such as innovation and training, through its Campus training facility in Jouy-le-Moutier, just outside the capital. Some 15,000 Veolia employees work daily in the Greater Paris region to provide local solutions in environmental services.

Among these, water is emblematic of a global issue that needs to identify and develop solutions that reflect the specific characteristics of particular areas.

■ Veolia is an active member of the French Water Partnership (PFE), a French forum on the governance and management of water resources. Along with key public-sector and community players in international cooperation in the water industry, the company contributes to forward-looking discussions to promote French innovations and know-how in this area. The PFE is part of a collective approach that contributes to putting water on the international agenda.

■ As a founder member and president of the *Pôle eau de Montpellier* competitiveness cluster, Veolia has played an active role in the development of a multi-industry, international network. The cluster was set up in response to a French government initiative and consists of a network of research centers and training organizations, working in a partnership-based approach on innovative projects carried out in a specific market, namely water in the case of Montpellier. The water cluster currently includes about 100 businesses, whose projects are designed to respond to one of the four following strategic areas: (1) identification and mobilization of water resources, (2) collective management of water resources and uses, (3) reuse of water from all sources and (4) institutional and societal approaches. Over the course of the last three years, the water cluster has accredited about 30 collaborative projects with an industrial or scientific focus, which have received over €10 million in subsidies. It has also been closely involved in the creation and running of the International Water Exhibition, Hydrogaïa, a major event on an international scale. The third event took place in 2013. Veolia’s research department (VERI) is the main RD&I strength in the cluster. VERI features as either a sponsor or an active partner with SMEs/microenterprises in almost a third of the projects accredited, half of which have an industrial focus. The water cluster also

develops synergies as a partner to other regional organizations, such as Swélia, the PACA Marine Cluster and Eco Entreprise.

■ Veolia is also a traditional partner of two other marine competitiveness clusters, Mer Bretagne and Mer Méditerranée, which have operated on a global scale since their creation in 2005. These “twin” clusters, whose performance and excellence have been recognized for eight years, complement each other in their representation and actions dedicated to urban shorelines on the Channel-Atlantic coast and along the Mediterranean. With over 350 members each, the two clusters are now implementing their third road map for 2013-2018 with the French government and pursuing their ambition of sustainable development of the maritime and coastal economy, primarily through excellence in innovation, and responding to issues in marine development, such as managing the land-sea boundary, the finite nature of resources and trade globalization.

As a key player in the governance of the clusters and as their Vice-President, Veolia is resolutely involved in the development of two of their six areas of strategic action, namely “Environment & Coastal Development” and “Ports & Infrastructure”, and contributes to building the network of key players in coastal territories and

co-developing the ecological engineering and environmental services sectors in a coastal environment.

■ Finally, the Conservatoire du littoral, Rivages de France and Veolia have been partners since 2005 and have pooled their expertise in the last three years to promote coastal wetlands, their functions and the services they provide to society. Coastal wetlands are intermediate areas at the crossroads between land and sea, which contribute to regulating the water cycle and in particular, play a key role in mitigating the effects of climate change such as floods, rising water levels and coastal erosion. Through this partnership, Veolia pursues its commitment to territorial development and promotion, in particular in coastal areas, which need to reconcile economic and tourist appeal, with resource conservation and management of environmental risks.

2.6 Dialogue with international, European and national authorities

Veolia contributes on an ongoing basis to reflection, discussions and work initiated by international, European and national public-sector decision makers, professional associations, think-tanks and NGOs and international institutions on changes in the management of environmental services.

The Public Affairs Department, which reports to the General Counsel, has coordinated representation of the company’s interests in dealings with French and EU authorities since 2010. In the context of the company’s transformation, it has had public affairs advisers in all the geographical areas where the company operates since 2013.

The main thrust of the Public Affairs Department’s activities is decided, where necessary, by the Executive Committee. Its work is outlined in a half-yearly report to the company’s Board of Directors.

During the course of 2013, the Public Affairs Department focused particular attention on strengthening obligations and commitments in terms of representation

of interests and continuing to develop its program of work with public institutions, with an emphasis on three main areas: mobilizing the company's expertise on questions around the green economy and resource efficiency, as well as its water, waste management and energy business activities, changes in the regulatory framework for contracts and public procurement, and access to long-term funding.

Strengthening the company's commitments in representing its interests to the public authorities

The company shares its expertise in response to requests from stakeholders or by taking the initiative of starting a dialogue itself. These activities are generally carried out as part of the company's Ethics program, its participation in the *Global Compact* (cf. chapter *Managing corporate responsibility*) and the codes of conduct of various institutions.

Since 2009, Veolia has been listed on the register of Interest Representatives of the European Commission and European Parliament: although it is not compulsory, it has been done in the interests of transparency. Veolia has also been listed on the registers of Interest Representatives of the French parliament since they were

set up, in 2010 for the National Assembly and 2011 for the Senate. In this spirit, it has taken note of the changes to the registration rules for the National Assembly's register, which came into effect on January 1, 2014, and is preparing to renew its listing. Finally, the company is a member of ARPP, a French professional association of managers responsible for relations with the public authorities; ARPP has its own code of conduct that all members must respect or be excluded from the association. Through these listings, the company has formally committed to respecting the codes of conduct applied by these various institutions.

The *Ethics Guide*, updated in 2013, specifies that in its relationship with the public authorities, "*Veolia contributes transparently to the development of regulations and public policies on topics related to its activities.*" Among the rules of conduct applicable to every employee in their work, it recalls the need for compliance with legislation and regulations, combating corruption of public- and private-sector officials and preventing situations of conflicts of interest. Examples of situations requiring particular attention are described to illustrate the last of these points and employees are advised to talk to their line manager in case of doubt. The *Ethics Guide* also stipulates the rules applicable to invitations and gifts received

or offered, which should be exceptional, symbolic, non-pecuniary and of low value. The existing internal control mechanisms are used to apply the rules relating to this.

The *Management Code of Conduct* also calls on managers to take ownership of their role and behaviors as responsible managers who are ready to listen to their stakeholders and clients and to remind themselves "*regularly of internal procedures and applicable regulations*" and to react "*quickly, visibly and appropriately in the event of non-compliance with the rules*".

In addition to these mechanisms, the Public Affairs Department has embarked on drafting a code of conduct for company employees acting as interest representatives with legislative, executive and regulatory public authorities at a national and local level, European Union institutions and international organizations. At the 2013 coordination meeting for public affairs advisers in Europe, it raised employees' awareness of the rules already in effect in the company and introduced a draft of the code of conduct specifically for activities associated with representing the company's interests. This included giving tangible examples of changes in national regulations such as the Bribery Act 2013 in the United Kingdom and the Transparency in Public Life Act 2013 in France.

Veolia's contribution to the work of public authorities

The company contributes to providing information to the public authorities and numerous other stakeholders on the impact and consequences of regulations and public policies associated with its activities. It makes its contribution in three main ways:

1. Sharing Veolia's expertise on issues related to the green economy and resource efficiency as well as its core areas of water, environmental services and energy

■ The Chairman and Chief Executive Officer's appearance before the Sustainable Development and Territorial Planning Committee of the French National Assembly on July 9, 2013 was an opportunity to outline the company's development prospects and the challenges faced by environmental services and to discuss the potential role of the public authorities in this transformation.

■ **Resource efficiency:** Veolia took part in the multi-actor European Resource Efficiency Platform (EREP), which produced a series of European public-policy recommendations for the short and medium term, to improve the use of resources (including materials, energy, water and soil) in the European Union.

■ **Smart cities:** The company has participated in working groups (the EU's Smart Cities & Communities and its French mirror group, and the Institute of Delegated Management's Smart City group) aimed at identifying initiatives and putting forward voluntary, regulatory and standards-related measures in favor of "smart cities", which are based on optimal management of inputs and resources.

■ **Energy-climate package:** the company took part in the public consultation (Green Paper) last July, as part of the review of European climate and energy policy between now and 2030. It took up a stance in support of a carbon price signal that would incentivize investment in energy efficiency and renewable energies and in favor of a stringent energy efficiency target. In addition, the company seized the opportunity to emphasize the necessity of taking account of renewable energies with a positive cost-efficiency ratio (biomass, geothermal energy and energy recovery technologies) and of setting a target specifically for heating.

■ **In France, the Environmental Conference and energy transition** attracted particularly close scrutiny as part of the research carried out by professional organizations and discussions led by the French authorities looking ahead to legislative reform in 2014.

The company emphasized the issues of energy efficiency, in particular as part of the contribution made by Dalkia's Chairman and Chief Executive Officer to a round-table discussion on energy efficiency organized on February 27, 2013 by the Sustainable Development and Territorial Planning Committee of the French National Assembly, in meeting with parliamentarians and at seminars.

■ **Water:** the company continues to contribute to European research on drawing up environmental standards associated with implementing the Water Framework Directive, potential EU legislation on wastewater recycling and legislation on exploring for and extracting shale gas. In France, the company was invited to attend a hearing on the subject by researchers at the Parliamentary Office for Scientific and Technological Choices (OPESCT).

■ **Waste management:** in France, Veolia responded to the request for information by researchers gathering data on waste management in the context of sectors with Extended Producer Responsibility (known as EPR sectors) as part of a wider consultation process, followed by a visit to a waste processing and recycling plant for electronic equipment in Angers. Finally, as part of the *34 Plans for a New Industrial France* launched in September 2013

by the Minister for Industrial Renewal, the company's Chairman and Chief Executive Officer was tasked with leading proposals relating to the *Recycling and Green Materials* Plan, which aims to support the emergence of new recycling sectors in France.

2. Changes in the regulatory framework for contracts and public procurement

■ Veolia's contribution since the end of 2013 to the work of the UN International PPP Centre of Excellence, established under the United Nations Economic Commission for Europe (UNECE).

The aim of the center is to identify good practices, define international standards for Public-Private Partnerships (PPP) and help governments to adopt such standards. The private sector is contributing to the work of the PPP Centre of Excellence via the "Business Advisory Board", of which Veolia is a member. The company primarily provides international expertise on PPP-related subjects in the water sector.

■ Adoption of European Directives on Public Procurement and Concessions: the company presented its observations on the conditions

for the award of concession contracts and their performance, and on the exclusion of the water sector from the concessions directive. Its work included meetings with members of the European Parliament and the European Commission along with discussions with several EU Member States' permanent representations. In France, the company had the opportunity to outline its observations on the concessions directive at meetings with French parliamentarians and in particular, at its appearance before the joint rapporteurs of the European Affairs Committee of the French National Assembly in December 2013.

■ Review of regulations and guidelines on state assistance plans with an impact on company activities and infrastructure funding: several contributions on the review of these plans were submitted during the Committee's various consultations.

■ Promotion of public-private partnerships and the advantages of taking account of the best social and environmental offer by speaking at symposia and publishing articles. The Chairman and Chief Executive Officer, for example, published an article on the

development of public-private partnerships in Europe in the journal *European Files*. He also spoke at a symposium organized by the Institute for Delegated Management on *20 Years of the Sapin Act* on October 10, 2013, at the Economic, Social and Environmental Council. In addition, the company contributed to discussions led by foundations (such as the Institute for Delegated Management) and trade organizations such as UNSPIC, E3PO and Aquafed.

3. Long-term investment funding

■ Reform of EU Cohesion Policy reform: continued monitoring of the reform to simplify rules on obtaining European funding for major infrastructure in the environmental sector and in the context of public-private partnership projects.

■ Continued reflection on long-term funding with a contribution to the consultation run by the European Commission on the development of European financial instruments for small and medium-sized infrastructure projects in the environmental sector.

3. CONTRIBUTING TO LOCAL ECONOMIC DEVELOPMENT

Veolia contributes to the economic and social development of the municipalities and regions it serves, not only through the public services it provides but also through the substantial investments it makes to develop, repair and maintain infrastructure.

Veolia operates within the green economy and uses its services to offer solutions that create value in several ways:

- **environmental:** innovations in key areas for the green economy (water, waste and energy services); the company supports its clients to help them reduce their consumption of natural resources and carbon emissions and protect biodiversity more effectively;
- **social:** access to essential resources, workplace integration, local employment and solidarity
- **economic:** a long-term, partnership-based approach, support for SMEs, territorial innovation, green jobs and training.

3.1 Redistribution of revenue from ordinary activities

The majority of revenue from Veolia's activities is redistributed among stakeholders such as company employees, suppliers, external service providers, local and national tax authorities, banks and bond investors.

Share of revenue from ordinary activities fed back into the economy

France for revenue of €11.386 billion	97% redistributed
United Kingdom for revenue of €2.169 billion	94% redistributed
Germany for revenue of €1.966 billion	98% redistributed
United States for revenue of €1.699 billion	96% redistributed

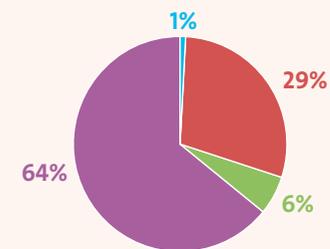
The total revenue from ordinary activities shown (France, United Kingdom, Germany and United States) represents 77% of the company's total revenue from ordinary activities to year-end 2013. Scope of data: operational units.

The breakdown of the resulting value is shown in the pie chart below.

Breakdown of value created by principal stakeholders

Average for France, United States, Germany and United Kingdom

- Corporation tax
- Employee compensation
- Business development/investment
- Purchases of goods and services + taxes



Veolia is a good corporate citizen and plays an active role in the areas it serves. In France, Veolia entered into¹⁾ 94 partnership agreements in 2013, of which 50% were sports-related, 29% in the arts and 21% events such as forums, symposia or seminars.

1) Independently of the actions of its corporate foundation and local sponsorship activities for small amounts.

3.2 A key actor in employment and employability

Through its management approach and its HR and Purchasing policies, Veolia is a key contributor to employment and employability in the areas in which it operates, helping people gain necessary qualifications, promoting equal opportunities and social protection for both its own employees and those of partner organizations and companies (suppliers, associations, etc.).

Veolia positions (many involving “green jobs”) are by definition the type of jobs that cannot be relocated. A wide range of these positions are also open to people who do not have extensive qualifications. In 2013, the Energy Services business created more than 600 local jobs in France (making a total of 1,600 jobs created in two years) and over 900 worldwide through its biomass operations (over 3,900 jobs created in two years).

The company currently has 202,800 employees; 151,082 of them benefited from at least one training session. It also welcomed 4,465 interns and 3,423 students on work-study programs in 2013.

Veolia’s training policy reflects its determination to help job seekers find work and acquire necessary skills through its network of regional Campus programs, backed by the close involvement of local partners.

3.3 A key partner in integration

The company’s actions to support workplace integration

The company’s subsidiaries also develop initiatives to promote workplace integration through:

- the priority placed on work-study programs in external recruitment as the company’s preferred path to excellence, particularly in the context of apprenticeship and work-and-training contracts;
- the numerous contracts set up between the six regional Campus Veolia centers and training, careers guidance and employment professionals (such as the Ecoles de la Deuxième Chance, EPIDE and the Conseil National des Missions Locales), which in France, help to create pathways into our occupations for young people who are out of the job market and define work-study programs for those who want it;

- hiring disabled employees in France. The agreements Veolia has signed in the Waste management sector include:
 - the Workplace Integration Charter for Disabled People (2009);
 - two agreements with AGEFIPH (2009-2011 / 2011-2013);
 - an agreement with social partners on integrating disabled people into the workplace and maintaining them in employment (2011-2014);
 And in the Water business activity:
 - In 2013, Veolia unanimously signed a third disability agreement between management and all trade unions (for 2013-2016; previous agreements were signed in 2006 and 2010) to maintain disabled employees in work: the main elements of the agreement are recruitment and training of disabled people, subcontracting work to the sheltered employment sector, communications, information and awareness-raising.
 - support for social reintegration programs: providing employment opportunities through Veolia’s contractual operations or through activities set up in partnership with employment bodies (recycling/reuse, office-paper sorting for small businesses, etc.). In France, Veolia’s Waste management activity signed partnerships with the ELISE and ENVIE associations; the aim of the latter is to create employment links between the ENVIE network and the company. The Restart

Introduction	Contents	Managing corporate responsibility	Managing societal performance	Managing environmental performance	Managing social performance	Managing sustainable procurement	Appendix
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program in the United Kingdom supports the long-term unemployed, homeless people and former delinquents: if, after a probationary period, the applicants have demonstrated their motivation and skills, they are offered an eight-week contract, which can become a permanent contract if they meet their objectives. In 2012, 32 of the 60 people who began a probationary period secured a short-term contract and 20 were recruited into a permanent position.

Veolia Foundation actions

Support for employment and strengthening the social bond is one of the Veolia Foundation’s three priority areas. In this respect, it supports initiatives and structures that promote the employment of people facing exclusion through opportunities involving work sites, associations and companies that foster employability through training, social support, entrepreneurial

solidarity and microcredit. The people who benefit from these projects are mainly young people experiencing major difficulties, along with the long-term unemployed and those on social welfare.

Over 340 projects had been supported by the end of 2013. A survey of Veolia Foundation philanthropy campaigns between 2004 and 2009 revealed that support for various organizations provides employability initiatives benefiting 7,000 people each year.

The examples below illustrate the foundation’s actions with its partners to support people into employment in France.

■ The Center-East campus, in partnership with local actors in the Greater Lyon area, is committed to sourcing 10% of its workforce from groups experiencing difficulties in future recruitment rounds (through work-study programs geared to Veolia’s occupations).

■ The Veolia Foundation takes advantage of its multi-year partnerships to support integration projects based on a variety of approaches with the Ares group, the La Petite Reine association, the Sport dans la Ville association and Secours catholique, as well as projects to support the creation of micro-businesses with ADIE. An example is the project launched this year with ADIE, *Créajeunes*, a training and coaching plan for people under the age of 30 who have been excluded from the labor market and the traditional banking system, who want to start their own business..

For more information, see the Veolia Foundation annual report / www.fondation.veolia.com

4. SOLIDARITY AND HUMANITARIAN EMERGENCIES

Solidarity is expressed primarily through the services the company provides, and which contribute to the public interest.

Combating vulnerability by ensuring access to essential services for people without water, sanitation or electricity is an area in which Veolia is actively involved (see § 1).

Solidarity is also expressed through the service contracts Veolia enters into with local authorities in France that form part of decentralized cooperation projects (international solidarity). In 2013, for example, Veolia joined forces with the Urban Community of Marseille in a wide-ranging partnership to support international cooperation at a financial, technical, methodological and human level. Its aim is to reduce the share of the population without access to drinking water and sanitation. Among other things, the project includes: (1) financial support and governance for an international solidarity fund for water and sanitation projects supported by international solidarity organizations (ISO)⁽¹⁾ or local authorities; (2) funding and program management assistance for decentralized cooperation initiatives supported by the Urban Community; (3) emergency and/or reconstruction initiatives aimed at people

who have been victims of natural disasters or conflicts. The priority geographical areas defined under the terms of the partnership are the western North Africa, French-speaking sub-Saharan Africa and the Middle East.

In the United Kingdom, the *Go Further Together program*, launched in 2010 to incorporate sustainable development into the company's business activities, includes solidarity initiatives aimed at the regions in which the company operates, through support for local projects. This either translates into direct funding for causes that align with the company's values (since the creation of the *Veolia Environmental Trust*, for example, it has provided funding of over £50 million)⁽²⁾ or offers Veolia staff the possibility of devoting some of their working hours to community projects (21,000 hours in 2012).

International solidarity and humanitarian emergency actions by the Veolia Foundation

The Veolia Foundation celebrated its 10th anniversary in 2013 and the company extended its support for a further five years (2014-2018), confirming its commitment to a policy of sponsoring skills and partnerships.

The Foundation has entered into numerous partnerships in its priority intervention areas, namely development aid and humanitarian emergencies, support for employment and strengthening the social bond, and environmental protection and biodiversity.

All company employees have the opportunity to get involved in Foundation projects as either sponsors or volunteers and together they contributed a total of 860 days in the field in 2013 (compared with 870 in 2012).

Over the last five years (2009-2013), Veolia has donated €36 million to its foundation.

In 2013, financial support for more than 75 new projects amounted to about €2,160,000 (see the Veolia Foundation's annual report / www.fondation.veolia.com).

It is now a key player in regional support, primarily through its partnerships and projects to support development and employment.

The Foundation acts in partnership with local NGOs or in support of governments. Examples of its work include interventions at the request of the Red Cross in the Republic of the Congo (Brazzaville) (on access to water), at the request of the Red

1) Organizations such as the French Red Cross, Enfants du Monde (EDM), Unicef France, CCFD-Terre Solidaire, etc. 2) This equates to over €61.5 million between 1997 and 2012 (exchange rate as at December 31, 2012)

Cross and Action contre la faim in Haiti, at the request of UNHCR in Ethiopia, and at the request of Solidarités International in Benin. The Foundation continues to support the Ministry of Health in the Democratic Republic of the Congo by implementing the national cholera elimination program it launched in 2007 and is working on a project to refurbish water-supply infrastructure in the city of Uvira in the Great Lakes region (one of the eight areas in the country identified as a source of cholera). The Foundation also runs and provides a secretariat for the GAAC¹⁾.

Further examples are the aid provided to Mali, which was devastated by the conflict there in 2012-2013, and to people who were displaced, through projects sponsored by the Malian government (including refurbishment or drilling work to provide a water supply and support for reconstruction); and to Sierra Leone and the areas of its capital, Freetown, which were affected by a cholera epidemic, by introducing an online chlorination system in the water distribution network.

The Foundation also supports a number of projects involving decentralized partnerships in towns such as Karangasso Vigue in Burkina Faso and Bangangté in Cameroon.

In waste management, Veolia volunteers were mobilized in Manila, in the Philippines, where Médecins du Monde launched a major four-year initiative in 2012 to improve the labor conditions and health of people working in the solid waste recycling sector (including electronic and toxic waste).

Veolia has also signed two key partnerships in Water and Health through its Foundation:

- In Haiti, the recognized expertise of the Veolia Foundation (following its emergency interventions and subsequent refurbishment work on the network) enabled Veolia to join the coalition to eliminate cholera headed by the Pan American Health Organization (PAHO/World Health Organization) in late 2012, alongside 17 partners leading the campaign to tackle water and health issues, including the Centers for Disease Control

and Prevention, the World Bank, the Inter-American Development Bank and UNICEF.

- The Veolia Foundation and the Mérieux Foundation have signed a partnership agreement to pool their efforts in combating water-borne diseases and reducing their impact on public health, especially in emerging countries.

1) Global Alliance Against Cholera (GAAC) : an international alliance to combat cholera created in 2010 by the Veolia Foundation (a consortium of private and public-sector players who together provide funding and essential skills for targeted actions to eliminate cholera in the longterm).

Managing environmental performance

The international reference for environmental services, Veolia invents solutions to protect the planet's vital balances. Combatting climate change, conserving natural resources, reducing pollution and protecting health, as well as preserving biodiversity: these are at the heart of our concerns and actions.

2013 was the second year in our three-year (2012-2014) environmental performance plan. Veolia is continuing to steer specific action plans, while at the same time refining its reporting processes to better reflect the impact of its activities. The level of reasonable confidence on a selection of key environmental performance indicators has been maintained for the third year.

Finally, the company places significant emphasis on exposing as clearly as possible the analysis of the material effects of the environmental impact of its activities and demonstrating that its major challenges have been taken into account in its progress targets.

ENVIRONMENTAL TARGETS

Managing the risks and impacts of our activity remains central to our approach to protecting the environment. Our internal Environmental Management System (EMS) contributes to the implementation of a coherent governance structure and represents a shared frame of reference that can be promoted to our industrial and municipal clients and can even provide the basis for external certification (as part of ISO 14001 or the equivalent) depending on local requirements.

The main aims of our environmental commitment are divided into four key areas:

- combat climate change by proposing solutions and services that avoid or reduce greenhouse gas emissions;
- assess, protect and develop biodiversity, by contributing to work on characterizing ecosystem services and by deploying tools and actions aimed at their protection and improvement;
- reduce pollution and protect human health through the innovative implementation of the best technology for reducing pollution at its source and for its treatment in order to protect the quality of aquifers and other water resources, as well as the air;
- the conservation of resources (energy, water and raw materials) by rolling out techniques designed to measure, save, replace and recover these resources, while at the same time making existing processes more efficient, and developing alternative and renewable sources and resources.

ENVIRONMENTAL PLAN 2012-2014

Analyzing the impact of our activities helps us to define quantitative targets for impacts seen as major, in addition to our overall targets.

Key policy areas	Priority areas for our external stakeholders ⁽¹⁾	Contribution of company activities to impacts		Targets	2014 Quantitative targets	2013 Results	See individual chapters for more information
Impacts							
Combating climate change							
Direct GHG emissions from managed facilities	• • •	57%	Energy	Improve ⁽⁴⁾ carbon performance of combustion facilities	by 15%	11%	2.2
		38%	Waste management	Improve methane capture rate (excluding Proactiva)	to 66%	61%	
Contribute to reducing GHG emissions by third parties		65%	Energy	Improve direct carbon efficiency of energy services (emissions avoided/emissions)	to 39%	39%	
		33%	Waste management	Increase ⁽⁴⁾ production of renewable energy from waste	by 10%	-8%	5.2
Reducing pollution and protecting health							
Water discharge	• • •	95% ⁽²⁾	Water	Improve wastewater treatment efficiency (BOD ₅) at wastewater treatment plants of over 50,000 eq. inhab. with a particular focus on plants with an efficiency level below 85%	/	95%	3.1
				Improve wastewater treatment efficiency (COD) at wastewater treatment plants of over 50,000 eq. inhab. with a particular focus on plants with an efficiency level below 80%	/	90%	
Atmospheric emissions excluding GHG	• •	92% ⁽³⁾	Energy	Reduce emissions	/	/	3.2
		8% ⁽³⁾	Waste management	Maintain the proportion of waste treated in incinerators in accordance with the European regulatory threshold for dioxin emissions (scope: world)	> 95%	100%	
Waste production	•	/	All	Recover as much process waste as possible	/	/	3.3
Soil pollution	•	/	All	Prevent pollution	/	/	3.4
Local pollution	•	/	All	Reduce local pollution	/	/	3.5
Quality of drinking water distributed	• • •	100%	Water	Maintain the population served with water of non-compliant quality (no. of inhab.)	at 0 ⁽⁵⁾	0 ⁽⁵⁾	3.7
Conserving and developing biodiversity							
Activities that require a large land-take	• •	/	Waste management	Carry out an assessment and implement an action plan at sites with significant biodiversity issues	75%	27%	4
		/	Water	Implement a national conservation plan in the six main countries	75%	33%	
				Monitor the number of sites that have deployed an action plan to restore local biodiversity	/	79	
Protecting resources							
Use of water resources	• • •	99%	Water	Reduce the volume of losses in water distribution networks operated (pro forma 2011)	by -5%	-7%	5.1
				Increase ⁽⁴⁾ the volume of water reused from wastewater collected and treated	by 10%	34%	
Consumption of energy resources	• • •	73%	Energy	Increase the percentage of renewable energy in the mix of energy services (scope: European Union)	to 20% by 2020	13%	5.2
				Increase the percentage of combustible biomass consumed	to 8.5%	7.7%	
			22%	Waste management	Increase the percentage of sites covered by an energy efficiency plan	to 60%	
		5%	Water	Improve energy efficiency at wastewater treatment plants (pro forma 2011)	by 5%	-1%	
Production of secondary raw materials	• • •	100%	Waste management	Increase the rate of materials recovery	to 26%	20%	5.3

1) at a global level – other subjects may be seen as a priority at a local level. 2) estimate. 3) breakdown calculated on the basis of average values for sulfur dioxide and nitrogen dioxide. 4) compared with 2011. 5) tolerance threshold of 10 inhabitants per million

1. MANAGING ENVIRONMENTAL PERFORMANCE

1.1 Environmental reporting

The company implemented a reporting process in 2004, based on indicators relevant to the management of its activity and stakeholder expectations.

The scope of environmental reporting includes all relevant activities over which the company has operational control worldwide. This refers to all activity involving the operation of public water and wastewater

services, all waste collection, transfer and treatment activity, as well as industrial cleaning and maintenance, and energy services (heating and cooling networks, heat and multi-technical services, industrial utilities and facilities management). Within this scope, the environmental data from the company's dedicated information system are fully consolidated.

The scope excludes operational activities relating to industrial water facilities. For water treatment plant design activities (Veolia Water Solutions & Technologies)

and works (Sade), the reporting spans a limited range of indicators (greenhouse gas emissions, energy and water consumption and construction site waste).

The data collected covers the period from January 1 to December 31, 2013. The measurement and calculation procedures, together with the control and checking procedures are set out in the environmental reporting protocol available on Veolia's website (<http://www.veolia.com/en>).

Key environmental reporting figures

Number of primary indicators	> 1,100
Number of calculated indicators	> 500
Number of indicators subject to external verification	> 15
Of which reasonable assurance	9
Number of entities where data is entered	1,758
Average revenue for an entity where data is entered (in €M, relevant revenue)	13.5
Number of contributors around the world	> 1,000

1.2 The environmental management system

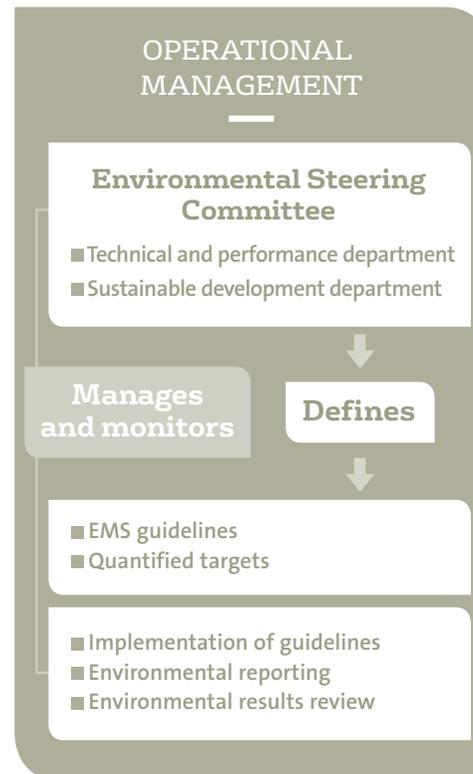
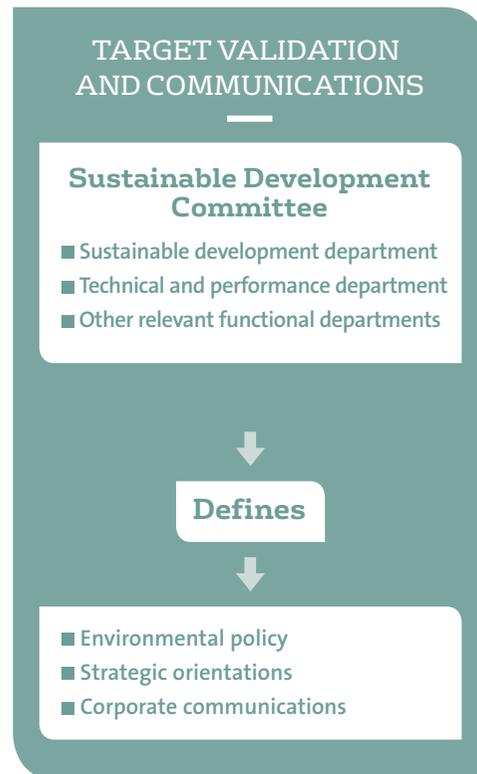
Managing the company’s environmental impact and environmental compliance requires a reliable steering system.

Since 2002, the Environmental Management System (EMS) has served as the instrument

for improvement in the fields of environment and environmental health. Applied in all activities and structured around four levels of responsibility (corporate, activities, business units and sites), the EMS enables the evaluation of environmental impact, compliance with the regulations and the company’s internal requirements, the setting of targets and then the implementation of measures and action plans for achieving them.

Management

The EMS is run by an environmental steering committee, which includes the key players responsible for environmental issues in each activity and ensures the sharing of information and coordination of action plans.



Deployment

Veolia's EMS is based on a set of requirements defined for each area of activity down to the level of the business unit. It specifies the detailed requirements for priority facilities –those with the most significant impact. In 2009, so-called “sensitive activities”, e.g. cooling towers, etc., which could have a significantly critical environmental impact, even if the probability of such an occurrence is low, were added to this list.

The requirements redefined and detailed in 2009 are comparable to those required

Methodology*: Priority facilities are those that contribute the greatest impact

- Drinking water production plants with a capacity of over 10,000 m³/day**
- Municipal wastewater treatment plants with a capacity of more than 50,000 PE**
- Facilities with a thermal power rating above 20 MW
- Incineration plants
- Physical-chemical treatment plants
- Hazardous waste recycling centers
- Landfills (excluding inert material) in operation.

* For more detail, consult the 2013 reporting protocol document. ** Installed capacity

by the ISO 14001 standard. While Veolia has set itself the target of continuing to roll out its EMS, it has opted not to systematically pursue ISO 14001 certification for its businesses. Locally, external certification may be sought on the basis of this standard depending on the management needs of the relevant business unit.

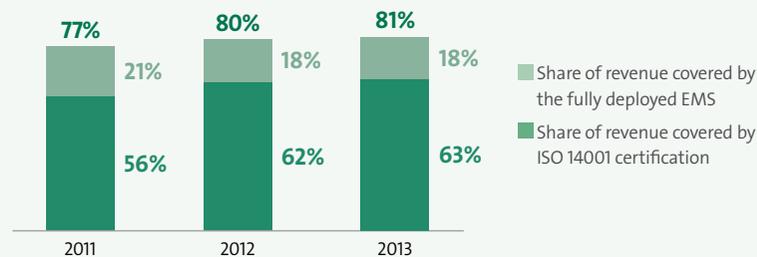
To improve the reliability of its EMS implementation, since 2007, a team of internal auditors who are also business activity experts, IRCA (or equivalent) certified to perform the EMS audit in accordance with ISO 14001, has ensured audits at business units worldwide. Additionally, the company has also strengthened external verification of this EMS deployment indicator by achieving for the third period a reasonable level of assurance for this indicator.

The company is continuing to roll out its EMS to achieve coverage of 81% of relevant sales, of which 63% is ISO 14001 certified.

In 2011, Veolia set itself the target of implementing an environmental management system to cover 93% of the sales of its relevant activities (including Veolia Transdev) by the end of 2014. The current disposal of Veolia Transdev and the progressive recontouring of the company precluded any effective update of the target. The issue will be addressed in 2014 when defining the post-2012-2014 environmental plan.

At the same time, the company has changed its calculations methodology to strengthen the requirements in terms of measuring the deployment. Only complete deployments are taken into account and all the deployments in progress are excluded.

Rate of rollout of the environmental management system in the relevant activities



The values have been restated on the basis of the new method and reveal the progress made in 2013 compared with 2012 and 2011.

In terms of business units, over 35,000 company sites are ISO 14001 certified. Given the difference in size between company sites, the percentage of sites certified would not be a relevant indicator, so it was decided to measure and steer this approach on the basis of the revenue covered.

Employee awareness and training

■ Employee training and notification about environmental issues are an integral part of the resources managed through EMS, as they include the creation of environmental training plans. The Veolia campus network provides the business units with environmental training courses compiled at the request of the company's business activity committees (cf. chapter *Managing social performance*). After these courses, employees can go on to do locally arranged training in response to identified needs.

To provide our company's employees with the necessary awareness of the major societal issues around international or political news, the sustainable development division organizes sustainable development observatories five times a year during which leading specialists address the topics raised. For Waste management, nearly 600 employees in the three main countries where this activity operates, completed an online awareness course: France, United Kingdom and the United States. Each year, World Environment Day is an opportunity to run awareness events at the sites countrywide.

2. COMBATING CLIMATE CHANGE

2.1 Emissions related to our activities

Quantifying greenhouse gas (GHG) emissions

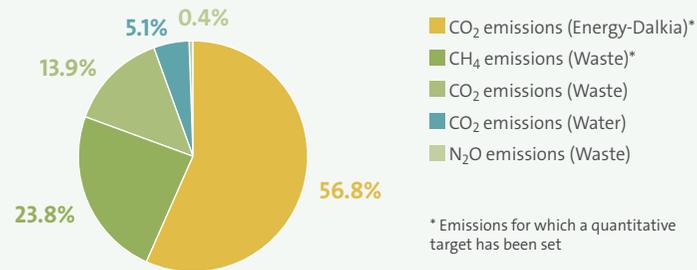
For each of its activities, the company measures the direct emissions (scope 1) of

the industrial processes, vehicles, facilities and equipment it manages, and the indirect emissions (scope 2) from the electricity and heat it consumes. The main greenhouse gases are:

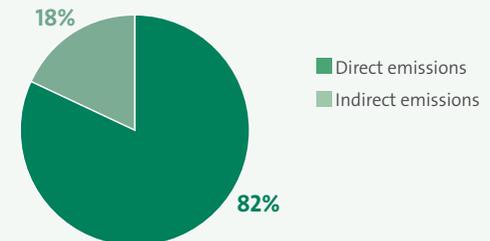
- CO₂ emitted by combustion facilities, incineration of the fossil portion of waste and combustion of fuel by mobile sources (amounting to 75.8% of direct emissions);

- CH₄ from emissions of biogas from landfills, which are not captured by the collection systems installed (amounting to 23.8% of direct emissions);
- N₂O from waste combustion (amounting to 0.4% of direct emissions).

Breakdown of direct emissions by source of GHGs



Breakdown of company's direct and indirect emissions



Taking greenhouse gas emission evaluation to the next level

Calculating indirect emissions is a complex procedure. To help develop these methods further, Veolia, through its Water activity, took part in the GHG protocol experiment for assessing greenhouse gas emissions throughout the entire supply value chain (scope 3), and has also been involved in Astee’s development of a new version of the greenhouse gas emission assessment guide for water and wastewater services. This guide (In French only), published in May 2013, can be downloaded from the following address: <http://www.astee.org/>

In order to gain a better understanding of its emissions under scope 3, the Water activity has taken measures to include items relating to chemical products in its environmental reporting to include these in its GHG emission assessments. By applying the method recommended by Astee (French Scientific and Technical Association for Water and the Environment), the GHG reviews for France under Article 75 of the French Grenelle II Law, have included several components of Scope 3 for the Water activity (chemical reagents, discharge of treated effluent into the natural environment, sludge transportation and treatment, etc.). The Water activity has also developed a monitoring indicator for the

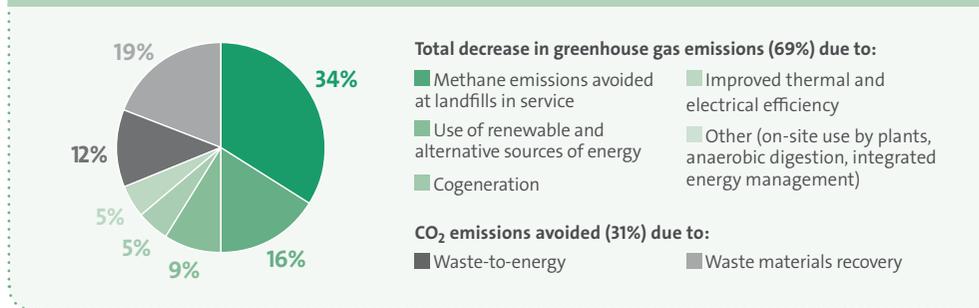
inclusion of elements covered by scope 3 for all its business in order to raise operator awareness of this type of emissions.

Veolia has contributed alongside other sector players (Seché and Suez) to updating the GHG emission quantification protocol specific to waste treatment activities. This work led to the publication in October 2013 of the version 5 of the environmental industries protocol (EpE) that has subsequently been approved by the World Resource Institute and recognized by the GHG Protocol (available on www.ghgprotocol.org).

Contribute to reducing GHG emissions

In addition, the company helps decrease overall GHG emissions, on the one hand by reducing them at the facilities it manages (CO₂ not emitted as a result of some of the company's operating methods) and on the other by enabling third parties to avoid emissions as a result of its activities (primarily materials and energy recovery).

Breakdown of the overall decrease in GHG emissions



Actions to reduce GHG emissions

Energy activity

Reduction of GHG emissions:

- through the proper use of energy transformation facilities (energy efficiency) resulting in less fuel consumed for the same energy output;
- using renewable and alternative energy instead of fossil fuels whenever possible (biomass, geothermal, solar, wind, etc.)
- optimum supply of energy services (integrated energy management) encouraging a more rational use of energy by consumers
- combined production of heat and electricity (cogeneration).

Water activity

Reduction of GHG emissions:

- through on-site consumption of part of the heat and electricity produced from renewable sources (biogas from sludge digestion, recovery of the potential energy in water using hydraulic micro-turbines, heat pumps, etc.) ;

- through the production of energy using renewable sources drawn from energy generating operations managed by the Water activity

- through other actions to optimize plants' energy consumption.

GHG emissions avoided:

- through the sale of energy produced from renewable energy sources on site (biogas from sludge digestion, recovery of the potential energy from water using hydraulic microturbines, heat pumps, etc).

Waste management

Reduction of GHG emissions:

- through collecting and treating biogas from landfill sites
- through on-site consumption of the electricity generated by waste incineration and biogas recovery
- through on-site consumption of heat generated by waste incineration and biogas recovery⁽¹⁾

- through other actions to limit fuel and energy consumption ⁽¹⁾ (cf. *energy chapter*).

GHG emissions avoided:

- through the sale of heat and electricity from the combustion of incinerated waste
- through the sale of energy produced from the biogas collected at landfill sites and anaerobic digestion plants
- through the recycling of raw materials contained in waste
- through the production of alternative fuels from waste.

¹⁾ These reductions are not included in the indicator.

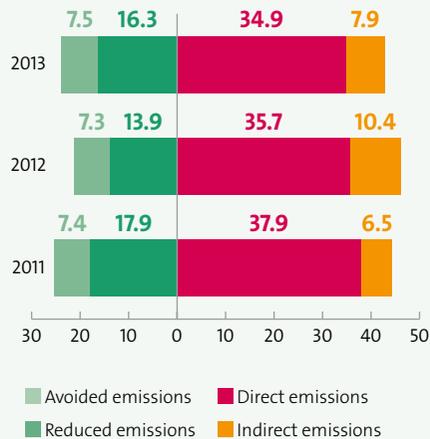
Emissions and reduction actions review

In 2013, the direct and indirect residual greenhouse gas emissions from activities managed by the company fell by 4% to 42.8 million metric tons CO₂ equivalent.

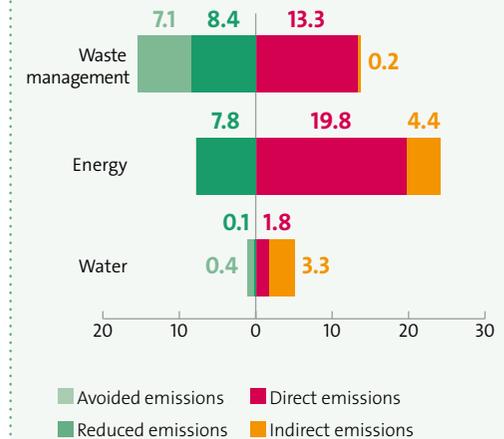
This reflects the effort made by the company to diversify its energy mix to include less GHG emitting solutions and improve processes to combat climate change.

In 2013, the company recorded a very positive performance concerning renewable and alternative energy, electricity and thermal efficiency of its combustion plants and significant improvement in capturing methane at its waste landfill sites. This trend resulted in a 12% improvement in the overall GHG emission reduction indicator totaling 24 million metric tons of CO₂ equivalent.

GHG results for company activities (millions of metric tons of CO₂ equivalent)



GHG results by activity in 2013 (millions of metric tons of CO₂ equivalent)



Carbon intensity of revenue

Taking a very broad approach, it is also possible to assess the carbon intensity of Veolia’s revenue. Although commonly used by observers, this indicator must be used with a degree of caution for Veolia’s activities. Given the diversity of the activities consolidated and their geographic dispersal, this indicator cannot be used internally as a management tool as it does not vary as a function of the intrinsic performance of the company’s businesses activities. Energy price variations (purchase and sale) have an impact on revenue and therefore on this indicator as well.

In 2013, the carbon intensity of the company’s revenue fell to 1.9 million metric tons of CO₂ equivalent per billion euros of revenue (2 in 2012¹⁾).

Tools to limit the impact of the services delivered to our clients

In response to clients’ wanting to better evaluate and reduce their carbon footprint, Veolia has designed internal systems for each business activity: GHG Tracker for all activities linked to waste management, Geskia for energy services, EC’Eau for water and wastewater services, COtool for the construction of drinking water treatment plants, Carbone6 for network construction sites, etc. are used to assess the carbon footprint of services on behalf of its clients and its own activities. To fully incorporate environmental impact, in 2011 Veolia developed an environmental footprint tool for any given product or activity based on four approaches: GHGs, water, resources, and ecosystems. This system provides a simple and robust view of the direct and indirect impacts of a product or service.

“Waste Management CO₂ TOOL,” the personal carbon footprint tool

■ This tool, initially created for the company’s employees, was then produced in an iPhone/iPad app version and made available free-of-charge to the consumers. Available from the App store in French, English and German, this app can be used by anyone to calculate the emissions they generate each day as they go about their daily activities: commuting, consuming, working at the office and at home and comparing their result with that of the average for the population of their respective country. This app had been downloaded 3,500 times by the end of 2013.

1) The calculation of this indicator follows the rules defined for the company’s financial consolidation.

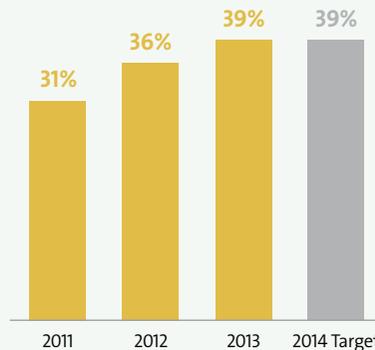
2.2 Managing major issues

Carbon efficiency ratio

For a more accurate reflection of the company's performance, a method applying to the four activities was developed. The method takes into account all the positive impacts from the overall decrease in GHG emissions. Fine-tuned every year, the method provides a carbon efficiency ratio that reflects the overall reduction in GHG emissions attributable to the company's business and the total GHG emissions (direct and indirect) managed on behalf of its clients.

The emissions from energy services account for 57% of the emissions generated by the company's activities. As part of the new three-year plan, the Energy activity has redefined the scope of the emissions it monitors using this indicator, which has helped it to strengthen its management of CO₂ emissions with a target of 39% for the end of 2014. Dalkia's direct carbon efficiency ratio increased by three points between 2012 and 2013. This is mainly explained by the increase in the use of biomass.

Direct energy efficiency of energy services - Energy-Dalkia activity (metric tons of CO₂ equivalent not emitted/metric tons of CO₂ equivalent emitted)

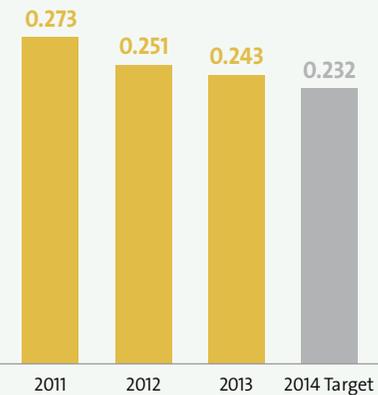


Carbon performance of combustion facilities

In 2013, the Energy-Dalkia activity managed almost 112 TWh of incoming energy, which equates to direct emissions of CO₂ of 19.8 million metric tons (57% of the direct emissions managed by the company). As part of the new three-year plan, the activity has set a target of improving the carbon performance of combustion facilities, which equates to 15% between 2011 and 2014.

In 2013, the "carbon content" of the heat produced was reduced by 3%. This improvement in the carbon performance is attributable to the use of wood in Energy-Dalkia activity's energy mix, especially in France. This result reflects the efforts made under the policy to expand the use of biomass that was developed in 2007 and implemented from 2008. This approach has offset the increased consumption of coal and drop in gas consumption.

Carbon performance of combustion facilities Energy-Dalkia activity (metric tons of CO₂ emitted/thermal MWh produced)



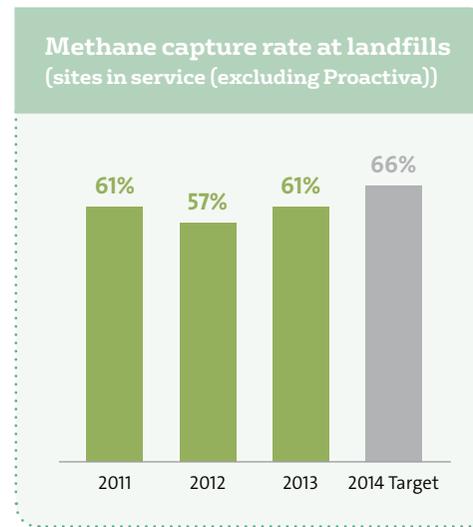
Methane capture and recovery

Waste decomposition in landfill sites and under anaerobic conditions, in general, generates biogas that is composed of between 40% and 60% methane. The quantity and composition of biogas generated depends on a wide range of parameters, including the quantity of waste, its composition, climatic conditions and the infrastructure available (final cover, etc.) Unlike direct CO₂ emissions, which are measured by fuel consumption, biogas emissions cannot be measured directly but are estimated on the basis of theoretical models, which also take account of the high global warming potential of methane: one metric ton of methane equates to 25 metric tons of CO₂.

In 2013, fugitive methane emissions from landfills accounted for nearly 24% of the company's direct GHG emissions. Given this significant percentage, Veolia is motivated to continually improve :

- the precision of its calculation methodologies;
- knowledge of the typology of landfilled waste;
- the performance of landfill cell capping techniques, biogas collection and its conversion into heat, electricity or fuel.

As a concrete reflection of this commitment, Veolia has set itself the target of achieving a methane capture rate of 66% in 2014, for its activity excluding Proactiva. In 2013, this methane capture rate was 61% (52% for the company).



The increase in this indicator between 2012 and 2013 reflects the company's commitment to install new capture wells and improve the performance of existing facilities. For example for the countries that contribute the most to methane emissions, the performance has improved 16% in China, 14% in Brazil, 5% in the United Kingdom and 3% in France.

To improve the reliability of results, Veolia is continuing its research, especially with regard to fugitive methane emissions, and is committed to implementing action plans to improve methane capture and energy recovery at its landfills.

Methacontrol™: towards maximum biogas management

■ Under the Methacontrol™ brand, Veolia has developed a range of technology to optimize the management of the biogas produced at its landfills. This enables it to reduce diffuse emissions and to improve management of odor nuisances and the impact of methane's greenhouse gas effect on the climate.

This technology is improving the yield of recovered biogas, which leads to additional energy production in the form of electricity or methane gas fed into urban reticulated gas networks or used as a fuel for waste collection vehicles. The company is continuing to roll out these technological advances. At the end of 2013, eight of the 97 landfills in service were equipped.

3. REDUCING POLLUTION AND PROTECTING HEALTH

3.1 Limiting the discharge of pollutants into water

Veolia pays constant attention to improving its performance to reduce the impact of water discharges from its activities.

The main discharges from facilities operated by the company relate to its water activity.

As the world's leading operator in the management of sanitation services for local authorities, Veolia provides sanitation services to almost 62 million people around the world and collects 6.7 billion cubic meters of wastewater. Six billion cubic meters are treated in the 3,442 or so urban wastewater treatment plants operated by the company.

To ensure the efficient management of wastewater collection and treatment services, Veolia has developed a comprehensive approach to help public authorities whatever their size and the technical issues and regulations involved. The guaranteed success of a wastewater project involves several clearly identified

steps: assess needs, define a local strategy, guarantee quality, measure service performance and, lastly, inform the local community about the impact of the service.

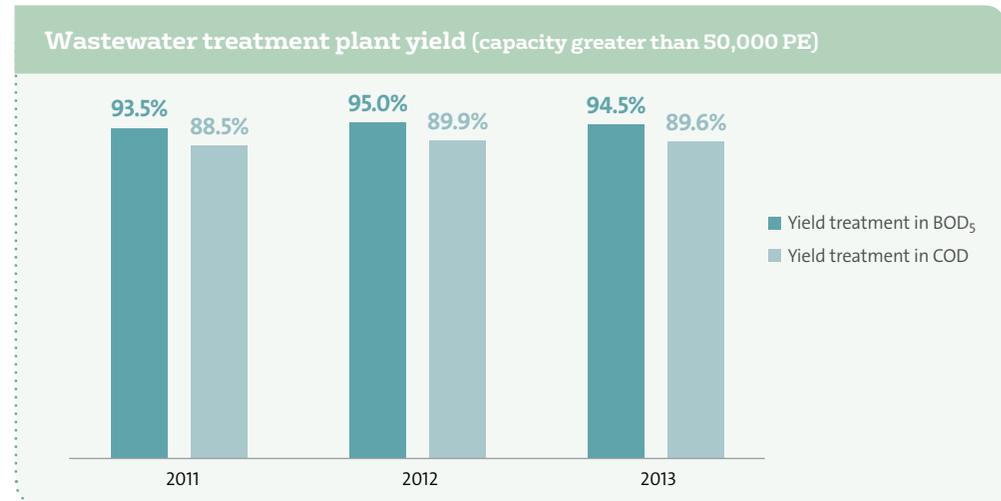
Optimizing treatment process efficiency is of ongoing concern to Veolia in terms both of the operation of the facilities under its management and the development of new processes. Details about its research in this field are discussed in the "Wastewater" booklet that is included with the company's "Research and innovation" report.

In 2013, pollution abatement expressed as BOD₅ remained unchanged compared with

2012 at 94.5%, which is a very good treatment rate. Efficiency expressed in COD was 89.6%.

The very slight drop is attributable to the removal from the reporting scope of the Berlin contract which had excellent performance results and a very high volume of treated water.

The company classifies as sensitive plants whose wastewater treatment efficiency in BOD₅ is less than 85% or less than 80% in COD. Special efforts are made at these plants to help them to reach these levels of wastewater treatment efficiency.



In addition, as part of the European framework directive on water, it is now necessary to monitor the changes in a significant number of micropollutants classified as dangerous for the environment, particularly in France, in order to assess the impact of discharge from wastewater treatment plants on the ecological condition of bodies of water.

Veolia's Water activity created a new indicator specific to France⁽¹⁾ in relation to this in 2012, to monitor variations in the rate of significant micropollutants discharged into the natural environment.

The rate varies according to the results of the monitoring assessments carried out each year following the initial round of analysis. The aim of this indicator is to assess the efforts Veolia can make, when requested by local authorities, to reduce the discharge of significant micropollutants into the natural environment (seeking sources of pollutants in wastewater networks, controlling infeeds into networks and revising connection conditions, etc.).

Veolia's environmental analysis center has developed regulation analysis techniques and offers its clients a complete monitoring service (sampling and analysis). Veolia's

Water activity has also developed biological tools to measure the effect of this type of discharge on target organisms. When necessary, the company works with its clients to define and implement solutions to reduce or eliminate the discharge of hazardous substances into the natural environment and manage the attendant risks. This may involve actions at the source (connection of industrial concerns to the network and policing networks, for example) or treatment actions (optimizing treatment systems, additional treatment, etc.).

Compliance awarded in the United States

■ In 2013, in the United States, the NACWA⁽²⁾ awarded 5 contracts (Vancouver – *Washington*, Milwaukee – *Wisconsin*, Wilmington – *Delaware*, Gresham – *Oregon* and New Orleans – *Louisiana*) for exceptional discharge compliance under the NPDES (National pollutant discharge elimination system) permits in the United States.

Environmental protection also involves monitoring wastewater collection system inflows and maintaining good system watertightness. Various actions can be

implemented, such as combating the inflow and infiltration of clear water, the implementation of continuous diagnosis approaches based on permanent monitoring of wastewater flow rates and quality, and even at-source management of effluent collected. In addition to improving treatment plant performance, these actions also increase the hydraulic capacity of the collection system, which reaches its limits over time. In this way, they help protect the environment by limiting overflows in light rain or even dry weather conditions.

Bio-indicators to rapidly check water quality

■ In cooperation with WatchFrog – a start-up supported by the French Scientific Research Centre-CNRS and the Paris Museum of Natural History, Veolia developed a tool to rapidly monitor the quality of water at the outlet from a wastewater treatment plant and especially to identify the presence of estrogen- and thyroid-type endocrine disruptors. This tool uses modified frog or fish larvae that become fluorescent when disrupted by such pollution. If the test is positive, the potential causes can sought upstream in the wastewater network and treatment optimization operations or additional treatment stages can be implemented.

1) In relation to the French circular of September 29, 2010 on monitoring the presence of micropollutants in water discharged into the natural environment by wastewater treatment stations.
 2) The NACWA (National Association of Clean Water Agencies) is a U.S. organization involved in all aspects of protecting water quality and which works with members of the U.S. Congress, presidential departments and the Environmental Protection Agency (EPA). <http://www.nacwa.org/>

3.2 Limiting atmospheric pollution

As part of its commitment to combating pollutions, the company is committed to reducing its emissions over and above the regulatory standards by improving the treatment of air emissions and developing more efficient technology (incineration flue gas treatment for Waste management, combustion technology with low NOx⁽¹⁾ or de SOx⁽²⁾ discharge for Dalkia) by reducing consumption and encouraging the use of cleaner fuel (low sulfur oil and coal, natural gas, VNG for combustion plants and vehicles, and hybrid electric or dual-mode vehicles).

The main atmospheric emissions managed by the company (excluding GHGs) are those from its combustion plants and waste incinerators.

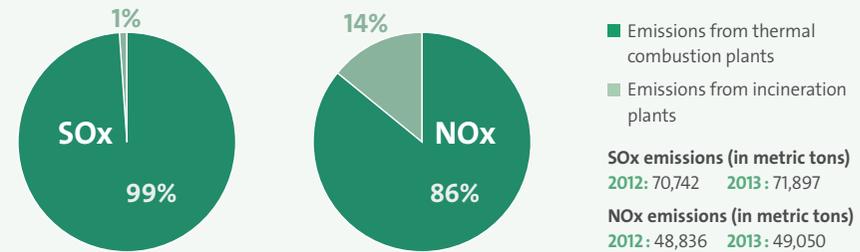
Emissions from heating facilities

The Energy–Dalkia activity has developed an evaluation indicator for NOx and SOx emissions for energy production. This evaluation method has been tested for 2010 and 2011 figures ready for implementation in 2012. The evaluation method is based on energy consumption and the threshold limits for emissions laid down by the regulations (Directive dated October 23, 2001) for large

combustion facilities. Facilities in continental Europe (Lithuania, Poland, Czech Republic, Bulgaria, Hungary and Slovakia) were assumed to be comparable to a 50 to 100 MW power plant. For other facilities, the values used were those recommended for power plants of less than 50 MW.

The increase in SOx emissions is due to the additional consumption of coal for around 400,000 MWh.

Breakdown of SOx and NOx



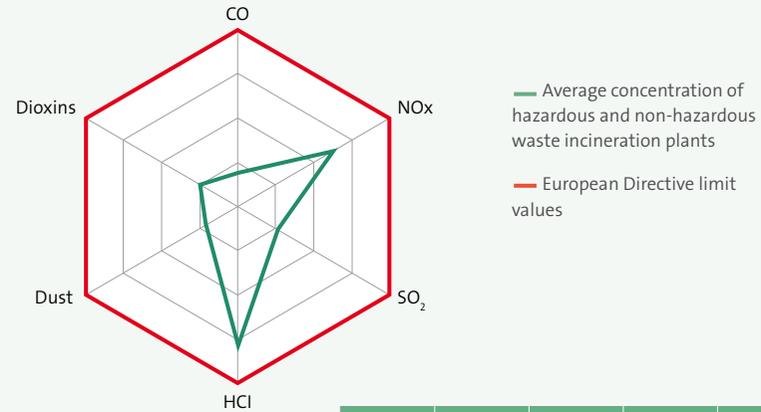
1) Nitrogen oxide. 2) Sulfur oxide.

Quality of atmospheric discharges from incinerators

Threshold values To assess its overall performance worldwide, Veolia has adopted the strictest regulatory reference, that is, the European Union standards. In 2013, as in 2012, all emissions worldwide were less than the emissions stated in the European Directive ⁽¹⁾.

Additionally, the percentage of waste treated in incinerators with dioxine emissions less than 0.1 ng/Nm³ is higher than the guide value of 95%. Our research concentrates on preventing the formation of these pollutants and their treatment.

Comparison of emissions from hazardous and non-hazardous waste incineration with the European Directive limit values



	CO mg/Nm ³	NOx mg/Nm ³⁽²⁾	SO ₂ mg/Nm ³	HCl mg/Nm ³	Dust mg/Nm ³	Dioxins ng/Nm ³
Average concentration of emissions from hazardous and non-hazardous waste incinerators in relation to European thresholds	9.5	125.2	13.0	7.8	2.1	0.02
Emission limit values of the European Directive ⁽¹⁾	50	200	50	10	10	0.1

1) European Directive 2000/76/EC of December 4, 2000 transposed into French law by two orders of September 20, 2002 (daily averages).
 2) For NOx, the standard depends on the flow: 200 mg/ Nm³ for plants > 6 mt/h and 400 mg/Nm³ pour for plants < 6 mt/h.

3.3 Recover by-products from activities and limit the production of final waste

The production of waste is the final result of all recovery and treatment phases. Veolia is firmly committed to recovery in order to turn waste into a resource through the development of materials recovery, waste-to-energy processes and organic recovery. The company is naturally attentive to the waste generated at its own facilities and those it operates. It makes every effort to prevent the production of waste, seeks new potential recovery possibilities, but failing which, ensures the waste is treated.

The main waste produced by the company is wastewater sludge, bottom ash and fly ash from the incineration of household waste⁽¹⁾, waste sorting activity residue, soot, and ash

and bottom ash from the combustion of wood and coal in the company's plants.

In 2013, the company refined the way it calculates the by-products and waste from its Waste management activity, which explains the higher tonnage figures. The refuse

generated by the sorting activity corresponds to sort-at-source errors by waste producers, and oversized recoverable waste that cannot be included in our sorting centers' processes. The way this refuse is then handled depends on the local household waste processing facilities.

	2011	2012	2013
Quantity of sludge from water treatment (in thousands of metric tons)	1,143	1,136	1,007
Non-hazardous waste from Waste management activities (in thousands of metric tons)	2,584*	2,432*	3,745
Breakdown by country:			
■ Bottom ash from the incineration of non-hazardous waste	2,028	1,846	1,792
■ Refuse from the waste sorting activity	Not included	Not included	979
Hazardous waste from Waste management activities (in thousands of metric tons)	670	664	641
Of which waste from waste incineration:			
■ Fly ash produced from the incineration of household waste ⁽¹⁾	264	265	261
■ Fly ash produced from the incineration of hazardous industrial waste ⁽²⁾	59	58	56
■ Bottom ash from the incineration of hazardous waste	145	145	136

*Excluding refuse generated by waste sorting activities and other types of waste only included in the figures from 2013 onwards.

1) Residue from the treatment of flue gas from household waste incineration. 2) Residue from the treatment of flue gas from the hazardous industrial waste incineration..

Incineration and combustion residue

Bottom ash is the solid, non-combustible waste from incineration. It represents around 10% of the incinerated waste tonnage. Depending on its origin, its recovery may be governed by specific regulations. Depending on its composition and after a period of maturation, it may be recovered as road construction material. Veolia is contractually responsible for the management of 55% of the bottom ash produced at the incinerators it operates, that is, around one million metric tons. In 2013, it recovered 77% of this quantity. Where bottom ash could not be recovered, it is sent to landfill sites used for household and similar waste. The same applies to waste from the solid fuel consumed for the Energy-Dalkia activity.

Residue from flue gas treatment is stabilized and then stored in final hazardous waste landfill sites. The quantity produced is around 3.3% of waste incinerated by household waste incineration plants and 5% for hazardous waste incineration plants.

Wastewater sludge

Wastewater treatment generates sludge that concentrates the organic and mineral content from the infeed water. Population growth and improved wastewater system performance using increasingly sophisticated treatment methods have led to an increase in the quantity of sludge produced worldwide.

The quantity of sludge from water treatment has fallen compared with 2012. This is mainly because of contracts no longer included in the 2013 scope, in particular the Berlin contract, which included a very high quantity of treated wastewater.

To meet its public authority and industrial clients' need to cope daily with an ever-increasing volume of sludge, Veolia's challenge is to transform this sludge in order to reduce the costs associated with its management and to recover it in the form of energy and/or products that can be used in agriculture or industry.

For Veolia, when the sludge quality and availability of suitable land permit, agricultural recovery (land application or composting) offers a potential recovery outlet, as does waste-to-energy (anaerobic digestion, use as a replacement fuel and incineration

with energy recovery). In 2013, 50% of sludge was recovered for agricultural needs and 9% as waste-to-energy. Veolia ensures that the sludge is continuously compatible with the recovery method chosen by the client. SEDE Environnement, a company subsidiary, uses a diverse range of complementary systems to ensure a constant outlet for sludge under strict compliance with the applicable regulations. Research is currently focused on maximizing the energy potential of sludge, especially digestion to increase biogas yields. The health and environmental impacts and the lifecycle analysis (LCA) of the various systems for sludge recovery are the subject of studies, together with the choice and sizing of dewatering techniques tied to each of the sludge treatment systems, and isolation for deferred treatment of the sludge fractions that are difficult to recover.

Another area of research is the recovery of by-products from wastewater treatment. The aim is to turn treatment plants into "bio-refineries" by exploiting certain fractions of the organic matter. Veolia's research and development teams have already developed—together with specialist companies and partners such as CNRS, the French scientific research center—innovative, experimental recovery systems for organic intermediaries, such as bioplastics.

Compost and fertilizer

- For more than 24 years, in the city of Baltimore, Maryland, United States, Veolia has been producing compost compliant with the very strict standards set by the state and health authorities. In Milwaukee, Veolia operates a facility that processes dry sludge into Milorganite (Milwaukee Organic Nitrogen), a high-quality biosolids fertilizer.
- In France, Veolia has been awarded Qualicert certification for the treatment sludge produced at its Roche-sur-Yon plant, which is used for land application. This certification covers upstream monitoring of the wastewater treatment plant infeed, checking the sludge composition and ensuring its safe production. The land application of recycled fertilizer materials from the plant is also certified, guaranteeing the system's traceability, the correct dosage to match requirements and training for the personnel involved.

In the final analysis, the dual challenge of materials and energy recovery from sludge results in the company implementing technology that is adapted to each situation and each end-use chosen by the client.

Athos™: a wastewater sludge mineralization process

- Based on the wet-method oxidation of sludge, and now used industrially, the Athos™ mineralization process is an alternative to combustion. It generates three by-products that can either be recovered or safely returned to the environment: a clean gas, a biodegradable organic liquid and an essentially mineral solid substance.

Construction site waste

SADE, a Veolia subsidiary specializing in the design, construction, renovation and maintenance of networks and infrastructure, is developing rubble recycling in a bid to respond to the need to save natural resources.

SADE is involved in three types of rubble recycling in France:

- Crushing and screening, which enables various materials used on building sites to be reused;
- Using site rubble to manufacture self-compacting materials reused directly onsite after analysis;
- Rubble liming: after screening, materials are limed and reused.

Materials excavated at landfill sites are recovered locally, ensuring that cells are watertight wherever possible, or if not, used to construct landfill cells or landscape elements.

3.4 Limit soil pollution

At all sites it operates, and under its Environmental Management System (EMS), the company is careful not to generate any chronic or accidental soil pollution by ensuring good storage and application conditions for materials, and good management of storm water and wastewater from the treatment processes.

Waste landfills have the highest land footprint of all sites operated by the company, and the most advanced technology is employed at these sites. Veolia has introduced minimum standards for the design and operation of landfills. In particular, these standards include the implementation of a sealing system made of a double barrier (active and/or passive) and

leachate collection, treatment and removal systems.¹⁾ For the entire operation and post-operation period (a minimum of 20 years), the monitoring system is based on the analysis of surface water, underground water and wastewater, among other parameters.

In addition, the company has initiated actions designed to limit soil pollution in the event of a breakdown or leak from a vehicle or an accident. SADE, for example, has equipped all its vehicles in France with anti-pollution kits. Drivers are trained and have a reminder sheet that helps them to control leaks before they cause even minor pollution of soil or water.

Veolia is also present in soil quality restoration and maintenance activities through the remediation of contaminated soil and the organic recovery of waste or wastewater treatment sludge (see chapter on the recovery of activity by-products).

1) Mixture of waste moisture and contaminated rainwater by percolation through solid waste.

3.5 Limit local nuisances (noise, odors and site integration)

Veolia has a responsibility for improving the day-to-day living conditions of the people affected by its activities. The company takes care to minimize any nuisance that may be caused by its activities at a local level.

Odors

The natural process of organic matter decomposition can generate odorous molecules. As this process is involved in a certain number of its activities (biological wastewater treatment, composting and waste landfills), combating odor emissions is a constant concern for Veolia. At the relevant sites, Veolia strives to limit odors and when necessary it captures and treats them.

As part of its activities, Veolia implements solutions or works with its clients to identify solutions when the client is responsible for the corresponding capital expenditure. As a result, Veolia has developed technology or worked with partners to treat and control odors (e.g., biofiltration treatment, scrubbing and

an electronic measurement system), and also implements physical-chemical and biological techniques that limit odor problems.

Patented ultra-compact odor treatment reactor.

■ Conventional treatment used to reduce wastewater treatment plant odors is based on chemical scrubbing towers that are sometimes several meters high and have a large land footprint. Veolia has filed a patent for a technique that reduces the size of these facilities by a factor three or even four.

At landfills, in addition to the optimum management of the operations area, biogas collection is a constant concern (see measures taken in the chapter “Combating climate change”), which leads to a reduction in the associated odor emissions: a single operating area of limited size is open at any one time, temporary covers are installed and a degassing system used whenever necessary. Additional measures, such as ensuring a minimum distance between the operation area and property boundaries, creating natural screens (banks or trees), and spraying neutralizing or masking

products are used on a case-by-case basis if no other solution is possible for reducing the impact. When composting takes place at open sites, the operator can reduce emissions by closely monitoring and managing the fermentation parameters: a controlled aeration system and aeration cycle, and creation of windrows with a biological cover will also help reduce these nuisances.

In the event of a perceived nuisance, the company implements consultation procedures with the local population. For example, the creation of a “nose jury,” with its members selected from the site’s neighbors, or a special telephone number can be used to assess the odor problem more accurately and take appropriate measures.

In the area of wastewater treatment process research and innovation, the programs focus on characterizing and treating odors (ultra-compact process). For waste treatment, our research on odor emission management is focused on anaerobic digestion, composting and waste landfills.

Site integration

In addition to measures to conserve biodiversity, the integration of the sites we build or operate into the surrounding landscape is also a major concern (285 hectares of landfill site surface area was rehabilitated in the year). All site construction projects systematically include this aspect, as evidenced by the following recent examples, in which the architectural approach complies with this requirement:

- The Marquette-lez-Lille wastewater treatment plant, in France, is integrated into its surrounding landscape and includes a seven-hectare park;
- The Port Leucate wastewater treatment plant in France uses green walls to ensure the plant's buildings blend in better with the surrounding pine forest.
- The Hénin-Beaumont wastewater treatment plant in France was eco-designed to treat the landscape in a particular way, with different lines of trees gradually

revealing the buildings, and the remaining areas redeveloped as colorful meadows;

- The compact processes proposed by VWS for wastewater treatment plant projects help to reduce land take and the size of buildings. The space freed up in this way is showcased by the architects and landscape artists involved in designing these types of projects. They place greater emphasis on landscaping to help new facilities blend into their environment;
- The project for a recycling and waste-to-energy facility in Leeds, UK, presented by Veolia Waste Management and selected by the city council includes facilities with remarkable design features that will blend harmoniously with their environment, in particular through the use of a green wall, and careful landscaping and planting to enhance the surroundings;
- The green roof on the Vandoeuvre heating plant in Nancy, France, which powers the district heating network, and the green wall on the Ciceo boiler plant, which provides district heating for the town of Puteaux in France, both use perennial plants. They

have been providing attractive vistas that change with the seasons since 2009. In addition to the appealing landscape aspect, the growing media used for this solution reduces noise pollution, and the vegetation improves carbon dioxide (CO₂) capture. The plants' evapotranspiration also removes dust and pollen from the air.

Noise

The issue of noise has become a major concern for local elected representatives. In response, Veolia and ADEME, the French Environment and Energy Management Agency, carried out a study on waste collection vehicle noise and its perception. The aim of the study is to identify the psychological and technical parameters that affect the perception of noise in order to inform specifications for equipment manufacturers and deliver awareness messages to the local population. The study shows that many factors influence the perception of noise associated with waste collection, such as the behavior of staff, the quality of service provided, etc. Noises that can be distinguished from ambient noise are the most difficult to tolerate. Studies on how to reduce noise, in particular in relation to collecting bulky items, have been conducted in France and the United Kingdom. Trials of new waste collection vehicles are underway. These studies will provide a basis for redefining collection routes.

Vacuum waste collection: silent, easy and available 24/7

- By avoiding the use of trucks in built-up areas, vacuum collection is one way of helping reduce noise pollution. For example, in Romainville in France, 6,000 residents have had access to this new service since 2011.

The various household waste drop-off points are connected by 4.1 km of underground tunnels through which the waste is conveyed pneumatically to a collection terminal. This system has reduced by a factor of three the number of kilometers traveled by trucks. This system also makes the urban environment cleaner, improves hygiene, frees up space by eliminating the need for bulky containers and bin storage areas, and improves collection conditions. Moreover, the service is available 24/7.

Three other contracts are now operational in France: Issy-les-Moulineaux Fort and Port eco-districts (2012 and 2013) and the Batignolles eco-district in Paris (2013).

3.6 Limit the impact of travel

Technical services

All company activities implement measures to reduce the impact of travel for technical service operations.

In December 2013, the Water activity completed the rollout of a program started at the end of 2011 to optimize the service travel of its agents in France, as part of their management from dispatching and control centers. Now, more than 90% of the 750 service vehicles are equipped with geolocation devices, 70% of activity is pre-scheduled to optimize agents' travel, and all activity is recorded for post-analysis of time spent and kilometers traveled. This approach has enabled the activity to reduce its vehicle fleet by 4% and the number of kilometers traveled, with a corresponding increase in the actual time available for agents to perform service activities. These actions have had a direct impact on reducing fuel consumption and greenhouse gas

emissions. They will be carried forward into 2014 in order to derive all the benefits expected from this program.

A similar approach has been undertaken by Dalkia in several regional sectors. So far, vehicle geolocation is in service for Dalkia France vehicles and the analysis of the initial data will be used to optimize technicians' travel.

For Veolia Waste Management, the aim is also to maximize household waste collection rounds. These measures are combined with good vehicle maintenance and eco-driving awareness courses for drivers. So far, the system has been fitted to more than 2,000 vehicles in Europe. Veolia now provides new concepts and new logistics solutions, such as collection of the "first kilometer" using small, clean vehicles better suited to dense urban areas, and is introducing waste drop-off containers that are integrated into the urban space.

New collection methods, especially vacuum collection, are helping reduce the impact of vehicle travel in cities. This pneumatic system conveys the waste in underground networks (cf. box in Chapter 3.5 *Limit local nuisances*).

Optimize business travel

Business travel is a real challenge for the company. To contribute to protecting the environment by reducing travel-related CO₂ emissions, a policy has been developed aimed at improving travel in environmental, social and economic terms for all employees in France.

Using a dedicated portal connected to internal management systems, the travel reservation process is optimized to ensure travel conditions comply with the company's sustainable development commitments. The employees are trained and the system parameterized to suggest less polluting alternatives, such as rail instead of air travel for journeys under three and a half hours, or video conferencing solutions to avoid travel. Computerized invoicing and e-ticketing are the final steps in the overall policy to optimize business travel. Lastly, by monitoring CO₂ emissions and boosting all stakeholders' awareness of the impact of their travel, this policy ensures everyone is involved in implementing a more responsible approach to mobility.

3.7 Protecting health

Health quality of drinking water

Veolia's Water activity provides drinking water services for 94 million people worldwide. As part of its ongoing commitment to managing the quality of water it distributes, the company has designed a new generation of multi-parameter communicating sensors known as KAPTA sensors, and deployed them around the world. These go beyond traditional health controls based on analyses and offer a solution for continuous monitoring of drinking water quality.

The Water activity also uses the "Quality Class" indicator to assess the quality of water distributed. It divides the population connected to a Veolia water service into several classes ranked according to the quality threshold compliance and its duration across five parameters. These parameters are considered by the WHO⁽¹⁾ as being widespread in the world and presenting a significant danger for human health through exposure to water-borne diseases.

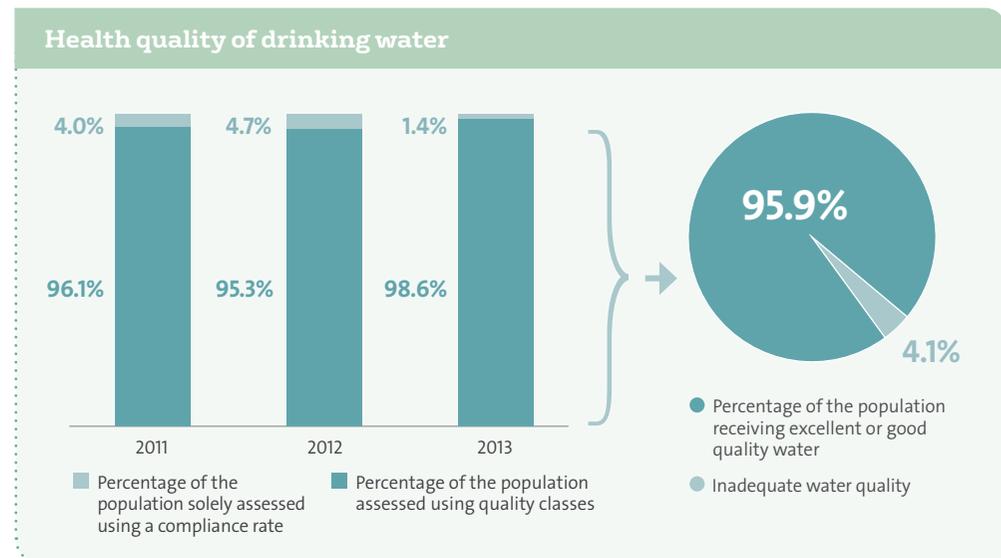
Since its introduction in 2010, all Veolia operational entities enter the relevant data into the "Water Quality Class" tool to calculate this indicator.

In 2013, water quality assessments based on quality classes were carried out for 98.6% of the total population served, an increase compared to 2012. This trend is attributable, for some contracts, to the analysis of new parameters (non-contractual), such as selenium for the Queretaro contract in Mexico, or the analysis of all the indicator's parameters across a broader population base, such as the water distribution contract in Niger.

The remaining 1.4% refers to the population provided with water the quality of which is assessed solely on the basis of a compliance rate.

Where water quality was able to be assessed using the "Quality class" indicator, 95.9% of the population was provided with excellent or good quality water in 2013. The remaining 4.1% were provided with water registering chemical or microbiological parameters chronically above the thresholds (inadequate water quality). In such cases, Veolia makes its full range of expertise available to the contracting authority to identify appropriate solutions.

The fact that these results are lower than the previous year is attributable to the combined effect of having lost certain efficient contracts, such as in Berlin, and



1) Escherichia coli, fluorides, selenium, arsenic and nitrates.

including in the reporting procedure of the Nagpur, India, contract (population of 2.5 million). The deteriorated state of the 2,500 kilometers of this distribution network is the root cause of many of the microbiological non-compliances recorded. The network will be upgraded over the first five years of the contract, which will eventually lead to an improvement in the quality of the water distributed. (<http://www.veoliaeau.com/medias/actualites/2012-03-13,inde-partenariat-public-privé.htm>)

Veolia met its target of no inhabitants being provided with poor quality water (water with chemical and microbiological parameters chronically in excess of thresholds²⁾.

Protection against nuclear, radiological, biological and chemical threats

■ In September 2013, for the Francophone Games in Nice, Veolia installed on its water distribution networks the operational system developed by the RAID (*French Research, Assistance, Intervention and Deterrence service*) and the DCI-IT (France's Inter-ministerial central detachment for technical response) (under the authority of the French Minister for the Interior specialized in combating RNBC (Radiological, Nuclear, Biological and Chemical) threats). Utilizing a single type of technology, the KAPTA sensors located at strategic points continuously measure the water quality and help protect the population. If any abnormal contamination is identified, the RAID and DCI-IT central command center orders action to be taken to protect citizens' safety.

2) Tolerance threshold of 10 people per one million.

4. CONSERVE ECOSYSTEMS AND BIODIVERSITY

In line with the commitment written into its biodiversity policy, and directly linked to the Aichi objectives adopted in Nagoya (new strategic plan of the Convention on Biodiversity) and those of the French SNB (National Strategy for Biodiversity), Veolia is continuing its work in three main areas:

- Improve our knowledge of biodiversity and pursue the characterization of our impact and dependency on ecosystems;
- Take action to prevent and reduce any impact, protect biodiversity and determine value ecosystem services;
- Inform, train and raise awareness of biodiversity issues.

These commitments, illustrated below by examples of some typical actions taken, are outlined in a document titled *Taking Action for Biodiversity*, signed by Veolia's Chairman and CEO, that has been widely distributed internally and externally since 2010 and is available on the company website.

They are monitored by a biodiversity committee that includes the departments with responsibility for these issues within Veolia (business lines, research, sustainable development and operations).

One tangible reflection of this undertaking is Veolia's participation in France's National Strategy for Biodiversity (SNB), for which it is preparing a package of commitments (made up of significant and supplemental actions to promote biodiversity). In 2012, these commitments were strengthened by the

adoption of performance indicators in the company's environmental plan. The issue for Veolia, in addition to managing its impact, involves promoting the contribution of its activities to maintaining and/or restoring and developing ecosystems.

Working with the French Committee of the IUCN



■ Biodiversity is present at all sites operated by Veolia and its activities depend on the services provided by nature (water treatment, natural breakdown of many types of pollutants, etc.). As a beneficiary of ecological services, Veolia has undertaken to become a determined and committed actor in the conservation and restoration of biodiversity to guarantee the quality of its services and improve its environmental performance.

■ To that end, in 2008 Veolia signed a multiyear partnership with the French Committee of the IUCN (International Union for the Conservation of Nature) that has since been renewed. This partnership aims to strengthen the integration of biodiversity in the company's policy and the management of its activities. This cooperation has, for example, led to the creation of a guide to ecological site management. This publication is one component of the company's approach to improve the ecological quality of its sites so they

can be integrated into the green and blue ecological corridors being set up in France.

■ Veolia is also a member of IUCN France's "Business and Biodiversity" workgroup that includes IUCN members and other private-sector partners. This discussion forum aims to involve companies in biodiversity issues. Since 2011, Veolia has contributed its insight and expectations with regard to corporate biodiversity reporting and indicators.

■ The company also supports research by the French Committee of the IUCN, e.g., the description of the ecological services provided by the major ecosystems in France.

IUCN France has 55 members (ministries, public institutions and NGOs) as well as a network of about 250 experts. The IUCN is the world's largest nature conservation organization (1,000 member organizations and 10,000 experts) and has had United Nations observer status since 1999. www.iucn.fr

4.1 Improving our knowledge and continuing to identify our impact and dependency on ecosystems

Since 2009, Veolia has been conducting diagnostic assessments within its various businesses to determine the extent to which each of its activities is biodiversity-dependent, as a basis for the implementation of actions that benefit biodiversity.

Dependence of Veolia activities on biodiversity

The sound operation of ecosystems is essential to Veolia’s ability to provide some of its services to its clients:

- the production of drinking water is directly tied to a properly functioning water cycle: precipitation, plus storage capacity in water basins, ensure that the resource is available. Leveraging the benefit of ecosystems in regulating the quality of water (auto-treatment) helps to maintain good-quality water resources used for drinking water production and therefore limit the amount of treatment needed to ensure water is fit for consumption;

- sanitation activities are dependent on ecological factors as well: microbial activity, and the ability of aquatic environments downstream to assimilate residual water content, are critical to wastewater treatment;
- for energy, biomass operations require a sustainable supply of wood energy;
- waste storage, composting and soil remediation all rely on the structure and nature of the soil as well as biological processes to break down organic material;

Preserving ecosystems is therefore a real issue for Veolia in not only maintaining but developing its business over the long term.

Positive effects of the company’s activities on biodiversity

Veolia’s activities help to preserve ecosystems by reducing the impact of anthropogenic pollution on natural environments. Its water and environmental services businesses collect and treat wastewater and waste, which limits the dissemination of urban and industrial pollution in the soil and water.

Regarding energy, the development of continuously controlled district heating networks subject to strict regulations helps reduce atmospheric pollution compared with more polluting systems (heating oil and coal).

Support for scientific research and academia

Veolia has also been examining methods and tools for evaluating the services provided by ecosystems, and is developing solutions for ecological engineering. Its efforts to support and generate scientific research have taken concrete form in a variety of ways:

Support for a special academic chair

Since 2009, Veolia has been contributing to research activities through the Mathematical and Biodiversity Modeling (MBM) chair established at France’s École Polytechnique. The MBM chair aims to develop synergies between applied mathematics and ecology on the topic of biodiversity. Its activities are rooted in research and education, with the aim of bringing the results of the research to a broader audience. The chair is unique for its multidisciplinary approach to ecosystem modeling aimed at addressing key environmental challenges, such as ecological niches, adaptive evolution, colonization of space, analysis of community dynamics and the construction of biodiversity scenarios. This approach entails a need for relevant, rigorous and innovative mathematical tools. One objective in particular is to develop new probabilistic models for evolution that draw more effectively on interactions

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and variations in scale among various ecosystems—models that can be used to anticipate future developments. These problems are also being examined using statistical applications. The impact of spatial or temporal variability in the environment on the growth and survival of a population is an other issue as well as the development of random models for species abundance and displacement.

The scientific results from this research are shared at an annual workshop. In 2013 the event addressed the issue of ecological modeling.

Lending support to scientific thesis and participation to the work of multiparty organizations

To enhance its understanding of the range of issues posed by biodiversity, Veolia lends support for numerous scientific thesis and participates in task forces examining these topics. The following are just some examples of this commitment.

Veolia lent its support to a study entitled *“Methods for evaluating biodiversity in an urban setting: pollinators and pollination”*, conducted in collaboration with France’s National Museum of Natural History (MNHN). The purpose of the study was to compare methods for evaluating the state of biodiversity in urban environments. Pollinators and the ecological service they

provide were chosen as a model, given the pivotal role they play in ecosystems. An exceptionally wide array of methods was tested at Veolia sites in Greater Paris, ranging from citizen science projects involving the general public to sampling by experienced naturalists. The study assessed the value of using each of the methods described in order to address the issues raised as effectively as possible, in light of the resources available for carrying them out.

Veolia also helped to draft a Business and Biodiversity Interdependence Indicator (BBII) as part of a working group at the Orée association jointly directed by Veolia and the FRB (Foundation for Biodiversity Research) up until 2010.

In addition, the company offers support for the various studies being conducted by the French Committee of the IUCN, such as a description of the ecological services provided by the major ecosystems in France and the development of a French “red list” – a database compiled using an international methodology that lists endangered land and marine species in mainland France and the country’s overseas territories.

External scientific publications and events

The Veolia Institute has conducted a variety of activities for disseminating knowledge that relates to Veolia businesses.

In 2012, SAPIENS, working in cooperation with the IUCN, devoted a special issue to biodiversity at the latter’s request. In the conviction that knowledge drives change, the IUCN hoped to highlight the diverse intellectual output of its six Commissions comprised of more than 11,000 researchers. With this special issue of SAPIENS, each commission was given an opportunity to relay notable progress and describe priority actions for the future with regard to ecosystem and protected-area management, environmental policies, species protection, environmental law, and outreach and education. The publication was widely disseminated within various professional circles within the field of conservation, so as to foster dialogue and the sharing of knowledge about nature-based solutions.

Similarly, in 2013 the Veolia Institute began preparations for its 7th Future Environmental Trends Conference, scheduled for May 2014 in Washington, DC, which will focus on management and restoration of large-scale ecosystems. The conference will showcase experiments and concrete solutions designed to educate public and private policymakers about ways to meet the Aichi international environmental goal of restoring at least 15% of degraded ecosystems by the year 2020, as set forth in the Convention on Biological Diversity. The event will also provide an overview of current scientific knowledge

and technical expertise with regard to the restoration of terrestrial and aquatic ecosystems. Several partners will be on hand for the event, including the IUCN, the French Agency for Development and the National Academies in the United States. The conference offers an opportunity to mobilize a wide segment of the public, including both academia and the scientific world, businesses, NGOs, multilateral aid agencies and lenders, national and international bodies, and students.

In addition, Veolia joined forces with the IUCN France to host a discussion on “Cleaning the Sea 2050” at the 3rd International Marine Protected Areas Congress (Impac 3) held in October 2013.

The economic approach to biodiversity and ecological services

In 2013, Veolia continued its examination of the external benefits provided by water and sanitation services, in order to calculate the economic value of the ecosystem services on which our activities have a positive influence. The results highlight the company’s environmental and social performance in addition to its financial performance. They also help decision makers by encouraging investments or management methods that ensure shared value creation at a regional level.

Consistent with its support for the *Corporate Ecosystem Valuation* (CEV) guide produced by the World Business Council for Sustainable Development in 2010, Veolia contributed to the case studies in the *Business Guide to Water Valuation*, including three concrete examples drawn from Crépieux-Charmy, Berlin and the Estuaire de la Dives inter-municipal authority).-<http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=15808>.

The company continued to carry out case studies on identifying the relationship between its activities and ecosystems. As part of the research carried out by Orée, for example, the Occitanis site in France, an hazardous waste landfill which also recovers polluted soil and which is located near a natural area of scientific interest for both its flora and fauna, was used as a case study. It enabled to identify the relationship between the site and biodiversity and the corresponding costs and benefits. As well as mapping the relationship using the methodologies published by Orée, the study formed the basis of a methodology that could be rolled out to sites involved in the same activities within the company. It also showed that taking account of biodiversity at the site did not result in any significant new costs in light of the expected benefits, given that the majority of expenditure allocated to biodiversity management was intrinsically linked to the activities carried

out on the site. This example, along with the use of the CEV guide at the Crépieux-Charmy site, were cited in an Orée publication entitled *La gestion de la biodiversité par les acteurs: de la prise de conscience à l’action* (Biodiversity Management by Stakeholders: From Awareness to Action), published in late 2013.

Protecting and promoting wetlands

The numerous ecological services provided by wetlands have been identified but the methods used to assess and place a value on their functions could be strengthened. In relation to this, Veolia has made a commitment alongside the Conservatoire du Littoral and the Rivages de France association to a partnership with two main areas of focus:

- developing research initiatives at projects or pilot sites that contribute to the production of a method for classifying the benefits to the ecosystem offered by wetlands;
- developing awareness-raising tools in these areas, aimed at regional development players.

Among other things, the program attests to the company’s commitment to increasing its understanding of ecosystems, but also its appreciation of its dependence on these ecosystems. This collaboration culminated in the publication of a guide in November 2013 that is intended for local authority.

4.2 Taking action to reduce any impact, protect biodiversity and enhance ecosystem services

Veolia follows the principle of a “mitigation hierarchy” in which the first step is to avoid endangering biodiversity, then reduce and ultimately offset the company’s impact.

Reducing and managing the company’s negative impacts on biodiversity

In particular, this impact is tied to its facilities’ footprint, which contributes to land take, as well as the consumption of natural resources and the residual pollution in the discharge from its operations. Aware of these impacts, Veolia has undertaken to avoid them first, then to reduce and manage them, in particular through the systems and tools described in the following paragraphs.

Discharge management

Conventional physical-chemical approaches that involve measuring the levels of pollutants in discharges are not sufficient to assess the state of conservation of biological diversity in an environment. The current

tools used to assess the state of biodiversity (knowledge tools) are mainly focused on so-called “remarkable” species, and they too are insufficient.

Today, new overall approaches to characterize the ecological status of an environment are being developed. The results obtained with these new tools are for the moment difficult to translate into operational management systems. The company is therefore developing its expertise with biological tools to assess the level of danger and impact of its discharges on the aquatic environment, its atmospheric emissions and its products (organic soil improvers and secondary raw materials). Research and development teams have, in particular, focused their work on ecological engineering to identify techniques for reducing these impacts and developing skills in the area of environment remediation (lagoons, grass verges, etc.).

On-site assessment tools and action plans

The company develops an approach based first and foremost on identifying the areas where its priority action is needed (based on multiple criteria grouped into three major categories: the site’s ecological potential, its impact and the ecological sensitivity context) and then deploying an assessment method to define an action plan.

Since 2010, Veolia has incorporated information extracted from the IBAT (Integrated Biodiversity Assessment Tool) database developed by Birdlife International, Conservation International, the IUCN and the United Nations Environment Program into its Atlas of Responsibilities and Sustainable Development Opportunities. This internal tool was developed to identify all the sustainable development issues for a given site, including the preservation of local species and the natural environment.

Since 2011, the company has included functions using geolocated data of its sites to prioritize its ecosystem management actions on the basis of a context that is recognized and identified by the stakeholders. These functions will enable us to adapt the company’s actions to the specific local conditions (ordinary and locally remarkable species and ecosystems).

Worldwide, in each of the primary countries where it operates, the Environmental Services business prepares a national roadmap, revised each year, and adapted to its business operations. This roadmap includes country-specific lines work to promote biodiversity in accordance with the company’s policy. These initiatives are defined by region or business activity so that they can be overseen by regional and country-level

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correspondents. They include timetables for action, details on the implementation of actions, etc., organized around principal concerns such as site conditions, ecological management, environmental impact and education.

A biodiversity assessment tool, adapted specifically to Water and Environmental Services businesses, has been developed in partnership with outside biodiversity consultants. The method includes the characteristics of the natural environment and the site’s development and management to draw up an action plan reflecting the local issues. This decision-making tool based on local needs has been used by some 30 Water sites and about 30 Environmental Services sites since 2012, helping to identify the priority actions to better take account biodiversity.

To supplement this diagnostic tool, Veolia has provided guides to best practices. For example, the Environmental Services and Water businesses offer guides designed to raise awareness among operators about

the problem of invasive species and help them recognize these species so as to avoid contributing to their spread, by adopting best practices such as prohibiting their use in landscaping, quickly identifying areas where they have become established and implementing appropriate ways to combat them.

Expertise from internal researchers

Veolia’s entities are assisted in their efforts to promote biodiversity at their sites by the consulting engineering unit and the company’s research and development personnel. Thanks to the expertise of these research hubs, which is recognized both internally and externally, it allows the company to validate the efficacy of the action plans implemented at its sites on behalf of biodiversity. Researchers at Seureca, Setude, DESL, EPAS and 2EI provide ecological engineering and other services. Their expertise is used to map ecological continuity, track standardized bioindicators (IBGN, IPR, IBD), prepare inventories of flora and fauna, provide for fishways and

similar structures, and draft action plans for expanding urban biodiversity.

Preserving natural resources and maintaining ecosystem services

Veolia supports its municipal and industrial clients by implementing protection systems in water catchment areas, thereby helping to conserve water resources.

By devoting particular attention in advance to its forestry and agricultural supply networks, the Energy business strives to optimize the benefits derived from the ecosystem’s supply of wood. These networks also ensure the ready availability of biomass at Veolia’s combustion facilities, while protecting these resources and ensuring they are sustainably managed.

Helping to promote salmonids in a Czech river

■ Veolia is one of the leading players in water treatment in the Czech Republic. According to the Czech Environment Agency (CENIA), the quality of water in all Czech rivers has improved significantly over the last 20 years thanks to the expansion of wastewater treatment, which has allowed several local species of fish to begin to return. To accelerate the process, Veolia’s subsidiary in the Czech Republic decided to participate in the “Trout Way” project, whose main aim is to support the return of salmonids to the country’s rivers. Launched in 2011, the five-year project is being run in partnership with the Freshwater Giants association, founded by expert Jakub Vágner.

■ Initial results are very positive. During the first two phases, three metric tons of fish were released into the Strela in western Bohemia. According to the monitoring program run by fishermen, over 60% of the fish reintroduced have survived, compared with the usual level of about 40%. Fish adaptation and reproduction are also fostered by scheduled periods when fishing is prohibited. The program has been praised by both local government and the media. Its success confirms Veolia’s performance and contributes to improving ecological state which benefit local communities through related ecological services such as tourism and recreational activities. Following the reintroduction of sturgeon into the Danube delta in Romania in 2012, similar actions are expected to be implemented in the near future in Slovakia and Hungary.

Ecological management at sites

The company continues to manage its green spaces in an environmentally-friendly manner, which involves moving on from the “standard horticultural model.” Veolia’s actions in this area are designed to preserve existing natural heritage and contribute to the development of ecosystems. The company therefore works with local partners to help maintain and restore the different environments found on its sites, such as ponds and meadows. It conserves local ecological continuity by planting hedges and grass strips or restoring wetlands.

In partnership with the French Committee of the IUCN, in 2012 Veolia provided its French sites with a guidebook entitled “Guide to ecological management of Veolia sites,” which is supplemented with new information each year. It gathers beneficial actions for ecosystems that can be taken during each site’s design and/or management.

In particular, it covers:

- the management of herbaceous environments and fauna,
- measures for maintaining sites,
- development of roadways and buildings.

The guidebook details actions that will encourage the regeneration of native species, conserve and diversify habitats for fauna and pollinators, and combat invasive exotic species. The guide also includes a booklet that profiles protected spaces in both mainland France and French overseas territories, so as to educate employees and raise their awareness regarding the issues involved. This publication is one component of the company’s campaign to improve the ecological quality of its sites so they can be integrated into the green and blue ecological corridors being set up in France.

Proper ecological management of Veolia sites can lead to certification based on specific local standards. For example, external quality labels have been awarded to the incinerator in Dunkerque (the Biodiversity Progress label, issued by Dervenn/Bureau Veritas) and those in Coalmoor and Smalley Hill in the United Kingdom, which have been Biodiversity Benchmark-certified by the Wildlife Trust.

The Biodiversity Progress label for recognizing biodiversity initiatives

■ In 2012, Veolia embarked on an innovative campaign in partnership with Der venn and Bureau Veritas to create a biodiversity label. The Biodiversity Progress label is used to identify priority actions to be taken in order to create a true biodiversity policy, one that is adapted to each site and integrated into the EMS. Through this process of continuous improvement, Veolia can draw attention to completed initiatives and provide updates on projects underway. An independent labeling committee reviews each action plan to ensure it is appropriate before awarding the label. The

energy recovery center in Dunkerque, France, was chosen as the pilot site for the project and played an instrumental role in formally defining the process. A specific action plan was adopted for the site, with measures aimed at organizing and disseminating a long-term commitment to biodiversity at the facility through concrete actions onsite and in the surrounding area. These included differentiated site management and the installation of wildlife shelters, as well as steps to educate employees and stakeholders alike about biodiversity.

Integrated ecological management by the CAMVS, supported by Veolia

■ Biodiversity assessments have been carried out at the various “water” and sanitation sites within the intermunicipal partnership of Melun Val de Seine (CAMVS) (Boissettes, Livry-sur-Seine, Dammarie-les-Lys, etc.) since 2010. Following the assessments, differentiated management (late mowing, minimal maintenance of vegetation, reduced use of phytosanitary products, the use of local species for landscaping, etc.) was introduced in 2010 in Boissettes and in 2012 in Livry-sur-Seine and Dammarie-les-Lys. In addition to differentiated management, beehives have been introduced to the sites in Boissettes and Livry-sur-Seine in partnership with a local beekeeper, and an eco-pasture was created at the Boissettes site.

Monitoring indicators and commitments on improving the attention paid to biodiversity

Veolia’s biodiversity approach is managed at the corporate level by a referent at the Sustainable Development Department. Since 2010, the approach is supported by a network of biodiversity correspondents in the various French regions and subsidiaries and in major countries where Veolia operates worldwide. This network oversees the deployment of the company’s biodiversity strategy by drafting action plans, sharing best practices and providing feedback on actions undertaken.

As part of its efforts to monitor the actions taken at sites and encourage more of them,

the company has developed indicators to measure performance linked to targets, in order to monitor local implementation of commitments on supporting biodiversity.

The Water and Environmental Services businesses monitor the use of assessments and the production of action plans associated with ecosystem management.

In 2012, Veolia made a commitment to identifying the number of facilities in its Water business (water production plants and wastewater treatment plants) that had carried out an assessment and implemented an action plan to restore local biodiversity. Ninety-seven of these sites conducted a biodiversity assessment in 2013; of those, 79 created an action plan on the issue.

The Environmental Services business set a target of deploying an action plan at 75% of its sites with biodiversity stakes and opportunities by the end of 2014 (on the basis of its prior identification of such sites). In 2013, plans were developed at 27% of the sites facing major biodiversity challenges. Our commitment has continued in both France and the United Kingdom with the introduction of special action plans to promote biodiversity. Biodiversity assessments, conducted with the support of ecologists, were carried out at an additional 37% of our sites in France during 2013.

Veolia is a member of the biodiversity committee at Entreprises pour l'Environnement (EPE), and contributed to its guide entitled "Assessing and Managing Biodiversity", published in December 2013.

4.3 Informing, training and educating employees and stakeholders

Employee training

The biodiversity correspondents can enhance their knowledge through online training. The network fosters a shared concern for nature among all employees and is raising awareness among stakeholders about the challenges posed by biodiversity. To that end, the correspondents have created effective tools for informing, educating and raising awareness both inside and outside the company. The network helped to develop and deploy an environmental e-learning program, including a biodiversity component targeted to Environmental Services employees, along with a biodiversity sales offering for clients and educational tools (exhibitions, open-house days, etc.) designed for both

employees and the general public. In addition to involving its employees in implementing management activities, the company carries out a range of actions to raise stakeholder awareness of the issues involved in conserving biodiversity.

Day-long educational events are held each year. For example, since 2012, as part of International Biodiversity Day, GRS Valtech has been giving employees at its Saint-Pierre-de-Chandieu site the opportunity to discover local birds and insects in cooperation with a local organization. Volunteers can build and install insect "hotels" and birdhouses on site.

Greater awareness among partners and nearby residents

Installations such as teaching ponds have been created at a number of sites and are included in site tours. Specially designed areas have been set aside at discharge points outside wastewater treatment plants to create or re-create natural habitats. Furthermore, in partnership with the local community, the company organizes clean-up and restoration sessions for natural environments, observations of fauna, awareness-raising workshops on ecological gardening and apiculture as well as educational trails. Veolia also encourages actions

A participatory approach to innovation

In 2013, a biodiversity initiative was singled out with a Community Initiative Award. These awards are given each year to bestow recognition on best practices at Veolia. For example, incineration plants in northern Normandy are promoting biological diversity on a daily basis and encouraging employees to get involved; differentiated management of green spaces and provisions for wildlife have been proposed with the aim of obtaining ISO 14001 certification. The joint development of these activities, coupled with actions to raise awareness throughout the surrounding community, were recognized in the Solidarity and Team Spirit category.

A Biodiversity Challenge was organized by the South-East region of Veolia's Environmental Services business as part of the Déclic program: this internal participatory approach to innovation is open to all employees, regardless of their job role or grade. Three ideas were awarded prizes in 2012 and will be implemented in the region in 2013 in partnership with the employees responsible. They involved:

- the use of carp to clean fire tanks;
- a nature outing for employees, led by a nature conservation organization, that included a volunteer project;
- the creation of a biodiversity awareness-raising campaign for employees in the region.

A partnership for preserving birds and wildlife

■ In 2012, the Solitop hazardous waste storage facility in Saint-Cyr-des-Gâts, France, signed a partnership with the League for the Protection of Birds (LPO), which jointly manages the nearby Michel Brosselin national nature reserve. The reserve's 207 hectares of natural marshy grasslands serve as the wintering grounds for 120 species of birds, including the black-winged stilt, the redshank and the marsh harrier. With Solitop's financial support, the pedestrian walkway leading to the reserve's ornithological observatory was restored, so as to provide access for all visitors and prevent both trampling of plant life and disturbances to birds.

by its partners to educate the public about environmentally responsible behavior.

Raising awareness among clients and policymakers

In addition to its campaigns to raise awareness among its workforce and the general public, Veolia shares its views with its various clients. It holds colloquia to report on the results of its research and present the findings of studies related to regional biodiversity. Moreover, the company prepares simple documents for policymakers (brochures, pamphlets, posters, etc.) that serve to

demonstrate the value of preserving natural environments.

In addition, particularly in France, Veolia is taking steps to become more involved in regional communities, by developing partnerships that will enable those regions to respond more effectively to the concerns of their local populations. For example, the company is working with ANEL and ANEM – associations of elected officials in France's coastal and mountainous regions respectively – on biodiversity issues specific to their locales. As part of its partnership with ANEM, in 2012 Veolia published a document entitled *Biomass: A Mountain of Energy*.

Veolia's biodiversity policy

The erosion of biodiversity is one of the main environmental challenges with which our company is confronted. Our modes of production and consumption are accelerating the destruction of species (in 2013, 21,286 of the 671,576 species evaluated by the IUCN were threatened with extinction) and altering ecosystem activity (60% of the services provided by ecosystems are degraded). Given that we are heavily dependent on nature, human well-being and human activities are at risk. Each of us therefore has a responsibility to preserve our natural assets in all their diversity and wealth. Meeting this challenge means taking action across the board. Without responsible, committed economic actors, we will lose the fight against the erosion of biodiversity. This is why the French Committee of the International Union for the Conservation of Nature (IUCN France) has been taking steps for several years to increase businesses' involvement in supporting biodiversity.

Veolia understands the vast scale of this challenge. It has made a commitment to an approach to support biodiversity conservation which goes well beyond simple compliance with the regulations. As part of its efforts, Veolia signed a partnership agreement with IUCN France in 2008 which mutually benefits both parties:

- IUCN France provides expertise, helping the business to incorporate biodiversity more fully into its policies and how it manages its activities;
- Veolia supports projects run by IUCN France and provides insights on the extent to which biodiversity is taken into account by the private sector and future expectations.

The aim of our partnership is to encourage Veolia to continue and to strengthen its actions to reconcile industrial activities and biodiversity conservation in order to offer a comprehensive range of opportunities for truly sustainable development at a territorial level.

We believe that business can, on the one hand, make further progress in reducing its impact on biodiversity but also make more of a proactive contribution to conserving, restoring and valuing ecosystems.

Veolia's participation in France's National Strategy for Biodiversity (SNB) and its desire to submit a package of commitments within the near future, comprised of significant, coherent, proportionate and supplemental actions to promote biodiversity, are proof of its intention to embark on this path.




Sébastien Moncorps
Director, IUCN France

5. PROTECTING NATURAL RESOURCES

5.1 Saving water resources

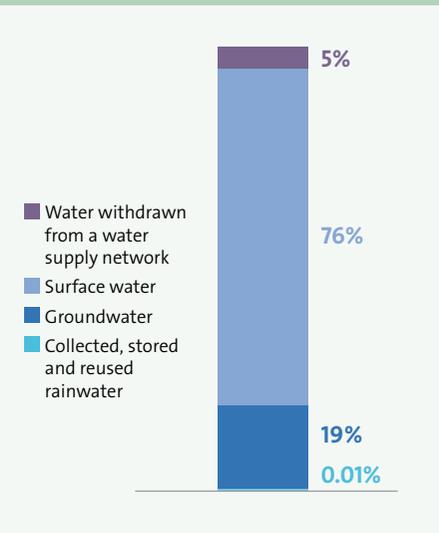
Reducing the quantity of water extracted from resources for its own facilities or those operated on behalf of clients is a constant concern for Veolia.

Of the 10.6 billion cubic meters of water extracted in 2013:

- 9.2 billion cubic meters were channeled to drinking water distribution networks;
- 1.4 billion cubic meters were used in industrial processes (Waste management, Water and Energy).

For the first time this year, Veolia has broken down its extracted water by source in its reporting on operational activities.

Breakdown of water withdrawals by source (% of total volume)



The most sizable withdrawals of water made or managed by the company were connected with drinking water production or distribution (accounting for 86% of the total volume extracted). Under the terms of its contracts with local authorities, 8.7 billion cubic meters of drinking water were produced in the 4,532 production plants run by Veolia in 2013. It distributed 9.2 billion cubic meters across a network of 312,839 kilometers.

Protecting resources

Veolia is firmly committed to optimizing water-cycle management and saving what is at times a scarce resource. It provides its public authority clients with a range of technical solutions designed to protect resources, optimize their management for the long term and, if necessary, develop alternative resources (see our brochure “*Protecting and managing water resources*”). These measures are systematically put to the contracting authority, which decides on their application on a case-by-case basis.

Monitoring the status of resources and sharing the information with others

In 2011, working in collaboration with a variety of NGOs, universities and the environmental community, Veolia launched a website calling GrowingBlue.com, designed to help consumers—including municipalities, manufacturers and local residents—gain a better understanding of water issues and use water more efficiently.

Serving as both a database and educational tool, the site emphasizes how water shortages could have a socio-economic impact on today’s communities. From the site’s home

page, visitors can link to an interactive map of the world displaying data on 180 countries (plus each state in the United States), including water-stressed areas, the number of inhabitants with access to water services, the total per capita volume of renewable resources used per year, the relative impact of water-consuming activities, etc. Additional features let you track the impact of shortages on the population, as well as economic growth between now and 2050. As a source of information about water concerns and a reliable resource for policymakers, the site highlights the results of numerous studies conducted worldwide and fosters stakeholder dialogue regarding the socio-economic challenges posed by access to water.

Reducing the water footprint

In addition to these proposed technical solutions, the Water Impact Index (WIIX) developed by Veolia enables decision makers (companies and public authorities) to make the necessary choices in water management and use. It can be used with the carbon footprint and applies to both public water and wastewater services and to industrial clients. The WIIX has been adopted for dozens of municipal and industrial contracts worldwide.

When applied to the water cycle in conjunction with the carbon assessment in the American city of Milwaukee, for

example, the index highlighted the significant impact of reagent consumption for water disinfection, which subsequently led to the use of innovative solutions at the wastewater plant to reduce its water footprint. Thanks to enhanced biological treatment at its wastewater treatment facility, the L'Oréal plant in Jiangsu, China, has reduced its energy consumption and its production of sludge;

moreover, the site has set up a recycling system that helps to shrink the company's carbon and water footprints. And at the seven largest sites operated by the Vallourec Group, the index was used to compare a variety of installations and operating scenarios so as to provide an objective argument for current and future actions at each of the company's plants.

The Water Impact Index

■ Veolia has developed the Water Impact Index to help companies and decision makers make informed water and wastewater management choices. Unveiled at the Milwaukee Water Summit in 2010, the index assesses the effects of human activity on water resources. Unlike indicators that only take account of the amount of water used, the Water Impact Index includes data about the pressures on resources in terms of volume and quality. This new tool therefore goes further in assessing the water footprint of human activities.



Veolia has developed a simplified tool for calculating the Water Impact Index of industrial activities and water and wastewater services: the WIIX Tool. It is available on the Growing Blue website: <http://growingblue.com/footprint-tools/water-impact-index/>.

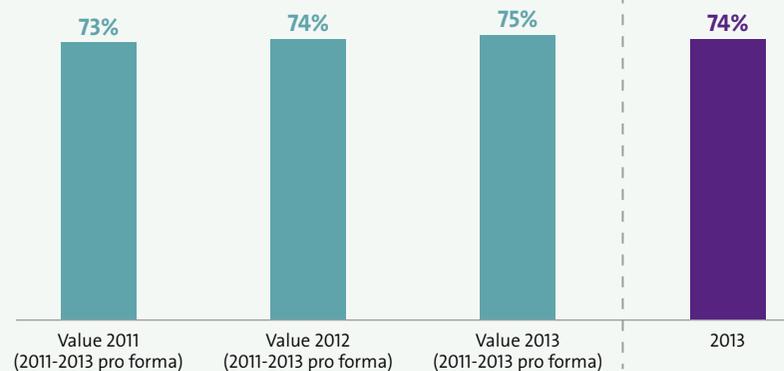
Incorporating environmental efficiency into our service fee structure

■ Many of Veolia's services now come with contractual commitments to long-term performance. For example, numerous contracts that Veolia has signed with local municipalities for drinking water production and distribution include financial, environmental and community performance indicators, showing progress in efforts to improve network efficiency through reduced water loss or to preserve water resources.

Reducing losses in water distribution networks

In many cities around the world, 20% to 50% of the water produced is lost because of distribution network leaks. Veolia has made loss reduction in its networks one of its main priorities. The indicator called "Network efficiency" assesses the percentage of water delivered to the end consumer but it is affected by consumption changes throughout the network. It is therefore often used in conjunction with the linear loss index to evaluate a water distribution network's performance. That index expresses the volume of water lost as a ratio of the

Efficiency of drinking-water networks



network length, and consequently reveals the efforts made by the public authority and Veolia to reduce the volume of losses.

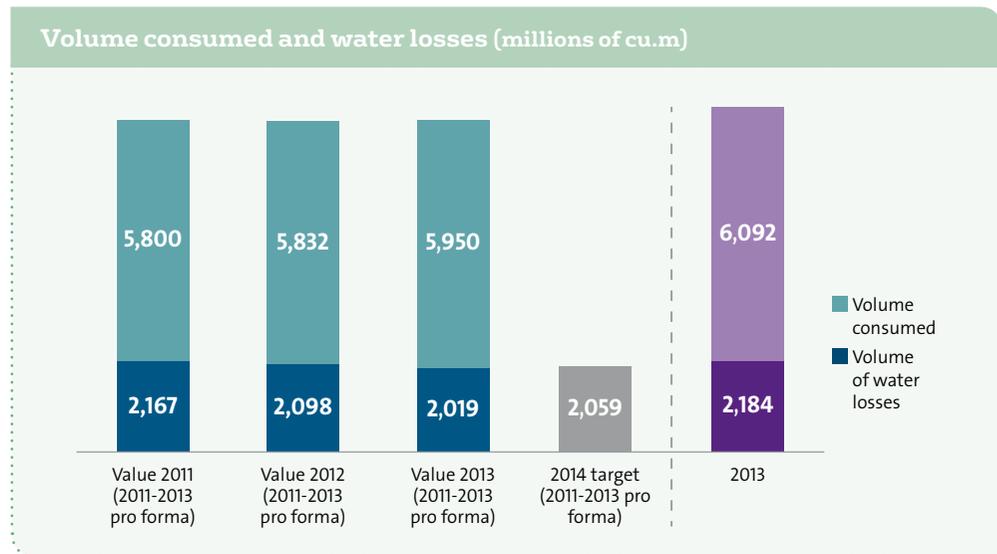
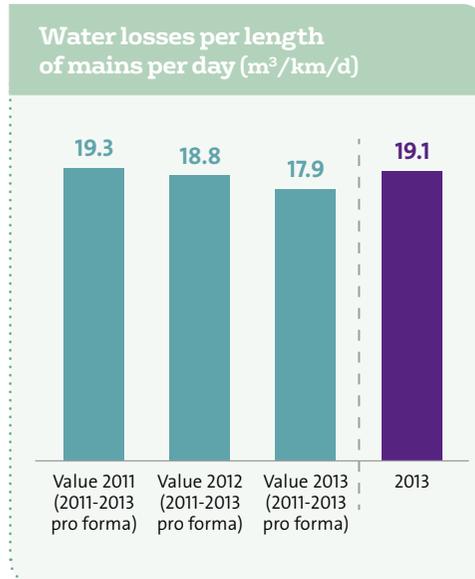
These two indicators are therefore complementary and their analysis applied to each network enables us to target better our leak detection efforts and advise clients about the best choices when deciding on expenditure for network replacement. As the aim is often to find the best balance between ecology and economy for each network, especially in the context of increasing consumption in some countries but a decline in others, it is not possible to set a companywide target for this type of indicator. Conversely, the efforts made can

be assessed based on the change in volume of losses on a like-for-like basis. Veolia's environmental plan for 2012-2014 sets a target of a 5% reduction in the volume of losses ⁽¹⁾.

The change in these indicators at the company level, at the current scope, reflects our efforts to reduce leaks but also the changes in scope as a result of contracts signed and terminated. Presenting the results on the basis of a pro forma scope (that is, retaining only those contracts in effect in both 2011 and 2013) makes it possible to assess real performance in terms of the reduction in water losses. Based on this pro forma 2011 scope, the volume of

1) Note that each year, the pro forma values used to monitor the objective set will change in line with changes in scope (reporting entities that are not renewed will be gradually excluded from the pro forma scope for all years).

water losses decreased by 6.8%, indicating a marked improvement in the majority of the networks managed by Veolia.



Moreover, as in previous years, contracts that were not renewed or lost since 2011 had achieved a healthy level of performance, with output levels exceeding 80%: proof that Veolia is recognized and selected for its ability to reduce losses on water distribution networks.

Since reducing network losses is a company priority, leak detection and repair programs as well as loss reduction programs are systematically presented to our clients. Other tools are also available, such as improved water metering, optimum management of network pressure, and efforts to combat fraud. Reducing leaks can involve replacing

or rehabilitating pipes, which sometimes requires major capital expenditure or funding that is determined on a case-by-case basis, depending on the contract, under the responsibility of the contracting authority. For more information about these programs, consult our brochure entitled *Save Water*. The subject of water losses is an ongoing focus of attention for Veolia researchers as well.

In France, municipal governments are required by law to prepare a detailed description of the infrastructure used to transport and distribute drinking water, and to set water loss targets based on water availability. Municipalities that fail to

meet these targets must prepare an action plan that includes a multiyear program of upgrades to their network. ONEMA (France's National Office for Water and Aquatic Environments) has created a special index to assess the level of knowledge of drinking water distribution networks and ensure the quality of asset management by all water services. Within this regulatory environment, Veolia manages its drinking water network infrastructure by seeking an optimal level of investment and the most efficient operating methods over both the short and long term, so as to maintain the desired performance levels. To do this, the company collects, organizes and manages network information on behalf of municipalities (network and plant structure, burst pipes and service activities, data on pipe environments). In addition, Veolia aids municipal governments in defining their action plans and provides support for deploying those plans. To that end, the company has developed sophisticated decision-making tools for use in preparing action plans and cost assessments for scenarios under consideration. These tools include MOSARE (Module for Statistical Analysis of Water Networks – see box) and Vision, which can be used to develop a long-term network servicing plan: it uses the age of the network to calculate the optimal trade-off between pipe replacement, leak detection and pressure management.

For more information, visit http://www.services.eaufrance.fr/docs/indicateurs/P103.2B_fiche.pdf

Mosare

■ The MOSARE decision-making tool – now being used with contracts in France and worldwide, including Shanghai, China; Bucharest, Romania and Aguascalientes, Mexico – is one of the main components of the comprehensive network management strategy Veolia offers its clients. Developed using a statistical approach, it includes several models adapted to the amount of data available and is used to assess the risk of pipe rupture so as to target pipe and network equipment replacements more efficiently.

Expanding the reuse of water

Saving resources also involves developing alternative sources, such as the reuse of treated wastewater. Veolia manages large treated wastewater recycling facilities, including one in Durban, South Africa, where the recycled water is used by the paper industry. In Abu Dhabi, the Al Wathba plant with a daily capacity of 300,000 cubic meters was commissioned in 2012. Built by Veolia, it will be used to irrigate a large expanse of farmland and leisure areas without having to use any existing water resources.

The use of recycled wastewater has grown sharply in the last few years. In order to further increase recycling of wastewater, Veolia has set itself a target of a 10% increase by 2014 in the volume of water reused from water that has been collected and treated (compared with 2011). In 2013, the volume of recycled wastewater increased by 34% over 2011. It should be noted that significant variations in quantities of recycled wastewater can be observed from one year to the next and that this performance can therefore only be assessed over the long term. The sharp increase in 2013 over the previous year can be attributed to the Al Wathba treated wastewater recycling plant in Abu Dhabi, which completed its first full year of operation in 2013 with a daily capacity of 300,000 cubic meters.

Volume of water reused from collected, treated wastewater (Water business activity - Millions of cu.m)



Current research is focused on developing technical solutions for the reuse of water in the oil and mining industries -- two booming markets. Two strategic avenues are being investigated with an eye toward meeting these clients' needs:

- a reuse solution that captures 50% to 85% of industrial wastewater;
- a Zero Liquid Discharge (ZLD) solution which recovers 95% to 99% of industrial wastewater.

Encouraging responsible consumption by end users

Veolia strives to improve consumer awareness and help users save water in a variety of ways:

- it provides information about consumption through Customer Service Centers;
- it includes information and advice on reducing consumption with invoices sent to customers;
- it provides consumption information via the Internet, through its customer website and newsletters;
- it helps users prevent leaks within the home, by providing advice on leak detection and alerting customers when abnormally high consumption is detected;
- it provides incentives for consumers to gradually replace older appliances with new models that consume less water.

The installation of individual meters also offers an important tool in raising customer awareness about water consumption. Users in multi-family housing units often have little knowledge of their actual water use. In multi-family apartment buildings that do not have individual meters, for example, billing is based on the main meter at the building entrance, and in most cases the invoice amount is broken down among individual units based on their floor area. In order for consumers to take more responsibility for their water use, they must know how much water they consume—which explains the increase in individual meters.

To ensure that it constantly provides more efficient service on behalf of both users and the municipalities answerable for Veolia's service performance, the company is moving forward in the realm of smart metering, and now offers remote meter reading to a million French households. With this technology, consumers can be immediately alerted about a leak and they can track their consumption on the Internet or other media (e.g., mobile phone). Moreover, they need no longer be present when their meter is read, and as a result enjoy a more worry-free water service. With real-time monitoring of the distribution network and the volumes produced and consumed, users can manage their water resources more closely and carefully.

In addition to these awareness actions, the public authority can also introduce incentivized pricing, depending on local legislation, to help combat waste. The pricing policy is one of the economic tools designed to encourage an improved balance in the use of water resources, especially in areas where water is scarce. Veolia's expertise in this field can help municipalities examine this issue and make informed decisions (see the section entitled *Managing societal performance*).

Reducing water consumption at the installations we operate

In addition to water-related activities, a responsible approach to better water management has been broadened to include all company activities. The Waste management activity, for example, has made a commitment to introducing plans to reduce water consumption at 60% of its sites around the world by 2014. Plans were adopted at 38% of these sites during 2013. Veolia continues to implement plans for reducing water consumption: deployment is underway at an additional 8% of sites, primarily in France and the UK.

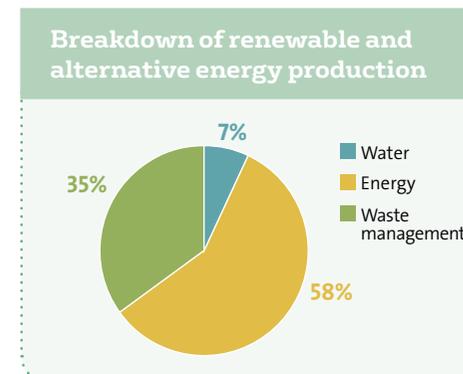
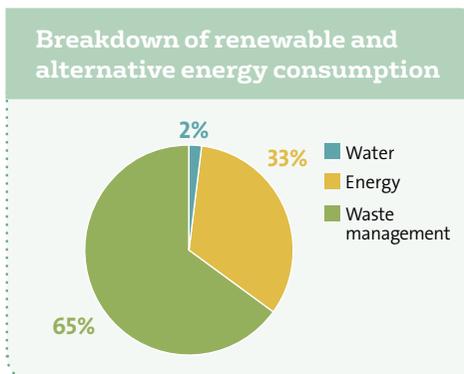
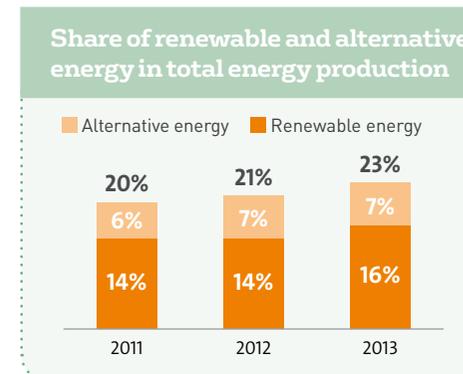
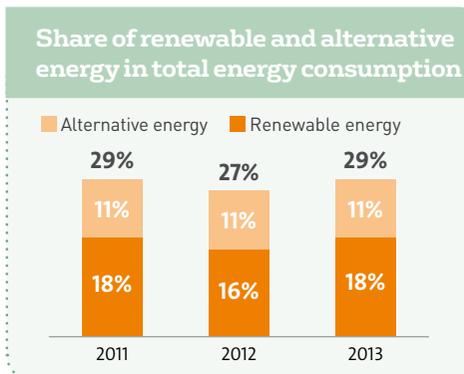
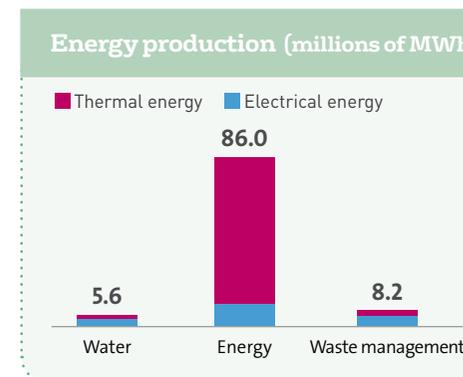
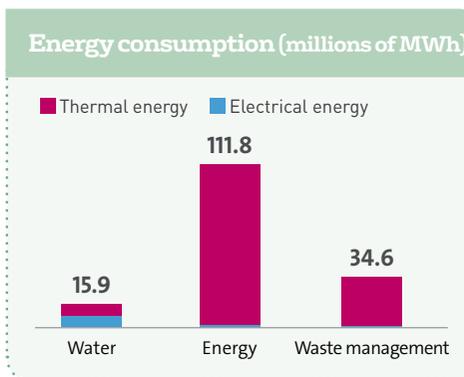
As part of its energy services activities, Dalkia relies primarily on water for transporting thermal energy. The water is used in closed circuits to carry the thermal energy used to meet customer needs, via heat exchangers in the form of radiators, convectors or radiant panels. The

water supply networks, which are often tens of kilometers in length, are managed locally. Dalkia preserves water resources by combating waste in the installations entrusted to its care. Top priority is given to controlling leaks in heat distribution networks.

5.2 Protecting energy resources

Veolia is committed to improving energy efficiency, not just in the facilities it operates, but also through the energy services it provides. Wherever possible, it also promotes the use of renewable and alternative energy⁽¹⁾, and makes every effort to recover the maximum energy potential from waste or wastewater to be treated or from the facilities it operates.

The Energy business activity, naturally, is Veolia's biggest consumer and producer of energy. Nonetheless, energy matters are also an important consideration at the Water and Waste management activities, since they too contribute to Veolia's consumption and production of renewable and alternative energies, as described below. Veolia has adopted separate targets for each business activity to help it manage its energy use in greater detail.



(1) Renewable energies are indefinitely and inexhaustibly renewed or regenerated sources (e.g., biomass, biogas, solar, etc.). Alternative energy includes natural or industrial energy sources that would be lost if not immediately recovered (e.g., mine gas, etc.). Incinerated household waste is classed as being derived 50% from renewable sources and 50% from alternative sources.

Production of renewable and alternative energy rose 7% in 2013, to 23.1 million MWh, reflecting both Veolia's efforts to diversify its energy mix and its energy recovery from waste and wastewater treatment. The business activities that are most active in this area posted an exceptionally positive performance: the share of renewable and alternative energy rose 11% in the energy services mix and 4% in waste treatment operations.

For its Energy business activity, Veolia focuses its efforts on high-energy-content operations, leveraging its two key areas of expertise as a local producer and manager of energy services. The three priority areas of business are the production and distribution of heat and cooling through district networks, the production of industrial utilities, and energy services for buildings. The Energy-Dalkia business activity builds and upgrades facilities, improves the thermal efficiency of buildings and optimizes production unit efficiency and the energy mix. In this respect, the use of renewable, local energy is systematically examined. The biomass solutions put forward, especially when they combine biomass with cogeneration, are based on unique expertise in plant design, combustion optimization and comprehensive management of supply chains, which are key to securing the future for such projects. For example, in 2013 Dalkia obtained a 20-year renewal of its contract

to manage heat production and distribution facilities in Bratislava. With the aim of incorporating the city's Petržalka district into its proactive campaign for energy efficiency and sustainable development, Dalkia decided to construct high-efficiency cogeneration plants for producing both heat and electricity. The electricity will be sold to Slovakia's grid operator, while the heat will be recovered for the district network that supplies homes and schools, yielding energy savings of more than 25% at no cost to the city's investment budget.

Dalkia France now ISO 50001-certified

■ In July 2013, Dalkia became the first energy services provider in France to obtain ISO 50001 certification. Reflecting energy savings of 14.4 TWh worldwide and 7.5 million metric tons of CO₂ avoided in 2012, this international certification is a testament to Dalkia's commitment to energy efficiency. The company obtained the certification, covering its energy management at more than 27,000 installations in France, after opening the *Dalkia Energy Savings Center*, the first integrated platform for energy efficiency management.

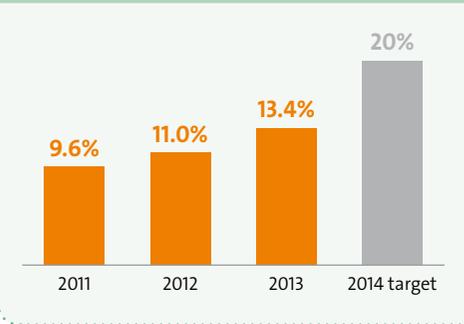
Additionally, Dalkia provides energy performance guarantees that can range all the way to comprehensive management of energy demand to reduce the client's energy

consumption. The Swedish city of Hörby, for example, signed that country's first energy performance contract. This ten-year agreement includes a guarantee that the city will see savings of 10% in the amount of energy it uses to supply heat, electricity and water to 34 municipal buildings.

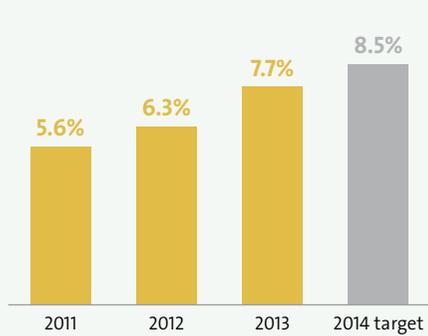
Our Research and Innovation teams concentrate on improving the energy efficiency of industrial facilities and combustion plants and managing distribution networks more efficiently. Our work also involves developing the biomass chain.

In 2012, Veolia set new consumption targets for renewable energy as part of its energy mix.

Share of renewable energy in the energy services mix (Dalkia - European Union)



Share of biomass fuel in total energy consumption (Dalkia)



Heating network management in Borås: a finalist for the Sustainia Award

■ The heat storage solution presented by Dalkia and the Swedish city of Borås was selected as one of 10 finalists for the Sustainia Award 2013, announced on the occasion of the UN Global Compact Leaders Summit. The project is based on an innovation in optimal heating network management. With the help of a gigantic 37,000-cu.m tank, Dalkia stores the heat produced by the biomass plant during periods of low consumption and uses it to cover peak demand. By smoothing peak consumption this way, Dalkia reduces the need to use fossil fuels and in turn shrinks the city's carbon footprint.

Biomass supply policy

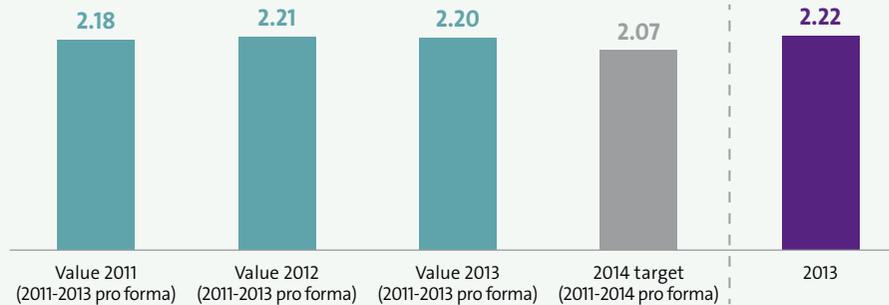
■ The development of biomass energy entails managing the balance between carbon sequestering, energy needs and industry's needs. To achieve this balance, Veolia makes every effort to use local biomass while protecting timber's prime use, i.e., construction and use in industry, and developing the concept of sustainable forestry management. For all its contracts, Dalkia uses only locally produced biomass. Among the results of this policy is the creation of supply chains bringing together foresters and local collection and haulage companies.

is two to five times greater than the energy required to treat that wastewater. Veolia aims to minimize energy consumption at the plants it operates, by promoting best practices and good technological choices, developing diagnostic tools and conducting energy audits. Veolia's Veolink Care Energy Diagnostics software is a valuable tool for managing energy consumption at its plants, allowing users to manage their energy supply, distribution and consumption in real time for all active processes. The electromechanical equipment renewal policy also targets improved energy consumption.

On behalf of its Water business activity, Veolia is developing expertise with the aim of achieving or approaching energy self-sufficiency, mainly for wastewater treatment. The thermal energy contained in wastewater

To assess the efforts made in relation to reducing energy consumption, in 2012 Veolia introduced a target of a 5% improvement in the energy efficiency of wastewater treatment plants (by 2014, Veolia pro forma scope for 2011).

Energy efficiency of wastewater treatment plants (Wh consumed/g of DBO₅ reduced)



Introduction	Contents	Managing corporate responsibility	Managing societal performance	Managing environmental performance	Managing social performance	Managing sustainable procurement	Appendix
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Across the pro forma scope, however, power consumption per unit of DBO₅ removed rose slightly (by 1%) over the 2011 reference year. The volume of wastewater treated increased 7%, which led to greater electricity consumption for pumping purposes.

Also as part of its work on identifying the optimum solution for treating wastewater sludge (see waste recovery chapter), Veolia assesses waste-to-energy options (methanation, incineration or co-incineration with energy recovery, etc.), while also focusing on making its treatment processes as energy-efficient as possible. The production of biogas from the anaerobic digestion of sludge can be improved with co-digestion, which involves mixing the digestion of wastewater sludge with that of other materials, such as fat, food industry waste, etc. Thermal hydrolysis increases the production of biogas, and therefore the energy potential, while at the same time reducing the volume of residual sludge. Veolia is also a partner in the CoDiGreen research program to test co-digestion with green waste.

Furthermore, wherever technically feasible and economically viable, Veolia seeks to improve energy production by using renewable power generation systems, such as solar panels, wind turbines, etc. It uses gravity and the mountainous terrain in some

cities, such as Nice in France, to incorporate micro hydroelectric turbines in the drinking water network to generate electricity. It is also studying how much energy can be recovered by placing this same sort of turbine at wastewater treatment plant outlets, such as in Brussels, Belgium. Lastly, it is also researching, often together with Dalkia, the use of heat pumps. The innovation in this instance involves redirecting part of a wastewater collection system's flow through a heat exchanger where the calories are recovered by a heat pump that uses the energy either to heat or cool buildings depending on the season. This process, dubbed Energido, has been deployed at the Ginestous-Garonne plant in Toulouse, France, where it supplies heat to the buildings used for composting a portion of the sludge. The urban community of Arras has similarly chosen this process to heat the Arras aquatic center, known as the Aquarena.

An increasing number of wastewater treatment plants are examples of energy efficiency, such as Gresham, United States; Qingdao, China; and the Braunschweig plant that generates more than 100% of the energy required for its operation in Germany. In 2013-2014 the latter plans to introduce new processes to protect its energy independence and at the same time recover phosphate and nitrogen.

Gera becomes self-sufficient

■ As the provider of water and wastewater services for the city of Gera, Germany, and the surrounding municipalities since 2003, Veolia has adopted a three-pronged energy strategy: reduce consumption, increase biogas production and contribute additional energy through cofermentation. Already autonomous since 2009 for its heat requirements, the plant became electricity self-sufficient in 2010, and now even sells its surplus electricity to the grid.

In order to make wastewater treatment plants more energy self-sufficient, Veolia is focusing its research and innovation on the following areas:

- enhancing existing practices and equipment (e.g., adopting effective regulations for aeration);
- improving anaerobic sludge digestion (using a process for thermal hydrolysis such as Exelys™);
- developing and integrating new processes that are more energy-efficient (such as the ANITATM Mox process, which is based on new bacteria and metabolic pathways that consume less oxygen);
- devising new approaches to treatment that can be used to improve wastewater energy recovery and reduce the water content to be treated with aerobic biological treatment (e.g., advanced primary treatment associated with anaerobic digestion).

The publication *Take the Water 2 Energy Challenge* (<http://www.veoliawater2energy.com/en/describes>) describes Veolia's solutions and some of its projects in relation to energy optimization. Veolia in the Czech Republic, for example, won an award in the "Best Innovator 2012" competition organized by the consultancy firm A.T. Kearney for its Water2Energy project. The innovative approach developed in this project results in lower costs in relation to energy consumption for drinking water and wastewater processes and in optimizing the use of the energy potential available in these processes. The Water2Energy methodology was also recognized in Germany as an example of best practice by the federal energy agency (DENA) and by the country's association of energy and water producers (BDEW).

Regarding Veolia's Waste management activities, by expanding energy recovery from waste, treatment units such as landfills, incinerators and methanation plants can reduce their dependency on other sources of energy for their operation and supply energy to external users. In addition, recycling and recovery of solid fuels also help to reduce our clients' primary energy needs.

The operation of incinerators provides a significant opportunity for improvement. In France, energy is being captured from the combustion of household waste in a variety of new ways:

- installing recovery boilers at sites where they were not available (such as the Villejust plant in 2013);
- replacing turbines;
- connecting household waste incineration plants to heating networks (Montereau and Vaux-le-Pénil in 2012, Rouen and Chaumont in 2013) or increasing their capacity for thermal exchange with the network (Sarcelles in 2012, Villejust in 2013).

In other countries, energy recovery overwhelmingly involves electrical energy. However, London's SELCHP incineration plant was connected to the nearby heating networks in 2013.

Energy-efficient treatment processes for hazardous waste

■ Acting in partnership with a Chinese environmental services firm, Veolia has been awarded the concession contract for the hazardous waste treatment center in Changsha, the capital of Hunan province. This 25-year contract signed with the Hunan Environmental Protection Bureau includes the design, construction and operation of installations that can treat up to 54,500 metric tons of hazardous waste each year. The treatment center will use a variety of techniques, including energy recovery, physicochemical treatment, solidification and storage. It will mobilize innovative solutions for reducing energy consumption and greenhouse-gas emissions. The innovative nature of the center's energy recovery from hazardous waste derives from its reduced reliance on conventional fuels and its reuse of the steam generated by incineration of the waste. Veolia has also developed treatment processes that use less energy and generate lower CO₂ emissions. Physicochemical treatment of hazardous waste will include cold techniques that offer high environmental efficiency.

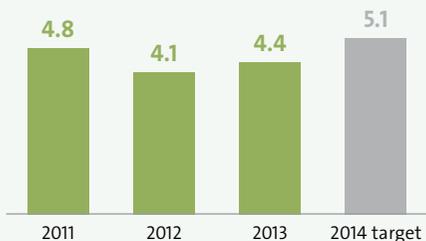
The Waste management activity has set itself a target of deploying energy efficiency plans at 60% of its sites around the world by 2014. Plans were adopted at 47% of sites during 2013. Energy efficiency plans were deployed at an additional 6% of sites, primarily in France, the United States and Canada. Progress was also made in the UK and Australia.

ISO 50001 certification for two energy recovery units in France

■ Several waste energy recovery units in France obtained ISO 50001 certification during 2013. The SOBREC non-hazardous waste plant in Rennes was the first to pursue this path, with a major initiative to increase the quantity of energy supplied to the district heating network. In the realm of hazardous waste, the Marseille-based SOLAMAT decided that certification offered a prime opportunity to expand its ISO 14001 system with regard to energy efficiency.

Veolia has pledged to increase its production of renewable energy from waste by 7.5% between 2011 and 2014 while helping to reduce its clients' reliance on primary energy, through recycling and the creation of solid recovered fuel from waste.

Production of renewable energy from waste (Waste management business activity - millions of MWh)



In 2012, renewable energy production diminished following the sale of the Waste management activities in the US and Italy. In 2013, renewable energy production rose 5%, primarily as a result of a better performance in the incineration activity (with new contracts in France and enhanced heat recovery) and the storage activity (thanks to improved recovery of biogas).

Veolia's research is focused on optimizing the energy potential of landfills and the efficiency of our waste-to-energy plants, and on recovering energy from bioresources.

Biofuels to conserve resources

■ Two pilot projects driven by Veolia have recently become operational: the biodiesel production unit using waste food oil and the production of biomethane (fuel produced from the biogas collected at landfills). Created from waste, these second-generation fuels do not compete with food crops and they also have a better energy and environmental record than first-generation fuels. <http://www.veolia.com/en/our-customers/solutions/waste-management>

The company's R&D is today concentrated on developing third-generation fuels, in particular from micro-algae.

5.3 Reducing consumption of primary materials

The raw materials (excluding fuel) consumed by Veolia business activities are mainly treatment reagents.

At the Water business activity, predictive regulation of reagents (such as the Prédifloc™ process for coagulants) makes it possible to optimize dosage levels and results in an average 15% reduction in the consumption of reagents. In addition, matching the size of storage tanks to actual requirements helps manage supplies more effectively, ensure consumption is properly planned and limit the number of truck journeys.

Wholly committed to different means of recovery, especially through the development of materials recovery systems for the waste handled under its contracts and the by-products from its other activities, Veolia contributes to reducing the consumption of primary raw materials by third parties by supplying them with secondary raw materials.

Veolia treated 52.1 million metric tons of waste in 2013.

	2011	2012	2013	2014 objective
Volume of waste treated (in millions of metric tons)	65.4	51.3	52.1	/
Rate of materials recovery from treated waste (%)	15%	19%	20%	26%
Rate of energy recovery from treated waste (%)	44%	47%	53%	/

Source-separated collection and sorting of the waste (wood, paper, cardboard, glass, metals, plastics, etc.) generated by industrial companies and households enables the waste to be recycled and transformed into reusable materials. Waste that is not suitable for materials recovery can be treated with processes allowing energy recovery using the heat produced by incinerators fitted with energy recovery systems and the biogas emitted by the decomposition of landfilled waste.

Veolia has made a commitment to achieve an overall materials recovery rate of 26% for all waste treated by its Waste management activity by 2014.

In 2013, the materials recovery rate rose by one point, thanks to the use of recovered materials in biological treatment centers, the recovery of sludge and the creation of new sorting centers (particularly in France and Denmark).

This indicator above all reflects the type of contracts signed by Veolia (with or without recovery). It is Veolia’s responsibility to develop innovative and efficient waste management technology that makes recovery possible (selective collection and materials, energy or organic recovery) and to offer that technology to its industrial and municipal clients, which make the final decision about whether to implement those solutions.

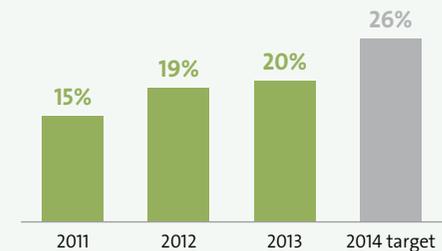
With that in mind, our research is concentrated on the following areas:

- improvements in waste sorting and recycling;
- the search for recycling solutions for complex waste derived from new technology, such as electronic equipment and plastics;
- organic and energy recovery of biodegradable waste;
- production of alternative fuels;
- improved recovery of potential energy at landfills and waste-to-energy facilities.

Regenerating waste motor oil

■ Veolia and Total Lubricants have combined their expertise to create a plant for regenerating waste motor oil, eliminating the need for energy recovery from that form of waste. The Osilub recycling plant, located in France’s Normandy region, produces a regenerated base oil that can be sold directly. It can also be incorporated into Total’s lubricant oil production to yield special high-end lubricants. The regeneration rate is as high as 75%—significantly better than with older technology still in use.

Material recovery rate (Waste management activity)



From treatment plant to bio-refinery

■ Veolia is constantly seeking new solutions for resource conservation and making progress in innovation. It is making headway toward being able, by around 2025, to “refine” wastewater into various sources of energy (biofuels, methane, hydrogen and ethanol), organic and mineral ingredients (fertilizers) and bio-materials, such as the biopolymer PHA, which can be converted into bioplastics. For example, at the Aquiris Bruxelles-Nord wastewater treatment plant in Belgium, Veolia has installed an industrial prototype that produces bioplastics from wastewater treatment sludge. This biodegradable material could be reused in numerous industrial sectors, such as the automotive and bioplastics industries and the packaging sector.

Significant research and development is also underway to expand the circular economy, notably through the recovery of metals, salts and organic compounds found in the discharge from mining and petroleum operations and the food processing industry.

Promoting responsible conduct by waste producers through price incentives

■ Veolia manages 38 contracts in France (covering almost 1,100,000 people) and some 60 contracts in Germany using incentivized pricing for waste collection and treatment. The company therefore has invaluable feedback about the operational aspects, as well as in the areas of communication, population behavior prediction and administrative and financial engineering for this approach. Veolia works with municipalities to boost awareness and promote the switch from a set fee buried in local taxes to a transparent fee based proportionally on the effort made by each individual to reduce their waste.

According to studies by ADEME, incentivized pricing results in a positive change in the flow of waste generated by users of the collection service:

- residual household waste decreases by 15% to 50% by weight;
- recyclables increase by 10% to 100% by weight, without any change in the quality of sorting;
- the overall quantity of waste collected remains stable or decreases slightly, whereas it is continuing to increase for all French municipalities as a whole*.

Incentivized pricing has an advantage for the municipality by lowering the associated collection cost and increasing revenue, and for the environment by achieving waste reduction at the source and increasing household waste recovery. For households, even if this system does not always result in any immediate savings, incentivized pricing does limit the additional cost that would have been passed on if it had not been introduced. Lastly, the principle of incentivized pricing is equitable (users pay as a function of actual usage of the waste collection service, in the same way as they pay for the water or electricity they consume) and it encourages cost transparency.

Approaches designed to reward good sorting programs complete the range of incentives based on positive actions. Recycle Bank in the UK, the “GRIN” program in Singapore and the partnership with Cité Green in France are all innovative experiments in this area.

* Source: ADEME, studies performed in France and internationally.

Managing social performance

Veolia employees and labor relations policy have always played a pivotal role in the success of the company. Our overall performance depends on our ability to attract and retain talented staff. They are the foundation of a collaborative culture based on responsibility, efficiency, customer focus and social commitment.

Skills development, career paths and recognizing our employees' performance in all their diversity are key factors in motivation and commitment.

Offering a safe and healthy working environment is a priority for Veolia, which has made its health and safety policy an ongoing concern in everything it does.

Finally guaranteeing the quality and development of employee-employer dialogue and giving its employees the opportunity to express their views directly is a key element in making the company a place of social cohesion and stability.

202,800
employees worldwide

3.4 million
training hours

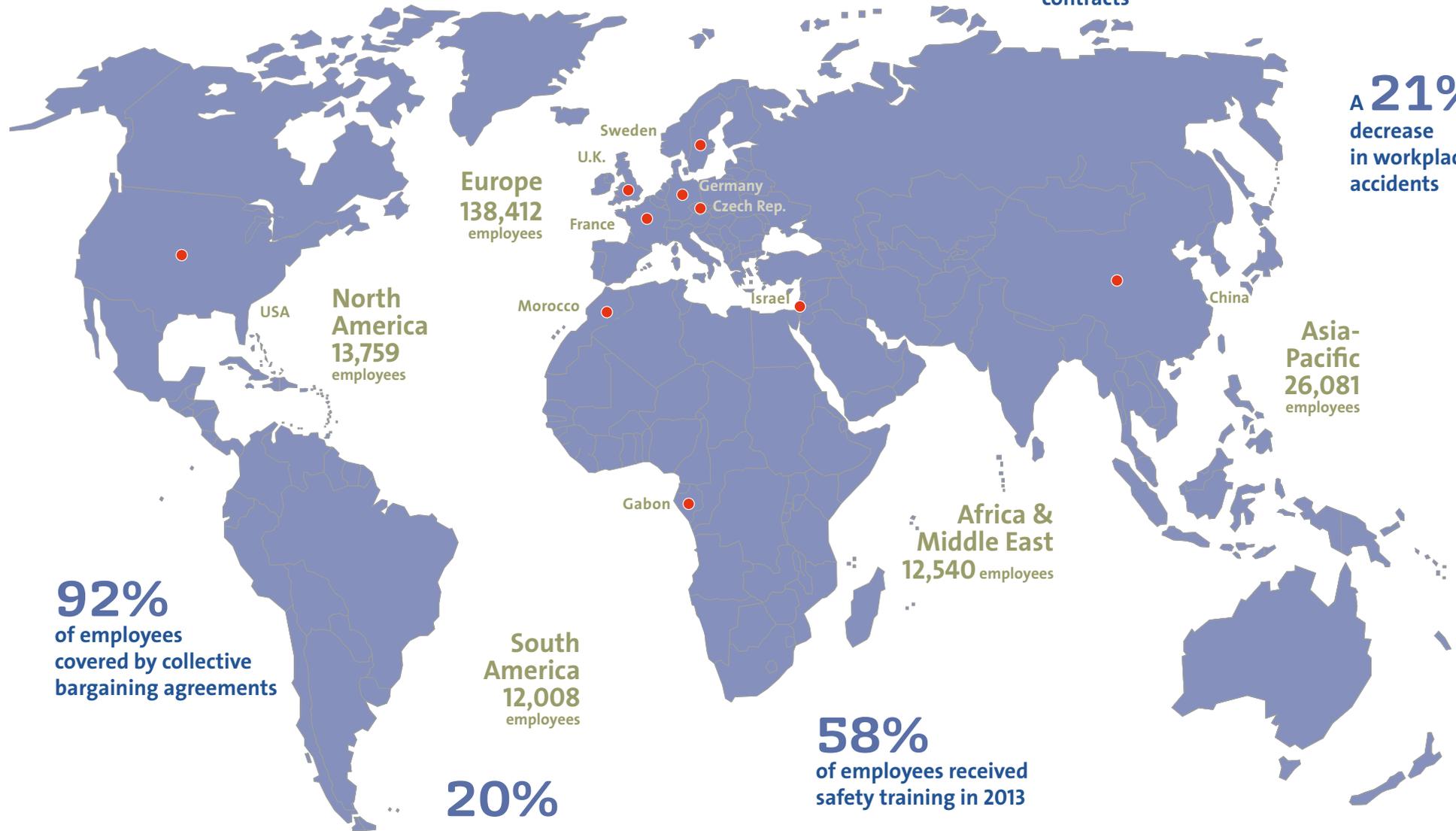
92%
on unlimited-term contracts

A **21%**
decrease
in workplace
accidents

92%
of employees
covered by collective
bargaining agreements

58%
of employees received
safety training in 2013

20%
women



● Campus Veolia

1. MONITORING MAJOR ISSUES

Veolia's employees play a pivotal role in the success of the company, as they always have. Their efficiency and the quality of services they provide are a competitive advantage.

The key priorities of our human resources policy are:

- ensuring a safe and healthy working environment for all;
- supporting employees' skills development to face the challenges of the future;
- promoting diversity and equal opportunities and combating discrimination;
- maintaining transparent employee-employer dialogue and guaranteeing solidarity within the company for all employees.

A dashboard reflecting these strategic priorities is used to monitor changes in progress indicators at every level. The dashboard is shared annually with the representatives of the French and European Works Committees and is accessible to all our stakeholders on the company's website.

In 2013, as part of the process of strengthening the annual audit of our social reporting, these indicators were noted as the most substantive by an independent third party and identified as those which should therefore be tested in

detail. In addition, Veolia was keen to ensure a reasonable level of assurance on information on its workforce (age, gender and geographical location) and the data used to calculate the company's frequency and severity of workplace accidents.

Annual social reporting, based on some 200 social indicators and consolidated by over 900 correspondents worldwide, was first introduced in 2001 to provide data to help manage our human resources operations.

	2011	2012	2013	Level of assurance 2013	
				limited	reasonable
Turnover rate	12.6%	11.2%	11.0%	✓	
Unlimited-term contract rate	92.5%	92.6%	92.6%	✓	
Ensure a safe and healthy working environment					
Rate of absenteeism	3.6%	3.8%	3.9%	✓	
Workplace accident frequency	15,0	14,5	12,6		✓
Workplace accident severity	0,59	0,56	0,52		✓
Support employees' skills development					
Percentage of employees on work-study programs	1.62%	1.96%	1.69%	✓	
Percentage of employees attending at least one training session	74.2%	73.3%	76.2%	✓	
Encourage diversity and equal opportunities					
Percentage of disabled employees	1.6%	1.9%	1.9%	✓	
Percentage of female employees through external recruitment	20.8%	20.6%	20.8%	✓	
Maintain transparent employee-employer dialogue and guaranteeing solidarity					
Percentage of employees covered by collective bargaining agreements	x	92%	92%	✓	

2. COMPANY GROWTH AND CHANGE

As of December 31, 2013, Veolia had 202,800 employees, 7.7% fewer than in 2012. In France, the company has 65,990 employees.

202,800
employees
worldwide

65,990
employees
in France

Transforming the company

The company has implemented its transformation plan through:

- a new geographical organization implemented in July 2013;
- a cost-reduction program;
- continued efforts to refocus and dispose of assets;
- a decline in net financial debt.

A company transformation department was created in July 2013 to support the process. This is responsible for governance, coordinating implementation of the transformation program and managing the cost-savings plan. It manages a network of contacts in each functional department (including the company's Human Resources department) and each country, who are responsible for the operational deployment of transformation projects. Regular reporting of project implementation and the progress of the transformation process allows Veolia's Executive Committee to adjust its project portfolio, priorities and resources in real time.

Transforming the company with our social partners

■ The company is committed to guaranteeing transparency and open communications with social partners at every stage of the transformation process. The representative bodies – at every level – have been regularly informed, in particular at meetings of the European Works Committee and the French Works Committee, about projects that might have an impact on employees (for more information on these committees, see the chapter Employee-employer dialogue). These mainly concern reorganization and divestment projects (reorganization of the company by area, withdrawal from transportation activities and separation from Dalkia). Negotiations are systematically conducted

with staff representatives in accordance with local legislation in order to reach appropriate agreements.

During this period of transformation, it is even more important to develop and structure employee-employer dialogue to enhance social cohesion and ensure that the company can meet its human resources and social responsibility commitments in a difficult economic climate. By providing social support at this time of change, the company has underlined its commitment to guaranteeing the employability of our employees and promoting internal transfers.

2013 was the second year of Veolia's transformation, with the introduction of an integrated organizational structure with strong central management functions, and geographical organization of operations with a single Veolia for each country.

The main divestments in 2013 were the company's stake in the Berlinwasser (Berlin Water) contract, the Water business activity in Portugal and Energy activities in Brazil. The company is still aiming to withdraw from the transportation sector and is continuing its discussions with the Caisse des dépôts et consignations, France's bank for official deposits.

On October 28, 2013, Veolia and EDF entered into detailed discussions with the aim of reaching an agreement on their joint subsidiary Dalkia. The agreement, signed on March 25, 2014, will result in Veolia taking over the activities of Dalkia International and EDF taking on Dalkia's business activity in France. Completion of the transaction is subject to authorization from the relevant antitrust authorities.

Also in 2013, the company finalized the acquisition of the 50% stake held by the group Fomento de Construcciones y Contratas (FCC) in Proactiva Medio Ambiente. The deal allows Veolia to consolidate its positions in waste

management and water treatment in Latin America and thus support its development strategy in high-growth areas. As Proactiva was already included in the scope of the company's social reporting in previous years, the acquisition has no impact on the presentation of the company's social data.

Change in workforce

In 2013, the workforce decreased by -16,939 employees, or - 7.7% in total.

The change in scope (-13,449 employees) is mainly the result of termination of the following contracts: Berlinwasser (Berlin Water) in Germany (- 5,000 employees), Energy activities in Brazil (- 4,200 employees), Water activities in Portugal (- 400 employees) and the SNCM in France (- 1,934 employees): this Transdev subsidiary is no longer included in the scope of Veolia's social reporting.

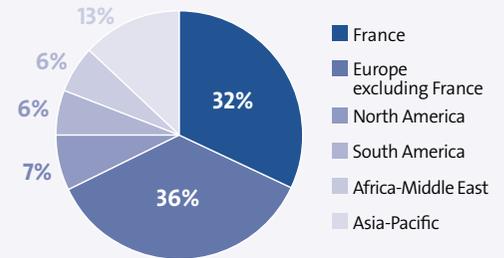
Organic growth is the difference between new hires (including new contracts) on the one hand and departures (including the loss of contracts) on the other and comes to

3,490 fewer employees. In 2013, the turnover rate for employees on unlimited-term contracts dropped slightly, to 11% from 11.2% in 2012.

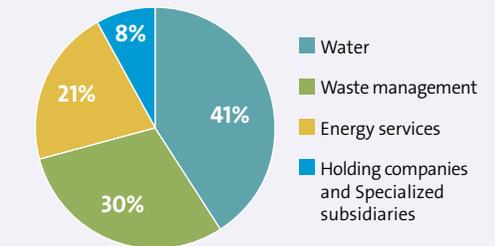
The company hired 28,532 employees on the external labor market (compared with 36,796 in 2012), of whom 14,256 (50%) were under an unlimited-term contract. In mainland France, there were 6,812 external hires; one-third of these were under unlimited-term contracts. Additionally, 27% of new hires under fixed-term contracts were converted into unlimited-term contracts during the year.

Voluntary departures by resignation or contractual termination (9,548), were one of the main reasons for employees leaving, second only to the end of fixed-term contracts (9,412). In 2013, 694 employees were let go as part of a mass layoff (0.3% of the total workforce), mainly in the United States, Italy, Poland, Brazil and the Czech Republic. These types of departure involve locally conducted employee-employer dialogue depending on the specific legal and employment situation.

Breakdown of workforce by geographic area



Breakdown of workforce by business activity



Scope of data

■ Data for Veolia, excluding Transdev, have been consolidated to align the 2013 data with the company's strategy and divestment plans. Data for 2011 and 2012 have been presented to reflect the 2013 scope. The data shown under the heading *Holding companies and Specialized subsidiaries* also cover Proactiva.

Management at the heart of the transformation process

This period of building the “new Veolia” necessarily requires coherence and cohesion. In addition, the company’s General Management is involving managers at the various stages of the transformation process and communicating directly with managers and employees to explain and share the strategy so that everyone understands and implements it.

During the transformation period, it is essential to assert the company’s values, retain the loyalty of our employees and develop their skills, particularly among managers. The company has focused on the following actions to support its efforts in this area:

Management Code of Conduct

Veolia introduced the Management Code of Conduct in 2012 to build cohesion and solidarity to the benefit of the company as a whole. The Code is an essential tool in building the new Veolia and is based on the company’s five fundamental values: respect,

solidarity, responsibility, innovation and customer focus. It expresses the company’s collective commitment to each of these values and the individual and collective behaviors expected of managers.

Management Commitment Survey

A survey was conducted among 2,500 of Veolia’s executives and managers in 2013, to measure their commitment to the company’s transformation project. The survey was used to measure understanding and support of the new strategy, assess the actions that had been taken at their level to accelerate the transformation process and identify any needs they might have for back-up or support. In terms of satisfaction, 86% of managers said they were fulfilled in their work.

Setting management objectives

A single annual performance review form for all managers in all locations was introduced in 2013 to align managers’ objectives with the company’s strategies and values. The single appraisal form sets out the company’s expectations for each manager,

with performance defined and assessed by achieving specific objectives.

Performance is assessed against financial, safety and quality objectives, taking account of the individual’s line management position and role. Some of the quality objectives for executives are based on compliance with and dissemination of the Code of Conduct.

Training course for executives

The company also offers its executives dedicated training and development courses. One of these focuses on the development of managerial skills, openness to a changing world and its impact on our current and future activities and our ability to support the company’s social responsibility values.

Gender equality and internationalization of the workforce

The company has set objectives for gender equality and internationalization of its workforce, particularly among managers (for more information, see the chapter *Diversity, equal opportunities and combating discrimination*)

3. EMPLOYEES

The nature of the company's business activities requires local management of personnel. As a result, the structure of the company's workforce reflects the labor markets in which we operate.

Regardless of the characteristics of the labor market in which we operate, Veolia companies are committed to promoting stable employment: 92% of employees have an unlimited-term contract.

Breakdown by socio-professional category and gender

Of the company's total workforce, 52% are manual workers, and 80% are men. Depending on the level of an activity's development and the structure of the local labor market, these ratios are subject to considerable variations.

Breakdown of workforce by socio-professional category

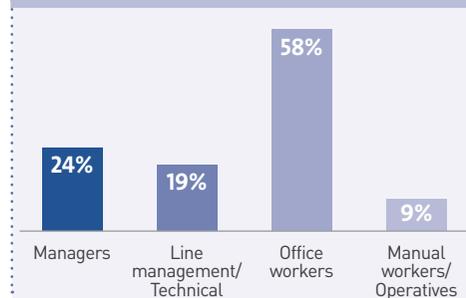


87% of employees are non-managerial staff

The Asia-Pacific region and Central and Eastern European countries, for example, have a much higher percentage of women employees than the company average (e.g. 30% in China and 23% in the Czech Republic). However, these

rates vary within the countries themselves according to business activity.

Percentage of female employees by socio-professional category (20% of total workforce)

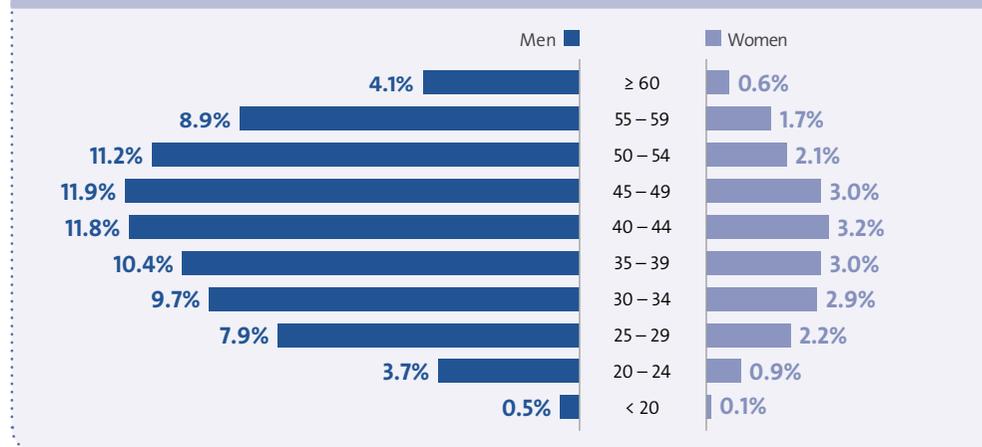


Breakdown by age

In 2013, the average age in the company was 42 (compared with 43 in 2012). It is highest in North America (44 years). Distribution of employees by age bracket also corresponds to the structure of the labor market.

In France, in the company as a whole, employees aged over 50 account for 27% of the workforce. This figure rises to 42% in Germany and 36% in Poland. The areas with the highest number of employees under the age of 30 are Asia/Oceania and South America.

Breakdown of employees by age and gender



Organization of working time

Veolia employees work an average of 1,787 hours per year (excluding overtime). To meet additional business demands or replace an employee, fixed-term contracts, temporary employment and overtime are used to varying degrees depending on the country.

The use of contingent hiring varies according to the country in which the company is operating, but overall remains limited; stable employment (unlimited-term contracts) is still the preferred form of hire. North American entities, especially those in the United States, tend to resort to overtime,

whereas in Europe, the preference is to hire additional employees on fixed-term contracts.

In 2013, the average number of overtime hours per employee and per year was 79 (compared with 78 in 2012). This figure varies by a factor of one to three between some countries in Europe and Africa/Middle East and North America. The use of temporary employees increased marginally, from 5.35% to 5.86%.

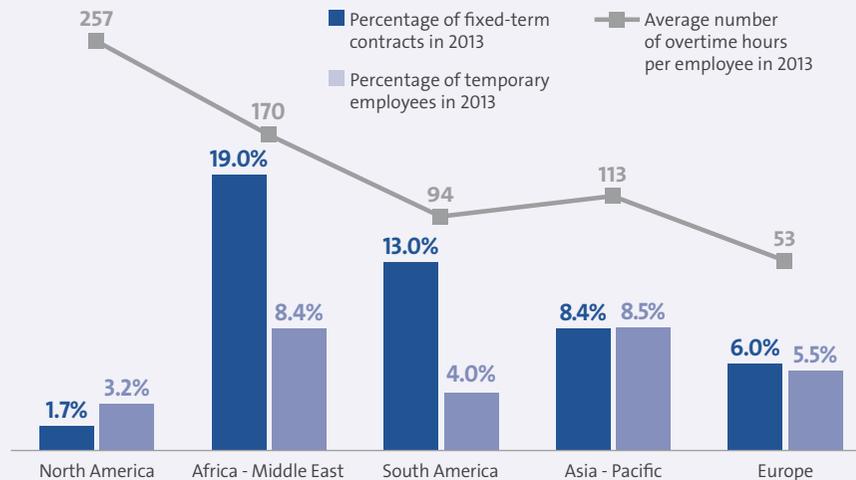
Finally, 4.8% of employees work part-time, including over 65% in France and Germany, mainly in industrial cleaning activities.

GOOD PRACTICE improving work-life balance

■ In Germany, where the birth rate has dropped in recent years, the company helps employees reconcile careers with family life. Veolia Umweltservice GmbH, for example, provides offices where parents can bring their children to work in case of emergency and has teamed up with an organization called Work-life to produce an intranet site on parenting. VWS Deutschland GmbH is a member of the "Women and the Economy" organization, which organizes family activities. OEWA, BSI-ENERGY and MIDEWA were awarded "Beruf und Familie" ("Career and Family") certification as a mark of their commitment.

■ In Japan, where cultural practices push employees to stay late at the office in the evening, Veolia encourages employees not to neglect their private lives, for example by introducing 'no overtime' days. This has helped the company successfully implement its policy of increasing the number of women in the workforce. There are signs of a positive change in behavior, with a significant increase in the number of days of leave taken and one employee even taking paternity leave.

Fixed-term contracts, temporary employment and overtime



92% of employees have an unlimited-term contract

1/5 of employees are women

4. SKILLS MANAGEMENT AND EMPLOYMENT POLICY

The quality of Veolia's responses to environmental challenges and increasing demands from local authorities and industrial clients depends on its know-how and, more generally, the performance of its employee relations model. As a result, Veolia is committed to attracting, training, developing and retaining its employees at every skill level and in all the employment areas in which it operates.

Prioritizing career management and internal transfers

The aim of the Human Resources Development and Career Management Department is to define and implement internal transfer and career management policies and to identify and manage talented staff in all our locations. The department is organized by zone and area of activity, and has a twofold objective: responding to the skills requirements of our business activities and offering career opportunities to our employees.

The company's reorganization has emphasized the priority placed on internal transfers. The following processes and tools are the cornerstone of internal transfers:

- the *careers* portal, which is used to publish all company vacancies;
- annual performance reviews, which are used across the company and help to identify skills development needs;

- peer evaluations for executives, mainly using an ECHOS-based approach (collective evaluation of human resources, organizations and structures). The results of these sessions help us to ensure a better match between resources and business activity needs. They also help to identify high-potential talent in order to provide them with the resources they need to pursue their career within the company;

- the use of international pools of staff through the Pangeo program to recruit employees who were on Volunteers for International Experience (VIE) contracts.

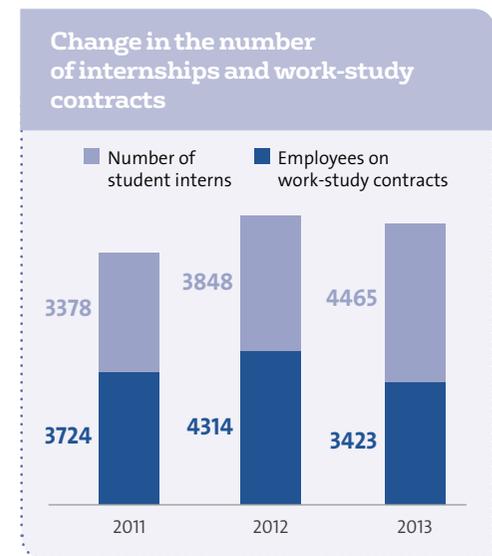
Employment policy for France specifically continues to be driven by the major transformation process taking place in the company. This means continuing to optimize management of the recruitment process. The priority is on internal transfers, reflecting the importance of solidarity within the company.

8,061
promotions

Access to employment: priority for young people and older workers

Work-study programs are a particularly effective tool for recruiting young people into long-term employment. It is Veolia's preferred path to excellence and prepares employees to work for the company by providing them with relevant skills. Work-study programs guarantee that knowledge and key skills are passed on and enhance the value of inter-generational teams thanks to a network of mentors and apprenticeship supervisors.

The policy is deployed primarily through the network of Veolia campuses and training centers and through an increasing number of partnerships with local employment centers and training providers. The company adopts a proactive approach by going out and meeting the general public and local employment and training partners, to give them the opportunity to learn more about occupations in the environmental services industry and help recruit people into local jobs, including those without any prior qualifications.



35% of students on work-study programs hired at the end of their course

87% of courses taken by non-managerial staff

GOOD PRACTICE Work-study programs – a plan for all kinds of employees

■ The United Kingdom has been running an apprenticeship program for Veolia's waste management activities since 2011, aimed at three different groups: new employees, employees looking to develop their careers and people who are out of the job market. With about three hundred apprentices a year, the program has a real impact on our employees' success, thanks to the involvement of Campus Veolia UK, which has provided support for all those involved while listening to the needs of managers and staff.

GOOD PRACTICE The inter-generational contract

In 2012, Veolia and three trade unions in France signed a three-year agreement on inter-generational contracts. The agreement prioritizes:

- the recruitment of young people (under the age of 30) on unlimited-term contracts with a target goal of 11% of all external recruitment on unlimited-term contracts;
- maintaining senior workers in employment, with an objective of having 12% of the workforce aged over 55 and 2% of external recruitment on unlimited-term contracts.

Experienced employees will be trained by Campus Veolia in passing on their skills effectively to support the integration process.

Training policy

Veolia has adopted an ambitious training policy to continually adapt skills to increasingly complex occupational requirements, anticipate changes by training staff in new technologies and promote evolving career paths.

Its aims are threefold:

- develop and adapt employees' skills across all occupations;
- promote Veolia's performance and business development;
- enhance Veolia's corporate culture.

The range of courses has been developed on the basis of requests from operational and corporate training departments and local operational units. This allows us to offer training that reflects business activity realities on the ground on an ongoing basis.

In 2013, 119 permanent trainers and 382 other contributors were employed to deliver training all over the world.

The network of Veolia campuses and training centers operates in 11 countries. Created in 1994, the network now comprises a total of 20 centers – including six in France – covering two thirds of the areas in which Veolia operates, and runs almost 2,300 courses..

17
training hours
on average
per employee
per year

76%
of employees
attended
at least one
training
session
in 2013
(73% in 2012)

The four pillars of Veolia's training policy:

■ Training for all:

Training is available for all employees from the moment they join the company and throughout their careers with the company. In 2013, Veolia provided more than 500,000 training sessions. These are designed to develop skills across the board, based on recognized courses. These allow employees to earn qualifications and accreditations and support internal transfers and career development. More than 87% of training sessions are aimed at operational and technical staff to help the least qualified staff develop as well.

■ Veolia trains Veolia:

Veolia employees not only receive training: many of them also provide training. Two-thirds of vocational training courses run in the Campus network and Veolia training centers are provided by company employees. This combination of permanent trainers and occasional internal trainers from Veolia's business activities ensures that our courses remain relevant and promote cohesiveness.

■ Recognized training

Veolia offers accredited courses to officially recognize employee skills. Training of this kind motivates employees, enhances their employability and helps them acquire measurable skill standards. Over the last 20 years, Veolia has developed a range of certifications, from basic to advanced, specific to our activities and run by the Campus network. A network of campuses in France offers 11 vocational training diplomas and certificates (CAP), nine vocational baccalaureate diplomas and certificates, three advanced vocational diplomas (BTS), two professional degrees and one Master's.

■ The Campus network and partnerships:

Veolia's worldwide skills development platform is part of our active partnership policy with key players in employment and training at a regional level; partners include the *Ecole de la deuxième chance* (since 2007), *Secours catholique*, universities, local employment services, etc.

5. RISK PREVENTION AND EMPLOYEE HEALTH AND SAFETY

Prevention, health and safety are a continuing priority for Veolia and its business activities. Veolia's approach to these issues is shaped by a desire to protect the physical and mental well-being of our employees. We are committed to prevention, health and safety, which drive the company's transformation.

188
new agreements on health and safety signed in 2013

The company's commitment

Veolia's structured workplace risk prevention approach is based on the visible involvement of line managers and is supported at the very highest level of the organization.

On July 1, 2013, for example Veolia—represented by its Chairman and CEO—signed the Seoul Declaration at the International Labour Organization, recognizing the fundamental human right to a safe and healthy working environment. In so doing, Veolia has made a commitment to promoting the continuous improvement approach in terms of health, safety and security promulgated by the Seoul Declaration, in particular training key players and employee-employer dialogue in this area.

2013 saw a renewed commitment from General Management to prevention, health and safety, which drive the company's transformation. This was relayed throughout the line management structure and aims to strengthen the approach, support the efforts already made and involve employees at every level of the organization, as well as suppliers, subcontractors and joint-venture partners. Managers from the Executive Committee down to first-level

executives demonstrate their involvement and commitment through field visits with a focus on safety, which offer them an opportunity to talk regularly to employees about good practices and safe behavior at work.

Objective achieved:

The previous commitment, signed in 2010, set an objective of reducing the frequency of workplace accidents by 10% a year between 2010 and 2013, to a rate of 14 by 2013. The company achieved and even exceeded its objective, with a reduction in the frequency rate from 18.88 in 2010 to 12.59 in 2013. The approach will be strengthened over the coming years.

Management and consultation bodies

The Prevention, Health and Safety Committee submits the Prevention, Health and Safety policy to the Executive Committee for approval and is responsible for implementing it. It coordinates cross-departmental projects, creates synergies between occupations by encouraging sharing of good practices and evaluates the results based on performance indicators. These are shared with the Executive Committee on a regular basis.

As part of the process of constructing the "new Veolia", cross-departmental coordination of the company's prevention, health and safety policy has been strengthened. A matrix-based structure has been introduced to ensure the safety policy reflects the company's new organizational structure. As a result, a cross-departmental approach has been implemented based on four major projects, the aim of which is to ensure a standardized, coordinated approach.

Common standards for all activities are thus helping to strengthen the basis and foundations of our health and safety culture. Technical and management audits aim to establish an objective view of the situation, in particular by supplementing quantitative and qualitative indicators of implementation and involvement.

Tools designed to offer support, improve organization and ensure the consistency of the approach also help to define the terms of decision-making.

Good health helps to improve the quality of life at work and now takes greater account of aspects such as psychosocial risk factors, ergonomics, etc.

Alongside these projects, experts have been appointed to ensure consistency, monitoring and coordination of

approaches by country and area. The new setup offers the opportunity for a single approach, supplemented by field visits, to incorporate the cultural aspects specific to each country.

Signing of a joint letter of commitment to health and safety prevention in Europe

Our European social partners signaled their support for our prevention, health and safety policy when staff representatives

signed a joint letter of commitment with managers in 2012. This commitment allows Veolia to take a coordinated approach on the ground in each European country where we have a presence.

The joint agreement's core provisions include systematic analysis of the underlying causes of accidents, enhanced prevention, health and safety practices in the workplace, and strengthening employee-employer dialogue on health and safety issues.

Increasing involvement across the board

Internally, efforts have continued to focus on ever-closer line-management involvement in prevention, health and safety and increased awareness of the risks faced by operators in their activities. These efforts are expressed in tangible terms in safety visits by line managers, the introduction of immediate reporting processes for workplace accidents and serious incidents, the involvement of operational managers in accident analysis, training and awareness for employees and internal communications initiatives.

In 2013, almost 58% of employees received safety training and a third of training hours were devoted to safety.

Suppliers are also formally told that they must take mandatory measures to

Prevention, health and safety management system

Veolia's workplace risk prevention system allows us to manage health and safety issues effectively throughout all of the company's entities. The system is based on preventive identification of risks as close as possible to work situations (accidents and occupational illnesses), analyses of the causes and circumstances of accidents, near-misses and occupational illnesses and the results of audits, which contribute to mapping all business activity risks. The environmental management system is based on six areas:

Commitment and motivation

These should be visible to the entire line management structure and are essential to the success of the system, so that everyone is involved in creating the desired corporate culture.

Policy

The definition of intentions, goals and ideas applicable by Veolia and its operational units to determine the cornerstones of the risk prevention, health and safety policy.

Planning

Initiative improvement and monitoring is designed to ensure compliance with legal provisions in force, and the targets and results expected at company level and within the business units, particularly through the definition of internal rules and procedures.

Implementation

The organization of human and material resources and systems to help achieve optimum health and safety performance. Targets and expected outcomes can be achieved by implementing appropriate programs.

Monitoring and corrective measures

Performance monitoring and assessment, particularly by implementing and monitoring the audit program, means that corrective measures can be defined and integrated into an ongoing improvement approach.

Management review

This regular assessment of each element of the health and safety management system is analyzed by the Executive Committee. The aim is to adjust the system to ensure its relevance and effectiveness.

Veolia set up structured and controlled prevention approaches on the basis of standards such as HOSAS 18001 and ILO OSH 2001. Every year across the world, entities are certified to OHSAS 18001, labeled or presented with awards for their prevention, health and safety programs.

guarantee the safety, security and well-being of their employees. A prior risk analysis of subcontracted activities is used to set contractual terms for the prevention measures to be taken by all parties, who are audited on a regular basis.

Innovative practices in the field

■ In terms of health and safety at work, innovative practices in the field have also been identified and shared within the company. Two of them in particular have been rewarded internally through the *Social Innovation Awards*, emphasizing the complete integration of health and safety aspects in the company's labor relations policy.

Implemented in India in 2011, the program covering the cost of health insurance for all employees and their families and the introduction of an annual health check for all employees has benefited over 100 employees and their families. The program was commended in 2013 with the award of the *Health Prevention Award*.

In France, the *Safety Prevention Award* was given to the *Vivre program* (Visit, Involvement, Value, Reaction and Exchange), which since early 2010 has placed increased emphasis on managers' responsibility for health and safety. The program is designed to motivate everyone in line management in waste management, and helped bring about a 50% drop in the number of workplace accidents in this sector; the frequency rate fell from 30 in 2010 to 21 in 2013.

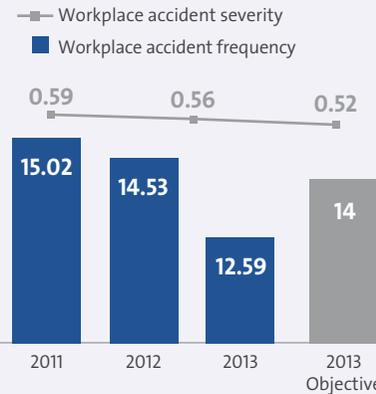
Veolia exceeded its target of reducing the frequency of accidents by 10% a year between 2010 and 2013.

Working to reduce accidents

The frequency and gravity rates of workplace accidents continue to improve in response to the actions taken.

Veolia exceeded its target of reducing the frequency of accidents by 10% a year between 2012 and 2013.

Change in the frequency and severity rate of occupational accidents



In spite of our efforts, there were five fatal accidents associated with an occupational risk in 2013, including one involving a subcontractor.

Talking about serious accidents to avoid a recurrence

The company has set up a procedure across the board for the immediate actions to be taken if a serious physical accident occurs. The aim of the procedure is to:

- standardize the analysis process for serious physical accidents to determine corrective and preventive actions at every level of the organization;
- lay down rules for disseminating and sharing information internally and externally;
- provide operational assistance tools.

The procedure applies to all Veolia activities and structures and to Veolia employees, temporary staff, subcontractors, joint contractors and third parties.

Preventing occupational illnesses

En addition to tools to identify accident situations at work stations, in 2012 Veolia designed a company-wide tool to analyze exposure to occupational illnesses; this was shared with the French Works Committee's social partners and is available to all health and safety officers. The tool helps anticipate exposure to risk factors in order to define and implement a preventive action plan. The approach was deployed in France in 2012 and is intended to be rolled out internationally, taking account of local circumstances; this process began in 2013.

Safety audits are conducted at facilities before operations begin in order to identify and correct high-risk situations. Risk prevention plans are implemented by the company as far upstream as possible in the context of its facilities design and construction activities, in order to eliminate any probability of occurrence and thus guarantee the level of health and safety for future operators.

In addition to preventive analyses of work stations, all employees benefit from periodic medical checks, designed not only to detect occupational illnesses but also to help prevent them.

In France, 198 employees were recognized as having an occupational illness in 2013.

Well-being at work

The parameters that make up the working environment (lighting, noise, indoor air quality, humidity and temperature) are analyzed at the start of operations in new units by external organizations and then checked periodically to ensure they are maintained at a level that meets nominal requirements.

In addition, the company has embarked on a quality of life at work process, which includes mechanisms for preventing psychosocial risk factors (stress), whether these are the result of an individual's working and/or personal life. A widespread communications campaign was conducted with employees on this topic, including the results of surveys carried out, explanations of preventive actions, etc. A toll-free number was set up and a stress perception

survey carried out in 2012, the results of which were fed back to the staff representation bodies and to employees, particularly in France, the Czech Republic, the United Kingdom, Canada, Northern Europe and Australia. A training program for managers, aimed at helping them to take account of psychosocial risks in their managerial practices, was deployed in France and several European countries in 2013.

In addition, the approach included ergonomic analysis of work stations, promoting good practices in terms of health and nutrition and combating alcoholism and drugs.

Nutrition programs have been run through workplace catering services to create the right conditions to raise awareness of the subject but also to help re-educate people's palates.

GOOD PRACTICE Morning warm-ups

■ Every morning before they start work, Proactiva operators get 10 to 15 minutes of physical warm-up exercises appropriate to the nature and intensity of their professional activities. Developed by external specialists, the exercises are now led by employees who have received special training.

GOOD PRACTICE Improved medical check-ups

■ Since 2011, Veolia has implemented a health prevention policy for all its employees at all sites in India, by allowing them to take advantage of free health insurance and offering them an annual health check. The aim is to catch risks early and detect health problems so that they can be treated as soon as possible. The company covers healthcare costs to improve the health of not only its employees but also their families. A similar process is underway in Niger.

GOOD PRACTICE The 2013 Peer 2 Peer campaign in the USA

■ VES Industrial Services in the US reduced its lost work days by 80% in 2013, by helping to instill an increased sense of responsibility in all employees. The Peer 2 Peer Safety Observation and Positive Intervention Program plays a key role in motivating employees about safety: the program invites volunteers to observe one of their colleagues at their work station from a safety point of view. The approach not only offers an opportunity for constructive dialogue between employees but also helps the company to identify improvements they can make at each work station to optimize safety.

6. LABOR-MANAGEMENT DIALOGUE

In line with its membership of the Global Compact, Veolia's HR strategy attaches particular importance to labor-management dialogue. The company is also committed to making this dialogue a driving force for social cohesion and its business and social performance.

The European Works Committee represents 2/3 of Veolia's employees.

Supporting the quality and development of labor-management dialogue

Veolia is committed to successful labor-management dialogue at every level:

- at the business or entity level, as a natural forum for negotiations on key issues impacting the day-to-day activities of employees. Over 1,200 business and operational agreements signed by Veolia complement the company's directives and agreements;
- at the national level, grouping joint information and negotiation bodies addressing all national issues;
- at the company level, with European and French Works Committees and boards, representing 33% and 68% of employees respectively.

In October 2010, Veolia renegotiated the founding agreement of the European Works Committee, signed in October 2005. The goal was to modernize and enhance the operating methods of the European Works Committee and labor-management dialogue in Europe. The revision included:

- realigning the initial agreement with new European social directives;

- enhancing European labor-management dialogue with new measures relating to the composition, creation and provision of information to the European Works Committee;
- consolidating country labor-management dialogue areas as a complement to the European Works Committee, to facilitate the exchange and sharing of information on each country's labor relations policy.

A collective bargaining agreement improving the quality of labor-management dialogue in France was signed by General Management in October 2010. The agreement covers almost one-third of Veolia's employees. It consolidates the roles and responsibilities of the various partners involved, whose work is recognized and valued as a result.

Under the terms of this agreement, trade union seminars have been established by each organization in France to help them to organize themselves and identify their priorities more effectively. The company's management is systematically involved in the seminars, which it uses as an opportunity to listen to its partners and enter into dialogue on major issues in labor relations policy. Seminars with the trade unions are repeated every year.

The accredited training course launched in May 2011 for union representatives (in France) at the company level, created in partnership with IEP Paris (Sciences Po) and the "Dialogues" association, demonstrates the company's commitment to maintaining high-quality relationships with its social partners. The course reflects the company's efforts to consult with labor organizations on union careers. Training improves the skills of union representatives and motivates them by underlining the importance of their role. The 2013-2014 course is currently underway.

In 2013, we continued a dialogue on the company's social and societal responsibilities initiated in 2011 by the European Works Committee.

Modeled on training provided to French representatives, a course was provided for executives and members of the European Works Committee. This underlines the company's commitment to enhancing labor-management dialogue in Europe. Designed in conjunction with the board of the European Works Committee and Astrée, it highlights what is at stake in labor-management dialogue and inter-cultural relations within the European Works Committee.

To deliver on its commitments, Veolia signed agreements with several representative union organizations:

■ The company signed a GPEC agreement (Human Resources and Skills Planning) for France on February 3, 2011, committing to adapt to a changing business environment in line with the company's strategy, to facilitate and advance the career development of its employees and to offer the most relevant training programs possible.

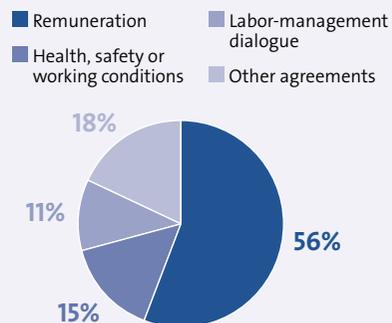
The French *Workplace Risk Prevention, Health and Safety* agreement, signed in 2008, is a tangible sign of the social partners' commitment to affirming prevention and employee health and safety as a key area of the company's policy. The monitoring committee focused on the theme of preventing skills shortages with the support of the National Agency for the Improvement of Working Conditions (ANACT) by developing business-specific studies for each division. A letter of commitment was also signed in 2012, with the company's European Prevention, Health and Safety Committee.

A company agreement establishing a joint retirement savings plan (PERCO) was signed in December 2012.

In addition, negotiations on the inter-generational contract were conducted at company level in France and resulted in the signature of an agreement dated December 2, 2013.

Over 1,200 new labor agreements signed in 2013

Breakdown of agreements signed by subject



Promoting social initiatives

The Human Resources Department is committed to developing innovative field practices adapted to local conditions. A policy of promoting social initiatives unifies company divisions in a joint endeavor to strengthen local teams. This resulted in the 2013 Social Innovation Awards, organized to highlight efforts to promote solidarity, social fairness, staff employability, and prevention, health and safety. The Human Resources Department has decided to organize these awards on a regular basis to encourage all Veolia entities to share their human resources policies. The 2013 *Social Innovation Awards* gave Veolia the opportunity to

showcase seven human resources initiatives from the 270 actions submitted from 30 different countries. In an effort to go further than simply offering rewards and to encourage sharing of good HR practices in the company, the Awards ceremony on October 4 was followed by workshops attended by about 90 employees from all over the world to kick-start the process.

GOOD PRACTICE The Social Innovation Awards 2013

- *Judges' Special Commendation* for the training program in the United Kingdom
- the *Employability Award* for a training course aimed at older workers in France
- the *Solidarity Award* for the work of the Dalkia Foundation in Poland, which supports employees and their families into employment
- the *Social Equity and Diversity Award* for the career support program for women in Japan
- the *Health Prevention Award* for the prevention program implemented in India for all employees
- the *Safety Prevention Award* for the emphasis placed on mobilizing all of line management in the environmental services division in France.
- the *Employees Award* for the customer partnership program introduced in Oman

For further information, see the *Social Initiatives: ideas for progress leaflet*

7. DIVERSITY, EQUAL OPPORTUNITIES AND COMBATING DISCRIMINATION

In line with its membership of the Global Compact, Veolia's global human resources policy promotes the diversity of employee profiles and career paths as a source of innovation and performance for clients, employees and for the countries in which it operates.

There are over 40,000 women in the workforce.

Employees aged over 50 account more than 28% of the workforce.

A commitment to diversity and equal opportunities

Fully committed to implementing its transformation plan and improving performance, Veolia is more determined than ever to leverage diversity and equal opportunity to enhance its corporate culture and social cohesion.

Four global priorities have been identified to achieve this goal:

- supporting gender equality: promoting the employment of women in positions traditionally occupied by men and in management;
- optimizing long-term employment of seniors and experience-sharing through tutoring and mentorships;
- helping disabled people perform their day-to-day work,
- promoting inclusion through work-study programs.

For two years, the management of executives and high-potential managers has had to provide for an increase in the number of women and internationalize

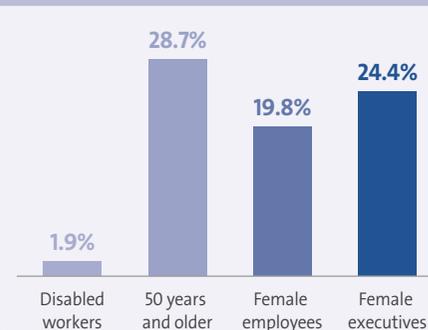
Six global indicators have been defined and must include performance targets established at a local level as a tangible tool for measuring the progress of the policy.

- **Workplace equality:** a commitment on the employment rate for women, including access to management positions. A goal of women comprising 15% of executives and 20% women on Veolia's boards of directors by the end of 2014.
- **Older workers:** a commitment on the employment rate of workers aged over 55.
- **Disabled people:** a commitment on the employment rate.
- **Integrating young people:** a commitment to bringing young people into the workplace. Following the signature of an agreement on the inter-generational contract, the stated aim is to have 11% young people (under the age of 30) on permanent inter-generational contracts as a proportion of all permanent recruitment.
- **Training:** A commitment to training or awareness raising for managers.

their job profiles, validated by the Executive Committee. The Committee has set itself three objectives in terms of increasing the number of women in governance:

- one in four appointments of new board members to the boards of company subsidiaries will be a woman;
- one in three appointments to senior management positions will be a woman;
- identification and promotion of a pool of women likely to advance quickly to senior management positions.

2013 results for main aspects of diversity



Action Plan 2012-2015

To achieve these targets, we have created the *Diversity and Equal Opportunities 2012-2015* global action plan, based on three key areas:

- equal treatment to promote non-discrimination in employment, career development and skills management;
- day-to-day diversity management to ensure respect for differences and improve management practices;
- maintaining Veolia's employment standards, which are based on the principles of the UN Global Compact signed in 2003 to guarantee equal opportunities.

Veolia's commitments have already been manifested by the award and renewal of the *Diversity Label*, signing the *Diversity Charter* in France, an overhauling of human resources processes and the involvement of its social partners.

The company can call on a network of some 50 people from its divisions and the Campus to closely monitor implementation of its action plans.

In France, management's commitment was reaffirmed by the signature of the *Diversity Charter* in 2012 and membership of the French Association of Diversity Managers. In 2013, Veolia signed an agreement on male/female equality in the workplace with the

French Ministry for Women's Rights and an agreement on the inter-generational contract with social partners. A process for enhancing union careers and fighting union discrimination was detailed in an agreement in 2010 on developing and raising the standard of labor-management dialogue. Veolia has also signed the *Workplace Parenthood Charter* for its Environmental Services activities.

In 2013, 65 female executives at Veolia's head office attended the *Successful Careers for Women* training course aimed at young women in the early stage of their careers and 37 experienced executives attended *Women Leaders workshops*.

Veolia's *Evoila !* gender-equality network brings together gender-equality players through a range of activities including breakfast meetings, discussions and workshops on international gender-equality day (Women's Day on March 8).

In other countries, agreements on equal opportunities and combating discrimination are taken at national level.

As far as training for employees is concerned, diversity is a key part of the executives' induction program (JIVE), which welcomes over 600 executives a year, both in terms of presenting the aims of the program and in the discussions with General Management teams.

GOOD PRACTICE A recruitment kit used by the Environmental Services sector business in France:

■ Veolia has been working with operational managers and workers in its Environmental Services sector business in France to design a recruitment tool for all of its manual jobs, a total of 35 listed occupations. The use of Proveo to hire new staff is now obligatory and ensures that the recruitment process is non-discriminatory and respects diversity, whilst being well suited to hiring people who are in some cases illiterate. It ensures a harmonized recruitment procedure for manual workers.

Since 2012, the use of Proveo has been extended to recruiting temporary staff, and assistants have also begun to be trained in the administrative part of the recruitment procedure. All operational staff and HR managers have been trained in the tool and continue to receive training on a regular basis. This provides an opportunity for the business to remind staff of its values and its commitment to a transparent, unified recruitment procedure.

As the diversity action plan operates internationally, Veolia's *Social Innovation Awards* have recognized, amongst other things:

- in Germany, the *Supporting a parent-friendly working environment*, which aims to reconcile workplace requirements with the constraints of a welcoming environment for children under the age of 10;

Women represent 24% of external hires.

Over 15% of the workforce is under 30.

■ in Brazil, the project *Making a commitment to employability for disabled people*, which uses training and validation systems for skills and basic knowledge to train over 347 people with a form of disability, 297 of whom earned a certificate;

■ in Japan, the project *Promoting talented women*, whose action plan is based on actively recruiting women engineers and supporting them to help them develop their careers within the company. Thirty percent of employees who were promoted were women, although they only represent 20% of the workforce.

Recognized commitment

A quality-labeling process has been underway in France since 2007, based on AFNOR’s Diversity Label framework. As part of their follow-up audit in 2012, the auditors noted the extent to which the labeling plan had matured and improved in the 133 labeled entities.

The company has also been awarded other labels worldwide. In the Czech Republic, Dalkia was awarded the “Investor in People” label; in China, the Water sector business has implemented the Gender Equality Charter; in the United Kingdom, Veolia was included in the “Responsible Business” list published by the Financial Times and in Germany, OEWA recently renewed its professional work-life balance certification.

Long-term partnerships

■ The company is also a partner and/or member of various organizations that promote diversity and equal opportunities. As a partner of the Corporate Social Responsibility Observatory (ORSE), Veolia helped produce a guide called *How to develop an international diversity policy* and the *CSR and Social Protection report* in 2012.

■ As a member of the French Association of Diversity Managers (AFMD) commission on the *Sustainable employment and career management of people with disabilities*, the company helped produce a guide in 2013 called *How to manage employees with disabilities*. Veolia has also taken part in discussion workshops on inter-generational management.

■ Veolia is an active member of the labeled companies club within the Association of Directors of Human Resources (ANDRH), and takes part in label working groups in this capacity.

Managing sustainable procurement

1. SUSTAINABLE PROCUREMENT POLICY

Under Veolia's sustainable procurement policy, its social and environmental commitments are incorporated into procurement processes and its management of supplier relations. The policy contributes to improving the company's economic performance, anticipating risks and working with suppliers on responsible actions that support innovation and create value.

Veolia's sustainable procurement policy is based on the following principles:

Sourcing managers commitment to sustainable development

Sourcing managers are given responsibility for the environmental and social implications of the company's activities so that those considerations enter into the officers' management of their specific procurement areas.

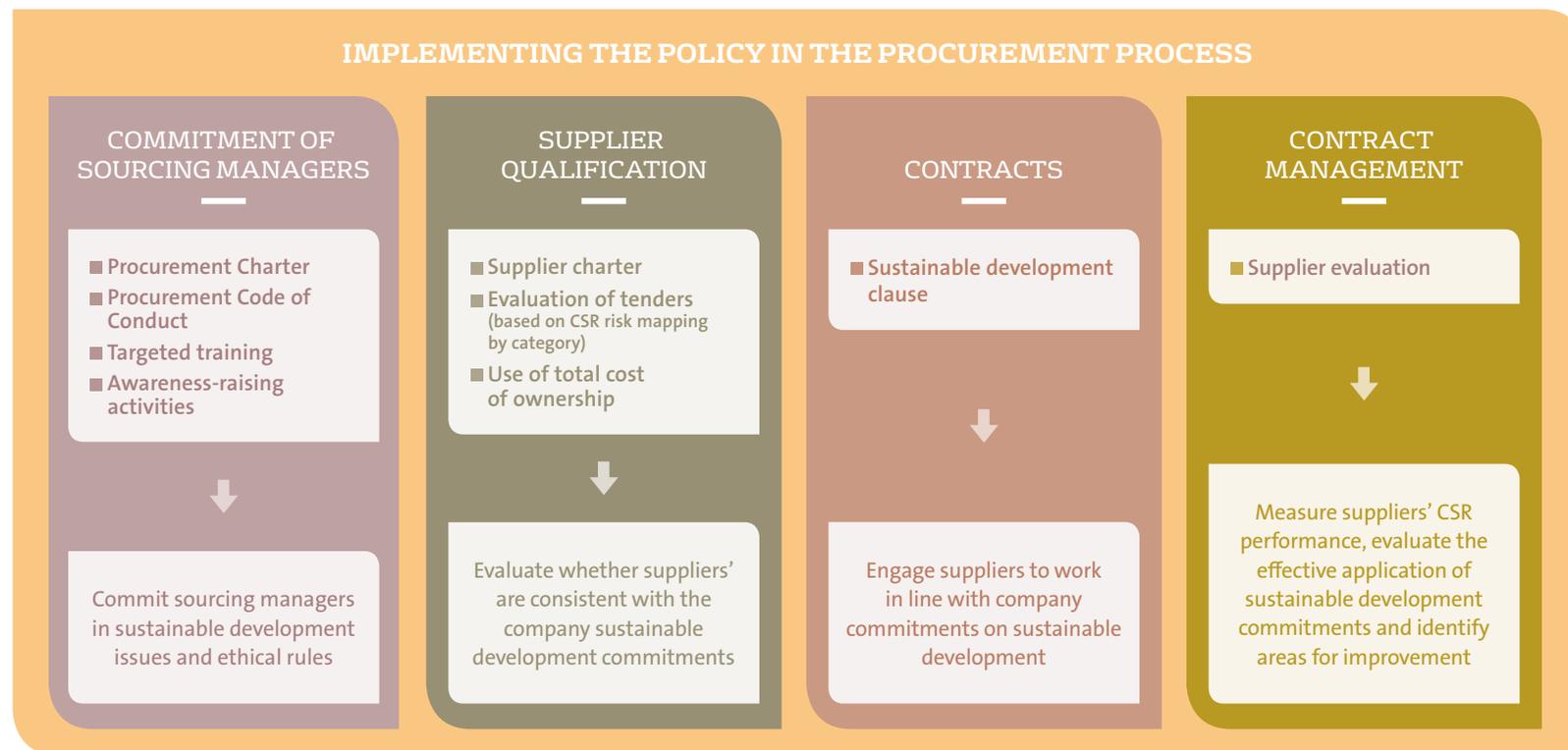
Development of responsible procurement actions

Sourcing managers implement responsible procurement practices once they are aware of them.

Consideration of suppliers' CSR commitment and performance

Sourcing managers inform suppliers of the company's views and commitments on CSR and monitor management of associated risks throughout the process, from supplier selection to monitoring their ongoing relationship with them.

IMPLEMENTING THE POLICY IN THE PROCUREMENT PROCESS



2. TRAINING SOURCING MANAGERS IN SUSTAINABLE PROCUREMENT

Sourcing managers are the vanguard when it comes to implementing sustainable procurement policies. Veolia provides a range of resources to give them greater autonomy in their day-to-day practices: societal responsibility issues are covered in training courses and procurement guidelines such as the Code of Conduct and the procurement Charter.

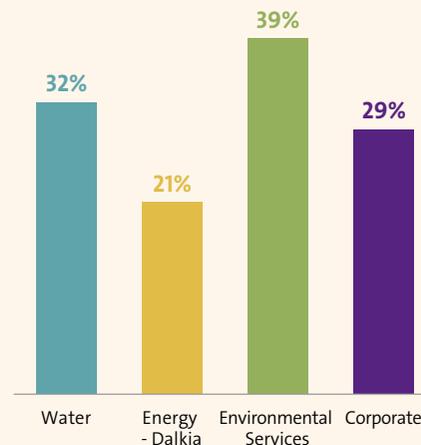
In 2012, Veolia developed and deployed a comprehensive program in France and around the world with the help of the Campus Veolia network to complement the existing range of courses on sustainable procurement. The program is delivered by internal experts and offered to sourcing managers in all company business units. It consists of one day of training combined with e-learning resources. The goal is to give sourcing managers the tools they need to incorporate sustainable procurement policies at each step of the process and share them with suppliers, while taking into account the social and environmental impacts of the products and services purchased, evaluating CSR risks and implementing improvement plans with suppliers.

These training courses are part of Veolia's proactive approach to skills development and are a key part of Global Procurement Department initiatives, in line with the 2012 launch of a plan to introduce a skills development and integration program for sourcing managers.

Over the past three years, 30% of sourcing managers working for the company at December 31, 2013 have received training in sustainable development issues and ways in which they are incorporated into the procurement process.

Percentage of sourcing managers trained in sustainable development over the past three years

30% of company sourcing managers, by business unit:



In addition, regular awareness initiatives keep sourcing managers informed of changes in sustainable procurement policies and encourage them to take CSR issues into account in their day-to-day work, including attendance at procurement committees, external involvements, internal publications on the intranet, etc.

Veolia also works in this area with various stakeholders and key bodies, for example by contributing to drawing up a standard on responsible procurement published by AFNOR, the French industrial standards authority, working to support a range of initiatives and contributing to inter-company specialist committees.

3. DEVELOPING RESPONSIBLE RELATIONSHIPS

Depending on their procurement categories, sourcing managers may take account of quality labels, identify opportunities for eco-design or analyze life-cycle costs. Similarly, sourcing managers promote responsible practices among contract users, for example, by encouraging better attitudes to consumption, or supporting the use of SMEs and micro-businesses for local contracts.

Thinking in total cost terms to combine economic performance and environmental responsibility

■ For Veolia, taking total cost into consideration is part of responsible procurement best practices because it provides a long-term view of the economic, environmental and/or social aspects of a purchase. This gives an overall picture of the product in its environment, looking at its uses and life cycle. This helps target innovation drivers and areas for improvement.

Purchasing example: industrial equipment

The company's Purchasing Department took account of total cost in its purchases of blower pumps in 2013. A blower pump is a piece of equipment that injects low-pressure air into wastewater aeration basins. This strategic equipment is crucial to the systems we manage for industrial and municipal clients and represents almost 70% of the energy consumption of a wastewater treatment plant. The approach, which was implemented jointly with the Technical and Performance Department and based on technical-economic forecasts (technical characteristics, energy efficiency, investment, operational, maintenance and dismantling costs, etc.) was used to develop a comprehensive model to evaluate the life-cycle cost of a blower pump over 10 years. The

total cost of ownership calculation was used as a main criterion for selecting suppliers. Finally, this approach helped to identify a saving of up to 18% on the life of the blower pump for the solution chosen compared with historical solutions, providing evidence of the compatibility of environmental responsibility and economic gains.

120 g program for vehicle procurement

In 2012, in line with its Program "120 grams", Veolia defined a new policy for company vehicles in France, setting more stringent requirements for their consumption and CO₂ emissions: no vehicle on the list may now emit more than 140 g/km of CO₂. Under the new policy, almost 1,100 vehicles that no longer met the requirements were replaced between 2012 and 2013. Average CO₂ emissions for this fleet of 1,100 vehicles were reduced from 168 g/km to 121 g/km of CO₂ and theoretical average consumption (as calculated by the manufacturers) was reduced from 7 l/100 km to 5 l/100 km.

A €2.4 Million savings was made thanks to this program for the year 2013.

Societal innovation initiative

■ The Global Procurement Department initiated a study on societal innovation in 2011 to identify the scope of innovation with suppliers that would more closely align the company's services with its clients' CSR requirements and make it more competitive. The study is a joint effort by suppliers and internal departments, such as Sustainable Development and Research and Innovation. The Global Procurement Department may also be involved in enhancing Veolia's sales/marketing initiatives. It may, for instance, help its clients develop sustainable purchasing initiatives.

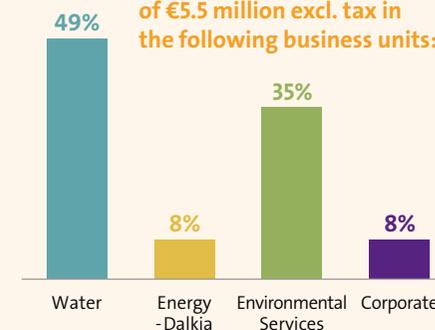
Encouraging use of the sheltered and supported employment sector

■ In France, as part of our partnership with the Water activities of the GESAT network (an association created in 1982 with the aim of promoting the sheltered and supported employment sector and supporting economic actors in their relationship with the sector) and in cooperation with the disability mission Eau France (for more information, see the chapter *Managing our social responsibility*), the company's Global Procurement Department embarked on a plan in 2013 to encourage use of the sheltered and supported employment sector, in particular in certain target purchasing categories (maintenance of parks and gardens, laundry, waste collection and waste treatment, management and administration, printing/publishing, logistics/transportation, catering services and industrial

subcontracting). A new half-day training program was developed to raise awareness and encourage key players across the procurement function to support employment of disabled people. Its aim is to set out a methodological framework to create win-win partnerships with service providers in the sector. The training session can, if possible, include a visit to a center to illustrate the services on offer in tangible terms. In addition, the procurement function provides purchasing agents and purchasing commissioners with a directory listing useful information, such as lists of suppliers by region and the types of service they offer. Purchasing expenditure excluding tax with the sheltered and supported employment sector in France was €5.5 million in 2013*.

Expenditure in the sheltered and supported employment sector in 2013 (France)

Breakdown of expenditure of €5.5 million excl. tax in the following business units:



SME Pact 2013: Veolia's commitment to sustainability

■ By signing the Inter-company Relationships Charter in 2010, Veolia was one of the first businesses to make a commitment to credit mediation to ensure a more balanced relationship between major clients and SMEs. In 2012, the company joined the SME Pact, a French association combining key accounts, trade organizations and competitiveness clusters, with the aim of supporting the development of innovative SMEs by supporting and strengthening their relationships with major companies.

Its membership of the association strengthens the company's commitments to small and medium-sized enterprises with three major issues: providing information to SMEs, supporting their development, and supporting innovation and partnerships. The aim of the plan is to contribute to the emergence and

growth of dynamic, robust partnerships to drive innovation and competitiveness.

In 2013, following the annual verification exercise to check compliance with commitments under the SME Pact, the dedicated monitoring committee confirmed the validity of the company's commitments and its motivation to support its relationships with innovative SMEs. This is illustrated by the 53.4% share of expenditure with SMEs and intermediate-sized enterprises for the water sector in France in 2012, according to the INSEE analysis carried out by the SME Pact. The monitoring committee's opinion was issued following an analysis of the change in impact indicators between 2011 and 2012 and the action plan in line with the guidelines for partnership-based purchasing.

*Includes Veolia Eau France, Sade, VP France, SARP, Dalkia France, Central entities and excludes SARPI, VWS and SEM.

4. ENGAGING OUR SUPPLIERS AND EVALUATING THEIR CSR PERFORMANCE

Sourcing managers make suppliers aware of Veolia's commitments to sustainable development mainly through a variety of communication tools designed for and available at each step in the procurement process. In 2010, the company introduced a comprehensive system to evaluate supplier performance in societal responsibility, covering everything from risk mapping to corrective actions.

Qualifying our suppliers

Suppliers receive a copy of the Veolia Suppliers Charter when an invitation to tender is issued. The Suppliers Charter, which was updated in 2012 and 2013 to better reflect Veolia's commitments, with a focus on social responsibility, provides guidelines on issues such as the purchasing process, the company's commitments and what Veolia expects from its suppliers. It is made available to all sourcing managers and is sent to suppliers at the start of the invitation to tender process.

Working with Veolia's Risk Management Department in 2012, all aspects of CSR risks were mapped by procurement category to cover every aspect of the procurement process. The map is based on generic social, ethical and environmental CSR criteria and procurement issues specific to Veolia, such as expenditure, impact on energy consumption and business-line strategy. It is used at an operational level to help manage supplier relationships. Purchasing officers can therefore identify suppliers in categories most at risk and take the necessary steps to manage these risks, from the invitation to tender stage onwards.

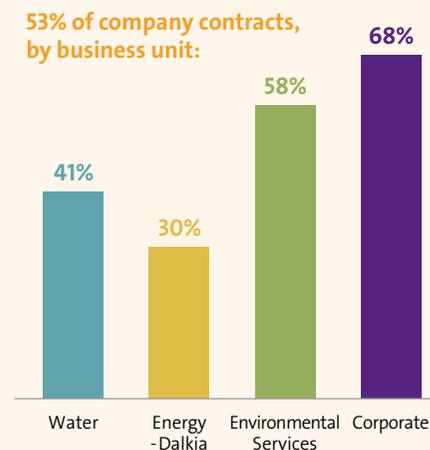
In 2013, the company's Global Procurement Department launched the e-sourcing platform for managing procurement projects. By organizing and optimizing the various stages of an invitation to tender, it centralizes information for the attention of all stakeholders involved in the process. The CSR risk map for each procurement category developed in 2012, now integrated directly into the e-sourcing module, is used to automatically identify high-risk procurement families and in so doing automate evaluation of the CSR performance of the suppliers concerned, ahead of the invitation to tender. The tool helps to organize and standardize the incorporation of sustainable procurement issues in the supplier classification process.

Engaging our suppliers

Including sustainable development requirements in listing contracts with suppliers is being phased in through the addition of a special clause. The clause was first introduced in 2004 and has been regularly updated since then. Sourcing managers can find the current version on the company's procurement intranet. It covers the environment, ethical standards and social considerations, along with the

company's commitments to health & safety and diversity. It can be adapted to the specific requirements of different procurement types. Veolia introduced the sustainable development clause to ensure compliance with and in anticipation of regulatory changes in certain markets, while formalizing its commitments and involving suppliers in its sustainable development initiatives.

Percentage of contracts incorporating sustainable development requirements



Since 2010, Veolia has been monitoring inclusion of sustainable development requirements in contracts through its contract management tool with a view to measuring maturity. At the end of 2013, 53% of the current contracts in the company’s contract database (except those managed by Veolia Transdev purchasers) were declared by sourcing managers to contain official sustainable development requirements. The graph on the previous page shows how they are broken down based on the sourcing managers’s base entity.

In the interest of transparency, this policy is posted in the Suppliers section of the company’s website.

Evaluating our suppliers’ CSR commitment and performance

Sourcing managers use CSR risk mapping by procurement category to identify suppliers in the categories most at risk and take the necessary steps to manage these risks, such as by conducting a CSR evaluation of suppliers or through invitations to tender.

In this case, performance is initially analyzed through a documentation audit handled by an independent consultant, covering 22 criteria in areas including Environmental, Social, Ethical and Supplier Relations categories. Since

2010, the Global Procurement Department has evaluated the CSR performance of some 400 suppliers serving one or more of the company’s business units using this system. The 2013 evaluation campaign examined almost 100 suppliers located in five strategic countries: France, UK, Germany, Australia and the United States.

26% of the preferred suppliers in the company’s contract database—excluding contracts managed by Veolia Transdev sourcing managers—have been evaluated on their CSR performance since 2011. In response to feedback from clients and to serve as examples, some of the company’s business units have also been audited at a corporate or country level.

Based on these evaluations, specific actions defined in action plans or during on-site audits can be undertaken to improve performance in conjunction with the suppliers. In 2011, the company approved a specialized service provider to conduct these audits, aligning with the four key evaluation categories to ensure methodological consistency. In keeping with the risk-management process and with a view to continuous improvement, some suppliers have been audited on-site based on these evaluations.

In addition to this system, some business units have been conducting on-site audits of their strategic suppliers for several years, using a methodology tailored to individual requirements.



Appendix

1. ENVIRONMENTAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013		
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia
MANAGING ENVIRONMENTAL PERFORMANCE									
		Revenue from relevant activities	Billions of euros	24.6	26.2	23.8	7.0	9.0	7.7
●		Percentage of revenue covered by an environmental management system	% relevant revenue	77%	80%	81%	85%	73%	85%
●		Percentage of relevant revenue covered by a ISO 14001 certified management system ⁽¹⁾	% relevant revenue	56%	62%	63%	65%	65%	59%
●		Percentage of relevant revenue covered by a ISO 9001 certified management system ⁽¹⁾	% relevant revenue	75%	81%	82%	78%	84%	82%
COMBATING CLIMATE CHANGE									
EMISSIONS RELATED TO OUR ACTIVITIES									
●		Total direct and indirect (electricity and heat) emissions of greenhouse gases ⁽²⁾	Million metric tons CO ₂ eq.	44.4	46.1	42.8	5.1	13.5	24.2
●		Total direct greenhouse gas emissions	Million metric tons CO ₂ eq.	37.9	35.7	34.9	1.8	13.3	19.8
●		- Direct CO ₂ emissions	Million metric tons CO ₂ eq.	26.7	27.3	26.5	1.8	4.9	19.8
●		- Direct CH ₄ emissions (Waste)	Million metric tons CO ₂ eq.	11.1	8.3	8.3	-	8.3	-
●		- Direct N ₂ O emissions (Waste)	Million metric tons CO ₂ eq.	0.1	0.1	0.1	-	0.1	-
●		Indirect emissions of greenhouse gases related to energy consumption (electricity and heat)	Million metric tons CO ₂ eq.	6.5	10.4	7.9	3.3	0.2	4.4
		Total decrease of greenhouse gas emissions	Million metric tons CO ₂ eq.	25.3	21.2	23.7	0.5	15.5	7.8
		- Reduction of greenhouse gases	Million metric tons CO ₂ eq.	17.9	13.9	16.3	0.1	8.4	7.8
		- Greenhouse gases avoided	Million metric tons CO ₂ eq.	7.4	7.3	7.5	0.4	7.1	0
		- of which CO ₂ emissions avoided through waste-to-energy	Million metric tons CO ₂ eq.	2.6	2.3	2.4	-	2.4	-
		- of which CO ₂ emissions avoided through materials recovery	Million metric tons CO ₂ eq.	4.7	4.6	4.6	-	4.6	-
		Direct carbon efficiency of energy services (Dalkia)	%	31%	36%	39%	-	-	39%
●		Carbon performance of combustion facilities	Net metric tons CO ₂ /MWh produced	0.273	0.251	0.243	-	-	0.243
●		CH ₄ collection rate at landfill sites (in operation) ⁽³⁾	%	50%	49%	52%	-	52%	-
●		CH ₄ capture rate from landfill sites (excluding Proactiva) (sites in operation) ⁽³⁾	%	61%	57%	61%	-	61%	-
REDUCING POLLUTION AND PROTECTING HEALTH									
LIMITING THE DISCHARGE OF POLLUTANTS IN WATER									
●		Volume of urban wastewater collected ⁽⁴⁾	Millions of m ³	7,076	6,669	6,650	6,650	-	-
●		Volume of urban wastewater treated ⁽⁴⁾	Millions of m ³	6,238	5,900	6,040	6,040	-	-
●		Wastewater treatment efficiency in terms of BOD ₅ removal (biological treatment plants with a treatment capacity of over 3 metric tons of BOD ₅ per day – 50,000 EP)	%	93.5%	95.0%	94.5%	94.5%	-	-
●		Wastewater treatment efficiency in terms of COD removal (treatment plants with a treatment capacity of over 3 metric tons of BOD ₅ per day – 50,000 EP)	%	88.5%	89.9%	89.6%	89.6%	-	-
		Rate of significant micropollutants discharged into the natural environment (France)	%	-	5.6%	3.6%	3.6%	-	-

1. ENVIRONMENTAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013		
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia
REDUCING POLLUTION AND PROTECTING HEALTH									
MONITORING THE SANITARY QUALITY OF DRINKING WATER									
		Percentage of the population for whom a quality class could be calculated	%	96.1%	95.3%	98.6%	98.6%	-	-
		Percentage of the above population supplied with excellent quality or high quality water	%	97.5%	97.5%	95.9%	95.9%	-	-
		Percentage of the above population served with water of non-compliant quality ⁽⁵⁾	%	0	0	0	0	-	-
●		Sanitary quality of drinking water - Overall compliance rate	%	99.6%	99.6%	99.6%	99.6%	-	-
LIMITING ATMOSPHERIC POLLUTION									
●		Total SOx emissions	Metric tons	-	70,742	71,897	-	703	71,164
●		Total NOx emissions	Metric tons	-	48,836	49,050	-	6,742	42,308
Average concentration of emissions from hazardous and non-hazardous waste incinerators									
●		- Average NOx concentration EU directive limit value: 200 mg/Nm ³	mg/Nm ³	-	125.9	125.2	-	125.2	-
●		- Average SOx concentration EU directive limit value: 50 mg/Nm ³	mg/Nm ³	-	13.5	13.0	-	13.0	-
●		- Average concentration of HCl EU directive limit value: 10 mg/Nm ³	mg/Nm ³	-	7.4	7.8	-	7.8	-
●		- Average concentration of dust EU directive limit value: 10 mg/Nm ³	mg/Nm ³	-	2.0	2.1	-	2.1	-
●		- Average concentration of carbon monoxide (CO) EU directive limit value: 50 mg/Nm ³	mg/Nm ³	-	9.0	9.5	-	9.5	-
●		- Average concentration of dioxins EU directive limit value: 0.1 ng/Nm ³	ng/Nm ³	-	0.03	0.02	-	0.02	-
Emissions from hazardous and non-hazardous waste incinerators by metric ton of waste incinerated:									
		- SOx	g/metric ton incinerated	88	72	70	-	70	-
		- NOx	g/metric ton incinerated	772	671	669	-	669	-
		- HCl	g/metric ton incinerated	42	40	42	-	42	-
		- Dust	g/metric ton incinerated	14	11	11	-	11	-
		Percentage of waste processed incinerators with dioxin emissions below 0.1 ng/Nm ³	%	98.3%	99.9%	100%	-	100%	-
		Percentage of progress made in the legionella risk prevention plan ⁽⁶⁾	%	78%	73%	70%	-	-	70%
RECOVERING BY-PRODUCTS FROM ACTIVITIES AND LIMITING THE PRODUCTION OF FINAL WASTE									
		Total amount of waste collected for clients	Thousands of metric tons	38,541	32,258	31,937	-	31,937	-
●		Total amount of waste treated for clients	Thousands of metric tons	65,402	51,336	52,091	-	52,091	-
●		- Rate of materials recovery from treated waste	%	15%	19%	20%	-	20%	-
●		- Rate of energy recovery from treated waste	%	44%	47%	53%	-	53%	-

1. ENVIRONMENTAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013		
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia
REDUCING POLLUTION AND PROTECTING HEALTH									
RECOVERING BY-PRODUCTS FROM ACTIVITIES AND LIMITING THE PRODUCTION OF FINAL WASTE									
●		Non-hazardous by-products generated by waste management activities Specifically:	Thousands of metric tons	2,584 ⁽⁷⁾	2,432 ⁽⁷⁾	3,475	-	3,475	-
●		- Bottom ash produced - Incineration of non-hazardous waste	Thousands of metric tons	2,028	1,846	1,792	-	1,792	-
●		Hazardous by-products generated by waste management activities: Specifically:	Thousands of metric tons	670	664	641	-	641	-
●		- APC residues produced - Incineration of non-hazardous waste	Thousands of metric tons	264	265	261	-	261	-
●		- Industrial APC residues produced - Incineration of hazardous waste	Thousands of metric tons	59	58	56	-	56	-
●		- Bottom ash produced - Incineration of hazardous waste	Thousands of metric tons	145	145	136	-	136	-
		Percentage of recovered bottom ash produced by waste incineration plants (hazardous and non-hazardous)	%	55%	70%	69%	-	69%	-
		Compost produced	Thousands of metric tons	1,093	990	938	30	908	-
●		Sludge evacuated (Water)	Thousands of metric tons of DS	1,143	1,136	1,007	1,007	-	-
●		- Percentage of sludge produced used in agriculture (Water)	%	48%	48%	50%	50%	-	-
●		- Percentage of sludge produced recovered as energy (Water)	%	-	18%	9%	9%	-	-
PROTECTING NATURAL RESOURCES									
SAVING WATER RESOURCES									
●		Total volume of water withdrawn	Millions of m ³	-	-	10,603	10,475	14	114
●		- introduced into the drinking water distribution network	Millions of m ³	10,139	9,494	9,163	9,163	-	-
●		- used in industrial processes (Waste, Water and Energy)	Millions of m ³	-	-	1,440	1,312	14	114
Breakdown of water withdrawal sources:									
●		- Volume of water withdrawn on a distribution network	%	-	-	5%	4%	65%	26%
●		- Volume of water withdrawn directly from the natural environment	%	-	-	95%	96%	35%	74%
●		- of which percentage of surface water	%	-	-	80.4%	80%	68%	73%
●		- of which percentage of groundwater	%	-	-	19.6%	19%	32%	27%
●		- of which percentage of stormwater (collected, stored and reused)	%	-	-	0.01%	0.01%	-	0.02%
●		Volume of drinking water produced	Millions of m ³	9,610	8,962	8,725	8,725	-	-
●		Volume of water losses from water distribution networks ⁽⁸⁾	Millions of m ³	2,294	2,144	2,184	2,184	-	-
●		Water distribution network efficiency	%	74.6%	74.4%	73.6%	73.6%	-	-
●		Water losses per mains length	m ³ /km/d	18.13	18.17	19.12	19.12	-	-
●		Volume of water reused from wastewater collected and treated	Millions of m ³	195	225	262	262	-	-
		Percentage of sites that have implemented a plan to reduce water consumption (Waste)	%	-	35%	38%	-	38%	-

1. ENVIRONMENTAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013		
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia
PROTECTING NATURAL RESOURCES									
PROTECTING ENERGY RESOURCES									
●		Total energy consumption (electricity and heat)	Millions of MWh	154.8	168.0	162.3	15.9	34.6	111.8
●		- of which electricity	Millions of MWh	11.0	14.9	11.4	8.0	1.6	1.8
●		- of which heat	Millions of MWh	143.8	153.2	150.9	7.9	33.0	110.0
●		Renewable and alternative energy consumption	Millions of MWh	44.8	45.2	46.7	1.0	30.1	15.6
●		- of which renewable energy	Millions of MWh	27.4	27.2	29.0	1.0	15.9	12.1
●		Percentage of renewable and alternative energies consumed	%	28.9%	27.0%	28.9%	7%	87%	14%
●		- of which renewable energy	%	17.7%	16.2%	18.0%	7%	46%	11%
●		Total energy production (electricity and heat)	Millions of MWh	91.2	105.9	99.9	5.6	8.2	86.0
●		- of which electricity	Millions of MWh	20.2	25.7	21.3	4.0	5.3	12.0
●		- of which heat	Millions of MWh	71.0	80.2	78.7	1.7	3.0	74.1
●		Generation of renewable and alternative energies (electricity and heat)	Millions of MWh	18.1	21.7	23.1	1.6	8.1	13.4
●		- of which renewable energy	Millions of MWh	12.6	14.7	16.1	1.6	4.4	10.1
●		Percentage of renewable and alternative energies generated	%	19.8%	20.5%	23.2%	29%	98%	16%
●		- of which renewable energy	%	13.8%	13.9%	16.1%	29%	53%	12%
●		Percentage of renewable energy in the mix of energy services (European Union)	%	9.6%	11.0%	13.4%	-	-	13.4%
●		Percentage of combustible biomass consumed (Dalkia)	%	5.6%	6.3%	7.7%	-	-	7.7%
●		Energy efficiency of wastewater treatment plants	Wh / g BOD ₅ treated	2.05	2.05	2.22	2.22	-	-
		Percentage of incineration units equipped with energy recovery systems	%	94.0%	95.2%	95.1%	-	95.1%	-
		Percentage of sites that have implemented an energy efficiency plan (Waste)	%	-	44%	47%	-	47%	-
PROTECTING ENERGY AND MATERIAL RESOURCES									
		Amount of waste collected	Million metric tons CO ₂ eq	38,541	32,258	31,937	-	31,937	-
●		Amount of waste treated	Million metric tons CO ₂ eq	65,402	51,336	52,091	-	52,091	-
●		Rate of materials recovery - treated waste	%	15%	19.2%	20%	-	20%	-
●		Rate of energy recovery - treated waste	%	44%	47%	53%	-	53%	-
CONSERVING AND DEVELOPING BIODIVERSITY									
		Number of inventoried sites that have carried out a biodiversity assessment (Water and Waste)	nb	-	141	193	97	96	-
		Number of sites that have deployed an action plan to restore local biodiversity (Water)	nb	-	42	79	79	-	-
		Percentage of sites of significant importance for biodiversity that have put in place an associated action plan (Waste)	%	-	39%	27%	-	27%	-

1) 2013 figure, excludes Sade and VWS. - 2) Veolia updated the GWP of methane and nitrous oxide by adopting the recommendations of the 2007 IPCC report. As a result, GWP 25 (CH₄) et 298 (N₂O) were applied for years 2011, 2012 and 2013. - 3) Calculation of the indicator includes methane oxide. - 4) Local collection and treatment contracts may be separate and cover a different scope. - 5) Tolerance threshold of 10 per 1 million inhabitants. - 6) This rate of progress takes into account the existing installation and the maintenance of a local prevention system, as well as the results from monitoring the compliance of the main at-risk installations (Dalkia cooling towers, cf. Reporting Protocol). - 7) Excludes waste produced by waste-sorting activities and other types of waste solely measured beginning in 2013. - 8) The 2013 proforma value against the 2011 base scope is 2,019 billion m³. - (-) Indicators not available, not significant or not applicable - * The assurance assessment produced by KPMG is available in the appendix to the 2013 Veolia Registration Document - Annual Financial Report, available at www.veolia.com.

2. SOCIAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013			
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia	Holding companies and specialist subsidiaries
HEADCOUNT										
●		Total headcount at Dec. 31, 2013	No.	230,675	219,739	202,800	83,154	61,095	43,135	15,416
●		Total headcount – men	No.	183,929	174,361	162,577	64,068	49,537	36,912	12,060
●		Total headcount – women	No.	46,746	45,378	40,223	19,086	11,558	6,223	3,356
●		Total no. of managers	No.	26,708	25,710	25,688	12,535	5,943	5,278	1,932
●		Total no. of non-managers	No.	203,967	194,029	177,112	70,619	55,152	37,857	13,484
		Total no. of women managers	No.	6,162	6,125	6,275	2,865	1,550	1,067	793
●		Headcount on permanent contracts	No.	212,648	202,475	185,665	78,303	56,147	37,808	13,407
●		Headcount on fixed-term contracts	No.	18,027	17,264	17,135	4,851	4,948	5,327	2,009
		Number of fixed-term contracts converted to permanent contracts	No.	4,476	3,906	3,557	917	1,904	507	229
●		Part-time staff	No.	10,339	11,062	9,926	2,227	6,276	985	438
		Headcount on work-study contracts	No.	3,724	4,314	3,423	1,248	1,445	561	169
		Number of student interns	No.	3,378	3,848	4,465	3,140	468	597	260
●		No. of staff registered as disabled	No.	3,588	4,233	3,934	1,498	1,678	503	255
	●	Total annual headcount – full-time equivalent	No.	229,312	215,254	198,215	82,093	58,182	42,859	15,081
●		Staff on permanent contracts – full-time equivalent	No.	212,015	199,294	183,464	77,947	54,281	37,896	13,340
●		Staff on fixed-term contracts – full-time equivalent	No.	17,297	15,960	14,751	4,146	3,901	4,963	1,741
HIRING										
●		Total number of external hires	No.	42,687	36,796	28,532	7,423	11,555	5,273	4,281
●		of which external hires on fixed-term contracts	No.	17,050	15,822	13,447	3,440	4,829	2,859	2,319
●		of which external hires on permanent contracts	No.	24,167	20,012	14,256	3,948	6,249	2,288	1,771
●		Employees added following takeover of a contract	No.	1,470	962	829	35	477	126	191
DEPARTURES										
●		Total number of staff departures	No.	42,644	38,926	32,289	8,414	12,804	6,410	4,661
●		Resignations and dismissals for unjustified absence	No.	10,973	8,803	7,504	1,889	3,149	1,139	1,327
●		Individual redundancies (employees on permanent contracts)	No.	6,970	5,457	5,421	1,805	1,926	1,272	418
●		Group redundancies (employees on permanent contracts)	No.	559	1,200	694	122	181	295	96
OUTSOURCED LABOR										
		Temporary staff – full-time equivalent	No.	12,917	11,508	11,613	5,457	4,653	1,024	479
		Percentage of temporary staff	%	5.3%	5.1%	5.5%	6.2%	7.4%	2.3%	3.1%

2. SOCIAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013			
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia	Holding companies and specialist subsidiaries
REMUNERATION										
●		Mean gross annual remuneration	Euros	27,390	28,892	28,715	27,306	32,386	28,193	23,688
●		Mean gross remuneration - men	Euros	28,206	29,940	29,484	28,556	32,856	28,699	23,010
●		Mean gross remuneration - women	Euros	23,995	24,674	25,414	23,035	29,992	25,128	26,124
ORGANIZATION OF WORKING HOURS										
●		Working week	hours	39	39	39	38	38	39	43
●		Total number of overtime hours	hours	18,169,728	16,106,612	16,032,585	4,635,461	8,544,335	1,761,169	1,091,620
●		Average number of overtime hours per employee	hours	79	75	81	56	139	41	70
●		Annual number of days worked per employee	days	235	233	233	229	233	232	273
●		Number of calendar days lost through absence	days	2,988,719	2,953,234	2,759,868	987,127	1,039,600	555,908	177,233
●		of which days of sick leave absence	days	2,070,804	2,029,715	1,864,912	651,908	735,988	380,525	96,491
●		of which days of absence for maternity, paternity and adoption leave	days	282,871	270,684	254,301	104,226	70,148	61,701	18,226
●		of which days of absence for long-term sickness (> 3 months)	days	344,438	339,351	334,463	82,049	158,307	82,336	11,771
●		Rate of absenteeism for sickness	%	2.78%	2.91%	2.87%	2.46%	3.91%	2.77%	2.02%
●		Average number of hours worked per employee per year	hours	1,812	1,807	1,788	1,752	1,763	1,774	2,046
●		Actual number of hours worked over the year	hours	418,024,164	389,465,801	356,268,880	143,740,714	105,741,133	74,888,353	31,898,680
TRAINING										
●		Total expenditure on training including remuneration of training program participants	Euros	151,316,123	139,577,712	126,188,921	48,464,985	36,365,665	33,530,116	7,828,155
●		Training budget (as % of the total payroll)	%	2.41%	2.24%	2.22%	2.16%	1.93%	2.73%	2.19%
●		Spend per employee	Euros	660	648	636	590	625	782	520
●		Total number of training program participants	No.	541,020	487,810	497,405	199,253	121,420	118,001	58,731
●		of which managers	%	13%	14%	13%	14%	12%	15%	8%
●		of which non-managers	%	87%	86%	87%	86%	88%	85%	92%
●		of which men	%	76%	78%	75%	74%	76%	78%	72%
●		of which women	%	24%	22%	25%	26%	24%	22%	28%
●		Number of employees who have attended at least one training program	No.	170,182	157,776	151,082	58,337	46,740	33,185	12,820
●		Total number of training hours	hours	4,621,443	3,791,844	3,450,928	1,338,162	919,424	944,976	248,366
●		of which training hours on safety	hours	1,422,160	1,265,359	1,242,018	408,437	398,091	341,260	94,230
●		Average number of training hours per employee	hours	20.15	17.62	17.41	16.30	15.80	22.05	16.47
●		Percentage of employees who have attended at least one training program during the year	%	74%	73%	76%	71%	80%	77%	85%
		of which hours delivered in an internal Veolia training center	hours	1,025,053	950,548	950,548	305,662	404,176	203,905	36,805

2. SOCIAL DASHBOARD

Independently checked level of assurance*		Indicators	Unit	2011	2012	2013	2013			
Limited	Reasonable			Veolia	Veolia	Veolia	Water	Waste	Dalkia	Holding companies and specialist subsidiaries
HEALTH AND SAFETY CONDITIONS										
●		Number of lost-time workplace accidents (excluding travel)	No.	6,928	5,659	4,485	1,160	1,446	685	1,194
●		Total number of calendar days lost through workplace accidents (excluding travel)	No.	249,186	219,951	183,538	61,781	72,843	25,102	23,812
●		Workplace accident frequency rate (number of accidents sustained by employees per 1 million hours worked)		15.02	14.53	12.59	7.80	13.88	9.04	37.00
●		Workplace accident severity rate (number of calendar days lost due to workplace accidents per 1,000 hours worked)		0.59	0.56	0.52	0.42	0.70	0.33	0.75
●		Number of employees who have received safety training	No.	117,272	110,114	116,240	38,524	38,976	23,261	15,479
●		Number of committees on occupational health and safety	No.	2,561	2,540	2,503	553	1,159	423	368
LABOR RELATIONS AND COLLECTIVE AGREEMENTS										
●		Number of collective agreements signed	No.	1,248	1,225	1,323	335	554	234	200
●		Agreements related to remuneration	No.	681	662	686	122	364	146	54
●		Agreements related to health, safety or working conditions	No.	187	210	188	99	44	37	8
●		Agreements relating to employee-employer dialogue	No.	127	92	133	37	73	18	5
●		Other agreements	No.	253	261	222	77	73	33	39
●		Total number of employee representatives	No.	11,878	12,145	11,379	4,833	4,223	1,811	512
●		Percentage of employees covered by a worker protection mechanism	%	n/a	92%	92%	95%	91%	87%	100%
EQUAL OPPORTUNITIES										
●		Percentage of women employees	%	20%	21%	20%	23%	19%	14%	22%
		Percentage of women managers	%	23%	24%	24%	23%	25%	20%	40%
●		Percentage of women employees hired through external recruitment (permanent contracts)	%	21%	21%	21%	23%	16%	30%	22%
●		Percentage of disabled employees	%	1.6%	1.9%	1.9%	2%	3%	1%	2%
●		Percentage of employees aged 30 and under	%	17%	16%	15%	14%	15%	16%	23%
		Percentage of work-study employees	%	1.6%	2.0%	1.7%	2%	2%	1%	1%
CORPORATE PHILANTHROPY										
●		Subsidies for social activities	Euros	62,706,755	60,616,731	68,975,917	39,630,178	8,728,853	18,420,451	2,196,435

* The assurance assessment produced by KPMG is available in the appendix to the 2013 Veolia Registration Document - Annual Financial Report, available at www.veolia.com.

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