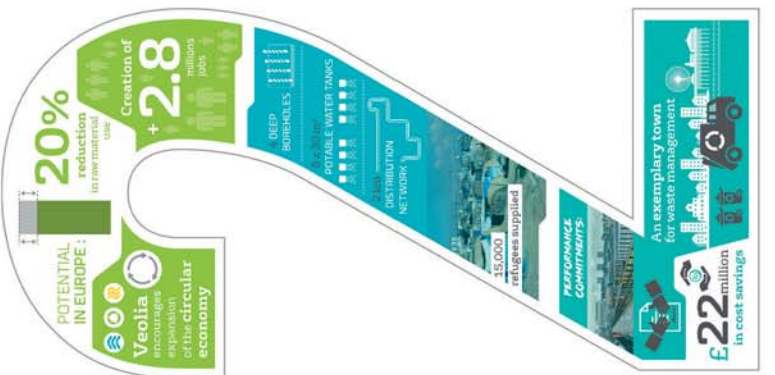


Annual and Sustainability Report





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A global company

WE LIVE IN AN INTERCONNECTED WORLD WHERE RESOURCES ARE A CRUCIAL ISSUE FOR US ALL, whether private individuals, local government authorities or industrial concerns. For Veolia, this is a reason to act that demands ever more inventiveness, responsibility and efficiency. As experts in water, energy and waste, we leverage our capacity for innovation to serve human progress and to improve the performance of companies and regions. Our desire to protect the planet drives us to develop unprecedented solutions that foster local circular economy loops. Committed to seeking out new sources of growth, we push the boundaries of our traditional businesses and create new ones so that we can provide the best possible support to cities and industries. Improving access to resources, while preserving and replenishing them: resourcing the world is what we do at Veolia.



4,245
water production
plants managed

100
million people
supplied with water

3,303
wastewater treatment
plants managed

63
million people connected
to wastewater systems



39
million people provided
with collection services
on behalf of
municipalities

42.9
million metric tons
of treated waste

553,500
business customers

601
waste-processing
facilities operated

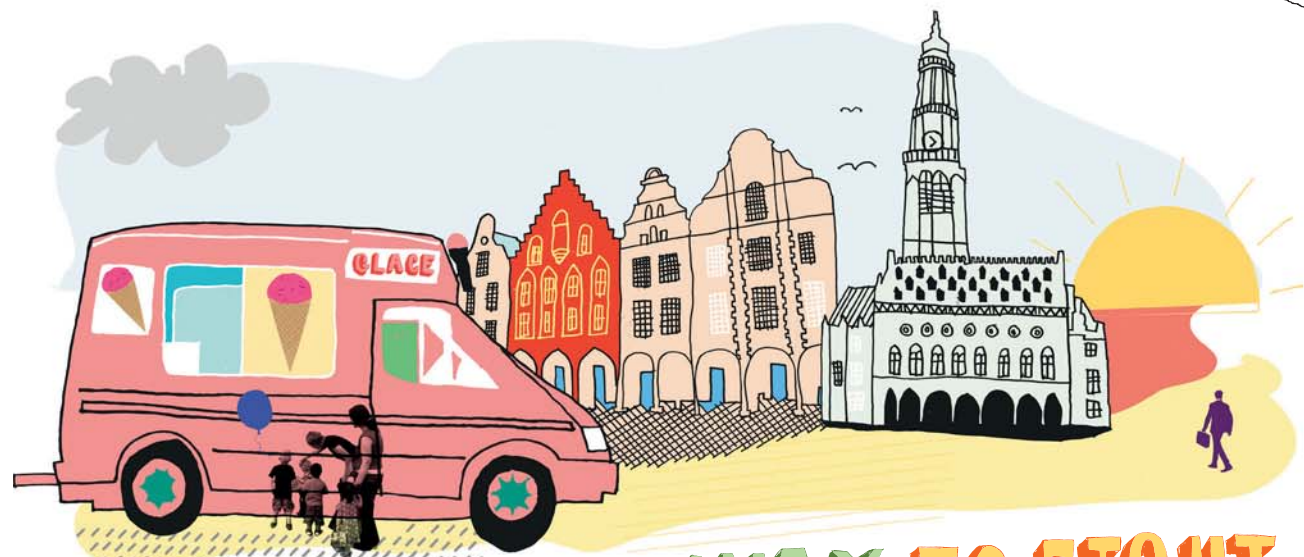


53
million MWh
produced

3.4
million collective
housing units
managed

779
heating and cooling
networks managed

2,027
industrial sites
managed



A REFRESHING WAY TO FIGHT GLOBAL WARMING - WITH STRAWBERRY ICE CREAM



ILLUSTRATION: RUDE.

In Arras, France, Veolia is turning organic waste into fertiliser and electricity - reducing CO₂ emissions by 2,000 tonnes a year.

PLANET VEOLIA

Interview with
the Chairman and CEO
and the year's highlights.

Resourcing the world



The clear improvement in our results teaches us a crucial lesson: Veolia can grow in a lackluster economic environment.

Interview with Antoine Frérot,
Chairman and Chief Executive
Officer

“Step up our growth”

2015 marked the completion of Veolia's ambitious transformation plan. What conclusions do you draw?

Antoine Frérot: Our transformation plan has been crowned with success. We have almost halved our debt and we have restructured our balance sheet, cut our costs and restored our margins. We have simplified our structure by switching from a business line-based organization to one based on the principle of “One Veolia per country”. This has greatly boosted synergies between our water, waste and energy businesses. We have renewed our economic models and set in motion sales and marketing actions that are paying off handsomely, as evidenced by the many tenders won. Our contract portfolio is now balanced more evenly between municipal and industrial clients, and between mature and growing geographic regions. In short, we have met all the targets we had set ourselves and even exceeded many of them. The name we gave the plan expressed its goal; to: “Transform Veolia”.



Our company has indeed been radically transformed, giving rise to a new Veolia: one that is more agile and maneuverable, more efficient and better integrated, more responsive and international. Veolia has been transfigured to seize the best of growth opportunities.

How is the success of the transformation plan reflected in the 2015 accounts?

A. F.: The excellent result we posted for 2015 confirms Veolia's ability to create and maintain profitable, selective and lasting growth. Our revenue came to €25 billion, buoyed by vigorous expansion in Latin America, Asia, the Middle East and Africa, as well as in most of our global business activities. EBITDA hit the €3 billion mark and net free cash flow increased almost threefold. Our cost savings – €802 million in four years – exceeded the €750 million we were expecting. Lastly, current net income fully covered the dividend: another of the targets we had set ourselves.

The clear improvement in our 2015 results teaches us a crucial lesson in my view: Veolia can grow in a lackluster economic environment. For example, in China our revenue increased 8% despite the country's slowing growth. Driven by increasingly stringent environmental standards, and the needs of people and industry, our businesses remain well placed to grow even in a difficult economic context.

What are the main drivers in your new strategic plan?

A. F.: In our 2016-2018 strategic plan, we will capitalize on the benefits of our transformation to step up growth and strengthen profitability. The plan has two main components. First, an organic growth policy completed by small or medium bolt-on acquisitions to consolidate our presence in high-potential sectors or expand the breadth of our expertise. Second, ongoing improvement to our operational performance. We are targeting savings of at least €600 million by the end of 2018. They will come from optimal use of our industrial plant, better containment of overheads and a more efficient purchasing policy. Together, these

two approaches will allow Veolia to increase revenue by 2-3% a year on average and EBITDA by around 5% a year on average. The plan will also enable us to complete the rebalancing of business between municipal and industrial clients and to strengthen our positions outside Europe.

Ambition and discipline are the two words I would use to sum up this three-year plan. We will need ambition in order to seize the finest growth opportunities as they arise by leveraging the areas of excellence we have built. And we will need discipline to enable us to finance these opportunities, remunerate our shareholders by raising the dividend by around 10% a year, and adapt to the fragile economic conditions in certain regions.

What are Veolia's priorities for growth?

A. F.: For industrial markets, we have selected six priority growth areas: oil and gas, which is a huge consumer of resources; mining, where compliance with tight environmental standards conditions the issuance of resource extraction permits; food & beverage and phar-

We have set in motion sales and marketing actions that are paying off handsomely, as evidenced by the many tenders won.

maceuticals, both of which are subject to stringent quality and safety requirements; the circular economy, which addresses the issue of increasingly scarce raw materials, water and energy while at the same time reducing sites' carbon footprint; management of the end-of-life phase of industrial facilities with the dismantling of offshore platforms, ships, aircraft and nuclear power plants; and dealing with the most difficult-to-treat pollution, such as toxic waste, wastewater treatment plant sludge and polluted wastewater.

In the municipal market, our strategy in emerging markets is to help cities meet their citizens' basic needs. In the mature markets, Veolia is positioning itself as an impetus for attractiveness and an accelerator of economic and social development. In both types of countries, we will target traditional markets wherever there is still room for creating value, and with breakthrough technologies such as smart solutions to maximize energy efficiency. Thus in Stockholm, Dubai and Brussels, our energy savings centers are making those cities more efficient in the way they consume heat and energy. Incidentally, Veolia is ideally placed to make the most of the energy transition, as it produces both renewable energy and energy savings.

Veolia recently purchased Kurion, a company specializing in nuclear waste processing. Why?

A. F.: With the acquisition of this California start-up, our company now comprehensively covers a complex, high-value-added – and so very lucrative – activity: managing the end of the nuclear cycle. We now have the full range of expertise required to treat low-level and very-low-level radioactive waste. We will extend this expertise to the cleanup of radioactive facilities by pairing Kurion's expertise with that of our subsidiaries specializing in water and hazardous waste treatment and polluted soil remediation.

Worldwide, between 100 and 150 reactors have already been or are scheduled to be shut down by 2030 and 50 research centers are to be deconstructed. When a nuclear power plant

is closed, two types of radioactive waste have to be managed. One is waste from the reactor itself, which accounts for 99.9% of the radioactivity and 3% of the volume. The remaining waste accounts for 0.1% of the radioactivity but 97% of the volume. Our company is targeting this second type of waste. After all, Veolia's *raison d'être* is to find solutions to unsolved environmental problems, to make hazardous pollution harmless, and create alternative resources when natural resources become scarce.

In the past three years, Veolia has signed numerous partnerships with stakeholders in a wide variety of sectors. What are you expecting from them?

A. F.: These new partnerships are sources of innovation, differentiation and growth. They enrich the products and services we provide

We will step up growth and strengthen profitability in our 2016-2018 strategic plan.

and open up new avenues. By working with renowned specialists, we can bring innovations to market much faster and more frequently, with less risk and at lower cost, and then market them more effectively. To create new services, it is not necessary to have every skill internally nor to be proficient in each link of the value chain. What is important is to have access to all areas of expertise and be able to combine them. In addition to the inventiveness of our own employees, we look to making the best use of the ideas of outside companies with cutting-edge expertise. This strategy leads us to build alliances with a variety of partners, such as that concerning resilient cities signed with Swiss Re, the world's second largest reinsurer, under the aegis of the Rockefeller Foundation's 100 Resilient Cities program.

In addition to boosting innovation, this approach enables us to look beyond immediate demand and prepare for future demand. It also helps us to penetrate emerging markets and acquire key positions in promising sectors. As you can see, our company is geared up for more wins! Veolia's future is one of growth and profitability. The transformation we have successfully accomplished will serve as a launch pad to speed up the future advances.



2016-2018 STRATEGIC PLAN

2015

Once again on a profitable growth trajectory

- **Refocused** and more agile
- Deeply **transformed and reorganized**
- **Back on** its feet thanks to its debt reduction and cost savings

A MORE ALIGNED ORGANIZATION



11 zones

- one Group
- more agile
- more integrated
- more efficient

2016-2018

Continued growth

Aim: +2% to +3% per year in the current economic climate

- Organic growth
- Targeted acquisitions

Improvement in our operational efficiency

Aim: remain a leader on highly competitive markets

- Purchasing optimization
- Operational performance

OUR DRIVERS OF GROWTH



Municipal

with 5 high added value offers:

- Resilient
- Inclusive
- Smart
- Circular
- Livable

Growth aim: +2% per year



Industrial

with 6 priority segments:

- Circular economy
- Difficult pollutions
- Dismantling
- Food & beverage and pharmaceutical industries
- Mining & metal and power industries
- Oil & gas and chemical industries

Growth aim: +5% per year

Co-construction, creation of shared value

The economic environment is undergoing profound change at a time when the barriers between the economic world and civil society are being rapidly swept away. For Veolia, co-construction by stakeholders is a genuine growth driver. Three examples follow.



Ivo Menzinger
Managing Director,
Global Partnerships,
Swiss Re

“A resilient city is inevitably more attractive.”

Swiss Re and Veolia are combining their expertise to protect vital urban infrastructure when a natural disaster occurs: assess risk, identify the most essential and vulnerable infrastructure, and co-construct resilience strategies with cities.

Operationally, that implies that a city is aware of its risk, has mitigated the risk to the extent that is financially feasible and politically feasible, and has an emergency plan in place to react after something bad has happened.

For the first time, we can not only offer a financial solution to a city, a cheque that we hand over after something bad has happened, but we work with Veolia and actually offer a solution, to bring infrastructure assets back online after something has happened, as quickly as possible. For the city, we actually believe a more resilient city will be more attractive to its citizens, will be more attractive to corporations and even investors.



Jean-Marc Guesné
Managing Director,
Ashoka France

“Develop a social entrepreneurship model with Veolia.”

Through its POP-UP program, which aims to create social entrepreneur incubators in all regions where Veolia operates, the company relies in particular on its partnership with Ashoka, the world’s leading social entrepreneur network.

The social and solidarity economy is an area of activity that includes all organizations, associations, foundations, mutual societies and cooperatives whose aim is to create a social and environmental impact, and ultimately to provide answers to the major challenges facing our society.

Social entrepreneurship involves finding a way to leverage business practices to implement a project that has social and economic impact. We felt that Veolia was a legitimate candidate for developing these business activities and promoting social entrepreneurship.

Obviously, for Ashoka, the goal is to be able to develop this model with Veolia in all major cities in France, and in other countries too of course.



Hiroshi Koshiishi
CFO and Senior
Managing
Director Takeei
Corporation

“A partnership enabled for the long term.”

To support Takeei, a major environmental services company in Japan, through the change taking place in the energy sector post-Fukushima, Veolia has committed to an innovative co-enterprise model that allows the partners the freedom to focus on their respective business: investment for one and operations for the other (AssetCo – OpCo).

In 2011, the serious disaster, the great

earthquake caused huge damage to Japan. Various projects have been established for rehabilitation. Up until now, the most important thing among those projects is rehabilitation of forest resources. To achieve it, it is mandatory to proceed biomass power generation business as national determination. Veolia has technical capabilities to promote biomass power generation worldwide.

In that way, business matching between Veolia with high technological capabilities and Takeei who has promoted biomass business in Japan is the best matching. “Power generation with renewable energy is not a project of one year or two, so we made a structure that enables long-term partnerships.”

From Tianjin to Constanti overview of events in 2015

FRANCE

Waste to energy in Échillais

Veolia is to operate for twelve years the new waste-to-energy facility in Échillais, western France. It will replace the old Rochefort incinerator and will be commissioned in the second half of 2017. The aim is to supply 25 GWh of heat to the nearby French Air Force base and produce 28 GWh of electricity sold to the national power utility, EDF.



AFRICA

Sustainable water management in Zambia

In the Copperbelt region, Veolia will be improving water and wastewater treatment services for the communities of Ndola, Luanshya and Masaiti, and will boost the ability of Kafubu Water and Sewerage Company to operate the facilities in an efficient and sustainable manner. The \$101 million contract runs to September 2017 and covers the installation of 147 km of water supply network, construction of six aqueducts, 21 wells and 18 pumping stations, together with the upgrade of nine wastewater treatment plants and 30 km of wastewater collection system.



NORTH AMERICA

Savings for New Orleans

Veolia has been operating the city's two wastewater treatment plants since 1992. The Sewerage & Water Board recently extended the contract for ten years for a total of \$122 million. It includes raising the treatment capacity to 550,000 cubic meters a day, optimizing sludge collection, treating biosolids and putting in place hurricane protection systems. Over twenty-three years, the partnership between the S&WB and Veolia has saved the city's residents more than \$35 million.

FRANCE

Wastewater managed in real time

The Cap Atlantique district authority, which includes 15 municipalities, has contracted Veolia for eight years to manage its wastewater and stormwater service. Veolia has undertaken to protect the natural and coastal environment under a comprehensive plan covering treatment sludge, wastewater treatment plant discharges and stormwater. It will install the Guérande Peninsula wastewater network management center, an innovative system to monitor all facilities and operations in real time.

UNITED KINGDOM

Southend-on-Sea cuts its waste bill

The Southend-on-Sea borough council has chosen Veolia to provide a first-class waste management and urban cleaning service for its residents and businesses. Over the contract's 15.5 years, Veolia plans to improve the recycling rate, maintain weekly waste collection services, and keep the streets clean and attractive at this seaside resort. Services will include graffiti removal, weeding, public toilet cleaning and road gritting in winter. By the end of the contract, Veolia must have reduced Southend-on-Sea's waste management bill by £22 million.



HAZARDOUS
WASTE TREATMENT

Service extended
to industry in southern Europe

Veolia has acquired Spain's only hazardous waste incinerator in Constanti, Catalonia. With an annual treatment capacity of 60,000 metric tons, it raises the company's hazardous waste incineration capacity in Europe to 1.1 million metric tons a year. Now with 65 sites in Europe, providing incineration, physical-chemical treatment, landfilling, etc., Veolia treats and recovers 2.9 million metric tons of hazardous waste a year. This is an opportunity to provide the chemicals, pharmaceuticals, automobile and energy majors with customized waste solutions.



China.org.cn [French@chinafrance](#)
August 19, 2015
Veolia to treat polluted
wastewater in Tianjin



15 | 8 months ago



VEOLIA
FOUNDATION

Assistance
in Iraqi Kurdistan

In partnership with the French Ministry for Foreign Affairs, the Veolia Foundation is working to secure drinking water supply at the Bardarash refugee camp in Iraqi Kurdistan.



SPAIN

Veolia energy-efficiency
Hubgrade in Bilbao

Opened in December, Veolia's latest Hubgrade hypervision center is the first in Spain to provide remote, real-time management of energy facilities. Both a hypervision system and energy-efficiency management service for buildings and infrastructure, Hubgrade combines the rapidity of information technology with a targeted capacity to intervene on the ground using Veolia technicians. Designed as a fully integrated management platform, Hubgrade allows the real-time collection of data via a digital network, and their analysis. The Bilbao Hubgrade is specifically designed for energy efficiency. It has six monitoring stations and a video wall that enables continuous hypervision of more than 2,000 facilities, including buildings, industrial sites, and heating and cooling networks. For buildings alone, the Hubgrade provides an additional 15% in energy savings compared with the other energy-efficiency services on the market.

BIODIVERSITY

Commitment honored

The Supervisory Committee of France's National Biodiversity Strategy (SNB) awarded Veolia its 2015 recognition label for the company's commitment to "conserving and restoring biodiversity". Ségolène Royal, France's Minister for Ecology, Sustainable Development and Energy, presented the SNB's recognition certificate to Pierre Victoria, Director of Sustainable Development for Veolia, in the Climate Generations area at COP21.



FRANCE

Iter project: operations
in an ultra-sensitive environment

The biggest international scientific collaborative project in the field of energy is currently under construction in Cadarache: the International Thermonuclear Experimental Reactor, or Iter. The aim is to demonstrate the feasibility of fusion – the energy of the stars – for the benefit of humanity, providing the world with a safe, inexhaustible and environmentally friendly source of energy. As part of a consortium, Veolia will manage for at least five years the water, waste, cleaning, logistics and surveillance services at one of the site's highly sensitive buildings.



**A PLASTIC BOTTLE
REINCARNATED AS A PLASTIC
BOTTLE PRODUCES 70% LESS
CO₂ THAN A NEW ONE**



ILWAS WORLDWIDE PARIS - Illustration: RUDE.

In Rostock, Germany, Veolia recycles a billion plastic bottles annually - reducing CO₂ emissions by 113,000 tonnes a year.

Resourcing the world



CLOSE-UP

Surveys in Latin America and East Asia and a look at 2015 climate events in news briefs, tweets and photos.



20%

The reduction
in greenhouse gas
emissions that
Latin America
could achieve
by 2032.

Despite being vulnerable to the effects of climate change, Latin America's contribution to this phenomenon is on the increase. The region's economic growth, largely based on exporting raw materials, is the root cause. One solution: speed up growth in energy efficiency by promoting low-energy solutions to industry and local government authorities.

Sights set on energy efficiency

For Latin America, inventing a new growth model that meets social, economic and environmental concerns has become a priority. Several solutions already exist to help seed this shift: for example, reducing greenhouse gas emissions (GHG) and implementing measures – especially energy efficiency – to adapt to climate change.

The new challenges the region faces include a twofold increase in electricity demand by 2030 (according to the Inter-American Development Bank or IDB) and, despite hydro accounting for almost 60% of power generation, a considerable rise in the share of fossil fuel production over the past ten years, mainly natural gas.

It is therefore high time for the authorities and private sector to start investing in alternative sustainable energy to underpin low-carbon growth and guarantee access to clean energy for the almost 24 million people still not connected to the electricity grid⁽¹⁾.

Strengthen resilience

As this world region has one of the planet’s highest levels of urbanization, it needs to adopt a new approach to tackling its energy issues, especially transportation. However, it remains to be seen whether it will opt to tap into its high potential for developing renewable sources or rather to step up fossil-fueled production. Whatever the final option, Latin America and the Caribbean have a significant reservoir of biodiversity that can help the region adapt and even strengthen its resilience.

For the future that it is building, the region must adopt energy policies that will underpin economic growth and deliver a generous social and environmental payback over the long term.

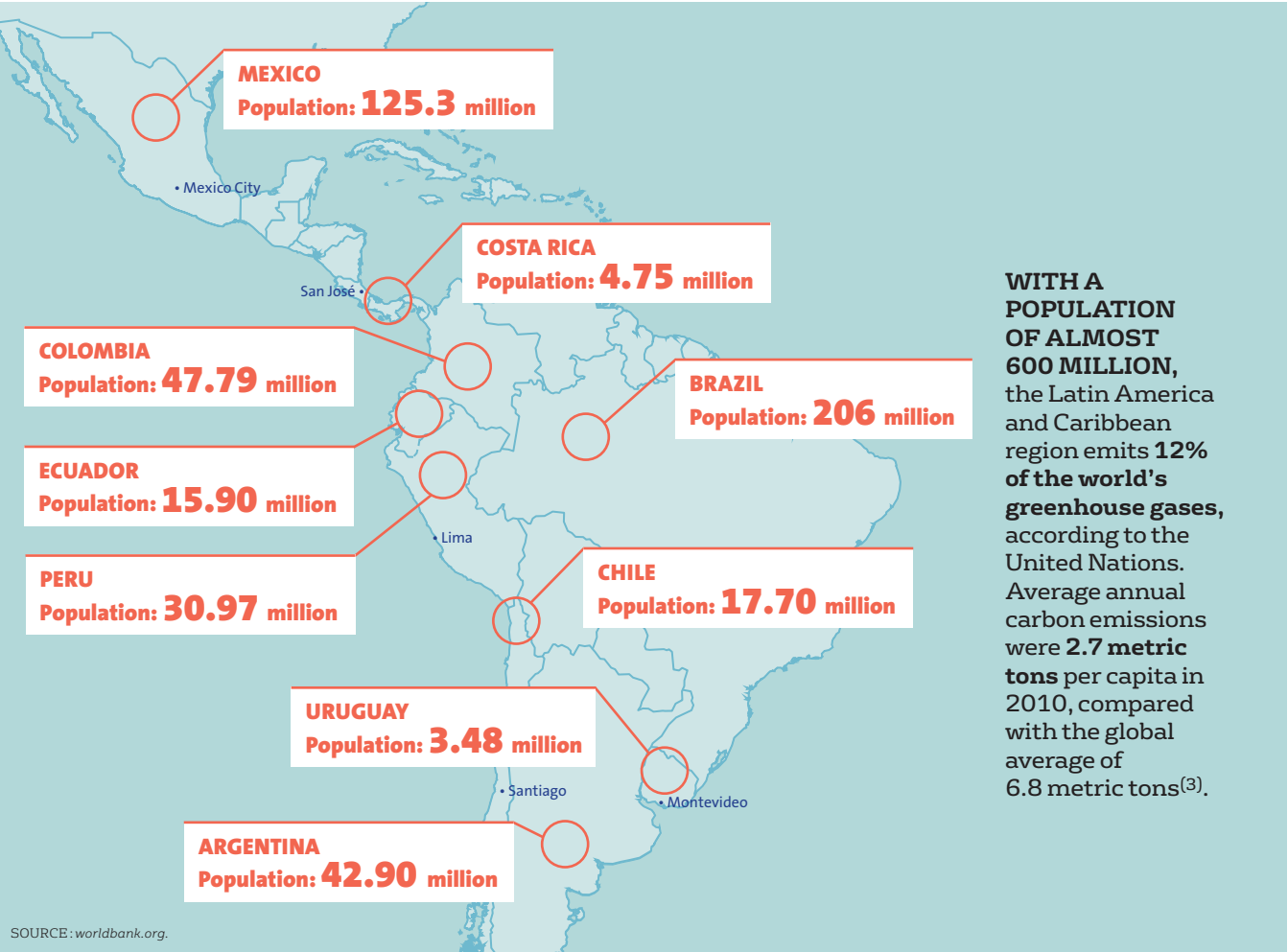
To each country its own solution⁽²⁾

Renewables account for almost 30% of the region’s total energy mix and the majority of countries are committed to turning their natural resources into energy. Of the countries focusing on solar, Mexico has set a target of 6 GW of solar power by 2020. In Peru, 125,000 photovoltaic systems will be installed to power 500,000 of the country’s poorest households. In Chile, the mining industry is launching major projects, such as “Espejo de Tarapacá”, which combines a 600 MW solar energy plant working in tandem with a 300 MW pumped storage hydropower plant. In Uruguay, where the emphasis is on low-cost sustainable energy, onshore wind power is encouraged since it combines easily with cattle raising, one of the country’s main economic activities. Costa Rica, with its abundant hydro and geothermal resources, is aiming for 100% green electricity in 2016. In 2015, these two sources already accounted for 98.7% of electricity consumed in the country.

“With its energy potential, Latin America could reduce its greenhouse gas emissions by 20% by 2032.

The contribution by each country in the region must reflect its possibilities and economic reality: for example, the strategies for oil-producing Brazil and Argentina will be different from those of Chile, with its economy based on mining.”

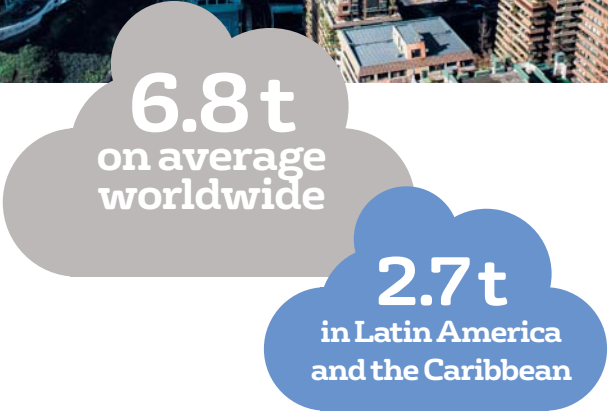
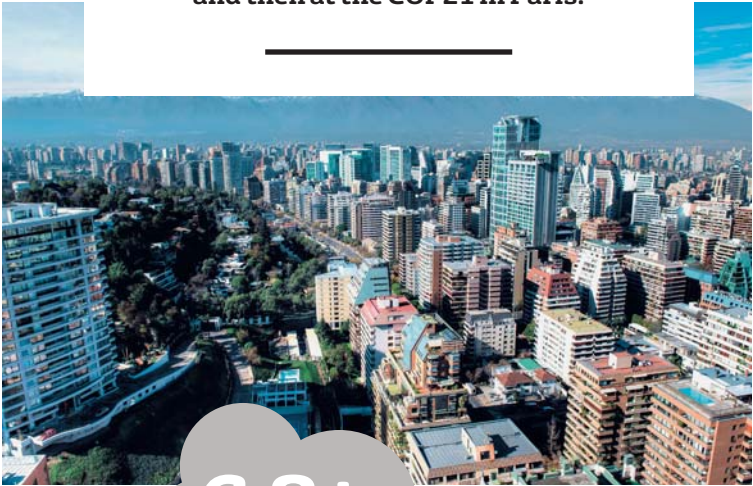
Rodrigo Andrade, Director of the NGO Diálogo Energético, referring to the paper entitled “Latin America’s Energy Dilemma” presented on November 26, 2015, in Chile and then at the COP21 in Paris.



contribution to our CSR commitments

TRAINING

For Veolia, skills and careers development are among its priorities because they are a source of employee recognition and collective performance. Accordingly, the company has adopted an ambitious training policy (commitment 8). To support the company's expansion strategy, Veolia's Latin America zone has introduced a wide-reaching program to train its industrial market teams. A skills certification system for operational employees has been rolled out at the same time in the zone's eight countries.



PER CAPITA CO₂ EMISSIONS IN 2010

A region of rapid growth

Present for around twenty years in seven Latin American countries – Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru – Veolia has around 11,000 employees across the region. In the past few years, it has signed a string of contracts on the back of the region’s strong economic growth.

Energy alliance
Reaffirming its position in the Latin American market, Veolia signed an alliance with Colombian public services group EPM in December 2015. The aim is to provide a set of services combining EPM’s knowledge of the local energy market with Veolia’s technical expertise in order to develop, install, finance and operate projects to improve

energy efficiency throughout the region. The services are intended to be rolled out in Colombia, Mexico, Brazil, Chile, Peru and certain Central American countries. For Veolia, the aim is to respond to the high energy demand, improve industry’s competitiveness and reduce greenhouse gas emissions in a region that is vulnerable to the effects of climate change. The Veolia-EPM alliance places the utmost importance on the conservation of natural resources and regional development based on a sustainable economic development approach. Using the results of energy audits performed at customers’ premises, it will recommend low-energy solutions for various types of customers: industry (oil & gas, mines, and food & beverage), public sector (public lighting solutions), hospitals, hotels, educational facilities, etc.

Solid local presence
Veolia’s presence in Latin America dates from the end of the 1990s, with several emblematic water and waste management contracts that were recently renewed. In Montería, Colombia, the company’s contract was extended ahead of time

for a further ten years from 2019, reflecting the deep trust developed with this municipality. Veolia is now to build a wastewater treatment plant, extend the city’s wastewater collection system, install water pressure reducing stations, and operate water distribution systems in rural areas. In Mexico City, the contract for the commercial management of part of the city’s water system has been renewed for two years (2015-2017). In Peru, Veolia has been awarded the contract to operate and maintain the desalination plant for the Cerro Lindo mine owned by Milpo. This three-year contract covers water intake and desalination by reverse osmosis. It confirms Veolia’s expertise in assisting an industry faced with significant water stress. Veolia is also present in Buenos Aires, where it has been working with the municipality for eighteen years. Its contract was again extended, this time through to 2024 to manage urban cleaning services in six of the city center’s emblematic districts. In San Felipe, Chile, the urban cleaning contract signed with the city has also been extended through to 2024.



“For Veolia and EPM, this agreement will speed up growth in the Latin American market’s energy efficiency segment.

Under the alliance, the two companies will contribute their respective knowledge and experience of public services and of the regions where they already operate.”

Ramon Rebuelta, Executive Vice President for Latin America at Veolia.



EPM
The EPM group is a unique Colombian company based in Medellín and specializing in integrated public services in the fields of energy, water, wastewater and gas. Its main activities include the production, transmission and distribution of energy. EPM is the leading public services company in Colombia, the second largest in terms of its assets,

and reported revenue of €4 billion in 2014. The EPM group has operations in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama, providing services to more than 20 million people.

Elsewhere...

For Veolia, 2015 was a year of worldwide commercial success in the field of energy efficiency

- **In Bilbao, Spain, Veolia opened** its latest Hubgrade hypervision, which can monitor more than 2,000 facilities that Veolia manages across Spain. (See also page 15.)
- **Production of thermal energy** for Hongwon Paper Manufacturing, South Korea’s leading papermaker: ten-year contract with total cumulative revenue of €150 million.
- **Operation** for twenty years of two biomass power plants in northern Japan in partnership with Takeei.
- **Energy performance contract** with Etihad Energy Service Company to provide energy savings solutions for seven buildings of the Dubai Electricity and Water Authority.
- **Contract to improve** the Guinea-Conakry power grid signed with Électricité de Guinée (EDG).
- **Contract to operate a biomass plant** in Killala, Ireland, worth €450 million. (See also page 39.)
- **Construction and operation of a steam boiler** for Russian mining group Norilsk Nickel, in Finland.
- **A twenty-year energy-efficiency** management contract for the data center of Hydro Québec, Canada.

SOURCES (INFRENCH):
(1) www.undp.org
(2) www.wesexhibition.com
(3) <http://www.ademe.fr>



10 times

In China, water consumption by industry is 10 or even 20 times greater than in developing countries⁽¹⁾.

East Asian countries – China, Japan and South Korea – are facing rapid urbanization and heavy pollution of their air, soil and aquatic environments. The three countries need to cooperate closely on their environmental challenges, especially as these industrial giants have to comply with increasingly stringent standards and legislation.

Toward zero industrial effluent

China, Japan and South Korea know they need to reduce their environmental footprints. They are tackling the issue of water, especially industrial wastewater treatment, which has become a priority across the region.

The GDP of these three countries accounts for 75% of the Asian economy, almost 20% of the world's, and ranks third globally behind the European Union and the United States⁽²⁾. According to the Mitsubishi Research Institute, the GDP of China, Japan and South Korea should increase by 1.63%, 0.23% and 1.84% respectively following the introduction of a free trade area between these countries (the tripartite negotiations were still ongoing

“Veolia helps municipalities and industrial concerns protect their water resources to ensure sustainable development.”

Régis Calmels,
Senior Executive
Vice President, Asia.



at the end of 2015). Although hampered by long-standing political and diplomatic issues, cooperation between these countries remains a major regional growth driver.

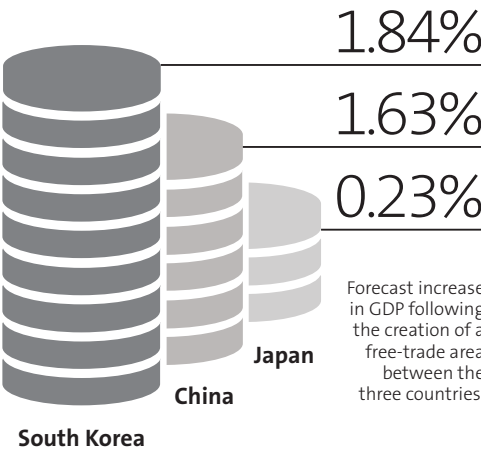
Water alliance
At the 7th World Water Forum, held in April 2015 in South Korea, the host country together with Japan and China decided to strengthen their trilateral cooperation in the field of water policy. An agreement was reached at a ministerial meeting held on the sidelines of the forum, attended by the South Korean Minister of Land, Infrastructure and Transportation, the Japanese Minister of Land, Infrastructure, Transportation and Tourism, and the Chinese Minister of Water Resources. The three political leaders declared that they had decided to share the knowledge and experience acquired during previous water policy innovation initiatives in order to improve water resource security in their countries. They jointly reaffirmed the importance of science and technology as the main response to water issues at both the national and international

levels. This was a way for them to underscore the importance of the “Science & Technology Process” – one of the World Water Forum’s six core processes – which specifically addresses innovation from all its economic, legal, institutional, cultural, educational and academic angles. The three ministers recognize the need to strengthen the central role of water in sustainable development, to improve cooperation between government agencies and stakeholders, and to attract more financial investment in the water infrastructure sector.

Pollution action plan
China, Japan and South Korea met in Shanghai in May 2015 to launch a joint five-year action plan for 2015 to 2019 focused on environmental cooperation. The nine areas given priority include improving air and water quality, protecting fauna and growing the green economy. Cooperation efforts should focus on research, but also on the exchange of information as a way for the three dragons to raise the level of environmental management in their respective countries and encourage sustainable development in the region.

VEOLIA ON THE SEOUL ECONOMIC COMMITTEE
For the past five years, Antoine Frérot, alongside other French and international industry representatives, has been a member of the Economic Committee created by the Mayor of Seoul. His presence is indicative of the trust the Mayor places in Veolia's Chairman and CEO.

The combined GDP of China, Japan and South Korea account for 75% of the Asian economy and almost 20% of the global economy.



contribution to our CSR commitments

HEALTH AND SAFETY
Health and safety are a prime concern at all times for all of Veolia’s businesses (commitment 7). Implementation of the safety management system in the company’s Asia zone has resulted in particular in the concerted involvement of management at the zone and country levels. Safety inspections by the management and joint manager/employee inspections are run at the sites. All employees are encouraged to commit to safety by signing the body of shared rules under Veolia’s “Always Safe” banner. The numerous initiatives in 2015 involved 20,000 employees in the zone.

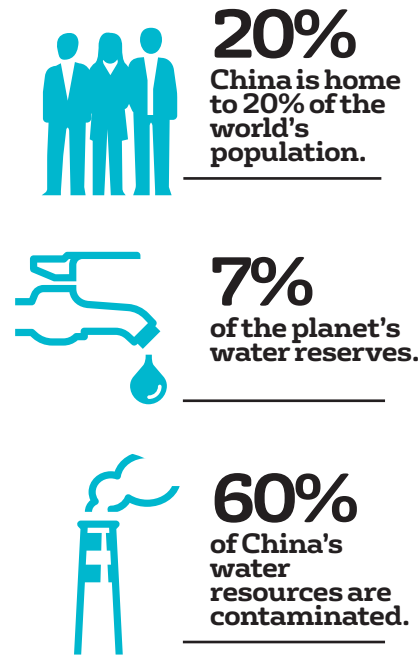
A region of opportunities

China, Japan, South Korea and India, to cite only the most important countries, already account for almost €1.2 billion in revenue for Veolia, reflecting the region's very strong economic and industrial growth, and its rampant urbanization.

Of the world's 20 most populous cities, 12 are in Asia. This growing urbanization continues to gain traction and is raising many social, economic and environmental challenges. Veolia can provide unique, economically and ecologically efficient solutions for all the essential services required by the residents of these cities, and to support industrial growth. Tokyo, Shanghai, Singapore, and many leading industrial concerns – Sinopec, SK Hynix, Tianjin Soda, L'Oréal, etc. – have already placed their trust in Veolia to underpin their growth and reduce their environmental footprint. Each day, Veolia helps drive Asia's economic development toward a more circular approach by introducing appropriate recycling and recovery technology, and the careful management of utilities and industrial plants.

Resource conservation the Chinese way

China has long faced a water crisis. The problem is in part one of demographics: the country is home to 20% of the world's population but only 7% of the planet's fresh water reserves⁽³⁾. And its needs for industry, energy and human consumption are huge. Aware of the public health and food security challenges, the authorities introduced an action plan to protect the quality of the country's water resources in April 2015.



This plan requires major polluting industries, such as paper mills and chemical plants, to treat their wastewater and makes provision for penalties for those that fail to comply with anti-pollution laws. According to official figures, 60% of China's water resources are contaminated. The new plan should see the quality of water resources improved, the aquatic ecosystems cleaned and protected, environmental risks prevented, and the relevant regulations and laws tightened. Against this backdrop, in June 2015, Veolia began the upgrade of the industrial wastewater treatment facilities of China's leading fertilizer manufacturer, LiuGuo Chemical. This twenty-year contract includes the construction of a biological treatment train with a capacity of 200 cubic meters an hour that is able to remove ammonia from the wastewater.



Veolia started operations in China around fifteen years ago and in 2002 it won the contract for the Pudong business district in Shanghai. Backed by its reputation as a pioneer in the comprehensive management of water distribution networks in China, Veolia next signed up with the city of Shenzhen in 2003, followed by further commercial, public and industrial successes. It was therefore only logical that the authorities turned to Veolia when the Tianjin explosions occurred in August 2015. Veolia was able to handle around 10,000 metric tons of contaminated wastewater at its hazardous waste integrated treatment center located some 40 km away. This was further proof of Veolia's ability to respond immediately to critical events, as it had already done following the Fukushima catastrophe in 2011.

Opportunities in South Korea

Veolia's approach to entering the South Korean market first involved developing business with Korean industry. Its situation, following the economic crisis at the end of the 1990s, opened up opportunities, especially when the Hyundai conglomerate was carved up. Veolia won an initial water management contract at a Hyundai Petrochemicals site in 2000, followed by a contract with Hyundai Electronics, renamed SK Hynix.

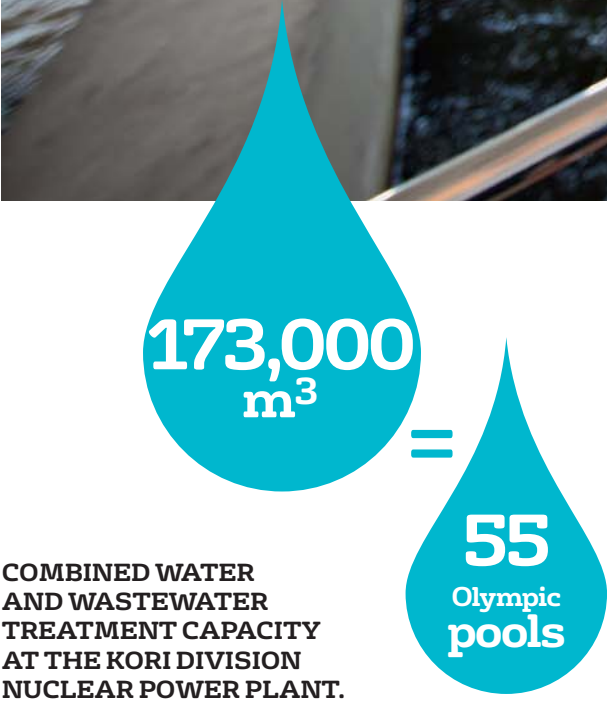
TRAINING HUB IN ASIA
South Korea is Veolia's third most important Asian market, behind China and Japan. It is here that all the local teams head for training. In 2013, Veolia opened an industrial technical and training center

in Incheon, near Seoul, specializing in the areas of water treatment, waste and energy. The programs on offer include courses in the physical-chemical treatment of industrial wastewater, ultra-pure water treatment and thermal energy.

This specialist in semiconductors contracted Veolia to manage the production of ultra-pure water for its three local sites. The brief was to treat the water to remove all organic material and chemical elements, then to supply it at a constant temperature to the electronic equipment production site, where it is used to wash sensitive components. Last, the process comes full circle when the water is treated again after use. Initially signed for twelve years, the contract was extended until 2018. Veolia's most recent success in South Korea involves one of the country's largest nuclear sites (Kori Division), operated by Korea Hydro and Nuclear Power (KHNP). The contract signed a few months ago covers the treatment of all the nuclear power plant's infeed water. The capacity of the water and wastewater facilities operated by Veolia is more than 173,000 cubic meters per day, the equivalent of 55 Olympic-size swimming pools.

Japan's new energy equation
Following the destruction of the Fukushima Daiichi power plant in 2011, the Japanese government decided to encourage the development of electricity produced from solar, wind and hydropower, and even biomass. The aim is for these renewable sources of energy to generate at least 22% of the country's electricity by 2030, compared with just over 10% today⁽⁴⁾. This goal is crucial to the country continuing its growth and maintaining the competitiveness of its industry champions.

For Veolia, the potential is huge. In response to the new environmental demands of a population with one of the world's highest living standards, Japan has moved toward increasingly more sophisticated and resilient management of its services. Veolia therefore provides the country with its unique expertise in the sustainable and efficient management of energy services. As a result, it was awarded twenty-year contracts to operate two biomass plants in the Tohoku region of northern Japan in partnership with Takeei, a major environmental services company.



Elsewhere...

- In 2015, Veolia's industrial wastewater treatment expertise also involved...**
- **The design, construction and operation** for ten years of a state-of-the-art plant able to treat and recycle 9,500 cubic meters of industrial water a day for oil and natural gas producer Antero Resources, in the Appalachians, United States. (See also page 42.)
 - **The commissioning of three raw water and wastewater treatment plants** for the Chilean group CMPC, one of the world's leading paper pulp manufacturers, for its pulp mill in Rio Grande do Sul state, Brazil.



JAPAN, THE GOOD STUDENT
In October 2015, CDP, an international non-profit organization initially known as the Carbon Disclosure Project, published its Water Project 2015. The project includes a ranking of the top eight multinational companies according to water management results for their commercial activities. Among the eight companies that scored an A and demonstrated that they had adopted a sustainable water management policy were two Japanese corporations.

SOURCES (INFRENCH):
(1) <http://www.planetoscope.com>
(2) <http://www.chine-info.com>
(3) <http://french.peopledaily.com.cn>
(4) <http://www.lesechos.fr>

Global mobilization for the climate

DAVOS

The circular economy in the front line

“A new economy for new scarcities”, declared Antoine Frérot at the World Economic Forum on January 24, 2015, when reporting on the work of the “circular economy and jobs” roundtable at the circular economy session organized with Project Mainstream⁽¹⁾.

(1) Project Mainstream is a global initiative involving a panel of corporate leaders seeking to scale up private-sector innovations aimed at developing the circular economy.

BUSINESS & CLIMATE SUMMIT

Companies committed to a low-carbon economy

On May 21, 2015, business leaders from around the world met at the Business & Climate Summit at UNESCO in Paris and unanimously called for an ambitious agreement between states in December in order to limit the temperature increase to 2 °C. At a session on innovation, Antoine Frérot explained the key role that innovation could have on the rollout of a low-carbon economy. He launched an appeal to all those preparing COP21: “Ladies and gentlemen, give us a good agreement and we will give you a low-carbon economy.”



A. Frérot: must tackle without delay #méthane #confmethane @InstitutVeolia@lecese <http://bit.ly/1SDW426>

4 | 6 months ago

METHANE CONFERENCE

When more innovation is less

On November 9, 2015, the Economic, Social and Environmental Council in Paris was the venue for an international conference on innovative solutions for mitigating methane emissions. The conference was organized by the Institut Veolia in partnership with the French Development Agency (AFD) and the Prince Albert II of Monaco Foundation.

Two side events reporting on the results of the conference were held at Le Bourget during COP21. They aimed to increase public awareness of the importance of collective worldwide action to mitigate methane emissions in helping fight climate change.

Find out more at: www.conference-methane.org/en



ÉLYSÉE

“French climate team”

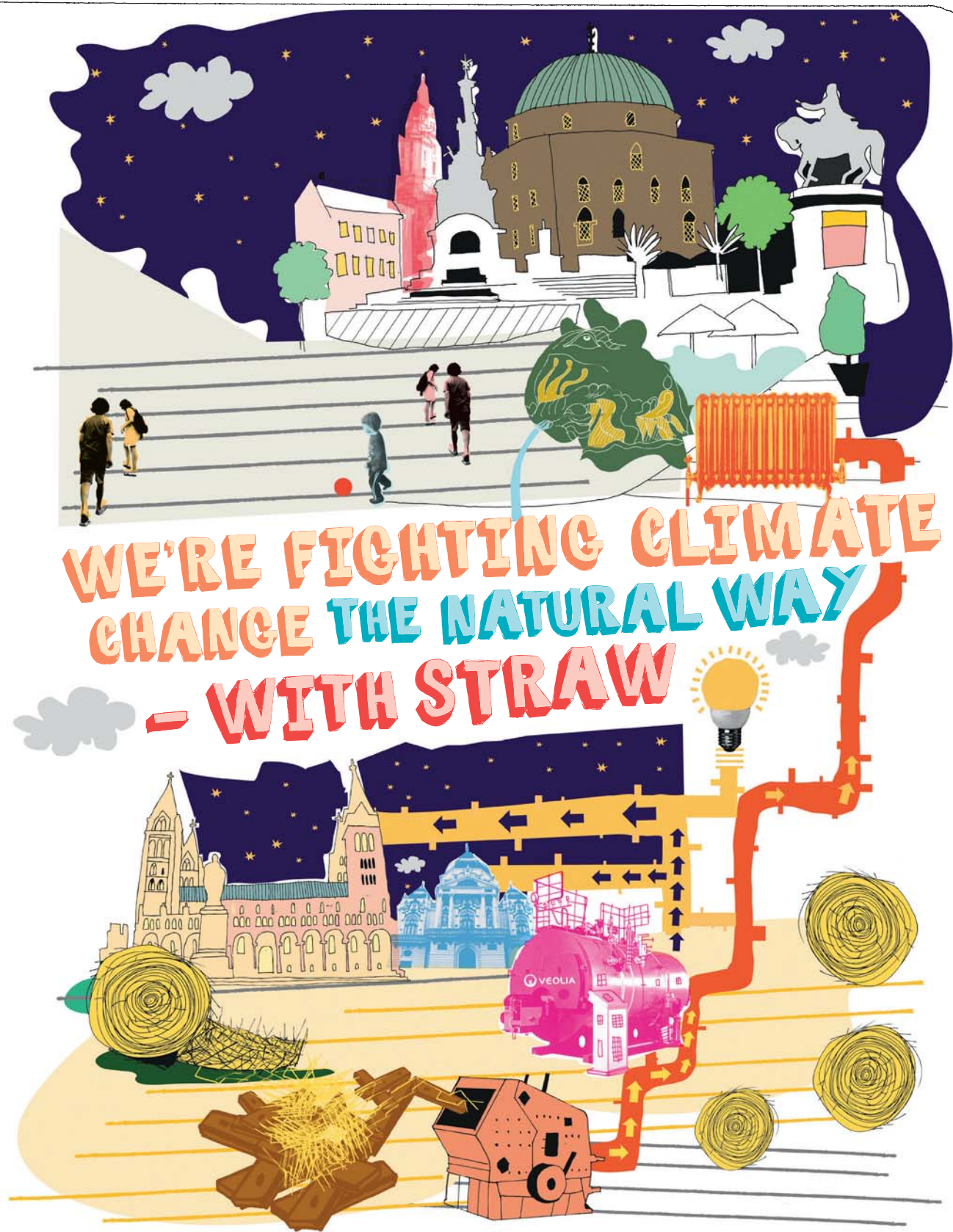
In preparation for COP21, the French President, François Hollande, called a meeting on September 10, 2015 of the “French climate team.” The team includes representatives of civil society, local government authorities and business, all of which have solutions for the climate. Antoine Frérot presented Veolia’s position and solutions for taking climate action.



COP21

Toward social responsibility for climate

The aim of keeping global warming below the 2 °C mark stated in the Paris agreement will only be possible if non-governmental parties’ commitments are added to those made by states. In all countries where Veolia operates, its climate commitments will be implemented and adaptation and mitigation solutions put forward, in particular within the context of multi-stakeholder alliances formed at COP21.



ILUSTRASI WORLDWIDE PARIS - ILUSTRASI: RUDE.

In Pécs, Hungary, Veolia is turning straw and wood into energy to supply the city's municipal heating system - reducing CO₂ emissions by 400,000 tonnes a year.

BEHIND THE SCENES

Focus on four major contracts with local government authorities and industry in France, Ireland, the United States and Australia.

Resourcing the world





Municipal drinking water

France

The client

Métropole Européenne de Lille (MEL)

Assignment

Co-build with the city and then manage for eight years a resolutely forward-looking water service: Iléo.

Start date:

January 1, 2016.

For Veolia, this new eight-year contract to manage a public service represents cumulative revenue of around €450 million. On January 1, 2016, the company introduced a new, innovative, efficient and sustainable water service across 62 of the municipalities forming MEL, a metropolitan authority with Lille at its center. Called "Iléo", this service of excellence will benefit from the latest technological advances, create value for everyone and contribute to the area's international renown.

Number
of customers

310,000

Cumulative
revenue

**€450
million
approx.**

Pipes

**4,300
km**

Iléo, a service of excellence

Through the specially created, wholly owned company Iléo, Veolia is rolling out a new style of governance uniting users, elected officials and citizens. It will deliver more efficient decision-making and optimum service. To ensure exemplary transparency, a metropolitan water council will regularly bring together representatives of customers and civil society. Committed to reinventing local service, Iléo is also creating various structures for citizens to air their concerns and ensure everyone has access to water: water centers, outreach buses, interactive terminals and information points in 59 post offices.

Ultra-efficient management

MEL will be provided with an ultramodern management center integrating networks and facilities, a sort of smart water system heralding the smart city. Called "Vig'iléo", this system – both a decision-making and crisis management center – is designed to provide a dynamic link between drinking water production and distribution. Veolia will equip the water network with connected smart sensors to monitor in real time the quality and volume of water distributed: 1,000 latest-generation sensors will identify leaks, 30 probes will analyze water quality 24/7, and 360 new sectorial meters will be located throughout the 4,300 km of pipes.

Protected environment

With Iléo, Veolia is undertaking to significantly reduce the quantity of water extracted from the source. Eventually, almost 3 million cubic meters will be saved. The challenge is to raise network performance from 79% to 85% by 2023, and to renew all 250,000 water meters. This headline target is one of the components of the ISO 26000 Social Responsibility approach to which the Iléo teams are committed. Under this approach, Iléo aims to secure six quality certifications by 2018, including ISO 22000 for water quality and ISO 40001 for energy savings.

Headhunters and the local fabric

Social performance is another aspect of Iléo's aims. The MEL Innovation Accelerator program seeks to encourage the emergence every year of innovative local projects and then support them. The projects will be in fields at the crossroads of Veolia's own businesses and the Lille

WATER SOLIDARITY

"Eco-solidarity" is one of the innovative points in Veolia's service offering. With this new rate, for a family consuming the MEL average of 85 cubic meters a year, the water bill will fall by around 9% on average and up to 23% for those suffering the severest hardship. At the social level, a specific rate is applied for beneficiaries of supplementary universal medical cover (subject to the user's situation being notified by his or her health insurance office).

62
municipalities
will benefit from the new water service (out of the 85 that make up MEL).



90%
of the area's 310,000
customers will see a reduction in their water bill.



3
million m³
of water eventually saved per year.





contribution
to our CSR
commitments

SOLUTIONS FOR SERVICE ACCESS

The Iléo contract is representative of all “our commitments to sustainable development.” In particular, it illustrates our determination to work toward ensuring everyone has access to services that are crucial to human health and development (commitment 6). In developing and developed countries alike, Veolia implements solutions adapted to the local context to ensure access to services for the most underprivileged members of society. “Water for all” is a series of measures designed to meet the needs of users experiencing hardship, including the eco-solidarity water rates, water checks, and consumer mediation services.

area’s priority sectors: health, IT/open data, transportation, and water/environment. The Iléo Local Development program intends to support employment throughout the region and to grow local businesses’ revenue, in particular by outsourcing to them 80% of all contracted activity.

Local water

In addition to efficient operation and concerted social involvement, Veolia will develop a personalized service tailored to each type of user. The new contract will therefore promote eco-solidarity water rates and a lower basic service fee for residential customers. Around 90% of the area’s 310,000 customers will therefore see a reduction in their water bill. This initiative comes on top of a whole raft of measures to ensure access to water under acceptable conditions that have been rolled out by Veolia in the past few years, in particular through the French government’s Housing Solidarity Fund, managed at the level of France’s administrative departments. Veolia intends stepping up this type of action in Lille by offering support to customers experiencing temporary difficulties. The idea is to issue “water checks” totaling €200,000 a year. MEL will set the rules for their allocation with the assistance of community social action centers.

VEOLIA IN THE NORD-PAS-DE-CALAIS REGION

In this region of northern France, Veolia employs 3,000 people for revenue of more than €600 million (Water and Waste activities). A significant part of this figure is generated in the Lille metropolitan area alone. It also includes the extension to the Marquette-lez-Lille wastewater treatment plant, and water management in Arras, Boulogne-sur-Mer, Le Touquet and the Douai-Cambrai mining basin. The Waste activity includes waste collection and urban cleaning services in Lille, and the Halluin, Béthune and Arques-Saint-Omer waste-to-energy plants. Additionally, Veolia operates the anaerobic digestion plant at Graincourt, near Arras, and the hazardous waste recovery plant in Courrières.

Energy

Ireland

The client
Mayo Renewable Power

The assignment
Operate a biomass boiler plant in county Mayo for fifteen years. Start date: mid-2017.

Cumulative
revenue
**€450
million**

Production
**42.5
MW of
electricity**

Beneficiaries
**68,000
households**

In June 2015, Veolia won a €450 million, fifteen-year contract for the operation and maintenance of a biomass boiler plant in Killala, county Mayo (Ireland) from Mayo Renewable Power. The facility will be the country’s largest independent biomass plant and will produce 42.5 MW of electricity, enough to power the equivalent of 68,000 households. The facility is designed to use 60 MW of heat from the process to dry local biomass and meet the requirements for High Efficiency Combined Heat and Power (HECHP) under Renewable Energy Feed-in Tariffs (REFIT). The project will help Ireland comply with its renewable energy commitments – the country has set itself very ambitious targets, including meeting at least 40% of its electricity needs from renewables by 2020⁽¹⁾.

Biomass for green energy

Following the 2008 economic crisis, Ireland decided to advance its energy source transition and to limit its dependence on fossil fuels insofar as possible to reduce the country's vulnerability to the fluctuations in international coal, oil and natural gas prices. In 2012, the Irish Minister for Communications, Energy and Natural Resources presented the government's renewable energy strategy for 2012-2020. "The overarching objective of the government's energy policy is to ensure secure and sustainable supplies of competitively priced energy to all consumers", said Taoiseach Enda Kenny. The state is therefore relying heavily on expanding green energy, which has progressed over the past ten years at the impressive double-digit rate of 12.2% on average, including a sharp leap upward of 38.9% in 2012.

Promising future

In Ireland, the biomass sector has remained consistently strong over the past ten years with an average annual growth rate of 18.2%. It even posted a record increase of 29% in 2012, or 436 GWh⁽²⁾. Up until then, the industry was divided between solid (wood) and biogas fuel. The development of solid biomass is one of the government's priorities⁽³⁾. In 2011, it announced the REFIT 3 (Renewable Energy Feed-in Tariff) plan that sets the tariff for electricity generated from biomass at between 8.5 and 15 euro cents per kilowatt-hour for the next fifteen years.

Local economy

The Killala project will create up to 350 construction jobs and then 30 positions to maintain and operate the plant once commissioning commences. Furthermore, around 100 people will be employed indirectly in growing, harvesting and transporting the biomass, along with other ancillary services associated with the biomass plant. Initially, Veolia will supply all the biomass fuel required to operate the plant, representing

"This investment is a vote of confidence in the Irish economy and is part of the recovery that is beginning to spread to every region of Ireland.

It will be the largest biomass power station to have been built in this country to date and will contribute to reducing our greenhouse gas emissions. The overarching objective of the government's energy policy is to ensure secure and sustainable supplies of competitively priced energy to all consumers."

Taoiseach Enda Kenny, June 7, 2015, speaking about the county Mayo biomass power plant.

230,000 metric tons a year of compressed wood chips. Once the plant reaches capacity, in order to secure supply, Mayo Renewable Power plans to buy its fuel locally from a variety of sources (willow, spruce, Miscanthus, etc.). The aim is to structure a supply sector that can be run by local farmers. The 42.5 MW of electricity generated by the plant will be fed directly into the national grid for distribution throughout the country. The Killala plant will use similar technology to that of Veolia's Merritt and Fort Saint James biomass plants in British Columbia, Canada, which are among the largest such facilities in North America.

SOURCES FOR FIGURES:
(1) <http://atee.fr> (in French)
(2) <http://lenergeek.com> (in French)
www.irishtimes.com
(3) [www.bioenergie-promotion](http://www.bioenergie-promotion.fr) (in French)

OTHER SOURCES:
www.independent.ie

VEOLIA IN IRELAND

Veolia has been active in Ireland since 1990 and works with industry and service-sector clients and local government authorities on designing and implementing solutions for the sustainable management of their resources. The company employs 500 people across its three areas of business: water, waste and energy.

contribution
to our CSR
commitments

LOCAL ECONOMIC DEVELOPMENT

Given its strong presence in the heart of regions, Veolia contributes to their development and attractiveness (commitment 5). In Killala, Ireland, the biomass plant's construction and the development of services associated with its operation will create direct and indirect jobs and economic activities. By working with the region's farmers to create a biomass supply industry, Veolia has made a special commitment to growing a dynamic local economy.



Innovative processes

Typically, produced water flowing out of a shale gas well contains salt, hydrocarbons and traces of naturally occurring radioactive material (NORM). The new facility will include proprietary Veolia technology: CoLD Process® for crystallization, AnoxKaldnes™ MBBR (Moving Bed Biofilm Reactor) and Actiflo® for biological treatment and clarification of the crystallizer distillate. Following treatment, the water must be sufficiently pure to be usable in new hydraulic fracturing operations, when mixed with chemicals and sand. This is the first time that these three processes have been incorporated into a highly innovative approach to produce high-quality water for reuse through a central treatment system.

Responsible management
For water management, the facility places Antero at the forefront of environmentally conscious industrial companies. Antero is also committed to reducing its environmental footprint and achieving substantial savings through the use of processes invented by Veolia. Recycling the produced water from shale oil and gas production will enable Antero to make substantial savings, estimated at around \$150,000 per well, as well as reduce risk and cost associated with long-distance hauling of water for deep-well injection.

Circular economy rationale
Veolia is keen to go further than just separate the water from waste material. In the future, the treatment process may be used to extract recoverable materials, for example, certain forms of salt for potential reuse. The company intends pushing the circular economy rationale to its maximum. Veolia expects that these types of technology solutions will eventually enable reuse of treated well flowback and produced water for agricultural irrigation in states experiencing serious drought, such as California.

SOURCES (IN FRENCH):
www.usinenouvelle.com
www.petrole-et-gaz.fr
www.le-gaz.fr
www.legazdeschiste.fr



Industrial process water

United States

The client
Antero Resources, natural gas, natural gas liquids and oil producer

The assignment
Design, build and operate a state-of-the-art advanced wastewater treatment complex.
Start date: end 2017.

Antero Resources, based in Denver, Colorado, contracted Veolia to design, build and operate, for ten years, a treatment facility to manage its flowback and produced water. Located at the company's Doddridge county, West Virginia, site, it will treat for reuse 60,000 barrels per day, or 9,500 cubic meters per day, of flowback and produced water from the vast Marcellus and Utica shale plays.

contribution to our CSR commitments

LIMIT EXTRACTION

Each day, Veolia commits to the sustainable management of resources by supporting the circular economy (commitment 1). We provide our clients with solutions to reduce their consumption, especially of water. The future Antero Resources complex will reuse treated wastewater for new industrial uses, thereby reducing the amount of water extracted from neighboring aquifers.

HYDRAULIC FRACTURING

Unconventional shale gas is trapped in low-permeability shales, requiring water to be used in hydraulic fracturing operations in order to extract the natural gas. The water used is typically sourced from natural sources that inherently limit the availability of fresh water. The contract between Antero Resources and Veolia, with its emphasis on reducing the overall environmental footprint and recycling water used in hydraulic fracturing activities, is very encouraging for the oil and gas industry.

Investment

\$275 million

Capacity

9,500 m³/day of water

Savings per well

\$150,000 approximately



Waste

Australia

The client
**NSROC (Northern
Sydney Regional
Organisation of Councils)**

The assignment
**Household solid waste
(HSW) treatment and
disposal under a ten-year
contract for the five
NSROC councils.**

Five northern Sydney councils – City of Ryde and Hunters Hill, Ku-ring-gai, Lane Cove and Willoughby Councils – have selected Veolia to help them tackle the challenges posed by constant population growth, coupled with the growing scarcity of potential landfill sites for Sydney's waste. They signed a ten-year contract with Veolia to manage the content of the red bins (general household waste) in their sector of the greater Sydney region.

Residents
360,000

Annual savings
A\$2 million

Waste materials diverted from landfill for recovery
280,000 metric tons

Performance first

Gradually introduced across the NSROC region starting from December 2015, the contract covers 360,000 residents and must adapt to the specific local context. The waste collection service in Sydney differs from systems used elsewhere, such as in some European countries. There is no network of waste drop-off centers and no hazardous waste and WEEE (waste electrical and electronic equipment) separation stage.

The contract requires 280,000 metric tons to be diverted from landfill by introducing a mechanical biological treatment (MBT) facility. This process combines mechanical operations (shredding and sorting) with biological stages (composting and anaerobic digestion).

The expected benefits include savings of up to A\$2 million, in particular through better value for every metric ton of material recycled, reduced procurement costs for each of the five councils, and simplified administration through the introduction of a single point of management between NSROC and Veolia.

The new facility will be installed at the Woodlawn Eco-precinct, a former open-cut copper, lead and zinc mine.

Woodlawn, an exemplary site

Woodlawn currently accepts around 20% of Sydney's putrescible waste and is recognized as an example of best-practice landfill technology. It already has a bioreactor and three farms: wind, agriculture/horticulture and aquaculture. Veolia has started construction of its MBT facility, which is due to come on stream in 2016. Once fully operational, it will reach a resource recovery rate from household waste of more than 80%, from 33,000 metric tons a year collected from mid-2017. The total investment cost is A\$100 million. The facility will use the organic fraction of the waste to produce compost compliant with New South Wales standards (which are very close to the current French standard NFU 44-051⁽¹⁾). The compost will be used for onsite mine rehabilitation. The residual inorganic fraction will go to generating electricity. Since it opened in 2004, Woodlawn has already processed 4.6 million metric tons of waste from Sydney, generating enough green electricity to power more than 4,000 households a year.

(1) French standard NFU 44-051 details as a function of the nature of the raw materials used and their method of collection 11 types of organic soil improvers without fertilizer and 11 types of organic soil improvers with fertilizer.

(2) Southern Sydney Regional Organisation of Councils.

REGIONAL TARGETS FOR 2022

The NSROC contract signed by Veolia comes on top of the SSROC⁽²⁾ contract signed in 2013. It must reach the target set by the New South Wales state government of diverting 70% of municipal waste from landfill by 2022. The project is in part funded by the State Environment Protection Authority (EPA) as part of its waste reduction and recycling improvement program, which is funded by a household waste levy.

contribution
to our CSR
commitments

VALUE CREATION

One of our aims is to build new models for relations and value creation with our stakeholders (commitment 4). We work with our partners and clients on their approaches to sustainability and we encourage ties and discussions with the various actors in the regions where we operate. With the installation of the new biomechanical treatment unit at the Woodlawn site in Australia, Veolia is helping local authorities improve household waste recovery in order to achieve the targets set by the New South Wales government.

WASTE ON TRACK

Veolia receives around 500,000 metric tons of household waste, which is currently processed through an existing transfer station, with a second transfer station in construction phase due to come on line in 2016. The company then transports the waste by rail to its 33,000 hectare Woodlawn landfill located 250 km south of Sydney, thereby avoiding the negative impact of the 35,000 truck movements a year that would otherwise be needed.

SOURCES (IN FRENCH):
<https://wehicles.com>
www.huffingtonpost.fr

Desalination: slaking a thirst for drinking water

AN OCEAN TO DRINK

In the Sultanate of Oman, the population of 4 million has no choice other than to drink seawater to survive, as 95% of water resources come from the ocean. For example, the 350,000 residents of the Ash Sharqiyah region are supplied with water from the Sur plant, which uses reverse osmosis to produce drinking water every single day.

SEA, SALT & SUR

Veolia has been a partner of Oman Power and Water Procurement (OPWP) since 2007. In January 2015, the company celebrated the extension of the Sur desalination plant contract. At the same time, the plant marked the 100 millionth cubic meter of water produced. Under the contract extension, 51,000 cubic meters will be added to the plant's existing 80,000 cubic meter capacity, taking its daily total to more than 130,000 cubic meters.



In the northeast of the Sultanate of Oman, Veolia is combating the scarcity of fresh water resources by treating 80,000 cubic meters of seawater a day at its Sur plant.

LARGE-SCALE DESALINATION

Around 300 million people worldwide depend directly on desalination plants for their drinking, washing and irrigation water. Of the 17,000 or so plants in service globally, 10% are large-capacity. Each year, an additional 10 to 20 are built, mostly in the Gulf States.

SOURCES: France 2, July 25, 2015 and L'Usine nouvelle, October 9, 2014.



GREEN PLAN FOR BLUE GOLD

The Sur desalination plant uses a system to recover energy from its saline concentrate that has an efficiency rate of 97%. This represents energy savings of around 10% for the plant. Additionally, the seawater is extracted through a beach-well catchment, thereby providing natural filtration based on detailed modelling of the sand's properties. As a result of this technical choice, no chemical products are needed for the water's pretreatment, which also minimizes the impact on the coastal marine ecosystem.



REVERSE OSMOSIS

The seawater desalination market remains dominated by two complementary types of technology: reverse osmosis and thermal distillation (multiple-effect distillation). Used for 75% of the capacity installed worldwide, reverse osmosis requires pretreatment of the seawater. It passes through a succession of filters to remove particles and some of the salt. The reverse osmosis membranes guarantee a final product compliant with the most stringent international drinking water standards after remineralization.





WE'RE CHAMPIONING EFFICIENCY BY USING LESS CO₂ TO HEAT AN OLYMPIC SWIMMING POOL

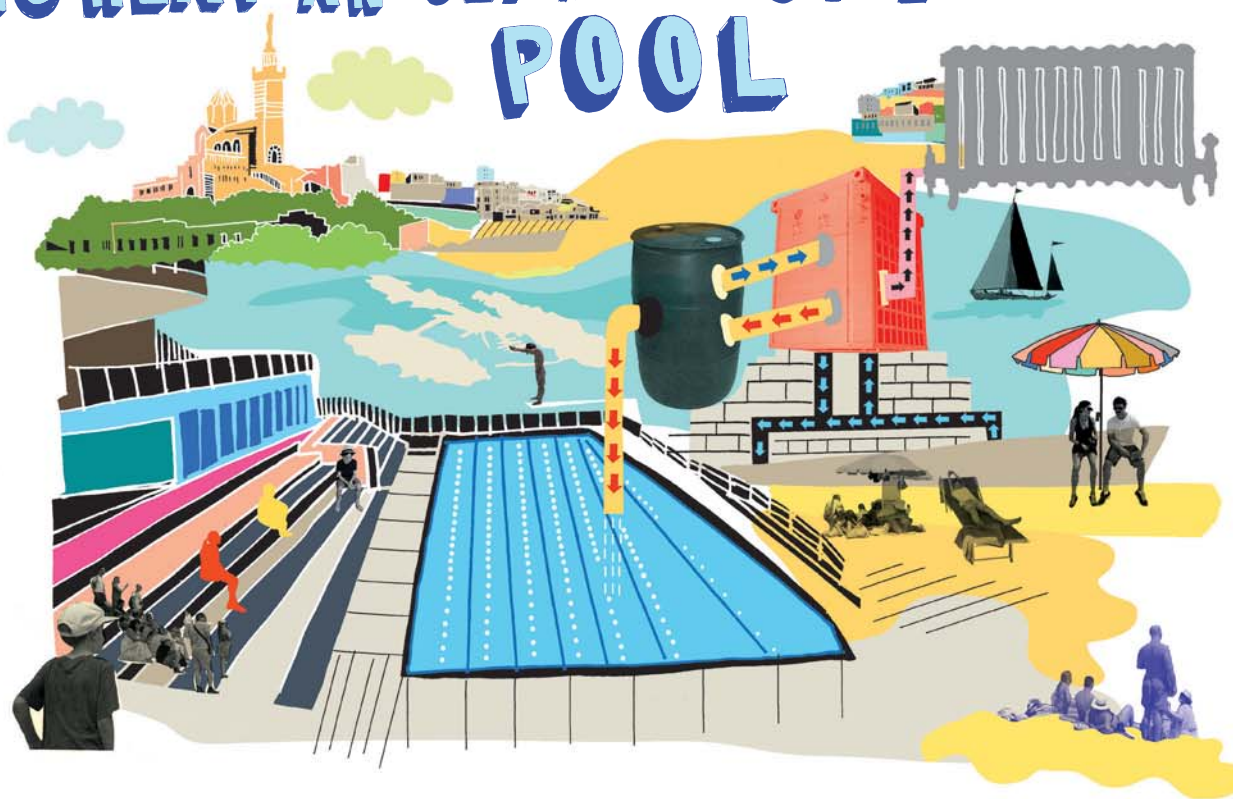


ILLUSTRATION: RUDE

In Marseille, France, Veolia is capturing energy from wastewater to heat an Olympic swimming pool to 27 °C – reducing CO₂ emissions by 230 tonnes a year.

TRENDS

By focusing on the circular economy, Veolia is building an industrial model that serves humankind while helping protect the environment. We give an overview.

Resourcing the world



Circulate the economy

Eco-design, repairs, reuse, recycling, recovering waste, sharing – the circular economy is defined through a variety of concepts which, while not new, are leading to unprecedented business models that are challenging traditional ways of thinking. As an expert in recovery and transformation, Veolia is committed to this approach, which turns the waste of some into resources for others.

Our current linear economic model – based on “Take, Make, Use, Dispose” – has reached its limit. Several European and Asian countries are already adopting a new approach. They are promoting a production and consumption model that creates local jobs, stimulates the economy and reduces raw material price volatility, while also protecting the environment.

Around the globe
Several states have come to realize that the current economic model is running out of steam and have already started on their countries’ transition. China is one example. Given the growing environmental threats and scarcity of resources, the government passed the “circular economy promotion law of the People’s Republic of China” in 2009. The aim is to experiment with a strategy to protect natural resources and transform waste into resources insofar as possible, but above all to generate regional policies adapted to protecting and broadly developing ecosystems. The twelfth five-year plan (2011-2015) reinforced this strategic option. Its target was to collect 70% of recyclable or reusable resources. Japan too has been very active given its lack of natural resources and shortage of

space, in particular for landfilling waste. Its approach also focuses on developing the necessary technology and eco-industries, especially for recycling. In 2000, Japan published a framework law for the establishment of a circular economy, backed by laws to promote waste management and the efficient use of resources. In Europe, two pioneers in this area are also looking at using the circular economy to drive economic change and protect the environment. Germany was one of the forerunners when it started passing laws in this area back in 1994 as part of its waste policy. The Netherlands’ government is promoting the circular economy in nine business sectors and phase two of its national waste program (2009-2015) is explicitly focused on this new model, from eco-design to recycling.



76%
of the energy
required by the Urumqi
site is sourced from
sludge recovery.



“Barely 2%
of wastewater
is reused in
the world.”
Antoine Frérot,
Chairman and CEO of Veolia.



WASTEWATER HOTS UP

In Marseille, France, and Urumqi, China, wastewater is a source of energy. Veolia heats the prestigious *Cercle des Nageurs* swimming pool in Marseille using the Energido technology that recovers heat from wastewater. In Urumqi, biogas from wastewater treatment sludge digestion is captured and used to provide heating for the site and up to 50% of its energy needs.

AKG KUNSTSTOF GROEP,
THE ART OF PLASTIC

Veolia made two hits in one when it acquired AKG Kunststof Groep, a Dutch company that supplies high-quality polypropylene (PP) granulates. Manufactured from commercial, industrial and household waste, they are used in numerous areas, such as garden furniture, the building industry, electronic appliances, cars and packaging. Additionally, the AKG site in Vroomshoop is destined to become a “benchmark center of expertise” in northern Europe for recycling and producing polyolefins (the largest of the families of plastics used for mass consumer applications).



This new type of economy could enable Europe to reduce its raw material consumption by 20% and create between 1.4 and 2.8 million jobs.

Source: European Union’s Resource Efficiency Platform.



contribution
to our CSR
commitments

EMISSIONS AVOIDED
Veolia is committed to helping combat climate change (Commitment 2).
In Rostock, Germany, Veolia recovers 1 billion plastic bottles a year, thus avoiding the annual emission of 110,000 metric tons of CO₂ equivalent.

For these four countries – China, Japan, Germany and the Netherlands – the issue is to develop products that consume fewer fossil resources in order to conserve them. Other countries, such as Belgium, the UK and Switzerland, have introduced umbrella legislation paving the way for the legislative, regulatory and fiscal changes needed to promote a new economic organization. In France, the circular economy, declared to be in the public interest, is gradually working its way into the legislative arsenal. For example, the law on the energy transition passed in 2015 includes a whole chapter on this subject.

Europe gets aboard

In December 2015, the European Commission presented its circular economy package. In addition to revising legislation, the Commission has set out an action plan for waste. Recycling is the subject of common targets across the entire European Union: 65% of municipal waste and 75% of packaging waste is to be recycled by 2030. The Commission has announced concrete measures to encourage reuse and support

the transformation of by-products from some sectors into recycled raw material for other sectors. It is also promoting economic instruments to achieve the gradual phase-out of landfilling. But the Commission does not want to stop there. It aims to create numerous jobs and at the same time conserve resources, limit the effect of their use and turn waste into a valuable resource. Brussels has announced food waste reduction measures, a revision of fertilizer regulations, a strategy for plastic materials in the circular economy, and a series of measures around water re-use. The plan also includes the creation of quality standards for secondary raw materials in order to “reinforce the confidence of economic operators within the Single Market”.

A durable opportunity for Veolia

The world’s population and its needs are growing apace. This state of affairs is driving humankind to be more inventive in order to improve quality of life and is modifying Veolia’s approach and the assignments it takes on around the world. As a global leader in the areas of drinking water, wastewater recycling, and waste management and recovery, Veolia is also renowned for its innovation in the field of energy efficiency, in particular through the use of biomass. It is therefore a crucial player in this new economy, which generated revenue of 3.5 billion euros in 2015 for the company.



Interview with
Alexis Pelluault,
CEO of the ELISE group

How do you see your three years of partnership with Veolia?

We have achieved some fine things since 2012. Not least of which is the increased collection and recycling rate for paper from businesses and public authorities, while at the same time creating employment solidarity for disabled workers or people on employment integration contracts. This alliance comes into its own in the field because of the high degree of complementarity between our two organizations. At its 32 sites, ELISE collects and then sorts office paper from its customers, which Veolia then turns into a recycled raw material and supplies it to the main papermakers in France. Three years on from the “paper bin” project, we are proud to be able to fill Veolia’s plants with waste that is then made use of! Today, we collect 10 different types of waste, which explains why we want to move on to a new form of partnership.

Indeed, what are the highlights of the new agreement signed in 2015?

Strengthening the way we work together and providing businesses with the opportunity to collect and recycle all their waste: office paper, of course, but also plastic cups, drink cans, bio-waste, textiles, waste electrical and electronic equipment (WEEE) and waste furniture. We are banking on 68,000 metric tons of paper and plastic and 50,000 metric tons of other waste treated each year, and the creation of an additional 200 jobs over the next three years for disabled workers or people on employment integration contracts. We are also expecting to raise our number of sites to 45 over the coming five years. All this waste will be collected and sorted by ELISE. Veolia will then convert it into recycled raw material, and then sell it to local industries in order to develop local circular economies.

Have the aims of the partnership between ELISE and Veolia remained intact?

In 2012, we launched a solidarity franchise designed to cover the whole of France. We wanted to secure our outlets by working with a major company that could buy the paper collected. Veolia, a standard setter for waste management with nationwide presence, was the only company to accept this commercial partnership without wanting a stake in our equity. The people we deal with at Veolia share our values in which people, with all their qualities and abilities, are at the center of our concerns, and they have the same strategic vision of the business and where it is headed. For them, we are totally dedicated partners within a win-win business relationship.

90%
of
mattress
components
are recycled.

BEDS: NO REST FOR RECYCLING

Veolia and the Envie employment integration network have developed a new dismantling unit for used mattresses in Rennes, northwestern France. The unit provides materials for the virtuous cycle of the circular economy – which also becomes a solidarity economy. Up to 90% of mattress components (metal, foam, latex, textile, etc.) is recycled in the automobile, furniture and construction industries, and can potentially be used for the manufacture of new mattresses. Envie, loyal to its mission as an employment integration company, has already created six jobs and plans to add 14 more by the end of 2018.



“Only 1 billion
of the world’s
4 billion metric tons
of waste generated
each year are
recovered.”

Antoine Frérot,
Chairman and CEO of Veolia.



MILK INTO WATER

At its dairy plant in Lagos de Moreno, Mexico, Nestlé no longer extracts any water from natural resources in this region suffering from water stress. Using a process that is unique in the world, Veolia recovers “cow water”, the waste fluid extracted from milk when it is powdered. After treatment to ensure compliance with potable water standards, the water is fed back into the production process. At the end of the process, it is then used for non-food purposes, such as cooling, garden watering and cleaning.

Closed circle partnerships

To deploy the circular economy, Veolia needs to develop collaborative relationships. It is not enough just to recover waste – a connection needs to be made with clients ready to buy the recovered waste as secondary raw material. Major potential lies with the food and beverage giants, a sector that accounts for 7% of the energy consumed by industry worldwide (see boxes on Nestlé and Danone). In France, Veolia is working with the Castorama banner (Kingfisher group), the leading French retailer of DIY and home improvement tools and supplies. Together, they collect wood waste from the stores and convert it into wood flour: a new secondary raw material that is combined with recycled plastic (35% wood/65% plastic) and used to manufacture a laminated work bench in an example of a pure product of the circular economy.

Fill up on cooking oil

Products are also recovered from the catering industry. Each year, 10,000 metric tons of spent cooking oil are collected from restaurants, local authorities and the food industry. Filtered and pretreated, it is then delivered to Veolia’s biodiesel plant in Limay, in the Greater Paris region, where it is converted into biofuel.

WEEE: win-win all round

In February 2016, Veolia, SEB and Éco-systèmes formed an industrial partnership that will see the first complete circular economy loop for small household appliances. The waste electrical and electronic equipment (WEEE) collected by Éco-systèmes is recovered by Veolia as a recycled secondary raw material, which is then used by SEB to produce new appliances sold in stores. The first application of this partnership will be a steam generator. Veolia operates the largest WEEE processing plant near Angers, in France, where more than 55,000 metric tons are treated each year with a recovery rate in excess of 90%. As there is 30 times more gold in a metric ton of mobile phone electronic circuits (150 grams) than in a metric ton of ore (5 grams), it is obvious that there is huge potential in the circular economy.

Danone targeting zero net carbon

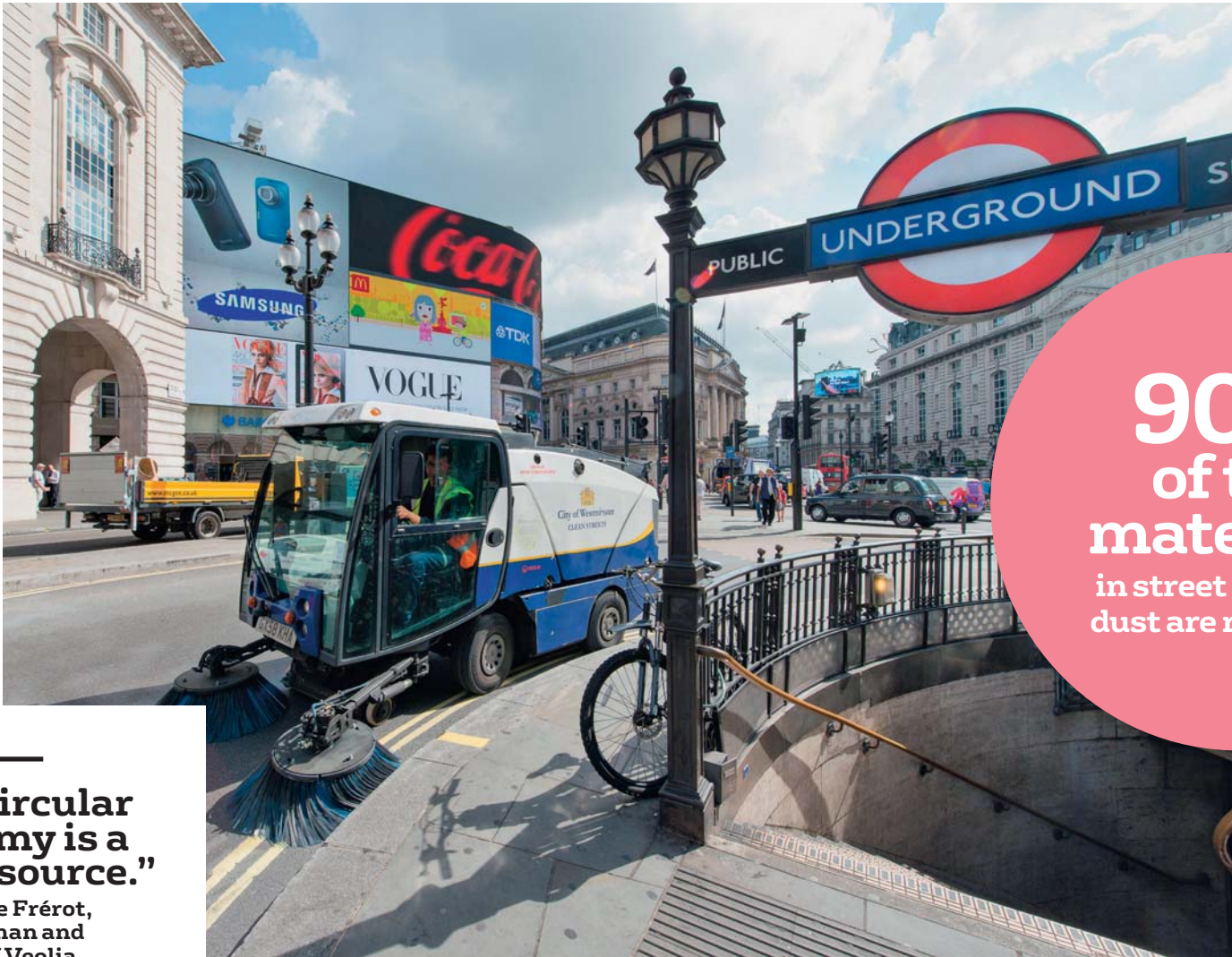
In December 2015, Veolia and Danone announced an unprecedented global alliance. It is part of Danone’s stated climate policy targeting zero net carbon emissions by 2050 across its extended scope of responsibility, both direct and shared. The partnership will cover water and waste management, sustainable farming and energy efficiency. Some projects focus on developing production sites with zero liquid discharges, others the production of biogas from production plant waste combined with liquid manure from local farms, or simply optimizing energy consumption by making better use of alternative sources of energy. For Pascal De Petrini, Executive Vice President of Strategic Resource Cycles at Danone: “Our goals are ambitious so we needed to find unprecedented solutions.” He goes on: “To help find solutions to this game-changing challenge, we must take a global view of the food chain. By viewing carbon as a cycle, we can not only reduce our emissions, but also offer solutions to promote carbon sequestration in natural ecosystems such as soils, forests and mangroves through agricultural practices and ecosystem restoration activities that reduce greenhouse gas emissions. This approach demands continuous improvement to spark innovation and spread best practices. With hands-on pragmatism and small-scale experimentation, we can scale up tools to solve the complex climate change challenges within the food chain.”

MINING METALS ON THE STREET

Platinum, palladium, rhodium – all these precious metals are extracted from the 165,000 metric tons of dust swept up from Britain’s streets each year and recovered in Veolia’s Ling Hall plant. In all, 90% of the materials find a second lease of life.

“The circular economy is a huge resource.”

Antoine Frérot, Chairman and CEO of Veolia.



WASTE TO CONCRETE

Veolia treats the combustion by-products from EKO-ZEC, Poland’s third largest energy producer, for use in ready-mix concrete, or as backfill or road subgrade.



Reduce footprints

The circular economy is already a reality for many materials, including paper, scrap metal and aluminum, and new sectors are being added. In Milwaukee, USA, Veolia treats the wastewater of the city’s population of 1.1 million. Each year, the treatment sludge becomes 50,000 metric tons of Milorganite (Milwaukee Organic Nitrogen), a compost that is used as fertilizer for the region’s green spaces. To limit its energy impact, Veolia uses a local source of renewable energy: the biogas from the Emerald Park landfill that is captured and conveyed to the treatment plant via a gas pipeline installed specifically for the purpose. This biogas reduces the plant’s carbon footprint by 50,000 metric tons of CO₂ a year. In western Ghana, since 2015 Veolia has been in charge of the operation and maintenance of the water treatment plant at an open-cut gold mine belonging to the world’s third largest gold producer, South Africa’s AngloGold Ashanti. The challenges raised by this contract include the treatment of cyanide used to extract gold, and flood prevention in a region that is subject to heavy rainfall in the wet

season. All this activity must comply with the strictest standards, in particular with regard to the environment.

Innovation driver

The circular economy is also an economy of innovation. Veolia’s research and innovation programs aim to improve sorting performance and develop transformation processes for secondary raw materials. For example, the household packaging sorting center in Amiens, France, uses two technologies patented by Veolia: the TSA2 optical sorting system and remote operated sorting. This system uses a touch screen to improve sorting, thereby avoiding all physical contact with the waste. It recovers 6% more household packaging than conventional processes. When we think of waste, we must systematically think of it as a resource. The future depends on the circular economy.

SOURCES (IN FRENCH):
Institut de l’Économie Circulaire.
Commissariat Général au Développement Durable.
www.ccimp.com
Environnement & Technique – January 2016.
www.pluris.fr
Le Figaro, February 10, 2015.

Emphasis on competitiveness

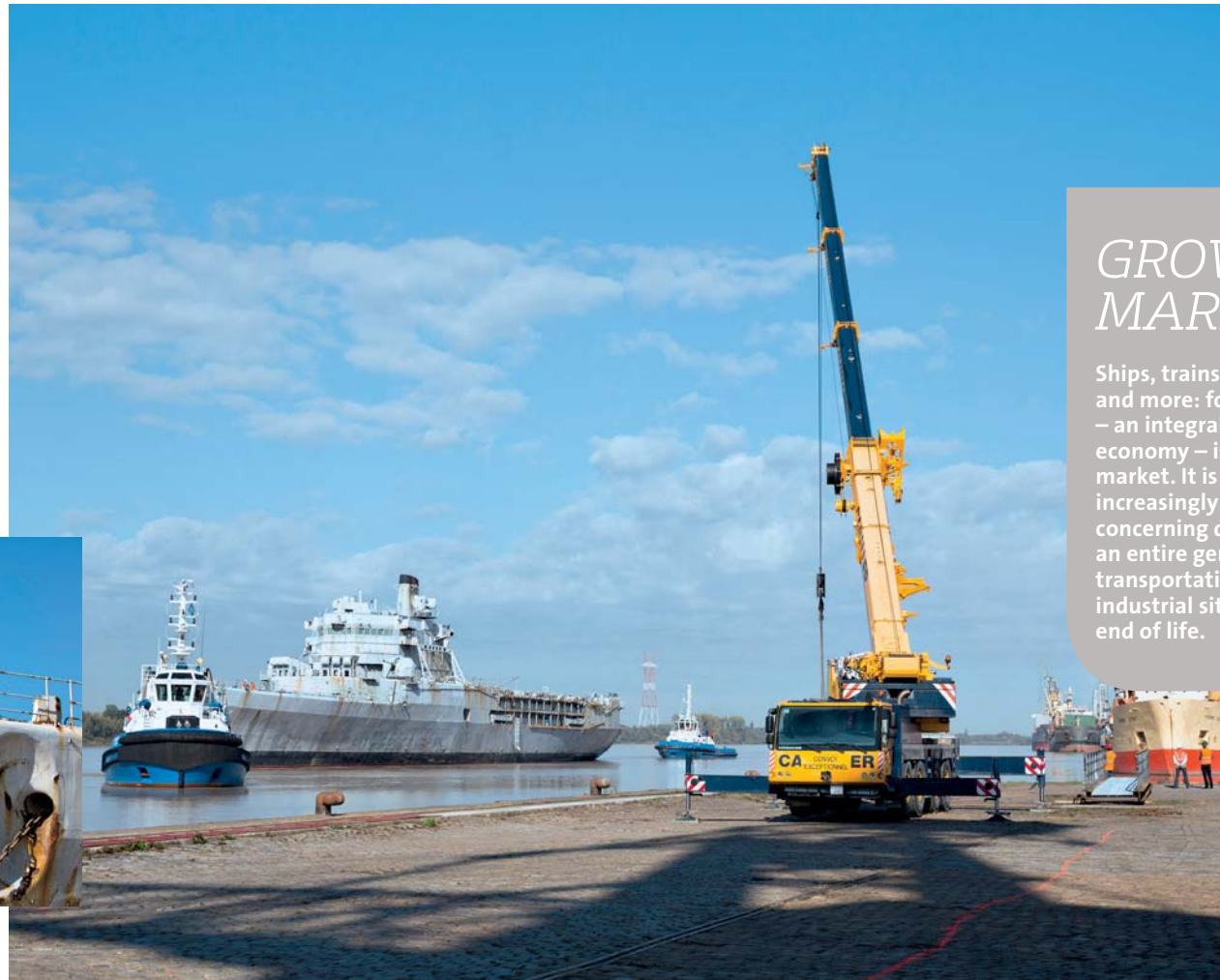
While the European Union was working on its circular economy package, in September 2015, the Ellen MacArthur Foundation and Janez Potočnik, Co-Chair of the International Resource Panel hosted by the United Nations Development Program and former European Commissioner for the Environment, presented the conclusions to their study “Growth Within: a circular economy vision for a competitive Europe”. Sponsored by Germany’s Stiftungsfonds für Umweltökonomie und Nachhaltigkeit (SUN) endowment fund in collaboration with the McKinsey Center for Business and Environment, the report shows that, by adopting the principles of the circular economy enabled by the new information technology revolution, Europe could generate a net profit of \$1.8 trillion by 2030, which is 900 billion euros more than with the current linear development model.

90% OF THE FORMER JEANNE D'ARC LIVES ON

It took eighteen months to dismantle the 9,000 metric tons of France's iconic naval training vessel, *Jeanne d'Arc*, which arrived at the port of Bassens in Bordeaux, France, in October 2014. Ultimately, 90% of the material was dispatched to various recovery streams. Ferrous scrap went to steel mills and non-ferrous metals to foundries. The waste electrical and electronic equipment, liquids and fluids were sent to relevant treatment centers. Of the 10% of non-recovered waste, the asbestos was landfilled. The former cruiser *Le Colbert* is expected to arrive in Bassens in April 2016 to undergo the same thorough dismantling process.



Dismantling: the virtuous circle of materials



GROWTH MARKET

Ships, trains, telephone cabins, and more: for Veolia, dismantling – an integral part of the circular economy – is a rapidly growing market. It is driven by increasingly stringent regulations concerning deconstruction and an entire generation of transportation equipment and industrial sites arriving at their end of life.

SOURCES:
Sud-Ouest, September 15, 2015.
20 minutes, February 3, 2016.
L'Est républicain, April 30, 2015.
Les Échos, October 20, 2014.
L'Usine nouvelle, September 25, 2014.
MAT Environnement, April 1, 2015.
AFP, July 30, 2015.

By 2020, dismantling business could be worth 5 billion euros a year worldwide.

CABINS DISCONNECTED

By 2017, all of France's 65,250 telephone cabins will have disappeared. Made redundant by the development of mobile phones, they are now used on average just one minute a day. Once they have been disconnected and unbolted, they are removed. Veolia cleans them and grinds them up to separate the components and identify those that can be recovered and recycled. The actual telephones are sent to waste electrical and electronic equipment centers for processing.



NEW DIRECTION FOR EMUS

Every week, an obsolete electric multiple unit (EMU) from the RER A regional express rail line in Paris arrives at the Torvilliers recycling center in France to be dismantled. Each EMU has three cars each 25 meters long and weighing 30 metric tons without its bogies. Once emptied, the cars are placed in a "clean room" unlike any other in France. This benchmark facility is hermetically sealed to ensure no particles are released into the atmosphere. The cars are then moved outside where they are cut up using blowtorches, guillotines and giant shears. At the end of the process, 97% of each EMU's weight is recovered, of which around 80% is steel, 17% non-ferrous metals (stainless steel, aluminum and copper) and 3% final waste (wood flooring fouled with glue, plastics, etc.). At this sustained rate, a total of 317 cars will have been processed by the end of the contract in 2017.





WE'RE PITTING OLIVE STONES AGAINST CLIMATE CHANGE



ILWAS WORLDWIDE PARIS - Illustration: RUDE.

In Tangier, Morocco. Veolia is turning olive stones into thermal energy in the world's first zero-carbon car factory.

THE ESSENTIALS

- Governance
- Our nine commitments for sustainable development
- The year in figures

Resourcing the world



Governance

In 2015, changes were made to the governance bodies, which continued to be widely consulted in a period of profound transformation for the company. The year was decisive both in terms of the decisions made by these bodies and of their implementation at the operational level.

The Board of Directors
The Board of Directors met nine times in 2015, with an average attendance rate of 88%. During a strategy seminar, Board members engaged in in-depth discussions on the key strategic guidelines proposed by senior management. Throughout the year, the Board dealt mainly with matters concerning strategy, the 2016 preliminary budget, a review of the financial statements for 2014 and the first half of 2015, and information about the 2015 first and third quarter accounts and the associated financial disclosures. The review of the 2014 financial statements paid particular attention to the dividend policy and the proposed allocation of earnings. In accordance with the AFEP-MEDEF code of governance for listed companies in France, article 11 of the company's articles of association stipulates a four-year term of office for its directors and the annual renewal of one-quarter of the Board members.

The Board of Directors

The Board of Directors sets forth Veolia's strategic guidelines and makes sure they are observed.

BOARD MEMBERS at December 31, 2015

Antoine Frérot Chairman and CEO	Serge Michel Chairman of Soficot SAS
Louis Schweitzer* Vice-Chairman and Senior Independent Director, Commissioner General for Investment, Chairman of Initiative France	Pavel Páša Director representing employees
Homaira Akbari* President and CEO of AKnowledge Partners (United States)	Baudouin Prot* Senior Advisor of Boston Consulting Group
Jacques Aschenbroich* Chairman and CEO of Valeo ⁽¹⁾	Qatari Diar Real Estate Investment Company* Represented by Khaled Al Sayed, Group Chief Executive Officer
Maryse Aulagnon* Chairman and CEO of Affine RE	Nathalie Rachou* Senior Advisor of Rouvier Associés
Daniel Bouton* Chairman of DMJB Conseil, Senior Advisor of Rothschild & Cie Banque	Georges Ralli* Company Director and Manager of IPF Partners
Caisse des dépôts et consignations Represented by Olivier Mareuse, Chief Financial Officer of Caisse des dépôts et consignations (CDC) group	Paolo Scaroni* Deputy Chairman of Rothschild group
Clara Gaymard* President of RAISE ⁽²⁾	Pierre Victoria Director representing employees
Marion Guillou* Chairman of the Board of Directors of Agreenium, the French Institute of Agronomics, Veterinary Science and Forestry	Isabelle Courville Non-voting Board member, Chairman of the Board of Directors of Laurentian Bank of Canada
	Paul-Louis Girardot Non-voting Board member, Chairman of the Supervisory Board of Veolia Eau-Compagnie Générale des Eaux

* Independent Board member.
(1) Since February 18, 2016.
(2) Since February 1, 2016.

BOARD COMMITTEES

At December 31, 2015

Members of the Accounts and Audit Committee
Daniel Bouton* (Chairman)
Jacques Aschenbroich*
Nathalie Rachou*
Pierre Victoria**

Members of the Nominations Committee
Louis Schweitzer* (Chairman)
Maryse Aulagnon*
Serge Michel⁽¹⁾

Members of the Compensation Committee
Louis Schweitzer* (Chairman)
Daniel Bouton*
Marion Guillou*
Serge Michel⁽¹⁾
Pierre Victoria**

Members of the Research, Innovation and Sustainable Development Committee
Jacques Aschenbroich* (Chairman)
Marion Guillou*
Pavel Páša**
Paul-Louis Girardot***
At its March 8, 2016 meeting, the Board of Directors decided that, following the shareholders meeting on April 21, 2016, the make-up of its committees would be modified.

* Independent member.
** Veolia employee representative.
*** Non-voting Board member.
(1) Board member until the shareholders' meeting on April 21, 2016.

On April 22, 2015, the annual ordinary and extraordinary shareholders' meeting:
– renewed the terms of office of Maryse Aulagnon, Baudouin Prot and Louis Schweitzer for a period of four years, and appointed Homaira Akbari and Clara Gaymard as Board members for a four-year term ending at the annual meeting of shareholders in 2019 to approve the financial statements for the year ended December 31, 2018;
– ratified the co-optation of Georges Ralli as a Board member for the remainder of the term of Groupama SA of which he is the representative (ending at the annual meeting of shareholders in 2016 to approve the financial statements for the year ended December 31, 2015).

In accordance with the annual renewal of one-quarter of its members, the Board noted at its March 8, 2016 meeting that the terms of four members (Jacques Aschenbroich, Serge Michel, Nathalie Rachou and Georges Ralli) end with the annual meeting of shareholders on April 21, 2016. On a recommendation of the Appointments Committee, the Board decided to put to the annual ordinary and extraordinary shareholders' meeting of April 21, 2016, a proposal to renew the terms of Jacques Aschenbroich and Nathalie Rachou, and to appoint Isabelle Courville and Guillaume Texier as Board members for a period of four years ending at the

annual meeting of shareholders in 2020 to approve the financial statements for the year ended December 31, 2019, and the non-renewal of the terms of Serge Michel and Georges Ralli. After these changes, the Board of Directors would be composed of 17 members, six (40%) of whom are women, two members representing employees and two non-voting members.



The company's Board of Directors is assisted by the following four committees:

The Accounts and Audit Committee oversees all matters dealing with the preparation and monitoring of the company's accounting and financial information. It meets to examine annual and quarterly accounts before they are presented to the Board of Directors. In 2015, this Committee met five times, with an average attendance rate of 90%.

The Nominations Committee is mainly responsible for assisting the Board of Directors in changes to the composition of the Board, the appointment and reappointment of members, the succession plan for the Chairman and CEO and the main executives, launching the formal evaluation of the operation of the Board and its committees, and reviewing the independence of directors. In 2015, this Committee met seven times, with an average attendance rate of 100%

The Compensation Committee is mainly responsible for assisting the Board of Directors with regards to the remuneration of the Chairman and CEO (deciding the 2014 variable component and the 2015 remuneration targets), the remuneration policy for the Executive Committee members, the employee stock purchase plan policy, and examining the total amount allocated for directors' fees and its distribution. This Committee met five times in 2015, with an average attendance rate of 100%.

The Research, Innovation and Sustainable Development Committee reviews and evaluates the company's strategy and policies in these areas and advises the Board of Directors. This Committee met three times in 2015, with an average attendance rate of 100%.

The Executive Committee

Chaired by Antoine Frérot, the Executive Committee is responsible for considering, consulting and deciding on the overall direction of the company. It also examines important projects for the company, including contracts, investments, divestments and asset sales that exceed a certain monetary value. The Executive Committee meets once a month.

The Ethics Committee

Its role is to make recommendations that concern the company's fundamental values. It may be contacted by any employee or decide itself to address any matter relating to ethics. The Committee may make "ethics visits" to the company's operational entities, in particular to assess the employees' level of ethical maturity, their understanding of the company's values, any ethical issues they may encounter and ethics training.

The Executive Committee

The Executive Committee is responsible for deciding on the overall direction of the company. Reflecting the new organization, it includes the geographic zones and has 11 members.

EXECUTIVE COMMITTEE MEMBERS

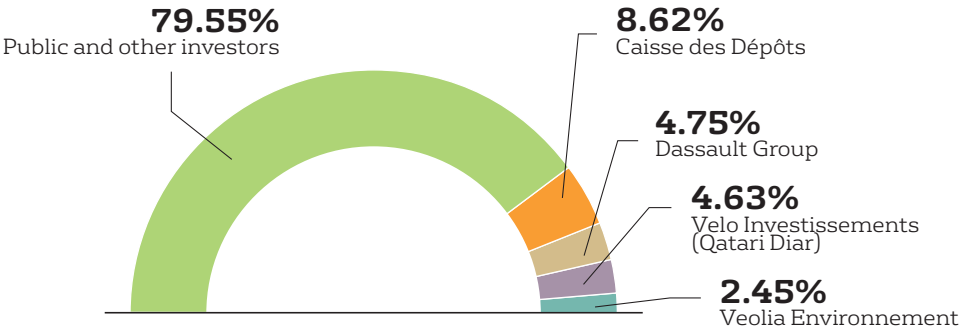
(at December 31, 2015)

- 1— **Antoine Frérot**
Chairman and CEO
- 2— **Laurent Auguste**
Senior Executive Vice President, Innovation and Markets
- 3— **François Bertreau**
Chief Operating Officer
- 4— **Estelle Brachlianoff**
Senior Executive Vice President, UK and Ireland
- 5— **Régis Calmels**
Senior Executive Vice President, Asia
- 6— **Philippe Capron**
Chief Financial Officer
- 7— **Philippe Guitard**
Senior Executive Vice President, Central and Eastern Europe
- 8— **Patrick Labat**
Senior Executive Vice President, Northern Europe
- 9— **Jean-Marie Lambert**
Senior Executive Vice President, Human Resources
- 10— **Claude Laruelle**
Director of Global Enterprises
- 11— **Helman le Pas de Sécheval**
General Counsel



VEOLIA SHARE OWNERSHIP

(at December 31, 2015)



Our nine commitments for sustainable development

The sustainable development commitments are supported at the highest level in the company and form part of an approach to make progress on including environmental and social performance in the company’s overall performance by 2020.

For resourcing the planet

2020 target: roll out our new internal Environmental Management System for all our operational activities.
2015 performance: 25.4% of consolidated revenue from ordinary activities covered.

1

Sustainably manage natural resources by supporting circular economy

2020 TARGET

- Achieve over €3.8 billion in revenue linked to circular economy.

2015 PERFORMANCE

- €3.5 billion (estimated).

2

Contribute to combating climate change

2020 TARGETS

- Capture over 60% of methane at the landfills we operate.

- Achieve 100 million metric tons of CO₂ equivalent of reduced emissions and achieve 50 million metric tons of CO₂ equivalent of avoided emissions for the period spanning from 2015 to 2020.

2015 PERFORMANCES

- 57% of methane captured.
- 16 million metric tons of CO₂ equivalent of reduced emissions and of 6 million metric tons of CO₂ equivalent of avoided emissions.

3

Conserve and restore biodiversity

2020 TARGET

- Perform a diagnosis and deploy an action plan at all sites identified as having significant importance for biodiversity.

2015 PERFORMANCE

- Diagnosis and deployment at 30.6% of sites identified.

For resourcing region

4

Build new models for relations and value creation with our stakeholders

2020 TARGET

- Enter into a major partnership based on value creation in each zone and each growth segment.

2015 PERFORMANCE

- Examples of major partnerships signed: Danone, IBM and Takeei.

5

Contribute to local development and the attractiveness of regions

2020 TARGET

- Maintain above 80% the share of our expenditure reinvested in regions.

2015 PERFORMANCE

- 83.9% (average calculated for the main geographic regions representing almost 70% of 2015 revenue).

6

Supply and maintain services crucial to human health and development

2020 TARGET

- Contribute to the sustainable development goals adopted by the United Nations General Assembly in September 2015, in the same way that we contributed to the Millennium Development Goals.

2015 PERFORMANCE

- Since 2000, more than 6.5 million people have been provided with drinking water supply and more than 3 million with sanitation in countries with underdeveloped access.

For the women and men we employ

7

Guarantee a healthy and safe working environment

2020 TARGET

- Achieve an injury frequency rate of 6.5 or below.

2015 PERFORMANCE

- Frequency rate: 11.02.

8

Encourage the professional development and commitment of each employee

2020 TARGETS

- Provide at least one training session during the year to over 75% of employees.
- Maintain management’s commitment rate at over 80%.

2015 PERFORMANCES

- Percentage of employees attending at least one training session: 75.5%.
- Management’s commitment rate: 86%.

9

Guarantee respect for diversity and human and fundamental social rights within the company

2020 TARGET

- Ensure more than 95% of employees are protected by employer-employee dialogue arrangements.

2015 PERFORMANCE

- Percentage of employees covered: 90%.

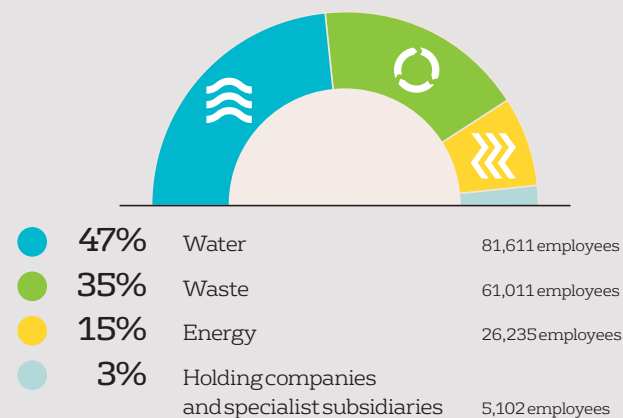
The year in figures

173,959
employees

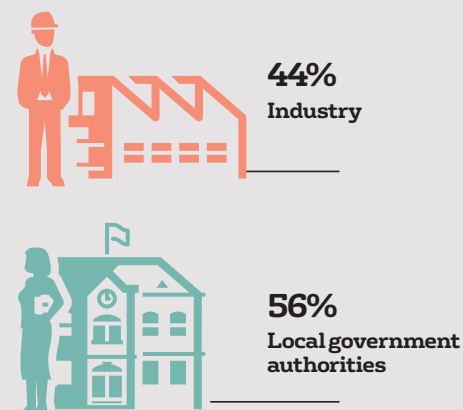
WORKFORCE BY GEOGRAPHIC REGION



WORKFORCE BY BUSINESS ACTIVITY



VEOLIA'S CUSTOMERS



REVENUE BY SEGMENT (in € million)



REVENUE BY BUSINESS ACTIVITY (in € million)



€24,965 M
in revenue
up 4.5% on 2014

(up 1.4% at constant exchange rates and down 0.6% at constant scope and exchange rates⁽¹⁾)

€2,997 M
EBITDA,
up 11.3%

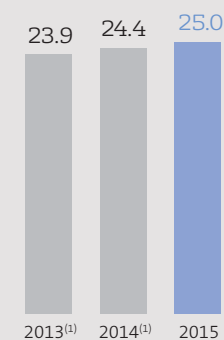
(up 8.1% at constant scope and exchange rates⁽¹⁾)

€1,315 M
Current EBIT,
up 25.5%

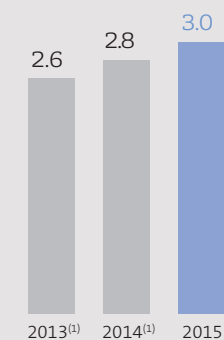
(up 20.3% at constant exchange rates and 18.6% at constant scope and exchange rates⁽¹⁾)

€580 M
Current net income
up sharply

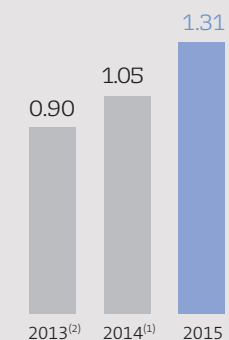
CHANGE IN REVENUE (in € billion)



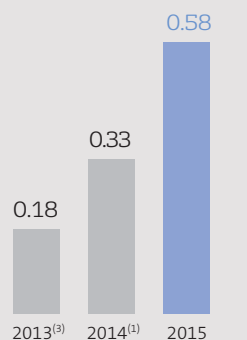
CHANGE IN EBITDA (in € billion)



CHANGE IN CURRENT EBIT (in € billion)



CHANGE IN CURRENT NET INCOME (in € billion)



(1) Pro forma scope excluding Dalkia France and with Dalkia International fully consolidated.

(2) Adjusted operating income.

(3) Adjusted net income.

The year in figures

16
million metric tons of CO₂
equivalent of reduced emissions.

6
million metric tons of CO₂
equivalent of avoided
emissions.

16 million MWh
of renewable or alternative energy produced.

42 million MWh
of renewable or alternative energy consumed,
34% of the company's total consumption.

26%
of energy produced
by Veolia is renewable
or alternative.

ENERGY PRODUCTION
BY BUSINESS ACTIVITY
(in millions of MWh)



0.7
Water



8.6
Waste



53.3
Energy



371,500,000 m³
of treated wastewater recycled

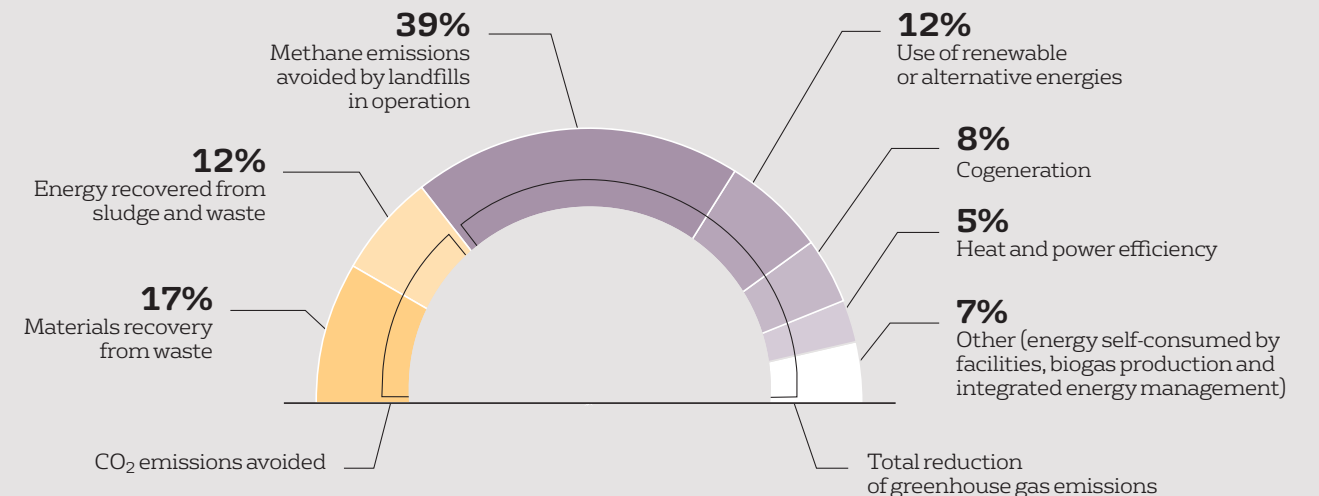


19% of treated waste recovered
as materials
51% of treated waste recovered
as energy

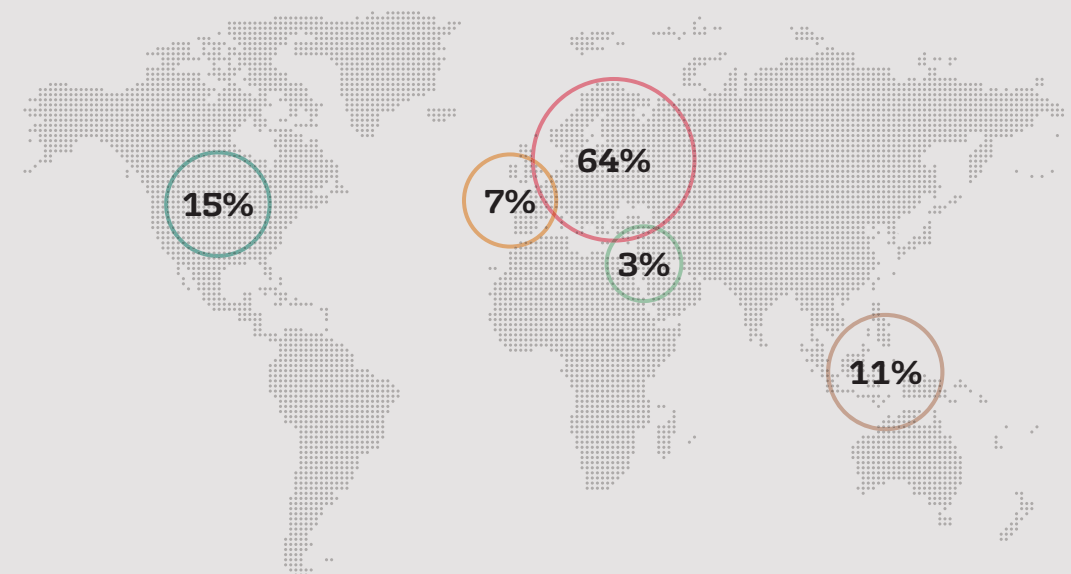


8% of the energy consumed
by the company is recovered
from biomass

CONTRIBUTION TO THE OVERALL REDUCTION
IN GREENHOUSE GAS EMISSIONS



ENERGY PRODUCTION BY GEOGRAPHIC REGION



40.2 MWh	Central and Eastern Europe
6.9 MWh	Asia/Australia-New Zealand
9.2 MWh	North America
4.6 MWh	France
1.7 MWh	Africa and Middle East

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