VEOLIA

CSR Performance Digest **2015**

Czech Republic

Ladies and gentlemen, dear friends,

We believe that retaining our status as a leading provider of environmental services requires much more than just doing our work well. Acting in line with the constantly developing social and natural environment, and being a reliable partner, are integral parts of successful business practice.

We want to make the present and future world a pleasanter place to live, where prosperity will be combined with a respect for nature. Our nine commitments for sustainable development and their specific objectives to be achieved by 2020 can show us the way. On the following pages you can read what we are doing to implement them. We are combating climate change and actively promoting the circular economy; protecting biodiversity and returning nature to towns and cities is an exceptionally important commitment for us. We also focus on supporting local communities and taking care of our employees.

All living things are connected, and we all need clean air and water to live. This is why we are trying to preserve them for our descendants.

I would like to personally thank everyone who is helping us in this endeavour.

Philippe Guitard

CEO Veolia Group Czech Republic and CEO Veolia for Central and Eastern Europe

Showing the way

We believe those who want to lead should make sure they lead all those behind them in the right direction.

Worldwide, Veolia is the leader in providing environmental services. We bring advanced tailored technological solutions in three core areas: **water management, energy, and waste management.**

In the Czech Republic, Veolia is a leading provider of water and energy services. In 2015, Veolia Group had **7,226 employees** and achieved a **revenue of CZK 27.9 billion** in the Czech Republic.

Water is the foundation of growth

Present on the Czech market **since 1996**, Veolia has been producing and supplying drinking water and providing services related to the discharge and treatment of wastewater, and it has implemented its know-how in the field of water infrastructure management based on the Group's long-term experience from around the world.

Clean water is a prerequisite for human life as well as for manufacturing, trade, and services. We are therefore proud that **1,065 municipalities** and **25 industrial partners** throughout the Czech Republic have trusted us with their water management needs. However, such exceptional success brings with it exceptional responsibility.

Charged with new energy

Veolia Energie Group has been operating in the Czech Republic since 1991 and has become one of the most significant producers of heat, cooling, electricity, and other energy commodities. It provides ancillary services for the Czech transmission system, operates heating and cooling networks for municipalities, supplies utilities to industry, and provides energy services for hospitals, schools, public institutions, and other clients from the tertiary sector.

Key Data for 2015

Veolia Group worldwide:

Revenue of €**24.96** billion
174,000 employees in 5 continents

Veolia WATER worldwide:

100 million people supplied with drinking water
63 million people connected to wastewater systems
4,245 drinking water production plants managed
3,303 wastewater treatment plants managed

Veolia ENERGY worldwide:

779 heating and cooling networks
53 million MWh of electricity produced
3.4 million households supplied
2,027 industrial facilities managed

Veolia WATER in the Czech Republic:

Revenue of CZK **16.6** billion
4,999 employees
3.7 million people supplied with drinking water
3.2 million people connected to wastewater systems
1,065 partner municipalities
25 industrial partners
170 drinking water production plants
412 wastewater treatment plants

Veolia ENERGY in the Czech Republic:

Revenue of CZK **11.3** billion
2,227 employees
7,310 contractual customers
267,074 households supplied
3,864 GWh of electricity sold
13,438 TJ of heat sold
388,611 GJ of cooling sold
934 million Nm^3 of compressed air sold

CZK 25.1 million provided by Veolia Group companies in the Czech Republic as direct financial support to community projects and events

Dialogue brings permanent success

In order for our activities to be both efficient and responsible, it is necessary to maintain a **permanent and open dialogue** with all local stakeholders. Only sincere and ongoing communication and cooperation with customers, consumers, local administrations, citizens, suppliers, and civil society ensure fruitful sustainable partnerships.

Resources and procedures for maintaining such relationships are specifically stipulated upon the signing of agreements, such as how and how often we are in contact. We are also contractually bound to transparently provide our customers with all essential information.

Our commitments for sustainable development

Veolia wants to change the current and future world into a more pleasant place for life, where prosperity unites with respect for nature. Our goal is to ensure the necessary resources for humankind in such a way that these resources continue to renew and remain here for future generations. In order to succeed in this task, the Group has undergone a fundamental transformation. Its essence is a brand that also represents a commitment: **"Resourcing the world."** In order to prove our social responsibility and commitments in the area of sustainability, we have decided to announce **nine key commitments** in three main areas. As regards each of the commitments, we have defined specific goals that we want to achieve by 2020.

Our commitments to resourcing the planet:

1 Sustainably manage natural resources by supporting the circular economy

2 Contribute to combatting climate change

3 Conserve and restore biodiversityi

Our commitments to resourcing the regions:

4 Build new models for relationships and value creation with our stakeholders

5 Contribute to local development

6 Supply and maintain services crucial to human health and development

Our commitments to the women and men we employ:

7 Guarantee a healthy and safe work environment

8 Encourage the professional development and commitment of each employee

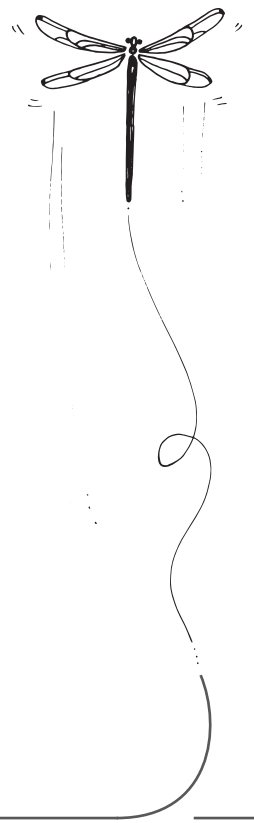
9 Guarantee respect for diversity and human and fundamental social rights

How we manage and measure our csr strategy

Corporate social responsibility, abbreviated to CSR, represents a key value to us. Maximum efficiency in adhering to our CSR strategy is, on an international level, ensured by the Sustainable Development Department, which reports directly to the secretariat of the CEO and Chairman of the Board of Directors of Veolia Group. This department creates and coordinates the joint activities of the group in terms of CSR and their implementation into contractual and business offers.

On a long-term basis, we plan and stipulate our goals in the environmental and social areas on the Group level and then adjust them to local conditions in the Czech Republic and each subsidiary.

Successful fulfilment of the strategy stipulated requires structured and systematic management. We use various measuring and management tools to obtain objective results and to be able to share them with our customers, employees, and other partners.



We are part of a good society

As a company listed on the CAC 40, Veolia is rated for its extra-financial performance based on its published information and statements.

Veolia has been selected in the following indexes, FTSE4Good stock ESI Europe, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders. Veolia received the "prime" status of excellence from the Oekom research agency and is present in the RobecoSAM Sustainability Yearbook 2016 with "bronze class" rating, which rewards the very good performance of the Group, meaning it is among the top 15 best companies in its sector.

This performance is also welcomed by the business press: the Enjeux-Les Echos magazine ranked Veolia 10th among the most CSR-committed CAC40 companies in 2015.

In 2015, the Group scored 99/100 in terms of transparency and a level B in terms of performance in relation to the evaluation of the Carbon Disclosure Project (CDP). Since the average for the Utilities sector companies is at 87C, these results reflect the longstanding inclusion of climate change issues in the Group's priorities. The aim of the Carbon Disclosure Project (CDP) is to inform investment decisions taking into account the consequences of climate change for companies.

Evaluation criteria

These evaluations are valuable information, as it provides an independent evaluation of the company's performance and regular monitoring of key sustainable development criteria.

The Group is evaluated on a range of criteria, including governance, human resources management, environmental performance, ethics, human rights, customer and supplier relations, and dialogue with civil society.

The extra-financial rating allows the Group to stay tuned to the experts and thereby continuously improve its sustainable development process.

Being selected by the extra-financial stock market indexes and being recognized by its customers is an acknowledgement of the company's long-term commitment to CSR and the quality of its performance.

Environment

The activities of Veolia Group are fundamentally connected with the environment. We want to use natural resources, not only now but also to preserve and develop them for future generations. That is why we try to behave towards nature with as much consideration as possible and why the environment is one of our priorities within CSR. The foundation of success is **the development of new technologies and ongoing innovations.**

In the area of sustainability, we have announced three main commitments for the protection of world resources and the environment:

1/ Sustainably manage natural resources by supporting the circular economy

Our target for 2020: To achieve €3.8 billion in revenue linked to the circular economy.

2/ Contribute to combatting climate change

Our target for 2020: To capture more than 60% of the methane from landfill sites operated by us; to reduce emissions by 100 million tonnes of CO_2 equivalent and to avoid the production of 50 million tonnes of CO_2 equivalent.

3/ Protect and restore biodiversity

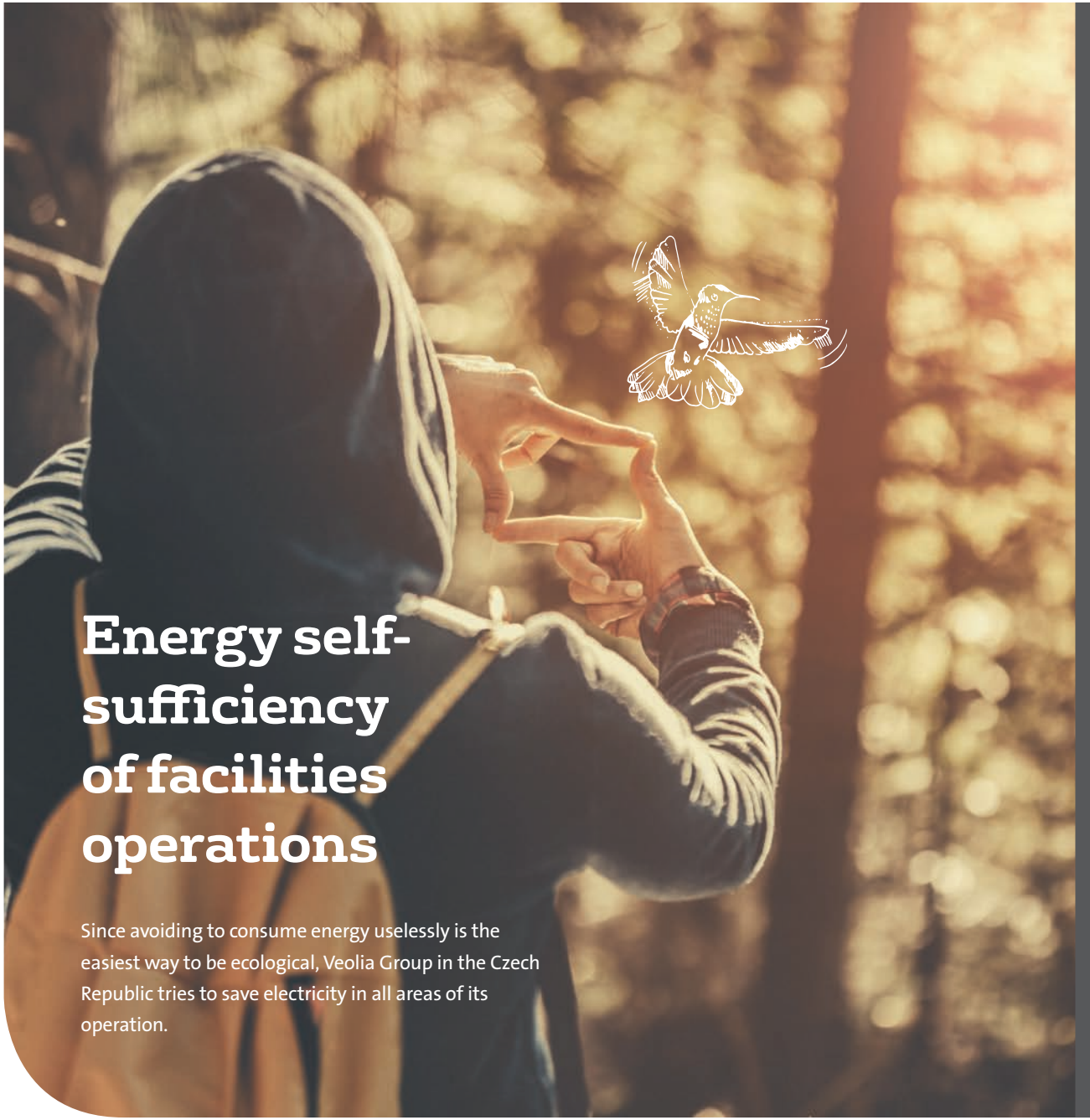
Our target for 2020: To have carried out a diagnostic assessment and rolled out an action plan on 100% of sites identified as having a significant importance in the area of the protection of the environment.

Environmental Management System (EMS)

Veolia Group implemented its EMS in 2002 at all levels – starting with the entire corporation through individual branches of its operation to regional companies and their facilities. In 2014, this system was expanded to all facilities of the Water and Energy divisions of Veolia Group in the Czech Republic through certification in compliance with either ISO 14001 or internal methodology.

In April 2015, thanks to the long-term systematic decrease of energy demands and, as a result, more ecological operation, Veolia Energie ČR received certification in compliance with **ISO 50001 – Energy Management**. ISO 50001 is a new worldwide standard in the field of energy management, the implementation of energy policies, and the improvement of energy efficiency. Our caring for natural resources and our effort to decrease the emissions of greenhouse gases have thus been acknowledged. The certificate recognises our company's high level of social responsibility and our ability to succeed in very strict audits.

Our employees also participate in protecting the environment in their everyday work. In 2010, Veolia implemented its Environmental Charter in its headquarters and regional branches; the charter stipulates the basic principles of ecological behaviour of the entire company and its employees. It also sets rules for waste recycling, document printing, travel, and water and electricity consumption.



Energy self-sufficiency of facilities operations

Since avoiding to consume energy uselessly is the easiest way to be ecological, Veolia Group in the Czech Republic tries to save electricity in all areas of its operation.

Water2Energy Optimisation Project

This is a project determined for both private and public water infrastructure operators and owners who want to increase the energy efficiency of that infrastructure. It is aimed at the preparation of certification to guarantee quality in compliance with the future standards for energy management systems (EN 16001/ISO 50001). The project includes a number of specialised programmes:

~ **The Decrease Energy Consumption programme** focuses on electricity and heat savings.

~ **The Use Biogas Energy programme** strives for the maximum use of sludge in wastewater treatment plants to generate energy.

~ **The Invest into Renewable Resources programme** encourages the use of a large portion of energy obtained from renewable resources through investments into specialised facilities.

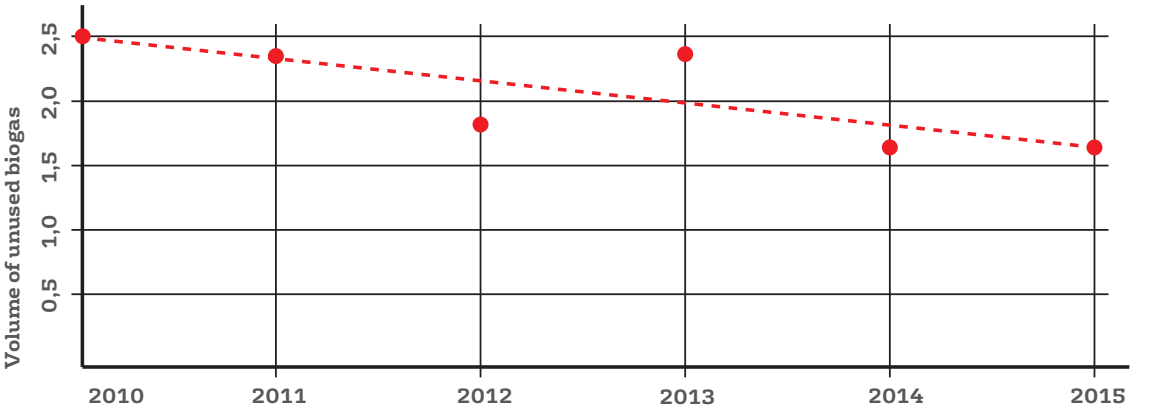
Thanks to know-how developed in the worldwide activities of Veolia Group and which we gradually continue to develop, we can provide efficient support and advice for the preparation and implementation of projects aimed at improving energy efficiency.

Electricity Generation from Biogas

Sludge is an unavoidable by-product of wastewater treatment. The goal of economical behaviour, both in terms of financial and environmental impact, is to minimise the production of such waste and, at the same time, to use its energy potential. That is why biogas, or sludge gas, which is produced during the process of anaerobic stabilisation, is used as a renewable source of energy. We produce both electricity and heat through sludge incineration in cogeneration units. Our aim is to produce more biogas and more clean electricity and, in so doing, increase the energy self-sufficiency of our operations. As regards almost all of the wastewater treatment plants of Veolia Group in the Czech Republic, we optimise their operation so as to make the most effective use of the biogas produced.

Thanks to various investment and operational measures, we succeeded in decreasing the volume of unused biogas by more than 450,000m³ between 2010 and 2015, which represents a drop by 23%. The following graph demonstrates how the amount of biogas that is being incinerated without further use continues decreasing:

Unused biogas - VEOLIA

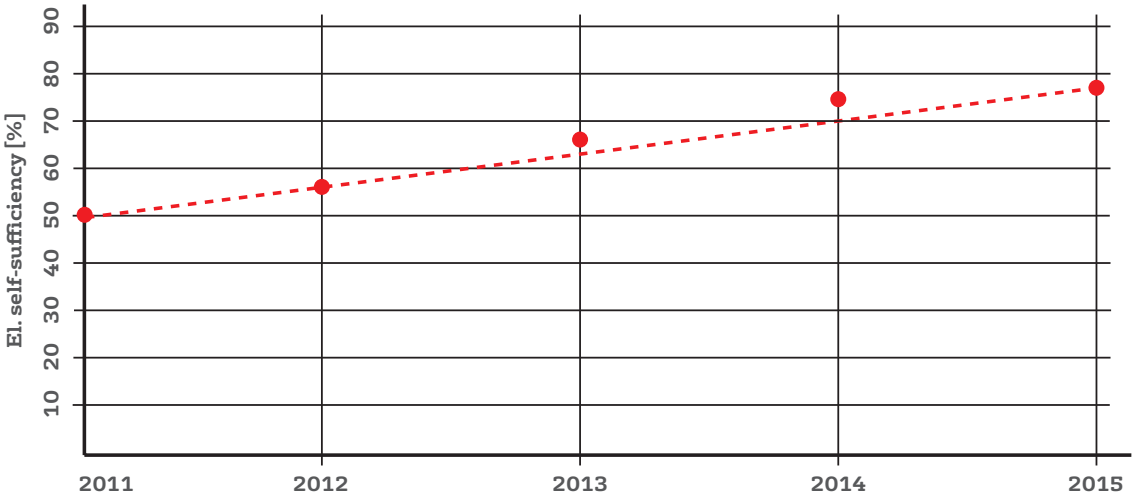


A specific example:

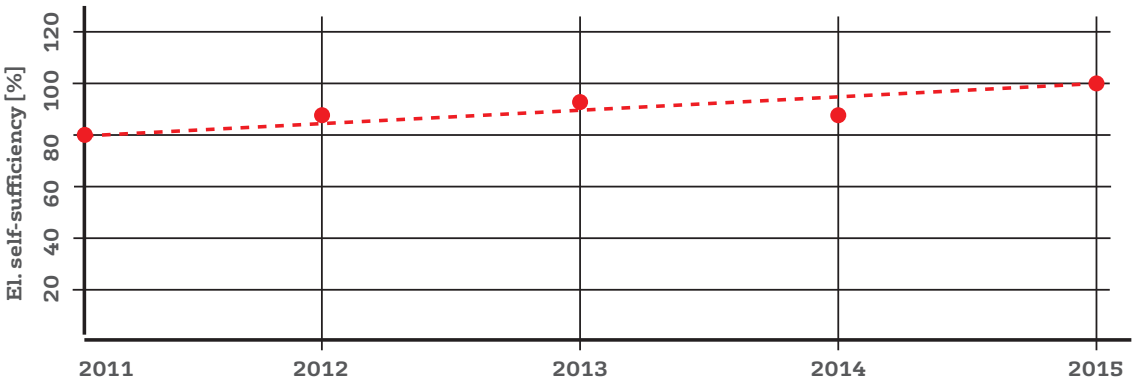
An excellent example of the efficient use of energy is the wastewater treatment plant in Zlín. Its electricity self-sufficiency has been increasing in recent years, and, in 2015, it achieved an extraordinary 79%. The secret to their success lies in stillage, which they add to their digestion tank. Stillage is waste from the production of the traditional South Moravian plum brandy, or slivovitz, which is easily decomposable; it is also a rich source of energy. Thanks to a creative approach, along with respect for local traditions, the wastewater treatment plant in Zlín has become a model for all the other facilities of our company.

In terms of energy self-sufficiency, the most successful wastewater treatment plant operated by Veolia Group in the Czech Republic in 2015 was the one in Pilsen. Anaerobic digestion takes place in thermophilic conditions, i.e. in higher temperatures. Before entering a digestion tank, secondary sludge is disintegrated in a lysate centrifuge and, at the same time, several external substrates are administered into the digestion tank. These innovations have improved the intensity of the entire process and have led to the increased production of biogas, resulting in the wastewater treatment plant in Pilsen achieving 100% electricity self-sufficiency in 2015.

Energy self-sufficiency – Zlín WWTP



Energy self-sufficiency – Pilsen WWTP



Electricity Generation in Small Hydroelectric Power Plants

Not only wastewater but also drinking water can be a significant source of clean energy for the future. The gradient and rate of flow in some water management facilities allow for the installation of small hydroelectric power stations. This term is used here for power plants with an installed capacity of less than 10MW. Small hydroelectric power plants are most often located in reservoirs and break pressure tanks. Veolia Group operates a total of 19 small hydroelectric power stations in the Czech Republic with a total capacity of 4.2 MW..

Electricity Generated by Heat Pumps

The temperature of water in the water distribution network and in drinking-water treatment plants is usually between 8°C and 12°C. Heat pumps transfer the heat from water into heating units, the temperature of which can reach up to 40°C. In the Czech Republic and Slovakia, Veolia operates a total of 11 heat pumps, which produce heat from water, and, in so doing, Veolia decreases energy consumption within its Water division. It is also possible to use the heat of wastewater in the same way. An example of such a facility is a heat pump with a capacity of 9 kW located in the wastewater treatment plant in Krompachy.

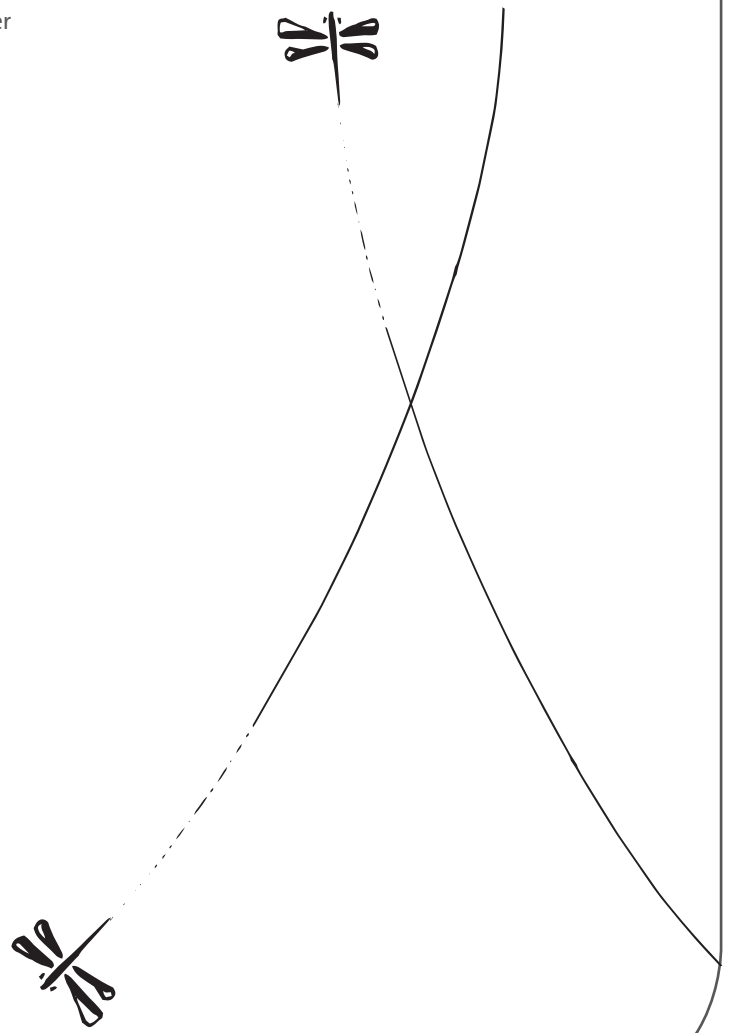
The Use of Solar Energy

In places with suitable conditions, Veolia Group also uses photovoltaic power plants.

An example of this is a photovoltaic power plant installed at Pražské vodovody a kanalizace, a.s., which consists of 83 photovoltaic panels of a total capacity of 19.92 kW. We use 40% of the electricity produced by this power plant for our own pumping station's consumption and supply the remaining 60% to the distribution network of PRE a.s

Electricity Savings

The most environmentally friendly energy is not energy from renewable or alternative sources but energy that we did not have to consume. With regard to this fact, the long-term goal of Veolia Group in the Czech Republic is saving electricity in all areas of its activities.



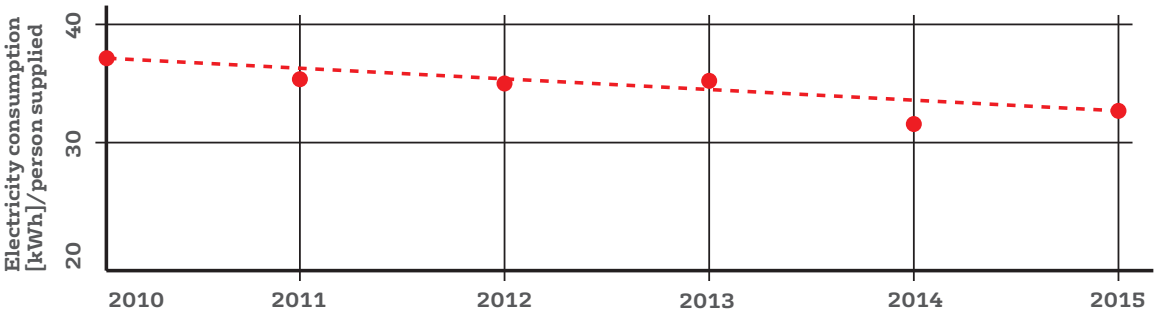
Facts:

Electricity consumption for the production and distribution of drinking water **has been decreasing on a long-term basis** in the water companies of the Veolia Group in the Czech Republic.

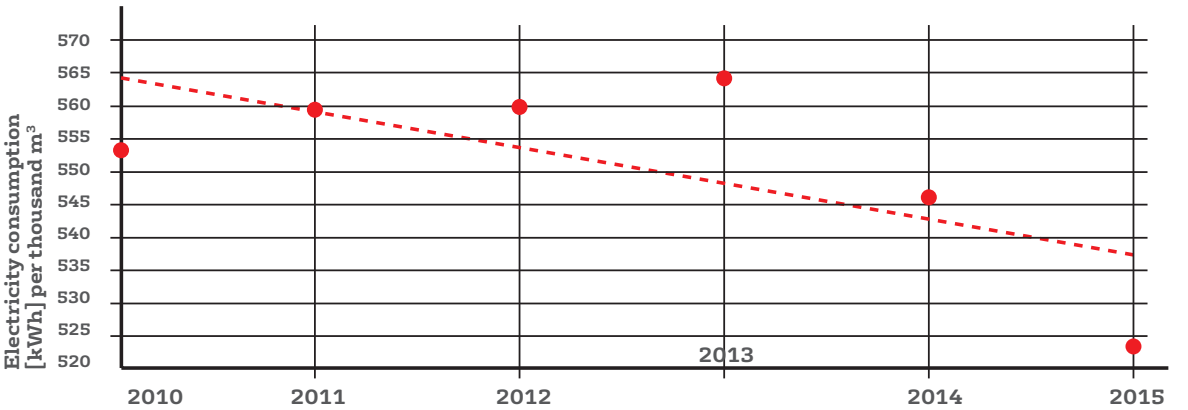
When evaluating trends, it is a good idea to consider the fact that as the geographies managed grow and as new consumers are connected to the water system, electricity consumption in absolute numbers can grow. However, it is important to know that electricity consumption per person supplied continues to decrease. As shown in the following graph, there is manifestly a downward trend for Veolia Czech Republic:

A very similar trend can be observed in the relationship between electricity consumption and the amount of water supplied by pipes to our customers:

Electricity consumption related to drinking water production and distribution per person supplied



Electricity consumption related to drinking water production and distribution per thousand cubic metres of water for sale



Advanced Methods of Process Control

Significant electricity savings can be achieved thanks to sophisticated methods for controlling each of the process units.

Following successes recorded, for example, by the wastewater treatment plant in Pilsen, which implemented WTOS, i.e. Water Treatment Optimisation Solutions, a system of controlled real-time nitrification and denitrification was installed in other treatment plants, such as in Liberec. Thanks to this sophisticated method of controlling the necessary amounts of oxygen during activation and the necessary internal recirculation flow rates based on the real-time measurement of nitrogen concentrations, outflow parameters have improved and significant electricity savings have been made.

Water Management

Sustainable water management has been a long-term strategy of the Veolia Group water companies in the Czech Republic. Water we do not use remains a resource. Decreasing water wastage and reducing real water losses and billing losses are together a primary challenge for our company.

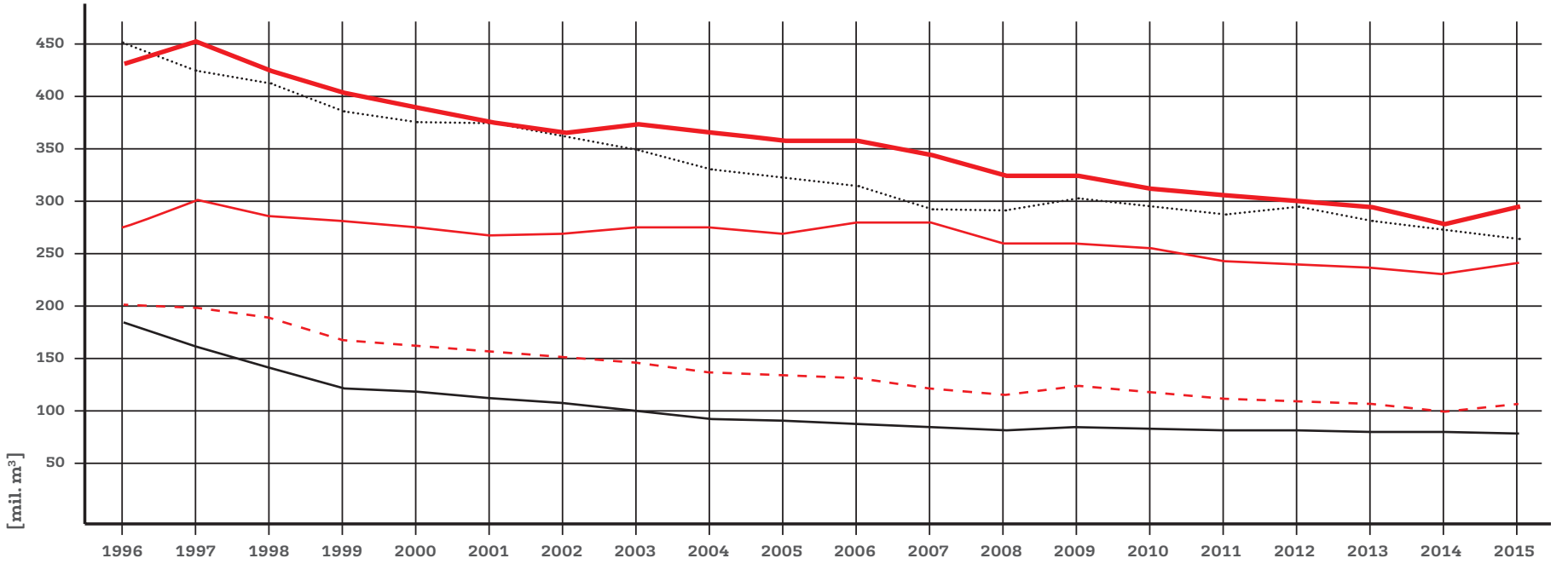
Facts:

Specific losses are water losses related to the length of the network operated over a specific time period. Companies operated by Veolia Group have managed to **decrease** such environmental losses – a very important indicator – **by a total of 81.5% over the past 10 years. Specific losses dropped from 13,000m³/km/year in 1996 to 2,400m³/km/year in 2015**.

To give you an idea, it means that, in 2015, compared with 2000, we saved over 60 million cubic metres of drinking water for future generations, or 19,200 full Olympic swimming pools.

Veolia Group in the Czech Republic systematically works on reducing losses. We pay maximum attention to monitoring the failure rate and searching for causes of the defects in order to be able to limit them and prevent them from reoccurring.

Drinking water management – Veolia ČR



Key for the above graph:

- **Water for sale** [m³]
- **Billed water** [m³]
- **Unbilled water** [m³]
- **Percentage of unbilled water in water for sale**
- **Specific losses** [‘000 m3/km/year]

Combatting climate change

Carbon Footprint in Water Companies

The carbon footprint is a measure of the impacts of human activity on the environment and on climate change on our planet.

The carbon footprint can simply be defined as the conversion of raw materials and energy consumed to equivalent CO_2 emissions. These emissions are released into the atmosphere either directly – a typical example being the use of fossil-fuel-based combustion engines – or indirectly. For instance, when we use 1 kWh of electricity, we indirectly cause 0.516 grams of CO_2 equivalent to be released into the atmosphere from its generation in the power plant. Another type of emission is linked to manufacturing in factories. For the production of every material or end product that we use, a certain amount of energy has been used, which leaves a carbon footprint. Following the purchase of a product, we add this carbon footprint to our total carbon footprint.

The main component of a carbon footprint consists of electricity consumption (usually 70–80 %). This is followed by the consumption of heat produced by incinerating non-renewable resources, such as natural gas, light fuel oils, and/or coal. On the other hand, electricity and heat produced from biogas decrease the carbon footprint of companies because CO_2 emissions released in the firing of biogas are not of fossil origin and therefore do not contribute to globally increasing concentrations of CO_2 in the atmosphere.

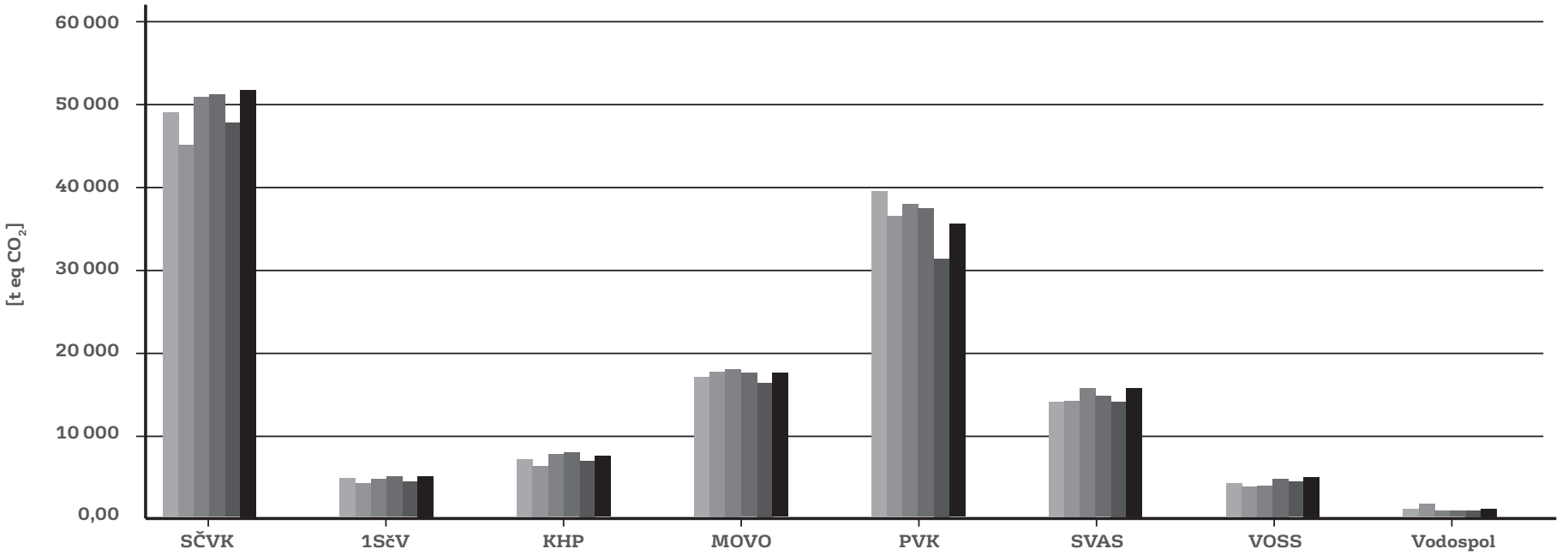
Veolia started evaluating the impacts of its activities with the carbon footprint method in 2010.

In the first few years, we used the EC'Eau software tool developed by the Technical Department in Paris to calculate the carbon footprint. Since 2013, there has been a change in methodology, and we use data from Environmental Reporting for the evaluation of the carbon footprint so that we can ensure year-on-year consistency and use the same scope of input data to calculate the carbon footprint of each entity.

In terms of evaluating the carbon footprint, determining the numerical value of CO_2 equivalent emissions in any given year is not the only important thing to do. It is more useful to monitor long-term trends. For an environmental approach, it is important to apply the 'everything is related to everything else' rule. In the industry of drinking water production and wastewater treatment, quality requirements are continuously getting stricter. This requires the implementation of modern technologies along with more intensive treatment and sanitation processes, which are often more energy demanding. And, as said above, electricity consumption is one of the most significant components of carbon footprint evaluation. Veolia compensates such higher requirements with projects aimed at optimising energy consumption, increasing the share of electricity produced from renewable resources such as biogas and small hydroelectric power plants, and efficiently using input raw materials and process chemicals.

The total direct and indirect emissions of greenhouse gases produced by the companies of Veolia Group in 2015 reached 155,820 tonnes of CO_2 equivalent. The evaluation is only missing Vodárna Plzeň (Pilsen Waterworks), where our operating contract has terminated, so we do not have data for 2015 at our disposal. **The values of the carbon footprints of the companies of Veolia Group show a stable trend, despite the growing energy and material demands of the facilities operated, in particular wastewater treatment plants and drinking water treatment plants. Our goal is to decrease the overall carbon footprint on a long-term basis.** The consumption of chemicals and their effectiveness are regularly evaluated. As part of a project for the quality control of chemical substances, we monitor the content of active substances and additives in select/most-often-used products such as lime, hypochlorite, and sulphates.

Total Direct and Indirect CO_2 Emissions – Long-Term Development

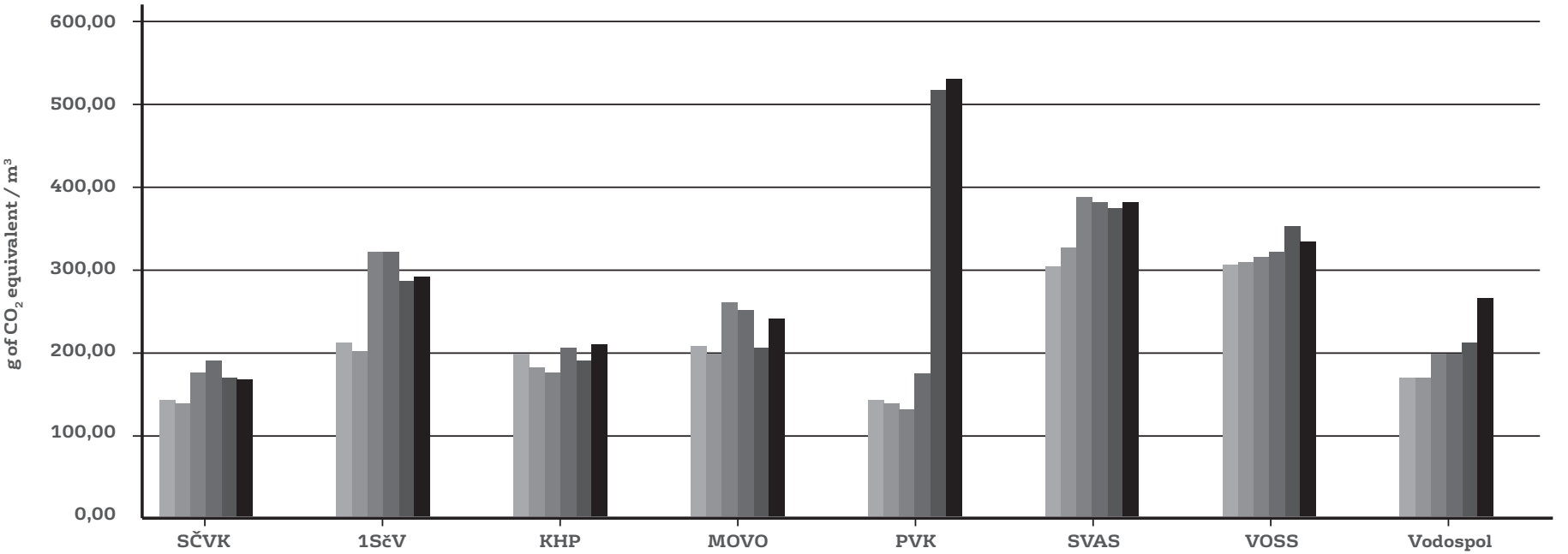


Key for the above graph:t

2010 2011 2012 2013 2014 2015

SČVK – Severočeské vodovody a kanalizace, a.s.; **1SčV** – 1.SčV, a.s.; **KHP** – Královéhradecká provozní, a.s.; **MOVO** – Moravská vodárenská, a.s.; **PVK** – Pražské vodovody a kanalizace, a.s.; **SVAS** – Středočeské vodárny, a.s.; **VOSS** – Vodohospodářská společnost Sokolov, s.r.o.; **Vodospol** – Vodospol, s.r.o.

Direct and Indirect Emissions Linked to the Production of Drinking Water per m³

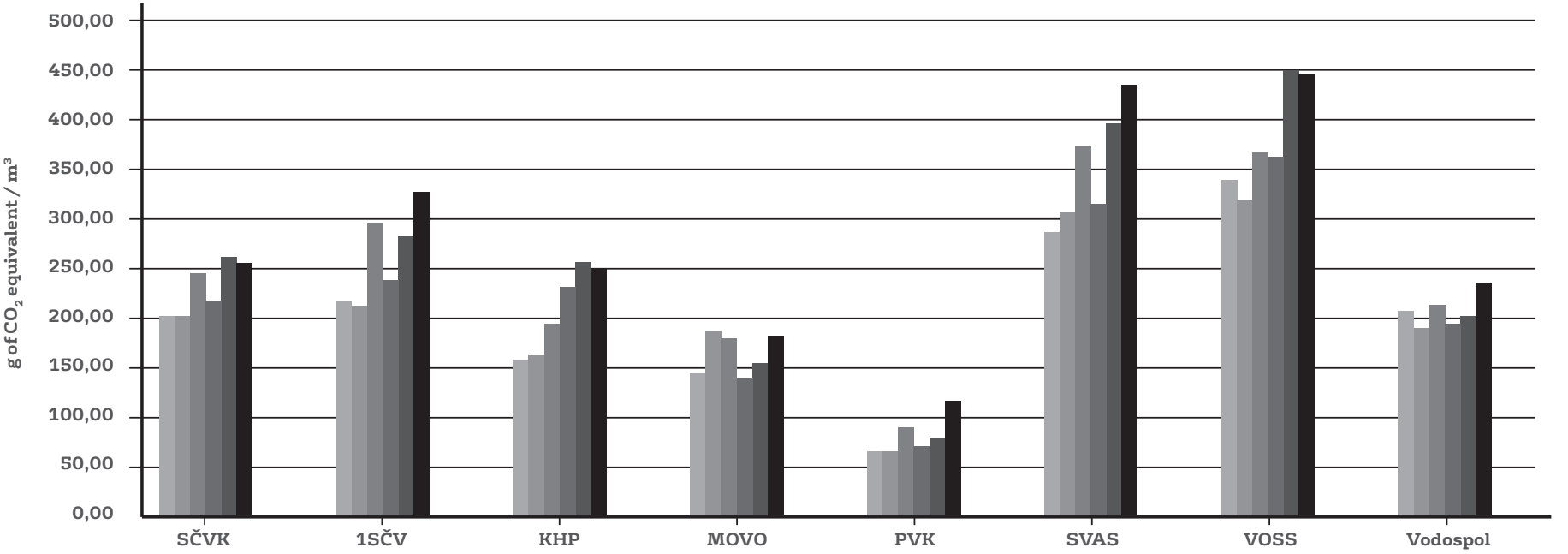


Key for the above graph:

2010 2011 2012 2013 2014 2015

These are emissions which are really produced only in connection with the production and distribution of drinking water. They do not represent the total amount of emissions of our company divided by the volume of water produced. The largest part of emissions in the category of drinking water transport occurs during pumping and during network repairs. In terms of the production of drinking water, the consumption of chemicals has the biggest impact on the environment. Overall CO_2 emissions in connection with the production and distribution of drinking water are expressed relative to the volume of the water produced.

CO_2 Emissions Linked to Wastewater Treatment and Its Discharge to Sewerage Systems per m³ for the Last Six Years

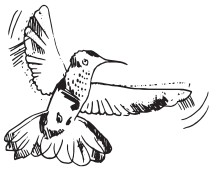


Key for the above graph:

2010 2011 2012 2013 2014 2015

The main source of CO_2 emissions in wastewater treatment plants is energy consumption. These emissions are proportionately decreased by our own combined heat and power production from biogas, which does not add fossil emissions to the atmosphere. Other emissions occur when transporting waste such as sand, fats, screenings, and sludge. The consumption of chemicals also contributes to emissions, even though the amount is smaller than that of drinking water treatment plants.

CO_2 emissions per m³ in wastewater treatment also grow under the influence of increasing legislative demands for the quality of effluents, which, in turn, increases the consumption of energy and raw materials.



Practical Examples of Decreasing the Carbon Footprint in 2015:

Optimising Methanol Dosing

The carbon footprint of an entire plant is significantly decreased by optimising the consumption of process chemicals. KHP's project for optimising methanol dosing at the wastewater treatment plant in Hradec Králové is a good example.

In 2012, a tertiary level of treatment was put into operation there. It is a post-denitrification (PD) filter using the BIOSTYR technology by Veolia Water Solutions. In so doing, we have managed to meet the increasing requirements for even more efficient wastewater treatment – in particular, the removal of nitrogen. As part of the project, we have decreased by 7% the consumption of methanol per kilogram of nitrogen removed. Furthermore, we have ensured an even distribution of the substrate to the chambers of the PD filter, the adjustment of the quantity of methanol used and the mixing of methanol, and the addition of a stand-by system that enables operators to react to lower inflow concentrations of nitrogen.

Process Water Savings

Another example of a successful project that has not only led to decreased operating costs but also to a lower carbon footprint of a facility is the saving of process water at the water treatment plant in Meziboří. As part of the plant's refurbishment, we have added another separation level – floatation – and we have also changed the drainage system to sand filtration.

Thanks to these measures, the quality and the efficiency of the scrubbing process have improved and increased. In so doing, we managed to save more than 380,000m³ of process water in 2015, with its share decreasing from the original 16% of raw water to a very nice 9%.

PVK – fuel savings

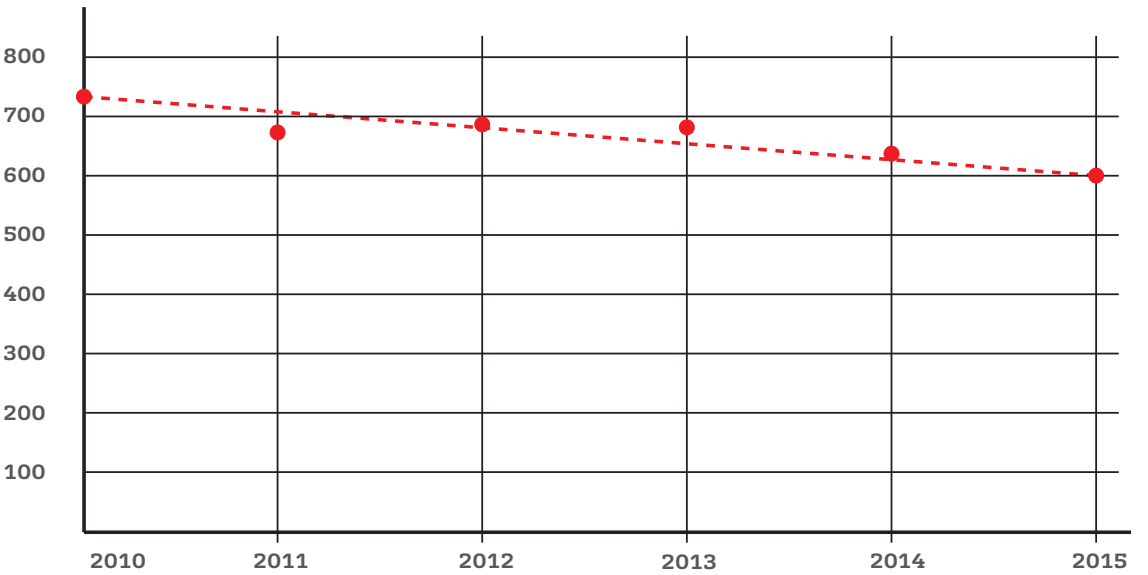
The carbon footprint we leave behind is directly proportional to our fossil fuel consumption. In 2015 Pražské vodovody a kanalizace (PVK) managed to save almost 22,000 litres of diesel fuel compared with 2014.

Optimal transport logistics and the full utilisation of the whole vehicle fleet is the key to achieving significant cost savings with a very significant positive impact on the environment.

PVK used the HELIOS and Fleetware enterprise information systems to optimise vehicle routes, and it used GPS to monitor its vehicle fleet. Combined with personal motivation for individual employees, this reduced fuel consumption by 11%.

Transport optimisation and fuel savings in the Veolia Group in the Czech Republic

We have achieved substantial successes in reducing our fossil fuel consumption throughout the whole Veolia Group in the Czech Republic, as the following graph shows:



Green boilers

Many of Veolia Energy's plants in the Moravian-Silesian Region have now managed to reduce air emissions from their heating operations. They include Elektrárna Třebovice power station and Teplárna Karviná CHP plant.

Teplárna Karviná CHP plant has a history dating back more than 70 years, and it supplies heat and electricity primarily to Karviná and Havířov. In May 2015 new desulphurisation units were brought into operation for three boilers, using hydrated lime with a circulating fluid bed. These investments into modernisation have resulted in an annual reduction in the amount of sulphur oxides released into the atmosphere of at least 546 tonnes, with significant improvements for the environment in the Karviná district.

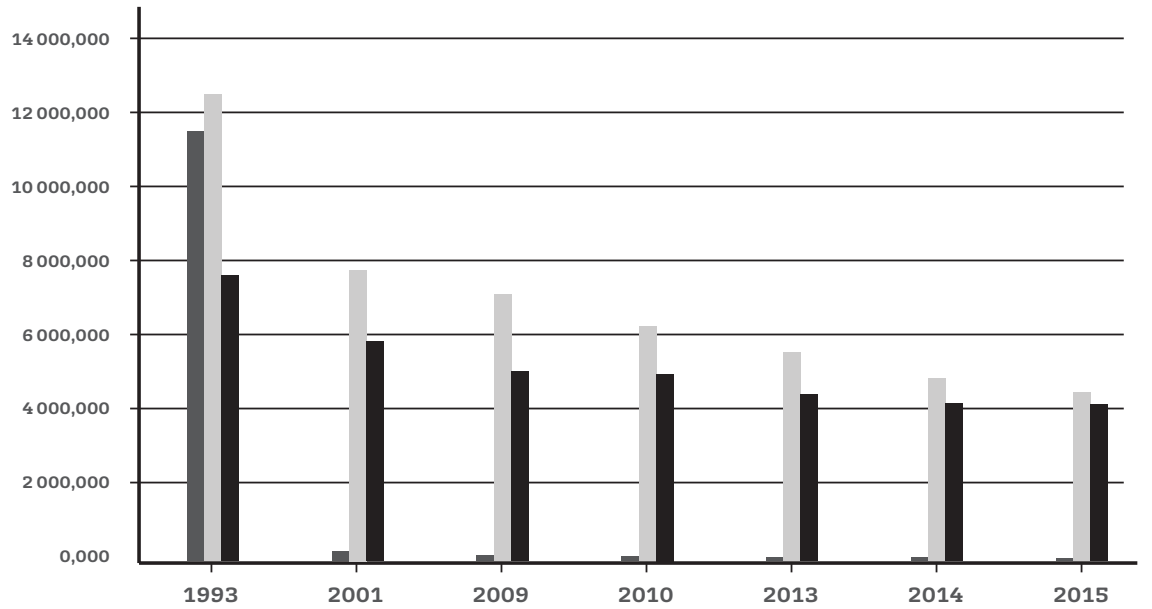
The desulphurisation of two boilers at Elektrárna Třebovice power station was the winner in the Reducing Pollutant Emissions category for the thirteenth Project of the Year competition held by the Czech Association for District Heating. It has resulted in annual reductions of at least 374 tonnes for SO2 emissions and three tonnes for dust. Desulphurisation will help improve the quality of the environment throughout the Ostrava region.

In this the project desulphurisation technology based on hydrated lime was installed behind the existing electrostatic precipitators. Construction began in May 2013 and the desulphurisation unit was brought into operation in November 2014, meeting the strictest emission limits in the European Union.

The greening of Elektrárna Třebovice is now continuing with the installation of facilities to reduce NOx emissions for boilers K3, K4 and K14 and the construction of another desulphurisation unit with a fabric filter for boiler K14.

Both projects, Teplárna Karviná CHP plant and Elektrárna Třebovice power station, were co-financed by the EU Cohesion Fund and the Environment Operational Programme.

Veolia Energy CR emissions in the Moravian-Silesian Region:



Supporting the circular economy

By reappraising its business activities, Veolia supports the creation of new secondary resources that will gradually offset the shrinkage of primary natural materials. Through innovation, recycling materials and using waste, we are introducing new solutions that significantly extend the lifetime and utility of extracted resources..

Energy from biomass

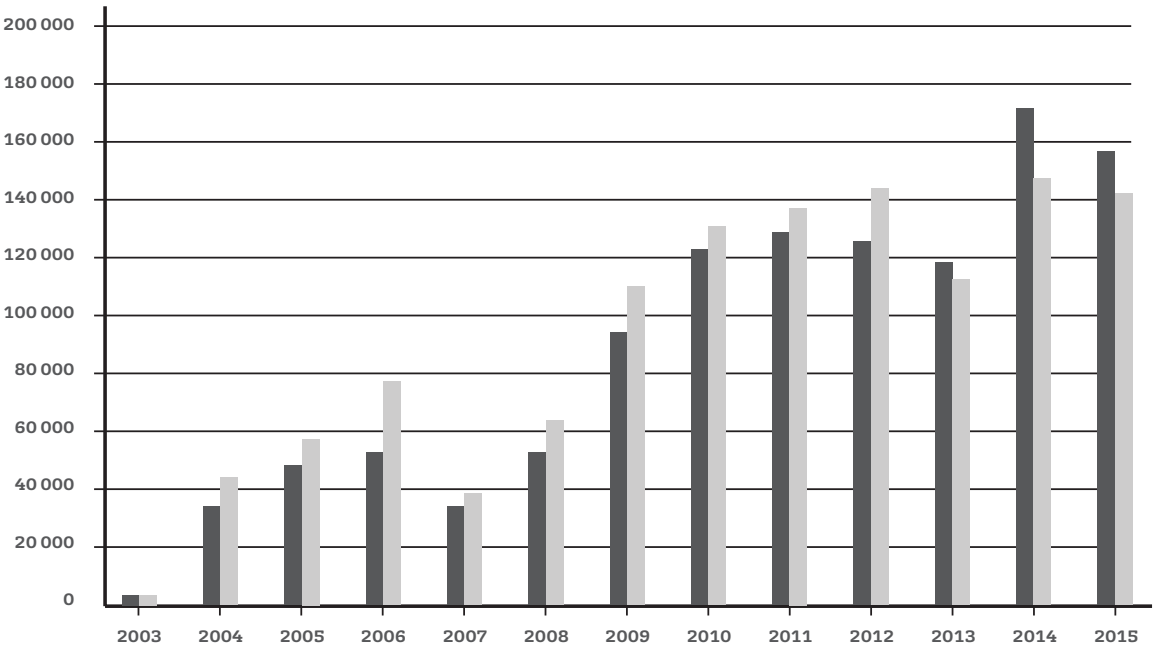
Veolia Energy CR is increasing its proportion of renewable and secondary energy resources, especially biomass. As well as improving the environment, green energy has positive impacts in reducing heat and electricity prices and creating new jobs in the regions where we operate.

Woodchips produced by processing logging waste are the most important source of biomass. Other sources are plant matter from agriculture and food production such as bran, straw pellets, and oilcake from pressing oilseeds.

Veolia Energy operates eight biomass plants, e.g. in Mariánské Lázně, Frýdek-Místek, Nový Jičín, Krnov and Vlašim.

In 2003 Veolia Energy used 2,400 tonnes of biomass to generate heat and electricity, reducing CO2 emissions by 2,700 tonnes. By 2015 annual biomass consumption had reached 156,000 tonnes, and CO2 emissions had been reduced by 142,000 tonnes. To illustrate, this means that since 2003 Veolia Energy had saved almost 17,000 wagons of coal.

Biomass consumption and falling CO_2 emissions in Veolia Energy CR



Key for the above graph: biomass consumption [t] CO_2 reductions [t]

Secondary usage of energy by-products

In the Czech Republic Veolia recycles fly ash from coal combustion and uses it to make high-quality materials for the cement and concrete industry.

Over half the electricity consumed in this country comes from coal-fired power stations. A by-product of this is fly ash, fine non-combustible particles that are driven out of a boiler with the flue gases. Fly ash contains substantial amounts of silicon dioxide (both amorphous and crystalline), aluminium oxide and calcium oxide. We make use of the fact that when added to cement, fly ash substantially improves its hardening abilities, texture, resilience and durability. In this way we can also cut costs, help industry and promote sustainable development.

Materials made from recycled fly ash can be used in the building industry and road construction as self-levelling compounds and road surfaces. In the Czech Republic Veolia annually processes almost 370,000 tonnes of by-products from coal combustion, and in this way the Veolia Group helps reduce the volume of waste being landfilled and promotes environmental protection. Recycling fly ash allows cement and concrete to be produced locally with a reduced carbon footprint. As concrete can itself be recycled and used e.g. as aggregate in the foundations of new buildings, the cycle is further extended.

Separating and recycling electronic waste

In reconstruction and modernisation projects, obsolete electronic equipment is sent for a fee to civic amenity sites for destruction. However, electronic waste often includes valuable components that can be reused. Recycling can also provide employment for disadvantaged people.

Veolia Průmyslové služby ČR works with Trianon, a non-profit organisation that separates and reuses electronic waste. Its sheltered workshop offers jobs for people with disabilities who experience difficulty finding work on the labour market. The more electronic waste is processed here, the more new jobs there are. The workshop generates funds by selling secondary raw materials, valuable components and recycled ferrous and non-ferrous metals such as copper and aluminium. In this way refuse can play an important role in people's lives.

Through this cooperation Veolia not only helps protect the environment, it also promotes employment for people with disabilities in the Moravian-Silesian Region, which has long had the highest rate of unemployment rate in the country.

Containers for recycling batteries

Each recycled battery helps the environment. Like the water companies in our group, Veolia Energy CR has also installed battery recycling containers at its offices in Ostrava and Prague, where employees can dispose of used batteries from their homes and workplaces. We treat these batteries as used products in a take-back system, in line with the Waste Act. The more used batteries we recycle, the fewer resources need to be extracted to make new batteries, and the fewer harmful materials are released into the environment.
Other plants and subsidiaries in the Veolia Group are also joining the battery recycling programme.

Promoting biodiversity

The third of the nine key commitments that Veolia has adopted to protect the environment concerns biodiversity, focusing on three key areas:

~ helping promote biodiversity at the local level and developing innovative solutions to support the natural environment;

~ raising awareness of biodiversity issues among the broadest possible public and promoting measures to be implemented by combining forces and working with stakeholders at the local level;

~ introducing effective measures in spatial planning and ecological management in our own plants and among our customers.

www.biodiverzita-veolia.cz

Promoting biodiversity on our sites

In recent years the companies in the Veolia Group in the Czech Republic have been actively promoting biodiversity. We have established long-term cooperation with the **Czech Union for Nature Conservation (ČSOP)**, focusing on monitoring and assessing the impact of our activities on local ecosystems and adopting measures to preserve biodiversity. In 2014 eight of the group's sites were involved in promoting biodiversity, and in 2015 there were another 14 biodiversity audits on our sites in collaboration with ČSOP. Following approval by the management of the regional companies in the Veolia Group and the owners of the sites, these audits lead to measures being implemented to support biodiversity in many different ways. We implement them partly ourselves, involving our employees, and partly with external support. In 2015 the most frequent measures concerned installing insect hotels, loggeries, boxes for birds and bats, adapting grassed areas and planting trees. We are also constructing drinking troughs and small bodies of water, and installing information boards for sites visited by the public.

Flower meadows, planting trees and shrubs

We create flower meadows on our sites using seeds from local sources. We also use local species when planting trees and shrubs on our sites.

Loggeries

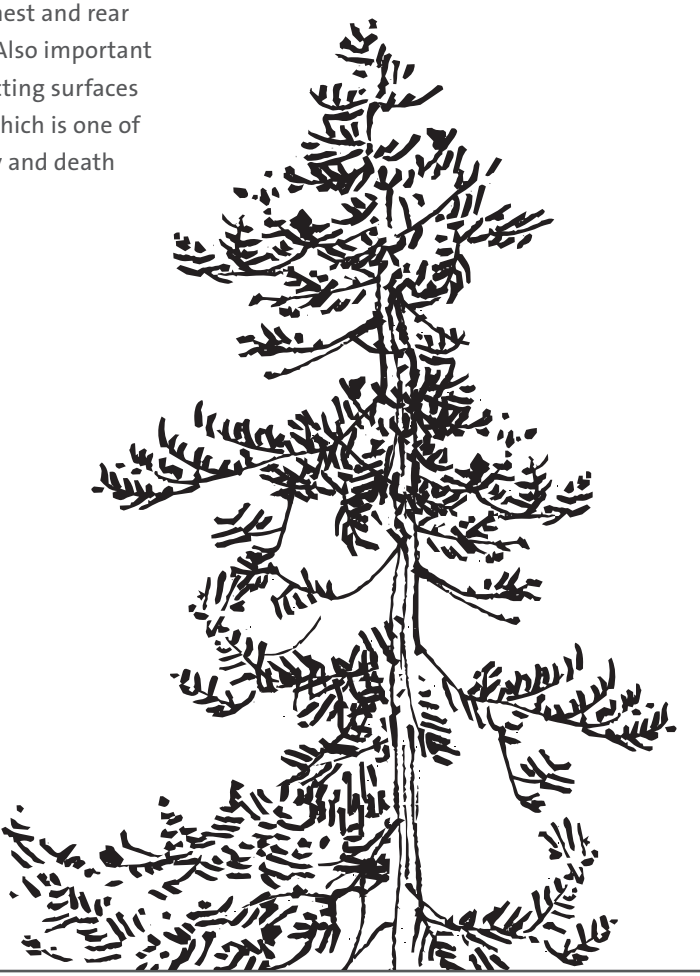
Due to human activity, all dead wood is now being removed from the countryside. Yet insects need decomposing branches, tree stumps and tree hollows. We therefore build loggeries to provide a safe haven for insects where they can live harmoniously alongside people.

Insect hotels

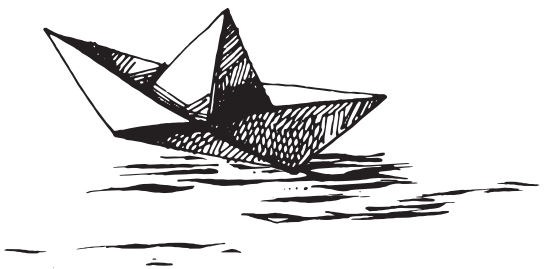
Insect hotels are used mainly to attract solitary bees that prey on other insects, and therefore are welcome wherever there is a need to control pests. The hotels are used by all kinds of insect species, often quite rare, where there is no danger of conflict with people. Larger insect hotels can also provide nesting grounds for some bird species, and they are often highly decorative in appearance.

Bird and bat boxes

Special boxes allow birds and bats to nest and rear their young without being disturbed. Also important is treating large transparent and reflecting surfaces to ensure birds do not fly into them, which is one of the largest man-made causes of injury and death among birds.



Projects implemented in 2015:



Moravská vodárenská a.s.

At the end of August 2015 there was a review of wastewater treatment plants in Olomouc to identify ways of increasing biodiversity, and we subsequently implemented the measures proposed. In the autumn of 2015 we planted fruit trees, favouring old regional varieties with greater resistance to diseases, mainly cherry, apple and plum trees, as well as clusters of flowering and berry bushes (butterfly bushes, dog-roses, hawthorns, blackthorns), around rainwater tanks and on grassed areas around covered sludge storage tanks. These trees and shrubs will provide food and shelter for animals on the site. As there are no natural nesting hollows here, we installed bird boxes for songbirds and birds of prey. We plan to implement additional measures proposed by our partner, ČSOP, such as installing wooden logs, a wooden jetty with an embankment and a floating island with aquatic vegetation on the reservoir during 2016.

At the Zlín-Malenovice treatment plant we also planted fruit trees and shrubs, and installed bird boxes, an insect hotel and feeders. Our plans for 2016 include a loggery and stone riprap for reptiles and other animals

Pražské vodovody a kanalizace, a.s.

Last year we worked with ČSOP on the grassed areas covering the underground water tanks at our Flora site to increase the diversity of animal and plant species here. On top of one tank we made a path using three different materials, with areas for various kinds of vegetation alongside the path. We also created a pond surrounded by marsh-marigolds, irises, forget-me-nots and bulrushes, and a rockery where alyssum, saxifrage and thyme grow. Herbaceous plants here include cloves, flax, sage, goldenrod, mullein and dead-nettles. The herb garden features St John's wort, chicory, mint, oregano and strawberries. For animals the conservationists focused on insects, birds and bats. The plants on the site, together with its ample water supply and natural and man-made shelters, will favour insects such as butterflies, bumble bees, dragonflies and solitary bees. Flora also has insect hotels, boxes for swifts and bats, and loggeries for insects. However, the most valuable new nature conservation feature is creating a flower meadow over the water tanks, using seeds from the last original – and now strictly protected – Prague meadows. We have also installed information boards with detailed information for the public on what we do to promote natural diversity.

Středočeské vodárny, a.s.

During last year's record-breaking hot summer Středočeské vodárny placed drinking troughs for animals in carefully selected places in woodland around Mělnická Vrutice and Řepínský důl. The troughs help maintain the local ecosystem when natural water sources have dried up.

Veolia Energie ČR

At Přerov CHP plant we identified the grassed area behind the cooling tower as the most appropriate site for greater biodiversity. Here we planted four groups of three shrubs, taken from the site and its immediate surroundings. These bushes will provide food and shelter principally for birds and invertebrates. We also planted 14 fruit and berry trees, which will allow birds and many other animals to feed and nest. There were no natural hollows in the wooded band adjacent to the plant, so we installed six boxes for songbirds.

At Olomouc CHP plant we installed five bird boxes and planted fruit trees (apple, pear and plum trees) and rowan trees.

Severočeské vodovody a kanalizace, a.s.

At Neštěmice wastewater treatment plant we followed ČSOP's recommendations and installed a number of features to increase biodiversity, particularly on marginal and less frequented parts of the site. We installed a total of eight larger bird boxes and boxes for smaller songbirds at the blower unit, the substation, the administrative building, the bridge and the broad-leaved trees behind the administrative building. Behind the main building, on a slope made of concrete blocks, a biotope featuring melliferous herbaceous plants (thyme, sage) has naturally emerged, and above it we installed a medium-sized insect hotel. At the rear of the site we made a compost heap with tree and bush branches to provide shelter for small mammals, insects, reptiles, birds and other animals, where the climate is ideal for winters and reproduction. On the grass at the site's entrance we created a loggery for hymenopterans and wood-boring beetles. On the southern slope behind the fence going down to the River Elbe we planted ten rowan trees to provide food for birds. At the beginning of 2016 we will install information boards here to present these new features.

At Bystřany treatment plant employees worked with conservationists to create a pond to attract wild ducks, as well as installing bird boxes. At the end of 2015 we worked with disabled children from the Arkadie public benefit corporation to plant ten larches and erect several medium-sized insect hotels

In autumn 2015 we also installed an insect hotel at Bedřichov water treatment plant.

1. SčV, a.s.

Beekeeping has been in decline in this country in recent years, with fewer and fewer colonies. In 2015 we therefore installed ten beehives at Hatě water treatment plant, aimed at promoting the cultivation of honey bees to pollinate many different plant species.

The Trout Way

The Trout Way project is helping revive original species in Czech waterways by returning salmonids to rivers where they formerly lived.

During the last few decades the salmonid population has been decimated, and even though water quality in rivers has improved substantially thanks to waste-water treatment plants with modern technology, stocks cannot be revived without human assistance.

In the first two years of the project we helped restock fish in the River Střela at Plasy in the Plzeň Region, and since 2013 on the upper stretch of the River Elbe at Vrchlabí and Špindlerův Mlýn, a mountainous region that provides an ideal habit for trout.

In 2015 we helped release another tonne of brown trout unto the Elbe at Špindlerův Mlýn. The well-known fisher Jakub Vágner gave a lecture for children from primary and secondary schools in Jilemnice before releasing the trout into the water, assisted by hundreds of children. This reflects another of the project's goals: teaching young people to value nature and help preserve it.

Over the project's duration we have released as many as nine tonnes of fish into the wild. The fish are of various ages and sizes and are taken from natural lakes, meaning they are more resistant and have a better chance of adapting to life in the wild than fish reared in classic nurseries. These trout sometimes weigh as much as three kilograms. Experts estimate that about 70% of the fish released will survive.

www.cestapstruha.cz

"Schools Go Wild" – a biodiversity competition for schools

Through our educational activities we want children to become interested in the local countryside, and to get involved and learn to take responsibility for the environment and biodiversity. We therefore introduced the Schools Go Wild biodiversity competition for children at stage II in primary schools and in local clubs. The children identified a nearby locality, and under the guidance of their teacher or club leader they mapped it out in detail, compared the present situation with the past, and came up with ideas on how to increase the diversity of species and how they could help implement these changes. They then had to draw up projects, and the winning projects were selected by a committee, assisted by the Czech Union for Nature Conservation, in the following categories: Rich Biodiversity Locality, Locality with Endangered or Disappearing Biodiversity, and Wetland Locality – ecologically these biotopes are highly valuable, and they are gradually disappearing from the Czech countryside.

Veolia – general partner for the Water House

We supported the creation of a modern environmental visitor centre at Švihov Reservoir on the River Želivka. The Water House is run by the Czech Union for Nature Conservation, and its construction was financed by the European Regional Development Fund under its Environment Operational Programme. Here visitors can learn about water and conserving biodiversity in the reservoir's vicinity. The construction of this work of modern architecture began in autumn 2014, and a year later the Water House opened for trial operation.

www.vodni-dum.cz

Innovation

The world and its seven billion people face huge challenges. As part of the drive to provide sustainable responses to these issues and preserve the planet's delicate balance, Veolia develops innovative technologies, creates alternative solutions and designs efficient ways of using resources to promote new growth more in tune with the environment.

To this end Veolia draws on a network of expertise comprising seven research centres worldwide, along with 850 researchers and developers, all focused on four key goals: protecting resources, reducing any impact on the natural environment, curbing greenhouse gas emissions and ensuring sustainable management of urban development.

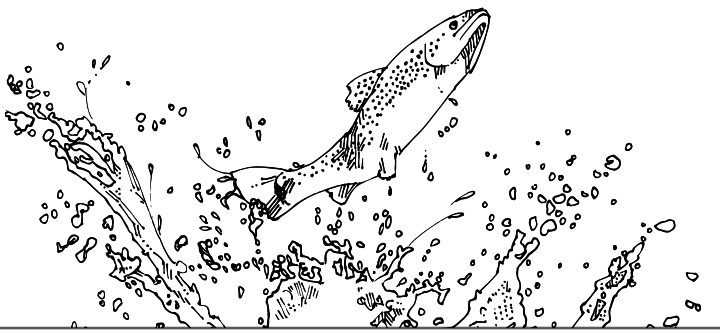
Significant human and financial resources are needed to create and test new technologies. To share these costs and knowledge and bring new services to market more quickly, we have established partnerships with a number of leading manufacturers and universities around the world, including the Czech Republic.

In 2010 we launched the Veolia Innovation Accelerator programme, which is our key initiative to support the development and introduction of environmentally-friendly technologies around the planet. Each year the programme reviews around 400 proposals for new solutions submitted by various start-ups.

Since 2010 the Veolia Group's employees in the Czech Republic have been able to suggest innovations for any activity or working process in our company through the IDEO project. In each country projects are submitted by a committee and whenever a proposal is adopted, the individual or group behind it receives a financial reward. Proposals are then shared internationally on a special website. The annual savings achieved by implementing these proposals are in the order of millions of koruna.

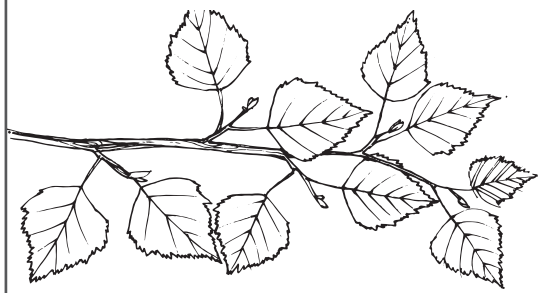
Smart technologies

Smart grids are electricity and communication grids that allow electricity production and consumption to be monitored in real time, both locally and globally. The guiding principle is interactive two-way communication between suppliers and consumers – or even devices – about current energy production and consumption. The grid allows information on the load, supply quality and any outages to be shared in real time. It lets customers manage their consumption efficiently, e.g. by heating water, washing laundry or charging batteries when there is a surplus in the production capacity. In the Czech Republic the Veolia Group has for instance introduced smart metering to read meters for invoicing, and Pražské vodovody a kanalizace now operates SWIM (Smart Water Integrated Management).



SMART metering

At present the most widely used smart system in water management is smart metering, which is available in Prague, Sokolov, Plzeň and now also in Zlín. Acquisition costs are minimal. Smart metering uses the 169 MHz waveband for an almost unlimited number of members to join the system, with automated transmissions for customers.



Smart Water Integrated Management

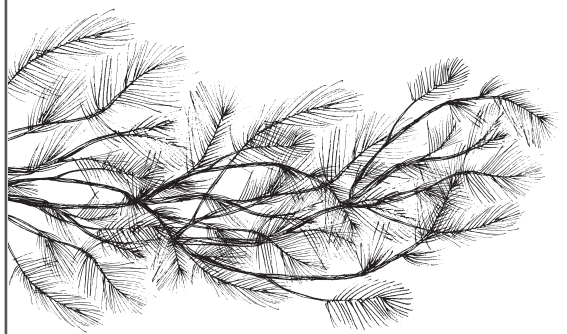
Pražské vodovody a kanalizace, a.s. uses the unique Smart Water Integrated Management (SWIM) system. Its components include depicting the results of drinking water analyses in a geographical information system (GIS) and a mobile sampling system used by the laboratory in the Water Quality Control Unit. SWIM is unique in how it integrates ten different aspects of water management. The project is based on our know-how, and it is the fifth generation of a management system that is one of the most modern in Europe. It brings together the water supply management system, water quality control, production and consumption monitoring, repair and maintenance planning, protecting water management facilities, optimising costs, an integrated crisis management system, and informing customers, the general public and key individuals and institutions. Integration means that the whole water management system is now far more efficient.

Using LCA to measure environmental impacts

LCA or life-cycle assessment is a method for assessing environmental impacts. We use it to compare various technological solutions when constructing new water management facilities. These studies are produced by our internal experts in collaboration with experts from the Department of Environmental Chemistry at the University of Chemistry and Technology in Prague. LCA examines all the phases of each solution – raw material extraction, processing, production technology, transport, operation – until the end of its useful life. We present the results of these analyses to the construction project's investor and include them in the evaluations of the individual solutions proposed. We successfully applied the LCA method in the reconstruction of the Souš drinking water treatment plant in North Bohemia, and to investigate sludge management options for the Central Waste Water Treatment Plant in Prague.

Creating shared value

The Veolia Group works to maintain good relations with all of our suppliers, shareholders and clients, pledging to provide the best possible customer services. We have our own Ethics Guide and we adhere to a responsible purchasing strategy.



This part of our CSR strategy features three commitments for sustainable development, focusing above all on supporting relationships at regional and local levels:

4/ Build new models for relationships and value creation with our stakeholders 2020 objective:

Establish major partnerships based on creating value in individual zones and growth segments

5/ Contribute to local development

2020 objective: Maintain Veolia's expenditure reinvested in the regions at 80%.

6/ Supply and maintain services crucial to human health and development

2020 objective: Contribute to the sustainable development objectives defined by the United Nations General Assembly in September 2015

Customers

Our goal is to develop long-term partnerships with our customers based on mutual trust, and to provide quality and professional services for them. We want to be a stable, reliable and trustworthy partner, responding to our customers' needs and requests and meeting their expectations. In this we use the wealth of know-how the Veolia Group has accumulated over the many years it has been operating on the energy and water management markets in the Czech Republic and 34 other countries around the world. We constantly innovate, creating new and effective solutions for all of our partners that mark us out from the competition. Thanks to our constant investments into modernising our facilities, we help our customers achieve substantial savings.

Professional customer service

Water

The Veolia Group in the Czech Republic has set up a network of customer service centres for our drinking water and wastewater services. The centres' working hours have been adapted to meet customers' requirements, and here customers can obtain all the information they need through one-to-one contact.

For our clients we guarantee to provide information and resolve technical issues 24 hours a day, seven days a week. We guarantee to respond to any reported emergency within two hours. Our call centre can answer any questions customers may have about contracts, water quality, prices, meter readings, etc. Customers can also use our network of 33 customer centres and contact points to pursue matters in person.

pie chart: customer structure

79,8 % individual customers

7,2 % apartment blocks and housing cooperatives

13 % other

576 544 water meters

We constantly strive to improve and extend our services, which is why we offer the following advanced functions:

- The My WaterPlus and My Water smartphone applications
- Online customer accounts
- SMS Info
- Paying invoices at Sazka terminals using barcodes
- Paying invoices using QR codes
- Online payments

Customer telephone lines in 2015

Calls received	**261 383**
Calls longer than 5 minutes	**16 876**
Average call duration	**2 minutes 13 seconds**
Average waiting time before connecting with an operator	**18 seconds**
Number of operators	**30**

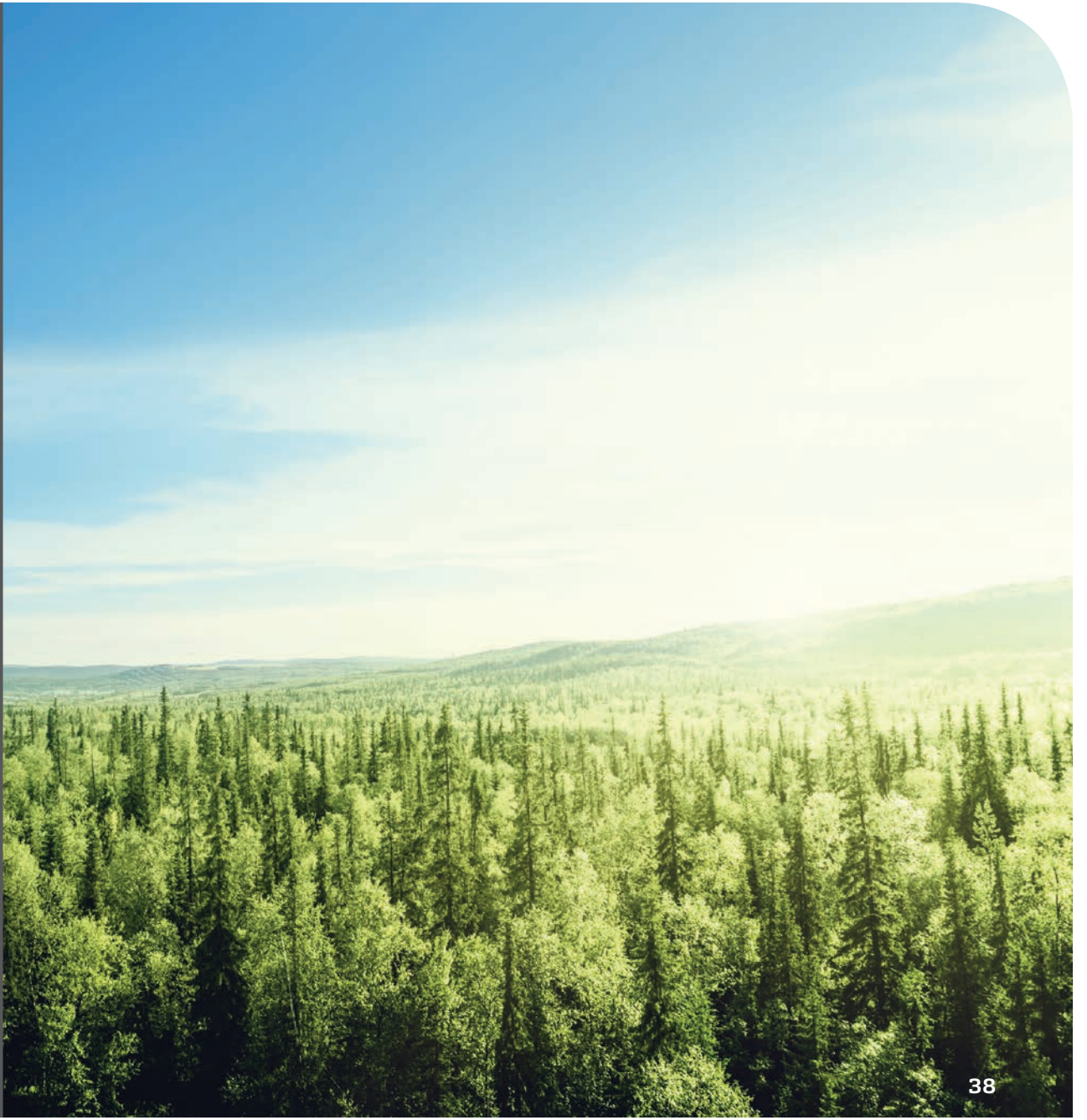
E-mail in 2015

Počet přijatých e-mailů	**122 005**
Počet došlých požadavků z webu	**16 865**

Our communications are constantly improving:

year	2009	2010	2011	2012
averagewaiting time for a connection	0:20	0:45	0:21	0:27
average call duration	1:58	2:03	1:50	1:56

year	2013	2014	2015
averagewaiting time for a connection	0:24	0:25	0:18
average call duration	2:06	2:11	2:13



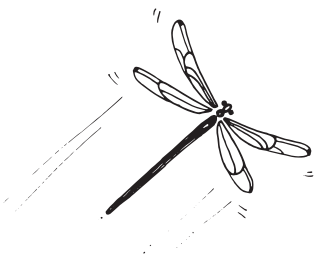
Energy

Veolia Energy CR provides customer services through its information centre 24 hours a day, with a toll-free customer service line on 800 800 860 or by e-mail to info@veoliaenergie.cz.

As well as responding to customer calls and e-mails, the customer centre also handles technical alarms and coordinates the work of our service technicians. The centre's operators can use remote monitoring for the majority of facilities, meaning they can give customers instant information on the status of supply from the heat transfer station or boiler station that supplies them. Operators can also alert customers by telephone or e-mail to any interruptions or outages.

Customers can also use the D-line application to:

- enter various requests (requests for maintenance work, technical or billing queries, etc.),
- track the processing of requests (date received, processing, information on any maintenance work),
- monitor consumption,
- view or download documents such as invoices.



Customer satisfaction

In the Veolia Group in the Czech Republic we monitor customer satisfaction each year through various means: telephone and face-to-face surveys, internet questionnaires, reports from our customer centres, and as part of events organised for the public. We use the results to develop and improve our services.

We are pleased to report that in 2015, as in previous years, our customer relations were highly successful in all segments. 93% of customers said they were satisfied or very satisfied with the quality of our services. 91% were satisfied with the quality of their drinking water, while 98% evaluated the continuity of the water supply very positively. Satisfaction with our employees' professionalism remained high (97%), while there was increasing satisfaction with the quality and adequacy of information provided (85%).

Suppliers

Sustainable development is the cornerstone of the Veolia Group's procurement policy. Our commitments to sustaintable development are integrated into each stage of the sourcing process. Centrally we follow the global Suppliers' Charter for responsible purchasing.

We organise regular training for central procurement staff through Veolia's Campus network. We also familiarise suppliers with our CSR programme and its priorities.

Working with small and medium enterprises

The Veolia Group does not work solely with large international suppliers, but also with small and medium enterprises. The entire industrial services segment (excavation work, maintenance of pipes, buildings, equipment and facilities, etc.) is decentralised, and it is covered by individual local businesses. In 2015 these supplies came to CZK 1.9 billion, representing 34.7% of all of the Veolia Group's procurement in the Czech Republic.

Working with sheltered workshops and service providers

In line with the practices of our parent company in France, which works with the GESAT organisation with the aim of promoting the sheltered and supported employment sector, Veolia in the Czech Republic is an active partner for a number of non-profit organisations that provide sheltered employment for disabled or disadvantaged clients. We use these suppliers for catering, hire their premises for company events, and buy gifts and promotional products from them, among other services. A good example is the packaging and shipping service for our Water for Africa project.

Success in the international Fair Sourcing Awards

In 2014 Veolia Energy won first prize in the international Fair Sourcing Awards (FSA) for its €L€NA electronic sourcing system. These awards are organised by APUeN, a Czech and Slovak association of providers and users of electronic tools for tenders and electronic auctions.

The award highlights the use of electronic tools such as e-auctions and e-procurement that improve the economic efficiency and above all the transparency of sourcing decisions, helping to eliminate corruption. Winning the FSA is proof that our electronic tendering system is fair, creating equal and non-discriminatory terms for all suppliers.

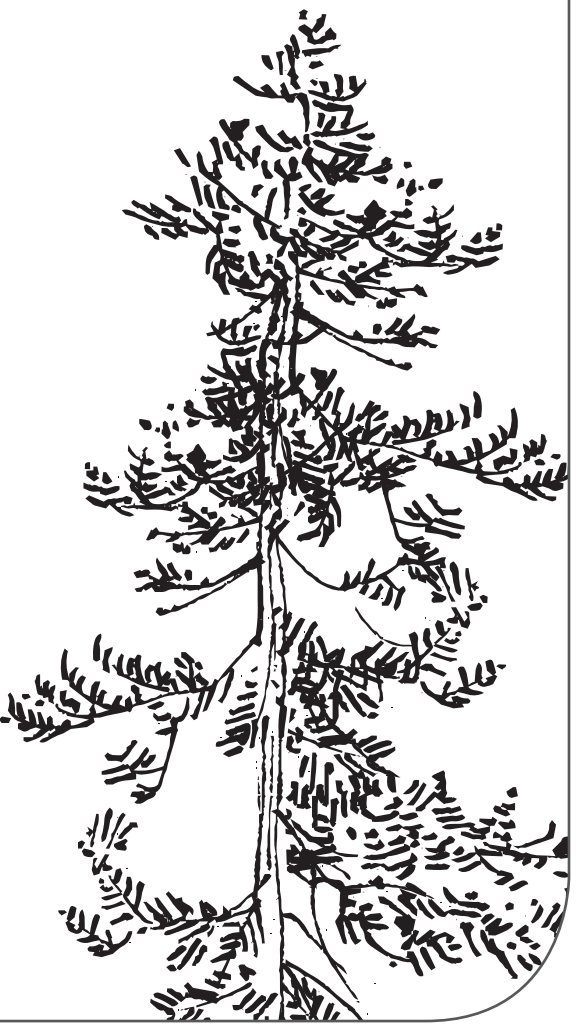
Ethics and compliance

Compliance with ethical and legal norms is a fundamental priority for the Veolia Group. Compliance is not limited to our business relations, but is an integral part of everything we do both inside and outside the group. In this way we make it clear that our conduct will always be in line with the laws on competition, finance, tax, environmental protection and employee relations, including equal opportunities. The key internal regulations here are the Ethics Guide, the Compliance Programme – avoiding the risk of criminal liability, 19 Key Veolia Procedures, and other internal regulations for the individual companies in the group. We systematically familiarise our employees with compliance through regular training and e-learning courses. The Compliance Programme reflects the Veolia Group's clear commitment to complying with all legal and internal regulations, the rules of ethical conduct, and our absolute intolerance of corruption, all forms of discrimination, and cartel agreements.

Veolia's Ethics Guide was drawn up in the parent company in France and applies to all the sectors and countries where we operate, and for all 174,000 of our employees around the world.

The document is based on compliance with national laws and recommendations by international organisations, especially those concerning respect for cultural diversity and environmental protection. Clear standards of conduct can simplify decision-making for our employees in routine and crisis situations. The Ethics Guide defines the principles for communicating with customers, partners and colleagues, and includes fundamental ethical rules such as combating corruption, eliminating discrimination in employment, upholding human rights, and so on.

In 2004 the Ethics Committee was set up. Comprising several independent members, its role is to oversee compliance with the Ethics Guide and investigate any issues arising here. The Committee looks for specific cases to investigate, but any employee may also contact the Committee directly. When visiting sites the Committee conducts as many individual interviews as possible to evaluate the ethical standards among the site's employees and their awareness of Veolia's values and principles. It also focuses on ethical problems among employees, and on organising training events about ethics.



Educational activities

The Veolia Group has a number of education projects for the general public, our customers and especially children, promoting environmental protection and eco-friendly behaviour. We work with schools at all levels, and with other educational and recreational organisations. We promote drinking tap water in restaurants, schools and public space, and we also support gifted children and young athletes.

We have organised many events and projects about protecting natural resources and saving water:

Open days at waterworks, treatment plants and museums

These include the Prague Waterworks Museum in Podolí and the Old Wastewater Treatment Plant in Bubeneč, also in Prague. We regularly hold events to mark World Water Day (March 22) and World Environment Day (June 5), and on other occasions too. Prague's old waterworks are part of the Experience Tourism project organised in collaboration with the City of Prague.

Water Bar

At this event visitors can enjoy free fresh tap water flavoured with fruit syrups while learning all about water and everything related to it. We have taken our Water Bar to numerous sports and cultural events wherever Veolia operates.

Tap water

The Fresh Tap Water? Just Ask! project promotes drinking tap water in restaurants, informing people about the quality of tap water and how it is part of a healthy lifestyle, and motivating them to reduce waste from plastic bottles. The project's website www.kohoutkova.cz features lots of information and a list of registered restaurants. We give these restaurants crystal water carafes by the Czech designers Jiří Pelcl and Daniel Piršč, and analyse their tap water on site, both free of charge.

At present the project has around 800 registered restaurants, 560 of them in Prague. For smartphone users we have developed an application that can guide them to the nearest restaurant offering tap water. Kohoutkova.cz also has its own Facebook with almost 6,000 friends.

Education

Companies in the Veolia Group organise educational competitions for children at primary and secondary

schools. We distribute free teaching aids to schools and non-profit organisations working with children, including the Secret of Water kit, a portable laboratory that teaches children about water's interesting properties in a fun way. We have also made a film on the water cycle with the title The Secret of Water, or water's journey to people and back into the river again, accompanied by worksheets for children and a teacher's guide, which we provide to all primary schools in areas where the Veolia Group operates.

We organise the Water Guardians Club for children aged 6–16 who are interested in water and nature. The Club holds various events, publishes a magazine and has website full of tests, quizzes and games – www.vodnistrazci.cz

The Veolia Group supports creative and talented children in Golden Nut competition, and it supports young athletes through the Czech Athletic Federation.

We also have a history of working with universities specialising in water management and ecology. We support research by students at the University of Chemistry and Technology in Prague, whose results are presented each year at the university's Student Scientific Conference. As the industry partner we are involved in judging the best student work. Since 2011 we have offered a trainee programme for students from the Czech Technical University in Prague, and since 2012 we have had a similar programme for students from the University of Chemistry and Technology. We also help students with their theses and dissertations.

Veolia Energy has also developed partnerships with secondary schools and universities. During 2015 eight university students came here to work on projects, theses and dissertations. Last year Veolia Energy CR was one of the main partners for a round of the Physics Olympiad organised by the Nicolaus Copernicus Grammar School in Bílovec. In 2015 we also supported two international scientific conferences held at VŠB – the Technical University of Ostrava: the 16th annual Electric Power Engineering conference organised by the Faculty of Electrical Engineering and Computer Science, and the Energy and the Environment conference organised by the Faculty of Mechanical Engineering. Veolia Energy CR also supported the Department of Electrical Power Engineering's attempts to receive accreditation for its new Energy in the 21st Century study programme. Secondary school graduates could sign up for the programme for the first time in the 2015/2016 academic year.

Recruiting qualified employees for technical professions is increasingly problematic, and discussions with the Confederation of Industry of the Czech Republic produced the idea of declaring 2015 the Year of Industry and Technical Education. Veolia is one of the companies that openly supports technical education.

The Veolia Foundation

In 2004 the parent company established Fondation Veolia, which to date has supported over 1,350 projects (half of them outside France) for employment and the environment, and conducted more than 150 expertise missions in 50 countries. Fondation Veolia includes the Veoliaforce team, a network of employees who volunteer to help with humanitarian missions in international emergencies. www.fondation.veolia.com

In the Czech Republic Nadační fond Veolia was established in 2003. Since then it has worked to protect the environment, support social projects, organise volunteer work, disseminate information, teach children and young people, and hold educational events and expert meetings.

2015 was the thirteenth year in which Nadační fond Veolia continued its mission, which can be expressed as: Caring for the Environment and the Community. Nadační fond Veolia joined forces with Nadační fond Dalkia Česká republika, continuing under the name Nadační fond Veolia while Nadační fond Dalkia Česká republika ceased operations. The merger was recorded in the register of foundations on 26 June 2015 with retroactive effect since 1 January 2015. At the same time we extended Nadační fond Veolia's role to include support for long-term jobs, with the aim of preventing the social exclusion of unemployed people.

Nadační fond Veolia applies a regional principle in its work, and it operates in most parts of the Czech Republic. From its inception to the end of 2015 it donated more than CZK 67 million to good causes, and combined with Nadační fond Dalkia this figure was in excess of CZK 160 million.

Nadační fond Veolia is also active in social, environmental and educational work in collaboration with the entire Veolia Group. Together we devise our own corporate and foundation projects, as well as contributing to projects run by other organisations.

Nadační fond Veolia's main programmes and projects are:

~ The VEOLIA MiNiGRANTS® programme

~ Supporting the creation of new jobs

~ Water for Africa

~ Keep Smiling – staying active all your life

~ The Trout Way – returning salmonid fish to Czech rivers

~ Supporting voluntary work

The Foundation also provides long-term support to other organisations and their projects. The most important of these is Clean Up the World, an international clean environment campaign organised by the Czech Union for Nature Conservation. The Foundation has been the campaign's general partner since 2008.

www.nfveolia.cz

Veolia MINIGRANTS®

VEOLIA MiNiGRANTS® is one of the Foundation's key programmes, based on cooperation between Nadační fond Veolia and the Veolia Group in the Czech Republic and its employees, who in this way express their social responsibility.

Each year in spring any employee can apply for financial support for projects that provide public benefit, where applicants work on these projects as volunteers in their free time or during vacations, usually over a longer period of time.

In 2013 Nadační fond Veolia registered MiNiGRANTS® as a trademark, valid for ten years. Between 2008 and 2015 we supported a total of 878 projects, donating almost CZK 23 million.

In 2015, the programme's eighth year, we supported 147 projects and allocated more than CZK 3.8 million. Since 2012 interest in the programme and the number of applications submitted and projects supported has been relatively constant. The largest group of supported projects (45%) were aimed at disadvantaged groups (disabled people, socially disadvantaged people, children's homes, foster care, hospices, old people, hospitals and patients) and just under a quarter (23%) at leisure activities for children and young people. The largest proportion of funding also went to projects for disadvantaged groups (52%), followed by leisure activities for children and young people (20%) and community life and the environment (10%).

Under the MiNiGRANTS® programme we also support volunteer work by our employees for leisure activities. Mostly this concerns their long-term active involvement in local clubs and associations, as well as various non-profit organisations. In their MiNiGRANT® applications employees must include an estimate of the number of hours of volunteer work they will devote to a project. For the eighth year of the MiNiGRANTS® programme this came to a total of 17,400 hours.

Supporting the creation of new jobs

Since 2000 this programme has supported new small and medium enterprises in the Moravian-Silesian and Olomouc Regions, where unemployment is particularly high. Over 16 years we have spent in excess of CZK 96 million to support the creation of 1,996 new jobs, 279 of which have been for disabled people.

Assistance has focused on public benefit projects in districts where there are both traditional and innovative crafts and manufacturing, organising leisure time for children, young people and the elderly, services for communities and households, and social services for disabled people and families with small children.

In 2015 171 applicants submitted preliminary information questionnaires to apply for donations from the Foundation. We turned down 86 applications and recommended the remaining 85 for project development with a detailed business plan and an overview of the funding requested. After the control and evaluation of these projects by our guarantors – volunteers from the Veolia Group's workforce – a total of 69 projects were submitted to the Foundation's Approval Committee, of which three were rejected and four applicants withdrew their projects after approval. Ultimately we donated a total of CZK 4,956,700 for 62 projects, thanks to which 111 new long-term jobs were created, 22 of them for disabled people.

In total 100 of our employees worked on the programme in 2015 as volunteers, acting as the guarantors for individual projects.

Water for Africa

Over six years (2010–2015) Nadační fond Veolia's Water for Africa project donated CZK 3,160,000 towards building, repairing and using water resources in Ethiopia.

Every year since 2010 we have sold designer carafes made of Czech crystal glass to help develop sources of clean water for the people of Southern Ethiopia. Here 74% of the population do not have easy access to this essential resource, with people having to walk several kilometres to the nearest water source. Through the Water for Africa project Nadační fond Veolia and the humanitarian organisation People in Need are working to improve this situation.

People in Need is working for the long-term management and repair of water resources. It works with local authorities to select high-capacity wells for repair, and decisions are made jointly with the local and regional water management authorities.

The project brings benefits for everyone involved. The recipients in Ethiopia get clean water, and the donors and organisers know they have contributed to a good cause.

The crystal carafes, designed by Daniel Piršč and Jiří Pelcl, are produced in Nový Bor, a town in a traditional glassmaking region. Each carafe is unique and is made entirely by hand. Packaging and shipping for our e-shop was provided for the fifth year running by Pohoda, a public benefit corporation providing social services for people with mental and combined disabilities.

Keep Smiling – staying active all your life

We are increasingly realising that Czech society owes a lot to old people. In 2015 Nadační fond Veolia therefore launched a new programme, Keep Smiling – staying active all your life, aimed at active ageing for senior citizens.

We listen to opinions and comments by experts, and look at experience from this country while taking inspiration from other countries. We want to systematically help old people in this country to live better lives.

The programme's main objectives are:

~ To help make old people's lives richer and better in the places where projects supported by Nadační fond Veolia will be implemented.

~ To create examples of best practice in places where the Veolia Group operates, and use them to inspire the dissemination of these examples in local communities.

The key areas for project support are:

1 Senior citizens for communities and for themselves

2 Communities for the senior citizens

3 New approaches to the ageing population

The pilot phase for the programme runs from 2015 to 2017. Under it the Foundation provides grants in a selection procedure where it directly approaches selected organisations working for active lives for senior citizens, involving them in community life or supporting their continued living at home.

In 2015 the Foundation supported the first 14 regional projects with donations ranging from CZK 30,000 to 100,000. The total donated was CZK 1 million. Recipients included both professional organisations and amateurs – enthusiastic senior citizens who voluntarily organise programmes for others; we offered these volunteers not just financial support, but also advice and consultation. The Foundation monitors projects during implementation and regularly publishes information about them on its website.

As well as these grants, since 2014 the Foundation has also supported the nationwide Senior Sports Games.

Clean Up the World

The Clean Up the World project has been running in the Czech Republic since 1998. This is one of the few activities that the Czech Union for Nature Conservation (ČSOP) has adopted from abroad. Since 2008 Nadační fond Veolia, as the project's general partner, has provided financial assistance to coordinate and promote the project and provide organisational, material and promotional support for local event organisers.

The project has become popular in the Czech Republic because it addresses the problem of illegal dumping and waste in villages, towns, cities, parks, woodlands, streams and rivers. Organisers are almost always local people.

in 2015 a total of 221 organisations held 364 clean-up events in the Czech Republic, two-thirds of them in the spring. These organisations were most frequently schools, non-profit organisations, ČSOP branches and various associations. In total 21,298 volunteers helped clean up, 75% of them aged 15 or under. They collected 381 tonnes of waste, of which they sent 12% for recycling.

The competition for the best region was won by Central Bohemia, with 95 clean-up events. South Bohemia came second with 53 events, followed by Olomouc with 31.

The Trout Way

Since 2011 Nadační fond Veolia has worked with Freshwater Giants, a non-profit organisation founded by the well-known fisher and traveller Jakub Vágner to save brown trout and grayling populations in Czech waters. Since 2011 we have released more than nine tonnes of freshwater salmonids into the Rivers Střela and Elbe.

Supporting voluntary work

Each year Nadační fond Veolia contributes to voluntary work by our employees on social and environmental projects. In 2015 it organised two events for volunteers from our workforce.

The first was an outing held on the International Day of Older Persons on October 1 by the Senior Citizens' Social and Activity Centre in Prague 9, one of the organisations the Foundation supports under the Keep Smiling – staying active all your life programme.

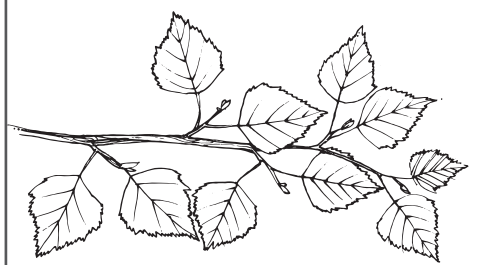
This was followed by five days of collecting old clothes at Veolia Czech Republic's head office to support the Forewear project. Forewear, winner of the 2013 Social Impact Award, makes original use of old textiles, turning them into functional designer products – covers for mobiles, tablets, books and notebooks. It aims to protect nature and provide work for disadvantaged people. During this event we collected five sacks of clothes. Nadační fond Veolia then gave Forewear notebooks with the MiNiGRANTS® 2015 graphic design to the volunteers from our workforce, and to successful applicants for support from the VEOLIA MiNiGRANTS® programme.

Companies in the Veolia Group have held voluntary work days since 2008, with entire work teams taking part. During working hours staff can help underprivileged children or adults with special needs, or help improve the quality of life in specific locations. In 2015 we held 40 voluntary work events over 46 days, with 183 employees working for more than 326 hours.

Our people

The Veolia Group's social responsibility also includes supporting our employees. We have created improved working conditions, and we offer attractive benefits. Professional development and training for our employees is our priority.

The second strategic point defined internationally for the entire Veolia Group is work safety. We see social dialogue and working with trade unions as a fundamental precondition for open communication with our employees. We also pay great attention to ethics at the workplace.



As with the preceding two areas of CSR, we have also defined our commitments for the social context:

7/ Guarantee a healthy and safe work environment

2020 objective: Achieve an occupational accident frequency rate of less than 6.5.

8/ Encourage the professional development and commitment of each employee

2020 objective: Deliver training to 75% of employees at least once a year. Maintain the rate of commitment for managers at over 80%.

9/ Guarantee respect for diversity and human and fundamental social rights

2020 objective: Ensure that over 95% of employees have access to a social dialogue mechanism.

Health and safety at work

We have incorporated the fundamental rules for occupational health and safety (OHS) listed in the Labour Code and ISO standards into our internal Occupational Safety Codes. Our long-term objectives for OHS include reducing the number of occupational accidents.

2015 was a watershed year for our operations. The boundaries between the individual divisions of the Veolia Group disappeared, creating a new and unified Veolia. Occupational safety was one of the first areas to be unified. First of all a working group was set up, the Health and Safety Centre of Excellence, to look at OHS on a global level.

In 2015 we focused on accident prevention, education and improving working conditions. We published another information brochure, this time covering occupational safety when handling heavy loads. We regularly inform our employees about any extraordinary events and preventive measures in response to registered events such as minor injuries, accidents, near-misses and fires.

In September 2015 we organised the International Occupational Safety Week, giving our employees detailed information on the results achieved in occupational safety, the specific causes of accidents and new preventive measures. Employees also received a "safety bag" and new occupational safety brochures covering five key areas. This was the first time that all of the Veolia Group's water companies participated in Occupational Safety Week.

The results for OHS in the Veolia Group in the Czech Republic reveal that the number of accidents remains very low given the number of people we employ. In 2015 there were 28 registered work accidents, resulting in 1,737 days of sick leave or 62 days per accident.

Accidents in the Veolia Group in the Czech Republic:

Year	2012	2013	2014	2015
Accidents	50	37	21	28

As in previous years all employees received OHS training in a scope and frequency corresponding to their professions. There was extra OHS training for selected professions such as drivers, electricians, technicians, etc. As is now our tradition, all employees were retrained in first aid.

Among the most important educational projects in 2015 was a series of seminars on OHS that went behind compulsory training: "Guaranteeing OHS in the company in line with Czech legislation", "Categorising work and the impact of noise, electromagnetic fields and radiation on employees' health" and "The psychology of occupational safety". We planned all of these seminars in collaboration with the Confederation of Industry of the Czech Republic.

Our e-learning portal includes a practical library of training manuals, films and other materials on OHS.

Workers from our Technical Directorate perform annual audits of compliance with ISO and OHSAS standards for priority operations in the Czech Republic, Slovakia, Bulgaria and Romania. All our companies are also audited by an external auditor for supervisory and recertification audits under ISO 9001, ISO 14001 and OHSAS 18001 standards.

Employee training

Training is one of the Veolia Group's strategic priorities, an integral part of its corporate culture and an important factor differentiating it on the market. A uniform corporate culture and high standards for skills and qualifications are crucial for the functioning of our company and satisfying customers' needs.

Training for the Veolia Group's employees in the Czech Republic and Slovakia is largely provided by an internal organisation, Institut environmentálních služeb, a.s., (Institute of Environmental Services or IES), which offers over 600 courses and training programmes, many of them accredited by the Ministry of Education, Youth and Sports. IES is an important element in Veolia's Campus network of training centres.

www.institutes.cz

The Veolia Group in the Czech Republic devotes 1.2% of its wage costs to training each year, about CZK 43 million.

Each company draws up its own training plan in line with its needs. We split funding between different training programmes approximately as follows:

- mandatory training required by law – 30%
- training to increase employees' qualifications – 40%
- language training – 30%

2015 was one of the most successful years in the Institute's history, which goes back nearly 14 years. Compared with 2014 revenues were up by almost 16%, the number of training participants was up by 41% and the total number of hours of training was up by 45.5%. IES training significantly eased Veolia's transition to Google Apps in the Czech Republic and Slovakia – in 2015 a total of 1,526 employees underwent basic and specialised training. Thousands more Veolia employees received practical training in first aid, and there are now ten documented cases where people's lives were saved by employees who took part in this project.

In 2015 IES played a major role in the Veolia Group's worldwide OHS Week. As part of the "Always Safe" campaign it provided instruction materials for the Safety Bag, posters and four leaflets about the Veolia Group's OHS policy, first aid, the principles of OHS in the Water and Energy groups, and minimum hygiene standards – in total 32,000 leaflets were printed. Also important in this project was eCampus, the IES e-learning portal. IES designed three new e-learning courses: "Always Safe", "Minimum Hygiene Standards" and "Occupational Safety and Executive Employees" – a version for the Energy group. It also updated the "Occupational Safety and Executive Employees" course for the Water group. In the autumn 354 employees of Pražské vodovody a kanalizace, a.s. attended a presentation on minimum hygiene standards for water industry workers.

The increasing importance of a key IES project, the eCampus e-learning portal, was apparent in the fact that in 2015 almost 7,000 Veolia Group employees took e-learning courses on OHS. A new eCampus feature was the "OHS Electronic Library", offering a broad range of documents and materials. 1,261 Veolia Group employees in the Czech Republic, Slovakia, Hungary, Bulgaria and Poland took new e-learning courses on compliance.

Another new eCampus feature is a collection of 18 inspirational stories to help promote strategic thinking in management.

In 2015 IES opened another study group for the bachelor's Corporate Finance and Management programme in collaboration with Moravian University College Olomouc. It also opened a study group in a related master's programme in collaboration with the University of Entrepreneurship and Law. Other successful projects included the Veolia Trainee Programme in collaboration with the Technical Institute of Civil Engineering in Vysoké Mýto.

In 2015 the IES training centre in Prague also organised a number of conferences for the Veolia Group's customers from other countries.

An important employer

In the face of increasing competition, Veolia Energy CR was again successful in 2015 when it was declared the third-best employer in the Moravian-Silesian Region. Despite a very difficult financial year we managed to meet our commitments under our collective agreements, one of the key criteria for this award.

The Manager's Code of Conduct

The Veolia Group is undergoing an ambitious transformation process aimed at adapting the organisational structure and working methods to the changing world around us, to adjust its services and financial models for mature markets, and to expand on developing markets. The Manager's Code of Conduct is a key instrument in building this new Veolia Group, allowing us to achieve greater internal cohesion, find new energy and vitality, and better respond to an ever-changing market.

For the first time in history the Veolia Group has therefore set the shared norms for our managers' conduct regardless of what their jobs are and where they are operating. This emphasis on correct conduct, which will unquestionably have a substantial influence on the interests of the Veolia Group as a whole, will allow Veolia to work more simply and effectively, and it will facilitate the ongoing transformation of the company, affecting all of us.

Equal opportunities

Veolia is diverse and wide open to the world, and mutual support is the greatest priority in our human resources policy.

Fostering diversity

Veolia emphasises social cohesion and stability, above all in times of organisational change. We therefore pay great attention to the quality of social dialogue with workers' representatives, and to diversity, equal opportunities and combating all forms of discrimination. When recruiting employees we take a fair and non-discriminatory approach. Although our sector is dominated by professions traditionally occupied by men, more than 26% of our employees are women, and women occupy 18% of management positions.

We try to offer employment to as many differently-abled people as possible. If this is not possible, then we procure products and services from companies where over 50% of their employees are differently-abled.

Social dialogue

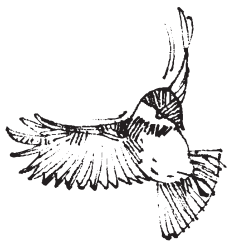
In 2005 the companies in the Veolia Water CR group founded the Little Water employers' association, which became a partner to the Wood, Forests, Water Trade Union in negotiating the higher-level collective agreement. The association continues the tradition of positive cooperation with trade unions in our water companies. This cooperation has resulted in equitable work and social benefits for our employees.

Equally positive is our cooperation with the ECHO trade union for companies in the Energy group

Age Management

Age Management (AM) is a component of CSR that focuses on our approach to employees and support for the community. It creates the conditions that take age into account at the political and organisational levels, when managing working processes, and in the physical and social environment. Our common interest is to maintain the qualifications, performance, productivity and know-how of all our employees.

In March Severočeské vodovody a kanalizace, a.s. set up an Age Management project team to expand the company's current personnel strategy to embrace specific systemic activities, which will include the Veolia Senior Academy (VESNA) project, with the accent on maintaining the company's know-how. The key starting point for this team's initiatives is the fact that AM is a well-managed personnel policy. Above all it is about a responsible personal and corporate response to health, restructuring, redefining jobs and performance requirements, developing the working environment, effectively allocating and organising work, ergonomics, developing cooperation across the generations and supporting and promoting our employees' physical and mental health.



In November 2015 the VESNA project received an award from the Quality Council of the Czech Republic for its implementation of age management. This award, given jointly with the Czech Society for Quality, aims to motivate organisations to apply AM principles in their management. Project objectives must be in line with the principles of the National Action Plan for positive aging and age management. The award was accepted by Lenka Štíbrová, Personnel Manager of Severočeské vodovody a kanalizace, a.s., and her colleagues.

In June 2015 the project also won a prize at Veolia's worldwide Social Equity and Diversity Awards in Paris.

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