

INTEGRATED REPORT 2018

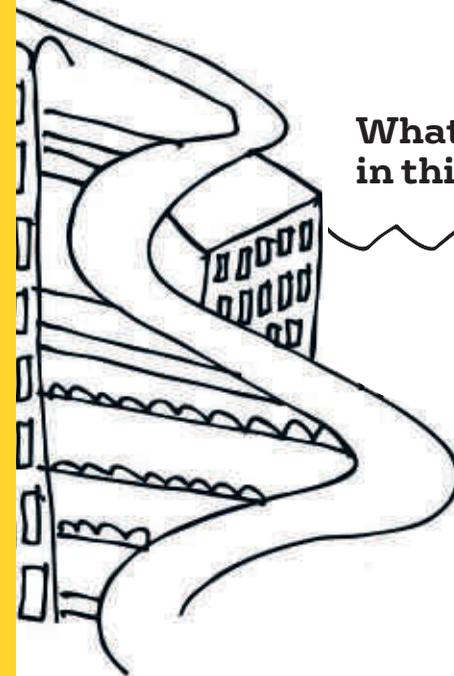


2018 was the first financial year in which we published our annual report in two parts: the Activity Report and the Integrated Report. This year, Veolia is taking a new step forward in integrated thinking and demonstrating its overall performance. The 2018 Integrated Report has been co-written by the different Group departments. The content, especially concerning the business model and value-creation sharing, is the result of joint discussion workshops.

By offering a full, forward-looking synthesis of Veolia's strategy, businesses and commitments, this Integrated Report provides a concise and illustrated text to be read in conjunction with the more detailed Registration Document. It aims to show how the Group's resources and strategic choices combine to sustainably create value for all its stakeholders.

The 2018 Integrated Report project team

- Sponsor: Group's Secretary-General.
- Co-oversight: Communications and Sustainable Development Departments.
- Integrated discussion committee and contributors: Development, Innovation and Markets Department; Technical and Performance Department; Human Resources, Legal, Finance, Risk, and Compliance Departments; and the Veolia Institute.



What we are presenting in this report:

Sharing our vision and strategic direction

Our ambitious mission (p. 3) enables us to support major global transitions (p. 4-5). Our long-term strategic vision (p. 6-9) and our governance enable us to stay on track (p. 10-13), as well as listening to our stakeholders (p. 14-15). We rely on a business model that we believe creates value for everyone (p. 16-17).

Detailing our missions and the strengths that enable us to fulfill them

Our "Resourcing the world" mission is based on a suite of efficient and sustainable solutions (p. 20-21). Today, they enable Veolia to demonstrate its usefulness by:

- ensuring its fundamentals (p. 22-25);
- providing solutions to the most complex situations (p. 26-27);
- supporting priority transitions (p. 28-30);
- providing "glocal" solutions (p. 31);
- acting as an integrator (p. 32-33).

Explaining our transformation drivers

To be the standard setter in its business activities and remain as such, Veolia is continuously transforming itself. This transformation involves digitizing our working methods and our offers (p. 36-37). We are also seeking to fully leverage our innovation potential (p. 38-39) and to ramp up collaboration within our Group (p. 40). Lastly, this transformation relies on strengthening our customer focus, which is key to our future performance (p. 41).

Demonstrating that our overall performance creates value for everyone

In 2018, Veolia reported a sustained and sustainable performance by pursuing its social and environmental commitments (p. 44-47). This performance creates value for an entire ecosystem of stakeholders (p. 48-51). In order to sustainably secure our performance and the value it creates, we apply an active policy of risk anticipation (p. 52-53) while strengthening our ethics and compliance systems (p. 54-55).

Focusing on our human capital

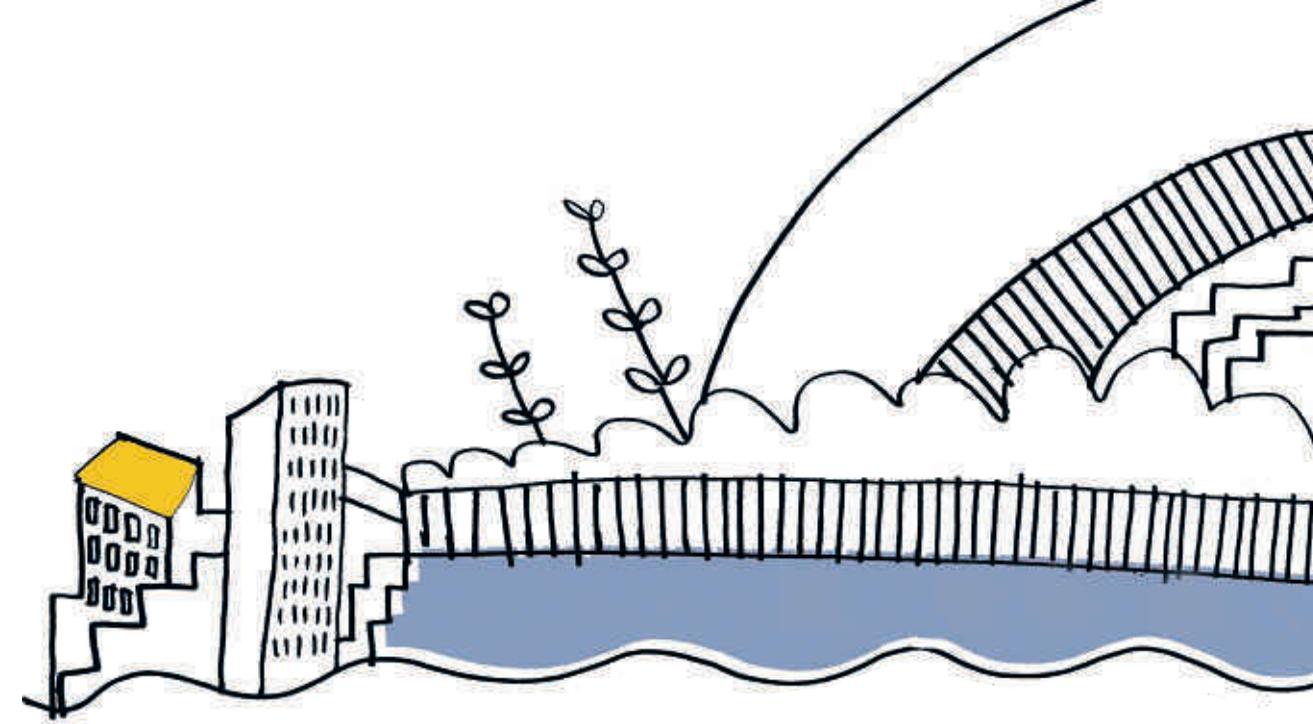
Veolia's greatest asset is being a community of engaged men and women from a variety of backgrounds and careers with a high level of expertise – they are our "Resourcers" (p. 58-61). This invaluable human capital must be protected, which is why our health and safety policy involves all levels within the Group and all the countries where it operates (p. 62-63).

Showing what tomorrow will be made of

Veolia is currently devising its next strategic phase through its "Inspire" collective approach (p. 64).

VEOLIA, AN INSPIRING COMPANY

THAT PAVES THE WAY



Our “Resourcing the world” mission is based on a vision of our environment that is shared by our employees: the world as it should be.

In this world, fewer resources are wasted and they are shared fairly; waste has a value and uses are found for wastewater; and energy is efficiently managed and reused.

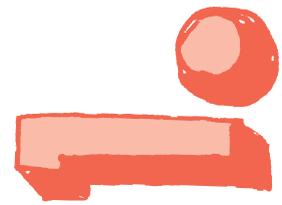
In this world, companies as well as government bodies play a central role in anticipating and supporting major global transitions.

In this world, companies voluntarily ask themselves what is their purpose and their use. This vision both drives and commits us.

Our goal is not only to be the world leader but also the standard setter for environmental businesses: **the company that resolves, prepares the ground and invents, inspires and shows the way.**

Supporting major global transitions

Throughout 2018, Veolia was confronted with far-reaching changes to its environment. Climate, demographic, social, economic and technological changes are at work worldwide and their impact grows more visible with each passing day. Veolia is engaged in the discussion around ideas and actions to inform deeper analysis, identify solutions and help provide a collective response to global issues. We look back over a year of taking positions and making commitments.



Climate change and ecological transition

06/2018 — World Oceans Day

Veolia presented its position on eradicating pollution from the world's seas and oceans at this event. The solutions are of three types: treat the flow of pollution on the coast and inland; prevent and reduce regional vulnerability; and help production and consumption models switch to the circular economy.

07/2018 — High-level Political Forum on Sustainable Development

Organized by the United Nations, the HLPF assessed the implementation of Agenda 2030 for the Sustainable Development Goals (SDG). In 2018, the meeting addressed the "transformation towards sustainable and resilient societies" and examined the progress made with a selection of the SDGs. Pierre Victoria, Veolia's Director of Sustainable Development, presented the Group's contributions.

12/2018 (COP24) — 24th Conference of the Parties to the United Nations Framework Convention on Climate Change

At COP24 in Katowice, Poland, attended by 30,000 participants from 196 countries, Veolia signed the "Step up Now" call to action initiated by the European Climate Foundation. It aims to prompt the European Union not to lower the level of its climate targets.



Population growth and urbanization

10/2018 — COP24 Preparatory Meeting

Prior to COP24, Antoine Frérot, Chairman and CEO of Veolia, attended a preparatory meeting in Kraków, Poland, where he spoke about the "Future of megacities in 2048". An additional 3 billion people will be living in cities by then. Veolia believes the solutions already exist to manage the major challenges created by world population urbanization.

11/2018 — Forum Smart City Paris

The Forum Smart City Paris La Tribune brought together entrepreneurs and political leaders to discuss together the new economic models that must be developed to enable the urban environment's "zero carbon" transformation. Veolia took part in two roundtables: new modes of infrastructure funding and the resilience of cities.

11/2018 — Women's Forum

This event brought together global social and economic leaders to discuss the theme of "Bridging humanity for inclusive progress". Estelle Brachlianoff, Chief Operating Officer for Veolia, gave a paper at the conference entitled "Designing future inclusive cities and economies".



Technological advances and digitization

05/2018 — VivaTech rendezvous

For its second time at VivaTech, the global conference for start-ups and digital innovation, Veolia presented its connected technology and new digital services to assist cities and industrial concerns with their transformation. The solutions are divided into three groups of innovations: Connected technologies, Smart city and Smart citizens.

04/2018 — Global Water Summit

The 2018 Global Water Summit was held in Paris and attracted political and economic decision-makers to discuss the topic of "Transcending boundaries". The Group's new digital technology for water management – Aquavista in particular – sits at the heart of this topic. This "digital plant" maximizes facility performance and provides greater flexibility for the user.



Stricter environmental regulations

05/2018 — European Union adopts the Circular Economy Package

This set of rules lays down new, ambitious targets for waste recycling and landfilling reduction. Through its LivingCircular platform, Veolia is contributing to the discussion and speeding up the transition toward a circular economy. In 2018, the Veolia Foundation held a new cycle of four "circular conferences" at La REcylerie.

Entry into force in 2018-2019 — Chinese legislation clamps down on waste imports

With its environmental standards now among the strictest in the world, the Chinese market laid down a major challenge for waste treatment, in particular plastics and hazardous waste. Veolia has taken up that challenge with comprehensive and innovative solutions. Already well established in China, the Group recently commissioned a new hazardous waste treatment plant there.



Changing lifestyles

01/2018 — Davos World Economic Forum

The 48th World Economic Forum held in Davos, Switzerland, was attended by 70 heads of state and 3,000 decision-makers who addressed the topic of "Creating a shared future in a fractured world". Present at the Forum, Veolia proposed creating more inclusive solutions involving all regional stakeholders in a circular economy approach.

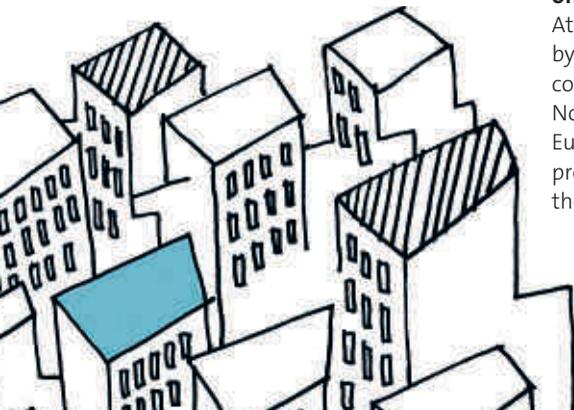
11/2018 — Global Positive Forum

This meeting was attended by political, economic and nonprofit leaders for a day of discussions about their projects for future generations. During the event, Veolia's CEO reflected on "the company as a model of benevolence", and said that companies must be useful in order to prosper.

11/2018 — Futurapolis

This innovation meeting attended by scientists, artists and entrepreneurs to discuss future challenges was an opportunity for Veolia to present its vision of the world in 2040. The Group is intent on merging economic growth and environmental protection in response to three major issues: creating a carbon-free, decentralized and digitized world; feeding 9 billion people with scarcer soil, water and energy resources; and combating water, soil and air pollution.

Read about the major trends in Veolia's business model on pages 16 and 17.



Interview

**ANTOINE
FRÉROT**

Chairman and Chief
Executive Officer
of Veolia



What is your view of 2018, the third year of Veolia's development plan?

What stands out above all is the strong growth in our revenue. It increased 6.5% at constant exchange rates to €25.9 billion. In geographic terms, our growth was balanced between Latin America, Asia, Central Europe, Southern Europe and the United Kingdom. With regard to customers, industrial concerns accounted for 60% of our growth and municipal customers 40%. And then there are the sectors: more than one half of this growth came from new activities that we had identified as being strategic, such as the circular economy, energy efficiency, hard-to-treat pollution, management of industrial facilities at end of life, etc. This is a very encouraging signal that we have successfully moved into these emerging markets, which will provide us with new sources of business to support Veolia's future growth. In all our geographic regions, we achieved very fine commercial successes, which are already having or will have a positive impact on our revenue. Examples, to cite but a few, are the 18-year multi-utility contract signed with DuPont in the United States, the 25-year operation contract for the first waste-to-energy plant in Australia, or the 20-year operation contract for the Salalah desalination plant in the Sultanate of Oman. Our excellent renewal rate for contracts nearing completion,

as well as the contracts we have won in our competitors' "historical strongholds" such as management of the wastewater service in Bordeaux, France, are indicative of the quality and competitiveness of our proposals.

What conclusions do you draw from the 2018 financial statements?

Veolia's financial indicators reflect the improvement in its operational performance and its increased profitability. For example, EBITDA came to €3.4 billion, an increase of 7.3% at constant exchange rates. Cost savings totaled €302 million, which is on target with the €300 million we had set. The €675 million in current net income represented a 14.7% rise at constant exchange rates and excluding capital gains. Lastly, our net financial debt fell below the €10 billion mark as expected and is therefore under control. 2018 saw a continuation of the solid growth already seen in our results over the past few financial years. Indeed, the pace even picked up resulting in higher growth. For the past three financial years, our revenue has annually increased by 4% at constant exchange rates, EBITDA by 5% and current net income by 10%. This is proof that we are firmly set on a path of profitable and sustainable growth.

Was 2018 a year rich in innovation?

Yes, it was, and it's worth underlining that these innovations are ultimately a source of competitiveness and attractiveness. In the final analysis, 2018 was a year of triple consolidation: growth, performance and innovation. For example, we opened the first French solar panel recycling facility. Its recovery rate exceeds 95%! Also, we developed a new generation of autonomous robots using so-called "neural network" artificial intelligence to improve waste sorting. This is crucial, as effective waste recycling depends on the quality of the sorting. We have also signed a partnership agreement with EDF to create in Europe new, highly technical industrial streams with high value added for dismantling gas-cooled reactors and nuclear waste vitrification. All these innovations are important because they lay the foundations for our Group's future, but they also tell us something fundamental about it. They tell us that our expertise is differentiating and that our company maintains its lead because it is able to create the expertise so desperately needed for the 21st century.

"OUR COMPANY IS MAINTAINING ITS LEAD BECAUSE IT CAN CREATE EXPERTISE DESPERATELY NEEDED FOR THE 21ST CENTURY."

What is the 2019 outlook for Veolia?

As we exceeded our targets, our 2018 performance puts us in an excellent position to successfully conclude our 2016-2019 plan. So 2019 should be an additional year of sustained growth. As a consequence, our Group fully confirmed all the commitments made for the year: pursue revenue growth, save an additional €220 million on costs and achieve EBITDA of between €3.5 billion and €3.6 billion.

In practice, we will continue to implement – pragmatically and without haste – the dual drivers of our growth plan. The first is growth, which will be mostly organic, but will also involve a few targeted, small-scale bolt-on acquisitions; this internal and external growth will methodically build up our geographic and sector platforms and add the links that are still lacking in our value chain. The second is our efficiency drive, based on operational performance improvement programs, stricter management of overheads and a more rigorous purchasing policy. Over the 2016-2018 period, we have achieved €802 million in cost savings. By the end of 2019, marking the end of the four years of our development plan, we will have exceeded €1 billion in savings.

What about the years beyond?

In 2020, we will begin our new strategic plan designed to act as a compass for our Group for the following four years. We began to develop it in 2018 with the participatory “Inspire” approach, which collected more than 1,600 internal contributions. In 2019, the major aspects of this plan will be detailed, costed and adjusted for each local roadmap. In addition to economic goals, this plan will include goals for our Group’s organization and operation in order to improve its responsiveness, complete its digital transformation and step up synergies to capitalize better on its full growth potential. This plan will mark the beginning of a new stage in our company’s history, during which it will strengthen its positions in the most buoyant market sectors and extend its lead in environmental businesses.

How is Veolia preparing for the renewal of its business activities?

We’re simultaneously looking at the short, medium and long terms. Our activities are spread over all three time frames to build additional growth relays and ensure a

harmonious transition between emerging and mature activities. Among our various activities, there are first of all those that are most developed, which I would call the “forests” to use a metaphor drawn from nature. These are our conventional offerings, which we manage expertly and which today generate most of our revenue. We need to replicate these forests, especially in new high-growth regions with acceptable solvency. Then, there are more recent activities that we could call the “trees”. They also need to be reproduced and densified to one day become “forests”. They are, for example, energy efficiency, plastics recycling and anaerobic digestion of organic waste. Our aim is to disseminate these promising offerings in a more industrial, systematic and substantial manner. Lastly, there is a profusion of original and emerging activities. These are the “seeds” that we are sowing and nurturing into “trees”. These promising young shoots – as yet small at the scale of Veolia – are such things as microgrids, urban agriculture, air quality, and so forth. All these seeds need to be tested, carefully selected and then helped to grow. Veolia is inventing the future with them.

This year, Veolia will be defining its purpose. Why is that?

Stating the Group’s purpose is tantamount to expressing the ultimate aim of its action. That is, why and how Veolia is useful to everyone who is involved in its sound operation. Our purpose derives from the mission we have given ourselves of “Resourcing the world”. It will act as the goal for our strategy and all our initiatives. It will be our collective project and shared aim to ensure that Veolia is perceived as useful, even indispensable by its customers; as prosperous and appreciative by its shareholders; and as engaged, passionate even, by its employees. And as inspirational by everyone!

What can a company like Veolia do in response to the challenges around the fight against climate change?

Concrete, tried-and-tested and complementary solutions: energy efficiency, especially for buildings, as many of them are still energy “guzzlers”; the transition to renewable energy, such as biomass, solid recovered fuel or heat recovered from wastewater; the circular economy, which, by converting waste into resources,

drastically reduces carbon emissions; capturing methane, which is a pollutant when released into the atmosphere but a green energy when transformed into heat. The gains to be made by the more widespread use of these solutions are huge. Take the case of lost-energy recovery. In Europe, just 1% of the by-product energy from industrial plants and cities is reused – 99% is lost. As we operate at the heart of these issues in cities and industry, our businesses have a very promising long-term future.

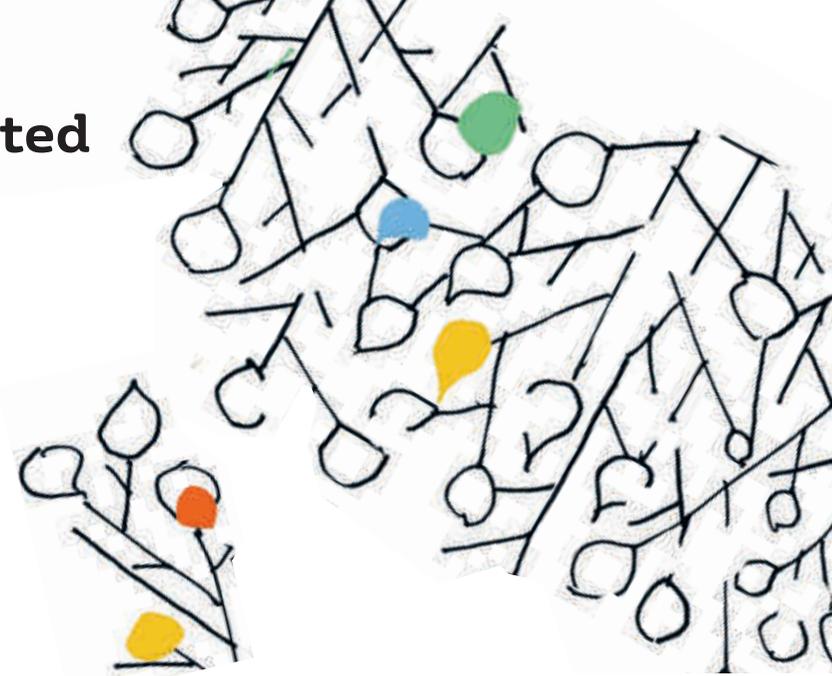
This brings us back to our Group’s purpose and its utility. In fact, there are few tasks that are as essential as helping overcome the major challenges facing humanity, such as climate change; water, energy and raw materials scarcity; the treatment of toxic pollution; access for everybody to essential services, to name but a few. For the fields in which we operate, we want to take up these challenges and help our customers do likewise. In the final analysis, isn’t a useful company one that, when faced with the challenges of the 21st century, does not give up but instead does all it can to tackle them? In any case, that’s what we believe at Veolia.

“A USEFUL COMPANY IS ONE THAT, FACED WITH 21ST CENTURY CHALLENGES, DOES NOT GIVE UP BUT INSTEAD DOES ALL IT CAN TO TACKLE THEM. THAT IS OUR BELIEF.”



ANTOINE FREROT

Governance committed to making Veolia the standard setter



The Board of Directors and the Executive Committee work together to provide the Group with an ambitious and coherent strategic focus. They oversee its implementation, making sure the Group has the capacity to create value and ensure its longevity. The Board of Directors sets the strategic directions for the business and makes sure they are implemented. The Executive Committee is a discussion and consultation body that determines the general policy needed to implement the strategic directions.

An involved and expert Board of Directors

The Board of Directors occupies a key position in Veolia's governance system. It is heavily involved in defining the Group's strategy, in particular through its regular activities reviews, on-site visits and annual strategic seminar.

The Veolia Environnement Board has 15 directors, of whom nine are independent and two are employee representatives. The independence rate is therefore 69.2%, which exceeds the recommendations of the Afep-Medef Code⁽¹⁾. With the exception of the employee representative directors, the members of the Board are appointed by the ordinary general meeting of shareholders for a period of four years upon a proposal

15

directors

2

employee representative directors

4

non-French directors

93.3%

average attendance rate in 2018

46%

women directors⁽¹⁾

61

average age of directors

⁽¹⁾ Excluding directors representing the employees in accordance with the Afep-Medef Code.

by the Board on the recommendation of the Nominations Committee. Their term may be ended at any time on the decision of the general meeting of shareholders. Each director of the Board, except the employee representative directors, must own at least 750 Veolia Environnement nominative shares. Additionally, a representative of the Works Council attends the Board meetings on a consultative basis.

In addition to increasing the number of women directors, the Board is committed to diversifying the nationality and expertise profiles of its directors, while making sure that it includes a balanced representation of the company's various stakeholders.

BOARD DIRECTORS' EXPERTISE CHART



Antoine Frérot

Louis Schweitzer

Homaira Akbari

Jacques Aschenbroich

Maryse Aulagnon

Caisse des dépôts et consignations, represented by Olivier Mareuse

Isabelle Courville

Clara Gaymard

Marion Guillou

Franck Le Roux, employee representative director

Pavel Páša, employee representative director

Baudouin Prot

Nathalie Rachou

Paolo Scaroni

Guillaume Texier

Four specialized committees

The Board of Directors is assisted in conducting its functions by four specialized committees:

- **Accounts and Audit Committee** chaired by Nathalie Rachou;
- **Nominations Committee** chaired by Louis Schweitzer;
- **Compensation Committee** chaired by Maryse Aulagnon;
- **Research, Innovation and Sustainable Development Committee** chaired by Jacques Aschenbroich.

Their role is to assist the Board of Directors in conducting its functions and preparing its deliberations (information, opinions, recommendations, etc.). Each committee has three to six members.

A renewed and energized Executive Committee

In 2018, two new members joined Veolia's Executive Committee, marking the emergence of a new generation of executives involved in implementing the Group's latest transformation plan. In addition, Estelle Brachlianoff was appointed Chief Operating Officer, and Claude Laruelle, Chief Financial Officer. They will contribute to continuing and expanding the Group's growth and efficiency strategy moving forward to the 2020-2023 strategic plan.

The Executive Committee is a key sponsor of the Group's CSR commitments. The sustainable growth strategy was formalized in 2015 in the form of nine ambitious commitments reflected in 12 key progress indicators and specific 2020 targets. Each commitment is overseen by a member of the Executive Committee. Each year, the nine commitments are the subject of an annual review. In 2018, specific points concerning the biodiversity, regional attractiveness and climate commitments were also addressed during Executive Committee meetings.

The Group's environmental performance, as well as that for occupational health and safety, account for 30% of the qualitative share criteria of the Executive Committee members' variable remuneration.



Composition of the Executive Committee

- 1 Antoine Frérot,** Chairman and Chief Executive Officer
- 2 Laurent Auguste,** Senior Executive Vice President, Development, Innovation and Markets
- 3 Estelle Brachlianoff,** Chief Operating Officer
- 4 Régis Calmels,** Senior Executive Vice President, Asia
- 5 Philippe Guitard,** Senior Executive Vice President, Central and Eastern Europe
- 6 Éric Haza,** Chief Legal Officer
- 7 Patrick Labat,** Senior Executive Vice President, Northern Europe
- 8 Jean-Marie Lambert,** Senior Executive Vice President, Human Resources
- 9 Claude Laruelle,** Chief Financial Officer
- 10 Jean-François Nogrette,** Senior Executive Vice President Veolia Technologies and Contracting⁽¹⁾
- 11 Helman le Pas de Sécheval,** Secretary-General

(1) Global Enterprises was renamed Veolia Technologies and Contracting as of January 1, 2019.

Progress with and for all our stakeholders

Over the past few years, Veolia's ecosystem has dramatically changed. The engagement of civil society - NGOs, social entrepreneurs, consumer associations, solidarity nonprofits, academics, etc. - has shifted the traditional scope of the Group's activities and governance with an increasing focus on more intimate relationships with all stakeholders.

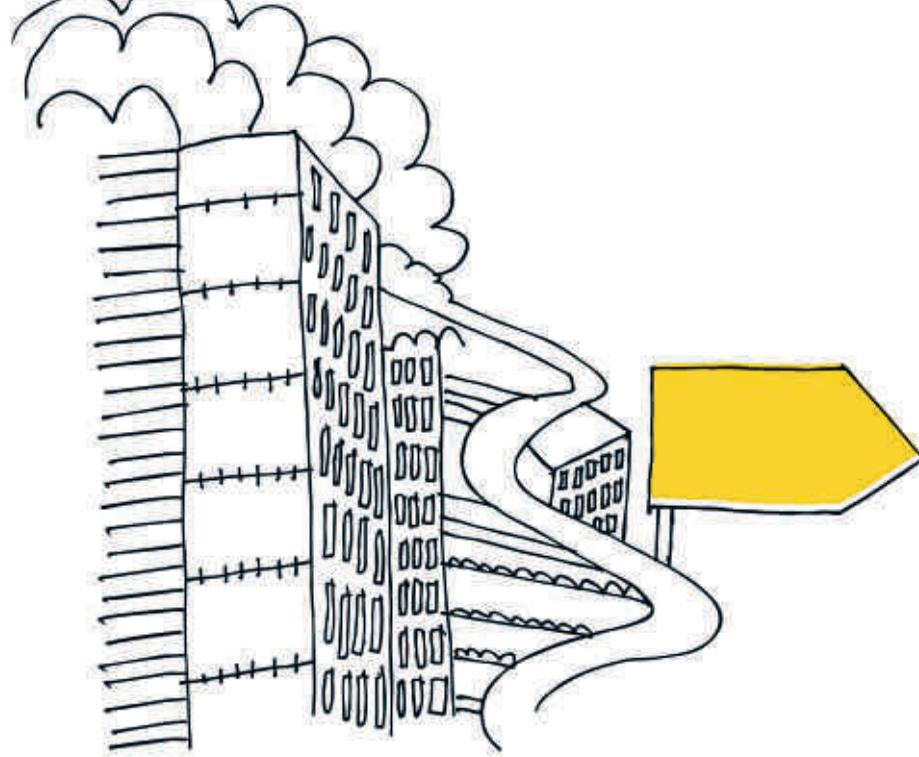
"The company must have multiple objectives that serve all its stakeholders if it is to distribute its value added between all those who contribute to it. If a company is to be useful, it must decide on an 'optimum' solution between its stakeholders. A company prospers because it is useful rather than the other way round". As affirmed by Antoine Frérot, sharing created value is, for Veolia, a prerequisite for long-term survival.

In addition to its municipal and industrial clients, the Group engages in discussions with stakeholders at all levels, from grassroots contacts to top governmental authorities through:

- **satisfying** end customers (users) by way of local-management actions: information channels, satisfaction surveys and mediation in liaison with nonprofits;
- **the contribution** of suppliers and subcontractors to the Group's social performance, which is one of the drivers of its responsible purchasing policy;
- **active participation** in consultations and work concerning environmental and social issues conducted by international, European and national decision-makers, professional associations, think tanks and NGOs.

An explicit CSR commitment

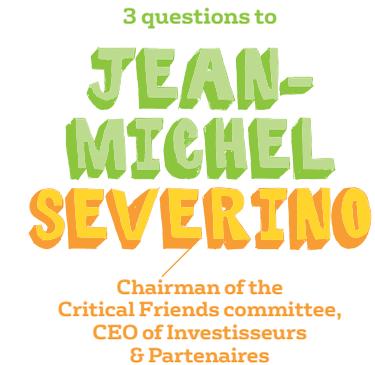
Responsibility with regard to stakeholders is expressed in, and measured by, the Group's commitments to resourcing regions. More specifically, CSR commitment no. 4 aims to "build new relationship and value-creation models with our stakeholders." The objective for 2020 is to "have established a major partnership based on creating shared value in every zone and growth segment". Veolia is working more collaboratively with its clients and partners (NGOs, nonprofits, start-ups, etc.) under an innovative co-construction approach to creating new economic models. These models are based both on sharing the benefits and the value created, and on complementarity of expertise in order to address problems in their globality. By 2018, 11 business zones and six growth segments had already achieved the objective. Seven development agreement partnerships were signed at the European or global level with partners in industry, services, organizations and nonprofits. They were signed with partners such as Danone, Swiss Re, 100 Resilient Cities, Unilever, Tetra Pak, Livelihoods Fund, and the NGO Ashoka. Almost 20 others concern joint development agreements at a regional level. These include the partnership with Odial Solutions in Africa and



the joint venture between Veolia and the 100% Aboriginal-owned company Our Country in Australia to provide shared waste management services.

The Critical Friends committee

Set up in 2013, the Critical Friends committee is comprised of people from the nonprofit, institutional and academic worlds, who are all experts in social and environmental issues. It acts as an external observatory on strategic issues about social and environmental responsibility to support Veolia's continuous improvement efforts. The Critical Friends meet once or twice a year. The committee is chaired by an independent person recognized for his or her experience in the social and environmental fields. In 2015, two local committees were created in China and Germany with a view to discussing, with representative stakeholders, topics linked more specifically to Veolia's businesses in these countries. The Critical Friends committee is another aspect of the stakeholder dialogue initiatives at the Group or local level.



What is the role of the Critical Friends committee?

The committee is a means of bringing together collective intelligence where we compare our viewpoints and feed off each other's experience. Our role is to challenge Veolia - and sometimes alert it to problems - concerning subjects related to its strategy and which we see as having a potential impact on society as a whole.

How does it operate?

The committee starts by examining a project that has been carried out at a site or in a region. This is a very important moment in which we get to grips with the diversity of the Group's activities and meet with people who contribute to its growth. Then, we devote a day to one or two discussion sessions about subjects prepared in advance. These sessions are attended by Antoine Frérot and members of the Executive or Management committees. For example, we have looked closely at Veolia's climate responsibility, contribution to the SDGs, new responsibilities in the industrial sector, opening up to the air-quality market and, more recently, the definition of its purpose.

What is the use of this committee?

This is an important question for its members. What do we really contribute to? It's not necessarily something you can measure, but the attention that Antoine Frérot pays to our meetings is telling. To use his own expression, he "milks our discussions for all they're worth". What he gets out of them is his business. Our recommendations are shared with the management teams, and even presented to the Board of Directors. In 2019, the committee was expanded to include representatives of other Veolia stakeholders: clients, suppliers and future generations. The main priority is still to retain a sense of free speech and collective intelligence as it conditions both the strength and usefulness of this committee.

A business model creating value for all

STRENGTHS

Global expertise, local know-how

- Over **8,000 sites** worldwide
- Detailed knowledge of local stakeholders, through a strong cultural and regional foothold

Market base combined with financial strength

- Balanced portfolio between municipal (**53%**) and industrial business (**47%**)
- Present notably in dynamic markets (Asia, North America, Latin America)
- Financial strength: net debt/EBITDA ratio of **2.87**

Committed and competent men and women

- 171,495 employees**
- A campus network including **14 training centers** worldwide, located in 9 countries
- 1,600 contributions** collected by the "Inspire" collective strategy review

Constant innovation serving sustainable development

- 25 centers of excellence** for open and widespread innovation; 2,000 patents in the water sector
- Internal innovation program, Open innovation, in partnership with innovative start-ups and SMEs
- Inclusion in DJSI⁽¹⁾ World and Europe indices, CDP Climate A score, Ecovadis Gold status, Global Compact Advanced level, attesting to a recognized sustainable development strategy

Expert governance

- Diverse expertise on the Board of Directors
- Multicriteria compensation system (including CSR criteria) for the Executive Committee, with annual and long-term components

BUSINESS MODEL



(1) Dow Jones Sustainability Index.



BENEFITS FOR MANKIND AND THE PLANET

VALUE CREATED

Revenue of **€25,911 million**, up 6.5% at constant exchange rates

Post-tax **ROCE**: 8.8%
WACC⁽²⁾: 5.5%

Employees

- 77%** received training to maintain or improve their skills
- 1.90%** of share capital held by employees
- 86%** manager commitment rate (per 2017 commitment survey)

Municipal and industrial clients

- 67.6%** material recovery rate for treated waste
- 75.4%** efficiency rate for drinking water networks
- 87%** efficiency rate for heating networks

EBITDA of **€3,392 million**

Investors

- Dividend of **€0.92** per share
- TSR: 5 years: **+86.74%**
- Current net income earnings per share as of December 31, 2018: **€1.22**

Suppliers

- €13.1 billion** of purchases
- CSR support: **63%** of active contracts in the supplier base include the Group's CSR clause

Regions

- 85.7%** of expenditure reinvested in the regions
- 165,000 jobs** supported in 2017 in France (direct, indirect and induced jobs)

(2) Weighted Average Cost of Capital.

Final customers

People served:

- 95 million people** supplied with drinking water
- 9.6 million people** connected to water systems and 4.4 million people connected to wastewater systems in countries with poor access since 2000
- 71%** of users have progressive pricing contracts
- 99.7%** of drinking water quality is compliant
- 63 million people** connected to wastewater systems
- 43 million people** provided with waste collection services

Planet

- Revenue of **€4.8 billion** generated in the circular economy
- 63 million metric tons of CO₂** equivalent of reduced emissions at our installations since 2015

24 million metric tons of CO₂

equivalent of avoided client emissions since 2015

- 60%** of sites with significant biodiversity challenges performed an assessment and deployed a biodiversity action plan

United Nation's Sustainable Development Goals (SDGs)

- Participation of Veolia's businesses in implementing each of the 17 SDGs with a direct or indirect impact on 65 of 169 targets
- Veolia revenue contribution for 5 core business SDGs:

SDG 6: Clean water and sanitation

SDG 7: Affordable and clean energy

SDG 9: Industry, innovation and infrastructure

SDG 11: Sustainable cities and communities

SDG 12: Responsible consumption and production

At the heart of Veolia's usefulness lies a mission: Resourcing the world

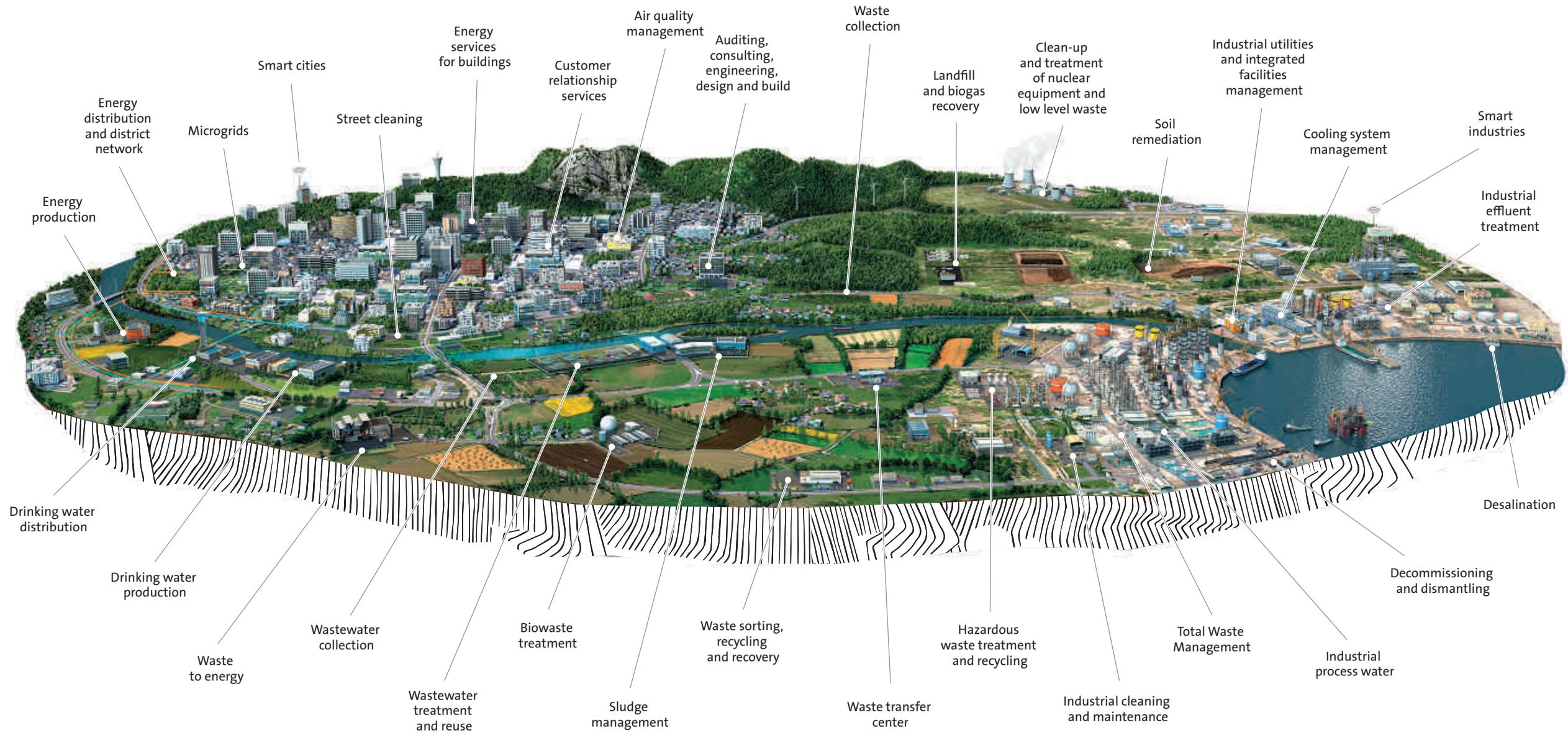
In a world under pressure from demographic growth, urbanization and major environmental issues, Veolia's activities have a triple imperative: to improve access to resources, preserve resources and contribute to replenishing them.



An ecosystem of effective and sustainable solutions



Our solutions for municipalities and industries



WATER

- 95 million people supplied with drinking water
- 63 million people connected to wastewater systems
- 3,603 drinking water production plants managed
- 2,667 wastewater treatment plants managed

WASTE

- 43 million people provided with collection services on behalf of municipalities
- 49 million metric tons of treated waste
- 655 waste processing facilities operated
- 560,505 business clients

ENERGY

- 46 million MWh produced
- 42,053 thermal installations managed
- 615 heating and cooling networks managed
- 2,389 industrial sites managed

Resourcing the world means

ENSURING THE FUNDAMENTALS

Through its long-standing businesses, Veolia implements an array of solutions that ensure daily access to vital basic services for millions of people worldwide. The Group's businesses contribute to the well-being of communities and the attractiveness of regions:

— Veolia's expertise spans **treatment of water** to monitoring its quality at each stage in the cycle from extraction to discharge back into the natural environment. The Group innovates to protect resources and encourages recycling and reuse of water by cities and industry.

— Veolia is the specialist in **waste management**, whether for liquid or solid, non-hazardous or hazardous waste. The Group's areas of expertise cover the waste life cycle from collection to recycling, and on to its final recovery as materials or energy.

— As an expert in **energy services**, Veolia supports the economic growth of its municipal and industrial customers while helping reduce their ecological footprint. Whether in energy efficiency, efficient management of heating and cooling networks, or green energy production, the Group has a unique expertise for a more sustainable world.

In 2018, numerous events and projects illustrated the tasks that Veolia undertakes each and every day to ensure that an ever-growing number of people have access to resources.



BANGLADESH

Meeting growing drinking water needs

Dhaka, the capital of Bangladesh, is confronted with declining aquifers at a time when its population – already 11 million people – continues to grow. The volume of drinking water required is expected to double by 2030. In a bid to find a solution, the Bangladeshi government has undertaken the Dhaka Water Supply Project, which aims to diversify the sources of water, principally using surface water. Against this backdrop, Veolia, in partnership with Suez, was awarded the design, build and operate contract for the Gandharbpur water production plant. From a river water intake, this plant will supply almost 4.3 million people with drinking water that meets the World Health Organization's standards. Additionally, the entire facility has been designed to withstand the region's frequent earthquakes.



FRANCE

Ensure service continuity in all circumstances

In October 2018, massive downpours caused the Aude River to burst its banks, leading to the biggest flood for more than a century. Veolia, which supplies water to 40% of the population in France's Aude administrative department, mobilized around 100 emergency personnel. Working alongside the municipalities and the regional health agency, they managed to maintain a healthy water supply for the duration of the event. In the Carcassonne area – the area most affected – the Veolia teams had the Barthes water production plant back up and running in just a few hours after it had been flooded.



AUSTRALIA

KWINANA

The country's first waste-to-energy plant

The Kwinana project, near Perth, is Australia's first waste-to-energy plant. It is a sustainable solution for waste management and will provide an additional safe and affordable source of local energy. Operated by Veolia starting in 2021, the plant will process 400,000 metric tons of solid municipal waste, initially producing around 40 MWh of clean energy, enough to supply 50,000 households. The project will comply with the most stringent standards (European directives on industrial emissions), while the atmospheric emissions will be monitored by a continuous emission measuring system. Veolia will operate and maintain the plant for an initial period of twenty-five years.



WORLD

TOILET BOARD COALITION

Promote universal access to sanitation

In May 2018, Veolia joined the first worldwide platform dedicated to speeding up the sanitation economy. This public-private partnership brings together multinational companies, nongovernmental and governmental organizations, and social landlords behind the shared objective of "universal access to sanitation". Veolia and the Toilet Board Coalition are working on rolling out decentralized solutions that will bolster existing systems in order to develop universal access to toilets and improve the performance of centralized systems.

From household waste to district heating

The contract to operate the Couëron waste processing and recovery plant was renewed in summer 2018. At this plant, Veolia will treat the 185,000 metric tons of waste expected each year using three complementary processes: energy recovery from household waste, sorting selective collection, and treating unsorted waste from drop-off centers. This waste will produce 30,000 MWh of electricity per year, equivalent to the annual consumption of 1,900 households. Starting in October 2019, it will also provide steam to the Nantes district heating network and an industrial site.



FRANCE

COUËRON

WINDHOEK

NAMIBIA

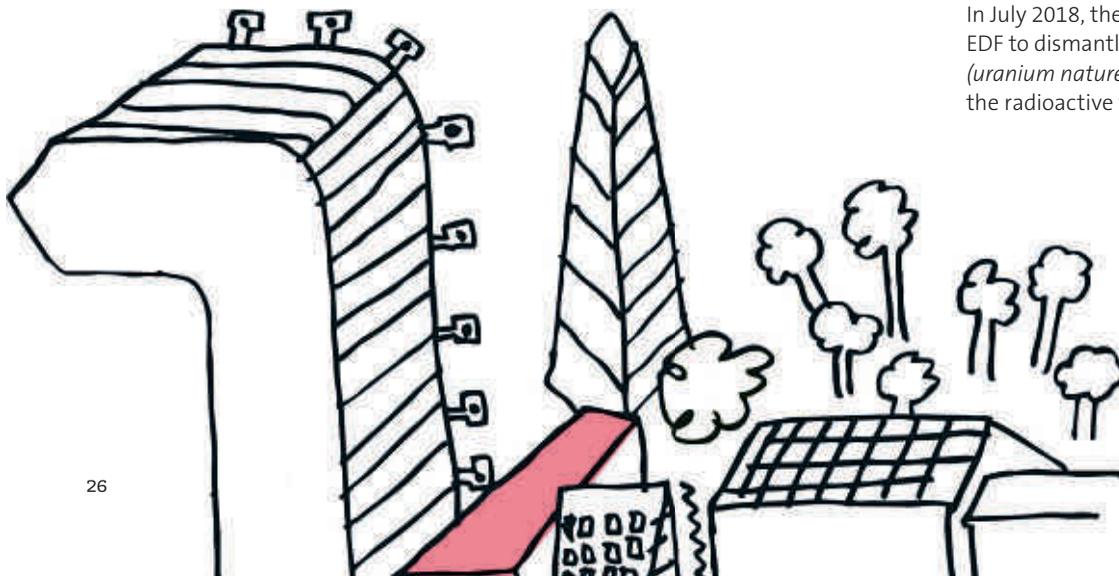


50 years producing drinking water from wastewater

Commissioned in 1968, in one of Africa's most arid countries, the Windhoek treatment plant was the first in the world to develop a process that imitates nature to convert wastewater into drinking water. Supplying 23,000 cubic meters of water a day to a population of 350,000, it has become an international benchmark for innovative and sustainable water management.

Resourcing the world means

RESPONDING TO THE MOST COMPLEX SITUATIONS



Veolia stands out for its ability to leverage its state-of-the-art expertise and technology in response to highly complex situations.

For hard-to-treat pollution, the Group has a global network of experts who can be rapidly mobilized, and a comprehensive range of technology and services to treat industrial effluent and hazardous waste, and to handle soil remediation.

The management of industrial cycles at end of life is another of the Group's specializations. From dismantling to materials recovery while ensuring compliance throughout the process, Veolia is present throughout the entire value chain. This enables it to work on the most complex assignments, such as dismantling oil platforms, military vessels, nuclear facilities, and so on.

By minimizing the pollution caused by their activities and recovering the most complex materials, Veolia creates value for its clients, enabling them to comply with the strictest environmental standards and maintain their license to operate.



Dismantling reactors

With part of the world's fleet of nuclear reactors now ageing, nuclear plant dismantling and radioactive waste management are significant market opportunities. For some ten years now, Veolia has been offering management services in France for basic nuclear facilities and low-level radioactive waste, in particular at Saclay for CEA, the French Alternative Energies and Atomic Energy Commission; at the Cires facility for Andra; and at the Centraco in Marcoule for EDF. With around 900 employees, Veolia Nuclear Solutions now has clients in the United States, United Kingdom and Canada. In Japan, Veolia is participating in the long and complex work to dismantle the Fukushima power plant reactors.

In July 2018, the Group signed a partnership with EDF to dismantle six first-generation UNGG (*uranium naturel graphite gaz*) reactors and to treat the radioactive waste from them by vitrification.

178%

of the materials extracted from the deconstruction of the submarines - mainly ferrous and nonferrous metals - can be recovered.



Deconstructing submarines

In September 2018, in Cherbourg, France, Naval Group began the task of deconstructing five first-generation ballistic missile nuclear submarines (*Le Tonnant*, *Le Terrible*, *Le Foudroyant*, *L'Indomptable* and *L'Inflexible*).

As part of this unprecedented mission, Veolia has been contracted to deconstruct the submarines and recover materials from them. Since 2014, Veolia has been engaged in deconstructing end-of-life surface vessels, such as the *Jeanne d'Arc* and *Colbert*.

The deconstruction yard for *Le Tonnant* in figures

- 6,100 metric tons: weight of a ballistic missile nuclear submarine
- 5,300 metric tons recovered, including 1,500 metric tons of hull, 2,000 of scrap metal, 800 of lead and 1,000 of nonferrous metals (stainless steel, copper, etc.)
- 20 Veolia employees working at the Cherbourg site
- 18 months: time required to deconstruct a ballistic missile nuclear submarine



Resourcing the world means

SUPPORTING PRIORITY TRANSITIONS

What with the “garbage patch” of waste plastic in the sea, production expected to quadruple by 2050, and insufficient collection and recycling systems, plastic is the source of an ecological emergency, but is also a huge market opportunity. For Veolia, it is crucial to be a player in the transition toward the plastics circular economy, while keeping ahead of the pack to be a central driving force.

Multilateral awareness

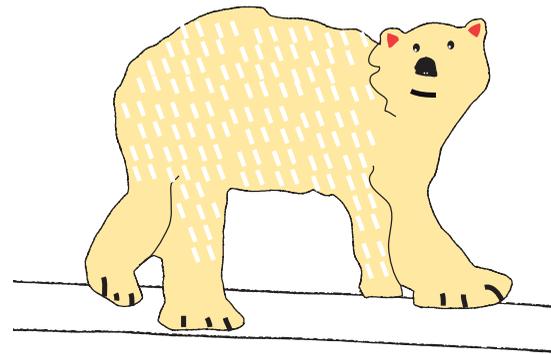
According to the Ellen MacArthur Foundation, just 14% of plastic packaging used worldwide is collected for recycling; 40% is landfilled and one-third ends up in fragile ecosystems. Around 8 million metric tons of plastic ends up in the world’s oceans each year. Since the 1950s, only 8% of production has been recycled.

Since 2016, Veolia has been a core partner of the Ellen MacArthur Foundation’s New Plastics Economy initiative, which aims to change the way plastics are produced, manufactured and used in order to shift this material toward a circular economy. Veolia is a member of the initiative’s consulting council and contributes to drawing up the strategy and work program. During the 2018 Our Ocean conference in Bali, Indonesia, the New Plastics Economy launched the Global Commitment: 250 companies and governments signed up to achieving precise goals by 2025 and adhering to a shared vision to attack the problem of plastics at the source.

Veolia also addresses this problem through its institute’s Foresight Committee. Comprised of high-level international experts, the committee made the issue of plastic waste in the oceans the central theme of its most recent annual meeting.

In June 2018, for World Oceans Day, Veolia published a position paper on ocean pollution. The finding that 80% of waste in the oceans comes from inland sources means that it is crucial to stop solid and liquid pollution being released into the sea. To this end, Veolia has defined an approach based on three key points:

1. treat coastal pollution by cleaning, collecting and treating wastewater and solid waste to limit what ends up in the sea;
2. prevent and reduce regional vulnerability through the dynamic management of upstream flows and in so doing improve the regions’ resilience;
3. transform production and consumption modes to transition to the circular economy by developing innovative multiplayer partnerships,



in particular for plastics.

Plastics recycling industry in its infancy

Veolia is currently building up the resources it needs to create a plastics recycling industry by developing infrastructure to collect and process plastics. The Group aims to be a benchmark in this market, which is expected to undergo massive growth. It also hopes to involve all stakeholders – companies, governments, nonprofits and citizens – in a collective response to this issue.

In 2018, Veolia joined international companies in the plastics and consumer goods value chain to create the Alliance to End Plastic Waste (AEPW). Launched in

“Everyone agrees that plastic waste does not belong in our oceans or anywhere in the environment. This is a complex and serious global challenge that calls for swift action and strong leadership. This new alliance is the most comprehensive effort to date to end plastic waste in the environment.”

DAVID TAYLOR

Chairman of the Board, President and CEO of Procter & Gamble, and chairman of the Alliance to End Plastic Waste (AEPW)

January 2019, this new nonprofit organization aims to provide solutions to stop plastic waste being released into the environment – especially the world’s oceans – and to promote its recycling. The Alliance has committed to investing more than \$1 billion in this cause and aims to achieve \$1.5 billion over the next five years. Veolia is one of the Alliance’s founding members and Antoine Frérot one of its vice presidents. Its activity will be focused on those regions with the highest outflows of plastic, starting with Southeast Asia.

Thanks to the efforts of numerous private-sector and nonprofit stakeholders, plastics are also facing stricter regulations in several parts of the world. In 2018, the European Parliament voted a binding

regulatory target of including 35% recycled plastic in bottles containing water and other beverages. At the same time, China and other Asian countries, such as Malaysia, announced they were closing their borders to plastic waste imports from other parts of the world.

Plastics are still mostly “down cycled,” meaning they are recycled but lose their value compared with their initial state; for example, they are used in textile fibers or as insulation material. The bottle-to-bottle

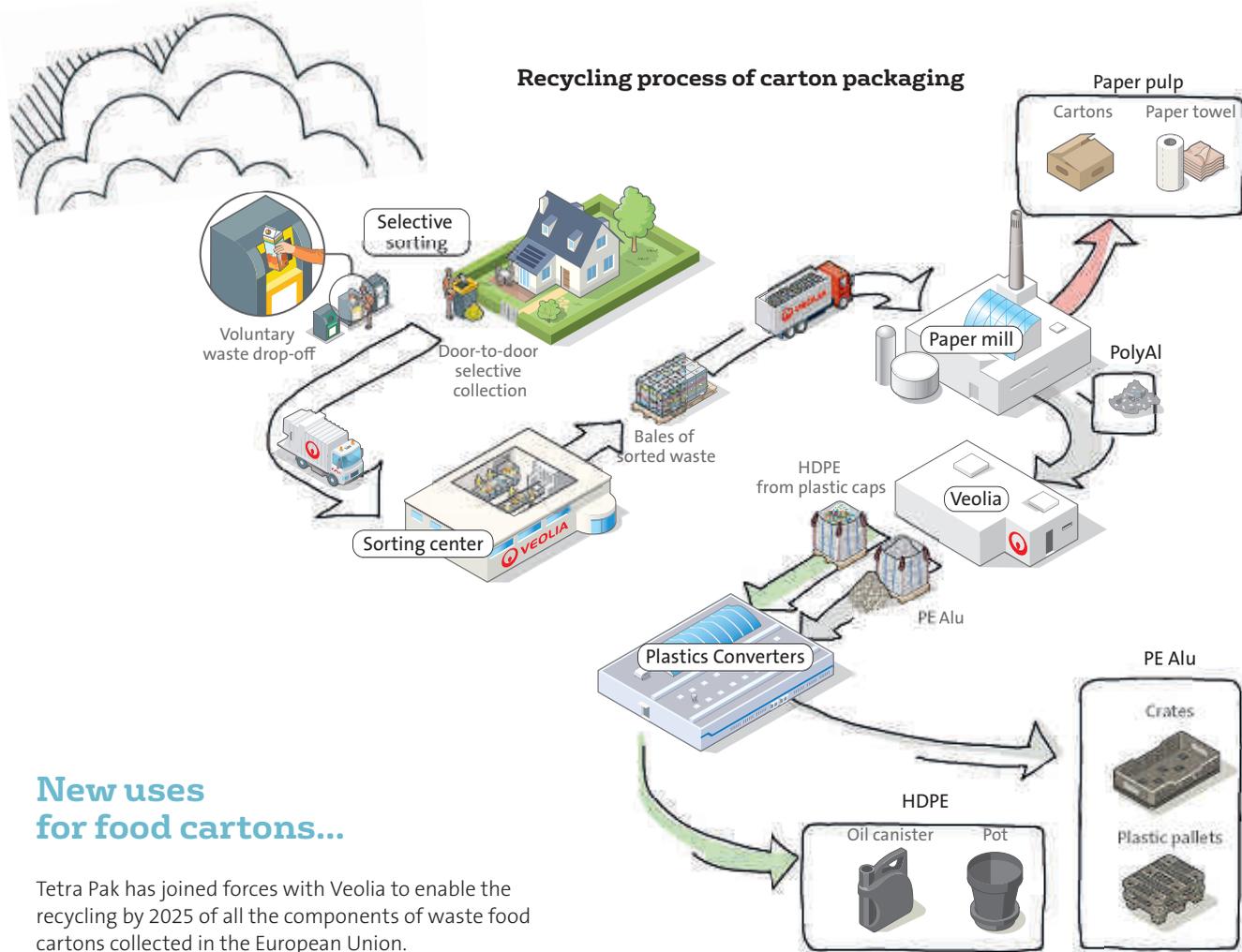
recycling process is still rare. Germany is one of the most advanced countries in this respect; Veolia’s Rostock site, for example, recovers 1 billion bottles a year. Veolia’s revenue from plastics recycling came to €250 million in 2018 and the Group is aiming for €400 million for 2019. It expects revenue to top €1 billion by 2025, around one-third of which will be generated in Asia. Japan, South Korea, India, Indonesia and above all China are increasingly concerned about the environmental impact of plastic and they are fertile ground for developing this activity.

A partnership approach with industry

In 2018, Unilever and Veolia signed a partnership agreement to work together on emerging technology. The aim is to create a plastics circular economy in various regions, beginning with India and Indonesia. Under this agreement, the two parties recognize that the issue of plastic waste involves shared responsibility requiring collective action across the entire value chain. Their work will focus on collecting recyclable material for its efficient incorporation into recycled content in the chain. In several countries, Veolia and Unilever are working on rolling out waste packaging collection solutions, increasing recycling capacity and developing new processes and economic models. Unilever has also undertaken to increase the recycled plastic content in its packaging by at least 25% by 2025.

Under an alliance signed in 2016, Veolia is working with Danone on its climate policy, aiming to achieve zero net carbon emissions by 2050. Recycling plastics obviously plays a key role with various targets, such as the use of recycled PET (rPET) for all Evian water bottles by 2025 and a minimum of 35% in 2025 in packaging for all group brands. Veolia has in particular helped Danone shift toward new types of sustainable purchases, in particular rPET, in a bid to help achieve these targets. An additional threshold will soon be reached with the design, construction and operation of a food-quality PET recycling plant in Indonesia. With a capacity of around 25,000 metric tons a year, this plant will in particular help meet the needs of Danone and its Aqua brand under a contract to supply rPET beads. It is scheduled to enter service in 2020.

Recycling process of carton packaging



"All materials from beverage cartons can be fully recycled into something new and useful. Our approach to recycling involves working with many partners along the value chain, because a chain is only as strong as its weakest link. The challenge in the EU is to achieve the economies of scale and turn PolyAl into high value secondary materials. With this partnership, we are combining our respective areas of expertise to find sustainable solutions for PolyAl recycling"

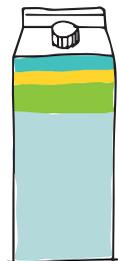
LISA RYDEN

Recycling Director, Tetra Pak

New uses for food cartons...

Tetra Pak has joined forces with Veolia to enable the recycling by 2025 of all the components of waste food cartons collected in the European Union. Most food cartons are comprised of board, plastic and sheets of aluminum. The fibers recovered from recycling can be easily converted into paper pulp and used for industrial and consumer goods, but the same is not true of the mixture of recovered polymer and aluminum (PolyAl). Under this new partnership, PolyAl will be processed in specific facilities and converted into raw materials for use in the plastics industry. This will double the overall value of waste food cartons sent for recycling.

Liquid-food packaging's composition



- 5% Aluminum
- 6% Plastic caps
- 14% Plastic layers
- 75% Cardboard

Resourcing the world means

PROVIDING "GLOCAL" SOLUTIONS

Veolia is able to provide the best solutions and expertise with the same level of service in all countries where it operates. The Group's strength is its ability to make the most of both its global power and local presence. As a result, it can expertly handle specific local problems.

Share, adapt and deploy

The "One Veolia" approach is largely based on its centers of excellence. Here, experts from all regions define central principles and collect best practices for a certain number of key activities. Totaling 25, the centers help disseminate expertise and share methods, making the Group's global scale a significant source of value added. Veolia has vast potential for value creation by capitalizing on its tried-and-tested solutions, such as its expertise in hazardous waste treatment, and offering

"With its activities dispersed across thousands of sites and in widely differing market contexts, our business units can rely on Veolia's global vision and support to understand the scope of what we can offer and establish the most relevant commercial strategy."

MARC DELAYE

Senior Vice President, Development, Innovation and Markets

them to new markets by adapting them to local expectations. The approach is based on adaptation rather than duplication, as the entry points, partners and regulations vary widely from one country to another. The Group makes use of shared databases to consolidate this "glocal" approach, in particular the business support platform where all its offers are formulated and structured in such a way as to encourage everyone to take them up.

Global responses for global clients

Global companies now rely on Veolia to achieve their environmental targets, such as reducing their carbon

footprint. Such a challenge requires a global commitment, especially to analyze the emissions of all sites, but also knowledge of local markets, regulations and stakeholders. Veolia's position is to provide these clients with a comprehensive, integrated value proposal based on its international and coordinated network of salespeople and expertise. Danone is one of the major accounts that Veolia has been working with for more than three years to achieve its very ambitious environmental impact targets. This long-term partnership and the co-creation of solutions as the client's needs are identified (for example, access to a large volume of recycled plastic in Indonesia) help create value for both Danone and Veolia.

Resourcing the world means

ACTING AS AN INTEGRATOR

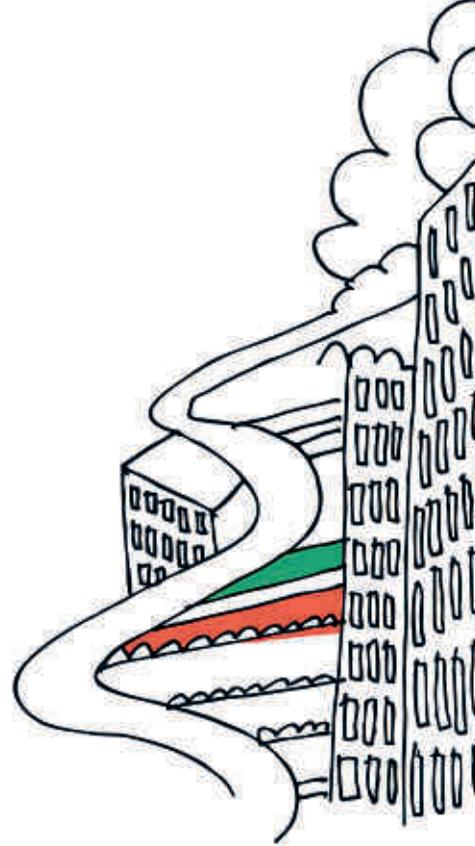
The nature of its businesses means that Veolia operates within an interconnected human, material and technical ecosystem. This position has enabled the Group to consolidate a truly integrated approach, integrating not just its own expertise but also including different stakeholders to achieve a collective response to challenges.

Integrator of complementary expertise

Veolia can now combine all the different types of expertise of its various businesses, and build bridges between business sectors to arrive at the best solutions for its customers. By mobilizing its technical expertise, but also its expertise in financial and social matters, the Group can assist its customers in rolling out major projects.

ArcelorMittal and DuPont: integrated proposals to improve performance

Through its subsidiary Veolia Industries Global Solutions (VIGS), Veolia provides industrial clients with multibusiness solutions that combine its various areas of expertise and offer innovative contractual arrangements to ensure long-term performance. ArcelorMittal's Fos-sur-Mer site in France produces an annual 4.6 million metric tons of steel. In 2018, Veolia created a joint venture with ArcelorMittal to upgrade the site's energy production plant and thereby improve its environmental performance.



"Today's industrial world expects high-value-added services. Due to increasing levels of compliance and performance, and the development of the circular economy in particular, water, waste and energy can no longer be dealt with separately in response to environmental problems. Veolia capitalizes on the synergy between its three main businesses to anticipate clients' expectations when offering integrated solutions that make a real difference."

JEAN-CHRISTOPHE TARET

Senior Vice President, Strategy

Under this innovative partnership, the plant's operation and maintenance have been outsourced to VIGS for fifteen years, including the entire team of 105 plant operation personnel. DuPont also chose Veolia to upgrade, operate and maintain its utilities (energy and waste management) at its Spruance, Virginia (United States) plant. This long-term partnership will enable Veolia to provide efficient and reliable services, which will help reduce the client's fixed costs. The customer, for its part, benefits from a "single point of entry" and is able to focus on its core business.

Integrator for regional stakeholders

With business activities that involve numerous public and private stakeholders in any one region, Veolia naturally occupies the position of a "general contractor" to create solutions that support the changes cities and companies are undergoing. This approach often involves cooperating with local partners and shows Veolia's determination to make its activities drivers for regions' economic and social value creation. In 2017, this approach was used to form a consortium with several local partners when Veolia was chosen by Hamamatsu municipality in Japan to manage part of its wastewater treatment program.

Integrating different regional stakeholders is crucial when tackling certain challenges, in particular the resilience of cities. By 2050, 70% of the world's population will be living in an urban area, but cities are already facing major risks: natural disasters, loss of attractiveness, industrial decline, etc. In this context, resilience – the ability to recover from shocks and continue to grow – becomes a central aspect of urban policy.

With its three areas of business and resource saving solutions, Veolia is well placed to assist cities in dealing with the unforeseeable. Veolia also has a contribution to make with its 20 or so incubators supporting social and solidarity economy entrepreneurs, because one way of strengthening a city's resilience is to improve cohesion between all stakeholders.

70%

of the world's population will be living in urban areas by 2050.

Integrator for innovation

Given today's challenges, which require the ability to adapt rapidly, Veolia is convinced that collective responses are the most efficient. The Group has for the past few years been developing innovative alliances and partnerships to embrace certain emerging businesses.

Working with local communities to collect plastics

In Côte d'Ivoire, Veolia is working on the AfricWaste pilot project to collect PET plastic bottles, which are not recovered locally. The waste bottles are bought from all local communities (individuals, collectors, retailers, etc.), thereby creating an entire informal sector based on a virtuous circle. It leads to the recycling of several tons of plastic a month.

InVivo for more circular agriculture

Developing solutions that combine agricultural production and resource conservation is the aim of the three-year partnership framework agreement signed in 2018 between Veolia and the agricultural cooperative group InVivo. The agreement covers four main areas: water resource management, reuse of treated wastewater for irrigation, urban agriculture and digital solutions.



Continuously transform to be the standard setter

Digital technology and innovation, in the broadest sense of the word, are enabling Veolia to totally transform its working methods and proposals. Customers are at the center of this transformation, which relies on collaboration between Veolia's teams around the world.

Fully engaged in digitization

All the attributes of the digital world – mobility, data science, the cloud, the Internet of Things, etc. – are being brought into play to assist with Veolia's ambitious digital transformation. This transformation is guided by a "digital roadmap." Created collectively by the headquarters and the operational units, it has been expanded to include the expectations garnered from employees, customers and end users.



Veolia's digital roadmap is based on four pillars combined with concrete goals for 2019 and performance indicators.

1. EMPLOYEES

Goal: simplify uses, and encourage agility and collaboration

- The Group's digital strategy, in which the user is at the center, was co-developed with employees and is now relayed through a community of almost 1,000 Digital Ambassadors.
- Collaboration and cross-business approaches are encouraged through a Google+ community and a Digital Library, where employees can learn about projects and tools developed worldwide, share them and adapt them for their own purposes.

● The SATAWAD (Secure AnyTime, AnyWhere, Any Device) project aims to make the working environment more mobile and agile within a highly secure infrastructure. It has reduced internal digital divide with 130,000 employees now connected and 50,000 with a mobile phone or laptop.

"Veolia's digital transformation goes well beyond a mere IT project. It defines the Group's future on both the managerial and operational levels. It will change our working methods, technology and business models. It will also help us adapt to new uses, improve the performance of our businesses and customer experience, and find new areas of growth for the future."

CHLOË DUPONT

Director of Digital Transformation

The digital transformation serving performance and customers

Connected objects serving end customers

- **Birdz**, a Nova Veolia⁽¹⁾ subsidiary specialized in designing and managing connected objects, has already put into service 6 million smart devices, including smart water meters, that warn customers in the event of a leak or potential pipe freeze.
- Through another subsidiary, **HomeFriend**, Veolia allows people to monitor their actual water use and compare it with similar households.

Smart management of infrastructure and networks

- Veolia currently manages 16 **Hubgrade** centers worldwide. These hypervision systems are in particular used to manage the energy efficiency of buildings and infrastructure. Using 300,000 smart sensors, Hubgrade

collects real-time data that is then analyzed by Group experts to optimize service callouts. With regard to the energy efficiency of buildings, this tool can help save up to 15% more energy than other energy-efficiency services on the market.

- In the United Kingdom, **Power Forecast** is a predictive algorithm used in Veolia plants, for example waste incinerators, to forecast the energy produced from their operation. This is then used to optimize electricity sales to the grid and so generate additional savings.
- In Shanghai's Pudong District, Veolia manages one of the largest **drinking water networks** in China. Here, digital technology is a source of value added at all points in the network: electronic invoicing and payment, artificial intelligence used in the call centers, 3D views of all facilities, augmented reality for valve management, etc. The installation of smart sensors to detect leaks has also reduced the volume of non-revenue water (water produced that is not invoiced) by 10%.

2. CUSTOMERS

Goal: use digital technology to be increasingly customer focused in terms of both the performance of the service provided to them and in our relations with them

- The main aim of the digital transformation is to simplify our customers' lives by providing them with services that are increasingly tailored to their needs. In particular, the rollout of client relation management (CRM) tools using artificial intelligence, as well as improved client experience are leveraged to work toward this goal.
- Digital tools can also be used to provide visibility on selected indicators in order to show customers in real time the performance delivered by their contract. This transparency is crucial in enabling customers to pass on information about the service, in particular to ratepayers in the case of municipalities.

3. OPERATIONS

Goal: optimize operational performance

- Reporting and processing data using connected objects makes a significant contribution to optimizing facilities.
- In Shanghai, China, for example, leak sensors installed at numerous points throughout the water supply network have led to a significant improvement in network efficiency.
- Using digital technology, Veolia aims to provide operators with an increasing volume of real-time data that will enable them to improve performance and, in particular, strengthen predictive maintenance algorithms.

4. OFFERS

Goal: test new services and develop new offers

- Digital innovation combined with the co-creation of solutions with start-ups working in digital is paving the way to new sources of potential revenue.
- Veolia is increasing the number of collaborations with start-ups, in particular through its U-Start approach introduced in Germany. This accelerator provided an opportunity to test and develop the Waste Box app, which provides building and public works contractors with a turnkey solution for their site waste.

(1) A Veolia subsidiary dedicated to developing innovative services.

Uniting energies to serve innovation



There is a profusion of innovation in all Veolia's businesses and proposals. The Group holds more than 2,100 patents and calls on the expertise of over 200 researchers at its own research platforms and centers (VERI), combined with the innovation capacity inherent in its business units, which work closely with their customers worldwide.

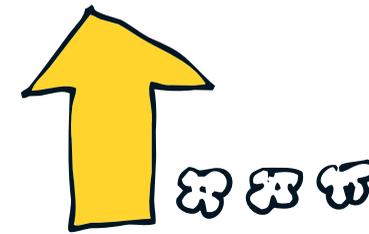
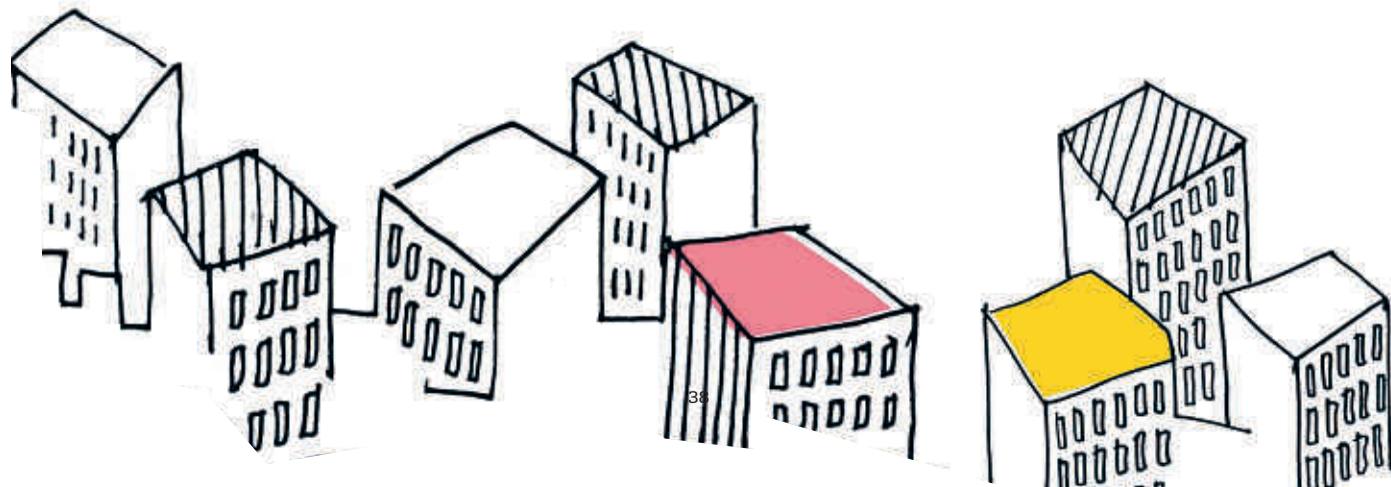
In 2018, Veolia invested €54.2 million in Research and Development. The Group also has partnerships with leading universities and research institutions together with its own open innovation program called Veolia Innovation Accelerator. VIA has developed Veolia's capabilities to detect and approve emerging players in the start-up and innovative SME ecosystem so that it can collaborate with them.

To reap the maximum benefit from the innovation dynamic that permeates the entire Group, work is currently being carried out to map all initiatives. The aim is to assess the potential of these initiatives in relation to Veolia's strategy and so build the best environment possible to allow them to grow.

Innovation Day: welcome, observe and learn

In December 2018, Veolia welcomed 14 innovative European start-ups and SMEs for pitch and networking sessions at its headquarters in Aubervilliers. The entrepreneurs presented around 100 Veolia employees with their solutions for transforming the way the company operates in four major areas:

1. improve the "employee experience", stimulate employee motivation and engagement;
2. reinvent working methods, develop a more agile and collaborative corporate culture;
3. rethink processes and organizations in order to improve performance and productivity;
4. improve relations with customers and all other ecosystem actors.



Some of the many innovations in 2018

ROBOTS



AND PIONEERING EXPERTISE

● Veolia is testing artificial intelligence on its waste sorting lines; installed in Amiens, France, "Max AI" is a robot able to recognize waste and perform 3,600 sorting gestures per hour.

● Veolia and CEA-List have developed an autonomous pipe-crawling inspection robot to travel to the furthest reaches of a pipe network. The robot, called Predire, can provide a preliminary diagnosis of a wastewater collection system by taking high-definition photos every ten seconds.



● In Rousset, southern France, Veolia has opened a facility that is able to recycle 95% of solar panels. This new business opens up a market for the Group that has not yet reached maturity but which should experience rapid growth.

● Based on the principle of circular economy, Veolia has developed a low-cost treatment system for municipal wastewater for agricultural use. Under the Irri-Alt'Eau project, grapevine irrigation tests using filtered and treated water have been successfully conducted in vineyards in Languedoc-Roussillon, France.

"Fertirrigation" is a concept that involves applying a circular economy approach to agriculture by recovering both wastewater and the nutrients it contains. The Smart Ferti Reuse project (Germany and France) aims to design a complete service to help farmers and municipalities optimize management of treated municipal wastewater and fertilizers.

● Lastly, Veolia is involved throughout the entire air quality value chain from sensors through to treatment solutions and driving behavioral change. It works with cities and building managers on innovative solutions. The Group is trialing the continuous management of air quality for its customer Baxter, a pharmaceuticals laboratory in Belgium. Sensors approved by the Airparif metrology laboratory are installed in the offices to measure the quality of the indoor air in real time. The data is then processed in a Hubgrade center to assist with the building's energy management.

Improve collectively through collaboration

Many useful and innovative initiatives are generated in the field and must play into the Group's overall strategy. They need to be identified, shared, duplicated and adapted. To achieve this, cross-business collaboration between teams, units and countries has to be encouraged without necessarily having to go through headquarters.

The Group's centers of excellence enter into this dynamic by contributing to disseminating standards and exemplary practices. To do so, they rely on the business, technical and cross-business communities, such as "Energy efficiency of buildings", "End-customer services" and "Health and safety". As part of its digital transformation, Veolia is also developing experience exchange and sharing tools at the international level using contributive platforms and online databases (see page 36).

HR Initiatives: the collective as inspiration

The "HR Initiatives" (formerly "Social Initiatives") project regularly identifies best practices from Group sites and entities around the world. Every two years, the HR Initiatives Awards are presented for the best of these. This approach, led by the Human Resources Department, highlights outstanding actions in several areas: occupational health and safety, skills and talent development, social responsibility, diversity and cohesion, operational performance and business development.

Some examples of initiatives with high potential for adaptation

● "How do you want to see yourself?"

Having made robust commitments to improve health and safety, Interagua, in Ecuador, succeeded in reducing accident frequency by 57% in just one year. This success is in particular attributable to a singular campaign based on a fictional character called Tomas Aguas, who challenges employees to examine their behavior around compliance with safety rules.

● NEST and STREAM

The Campus Veolia ran a first-ever experiment pooling two international training programs. The participants in STREAM (Study & TRaining Expedition for Asian Managers) and NEST (Northern Europe Study & Training) were brought together in a single seminar. This strengthened knowledge and cross-business contact between the Asian and Northern European teams while capitalizing on best practices in both programs.

● **Social integration, training and recruitment**
Veolia's waste business in the United Kingdom is actively engaged in creating social value. Supported by nonprofits, it trains, prepares for recruitment and sometimes hires people from marginalized and vulnerable social groups, such as the long-term unemployed, young people who are unemployed or have abandoned school, and former prison inmates. Its aims were largely exceeded in 2016, with 22% of operational agents hired from such marginalized populations.

2017 Social Initiatives in figures

340

initiatives identified

- 43 participating countries
- 91 projects selected
- 7 initiatives presented with an award

Strengthen our customer-focused culture

With its hybrid engineering and service culture, Veolia is taking a fresh look at its proposals and working methods. The aim is to direct them more firmly toward customer value added.

Development of expert solutions and technical innovation remain key growth drivers for Veolia, but the Group is now also focusing more squarely on customer relations and seeking channels for differentiation. This cultural change involves:

- reviewing business models from the customer angle: What do they expect? What is of value to them? How can Veolia help create this value?;
- paying attention to customer experience and satisfaction as a key driver and performance indicator;
- co-construction of solutions with customers so that solutions match customers' expectations as closely as possible.



Identify the potential rollout

To create proposals that match customers' expectations as closely as possible, the Group now uses "pre-standardized" solutions that can be adjusted to incorporate customers' specific needs together with the associated local economic, social and cultural aspects. "Key proposals" that offer good growth potential have been identified as possible rollouts on other markets. Supervised by managers appointed at the global level, their rollout is accompanied at the local level, in particular through manager training. Around 100 "boosters" have also been identified. These differentiation "building blocks" are combined with an existing proposal to better meet the specific expectations of a particular region. Veolia's aim is to develop the most precise, complete possible vision of its customers' problems and expectations so that it can provide them with comprehensive long-term services. For example, an industrial customer that contracts Veolia to operate its wastewater and solid waste treatment may also be dealing with complex license-to-operate issues. Similarly, a municipality may need an operator to produce and distribute drinking water but also to introduce social and financial solutions to guarantee access to these resources for its vulnerable communities.

Speak directly to the end customer



With its 2018 "Potable!" campaign, Veolia spoke directly for the first time to the people who use its services and benefit from its expertise on a daily basis – i.e., the end customers. This fun, instructive and offbeat campaign showed end customers what is behind each glass of water and paid tribute to Veolia's employees who, day by day, put the word "potable" above everything else.



Our global and shared performance

In 2018, Veolia reported sustained and durable performance that created value for its stakeholders. To entrench this performance for the long term, the Group is implementing a dynamic risk anticipation policy while also strengthening its ethics and compliance systems.

Sustained and durable performance

For Veolia, the company's performance is part of a new paradigm: a company that is useful to all its stakeholders, whose objectives are many and whose vision is balanced between short-term investment and long-term strategic decisions.

Our company must be responsible for its targeted overall performance. This means that it has to achieve the objectives it has set for economic, social, employment and environmental levels. The social and environmental approach must be an essential aspect of the company's value creation. This implies a new way of bringing employees together, designing services, deciding how to allocate resources, and working more closely with the areas and regions where we operate.

From now on, the aim is to make this overall performance measurable so that it can be viewed within a results context, which will enable the company's governance bodies to act and its stakeholders to appreciate this sustainable dynamic. Veolia is now working toward adopting a new range of indicators, a solid dashboard for monitoring the company's overall performance. In particular, it will include financial and created value distribution indicators together with data concerning the company's compliance with its legal obligations, its environmental footprint, the sustainability of its proposals, equality, and employee satisfaction.

2018 performance

2018 was another year of successful performance with business volume and results up sharply. Business volume increased by 6.5%, greater than the previous year, and current net income rose sharply by 14.7% (at constant exchange rates). These figures are proof of the strategy's success. It relies on a dynamic sales force coupled with strict discipline in operational efficiency and cost reductions. This performance is visible across all business segments and geographic zones. It confirms Veolia's capacity to win the best profitable growth opportunities and strengthen its level of competitiveness.

€25,911 M

in revenue

€302 M

in cost savings in 2018, in line with target

€675 M

Current net income

Recognized performance

In 2018, Veolia was doubly honored in RobecoSAM's Sustainability Yearbook, a benchmark publication for companies' CSR performance. Veolia was awarded Gold Class, presented to companies whose CSR performance is considered the best within its business sector, and the Industry Mover award for best CSR performance improvement by sector. As a result, Veolia now heads the ranking of companies in the Multi and Water Utilities category. Veolia also obtained an A- in the CDP Climate Change rating.

Veolia's CSR commitments apply to all Veolia activities, in all countries and to all employees. They are supported by the company's top management, with an Executive Committee member being named as sponsor for each commitment. The commitments are steered under the responsibility of the various governance bodies and implemented by the operational teams. The 9 commitments are supplemented by 12 targets for 2020.

COMMITMENT	2020 TARGETS	2018 PERFORMANCE
<ul style="list-style-type: none"> ● Cross-business commitment: steer environmental performance 	<ul style="list-style-type: none"> ● Deploy our internal Environmental Management System (EMS) for all of our operational activities 	78%
<ul style="list-style-type: none"> ● Sustainably manage natural resources by encouraging the circular economy 	<ul style="list-style-type: none"> ● Generate more than €3.8 billion in revenue in the circular economy 	€4.8 billion
<ul style="list-style-type: none"> ● Contribute to combating climate change 	<ul style="list-style-type: none"> ● Over the 2015-2020 period, achieve 100 million metric tons of CO₂ eq. of reduced emissions and 50 million of CO₂ eq. of avoided emissions 	63 million metric tons of CO ₂ eq. reduced since 2015 24 million metric tons of CO ₂ eq. avoided since 2015
<ul style="list-style-type: none"> ● Conserve and restore biodiversity 	<ul style="list-style-type: none"> ● Capture over 60% of methane from landfills we operate ● Carry out a diagnosis and deploy an action plan in 100% of sites with significant biodiversity issues 	57.7% 60%
<ul style="list-style-type: none"> ● Build new models for relations and value creation with our stakeholders 	<ul style="list-style-type: none"> ● Have established a major partnership based on creating shared value in every business zone and growth segment 	11/11 business zones and 6/7 segments covered
<ul style="list-style-type: none"> ● Contribute to the development 	<ul style="list-style-type: none"> ● Maintain expenditure reinvested in the regions above 80% 	85.7% ⁽¹⁾
<ul style="list-style-type: none"> ● Supply and maintain services crucial to health and development 	<ul style="list-style-type: none"> ● Contribute to the United Nations Sustainable Development Goals, in the same way as we contributed to the Millennium Development Goals 	9.6 million people given access to drinking water and 4.4 million to sanitation in countries with an access deficit
<ul style="list-style-type: none"> ● Guarantee a safe and healthy work environment 	<ul style="list-style-type: none"> ● Achieve an injury frequency rate of less than or equal to 6.5 	8.47
<ul style="list-style-type: none"> ● Encourage each employee's professional development and commitment 	<ul style="list-style-type: none"> ● Deliver training to over 75% of employees annually ● Maintain the manager commitment rate at over 80% 	77% 86%
<ul style="list-style-type: none"> ● Guarantee that diversity and fundamental human and social rights are respected within the company 	<ul style="list-style-type: none"> ● Ensure over 95% of employees have access to a social dialogue mechanism 	89%

(1) Average calculated over the main geographic zones representing nearly 73.5% of revenue in 2018.

SDGs: long-term performance drivers



In 2015, Veolia included the desire to contribute actively to the United Nations' Sustainable Development Goals in its CSR commitments. In 2017, an analysis including a stakeholder consultation identified more clearly the SDGs to which the Group contributes through its activities. It contributes to implementing all 17 SDGs and has a direct or indirect impact on 65 of the 169 SDG targets, representing a contribution to 40% of the targets. The data refers more specifically to five of the "core business" SDGs.

• Linked to its traditional activities:

Veolia is a major player in managing water and wastewater services (SDG 6), energy services (SDG 7), and sustainable cities (SDG 11) through its waste management services.

• Linked to its growth activities:

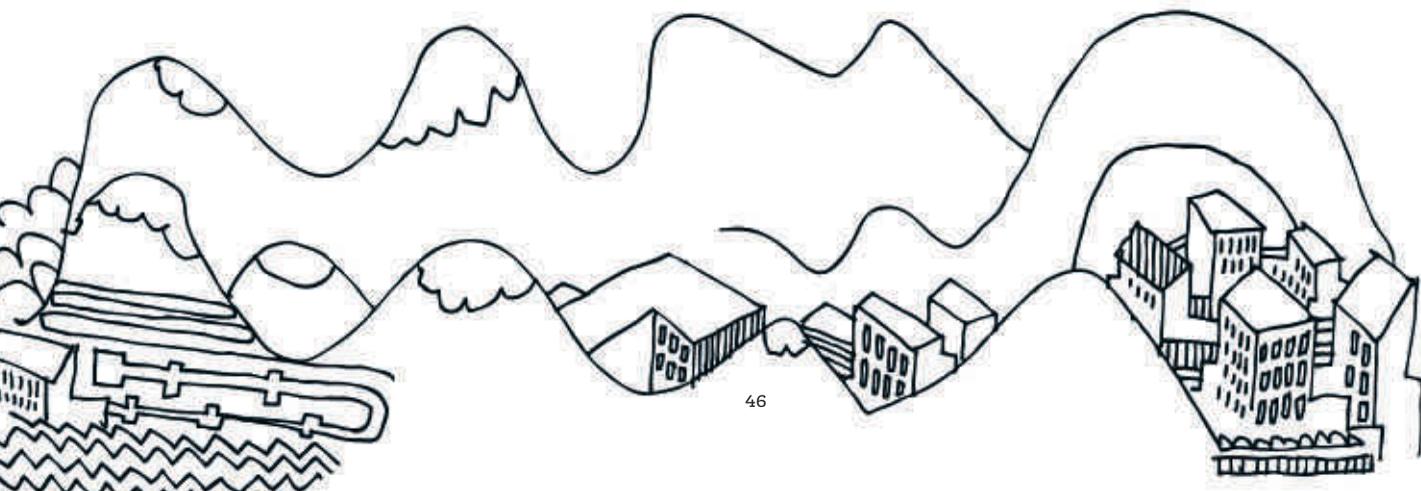
Veolia encourages innovative industrial production methods (SDG 9) and more responsible consumption (SDG 12) through the circular economy.

The Group's relations with stakeholders (SDG 17) and its capacity for innovation (SDG 9) are also quoted as one of the key areas for helping achieve the SDGs. Veolia implements concrete solutions in response to the Agenda 2030 challenges. In 2017, the Group

launched a supply offer for African communities with the Odial Solutions group. Under this partnership, comprehensive delegation contracts for water and electricity supply are offered covering a city and its peripheral rural areas, thereby overcoming the rural/urban divide. By dividing tariffs between all consumers, this model makes the price of water and electricity more accessible to rural communities.

This service provides a direct response to target 6.1 (achieve universal and equitable access to safe and affordable drinking water) and 7.1 (ensure universal access to affordable, reliable and modern energy services).

In another example, in 2018, Veolia joined the Toilet Board Coalition, the world's first platform dedicated to speeding up the sanitation economy. This is clearly in the spirit of targets 6.2 (achieve access to adequate and equitable sanitation and hygiene for all) and 17.17 (encourage and promote effective public, public-private, and civil society partnerships).

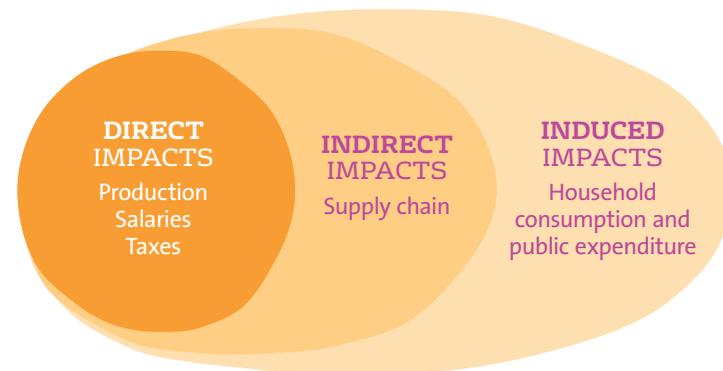
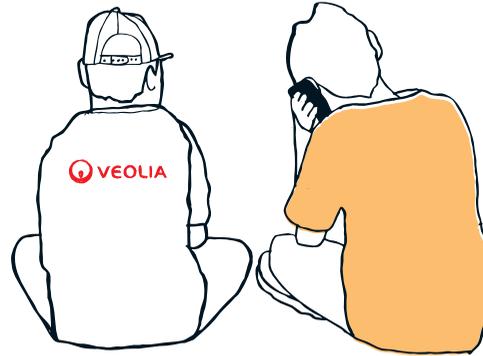


The SDGs are taken into account at the highest level in the company. The eight CSR indicators selected for calculating the qualitative component of the remuneration of the Chairman and Chief Executive Officer and the members of Veolia's Executive Committee reflect several of the SDG targets.

CSR INDICATORS adopted for calculating the variable component	SDG	TARGETS
<ul style="list-style-type: none"> • Drinking water networks efficiency 		<p>6.4: By 2030, substantially increase water-use efficiency across all sectors (...)</p>
<ul style="list-style-type: none"> • Renewable and alternative energy production 		<p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p>
<ul style="list-style-type: none"> • District heating networks efficiency 		<p>7.3: By 2030, double the global rate of improvement in energy efficiency</p>
<ul style="list-style-type: none"> • CO₂ emissions per MWh produced 		
<ul style="list-style-type: none"> • Injury frequency rate 		<p>8.8: Protect labour rights and promote safe and secure working environments for all workers (...)</p>
<ul style="list-style-type: none"> • Methane capture rate from landfills 		<p>9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies</p>
<ul style="list-style-type: none"> • Treated waste recovery rate 		<p>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>
<ul style="list-style-type: none"> • Biodiversity diagnosis and action plans 		<p>15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services (...)</p>

Veolia's socioeconomic footprint

In 2018, Veolia commissioned the sustainable development corporation Utopies to conduct a study of its socioeconomic footprint in France. The study used as a basis the Local Footprint® model based on the macroeconomic concept of "input-output" (IO) tables (sources: Eurostat, BEA and Insee). The aim was to quantify the effects of a company's business activities beyond the direct impacts, such as remunerating employees. Veolia plans to repeat this study in 2019, extending its scope to include other countries.



Financial flows injected into the economy by Veolia in 2017 (in France)

- €2,393 million payroll paid to employees
- €3,397 million purchases invoiced, of which 96% from French suppliers

Veolia's businesses in France support more than **165,000 full-time jobs (FTE)**, accounting for **0.6%** of the employed population. The jobs break down into:

- 44,000 direct jobs;
- 42,000 indirect jobs;
- 79,000 induced jobs.

These businesses generated **€9.6 billion** GDP in France, accounting for 0.4% of national GDP, of which:

- €3.3 billion direct value added;
- €2.6 billion indirect contribution;
- €3.8 billion induced contribution.

2.7

additional FTE supported for one direct FTE

€1 of value added generates

€1.9

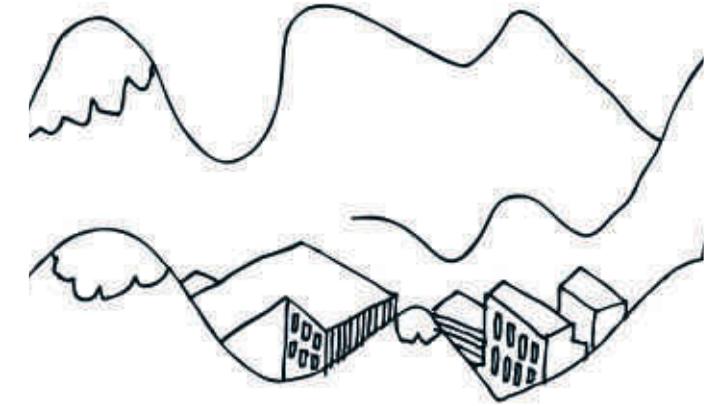
of additional wealth in the French economy

Tax policy

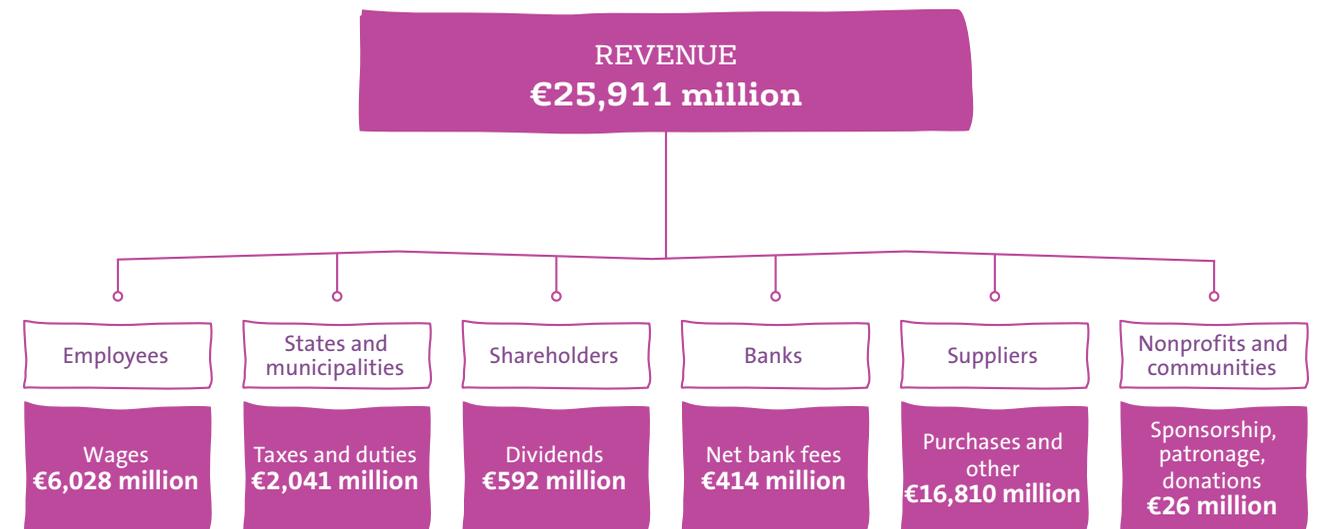
Regarding transparency, Veolia complies with its obligation to file a country-by-country report with the French tax authorities for each of its legal entities established anywhere in the world. This report is then forwarded by France to the tax authorities in the other countries in accordance with applicable agreements.

Lastly, the Veolia group applies a tax policy – available on its website – that involves:

- complying with all international fiscal laws and agreements in force;
- paying fair taxes;
- ensuring that we manage our tax risk;
- applying the fiscal choices corresponding to the economic substance of our activities;
- adopting a responsible approach to tax authorities.

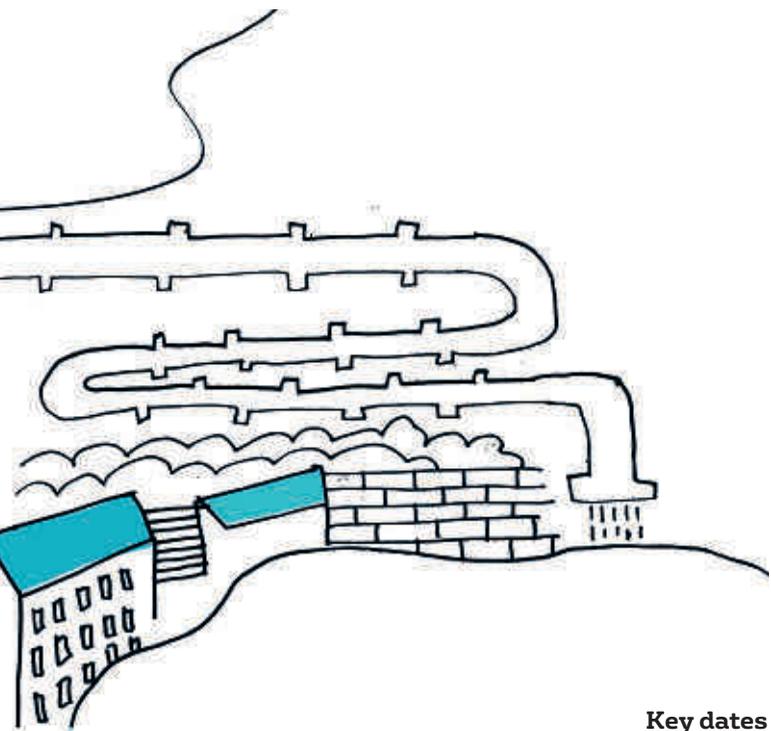


Redistribution of Veolia's revenue in 2018



Prevent risks and seize opportunities

Over the years, Veolia has strengthened its risk management and prevention systems at the global level by introducing new tools and resources to detect risks, improve risk anticipation and mitigation, and wherever possible turn risks into opportunities.



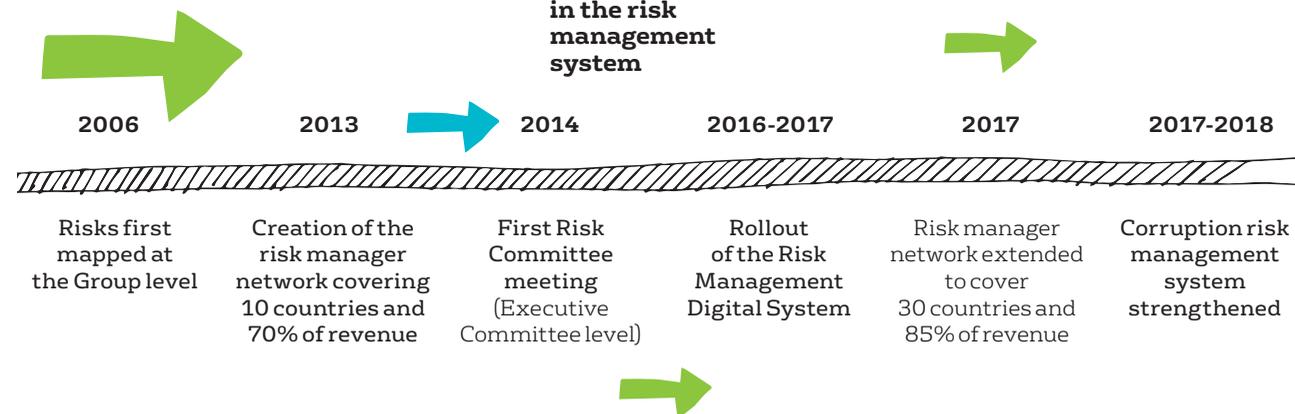
Veolia's risk management policy is defined by the Risk, Insurance and Compliance Department, which also has responsibility for ensuring that the policy is implemented in a consistent manner across the entire Group. The department regularly updates the Group's organization and programs to strengthen its ability to identify, assess and anticipate all types of risks. To do so, the department calls on an international network of risk managers to combine global and local approaches to risk management.

By mapping risks at the country and Group levels, Veolia is able to identify those risks liable to significantly affect its activities and assess the risks according to their level of impact, probability and level of control.

Some risks for Veolia can be seen as growth opportunities, such as the change in environmental regulations. These risks are classified according to four broad categories:

- risks linked to the environment in which the Group operates;
- operational risks;
- financial risks;
- legal and non compliance risks.

Key dates in the risk management system



Risk analysis and country opportunities: a growth driver

With a significant share of its revenue generated internationally, Veolia must understand and analyze how the context of each country affects its portfolio of businesses, its decisions about whether to set up operations and any investments.

The Group has established a specific country risk and opportunity program with the dual purpose of:

- assessing country risks, including all unforeseen that may affect the implementation of the company's operations and the expected results;
- analyzing growth opportunities.

The country analyses have several applications: definition of the strategic plan, analyses conducted for the Compliance Department, fraud risk reporting by internal audit, and the Commitment Committee's work of choosing between 200 projects a year at the Group and zone levels.

The country risk and opportunities program quantifies, updates and publishes its analyses of around 100 countries where the Group operates or is engaged in one-off projects.

These studies are based on 48 indicators concerning:

- exogenous risks (political, economic, natural disasters, etc.);
- business environment risks (banks/credit, business climate, ethics, safety, etc.);

"Some countries where Veolia could usefully provide its expertise to enable access to basic resources have a high risk in terms of political instability, corruption or human rights compliance. We therefore need to undertake the most detailed analysis possible and identify ways these risks can be managed so that Veolia is able to arbitrate between risks and value-creation opportunities to ensure it makes the best possible decision."

OLIVER WILD

Chief Risk, Insurance and Internal Control Coordination Officer

• specific risks relative to Veolia's core business (water stress, countries' commitments to fighting climate change, etc.).

Following this analysis, the country is allocated an overall score, its major risks are identified, and advice is provided about any

potential mitigation actions, for example, insurance, due diligence, specific contractual clauses, etc.

In the past two years, 10 opportunity indicators have been added to these analyses. In particular, they are used to measure the potential of certain countries with respect to their economic or population growth, or to identify the risks that prospective and current clients may pass on to the Group. These opportunities (water stress, for example) create value and are included in investment decisions.

Veolia's ultimate aim is to strengthen country risk analyses by extending the presence of risk managers worldwide, making it possible to roll out best risk and opportunity management practices locally.

58

indicators to analyze country risks and opportunities

Make compliance a differentiator

Compliance is now expected by customers and civil society, as is only natural. It is crucial to building and maintaining stakeholders' trust for the long term. Compliance is thus a source of both attractiveness and value creation. Set up in 2018, Veolia's Compliance Department consolidates the various means and ways put in place to ensure compliance and strengthens the deployment of methods in order to establish a genuine compliance culture.

Veolia's Compliance Department covers a broad range of fields and is tasked with combating:

- corruption and influence peddling;
- money laundering and financing of terrorism;
- human rights abuses;
- environmental damage;
- anti competitive practices;
- policy breaches and protection of personal data;
- insider trading.

As these issues can potentially affect all levels within the company and all its business units, it is vitally important that Veolia implement, promote and maintain a strong compliance culture among its employees and in its relations with its customers, partners, suppliers and subcontractors. The Compliance Department has at its disposal numerous documents (procedures, guides and charters) and tools (training and awareness sessions, Group entity reviews, alert systems, etc.).

For Veolia, risk analysis, which is a sort of baseline for the compliance policy, occupies a crucial position in this system. A significant effort was made in 2018 to upgrade risk approach methods, in particular the introduction of corruption risk mapping based on analyses by the Risk Department, backed by information received from the field.



5 independent Board members make up the Ethics Committee

"For Veolia, compliance has to be approached as an aspect of risk management, but also as a lever for transformation and a factor in differentiation. Checking compliance is in fact the moment where we question certain processes, which makes it a natural driver for change in the company. Currently, we see an interest in putting in place the most stringent possible ethics and compliance standards; this competitive advantage will be just as important as our expertise for winning contracts in the future."

JEAN-BAPTISTE CARPENTIER

Director of Compliance

The Group operates in countries that are widely diverse in terms of culture and regulations. This presents a significant challenge for guaranteeing consistent application of the compliance policy defined by headquarters. To find a fair balance between the local involvement and useful distance that is needed to ensure procedure compliance, the approach adopted is that of "consistent autonomy". This rationale was the basis for creating a network of zone Chief Compliance Officers (zCCO) to pass on the management's compliance

approach and, if necessary, implement specific measures for a given zone or BU. Currently, all zones⁽¹⁾ have a zCCO, and some BUs have also established this function.

The compliance policy currently implemented by Veolia aligns with French and European legislations, which are among the most stringent today. However, it also takes into account other applicable national laws and, more generally, best business practices.

In 2018, particular emphasis was placed on measures to combat corruption and lobbying in order to comply with the provisions of France's Sapin II Law concerning transparency and combating corruption. Considerable training in these issues is currently being provided throughout the Group.

Veolia is of course in compliance with the EU's General Data Protection Regulation. However, GDPR is also a driver to progress practices worldwide. The aim is to introduce a global data protection policy throughout the Group that will provide protection equivalent to the level applied in France, insofar as is possible under national regulations.

Values, ethics and rules of conduct

Over fifteen years ago, Veolia set down its values in an ethics guide for its employees. This reference document concerns all levels in the company and is sent out to all countries where Veolia operates. It sets out Veolia's corporate values – responsibility, solidarity, respect, innovation and customer focus – as well as the associated rules of conduct. Employees are the guarantors of these values and compliance with these rules as they go about their duties. Veolia provides them with regular training and awareness actions in these areas.

The Ethics Committee is composed of five independent Board directors. It is the guarantor of compliance with Veolia's fundamental values, which it ensures are shared by everyone at all levels in the company. The Committee also receives and investigates ethics alerts that any employee may submit to it in strict confidentiality. Every year, it reports on its business to the Board of Directors' Research, Innovation and Sustainable Development Committee.

In 2019, to strengthen employees' right to report ethics alerts and to incorporate the latest legal and regulatory changes, Veolia created a single alert system that is an improvement on the previous one. Any employee who notes a serious breach of ethics or compliance may now contact Veolia's Ethics Committee directly in complete confidentiality through an online platform that is available anytime, anywhere in the world, and from any computer, tablet or smartphone. This easy-to-use system guarantees confidential exchanges between the employee reporting the alert and the Ethics Committee, and protects employees' anonymity if they so wish. This tool, without replacing the other avenues for reporting an alert, is an additional means provided to each employee enabling them to exercise their right to report an ethics alert.

(1) Except the MIB (Environmental Maintenance Industry Building) zone currently being created.



Human capital: the source of value creation

Employees' expertise and engagement actively contribute to creating value for Veolia. Offering meaningful jobs is a priority for the Group, which takes great care of its wealth of human assets, paying particular attention to protecting all employees' health and safety.

The Resourcers: Veolia's first asset



Veolia's leading strength is its community of engaged women and men with their varying skills and backgrounds, combined with their high degree of expertise. Veolia's human capital is notable for being highly labor intensive but also highly technical.

The value of ENGAGEMENT

Whatever their area of expertise is, profession or country where they work, Veolia's 171,495 employees are all driven by the same purpose: "Resourcing the world." Pooling their diversity, the Group's people – our "Resourcers" – form a community. They are all motivated by the same goal: make sure each of their actions has a positive impact.



The result of listening, roundtables and discussions, the "#WeAreResourcers" campaign, launched in March 2018, revealed that all the Resourcers have one point in common: their mind-set. "At Veolia, we see the world as it should be and not just as it is. At Veolia, we are optimistic, we never give up and we move forward together." Run throughout the Group, the campaign – of which the employees are the heroes – revealed the contribution that each employee makes to Veolia's activities. At the same time, by demonstrating our employees' engagement to the general public, this campaign is a source of attractiveness for future talents who would like to join our community of Resourcers.

The value of SKILLS

Veolia has an ambitious training policy designed to continuously improve the Resourcers' skills and maintain the high value added that they embody. There are many issues around training: supporting the Group's strategy and commercial growth, or adapting to increasingly complex and digitized professions. Each year, Veolia invests in almost 2.9 million hours of training for its employees worldwide.

Open to all employees as soon as they join the company and throughout their career with us, training courses lead to certificates and accreditations. This professional development also facilitates job mobility and promotions.

The Group also enables employees to undertake diploma-track courses so that they can acquire new skills and increase their employability. In France, the network of campuses now offers 18 diploma-track and professional qualification courses ranging from vocational certificates through to master's degrees. They are all officially recognized and provided on a work-study basis to ensure students are well integrated in Veolia's entities.

As part of the Group's digital transformation plan, several specific training courses have been introduced to involve as many employees as possible in this process:

- **the digital passport**, open to all, is an online familiarization course, which 1,000 employees have already completed;
- **the digital transformation certificate** is designed for employees who are already familiar with digital tools;
- the **Disrupt** training program has been created for young talents, who are invited to devise digital solutions to our business challenges;
- the **Accelerate!** module for managers covers more strategic content.

The value of DIVERSITY

For Veolia, diversity is an issue of performance, credibility and equality.

In light of its commitments, the Group's policy is based on three priorities:

- guarantee fair, non-discriminatory human resources processes;
 - guarantee greater diversity and gender equality;
 - guarantee the development of employer-employee dialogue and free expression for all employees.
- In particular, Veolia encourages professional diversity by encouraging a greater number of women employees in technical, engineering and scientific positions.

The Group has set itself a 2020 objective of achieving 30% of women managers, up from the current 26.5%. By way of an example, in France, the operational units of the waste recycling and recovery business have implemented a progress approach aimed at improving the attractiveness of their professions to achieve a higher level of diversity.

In 2018, women engineers and technicians working in 24 Veolia entities across four continents took part in the "Girls on the Move" operation. They met with more than 1,000 women students at the junior and senior high school and tertiary levels to discuss their profession, advise them, help them overcome stereotypes and to encourage them to be more ambitious in terms of their chosen career.



Veolia commits to apprenticeships

In 2018, ANAF, the French association for apprenticeships, and Veolia signed a partnership agreement to encourage the promotion of apprenticeships and support apprentices through the Campus Veolia network. In November, the network took part in the first national apprentice day organized by the Global Apprenticeship Network in France, of which the Group is a partner. At the end of 2018, Veolia had

around 2,700 work-study employees, of whom 1,600 were in France. Work-study is a key route to consolidating and strengthening our skills for the future of our businesses serving industrial and municipal customers in the heart of our regions.

Through the eyes of the Resourcers



AGNIESZKA BATOR



Development Engineer
Poland/Energy

● **The project:** Recover heat from air compressors in the Volkswagen Poznań foundry, which is then transferred into the city's district heating network

"Volkswagen already had its own solution, so it was very difficult to 'sell' the advantages of implementing our project. However, we had a very strong team and we shared the idea of creating something beneficial for the environment: up until now, this heat was lost and we proved that it could be used. As a result of the trust we were able to build, the customer accepted a proposal to connect new buildings to the heat recovery system at its second plant in Poznań."



LISA MCKENZIE

Strategy Manager
United Kingdom/Water

● **The project:** Make Scotland's largest wastewater treatment plant more environmentally friendly and energy self-sufficient

"Seafield is a large site serving 800,000 people and treating 65 metric tons of wastewater sludge every day. In 2014, the construction of a new plant involved a logistical challenge to make sure that everything continued to operate smoothly. When there's a hiccup, it requires a lot of organizational effort to identify the problem and find a solution. Our team has succeeded because of its perseverance and good communication. Knowing how to put a good team together is one of Veolia's strengths and I'm very proud of what we have achieved. The new Seafield plant is more environmentally friendly and produces quality products for the local farming community."

JULIEN BEAUNOYER

Health and Safety Engineer
Canada/Energy

● **The project:** Ensure technical maintenance for the Montreal University Hospital (CHUM) to ensure the health and safety of the personnel and patients

"Under the contract between Veolia and the CHUM, we monitor the hospital's energy performance and the health and safety of the maintenance teams as they go about their daily work. A 60-strong team of mechanics, electricians, plumbers and operators make sure everything runs smoothly day and night. We have created a health and safety committee to discuss problems on the ground. My aim is to involve the employees in decisions impacting their health and safety and that of the patients."



ZOUHIR BOUDI

Site Manager
France/Waste Recycling and Recovery

● **The project:** Environmentally friendly management of the waste produced by a shopping mall in Marseille in partnership with a reintegration company for the long-term unemployed

"Les Terrasses du Port is a place like no other and has enabled me to understand the value of waste and recycling. Five bays have been created to encourage pre-sorting by the retailers, and then selective sorting can be carried out on site in the basement waste collection center. You have to be inventive to make retailers aware of the importance of recycling. For example, we created a 'mobile biowaste cart'. It's a simple system with a container and a shopping cart, which we use to collect biowaste directly from the restaurants so that it can be converted into compost. I get great satisfaction out of seeing attitudes and behavior change as time goes by. Today, 75% of the waste generated in the mall is recovered."



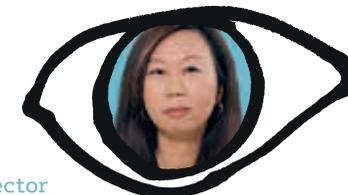
HARALD KUNKLER

Managing Director - Industries
Germany/Integrated Services

● **The project:** Provide the 25 companies at an industrial park with a range of integrated services (power, water, steam, compressed air, wastewater treatment and logistics)

"One of our aims is to bring our business lines together, as customers often have a wide range of service demands. Here we have the chance to put this convergence into practice. I was involved in bringing the industrial park into the Veolia system, which went extremely smoothly. We've actually exceeded our performance expectations. As an industrial operator, we're also an active part of the community. One project we're working on closely with the municipality is to rehabilitate previously polluted land within the park perimeter to find a new use for it."

CHIEH INN TAN



Country Director
Singapore/Management

● **The project:** Encourage gender equality in jobs through a specific committee set up for this purpose

"Throughout my career at Veolia, I've realized that it's not always easy for a woman to get an operational position in the field because we work in male-dominated industrial sectors. I now sponsor a gender equality committee. We surveyed expectations, and are helping shape mentalities so that Veolia women can pursue their own path. And it's working! I was particularly proud when we recruited our first woman truck driver. After a year, the committee was opened up to men, because we need everyone's ideas."

A collective capital to protect

At Veolia, health and safety are everyone's business. With the vast majority of employees working in the field, protecting their safety is a non negotiable commitment for the employer and a collective responsibility, as well as an operational, financial and commercial issue.

Veolia's health and safety policy is sponsored by the Chairman and Chief Executive Officer and based on the guiding principles of the International labor organization and the Seoul Declaration signed by the Group in 2013. There are a number of imperatives for the Group as part of this policy:

- foremost, to ensure the integrity of its employees and stakeholders;
- improve productivity by creating the best working conditions possible;
- limit workplace accidents because of their human consequences but also their financial impacts;
- be seen as exemplary by its partners and customers.

A global system for continuous improvement

The Group has created a global system to ensure that its health and safety policy is rolled out consistently, whatever the regulations, organization or culture inherent at its various sites. It aims to develop a safety culture to anticipate risks and correct noncompliant situations.

The occupational health and safety management guide is one of the essential components of the system. It is designed to structure and define clear requirements to enable managers to build and implement the Group's continuous improvement plan. Ten international standards developed by Veolia are currently applied at all sites. They are the result of mapping the 10 major risks in all water, waste and energy businesses observed in the field over the past decade. Local site visits are systematically organized

for audits and to escalate problems encountered through the hierarchy. Another key aspect of the system is Veolia's International Health and Safety Week held each year in September. It involves all employees worldwide and is an opportunity to remind everyone of the standards and to share best practices. Lastly, the Group relies on its health and safety center of excellence. Proactive and a forum for discussion, the center regularly publishes new documents to disseminate health and safety at all levels. As a result of its input, these health and safety standards have been built in such a way that they are clearly applicable and applied in all countries.

Make "zero accidents" a choice

Veolia has identified five drivers to achieve the zero-accident objective:

- involve the entire managerial line;
- improve health and safety risk management;
- improve communication and dialogue;
- train and involve all employees;
- monitor and track health and safety performance.

The Group has managed to reduce the frequency of workplace accidents over the past ten years by implementing these various actions. The identification of near misses – unforeseen events that did not cause an injury, sickness or material incident, but which have the potential to do so – is a crucial aspect of safety. The better they are known and analyzed in detail, the greater the chance that they will not result in an accident. In the first half of 2018, more than 67,000 near misses were reported.



This trend clearly demonstrates a change in conduct. Today, the Group is also making greater progress in how it integrates its outside partners in its health and safety policy. Subcontractors and temporary employment agencies are included in the reporting approach and in the International Health and Safety Week. This event is also increasingly being opened up to the outside world: Veolia's customers regularly take part, and in September 2018, employees' children were invited to contribute to the visual messages displayed.

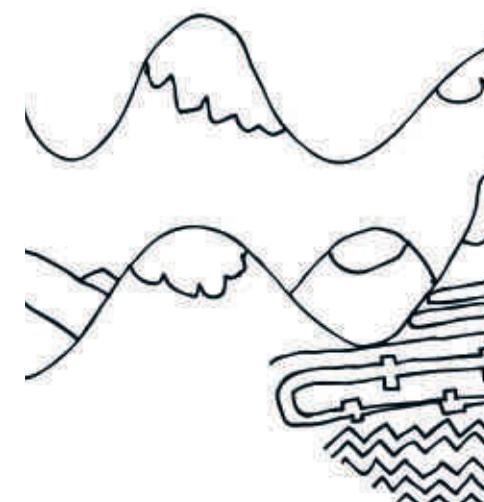
In 2018, 50% of Veolia sites reported zero accidents, thereby demonstrating that the Group can achieve a level of maturity in its safety culture to make this objective a real choice and a performance driver.

A center of excellence

- 25 local experts from various countries
- 130 global correspondents
- 10%: annual objective for decrease in workplace accident frequency
- 44.8% of training hours involve safety

"Our shared database about health and safety knowledge and incidents puts us in a continuous improvement dynamic in which everyone learns from everyone else, in total transparency and without any notion of rank. The Group's employees are our health and safety actors and ambassadors. This results in building up a body of best practices, which are then shared in the field."

FRÉDÉRIC GOETZ
Vice President Occupational Health and Safety



Digital technology helping improve safety

Although digital tools cannot replace people's conduct, they nonetheless have an increasing role in helping decision-making and collective intelligence about health and safety. At Veolia, the operational units are free to innovate in this area. For example, a mobile app is now used to report near misses by taking a photo with a smartphone and attaching

a voice message explaining the situation. This information is consolidated, translated and then passed on to the teams. In this way, employees are helping improve the level of the Group's safety knowledge. They become stakeholders in this policy by encouraging its dissemination and adoption by everyone.

Together toward the next strategic step



For Veolia, listening, collaborating and circulation of ideas are the keys to its growth and future. Given this position, employees were asked to contribute to the Group's next strategic step in an expansive online consultation called "Inspire".

From May to September 2018, 900 managers from all businesses and geographic zones were consulted about their business priorities for the next four years and the areas in which they felt the Group could improve.

In all, more than 1,600 contributions were submitted, discussed and explored. For Veolia, they informed the responses to three questions that are as simple as they are defining for its identity and the future of its activities:

1.

Why?

The respondents were unanimous about the usefulness of Veolia, its activities and commitments: "Resourcing the world" is perceived by everyone as a relevant, sustainable, motivating and differentiating mission. In order to progress further and to capitalize on the benefits of this mission for its customers and stakeholders, it needs to be fully integrated into Veolia's strategic choices and employees' conduct.

2.

Which priorities?

"Resourcing the world" is an ambitious mission to which we still have a lot to contribute. The employees consulted believe there are still many business opportunities to be developed: conservation of food resources, health for everybody through environmental action, circular economy, restoration of ecosystems (new types of pollution and air quality), without forgetting the immense potential of data mining.

3.

How?

Being more agile, more digital, more innovative and closer to our customers are the crucial drivers according to the Resourcers questioned. They made many pertinent suggestions, such as:

- increase the way departments work together;
- encourage creativity and recognize the need for trial and error;
- increase knowledge-sharing by stepping up the circulation of ideas, employees and expertise;
- and for all this, put human resources management at the center of the approach.

This consultation and collective discussion about strategy – a first in Veolia's history – was enthusiastically received. By confirming employees' engagement and their many expectations for the future, it has been a solid first step in defining the Group's upcoming 2020-2023 strategic plan.



Veolia

30, rue Madeleine Vionnet - 93300 Aubervilliers, France
Tel.: +33 (0)1 85 57 70 00
www.veolia.com

This document was prepared by Veolia's Communications and Sustainable Development Departments.

Chief Communications Officer: Laurent Obadia.

Editing and coordination: Tania Kieffer, Armelle Perrin-Guinot and Arthur Thoux.

Translation: Alto International.

Photos and graphics: Laure Duquesne and Gilles Hureau.

Illustrations: Rude, Technomap François Berthemet.

Photo credits: Veolia image bank: Alexis Duclos, Christophe Daguet, Stéphane Lavoué, Christophe Majani d'Inguibert, Stefan Redecke/Snowball Studio, Nicolas Vercellino, B. Planchais/Marine nationale/ministère de la Défense, Getty Images/Moment Open, Getty Images/EyeEm, Getty Images/iStockphoto, Tanvir Murad Topu, Toilet Board Coalition.

Design and production:  havas paris

Printed by STIPA.



In order to protect the environment, this document has been printed by an Imprim'Vert® certified printer on Symbol Matt Plus paper that is FSC® certified and made using fiber sourced from responsibly managed forests and other controlled sources.

Resourcing the world

Veolia

30, rue Madeleine-Vionnet - 93300 Aubervilliers - France

Tel.: +33 (0)1 85 57 70 00

www.veolia.com