Suppliers’ Charter
For a responsible client-supplier relationship

2015 Edition
This charter presents Veolia’s procurement function and defines the responsibilities that the Group wants its suppliers to share as part of the business relationship.

All suppliers to the Group companies and subsidiaries must acquaint themselves with this charter and formalize their commitment before providing any goods or services to Veolia.

The Group’s commitments to sustainable development are integrated into each stage of the sourcing process.
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Veolia group is the global leader in optimized resource management. With over 179,000 employees* worldwide, the Group designs and provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them. In 2014, the group Veolia supplied 96 million people with drinking water and 60 million people with wastewater service, produced 52 million megawatt hours of energy and converted 31 million metric tons of waste into new materials and energy.

Revenue of €24.4 billion* in 2014. www.veolia.com

(*) 2014 pro-forma figures including Dalkia International (100%) and excluding Dalkia France.
The procurement function: tasks and key figures

Support the business units’ activity

• Guarantee the best possible quality and availability of products and services according to the needs of internal clients.
• Control supplier risk: supply disruption, safety, quality, lead time problems, financial risks, environmental or social threats etc.
• Take into account the Group’s commitment to sustainable development.
• Propose new practices and build trust-based relationships with suppliers to stimulate their innovation potential.

Contribute to the Group’s performance

• Set up efficient contracts resulting from the implementation of strategies adapted to each purchasing category, notably taking into account the Total Cost of Ownership (TCO) of goods and services or the introduction of benchmarks used as a basis for renegotiations.
• Implement good practices in terms of Purchasing and supplier management by applying defined processes and using appropriate tools; help contain expenditure.
• Guarantee the application of contracts: deployment in business units, links with supply services.
• Help contain expenditure.

Promote the efficiency of the supply process

• Optimize administrative processes and encourage the dematerialization of orders to reduce the environmental impact.
• Promote adapted stock management.
Breakdown of expenditure by field and activity (in %)

- Operating supplies, materials and equipment: 13%
- Industrial, technical and service subcontracting: 30%
- Mobile equipment and motorized equipment: 6%
- Energy, chemical materials and products: 29%
- Intellectual services: 7%
- General purchasing: 5%
- IT and Telecommunications: 1%
- Non adressable spend (real estate, taxes): 8%

Non reported units, Pro Activa, EMEA, Hungaria, Energy Romania, SEM, Bartin, VEI (Excl. International Entities), Nishihara/JE (Japon), SIDEM (VWT), Spain (2013 data) and excluding JV’s
Suppliers within Veolia’s sourcing process

Veolia’s Procurement function is organized into networks with a view to promoting synergy and cross-functional actions within the Group. The different Procurement Departments work collaboratively, whether on cross-functional synergies or specific initiatives. The management system guarantees that all Procurement projects are managed at the appropriate level.

Managing a procurement project

A procurement project can be launched within one or several purchasing categories. It is managed by a buyer who establishes and coordinates a working group involving the representatives of all functions and Business Units concerned: users, middle managers and experts (EH&S, technical managers etc.). Responsible for the performance of the project, this buyer represents the Group in dealings with the suppliers. He guarantees compliance with the process which is conducted in accordance with a Code of Conduct established for the entire Group. The buyer also monitors the deployment and guarantees the integrity and ethics of the decisions made.

Market analysis

Before launching a request for estimates or call for tender, the suppliers can be pre-qualified via their response to a request for information (RFI), which helps assess their ability to meet the Group’s requirements in terms of resources and service quality as well as their commitment to sustainable development, in particular in environmental and social terms (Prevention, Health & Safety or respect for diversity).

Main process stages

The company sourcing process is comprised of eight key stages, each of which contributes to its overall efficiency. Suppliers are naturally involved in most stages of Veolia’s sourcing process, including:

In 2013, the Global Procurement Department launched a new platform to manage procurement projects: the eSourcing solution of Ivalua Buyer. By organizing and optimizing the different steps of a call for tenders, it centralizes information in collaboration of all stakeholders involved in the process. The CSR risk map for each purchasing category developed in 2012, now integrated directly into the eSourcing module, is used to automatically identify high-risk procurement families and to recommend evaluations of the suppliers concerned on its CSR performance. eSourcing helps organize and standardize the integration of sustainable procurement issues in the supplier classification process.
**Contracting process**
Three fundamental clauses must be integrated when signing a framework contract:

- A mutual non-exclusivity provision, with pre-approved exceptions.
- A contract deployment provision including periodic reporting obligations.
- A sustainable development provision, emphasizing the importance of the approaches designed to evaluate the suppliers’ Corporate Social Responsibility (CSR).

**Deployment and performance steering**

Once the framework contract has been signed, the Group establishes regular information exchanges with its suppliers to:

- Monitor contract deployment within the Group while complying with applicable laws and regulations.
- Periodically ascertain the expenditure with the Group’s entities as per the framework defined in the contract.
- Specify the level of economic, social and environmental performance in relation to the Group’s objectives and international standards.

**Development of progress and continuous improvement plans**
Supplier satisfaction surveys allow the Group’s buyers and users to grade suppliers based on the different aspects of the contracts: compliance with commitments, supplier relationships, safety and environmental issues. Supplier CSR evaluations can also be performed to assess the maturity of the suppliers’ environmental and social management system. According to the results of these evaluations, Veolia asks its suppliers to implement, when relevant, adapted progress plans as part of a continuous improvement and innovation process.

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**Launch Phase**

- **STEP 0**: Need identification
  - Purchasing action plan
  - Purchasing working group
  - SWOT
  - Porter analysis
  - Matrix of positioning
  - E-sourcing

- **STEP 1**: Set up the team and launch the action

- **STEP 2**: Suppliers market analysis

**Design**

- **STEP 3**: Functional specifications
  - Consultation strategy
  - RFx
  - Functional specifications
  - Risk management (Finance, CSR...)
  - Innovation / TCO
  - Selection grid
  - Short-list of suppliers
  - Negotiation
  - Contracting
  - CSR

- **STEP 4**: Launch the tender

- **STEP 5**: Contract & roll-out strategy

**Implementation and Monitoring**

- **STEP 6**: Roll-out and communication
  - Communication
  - Deployment
  - Performance evaluation
  - Suppliers evaluation
  - Satisfaction monitoring
  - Supplier reporting
  - Contracts review
  - CSR compliancy

- **STEP 7**: Ensure continuous improvement

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**Call for tender**
The working group in charge of defining the specifications establishes objective criteria to evaluate the bids and determines a restricted list of suppliers to whom the group is ready to commit. The lead buyer, in charge of the project, leads the negotiations to refine the analysis, choose between pre-selected suppliers and formalize the choice the working group will submit to the decision-making body.
Sustainable procurement and relations with suppliers

The procurement policy of Veolia addresses environmental and social issues. Being involved in most stages of the sourcing process, suppliers play an essential role in the sustainable procurement approach of the company, which aims to:

• Build balanced relations with suppliers, thus promoting performance and innovation.
• Select environment-friendly products and services and analyze their impacts throughout their life cycle. Promote responsible behaviors and processes.
• Evaluate, monitor and manage the CSR performance of suppliers so as to anticipate and prevent related risks.

The CSR performance of suppliers

Veolia measures the integration of societal responsibility issues into the management system of its suppliers using a CSR evaluation system which can give rise, if necessary, to specific action plans and/or to on-site societal audits.

Sustainable procurement indicators

Sustainable procurement performance indicators have been set up in order to manage the actions of the company with respect to the commitment of buyers and relations with suppliers. Results are published in the CSR performance section of the annual report of the company.

For more information, please visit the sustainable procurement page of the website: www.veolia.com
Suppliers’ commitments to Veolia

Veolia expects from its suppliers quality products or services that conform to contractual obligations and requirements in order to fulfill clients’ expectations and anticipate their evolution. The Group wants its suppliers to share its commitments to sustainable development, within the scope of their own activity as well as in their supply chain.

Comply with Veolia’s sourcing processes

- Suppliers must comply with the sourcing process stages previously described, and must follow the steps of the eSourcing solution to submit an offer within the context of a call for tender.
- Suppliers must comply with reporting requirements, from an economic, environmental and social perspective (notably in terms of diversity, prevention, health and safety). They must also take part in the supplier CSR performance evaluation actions launched by the Group.

Promote compliance with the ethical rules associated with labor laws, diversity and prevention, health and safety

- Suppliers must comply with International conventions and regulations, in particular with regard to illegal labor, child labor, forced labor, the right to collective negotiation and non-discrimination.
- Suppliers must guarantee the safety of individuals and facilities on all their sites as well as the health of their employees and residents being serviced. They must strive to continuously improve the working conditions of employees and subcontractors.

Develop an environmental management system

- Suppliers must comply with the regulation relative to environmental protection and implement the necessary actions to limit the impact of their activity on the environment.
- More generally, to monitor the results of their actions, suppliers must put in place an environmental management system.
Contribute to the continuous improvement of the services and products provided

• Suppliers must offer the most performing solutions in terms of service and product.
• Suppliers must monitor the improvement actions undertaken further to the evaluation of their CSR performance or user feedback resulting from supplier satisfaction surveys.

Maintain good business relations

• Suppliers must inform Veolia’s procurement departments of the status of their relations with the users of their products and services within the group.
• Suppliers are encouraged to make proposals to improve their services in terms of economic efficiency and/or quality of products/services, and must specify the changes they wish to make to the client-supplier relationship.
• Suppliers must communicate any information required to prevent a risk of non-compliance with contractual commitments.
Veolia’s commitments to its suppliers

Veolia expects its buyers to behave in a professional manner, in accordance with its “Ethics, conviction and responsibility” program, to respect its commitments to sustainable development, diversity, prevention, health and safety, to act in compliance with the legislations and regulations applicable in every country where the Group is involved.

Be irreproachable in all business relations

• Only use methods and means universally acknowledged as consistent with good industry practices and avoid any illicit or unfair commercial practices.
• Refuse any direct or indirect personal compensation, payment or financial benefit from a supplier and make sure that your personal interests do not interfere with the process.

Guarantee suppliers’ fair treatment

• Guarantee clear and consistent communication so that all suppliers benefit from the same level of information.
• Monitor compliance with competition rules and guarantee the equal treatment of competing companies with regard to the evaluation criteria determined by the tender.

Establish sustainable relations with suppliers

• Involve suppliers in the sourcing process as early as possible to promote innovation.
• Inform suppliers of the progress of the call for tender.
• Maintain confidentiality obligation and make sure that any information communicated by a supplier is treated as confidential, unless it is clearly stipulated that the information becomes Veolia’s property.
• Monitor the contractual relationship with each supplier.
Put in place a performance steering process

• Help suppliers deploy the contracts and define indicators with a view to assessing performance.
• Promote Veolia’s values towards subcontractors and suppliers and support their initiatives in favor of sustainable development, diversity (see specific box hereafter), and the promotion of health and safety.
• Carry out a comprehensive annual suppliers’ performance assessment and implement adapted plans of action (products and services, process, CSR,...). When relevant, participate in supplier CSR evaluations.
Group’s commitments in the Procurement Policy

Diversity

In keeping with the commitments made over the past 15 years, Veolia carries out a “Diversity - equal opportunities” plan of action practicable internally, as well as with our external suppliers.

If you wish to inform us of any issues with regards to diversity, equal opportunities or discrimination, please contact:
cellule-diversiteve@veolia.com

Collaboration with companies hiring employees with disabilities

As an extension of the actions conducted by Veolia Water in France with the « GESAT » network and in collaboration with the dedicated committee in each of the group’s entities, Veolia encourages to have participation from this sector, specifically on target purchasing categories.

Occupational Health and Safety

Veolia carries out an effective approach to operational Health and Safety to reinforce safety in each and every one of its entities. The Group expects from its suppliers and subcontractors to be involved in this plan (cf. Antoine FREROT, Chairman and Chief Executive Officer, Commitment Letter to occupational Health & Safety Letter – Apr.2013).

Relationship with Small Businesses

Strongly linked to local economic regions, Veolia supports small businesses in an approach to contribute to the creation of dynamic and strong partnerships, bringing together innovation and competitiveness. Please find below two examples of applications in France, similar applications do exist in other countries.
The Good practices Charter to SMes in France, by the initiative of the business credit mediation services and the CDAF*, includes the 10 Commitments of responsible procurement and help to build balanced relationships between “major contractors” and French SMEs. It is applicable as part of an ongoing or renewed contract, and aims at preventing any potential dispute through the application of good practices and proper mediation when necessary.

Contact: mediateurve@veolia.com

Adhering to the French pacte SMes in June of 2012, Veolia reinforces its means to structure and better apply the small businesses policy.

http://www.pactepme.org/

*CDAF: France Officers and Buyers Company.
Resourcing the world