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SUSTAINABILITY
REPORT
2012

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FOREWORD



Ladies and Gentlemen,
dear readers,

I am pleased to meet you over this report, which provides a summary of the most important information about Veolia Voda group in the Czech Republic and its activities of social responsibility.

In 2012, Veolia Voda group continued its transformation initiated already in the previous year. CSR objectives are an integral part of the group strategy and are incorporated into the activities of all group companies. Corporate social responsibility has become part of business offers as proof of our will and ability to be a reliable partner of our customers that helps them to meet their own goals.

I would like to use this opportunity to thank all employees, customers and partners whose enthusiasm and efforts have contributed to meet our common goals and to take care of the community and environment.



Philippe Guitard

Chairman of the Board of Directors
VEOLIA VODA ČESKÁ REPUBLIKA, a.s.

Veolia Environnement Director for Central and Eastern Europe

KEY FIGURES



Veolia Voda is the global number one in water management. It provides cities, municipalities and industrial companies with comprehensive services pertaining to drinking water production and distribution and wastewater sewerage and treatment. Veolia Voda is part of the Veolia Environnement Group, which is the only

global concern exclusively focused on providing environmental services. Apart from water management it also offers and provides services within its other 3 divisions: waste management (Marius Pedersen - Veolia Environmental Services), energy services (Dalkia - Veolia Energy) and transport (Veolia Transport).

Veolia Environnement worldwide 2012

- It operates in 48 countries worldwide
- €29.4 billion annual turnover in 2012
- 219,739 employees (except for Veolia Transdev)

Veolia Water worldwide 2012

- €12.1 billion annual turnover in 2012
- 89,094 employees
- 100 million inhabitants supplied

Veolia Voda Czech Republic 2012

- CZK 15.1 billion turnover
- 5,275 employees
- 3.7 million inhabitants supplied
- 163 water treatment plants operated
- 416 wastewater purification plants operated



Veolia Voda Czech Republic group companies provided CZK 19.1 million in 2012 as direct financial support to the regional community projects and events (sports and cultural events for children and wide public) and to implement own CSR projects.

BUSINESS MODEL AND STAKEHOLDERS



In the Czech Republic - as elsewhere - a division operating model is in use in the water industry and is applied by Veolia Voda. This is the most common operating model in the Czech Republic (accounting for 67% of the Czech market).

A division operating model usually entails long-term contracts between the infrastructure owner (the public sector) and an operator (the private sector). Their relationship is governed by a contract on the operation of water infrastructure. The operator pays the owner rent for the use of infrastructure and collects water supply and wastewater treatment service charges at rates approved by the owner. Revenues from water supply and wastewater treatment service charges belong to the operator, who uses them to cover operating costs and make a reasonable profit.

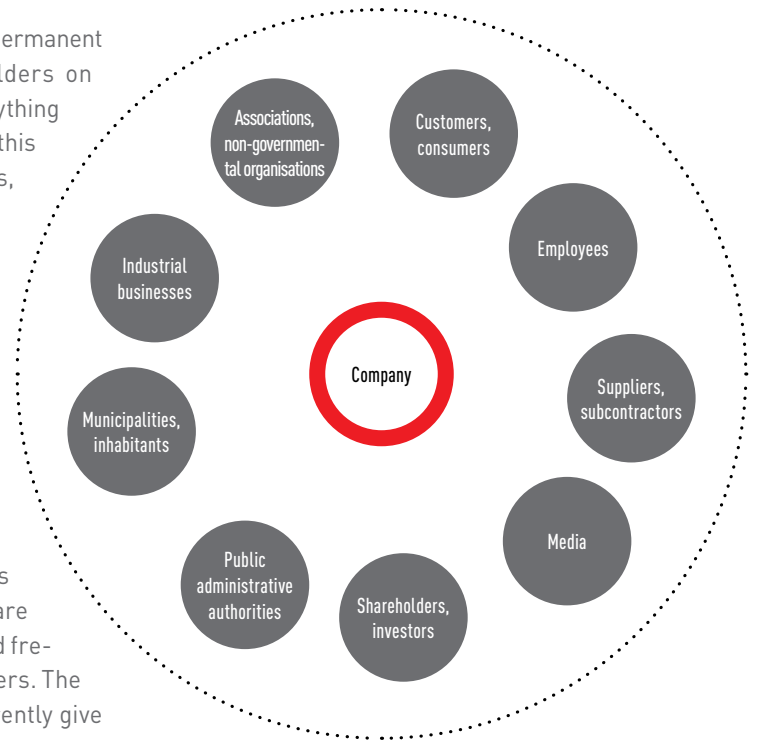
Main stakeholders

In this constantly changing environment, human interaction with the environment represents a major challenge, which requires mobilisation of the

effort and commitment of all stakeholders on local, national and international level.

Our companies have to be able to maintain permanent and sincere dialogue with all stakeholders on local level. It is not possible to create anything really legitimate and permanent without this dialogue and cooperation with consumers, local inhabitants and civic society, as local population needs to understand and accept decisions of authorities. Relationships among these stakeholders are complex and Veolia Environnement takes concrete measures to ensure the best possible dialogue with each of them.

Our PPP (public-private partnership) model for providing public services ensures continuous dialogue with local public administrative bodies. Resources and procedures to maintain this dialogue are set in our contracts, as are e.g. means and frequency of our interactions with stakeholders. The duties of the service provider to transparently give out information are also set contractually.





Contractual customers

Veolia Voda supplies contract customers with drinking water and/or treats the wastewater on a contract basis. Contract customers are individual customers (owners of family houses, cottages, etc.), companies and housing cooperatives.

Consumers

Every citizen using the drinking water distribution and wastewater sewerage services is a consumer but does not necessarily need to be a contract customer of the supplier (e.g. inhabitants of a block of flats).

Municipal customers

Veolia Voda Group companies operate local water lines and sewerage systems based on a contract with a town/municipality or its association/union.

Industrial customers

Veolia Voda operates water management facilities directly to industrial partners through outsourcing or ensures external production and water treatment on already operated facilities. It provides industrial partners with a range of other water management services using highly professional background facilities (e.g. laboratory services, maintenance, de-

sign and technology services, etc.) The goal of outsourcing is the optimization of production processes of business partners and reduction of operational costs in respect of maximum environmental protection and binding legislative requirements. A team of specialists was appointed for the Czech and Slovak Republic to deal with outsourcing. They provide more than 40 industrial partners with outsourcing – e.g. Spolchemie, Kaučuk Kralupy, Synthesia, ČEZ, Cutisin, SETUZA, Olšanské papírny or Sokolovská Uhelná.

MANAGEMENT AND MEASUREMENT TOOLS

In order to emphasize the importance of CSR and ensure maximum efficiency, the sustainable development department directly subordinate to the Secretariat of General Director and Chairman of the Board of Directors of Veolia Environnement Group works on international level. This department initiates and coordinates common activities of the group in this field and its implementation into contractual and commercial bids so that CSR corporate strategy would become a tool creating values.

Our corporate social responsibility strategy includes a variety of stakeholders with different needs and requirements, and therefore it requires structured and systematic management. Using different management and measurement tools allows us to objectify the data and results and share them with our customers, employees and other partners.



COMPLIANCE

Legal Department

Ensures that company activities comply with regulations and provides legal intelligence.

Systems and Business Processes Department

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

Internal Audit Department

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

Fraud reporting

Information transmitted to the heads of the Internal Audit and Systems and Business Processes Departments and to the Accounts and Audit Committee to report cases of financial fraud.

MANAGEMENT

Environmental Management System

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

Social reporting

Managed by the Human Resources Department, which defines and deploys company policy on human resources.

Sustainable purchasing reporting

Managed by the Purchasing and Sustainable Development Departments.

Client reporting

Managed by the divisions' marketing departments.

Extra-financial reporting

Managed by the Sustainable Development Department.

Campus Veolia Environnement

Personnel training to meet company needs.

Veolia Environnement Foundation

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

www.fondation.veolia.com

ANTICIPATION

Research, Innovation and Sustainable Development Strategy Committee

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

Research and Innovation (VERI)

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

Ethics Committee

Ensures compliance with the Ethics, Commitment and Responsibility program (alert system and ethics audits).

Risk Management Department

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

Public Affairs Department

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

FORWARD THINKING

Research and Innovation

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

Institut Veolia Environnement (IVE)

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

www.institut.veolia.org

Visiting Committee

Helps Veolia Environnement move forward in its vision of sustainable development.



To be able to make improvements, we must be able to measure what we have achieved and what remains to be completed. Consequently, it is necessary to express the target performance by exact indicators. We have to be able to

accept the value of the external perspective and measurement.

Veolia Environnement is also evaluated by nonfinancial criteria as one of the CAC40 index companies. Thanks to it we succeeded to get also evalua-

tion in the form of recognised indices and trademarks.

Summary of all this information allows the group continue the development of its competences and performance in terms of sustainability.

Internal tools

Environmental reporting – used since 2001, monitors and evaluates more than 1500 primary indicators classified by EMS system.

Social reporting – measures social performance and business climate according to 200 indicators.

Purchase reporting – monitoring of 4 indicators in the area of education of buyers and relationships with suppliers.

Customer reporting – annual evaluation of relationships with customers according to specific indicators for each division.



Nonfinancial evaluation

Nonfinancial reporting provides measurement of business performance in the spirit of sustainability according to their ranking in specialised stock exchange indices. The main areas of measurement include business management, human resources, environmental performance, observance of human rights and ethical standards, relationships with customers and suppliers, dialogue with the civil society.

FTSE4Good

Veolia Environnement has annually been ranked in FTSE4Good index. The company is evaluated by Eiris agency from Great Britain. The regular placement in FTSE4Good index (despite the increasing demands) indicates the good group performance and its long-term orientation. The evaluation criteria of the companies by this index are focused on responsible management and sustainable development.

SAM agency rating

VE group achieved the result 78/100 in the performance evaluation of sustainable development made by SAM agency in 2012. This was 5 points more than the previous year and well above the sector average (47/100) also within the evaluation used for Dow Jones Sustainability index. However, since 2010, Veolia Environnement has not been selected in these indexes. The “best in class” methodology used by the agency and applied to the “Water Utilities” sector led this year to the selection of the two best companies.

Veolia Environnement was regularly selected for inclusion in these indexes from 2003 to 2004 and from 2006 to 2009.

VIGEO Europe 120

Veolia Environnement is listed in the VIGEO Europe 120 index. Vigeo’s indices are composed of the highest-ranking listed companies as evaluated by the agency in terms of their performance in corporate responsibility. The index is updated every six months, providing investors with information on companies assessed by Vigeo that have achieved the highest ratings in corporate social responsibility.

Ethibel Sustainability Indices (ESI)

Veolia Environnement is included in the ESI Europe index, which selects the 200 European companies with the best ratings. The Ethibel Sustainability indexes offer an overall view of the financial performance of the world’s largest companies in terms of sustainable development. The companies are assessed by the independent organization Forum Ethibel.

ASPI Eurozone

Veolia Environnement was again included in the ASPI Eurozone European index, which comprises the 120 most competitive companies in terms of social and environmental responsibility listed in the Eurozone, based on Vigeo’s ratings.

Classified “Prime” by Oekom Research

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

Carbon Disclosure Project

In 2012, the company obtained a score of 92/100, up four points on the previous year (and an increase of 10 points in two years). Veolia retained its B rating. These results reflect the inclusion of climate change in the company’s priorities.

The Carbon Disclosure Project assesses companies on the basis of the transparency of their communication on climate change and their performance. The CDP’s aim is to assist investment decisions so they account for the effects of climate change on companies. The association is supported by over 3,000 institutional investors with worldwide assets worth \$71 billion.

The Independent Committee for the assessment of Veolia Environnement’s sustainable development policy

The Independent Committee (IC) is the advisory body that has assisted the company with its sustainable development policy since 2006. Its members include representatives from the non-profit sector and academia as well as socially responsible investors. Its key assignment is to guide the company’s choices and appraise major advances in its sustainable development policy. The committee, which meets at the behest of its Chairman and CEO of Veolia Environnement, helps the company to define a sustainable development strategy, assesses current company projects and provides an independent viewpoint.

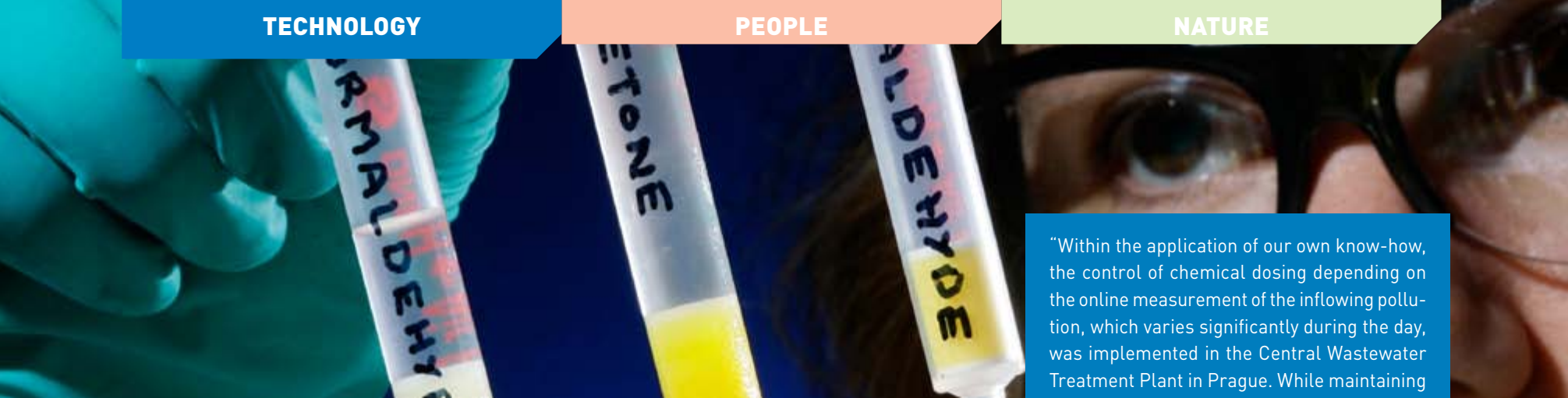
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Veolia Voda is the global number one in water management and at the same time the biggest provider of wastewater management services in the Czech Republic. The pillar of successful business in this field is the emphasis on high professionalism of provided services, development of new technologies and innovations.



“Within the application of our own know-how, the control of chemical dosing depending on the online measurement of the inflowing pollution, which varies significantly during the day, was implemented in the Central Wastewater Treatment Plant in Prague. While maintaining the same efficiency, the dosing was reduced by 25% and thereby we reached savings and lower environmental impact.”

RESEARCH AND INNOVATION



We employ leading experts in water management, bring own technology know-how and strive to maximize the efficiency and professionalism of water management facilities.

Working in the area of environment requires the mastering of a number of scientific disciplines, such as chemistry, metrology, energy management optimisation, cogeneration process improvement, information systems, etc. The organisation unit Veo-

lia Environnement Research and Innovation carries out research in its 6 research centres and 6 testing facilities on four continents. 200 contractual partnerships with universities, public institutions, small and medium sized companies and large enterprises were established in 2012.

Worldwide, Veolia Environnement helps to increase the efficiency of urban services, fight against climate change, and protect natural resources and ecosystems.

Every day, 500 leading experts participate in the

development of functional and reliable innovative projects in 4 main areas: natural resources protection; management of the impact of company activities on the environment; health and life quality improvement; and development of alternative energy resources.

In 2010, Veolia Innovation Accelerator program - the principal initiative supporting the development and implementation of green technologies all over the world - was launched. More than 400 innovators took part in the program during the first 3 years.



ENERGY EFFICIENCY

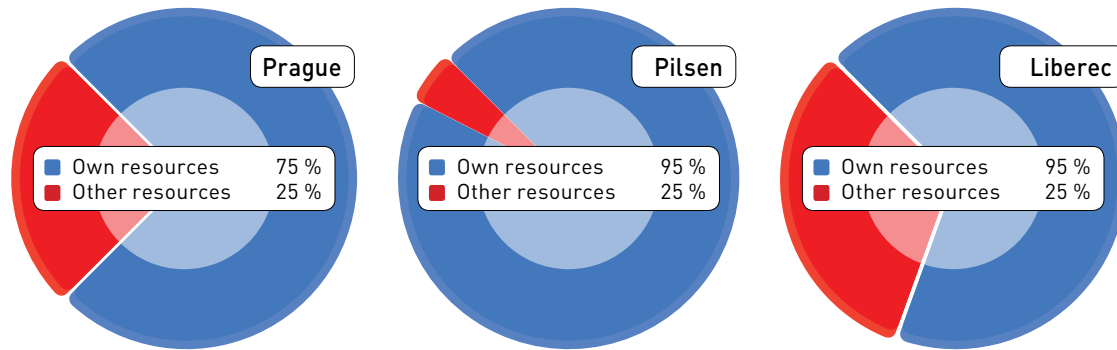


Project Water2Energy
“Energy consumption is responsible for almost 70% of greenhouse gas emissions associated with water activities. Increase in energy efficiency is one of the key activities aimed at environmental protection in the water industry.”



Veolia Water Europe has introduced an optimisation project Water2Energy, the goal of which is a gradual increase in the energy efficiency of the operating infrastructure.

- The programme “Decrease energy consumption” is focused on energy savings.
- The programme “Use Biogas energy” is focused on an optimisation process of anaerobic sludge stabilisation in wastewater treatment plants with the aim of maximum utilization of the energy potential of sewage sludge.
- The programme “Invest into renewable resources” is focused on the use of a higher share of energy from renewable resources through investments into specialized facilities.



Example of the Czech wastewater treatment plant with high energy self-sufficiency

Despite the obsolete technology of water line, the insufficient capacity of the compensation element on the biogas system and the limit capacity of installed cogeneration units, the energy self-sufficiency of Central Wastewater Treatment Plant in Prague is about 75% in a long-term.

Thanks to the know-how we acquired and that we gradually develop within the worldwide activities of the Veolia Water Group, we are able to provide support and consultancy during the preparation and implementation of projects aimed at increasing energy efficiency. The programme Water2Energy, designed for private and public operators and owners of water infrastructure who want to increase the energy efficiency of their operational facilities, is focused on the preparation for the certification “Guarantees of the quality in accordance with future regulations on energy management systems” (EN 16001/ISO 50001).

Veolia Voda Group in the Czech Republic also develops individual programmes of the Water2Energy project. For the introduction of innovative practices and in particular for the implementation of Water2Energy project, Veolia Voda was awarded The Biggest Surprise of Best Innovator contest.

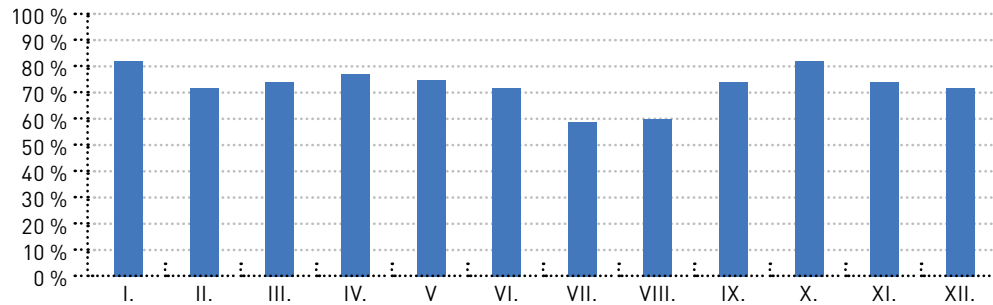
Systematic decrease in energy demands of operated facilities

The Veolia Voda Group has for a long time carried out partial measures in the area of energy efficiency improvement towards a lasting reduction of electricity consumption and increase in the electricity production from renewable resources both at local and central

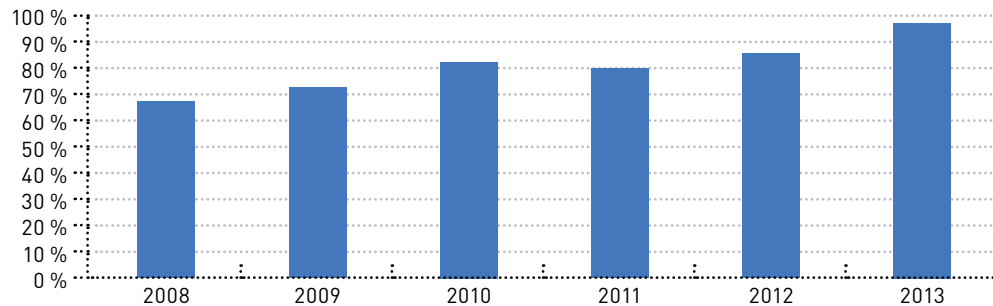
levels. The basic tool for the group is the benchmarking of energy demands – especially of large wastewater and drinking water treatment plants.

Some Veolia Water wastewater treatment plants abroad are fully energy self-sufficient (Budapest, Braunschweig, Gera). WWTP in Prague is from 75% energy self-sufficient and WWTP in Plzeň reached in some weeks the energy self-sufficiency of 100% and in average 95%. In 2012, detailed audits continued to be carried out in selected WWTPs and WTPs which analyse the possibilities of further increase in operation efficiency and recommend specific investment and operational measures for the owner and the operator.

Degree of CWWTP Prague self-sufficiency in energy consumption in 2012



Energy self-sufficiency of WWTP Pilsen 2008 - 2013



The good example of efficiently renovated and operated waste water treatment plant is the WWTP Pilsen, where also thanks to the implementation of measures within Water2Energy program the energy self-sufficiency was increased up to 97% in 2013.



Reduction of chemical consumption during drinking water production and wastewater treatment process

Operational costs optimisation is the core issue of private operational companies and one of the reasons why the delegated water services are chosen by towns and municipalities in the Czech Republic (professional operators supply more than 80% water of public water lines). From a financial perspective, not only the dominant electricity consumption costs are interesting but also those of the operational chemicals. Veolia group specialists reduce the volume of dosed chemicals by introducing of automated dosage and also through continuous optimisation of chemical processes in water treatment plants and waste water treatment plants. In 2012, management system for dosing of the external substrate in Pilsner WWTP was implemented and deployment of sophisticated management of sludge drainage in CWWTP Prague was prepared.



RENEWABLE ENERGY RESOURCES

Production and usage



Veolia Voda promotes the long-term production and usage of energy from renewable resources – biomass, small hydroelectric power plants, thermal pumps, wind turbines, solar panels and technologies of solar drying of sewage sludge.

Energy from biomass

This energy comes from organic matter, which is burnt or transformed into fuel. Organic materials incurred during drinking water production and wastewater treatment can be transformed into energy.

For example:

- biogas arising during sludge fermentation
- combustion of sludge pellets (after sludge drying) in power stations

Our ultimate goal is to ensure the production of such amounts of energy from renewable resources within the operation of wastewater treatment plants that are equal to the amount of energy the wastewater treatment plant needs for its normal operations. There will at least be an increase in the independence of WWTP on electricity supplies after successful project implementation.

Biogas can be produced as well in WWTPs; it is one of the most important renewable energy sources. Organic matter from the sludge is converted by anaerobic fermentation from the sludge to biogas which usually contains more than 60% of methane. Biogas is subsequently used during the combined production of electricity and heat in cogeneration units. Production of biogas can be increased by co-fermentation, i.e. by sludge fermentation together with organic waste such as grease, waste from agricultural crop or another organic liquid or solid waste.



Small hydroelectric power plants

Hydro power uses the movement of water to produce electricity. Water turbines can be installed into water or sewerage systems and facilities and use the gradient of water (raw or treated water/wastewater) for electricity production. For energy production the vertical movement of water (gradient) is needed, because the rapid flow itself does not contain enough energy for a meaningful utilisation. The power of small hydroelectric power plants (SHP) is usually in the range from 20 to 500 kW.

Veolia Voda collaborated on the preparation of two new MVE's installation in the Liščí Vrch (Fox Hill) and Bártlův Vrch nature reserves, these MVE's were launched into full service in 2012.

Example of a turbine installed in drinking water treatment plant in Hradiště

- Output (kW) 2 400 a 800
- Electricity production (MWh/year) 8 200

Solar drying

This is the process of sludge drying through thermal convection, when water evaporates from the sludge through the influence of solar radiation. If the solar dryer is completely covered with a transparent roof and walls (like a greenhouse), the resulting greenhouse effect accelerates drying. Solar sludge drying has low operational costs for energy. Veolia Water Group currently deploys a Solia solar drying system of water treatment sludge at several installations in France.

Solar energy

Photovoltaic panels (direct transformation of sunlight into electricity) can be installed on roofs and other surfaces in complexes of drinking water and wastewater treatment plants. The energy obtained can serve for heating the water or for local electricity production. The solar panels were deployed in Prague Water and Sewerage Company in 2011.

Thermal pumps

They offer an efficient solution for the heating and air-conditioning of buildings and other areas. The heat pump works on a principle of heat absorption in one place and its transmission and release in another place. Drinking water or wastewater are sources of energy, which can be used for the heating and air-conditioning of buildings.



IDEO

The Veolia Water global project on innovation support



It was created in 2008 and introduced in the Czech Republic in 2010. The employees have the opportunity to propose an innovation related to any activity or operational process of the company. The projects are evaluated by an expert committee and the authors of successful projects are financially rewarded. The innovations are shared on an international level through a specially created internet portal. Nine applicants from employees have succeeded with their innovation proposals since 2010.

Their projects have brought improvements in working processes, especially operations processes. Thanks to these projects, millions of Czech Crowns are being saved every year.

EXAMPLES OF PROJECTS

awarded in IDEO programme in 2012:



Small WWTPs monitoring with minimum costs

Ing. Petr Bartoš designed and subsequently constructed a device which enables to download data measured by local automatics of smaller operating units (small WWTPs, pumping stations, etc.). The data can be easily transferred into the computer and assessed, as the system allows seamless processing of the current MS Excel software. Received data are used by foremen and technologists to solve problems in the process of wastewater treatment. The data are essential for project architects designing reconstructions and modernisation of WWTP.



Using a sludge pump for extraction of floating debris from the sedimentation tank

Ing. Lucie Kocourková and Jiří Hahn improved a device for the collection of floating debris from the surface of sedimentation tanks in WWTP. We have achieved significant cost savings for the treatment (until then carried out by an external supplier) thanks to the proposed measures. An equally important benefit is the improvement of the operation level and of WWTP drainage quality. There have also been savings for the tank cleaning by faecal truck and improvement of working conditions of personnel who no longer have to clean the tank manually. The measures maintain the tank completely without foam.


TECHNOLOGY - PERFORMANCE PARAMETERS

Area	Parameter	2009	2010	2011	2012	Goal 2013
State of water supply network	Water supply network efficiency	77.8%	78.0%	78.6%	78.3%	79.0%
Drinking water quality	% of compliant drinking water quality analyzes	99.98%	99.11%	99.48%	99.57%	>99%
State of the sewerage network	Camera surveys of sewerage network (km/year)	337	363	433	455	464
Wastewater treatment efficiency	Efficiency of BSK5 removal at WWTP	98.03%	97.79%	98.07%	98.40%	98.0%
Energy production from renewable resources	Electricity production at WWTP (MWh)	52,400	54,920	57,275	55,911	59,589
	Heat production at WWTP (MWh)	95,764	91,991	89,635	92,434	85,322
Implementation of quality management systems	EMS implementation	8 companies	8 companies	8 companies	10 companies	10 companies
	Certification ISO 9001/14001/18000	8 companies	8 companies	8 companies	9 companies	9 companies

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Veolia Voda is committed to ensuring good relations with all suppliers, shareholders and customers and to voluntarily implement premium customer limits. The company has its own Code of Ethics and represents its purchase strategy. For Veolia Voda employees, we create above standards conditions and services. We consider social dialogue and cooperation with trade unions essential for open communication with our employees.

CUSTOMERS



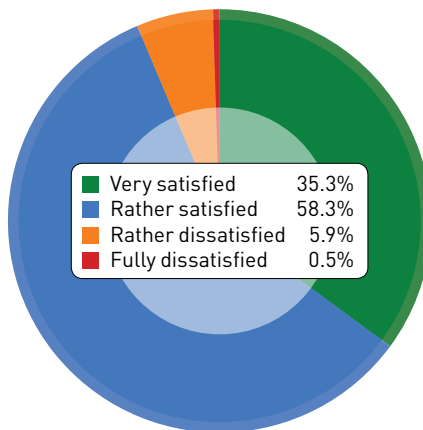
Our company provides services to various types of customers: municipal, industrial, contractual and end consumers – see page 4. The quality of activities and provided services is guaranteed by certified systems: all Veolia Voda Group companies in the Czech Republic have been certified under the regulations ISO 9001, 14001 and 18001 and have integrated management systems aimed at achieving maximum efficiency in the operation of delegated water management assets.

We monitor the satisfaction of our customers using different tools and channels: telephone surveys, online questionnaires, surveys in customer centres and at public events.

We use the outputs of these surveys to develop and improve our services. We are pleased to say that

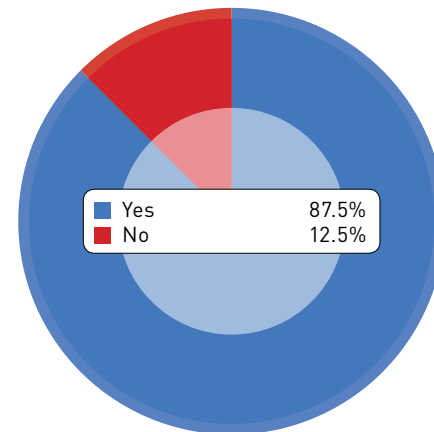
the overall satisfaction with the level of services is very good across all customer segments (93.6% of customers are very satisfied or satisfied), as well as with drinking water quality. The number of customers who use water for drinking increases every year. The customers are also very positive about the

What is your overall level of satisfaction with services provided by your drinking water supplier and sewerage system operator?



continuity of water supply (98.8% of customers were very satisfied or satisfied in 2012), and 9 out of 10 customers, who experienced a breakdown or water supply interruption during the last year, are satisfied with the speed of reparation and supply renewal.

Do you drink tap water?



Results of phone call survey (customer satisfaction in 2012)



Customer Centres

For personal contact with customers serve modern customer centres and points of contact placed in regions with regard to good availability.

The customer centres employees have received professional training and are willing to provide any information related to contract for drinking water supply and sewerage services, and all related

matters (e.g. invoicing, payments, online services, etc.), statement on project documentation, graphic and digital documentation to the current drinking water and sewerage network. It is possible to set a concrete date and hour of meeting via the web sites of each subsidiary. The reservations concern both business and technical matters. Using these services, the customers avoid possible queues and are served first.

Customer centres and contact points 2012

Customer centres and contact points

Number of customer centres:	29
Number of contact points:	10

COMMUNICATION WITH CUSTOMERS

Call Centre

The Call Centre is a specialised workplace, which is used for the mass processing of phone calls. Customers may adjust the pre-payments, receive information on connection establishment process, on signing a contract, lodge a complaint, etc. Our experienced operators also provide all information related to drinking water quality, drinking water supply and sewerage. The telephone line is available to customers 24-hours-a-day, seven-days-a-week. The first customer service line in water management in Central Europe was put into operation in 2002 by our subsidiary Severoceske vodovody a kanalizace, a.s. The Call Centre newly works also for Water Supply Company Sokolov.

Contact Centre

Since 2011, the contact centre operators have processed in addition to phone calls also incoming email correspondence. We respond to the incoming emails within 24 hours.

An external audit was carried out by an external auditory company in 2012. The audit included a capacity analysis, which forms the basis for the right capacity planning and evaluation of efficiency of individuals. On the basis of the audit, the optimisation of contact centres was performed, the operation was reduced from current three on two contact centres and the third workplace was kept only as a backup. At the end of 2012, the technology of the contact centre was extended for voice analysis, which enables the automatic quality control of all incoming calls and at the same time the extraction of specific key words from the calls, information on compliance of the conversation flow and emotions of the agent and customer. The ISO 9001 certificate was retained.

Communication with customers 2012

Customer call Centres 2012

Number of answered calls per year:	265 832
Number of calls over 5 minutes:	14 375
Average time of the call:	0:01:56
Average waiting time for connection with the operator:	0:00:27
Number of operators:	27 + 5 head workers

Email communications 2012

Number of incoming emails:	72 614
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SMS INFO

SMS INFO is a free service designated for contract customers and consumers who wish to be informed about drinking water pipe work breakdowns, important planned water supply interruptions or other changes in drinking water supply and sewerage. Since 2006 we have registered more than 60 thousand people and we have sent them almost 1,200,000 messages. For SMS INFO activation it is necessary to register at www.voda-info.cz and to choose a region the customer wants to be informed about. SMS INFO has also been adapted for blind citizens who receive voice messages.

Websites

More than one third of customers prefer communication via the Internet. The companies of Veolia Voda Group strive for better availability of all information related to water supply and sewerage. In practice this means that more and more information is published on the websites, which is reflected also in the increasing number of visitors. E.g. websites of Prague Water Supply and Sewerage Company (www.pvk.cz) were visited by approximately 14,800 people per month in 2012, which is almost by 40% more than in the previous year. Customers are informed about all services

provided by a local company, about the origin and quality of drinking water in every region, quality of treated wastewater, everything about the characteristics of tap water, process of its production and treatment and many other interesting things about water. A separate section of the website has also been created for children and schools.

Customer account on internet

Customers can communicate with us from the comfort of their homes via their customer account on the internet, where they can check their invoices and meter readings, change contact information, set monthly prepayments, etc. anytime and from anyplace. Customer accounts can be set up for free on the websites of Veolia Voda Group regional subsidiaries. The account access is generated automatically to new customers when signing the contract. The number of customers with an active account increased in 2012 to more than 33,000.

Electronic invoice

Customers who prefer online communication have the possibility of online invoices sent via email in PDF format. The advantage of electronic e-mail is of course the space saving for folders and papers, its easy availability, or environmental aspects. Each

customer can order electronic invoices via the call centre or in customer centres. The interest in online services is increasing – the number of customers with online invoices more than doubled from March 2011 to March 2012. In the first quarter 2013, 42,100 agreements with email address, where we send electronic invoices, were registered.

Smartphone applications

Two new mobile applications called Moje Voda and Moje Voda^{Plus} designed for owners of iPhone and smartphones with Android OS were launched in April 2013. With the new application Moje Voda^{Plus} the contract customers can use an immediate and secure access to their electronic customer account. It is only necessary to register on Veolia Voda CR Group companies websites. It enables the execution of requirements such as e.g.: reporting of meter readings, changing the contact details or the method of payments. Customers also get information on water supply interruptions, current water and sewerage prices; get an overview of invoices and payments, etc. Application called Moje Voda is intended for wide public (end consumers without contract with the water supplier) and includes mapping of water supply interruptions in Google maps, information on water quality, or water consumption and carbon footprint calculator.



PURCHASING STRATEGY



Central purchasing by Veolia Voda in the Czech Republic has been incorporated into the Ethics, Commitment and Responsibility programme and is governed by two documents setting out an ethical and legal framework for Veolia Environment's worldwide activities.

Veolia Voda Czech Republic uses central (global) framework agreements for the purchase of materials and chemicals. The company relies on these framework agreements as its operations in the

Czech Republic draw on cooperation with multinational corporations and makes local contracts with the representations of individual suppliers. On the global level, the group uses common tools to evaluate the purchase performance SAVE and VESTA.

Supplies within the framework agreements are audited centrally. Besides, we also carry out local quality controls of supplied materials, especially those, which come into contact with drinking water.

The largest suppliers of Veolia Voda according to the volumes of supplies – TOP 10

- ČEZ Prodej, s.r.o.
- HECKL s.r.o.
- CCS Česká společnost pro platební karty
- Pragoplyn a.s.
- KEMWATER ProChemie, s.r.o. (KEMIRA)
- HAWLE ARMATURY, s.r.o.
- TRANSIGMA, spol. s r.o.
- Kemifloc
- SAINT-GOBAIN trubní systémy, s.r.o.
- ASHLAND Industries Austria GmbH



EMPLOYEES



Veolia Voda employees benefit from special conditions and services. Social dialogue and trade-union cooperation are essential for frank communication with employees.

Major employer

In 2005, the companies in the Veolia Voda Group in the Czech Republic set up the Malá voda (Little Water) association of employers to negotiate the higher-level collective agreement with the trade union Dřevo, lesy, voda (Wood, Forest, Water). This association builds on the traditionally good relations with the unions at our water companies. The cooperation between the Veolia Voda employers' association and the trade union has resulted in harmonious working conditions and social benefits for employees.

Veolia Voda Czech Republic companies strive to offer equal opportunities for all. Although typically male professions prevail in our industry, more than 26 % women of our employees are women. People with disabilities and persons at retirement age are also given opportunities.



Employees' education

Veolia Voda Group focuses in the long-term on an increase in qualifications and employee training. It is an important part of corporate culture. In particular, employee training is provided by our own institute – The Institute of Environmental Services (IES) with its wide range of courses and training programmes, from which many are certified by the Czech Ministry of Education, Youth and Sports. IES is an important part of the international network of training centres of Veolia Environnement group, so called VE Campuses.

IES organizes and provides

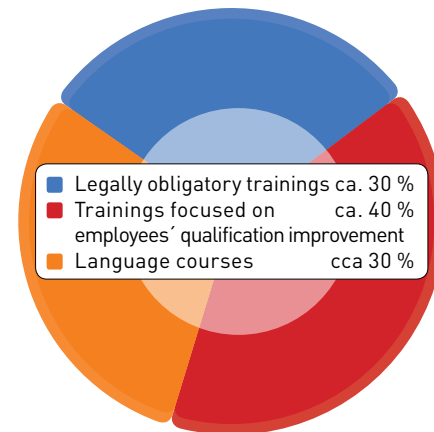
- Learning and secondary school fields of study
- Bachelor's degree study programmes in cooperation with the Moravian University College Olomouc
- MSc in Management Studies, The Nottingham Trent University programme
- Development programmes for managers of the Veolia Environnement Group
- General courses – languages, IT, communication
- Seminars and practical training – first aid courses, health and safety at work



www.institutes.cz

The institute has 14 regular employees, 200 tutors and more than 80,000 employees have undergone training there since 2002. In 2012, the number of participants in educational activities was 12,345 and 125,412 training hours took place. The number of 381 programmes, courses and seminars was prepared for 2013. The Veolia Voda Group compa-

nies in the Czech Republic devote 1.5% of their salary costs to education every year, which annually represents approximately CZK 25 million. Every company elaborates the on-the-job training plan in accordance with its own needs. The resources are divided between school and training programmes as follows:



Work safety

Work safety stands alongside employee training as another area of strategy established internationally for the whole Veolia Water Group. Basic health and safety rules included in the Labour Code and ISO standards are also incorporated into the internal Work Safety Code. A permanent section is devoted to this subject in the in-house magazine Voda je život (Water is Life). The long-term goals in the area of health and safety include a reduction of the number of industrial injuries. In 2012 our company registered almost 3 times less work-related injuries than in 2005 and 17 injuries less compared to 2010. The positive development has also been recorded in the severity of injuries. The number of working days missed due to industrial injuries year-on-year in 2012 significantly decreased, specifically by 451 calendar days, respectively 264 working days.

In 2012, 4,150 employees attended 14,950 hours of training on occupational safety. Besides their technical training, staff also receives instruction in first aid. In recent years, four of our employees have saved lives by using basic first aid learnt at these courses.

Number of industrial injuries

Year	2005	2006	2007	2008	2009	2010	2011	2012
Number of injuries	114	98	86	69	46	61	41	44

Since 2011, great attention has been paid to monitoring and analysis of so called near misses, i.e. incidents which could lead to a breakdown and only by chance did not cause an injury. In 2011 the inspections and audits that examined the methodologies focused on work in water meter shafts of individual companies were above and beyond the normal amount. Based on a recommendation of the international Veolia Water safety and health work committee, a new standard was set for gas detectors used by employees when working underground – four-channel detectors.

In 2012, the level of water infrastructure operation was examined by the audit carried out by employees of the central Veolia Environnement audit department. North Bohemian Water Supply and Sewerage Company was audited in the Czech Republic, when the environmental protection system certified by ISO 14001 and the OSH level certified in all Veolia Voda group companies by OHSAS

18001 were tested. The audited company passed the audit with great results, as no discrepancy was found. On the contrary, it was stated that some measures belong to so called “Best Practice” category and can thus serve other companies as a positive example.





Corporate Volunteerism

The Veolia Voda companies organise days of corporate volunteerism in the Czech Republic, in which whole working teams usually participate. Employees have the opportunity to help children and adults in need or to contribute to life quality improvement in particular places during normal working hours. **Since 2008, 50 volunteer events (65 days) have taken place, over 300 employees have worked more than**

1,980 hours. What kind of events? Trips with the elderly around the Czech Republic, blood donations, fence painting around infant homes, filling animal drinking troughs with water, cleaning a sheltered café, Children's Day in an infant home, WWTP excursion for children with disabilities, tree planting, painting children's rooms in a shelter, a visit to an exhibition with clients of the Social Care Institute, manufacturing of Christmas decorations for a charity shop, dance afternoon for the elderly, organisa-

tion of advent events for people with health disabilities, cleaning of a garden around the Day Care Centre, manufacturing of jewellery and souvenirs for a shop run for the benefit of home hospice care.

Another form of volunteering is represented by the grant programme **MINiGRANTS**, thanks to which every employee can apply once a year for financial support for its own volunteerism project. More details can be found in the chapter Foundation.



Ethics

The Ethics, Commitment and Responsibility programme was created in the headquarters of parent company Veolia Environnement in France and is common to all divisions and countries in which the Group operates and is respected by more than 200 thousand employees worldwide. The document is based on compliance with national standards and the recommendations of international organizations, particularly as regards respect for cultural differences and environmental needs.

Clearly defined standards of behavior may facilitate the decision making of employees in common crisis situations. As a result, the Code also sets out communication rules. Laws and internal regulations cannot cover all the ways in which employees should communicate with customers, partners or colleagues. The Code deals with the ethical principles of these relations. The Code comprises basic ethical rules such as the fight against corruption including bribery, elimination of discrimination at work, adherence to basic human rights or dissemination of environmentally friendly technologies.

Ethics committee

Ethics committee appointed in March 2004 consists of four independent members whose task is to supervise the observance of the Ethics, Commitment and Responsibility programme and examine any suspicion related to this topic. Suspicions or suggestions to investigate specific cases are searched by the Committee, or can be addressed by any of VE group employees. During the fieldwork visits, the commission assesses, by maximum number of individual interviews, the ethical standards of particular workers, their awareness of corporate values and principles. Furthermore, the Committee focuses on ethical issues that might affect the workers of particular plant, and on educational events in ethics.

The Ethics Committee also serves as the final appellate body for the cases that are not possible to solve within the given regional company for the violation of procedures. The Committee has the necessary powers for these cases – it may ask for revision of any internal document, interview any of the employees, and ask internal audit or external consultants for cooperation.

Žáci základních škol prostějovského regionu obdrželi v minulou, ale zajímavou učební pomůcku s názvem "Vodní kufřík" neboli "Tajemství vody". Jedná se o přenosnou laborator, kterou společnost předává zdarma školám ve spolupráci s Nadačním fondem Veolia. Tento projekt si klade za cíl prohlubovat znalosti dětí v oblasti vodního hospodářství.



...vážení názorných pokusů. Ke každému kufříku je navíc přiložena metodická příručka pro učitele a pracovní sešit pro žáky, do kterého si výsledky pokusů zaznamenávají. V rámci spolupráce se školami z...

EDUCATION AND PUBLIC AWARENESS



Through its educational projects, Veolia Voda provides guidance on environmental protection and green behaviour to the general public, customers and, especially, children.

Education and training

The Veolia Voda Group companies organise educational competitions for primary school pupils. For example in 2012 the competition "I love Kohoutková" took place, where children had to create a short video about their positive relation to tap water and at the same time to think about the advantages of tap water. We distribute a didactic tool **Water Box**,

which makes children familiar with water and its characteristics in a playful way. We organise a **Water Guards Club**, which unifies children aged 6-16 years who are interested in water and nature. It publishes its own magazine, organizes events for members and runs a website at www.vodnistrazci.cz full of tests, quizzes and games. The complete list of educational activities is on the websites: <http://www.veoliavoda.cz/cs/vzdelavaci/skolam/>.

Veolia Voda in cooperation with Veolia Foundation also supports creative and talented children in the **Golden Nut** competition, the best Czech scientists in the Czech Head and **Patria** competitions and young athletes via the **Czech Athletic Association**.

The group also cooperates with specialized universities focused on water management and ecology. We support the research activity of students of the **University of Chemical Technology**, Prague. Its results are presented every year during the Student Scientific Conference. As an industrial partner, we contribute to the award for the best student dissertations. Since 2011, we have offered trainee programmes for students of the **Czech Technical University in Prague** and since 2012 also for University of Chemical Technology students. We also cooperate with students on bachelor and master theses.

Awareness raising

Veolia Voda interacts with the public on water conservation, nature conservation, water quality and water savings by organizing numerous events and projects:

- **Open door days** at water and wastewater treatment plants, water museum exhibitions (especially the Prague Water Museum , and the Eco-museum in the old wastewater treatment plant in the Bubeneč district of Prague). We regularly hold events to mark World Water Day on 22 March, World Environment Day on 5 June, and other occasions. Prague's technical water heritage is included in the Adventure Tourism project organized by the Czech Chamber of Commerce.
- **Water bar events**, where guests receive free refreshment in the form of fresh tap water with fruit cordials along with information about water and everything to do with water.
- **Drinking fountains for schools** - a joint project with HK Plus <http://hradec.voda-zdarma.cz/>. For a small fee, drinking fountains are installed in schools to encourage schoolchildren to consume the fluid, their bodies need. The water is free for children (tap water as a healthy alternative to sugary soft drinks). In 2010, the first 70 fountains were installed in Prague's primary schools. In 2011 and 2012, the project was extended into the Hradec Králové region (20 new fountains in local primary schools) and in Northern Bohemia (11 fountains in schools and other in customer centres).
- To promote tap water not only as a part of drinking regime, but as well as an additional beverage to e.g. wines, we cooperate with Ivo Dvořák, vice president of the Czech Sommeliers Association.



Voda
pro každou
příležitost



TAP WATER PROJECT



The Tap water friendly restaurant - an initiative promoting the serving of tap water in restaurants. This project informs the public about the quality of drinking water from the tap and how suited it is to a healthy lifestyle. We are also calling for less plastic bottle waste.

At the web pages of the project www.kohoutkova.cz can be found not only various information about the project, but a list of registered restaurants as well.

Currently there are more than 800 of them (600 in Prague). They get water crystal carafes from Czech designers Jiří Pelcl and Daniel Piršč free of charge and the analysis of tap water is also carried out for free directly in the restaurant. For iPhone users an application has been developed, which will direct them to the nearest restaurant serving tap water. Kohoutkova.cz also has its own Facebook page with more than 4,600 fans where people can find information about the project, newly registered businesses, interactive map of restaurants and carbon footprint calculator.

The campaign was awarded a 2010 Marketing and Communications award from the International Water Association at the World Water Congress in Montréal. In 2011 the Tap Water project won the second place in the competition TOP RESPONSIBLE COMPANY in the category "Responsible product and marketing" from the platform Business for Society.



VEOLIA FOUNDATION



The parent company Veolia Environnement set up its foundation in 2004. Since its establishment, Veolia Foundation has supported more than 1000 projects of active assistance or supporting employment and the environment. The annual budget of the foundation is EUR 7.2 million. Part of the Veolia foundation is Veolia Force group, foundation network of employee volunteers ready to help in emergency humanitarian missions with an international scope. In 2012, 128 new projects were carried out and Veolia Force volunteers spent more than 1,200 days in the field.

www.fondation.veolia.com

In the Czech Republic, Veolia Voda Czech Republic established the local Veolia Foundation in 2003. Since its establishment it has been fulfilling its chosen purpose and mission in the area of environmental protection, social projects, projects containing

an element of volunteering and held in public interest, raising public awareness and dissemination of information, education and training of children and youth, organising education events and meetings of professionals. The Veolia Foundation works on a regional basis and is active in most parts of the Czech Republic. **Since its establishment, Veolia Foundation has donated more than CZK 46 million to good deeds (2003 – 2012).**

Main programmes and projects of Veolia Foundation:

- Support of volunteerism in regions: MiNi-GRANTS, Dobromen, Křesadlo Prize
- Water for Africa
- Pétanque playing courts (not only) for the elderly
- Clean Up The World!
- Freshwater Giants
- Support of other organizations and their projects



mini
grants

MINIGRANTS



425 projects with public benefit nature were supported in the Czech Republic by CZK 11 million within 5 years (2008 – 2012) of the MiNiGRANTS project.

MiNiGRANTS VEOLIA is a key project of Veolia Foundation that at the same time give Veolia Voda Group's employees an opportunity to be actively involved. All employees may recommend publically beneficial projects for financial support of the Foundation, in which they participate, usually as volunteers.

In the most cases the employees take part in public affairs in the long term, as many of them act in various non-profit organisations, engage in the benefit of community in local federal life – whether as volunteer fire-fighters or rescuers, volunteers in social areas, in organising leisure activities for children, young sportspeople, conservationists or volunteers taking care of e.g. cultural heritage etc.

Examples of supported projects:

Wastewater treatment for a foster family, support of the foster care, improving the treatment of children patients with cystic fibrosis, monoski skiing,

art activities for people with disabilities and the elderly, children summer camp also for socially unprivileged groups, financial support of the hospice, equipment for volunteer fire-fighters, zoo-therapy and hippo-rehabilitation, environmental education programs, rehabilitation stay for children with disabilities in an ecological farm, new kennels for a dog shelter, revitalisation of a historical spring, rescue of an organ in a church, relaxation corner for patients in LDN, ecological lectures for primary school pupils, travelling medical clowns and many others.



Supporting education in the host care

- CZK 25,000 for civic association Children belong home
- Pavla Bažantová, Veolia Voda, Prague Water and Sewerage Company, information system officer

Pavla Bažantová received MiNiGRANT in 2013 for the sixth time. Together with the civic association Children belong Home she supports and develops the host care for children from children's homes. The host care is a very efficient help for children with low probability of foster care or return back home (children over 10 years, different ethnic groups, from large sibling groups). In this way children get a chance to get their person or family that is interested, will love them, and which they will have the possibility to visit during the weekends or holidays. For success of the host care, the education and awareness of the hosts or host care candidates (also the implementation team) is very important, as educated and informed hosts are most likely to persist in the relationship.



What is it like to be a gardener?

- CZK 50,000 for civic association Stéblo
- Zuzana Kolingerová, Veolia Voda, 1. SČV, customer service manager

The project aims to help people with disabilities to find a job. A lawn tractor was purchased for the therapeutic workshop Stéblo. Thanks to it, the clients of the association can learn activities which can help them to find a job in a sheltered workshop or even in the open labour market. Based on the achieved experiences, they started to work with clients on public areas and lands of seniors in the village. In 2012, the clients tried mowing of a football field and other areas in Borotice and Drevníky. Stéblo strives to expand co-operation with neighbouring villages, companies and citizens.



We help the nature

- CZK 20,000 for MS CCK Unhošť
- Lenka Kozlová, Veolia Voda, Central Bohemian Water Supply and Sewerage Company, water manager

The goal of the project was to clean the Black stream (Cerný potok) in Kladno region with the involvement of wide public. It was necessary to remove clutter, branches, at some places to deepen the streambed, arrange the banks (800m), cutting out the seeding woody plants, planting 10 lime trees and construction of a new bridge over the stream. Part of the stream that was cleaned goes through the town's quiet zone. This project is designed for 4,000 inhabitants. Along the stream leads a trail, which is used by families with children, sportsmen and seniors. The primary school pupils use trail quite often as so called green classroom.



Working with the elderly and people with disabilities

- CZK 30,000 for civic association Trocha štěstí
- František Mocko, Veolia Voda, Severočeské vodovody a kanalizace, diagnostician of water supply networks

The project strives to involve seniors in all activities, which they commonly used to do, but now they can't do these fully. Working with people with disabilities is usually more complicated, because they have different degrees of physical or mental disabilities. MiNiGRANT was used for special rehabilitation equipment and Nordic walking instructors. Thanks to it, the civic association enables rehabilitations, massages and organizes walks, which have positive impact on the physical side of both target groups. The organisation also holds cultural and social evenings, which help seniors and people with disabilities mentally.



Křesadlo Prize

The idea for yearly awards for volunteers arose within the framework of the International Year of Volunteers in 2001. The prize was called Křesadlo (Flint and Steel) and bears the subtitle “prize for ordinary people doing extraordinary things”.

Veolia Voda Czech Republic provides long term support for the Hestia national voluntary centre, which created the Křesadlo Prize 10 years ago. Since the beginning of the Křesadlo Prize awards in the Czech Republic, over 350 volunteers have been awarded in more than 18 towns and districts.

Veolia Voda and its foundation take part in its awards in Prague, Ústí nad Labem, Liberec, and since 2012 also in Hradec Králové. In 2011 – on the occasion of the European Year of Volunteering (EYV 2011), 7 employees of the Veolia Voda Group, who are active volunteers in their free time and help to implement several projects of a public benefit nature, were awarded a prize. On the occasion of EYV 2011, the foundation also supported the biggest Czech volunteering website www.Dobrovolnik.cz with a current database of volunteer opportunities.



Water for Africa

Together we will build water wells in Ethiopia

A charity project Water for Africa was implemented by Veolia Voda Czech Republic and Veolia Foundation in cooperation with the organisation People in Need and its goal is to improve the access of inhabitants of Ethiopia to quality drinking water. Through the sale of unique designed carafes from Czech crystal we have collected money for water well construction and reconstruction in specific villages or schools. **The proceeds from three years (2010 – 2012) reached CZK 1.21 million** and the collected money was granted every year to the account of the public collection “Skutečná pomoc” organised by People in Need and dedicated to the fast usage in specific localities where this organisation provides long term help.



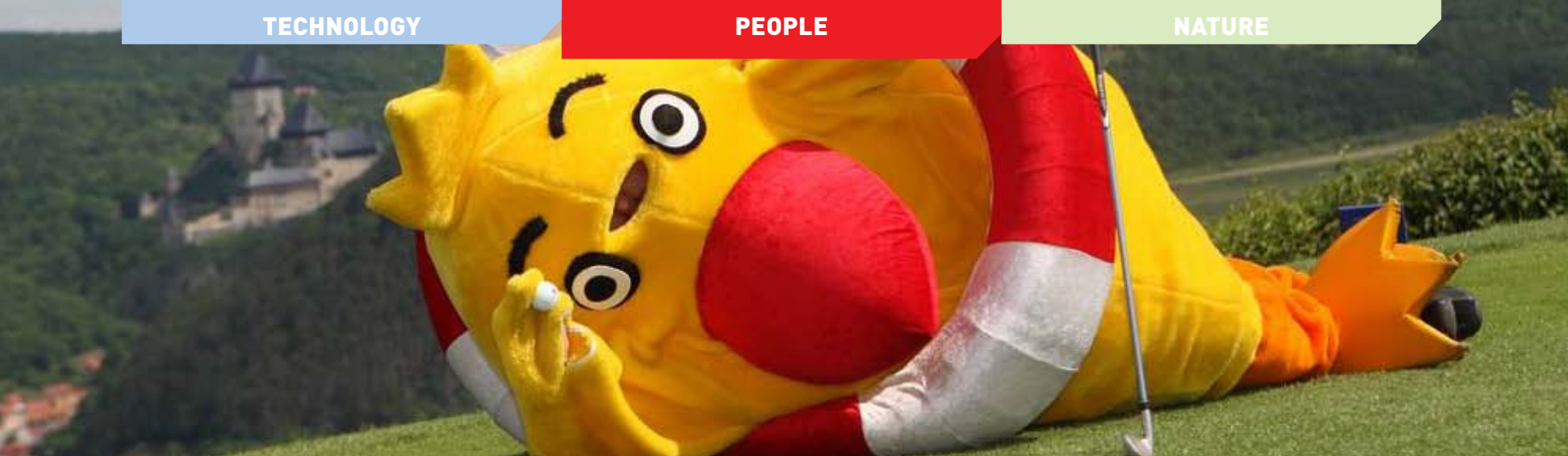
Pétanque courts built in 2006 - 2012

Bílina, Burešov, Česká Lípa, České Budějovice, Děčín, Hradec Králové, Chomutov, Kadaň, Kladno, Klášterec nad Ohří, Kosova Hora, Kralupy nad Vltavou, Liberec Františkov, Liberec město, Litoměřice, Litomyšl, Litvínov, Louny a Teplice, Meziboří, Most a Sokolov, Nový Bor, Olomouc, Plzeň, Praha 10 Malešice, Praha 10 Zahradní město, Praha 22 Uhřetěves, Praha 4, Praha 8, Praha Běchovice, Příbram, Roudnice nad Labem, Říčany u Prahy, Sedlčany, Slaný, Šternberk, Žatec

Pétanque Playing Courts (not only) for the Elderly

Veolia Foundation has also implemented a programme dedicated to activation of the elderly in facilities especially for this age group. The foundation financially contributes to pétanque courts in homes for the elderly.

The goal of the pétanque courts is the support of active living for the elderly and at the same time the strengthening of intergenerational cohabitation between the retirement homes' citizens and people living in their surroundings. This project was established in 2006 and nowadays almost **40 pétanque courts have been built** in the Czech Republic thanks to our foundation.



Support of other organisations and their projects

Since 2007, Foundation Veolia has been meaningfully involved in support of the National Charity Collection project Help the Children!, which is organised together by Czech TV and the Civic Society Development Foundation. The project Help the Children includes many forms of voluntary work and support in all regions of the Czech Republic. Veolia Foundation supports project implementation and development financially and non-financially. The foundation became one of the founding members of the Life Ring initiative, association of friends of

Help the Children! in 2007. We also cooperate during the public selection process where the representatives of our Foundation as the evaluation committee members participate in the distribution of the raised funds to the non-profit organisations helping the endangered and disadvantaged children in all regions of the Czech Republic. The project has been promoted since 2011 on the buses of Veolia Transport Czech Republic.

In 2013, they together celebrated the 15th anniversary of the charity collection Help the Children! and the 10th anniversary of Veolia Foundation at the oc-

casion of Children day. Over 700 hundred children and parents took part in the event.

We have also supported Paraple Centre, non-profit organization helping people paralysed after spinal cord injury and their families to overcome difficult life situation and find their way forward.

In May 2013, Veolia Voda participated in the charity tournament Golf for Paraple. Patron of Golf for Paraple is the actor and presenter Marek Eben. Our active participation in the tournament helped Paraple Centre to collect the total amount of CZK 586,870.

PEOPLE - PERFORMANCE PARAMETERS

Area	Parameter	2009	2010	2011	2012	Goal 2013
Customer contacts	Service level	91%	90%	93%	88%*	>90%
	Average time of a customer waiting for connection	0:00:20	0:00:45	0:00:21	0:00:27	0:00:25
	Average time of phone calls	0:01:58	0:02:03	0:01:50	0:01:56	0:02:00
	Number of written complaints and claims	2,363	2,651	2,960	4,380**	Reduction by 5%
	Number of answers of written complaints and claims over 8 days	1,000	1,042	995	1,639**	Reduction by 5%
SMS Info	Number of registered users	7,388	11,880	44,996	60,793	70,000
Health and safety	Number of work injuries	46	61	41	44	Reduction by 10%
Corporate volunteerism	Number of corporate volunteerism events	6	8	15	20	20
	Number of person-days	Not monitored	Not monitored	217	206	Over 200
Project Tap water friendly restaurant.	Number of registered restaurants	200	350	500	690	Increase by 10%

* Reduction of the service level in 2012 was caused by the extreme conditions (large temperature fluctuations in the winter months). The contact centre received several measures: optimized its operation and increased the capacity of customer lines. In 2013, the new customer application was prepared on Facebook, which enables to respond to all inquiries and requirements 24/7.

** The number of received complaints and claims increased in 2012 by 32%. The customers and consumers are generally more demanding and for the enforcement of their requirements they use more often the tool of complaints or claims. The main reason for this increase is also the introduction of the submission of complaints and claims by email. However, the most of the received complaints and claims are evaluated as unjustified – e.g. in 2012 Prague Water and Sewerage Company evaluated 82% complaints and 64% claims as unjustified.

TECHNOLOGY

PEOPLE

NATURE

Activities associated with the production of drinking water and wastewater treatment, which are the core business of the companies in the Veolia Voda Group, are inherently very closely linked to nature and therefore the environmental strategy pertains to the main pillars of our social responsibility. We strive to minimize the impact of our activities on the environment.

All companies in the Veolia Voda Group in the Czech Republic are ISO 14001 certified, focusing on the impact of their operations on the environment.



VEOLIA ENVIRONNEMENT WORLDWIDE

We help regions reduce their environmental footprint



Veolia Environnement offers its clients solutions that help the Earth's balances to be maintained. It strives to lessen any negative impact on the climate, human health, resources and biodiversity.

The Environmental Management System (EMS), which was set up in 2002 and applies to all company's activities, is structured around four levels of responsibility: corporate, divisions, business units and sites.

Veolia Environnement's internal EMS is applied all the way through to business unit level, in accordance with

guidelines specific to each division and compliant with company requirements.

In 2012, the rate of deployment of the Environmental Management System reached 91% of the revenue of the relevant activities, excl. Veolia Transdev. The percentage covered by ISO 14001 certification is 62%.

ENVIRONMENTAL COMMITMENT

FOUR APPROACHES



In terms of environmental protection, management of the impacts and risks linked to our activities and at the facilities we manage is a prime focus for us. Our environmental commitment can be summed up in four approaches.

1.
COMBAT
THE CLIMATE
CHANGE

2.
SUPPORTING
BIODIVERSITY

4.
RESOURCE
CONSERVATION

3.
REDUCING
POLLUTION

Training and awareness programs designed for our employees, suppliers, subcontractors and clients are also a key aspect of this approach.

Thanks to the constant efforts made by our businesses, the 2009-2011 environmental performance plan was completed and all its targets were met. 2012 saw the launch of the 2012-2014 plan, which incorporates the changing expectations of our clients and our commitment to continue reducing the environmental footprint.

IN 2012

Through the daily management of our sites and the use of renewable and alternative energy sources, we contributed to reducing overall GHG by 21.5 million metric tons.

- 2.7 million metric tons of CO2 equivalent through energy recovery;
- 4.9 million metric tons of CO2 equivalent through materials recovery;
- 13.9 million metric tons of CO2 equivalent avoided (overall reduction in GHG relative to a baseline fixed by the company).

1. Combat the climate change

The transition to green technology, especially based on low carbon emissions, is part of Veolia Environment strategy, as it helps clients to reduce carbon footprint.

Reduction of carbon footprint

The solutions - Reduce both consumption and water loss through leaks in the distribution network

- Provide assessment tools for each business so we can support our clients' efforts.
- An environmental footprint assessment system based on four criteria: GHG, water, resources and ecosystems.
- Reduce greenhouse gas (GHG) emissions by improving the energy efficiency of our facilities (use of renewable and alternative energy sources through the capture and treatment of methane from landfills).

**In 2012**

OTV, a subsidiary of Veolia Water Solutions & Technologies (VWS), was selected to renovate the Seine Aval wastewater treatment plant, which is the second largest in the world.

The operation includes rebuilding a new, more advanced biological treatment process, especially to deal with nitrogen so as to make an active contribution to the good ecological status of the Seine River.

The Aquisafe project in France involves creating artificial wetlands to capture nitrates used for agricultural purposes and thus mitigate surface water contamination.

2. and 3. Supporting biodiversity and reducing pollution

Solution:

- Collect wastewater and waste to avoid the dispersal of pollutants.
- Technologies that improve the quality of treated wastewater released into the natural environment.
- Characterizing the impacts of our activity on local ecosystems.

- Take action to conserve biodiversity and promote ecosystem services (increase the benefit of procedures for biodiversity, participate in regional conservation projects).
- Inform, train and raise employee and client awareness of biodiversity issues.

2014 objectives

- Monitor the number of sites that have conducted a biodiversity diagnosis and introduced measures to promote biodiversity.

IN 2012

- 0.8 million MWh of electrical and thermal energy produced by Veolia Water through wastewater treatment and sludge recovery.
- Water loss caused by leaks in the public water supply networks operated by Veolia Water reduced by over 2.9%, compared with 2011.
- 20.5% of the energy consumed by the company is derived from renewable or alternative energy sources

4. Resource conservation

Given the depletion of natural resources, it is vital to fully optimize their use. The strategy Veolia deploys on behalf of its clients is based on three approaches: frugality (avoiding unnecessary consumption of resources), efficiency (using resources efficiently), and using renewable energies and materials.

Water resources conservation

Solution - Reduce both consumption and water loss through leaks in the distribution network.

- Protect water resources and optimize management for the long term.
- Develop alternative resources (reuse of treated wastewater, etc.)

2014 objectives

- Reduce by 5% the water loss caused by leaks in the municipal distribution networks operated by Veolia Water (pro forma 2011).
- Increase by 10% the volume of reused wastewater produced by Veolia Water's wastewater collection and treatment activities (based on 2011 rates).

Sustainable management of energy resources

Solution

- Improve energy efficiency, develop cogeneration, use renewable energy sources (biomass, solar power, and geothermal energy) and alternative energies (recover energy from wastewater and waste, and byproduct heat from industrial processes).

2014 objectives

- Cut the energy consumed by Veolia Water's wastewater treatment activities by 5% (compared with 2011).

CARBON FOOTPRINT



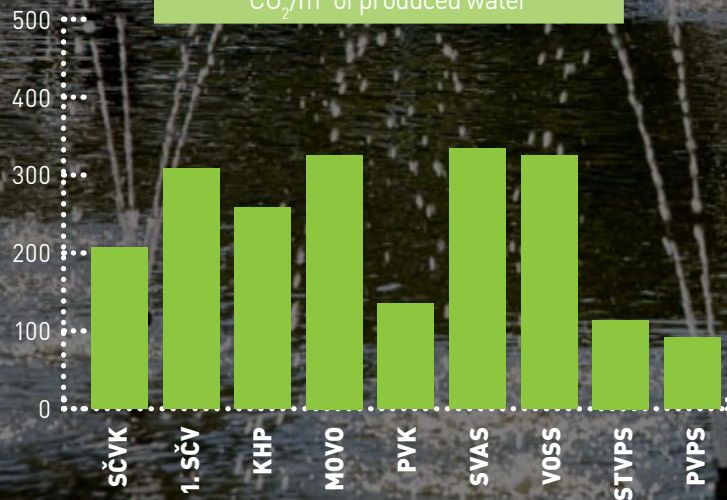
Veolia Voda Czech Republic has an evaluation of its operating activities using the methodology of carbon footprint for 2010 - 2012. Based on these results, partial measures in the technological parts of some facilities were taken, or, for example, GPS monitoring of the vehicle fleet was introduced, which had a positive effect on the reduction of fuel consumption.

On the global stage, Veolia Environnement is a leader among companies that give careful consideration to their carbon footprint. In this area Veolia Voda Group carries out annual assessment of its activity using an internal tool EC'Eau. Drinking water production, distribution, wastewater sewerage and treatment processes are analysed separately. The results achieved are fundamentally influenced by some external factors (e.g. the energy mix set and supported by the state) and internal factors (e.g. volume and type of operated assets). The main part of the carbon footprint is made by electricity consumption (usually 70-80%), followed by heat energy consumption represented by gas, LTO or coal. Energy and heat produced from biogas are not included in the carbon footprint of our companies; because the carbon emissions released by biogas combustion are not fossil and so do not contribute to the global increase of the concentration of this gas in the atmosphere.

The total value of Veolia Voda Group carbon footprint achieved 225,229 tons eq. CO₂ in 2012. The impact of Veolia Voda activities in the Czech Republic is stable despite the increasing material demand of the operated assets. The group aims at the long-term decrease in the overall carbon footprint. This commitment set concrete goals especially in energy demand, which contributes the most to the overall carbon footprint, for individual group companies.

Carbon footprint for drinking water production

CO₂/m³ of produced water



CARBON FOOTPRINT CALCULATOR



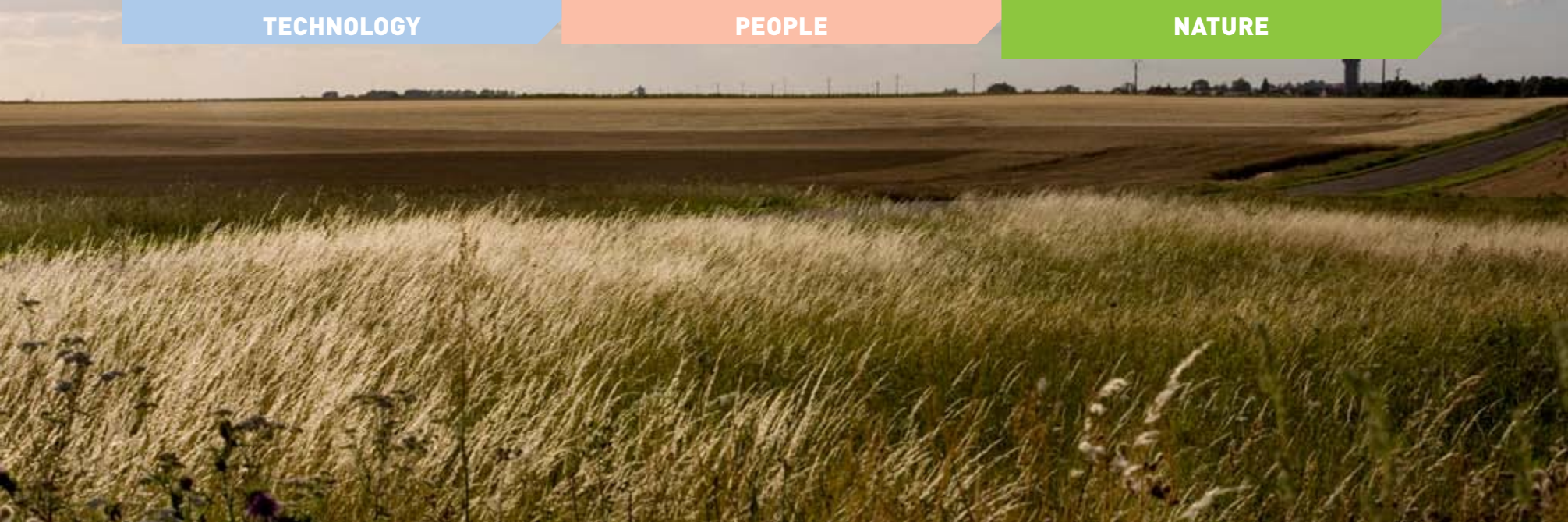
A carbon footprint is the amount of carbon dioxide (CO₂) and other greenhouse gases released during the product or service lifecycle. It is used to measure the impact of human activities on the environment expressed in CO₂ equivalents. Our [calculator](#) compares the carbon footprint of bottled water and tap water.

The carbon footprint of tap water comprises CO₂ emissions arising in the drinking water production process and in the distribution process from the water treatment plant to the consumer. The carbon footprint of bottled water includes the extraction of raw materials, bottle production, bottling, distribution and disposal of waste. Transportation accounts for approximately one third of bottled water carbon

footprint. One litre PET of bottled water causes a 0.3 kg CO₂ emission (all costs for bottles and water production, distribution, storage, sale, etc.). Transportation by trucks represents 33,200 tons CO₂ (annually 155 billion litres of bottled water are consumed in the world) every year. Drinking tap water means approximately 800 times less CO₂ emissions than bottled water consumption for the environment.

With our calculator on our companies' websites you can calculate the carbon footprint you cause by drinking bottled or tap water.





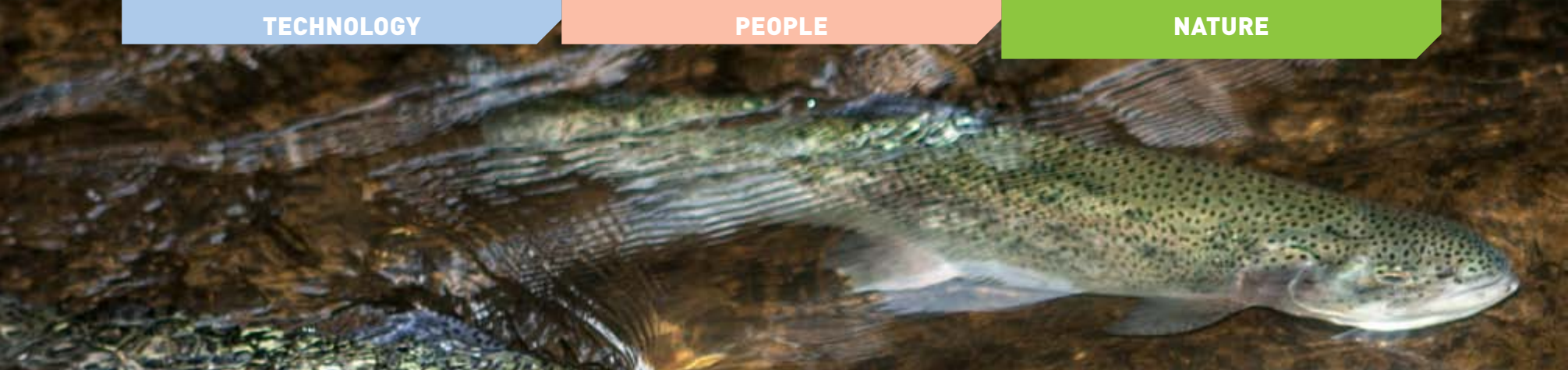
MEASURING THE IMPACT ON THE ENVIRONMENT BY LCA METHOD

We use the LCA method (Life Cycle Assessment) as a holistic view of the impact on the environment when comparing different options of technological solutions for investment in construction in the water industry. The surveys are processed by our internal professionals in cooperation with experts of the Institute of Environmental Chemistry (Institute of Chemical Tech-

nology, Prague). The LCA method assesses each solution in all its stages: from the acquisition of primary raw materials, its processing, technology production, transportation, usage, up to the end of its utility stage.

The results of analyses are presented to the investor of the construction and are included in the

evaluation of each proposed solution. In particular, the LCA method was used for the elaboration of the assessment of the Souš wastewater treatment plant reconstruction in West Bohemia and sludge management alternatives assessment in the central wastewater treatment plant in Prague.



BIODIVERSITY PROTECTION

Let Us Return to Nature What is Nature's

Under this heading we have cooperated through the Veolia Foundation with the Czech Fishing Union in 2006 – 2010 on returning native fish species, especially eels and salmons, back to our rivers and on constructing fish ladders.

The Trout Way

The 5-year project The Trout Way was launched in 2011 in cooperation with renowned fishing expert Jakub Vágner. The goal of the project is to save the

brown trout and grayling populations in our waters. During the first two years, 4 tons of fish were released. The total investment in the project is CZK 10 million and in future it is planned to release around 4,000 trout annually as well. The released trout come from natural lakes, are of different ages and sizes, and therefore also hardier than populations from conventional farms. According to expert estimations, 80% fish released in 2011 survived in the river. The project will be extended to other regions and the trout will be planted in other rivers.

Return Nature to Schools

We also support the programme Return Nature to Schools entailing conservation talks and lectures with Jakub Vágner at primary schools throughout the Czech Republic. Lectures provide children and youths with information primarily on agriculture, farming, fisheries, fishing and fish farming and also inform children about active support of environmental and species diversity in water surfaces.

Trees for Life

In cooperation with the office products supplier Office Depot we plant trees near the operated water management facilities. Besides the aesthetic benefits for the surroundings, the trees also create a natural barrier around water treatment plants. Within the project, 1,838 trees were planted from 2010 to 2012 in following localities:

- 2010 – Liberec wastewater treatment plant
- Most wastewater treatment plant
- Farářství wastewater pumping station in Hradec Králové
- 2012 – Česká Lípa wastewater treatment plant
- Hradec Králové wastewater treatment plant

We plan to continue this project in the following years as well.

Supporting biodiversity in the operated sites

Since 2011, Veolia Voda group has cooperated with the Czech Union for Nature Conservation on the increase in biodiversity within the operated water industry sites. In the selected premises (water treatment plants, wastewater treatment plants, pumping stations, water towers) are removed obstacles and dangerous elements for animals, based on the recommendations of experts from Czech Union for Nature Conservation. Within the project, we build waterholes and small water surfaces, install birdhouses, cavities for insects, and adjust the maintenance system of grass areas in favour of increasing biodiversity. Information boards are installed to the sites visited by public.

- Sites with implemented modifications supporting biodiversity
- Stříbrník u Mšena Drinking Water Pumping Station
- Mělnická Vrutice Drinking Water Pumping Station
- Královéhradecká Water Supply and Sewerage Company Headquarters
- Surrounding of the Horejsi Obora pond in Příbram





SUPPORTED PROJECTS

Clean Up the World

The Veolia Foundation has been the general partner of this international campaign, in which groups of volunteers around the world are organized to clean up illegal dumps, parks, paths, forests, river banks, etc., for five years. In the Czech Republic, Clean Up the World has been held twice a year (in spring and autumn) since 1993 and attracts 8,000 volunteers per year. The campaign coordinator in the Czech

Republic is the **Czech Union for Nature Conservation**. In 2013, it will be the 21st anniversary of the campaign worldwide. About 35 million volunteers from more than 100 countries take part in the event every year.

Veolia Voda - Water House Partner

We support the creation of an environmental visitor centre at Želivka (Švihov) Reservoir. The

project has been drawn up by the Czech Union for Nature Conservation in Vlašim, and Veolia has become the main partner. The Water House will be a centre with a modern architectural design built to inform and educate visitors on water and biodiversity conservation in and around Želivka Reservoir. The implementer received a grant for the project from European Funds in 2013. Construction is due to start in spring 2014.

NATURE - PERFORMANCE PARAMETERS

Area	Parameter	2010	2011	2012	Goal 2013
Reducing the environmental impact of operating activities	Increase in biodiversity – number of audited sites and number of sites with the implementation of changes	Not monitored	Audit of 6 localities, implementation of measures in 4 localities	3 new localities	2 new localities
Monitoring of the environmental impact of operating activity	Carbon footprint evaluation	YES	YES	YES	YES
	Carbon footprint evaluation – detailed analysis of regional companies	NO	NO	1	1
Trees for Life	Number of operated water management sites planted with trees within the project	3	0	2	2

SUSTAINABILITY
REPORT
2012

TECHNOLOGY
PEOPLE NATURE



VEOLIA VODA ČESKÁ REPUBLIKA, A.S.

Pařížská 11 • 110 00 Prague 1 • Tel.: + 420 222 321 648 • Fax: + 420 222 321 650 • e-mail: veolia@veoliavoda.cz

www.veoliavoda.cz