



Communication On Progress 2015

Keolis reaffirms its commitment on all 10 UN Global Compact principles

This communication on progress illustrates our continuous improvement in support of sustainable development.

2015 witnessed a strengthening of our actions through the formalization of new Group commitments focusing on:

- sustainable and solidarity purchasing,
- diversity and inclusion.

These two policies integrate into our strategic business project, thus establishing a common framework for all our business activities, whatever their local specificities.

A number of actions have been implemented building on other policies initiated in previous years, in particular concerning:

- safety of our passengers and staff,
- environmental conservation,
- business ethics.

For the 11th consecutive year, Keolis is renewing its commitment to follow the 10 principles of the Global Compact. It allows us to publicly communicate our corporate social responsibility actions via a recognized international standards framework.

Jean-Pierre Farandou
President of the Executive Board, Keolis Group

A handwritten signature in black ink, consisting of a large, stylized 'J' and 'F' intertwined, with a long horizontal stroke extending to the right.



Communication On Progress 2015

Keolis applies all 10 UN Global Compact principles

A- Actions in support of human rights and international labour standards

Principle 1 Businesses should "Support and respect the protection of internationally proclaimed human rights in their sphere of influence"

Principle 2 Businesses should "make sure that they [and their own companies] are not complicit in human rights abuses"

Principle 3 Businesses should "uphold the freedom of association and the effective recognition of the right to collective bargaining"

Principle 4 Businesses should "uphold the elimination of all forms of forced and compulsory labour"

Principle 5 Businesses should "uphold the effective abolition of child labour"

Principle 6 Businesses should uphold "the elimination of discrimination in employment and occupation"

The sustainable and solidarity purchasing

In accordance with the Group's corporate social responsibility commitments, all staff involved in purchasing operations shall promote sustainable development with their partners.

In 2015, the Group Purchasing Division bolstered its Purchasing policy by formalizing 3 commitments focusing on Sustainable and Solidarity Purchasing.

The first commitment relates to the solidarity economy and the strengthening of links to the local community, which encourages companies to get involved in the Disabilities and Social Integration sectors, and play a role both in the local economy and in developing ties to the local community.

For a number of years now, Keolis has been developing various initiatives along these lines. The framework agreement covering the processing of waste electrical and electronic equipment (WEEE) is a contract with a company working in a sector that employs people with disabilities and provides them with special facilities and support. The same applies to the referencing of printers working in this same sector.

Some types of purchasing are currently processed locally based on recommendations from the Group Purchasing Division. These purchasing items generate significant costs for subsidiaries and require a focus on local business relationships. Two purchasing guides have been developed to help subsidiaries in the purchasing of cleaning and security services. These guides include recommendations on Corporate Social Responsibility.

The other 2 commitments are explained in more detail below in order to identify the main correspondents of the Global Compact.

Diversity and inclusion.

Keolis signed up to the Diversity Charter in 2006 and has partnered the *Association Française des Managers de la Diversité* since 2014.

In 2015, the Keolis Group initiated a global policy to fight against discrimination based on a collaborative network baptised 'Diversity & Inclusion'. Keolis has developed a diversity programme to be rolled out at all its subsidiaries. This programme is introduced in the integration process followed by all Group executives. In order to promote detailed consideration of and to develop its diversity and inclusion strategy, Keolis is also developing strong partnerships with researchers who are diversity experts. For instance, Keolis has joined up with Bordeaux University to work on a project entitled "young people, jobs and discrimination".

In 2015, Keolis worked jointly with several company actors to draft a charter setting out the Group's commitments promoting Diversity and Inclusion. These commitments focus on the following topics:

- Conformity with local labour laws in areas where Keolis is present and with international standards governing the respect of human rights and fundamental freedoms, non-discrimination, anti-harassment efforts and the promotion of equal opportunities in the workplace.
- The creation of a fair and inclusive working environment where each individual feels valued for their skills, involvement and level of performance.
- Respect for each and every person, for their dignity and culture within the limits required by health and safety measures and in-house rules and procedures.
- The adoption of an approach that fosters openness and empathy towards the individuality of each and every person in order to better understand their needs and expectations.
- The promotion of diversity and equal opportunities in the workplace at our stakeholders.

Keolis makes sure that all its operational subsidiaries comply with their legal obligations towards persons with disabilities and takes proactive measures to raise awareness and promote integration in order to actively combat all forms of discrimination and exclusion.

As such, in 2015, KDR Gold Coast in Australia signed a partnership with "Special Olympics" aimed at setting up a programme to recruit people with Down's syndrome or who suffer intellectual or developmental difficulties. This programme has the two-fold aim of raising the awareness of all its staff to the issue of intellectual disabilities and helping "Special Olympics" participants to integrate into the working environment.

Concurrently, Keolis SA and Effia Synergies have begun drafting their disability policy based on a diagnostic conducted over the second semester. During a day led jointly with the association "Handeco", both entities also worked to raise their staff's awareness of purchasing from companies that employ people with disabilities and provide them with special facilities and support.

As a public transport operator, Keolis also plays a key role in ensuring that persons with disabilities are given access to mobility. The Keolis Group is leading the way in providing transport options to persons with reduced mobility in France.

The safety

Following the 2014 launch of the Group's safety programme as a mandatory improvement direction of the strategic business project, all core business subsidiaries and, primarily those involved in operation and maintenance are now clearly involved. Most subsidiaries have now achieved the level 2 objective "common practice" on the Group's maturity scale. This level guarantees baseline conformity in the management of the safety of our stakeholders, particularly with our partners and subcontractors.

Following on from the executive committees, training in roles and responsibilities has been extended to over 400 managers, chiefly at subsidiaries working in the operation and maintenance sectors.

A guide to safety, prevention and the environment has also been deployed to over 20,000 staff.

2015 was a year in which various Group subsidiaries furthered their development of improvement actions focusing on operational safety. Several subsidiaries organised safety forums targeting passengers and the general public (Rennes, Lyon, Courriers d'Ile-de-France). The organisation of the corporate project week "KeoLife week" provided an opportunity to raise clients' awareness of public transport risks. The campaign entitled: "Rhino" was deployed in several towns (mainly Brest and Caen) with the aim of informing public transport users and the general public.

Another action involved testing a system designed to support bus and coach drivers named "bird view» that gives them a birds-eye perspective of their vehicle and allows them to identify any risk



to pedestrians or passengers. This test has improved understanding of how drivers act during stop phases and when starting up again after stopping their vehicle.

B – Actions in support of the Environment

Principle 7 Businesses should “support a precautionary approach to environmental challenges”

Principle 8 Businesses should “undertake initiatives to promote environmental responsibility”

Principle 9 Businesses should “encourage the development and diffusion of environmentally friendly technologies”

The environmental policy

The Group's Environmental approach draws on feedback from its subsidiaries and on an environmental management system. The Group's Environmental protection policy therefore sets out its commitments and covers the full range of the Group's core business activities (operation, maintenance, trade, administration). This policy, which applies to all Group subsidiaries, is written into the Group's business project.

The Group's environmental policy drives a genuine momentum based around three key commitments:

- continue the optimization of our energy consumption
- improve our waste management
- limit the consumption of drinkable water for industrial activities.

The associated process is ISO14001 certified for 2014. In 2015, 14,551 employees carry out an activity certified ISO14001, i.e. 55% more than in 2014.

The energy efficiency

Energy consumption is where our business activities have their largest environmental impact. Optimizing our consumption is one of the Keolis Group's Environmental Policy objectives.

In 2015, Keolis committed to achieving a 10% cut in its energy consumption between 2014 and 2020. This commitment will be illustrated by a reference indicator that tracks changes in our business activity: energy consumption per kilometre travelled (Tonne of Oil Equivalent / Km).

Keolis is basing its effort to achieve this objective and make the transition to other energy sources primarily through 3 key levers:

- Improving behavior

Energy-efficient driving offers major leverage for cutting vehicle fuel consumption. Simulator-based training modules are used to raise bus, coach and tramways drivers' awareness of the benefits of eco-driving techniques. Enhancing a driver's handling of the vehicle ensures clients a smoother ride and cuts fuel consumption with no impact on commercial speeds. With this in mind, Keolis has also

referenced a range of products designed specifically for buses and coaches, the "Konfort" range, which illustrates how driving style impacts on fuel consumption by measuring acceleration and braking phases. No less than 3,613 vehicles are currently equipped with an eco-driving support system ("Konfort" and equivalent).

- Measuring and controlling the energy efficiency of the entrusted assets

A matrix of the main energy uses has been developed to help subsidiaries identify in which direction to push their progress initiatives.

- Supporting the Public Transport Authorities in their drive to improve the environmental performance of their fleet and/or building renovations

Keolis has spent many years ploughing investment into an array of solutions designed to reduce the environmental footprint of our business activities —and in many cases we have been the industry pioneer. The solutions deployed are geared to the local setting and the fleet to be retrofitted: alternative fuels, diesel particulate filters, and energy recovery/energy-efficiency systems.

The alternative energies

Keolis uses the whole range of energies that provide an alternative to diesel fuel, such as biofuels, ethanol, and products from the gas and electrical energy sectors. When buying vehicles, the Group always focuses its advice to the Public Transport Authorities on models that allow the use of alternative fuels, primarily biogas. In 2015, Keolis was operating over 3,800 alternative-diesel fuel vehicles internationally, representing more than 15% of its overall fleet. (Vehicle fleet: Biodiesel (820), Bioethanol (400), Biogas (470), Diester (500), NGV (1090), electric (220) and hybrid (375)).

Keolis is furthering its activities in this area as well, spurred by active technology intelligence led with automakers and systems integrators in order to identify, engineer, trial and test the solutions liable to optimize the environmental performances of our legacy vehicle fleets.

In Sweden, for instance, Keolis has been operating new-generation hybrid buses since March 2015. These buses create 90% less pollution than conventional diesel buses and boast record-breaking charge-up times. It takes the buses just six minutes to fully recharge their batteries at the line terminus, allowing them to travel over 8 km before having to charge up again. If the batteries are flat, the biodiesel engine takes over. Another key advantage is that these buses are very quiet, ensuring passengers greater comfort.

The water consumption

Water consumption represents a major environmental challenge for the Keolis Group. Cutting the consumption of drinkable water in our industrial activities is one of the three objectives of our Environmental policy.

At local level, the subsidiaries of the Group wash their vehicles using drinkable water in addition to recycled water and/or rainwater. In 2015, 58 sites were equipped with a system that recycles the water used to wash vehicles, while 14 sites were equipped with a rainwater collection system. For instance, improvement of a vehicle washing infrastructure has made it possible to cut water consumption in Bordeaux by 32%.

The sustainable and solidarity purchasing

The Group's Purchasing policy has been supplemented by 3 commitments focusing on Sustainable and Solidarity Purchasing.

The second of these commitments addresses environmental and safety issues by having the purchasing process take account of:

- the Keolis Group's environmental policy
- the risks relating to the safety of persons and property
- the protection of data and the Group's know-how and expertise

mainly concerning supplier selection questionnaires, specifications, selection criteria and contracts.

Several initiatives have been developed along these lines, such as the Group framework agreement on electricity supply that contains an option enabling each subsidiary to de subscribe on demand to an electricity supply generated by renewable sources. Similarly, these framework agreements also include diverse specific clauses to waste processing and environmental respect with regard to sensitive products (mainly batteries, tyres, lubricants). The product selection process also takes account of the presence of labels or certifications.

C- Actions supporting the fight against corruption

Principle 10 Businesses should “work against corruption in all its forms, including extortion and bribery”

The *Konformité* programme

In order to limit the risks involving managers, to prevent legal and financial risks and to further its development in full compliance with the rules on business ethics, the Keolis Group has integrated the *Konformité* program into its strategic business project.

The *Konformité* programme is a cross-functional Group approach supported by a committee and a network of "Ethics and Conformity" correspondents at subsidiaries, structured with a clear set of rules laid down and updated by this same committee. Within each subsidiary, these rules are vehicled by line managers, and supported by the network of correspondents: They cover strict compliance with the concept of free and fair competition, prevention of corruption and fraud and the protection of personal data.

In 2015, the Group decided to focus its efforts on the prevention of corruption.

In May 2015, the Group's President addressed a message to all Group management staff restating the challenges of the *Konformité* programme, which must provide a template for exemplary conduct as well as a means to achieve a reduction in corruption risks. This approach also makes it possible to meet the increasingly stringent requirements not only of our clients, but also of all our stakeholders and staff. All Group management staff is therefore co-opted into participating in broadcasting the programme, supporting its implementation, and regularly following up on and raising awareness in their teams.

The Group therefore provides executives with documentary management-system frameworks, together with tools to assist them in implementing the approach. The main management-system frameworks are:

- the Guide To Ethical Business Conduct
- The "The Fundamentals of Konformité" leaflet
- The practical guide entitled "Taking the right attitudes to prevent corruption".

These reference frameworks are supplemented by more specific Group directives, targeting gifts and invitations, patronage and sponsorship operations, donations and relationships with business partners. As such, the programme has incorporated a new guide to "relations with business partners", which was widely distributed during the 2015 summer period. This guide reminds us that the business ethics concept must be respected by all Group entities and their staff, and also shared with the business partners with whom they work. The Group expects its partners, whether consultants, providers of intellectual services or partners in Joint-Ventures or consortiums, to work with integrity and in accordance with all current laws and regulations. Employees who commit the Group through their working relationships with business partners are required to comply with the

principles set out in the Guide and to explain and promote them to their partners. This requires particular care and attention to be taken in the three key phases of building business relationships: selection, contracting and contract follow-up.

Awareness-raising and training activities continued to be rolled out throughout 2015.

A "business governance and ethics" module was incorporated into the new recruits induction programme. A more developed module was also inserted into the new training programme for directors of subsidiaries.

Lastly, actions were taken to strengthen line management commitment to the effective deployment and application of Group procedures, chiefly at international sites. International platforms have therefore designated correspondents and drawn up a roadmap to be used as a basic working framework in the years to come.

The sustainable and solidarity purchasing

The third commitment relating to sustainable and solidarity purchasing focuses on the relationship with suppliers. It is illustrated by:

- systematizing the full-cost approach,
- taking care to maintain,
- transparency of business relationships and equal treatment for all suppliers by reducing the risks of interdependence and avoiding monopolistic situation.