

# Communication On Progress 2017

Keolis upholds all 10 UN Global Compact principles

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## 1. Renewal of the commitment

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### Communication On Progress 2017

#### Keolis renews its commitment on all 10 UN Global Compact principles

Helping drive the modal shift from private cars to public transport is one of the solutions to combat climate change. To achieve this, we are innovating every day so that we can offer attractive and accessible mobility solutions that improve quality of life for our passengers and respect the environment.

Our social responsibility commits ourselves far beyond our network operations. Keolis' continuous improvement program, which involves all of our 62,000 employees in 16 countries, encompasses all aspects of corporate social responsibility.

In 2017, Keolis pursues its efforts in deployment and application of its Corporate Social Responsibility strategy everywhere where the Group is implanted. This diversity, so cultural, as technical or else contractual, allows to the Group to enrich its experience, to capitalize and to share best practices as regards Corporate Social Responsibility across the world, for an improvement always continuous.

For the 13th consecutive year, Keolis is renewing its commitment to follow the 10 principles of the Global Compact. This Communication On Progress allows to illustrate our advances.

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



## 2. Actions for 2017

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### 2.1. Actions in support of human rights and international labour standards

<b>Principle 1</b>	Businesses should “support and respect the protection of internationally proclaimed human rights in their sphere of influence”
<b>Principle 2</b>	Businesses should “make sure that they [and their own companies] are not complicit in human rights abuses”
<b>Principle 3</b>	Businesses should “uphold the freedom of association and the effective recognition of the right to collective bargaining”
<b>Principle 4</b>	Businesses should “uphold the elimination of all forms of forced and compulsory labour”
<b>Principle 5</b>	Businesses should “uphold the effective abolition of child labour”
<b>Principle 6</b>	Businesses should “uphold the elimination of discrimination in employment and occupation”

#### 2.1.1. Safety

The Keolis-Group Safety policy affirms how safety is a core value and core challenge for the Keolis Group and all its subsidiaries— it applies to each and every employee, as everyone has to look out for their own safety and security and the safety and security of their colleagues, of customers, and anyone else where they work, on their way to and from work, or out on missions. The Keolis-Group policy implementation dictates that first and foremost, any and all safety risks for teams must be clearly identified and the risk reduction measures strictly applied. This approach delivers accident prevention. It serves to translate, adapt, and cascade down the collective and/or individual protective measures. Keolis-Group corporate culture remains enshrined in Zero Accident Vision as the philosophy that guides everything we do, with everyone—the whole chain of command—engaged and on board to get as close to zero as possible.

The deployment of the maintenance management practices standardization approach called “KHIM” fully participates in the core Keolis safety objective. KHIM dictates that all teams have to apply the essential safety rules and requirements before they start work on a bus in Perth, a tramway in Manchester, a substation powering the Lille metro network, or a railway switch on the Boston rail network. The method establishes the “5-minute safety talk” where the safety leader recaps the rules to follow or debriefs the team on situations that could have led to an accident.

A survey led in 2017 spanned subsidiaries covering over 70% of work accident situations that occurred in France. The survey covered accident investigations going over the circumstances and causes of every accident, the consequences of accident situations, and the allied management and organizational measures. It taught Keolis that nearly 84% of all accidents happened in its operations and fare evasion controls. It prompted to trial a robust safety culture development program that could well be expanded out to other subsidiaries in 2018 and 2019. The aim of this experimentation is to engage the management lines and the employees on cutting accident numbers by making them realize how workplace safety demands vigilance and how essential protective measures demand to be taken.

Another major action was a structured approach to cover the risk of drowsiness while driving. The principles and processes were validated on service networks like Dijon and Nîmes before being deployed out across France and worldwide. It addresses the full panel of actionable measures, such as healthy lifestyle or guaranteeing minimum rest and recovery periods for better shift scheduling and organization.

Keolis has co-signed the “road safety for employees” charter with the French Ministry of the Interior and Ministry of Labour. Keolis thus stands alongside SNCF and a long list of other companies in a pledge to pursue the work engaged on the prevention and reduction of road accidents involving employees (the commute to/from work and driving for work—especially for drivers).

Within the scope of the Keolis Group’s activities, the safety of passengers and third parties refers to the safety of operations relating to passenger transport services. Security, on the other hand, means prevention and measures enforced to prevent violent or aggressive behaviour and external menaces.

In 2017, Keolis engaged in a MAIF foundation-funded innovation project to improve school transport safety. The project aims to apply nudge approach (which won the 2017 Nobel in economics), and is based on behavioral analysis. The objective is to get substantially more middle-schoolers and high-schoolers wearing their seatbelts in coaches.

Keolis has also provided its French subsidiaries with a variety of prevention tools. For instance, in June 2017, Keolis pushed out a communication campaign kit titled “Keep our passengers safe and secure”. The kit helps to spread good drivership policy and practice before, during and after delivering transport service. Several new training programs on safety, security and fare evasion have also been rolled out—one on risk management and another on emergency management have been delivered to over a hundred subsidiary managers. The driving management training has integrated two new programs: handling risk to drivers on slippery roads, which is delivered in closed circuit, and the “pedagogical coach” which trains drivers on how to respond to fire, evacuate an accident-scene vehicle, and deliver basic first aid via in-situation staging.

### **2.1.2. Diversity & inclusion**

Since 2015, Keolis runs a Diversity & Inclusion policy that sets five commitments:

- ⦿ Comply with employment law in the regions in which it is established and with international standards relating to respect for human rights and fundamental freedoms, non-discrimination and non-harassment
- ⦿ Create a fair and inclusive working environment where each employee feels valued for their skills in their job, their commitment and their performance;
- ⦿ Respect each person, their dignity and their culture within the limitations of health and safety imperatives and internal regulations;
- ⦿ Adopt an open and empathic attitude towards each person considered individually to understand their needs and expectations;
- ⦿ Promote diversity and professional gender equality towards our stakeholders.

This Diversity & Inclusion policy was written into the Keolis-Group business project update in 2016.

### **2.1.3. Gender equality at work**

For a decade now, the Keolis Group has been leading front-line policy action for gender equality at work.

The four main Keolis objectives on gender equality at work are:

1. Achieve a gender mix of the workforce in all areas of the business
2. Guarantee women better access to positions of responsibility;
3. Make all employees aware of the importance of gender mix and diversity, the mechanism of stereotyping and the legal background of non-discrimination;
4. Apply the principle of equal pay in all subsidiaries: 'same work, same pay'.

In 2016, Keolis became the first Group of passenger transport to obtain the Gender European Equality and International Standard (GEEIS) that recognizes companies that take affirmative action to promote gender equity and equality in the workplace. Keolis also holds, via its subsidiaries, the French Equal Opportunities Employer label (label égalité) since 2009. So, with 18 Keolis subsidiaries to date holding the GEEIS and/or EOE label, 33% of Keolis-Group workforce are covered by a gender equality at work certification.

All Keolis-Group employees, whatever their occupation, have the opportunity to take concrete action for gender equality by signing up to one of the many internal equality and diversity networks (Keolis Pluriel in France, WoW—Women on Workforce in India, or WIN in the United States are all examples in action). Keolis Pluriel is an embassy of the “SNCF au Féminin” network, which counts 6,300 members in France and ranks as one of the biggest internal corporate networks in France in terms of membership numbers and budget.

Keolis strives to ensure there is no gender pay gap anywhere in its organization. In France, convention-backed payscales are applied to all subsidiaries to rule out any risk of inequality between people in the same job. For the employees outside the scope of these convention-backed payscales (exclusively ESeC-class higher professionals), studies are led at regular intervals to measure gender pay gaps. The most recent such study, completed in early 2016 with equal payE, evaluate the adjusted pay gap between women and men at -4.2%. Keolis is readying to introduce a system of metrics on manager remuneration at its international subsidiaries.

In accordance with its regulatory compliance obligations and its convictions and commitments, the Keolis Group decided, in 2017, to bring more women onto the boards of all French companies under the SA [*société anonyme*] or SAS [*société par actions simplifiée*] regime under Keolis SA ownership control.

Keolis also leverages its commitment for gender equality outside the company. Keolis is a founding member of the Arborus focus group on support for gender equality at work. The Keolis Group also participated in the Women's Forum Global Meeting for the second year in a row. The President of the Keolis Executive Board, Jean-Pierre Farandou, provided input to an advocacy workshop on shaping the inclusive organization of the future. Laurent Kocher, Keolis Group Director of Marketing, Innovation & Services and Benjamin Cardoso, LeCab General Manager talked about their first-hand expertise. Finally, 7 women from Keolis also attended various workshops over the 2-day event.

#### **2.1.4. Sustainable and socially responsible purchasing**

Following the publication of the laws on “duty on vigilance” and fight against corruption (“Sapin II”) in 2017 enforcing due diligence and anti-corruption programs, the Keolis-Group Procurements Department in collaboration with the different departments involved (Legal Affairs, Internal Audit, HSE and HR) organizes working groups to identify and assess CSR risk levels per class of procurements based on 4 bottom-line themes—one of which is human rights and fundamental freedoms, and another is health and safety at work.

## 2.2. 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”

### 2.2.1. Environmental policy

The Keolis Group environmental management program, architected largely around feedback from the subsidiaries, has been ISO 14001-certified since 2014 and integrates 17 subsidiaries in-scope in 2017.

This group certification effort has impelled a wave of engagement to drive the three commitments framing the Keolis-Group environmental policy: improving its energy efficiency, increasing its waste recovery rate, and controlling its water consumption.

In total, as of end 2017, 35.5% of Keolis employees work in ISO 14001-certified activities.

### 2.2.2. Energy efficiency

Energy consumption is the main environmental impact of the Keolis activities. Improving its energy efficiency is a key objective of the Keolis-Group Environmental Policy.

Keolis works on different levers to support the energy transition:

#### 🕒 Improving behavior

Eco-driving is a major contributor to reducing the fuel consumption of vehicles. Simulator training raises bus, coach and tram drivers' awareness of the benefits of eco-driving. Smooth driving improves customer comfort and saves fuel, without having any impact on commercial speed. Keolis has also listed a range of products suitable for buses and coaches called “Konfort”, to view how driving affects consumption by measuring acceleration and braking. Today no fewer than 4,190 vehicles are equipped with an eco-driving assistant (Konfort or similar).

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

Keolis deploys its tailored PTA support approach in three stages, taking into consideration the changing legal environment and in alignment with its safety culture. Keolis analyses and designs the most suitable service in connection with the existing service offer and the limitations imposed by each contract, deploys its services whilst supporting the public transport authority and passengers, then capitalises on lessons learned so as to share its experience with other contracting authorities and improve service.

For several years, Keolis has invested in a range of solutions to reduce the environmental impacts of its activities, often being a forerunner in the field. The solutions implemented are tailored to the local context and the fleet: alternative energies, particle filters, recovery systems or energy saving systems.



### **2.2.3. Alternative energies**

Keolis uses the full range of alternative energy, including biofuels, ethanol, natural gas-based fuels, and electrical power. In 2017, Keolis operated over 3,600 vehicles worldwide running on an alternative to diesel and gasoline. The breakdown: 827 biodiesel, 143 bioethanol, 517 biogas, 216 diester, 1,217 CNG (of which at least 428 contain a biogas fraction), 242 electric (including 130 trolleybuses in Lyon), 31 LPG and 363 hybrids.

The effort is further spurred by active technology intelligence led with manufacturers and suppliers integrators in order to identify, engineer, the solutions to optimize the environmental performances of the vehicle fleets.

### **2.2.4. Water consumption**

Controlling its water consumption is one of the three objectives of the Keolis-Group Environmental policy.

At local level, the subsidiaries of the Group wash their vehicles using drinkable water as well as to recycled water and/or rainwater. In 2017, Keolis counted 93 sites equipped with a washwater recycling system and 59 equipped with a rainwater harvesting system.

### **2.2.5. Sustainable and socially responsible purchasing**

The Group's Purchasing policy has been supplemented by 3 commitments focusing on sustainable and socially responsible 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.

Since 2015, a partnership forged by Keolis with Biom Work enables subsidiaries to assess their contribution to sustainable development in their community in terms of jobs, public services and environmental conservation. The result is expressed as % of total revenue ploughed back into the territory. Nine Keolis-Group subsidiaries have been through this assessment, and the result is often over 70%, which means that 70% of the revenue of these French Keolis subsidiaries is recognized as public utility.

The second commitment addresses how the procurements process internalizes the Keolis-Group environmental policy, the safety of people and property, and the protection of data and strategic Keolis knowledge and know-how.

Certain bid scoring grids are clauseed to integrate environment and safety-related supplier selection criteria.

During the consultation steps, Keolis requires candidate suppliers to give their company's vision and values statement with a focus on their corporate social responsibility policy. The Keolis supplier selection questionnaire and specifications feature some Environment and Safety policy-connected questions adapted to the procurement segment involved. Beyond regulatory compliance, there is an important focus on product lifecycle in terms of energy consumption, circular economies (recycling, reuse and waste disposal) and pollution risks.

Various clauses specifically framing waste processing and environment respect are also integrated into contract framework agreements on environmentally critical products (chiefly



automakers, batteries, tires, lubricants...). Labels or certifications are plusses guiding the product selection decisions.

For several years now, multiple supplier listings have been delivered in accordance with this second commitment (alternative-fueled vehicles, “green” cleaning products, and more). For example, we listed a new supplier in 2017 for diesel particulate filter regeneration which rounds off the actions already led to promote circular economies, like type retreading, waste reprocessing or like-for-like exchange.

The third commitment is expanded on below as an illustration of Global Compact Principle number 10.

Following the publication of the laws on “duty on vigilance” and fight against corruption (“Sapin II”) in 2017 enforcing due diligence and anti-corruption programs, the Keolis-Group Procurements Department in collaboration with the different departments involved (Legal Affairs, Internal Audit, HSE and HR) organizes working groups to identify and assess CSR risk levels per class of procurements based on 4 bottom-line themes—one of which is the environment.

## 2.3. Actions supporting the fight against corruption

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

### 2.3.1. *Konformité* Program

The Keolis Group affirmed for several years its commitment for fair business practices and against all forms of corruption. Back in 2013, Keolis had already taken the initiative by introducing the *Konformité* program, which asks each Keolis employee to set the moral compass of their action and authority towards honoring regulatory compliance and ethical business conduct. The *Konformité* program covers 3 areas concerning each subsidiaries: strict compliance with free and fair competition, prevention of corruption and fraud and the protection of personal data.

A *Konformité* space open to all Keolis community members was rolled out on the Keolis-Group’s internal collaborative on-line platform.

The space serves as an open-to-all repository for all *Konformité* program reference documents. For the anti-corruption strand of the program, the main reference materials, provided to the Groups’ managers are:

- 🕒 the Guide for ethical business conduct
- 🕒 the brochure “*Konformité* at a glance”
- 🕒 the practical guide “The right attitudes to prevent corruption”.

The Group defined three procedures which managers are responsible for following, with the possibility of adjustments outside France where necessary, to comply with local law if it is stricter: “Gifts and hospitality”, “Sponsorship and Charitable contributions”, “Relations with business partners”.

In 2017, the Keolis Group forged ahead with its program of corruption prevention, internalizing the provisions of the 9 December 2016 “Sapin II” law on transparency, the fight against corruption, and modernization of the economy.

The Keolis-Group President sent a memo to all the Keolis-Group top executives to re-entrench the need to ensure the program is properly applied and translated down through all Keolis-Group entities by:

- ⦿ issuing the “Guide for ethical business conduct”
- ⦿ forwarding the Keolis-Group training module for corruption prevention on to targeted collaborators
- ⦿ applying the Keolis-Group guide on ‘Trade relations with business partners’
- ⦿ applying the overarching ‘Group policy Charitable contributions and Sponsorship
- ⦿ establishing an internal procedure for gifts and hospitality that internalizes the Keolis-Group policy instruction
- ⦿ keeping full traceability on the actions engaged.

Actions have also been implemented to get stronger engagement from line managements on deploying and effectively enforcing the Keolis-Group procedures. The Keolis-Group Ethical Conduct & Compliance Committee continues to meet at regular intervals to examine the issues making the headlines.

2017 saw further deployment of training and awareness education action. The Keolis-Group training module for corruption prevention designed for Keolis SA management staff across the globe has been delivered to 1663 people, i.e. over 80% of the initial target audience. This e-learning module that serves to promote the rules, codes of practice and right behaviors at Keolis will be relaunched in 2018.

### **2.3.2. Sustainable and socially responsible purchasing**

The Group's Purchasing policy has been supplemented by 3 commitments focusing on sustainable and socially responsible purchasing.

The third commitment revolves around systematizing the full-cost approach, transparency of business relationships and equal treatment for all suppliers, interdependence risks reduction and avoiding monopolistic situation.

Since 2016, in a move for better control of supplier-side risk and firmer compliance with the regulations on undeclared work, Keolis rolled out an on-line supplier follow up solution that can retrieve key supplier registration paperwork and follow updates throughout the end-to-end term of the contracts (tax returns, list of the names of posted workers from abroad, and so on).

For some classes of procurement sourced locally like guard services, cleaning services, greenspace upkeep, and certain IT procurements, the Keolis-Group Procurements Department provides subsidiaries specific kits that feature corporate social responsibility-related guidances. These procurements have a significant importance in the expenditure of subsidiaries and require local contact with suppliers.

Following the publication of the laws on “duty on vigilance” and fight against corruption (“Sapin II”) in 2017 enforcing due diligence and anti-corruption programs, the Keolis-Group Procurements Department in collaboration with the different departments involved (Legal Affairs, Internal Audit, HSE and HR) organizes working groups to identify and assess CSR risk levels per class of procurements based on 4 bottom-line themes—one of which is corruption.