



VEOLIA ENVIRONNEMENT

Ethics, Commitment and Responsibility

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Our corporate commitment

As Veolia Environnement develops its business activities in France and around the world, we strive to foster core values and principles that are upheld by all of our employees, wherever we operate.

This Programme described in this document, entitled “*Ethics, Commitment and Responsibility*” is designed to constantly serve as the guide for our 320,000 employees who operate in 68 countries worldwide.

Irrespective of the geographical area in which we operate, we must conduct our business in accordance with both national standards and the recommendations of international organisations and, in particular, ensure adherence to core principles while acknowledging cultural diversity. Moreover, we must pay particular attention to environmental conservation.

Conducting our business as true professionals, treating our customers with respect, and assuming our responsibilities: all of this simply means doing our job properly.



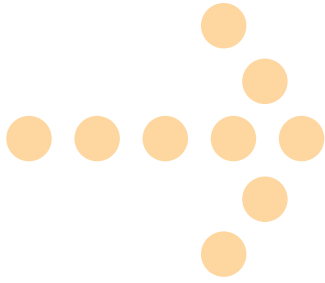
Henri Proglio

Chairman and Chief Executive Officer
of Veolia Environnement



1

Guiding principles



Veolia Environnement operates its business through a number of operating units known as “Divisions” which are active in the areas of water, waste management, transportation and energy services. Our Divisions have a high degree of autonomy in terms of decision-making and responsibilities, and they all represent Veolia Environnement before the customers and users of the services provided.

In all circumstances, the professional behaviour of Veolia Environnement company employees must reflect first and foremost our shared guiding principles, which are:

1. Strict respect for the law
2. Honesty and integrity
3. Social responsibility
4. Risk management
5. Information and corporate governance
6. Commitment to sustainable development



1 STRICT RESPECT FOR THE LAW

Strict respect for the law is one of Veolia Environnement’s guiding principles, as are honesty and integrity, social responsibility, risk management, information and a commitment to sustainable development.

We allow no exceptions to this principle of strict respect for the law, which is described in detail in Article 2.2 below. It applies to every country where Veolia Environnement operates and to every employee. Respect for the law represents a serious responsibility and it calls for continuous efforts in terms of information and vigilance.

2 HONESTY AND INTEGRITY

Honesty and integrity are a feature of everything Veolia Environnement staff do, and apply not only internally but also to all relationships entered into with outside parties.



Guiding principles

2.1 Within Veolia Environnement

Honesty and integrity are built upon a strong feeling of loyalty among Veolia Environnement, its employees and its customers.

For each employee, it implies clear and transparent handling of information. It also assumes compliance with confidentiality requirements regarding the use of personal data or of sensitive data of companies within the Veolia Environnement group, as well as the proper use of files.

As such, employees must comply with the Code of Conduct that relates to trading in the shares of Veolia Environnement (*Appendix 1*).

Acting with honesty and integrity also means refraining from making any complaints against another employee with wilful disregard of the truth. Nevertheless, an employee who in good faith believes that a breach of our Code of Ethics has occurred has free access, on a confidential basis without fear of retaliation, to the Ethics Committee.

The Ethics Committee is empowered to investigate alleged Code of Ethics violations, as well as to provide its opinion on any issue relating to Veolia Environnement's core values and guiding principles (*Appendix 2*).



2.2 With regard to all stakeholders

In this context, acting with honesty and integrity involves representing Veolia Environnement in a faithful and effective manner vis-à-vis both its customers and all with whom it has a relationship. In general, this means:

- Respecting all Veolia Environnement's contractual commitments as well as all applicable laws or regulations, particularly those relating to fair competition, corruption and political contributions.
- Ensuring regulatory compliance of all installations and activities entrusted to Veolia Environnement, in particular by advising customers as to how they may comply with applicable regulatory requirements.
- Maintaining the confidentiality of exchanges: Veolia Environnement employees may become aware of confidential information relating to Veolia Environnement or its business partners. This information may relate to technical studies, projects or processes, industrial data, sales or financial plans, as well as items likely to concern either Veolia Environnement's or its customers' assets and know-how. Each employee must take all precautions necessary to ensure that this information is divulged neither

to unauthorised third parties nor to other employees not entitled to such information.

- **Avoiding conflicts of interest:** Employees of Veolia Environnement must be constantly mindful of their duty to defend Veolia Environnement's legitimate interests. Veolia Environnement employees, whether they hold elected offices as citizens or whether they are involved in public initiatives, and who are confronted with situations where either their personal interest or the interests of those they represent in any way whatsoever create a conflict of interest with regard to those of Veolia Environnement, are obliged to declare the risk of conflict of interest to management. Moreover, all employees must inform management prior to exercising an external professional activity and must declare, as required, any interests acquired, directly or indirectly, in any enterprise with which Veolia Environnement maintains business relations or with which it competes.

- **Protecting the quality of Veolia Environnement's image** which, in the same way as its business activities, helps determine its credibility and continued prosperity. Hence, employees must abstain from any act that may damage the reputation of Veolia Environnement.





Guiding principles

2.3 In supplier and service provider relationships

In this type of relationship, honesty and integrity require that employees take the following precautions:

- Selecting suppliers based on their performance and in relation to objective criteria, while taking into account the principles contained in the Veolia Environnement Purchasing Charter (*Appendix 3*) in terms of ethics, vigilance and responsibility (e.g. prohibition of forced labour or child labour).

- Ensuring that outside providers behave ethically: inherent in Veolia Environnement's business activities is the recourse to outside providers, including intermediaries (with power to represent or not), negotiators, advisors and consultants. These providers must always be compensated in relation to the services stipulated in their contract. Veolia Environnement employees must implement all measures necessary to ensure effective coherence between the stipulated service and the agreed upon compensation. In particular, Veolia Environnement has adopted and distributed clear procedures to ensure that agreed upon services conform to reality and that such services are being legally provided.

- Refusing to offer or receive any direct or indirect personal reward, service or



financial benefit. Employees may only offer gratuities or gifts in accordance with Veolia Environnement's practice in this area. In the event of doubt, they must consult with management. Moreover, they must not use Veolia Environnement property or information for their own purposes, nor use their position within the company for personal benefit or gain. In their professional capacity, they must not accept gifts or invitations other than in accordance with Veolia Environnement's practice.

3 SOCIAL RESPONSIBILITY

Veolia Environnement has set for itself the dual objective of offering its employees worthwhile and long-term local employment, while ensuring that the highest possible number of people share in the benefits of its actions.

3.1 Vis-à-vis employees this responsibility is characterised by:

- Implementing active human resources policies for vocational skills development, job mobility and career advancement (*Appendix 4*).
- Organising initial and continuing education initiatives worldwide with a view towards increasing employees' autonomy, efficiency and personal responsibility, using the Veolia Envi-



ronnement Campus as a reference or benchmark.

- Improving workplace safety and security, developing accident prevention campaigns and showing responsiveness to work-related health concerns.
- Promoting innovative human resources activities and developing a spirit of initiative, responsibility and loyalty.
- Ensuring quality employee benefits in terms of both insurance (upon illness, disability or death) and retirement.
- Abiding by all basic international labour standards, such as those of the International Labour Organisation and those included in the Principles of the United Nations Global Pact (*Appendix 5*), in particular in regard to union rights, the prohibition of child and forced labour, and the prevention of discrimination on the basis of age, gender, ethnic origin, religion or disability.

3.2 Vis-à-vis third parties this responsibility shall aim at:

- Improving the day-to-day living conditions of communities affected by Veolia Environnement's business activities.
- Proposing service offerings with guarantees of environmental compliance monitoring.



Guiding principles

- Taking into account the needs and expectations of industrial and municipal customers and those of the beneficiaries of the services provided by Veolia Environnement.
- Offering an in-depth understanding of Veolia Environnement, by putting in place a "human resources performance indicator review" integrating 600,000 data entries, to serve as the basis for an annual human resources report as well as a record of Veolia Environnement's human resources initiatives.

4 RISK MANAGEMENT

One of Veolia Environnement's ongoing goals is to manage risks both for its staff and for the users or communities it serves.

4.1 Safety and morale in the workplace

Companies within the Veolia Environnement group must provide their employees with a secure and positive working environment.

Irrespective of their level of responsibility, all employees must strive continuously to prevent risks by improving health and safety conditions in the workplace.

Employees must comply with instructions and procedures issued in these



areas by their individual companies, by Veolia Environnement and by customers, and must comply with all current regulations.

4.2 Industrial and environmental risks

Each employee, depending on his or her level of responsibility, must take all measures necessary in order to reduce industrial and environmental risks.

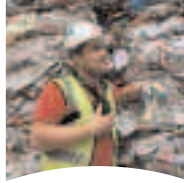
This means ensuring the strict regulatory compliance of all installations operated, and being vigilant with regard to the proper application of all procedures adopted by Veolia Environnement.

In the event of a serious accident or incident, employees must follow the crisis management rules adopted by Veolia Environnement and its Divisions (*Appendix 6*).

4.3 Operations-related public health risks

As a professional in the environmental services industry, Veolia Environnement has invested in research relating to public health risks and currently employs over six hundred researchers worldwide.

Its analytical laboratories are organised as a network. Their work includes



monitoring the effectiveness of technologies employed and developing risk prevention methods.

In those areas where local populations are exposed to significant risks, specific education programmes have been developed, which enable risk assessment surveys to be conducted based on established standards.

4.4 Security and geographical risks

Wherever it operates worldwide, Veolia Environnement implements measures necessary to ensure the security of its activities (*Appendix 7*). In particular, this includes:

- Preventing and managing the risks of deliberate attacks on employees and property.
- Preventing and managing the risks of attacks on Veolia Environnement's interests by way of misappropriation of sensitive information, or by way of dissemination of false information.
- Identifying those territories and activities at risk, in order to draw up an operational plan that integrates appropriate prevention and intervention measures in each zone where the company is active.

In addition, Veolia Environnement has set up a security procedure for foreign





Guiding principles



trips by employees. The procedures are updated on a monthly basis in order to identify three categories of countries where precautions must be taken:

- Countries for which visits are subject to prior approval.
- Countries where Veolia Environnement general management must be kept informed of any forthcoming travel. In this case, Veolia Environnement general management issues strict instructions, drawn up in liaison with the diplomatic services.
- Countries where special vigilance must be exercised when travelling, with arrangements organised by each operating entity.

5 INFORMATION AND CORPORATE GOVERNANCE

Veolia Environnement employs corporate governance principles that are intended to ensure the accuracy of its data, so as to protect the interests of its shareholders, its employees and their representatives, its customers and all other parties with whom it has a relationship. It thereby seeks to ensure the transparency of information provided to financial entities, to shareholders and to the public at large.

5.1 Annual reports

Veolia Environnement has set up a Disclosure Committee charged with ensuring improved transparency with regard to the information provided to shareholders and more generally to Veolia Environnement's financial partners (*Appendix 8*). In particular, the Disclosure Committee supervises the preparation of the various annual reports published by Veolia Environnement (French "Document de référence", short-form annual report, sustainable development report and Form 20-F for U.S. regulatory authorities).



employees and outside legal counsel (*Appendix 10*).

6 SUSTAINABLE DEVELOPMENT

Veolia Environnement wishes to continue its active participation in the creation of a society committed to sustainable development. With this in mind, the company has established a Sustainable Development Charter that sets various targets, in particular in the area of protecting natural sites, improving public health and providing basic services for the most destitute communities (*Appendix 11*). All employees must adhere to this Charter and make their best efforts to ensure its implementation.

5.2 Financial Code of Ethics

Veolia Environnement has also adopted a Code of Ethics for financial matters. This code contains the rules of proper conduct applicable to the principal managers charged with validating financial and accounting information, and it imposes special obligations on these individuals regarding integrity, diligence and oversight in terms of financial communication (*Appendix 9*).

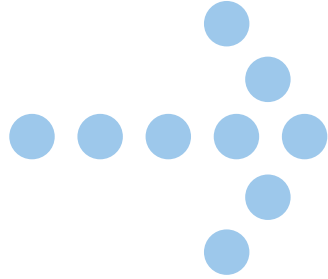
5.3 Attorney Conduct Rules

In order to comply with U.S. regulatory requirements, Veolia Environnement has adopted formal attorney conduct rules, which are applicable to its legal personnel both in France and abroad. These rules apply to both in-house em-



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Organisation



All employees must comply with the Veolia Environnement “*Ethics, Commitment and Responsibility*” programme. Several initiatives and procedures have been developed to accompany the programme.



cordance with the specific requirements of their organisation, operating procedures or location. They are responsible for implementing the procedures necessary to ensure compliance with the principles contained in this Programme, as well as for drafting any prudential rules and mechanisms specific to their line of business.

1 PROGRAMME SCOPE OF APPLICATION

The Programme applies to all companies controlled by Veolia Environnement, that is to say all companies in which Veolia Environnement directly or indirectly owns or controls over 50% of the voting rights. With regard to companies not meeting this criterion, the employees thereof must strive to encourage the adoption of rules consistent with the Programme, and shall seek information as to the circumstances of their implementation.



2 PROCEDURES

Procedures vary in relation to the different areas covered by the Programme. To help ensure their effectiveness, Veolia Environnement distributes information and tries to raise awareness, and has also adopted rules for legal and financial oversight.

2.1 Ethics Committee

The Ethics Committee was created at the beginning of 2004, and its operating procedures are set forth in an Internal Charter (*Appendix 2*).



The principles of the Programme may be further expanded by individual Veolia Environnement companies, in ac-



Organisation

The committee comprises 3 to 5 members and can be called upon to act by any employee, or can act in its own right, with regard to any ethical issue concerning Veolia Environnement. It is bound by strict obligations of independence and confidentiality.

Each year, the Ethics Committee prepares its report on compliance with guiding values and principles within Veolia Environnement companies. The report also details any difficulties encountered and issues recommendations for improvements.

The Ethics Committee members' names and contact details are available on Veolia Environnement's intranet site: "<http://portail.veolia.net>", then click on "Ethics", then on "Ethics Committee"

2.2 Programme monitoring and evaluation: Division correspondents

A correspondent is appointed in each Veolia Environnement Division to monitor the Programme's implementation. The correspondent's jurisdiction extends to all of the companies included within the Division's operating perimeter. Each year, a Programme performance report is presented to the Chairman and Chief Executive Officer of Veolia Environnement.



2.3 Legal and financial support services

Access to legal and financial teams is available for all Veolia Environnement companies, in order to examine, at the latter's request, the various aspects of local law having an influence on the implementation of the Programme principles or, more generally, any question relating to the Programme. In this way, we guarantee a consistent approach throughout the entire group and the effective control of legal and financial risks.

2.4 Internal audit

The internal audit department acts according to principles set forth in a charter adopted by the Accounts, Audit and Commitments Committee (*Appendix 12*), within the framework of an annual audit programme.

2.5 Group Risks Committee

The Group Risk Committee brings together representatives from the Divisions and Veolia Environnement. The operating entities are responsible for putting operational risk management programmes in place. Without seeking to take any responsibility away from the operating entities, the Risk Management committee is entrusted with three basic missions:

- Identifying any major risks for the Group.
- Evaluating systems for mitigating these risks, at the level of Veolia Environnement, the Division or subsidiary level.
- Monitoring the action plans presented to the Committee or initiated by it.

2.6 Commitments in terms of sponsorship and patronage

• Commitments in terms of sponsorship

Henceforth, all Veolia Environnement's sponsorship actions will be grouped within and co-ordinated by the Veolia Environnement Corporate Foundation (Fondation d'Entreprise Veolia Environnement) (*Appendix 13*) which is active in the following areas:

- Solidarity initiatives in aid of communities in difficulty due to conflict or natural disaster, by using the professional skills of Veolia Environnement volunteers.
- Initiatives in aid of sustainable employment and protecting natural and living environments.
- Assistance in the form of disseminating environmental knowledge as well as raising awareness and improving education on public health issues.

Depending on the size of the projects, they are either approved by the Foundation's Board of Directors or by the

Project Selection Committee formed for this purpose.

• Commitments in terms of patronage

Commitments in terms of patronage are also examined by a committee independent from the Foundation, but the initiative for such actions is left to operating entities in accordance with the rules of good practice applicable to all Veolia Environnement companies (*Appendix 14*).



2.7 Financial communication

The Disclosure Committee is charged with the mission of supervising the collection of information relating to Veolia Environnement and its companies, and controlling the preparation and the dissemination of documents intended for the general public or for regulated markets. In particular, this activity relates to annual reports and the publication of half-yearly results (c.f. § 1.5.1 above).

More generally, Veolia Environnement pays particular attention to the quality of its financial communication. It is managed on a day-to-day basis by the Financial Communication Department that validates and co-ordinates its actions with Veolia Environnement's general management and its various corporate departments.

Summary

Principles	Obligations and actions undertaken
<ul style="list-style-type: none"> • Respect for the law 	<ol style="list-style-type: none"> 1. Ongoing duty of vigilance and information 2. Monitoring changes in norms and adapting techniques
<ul style="list-style-type: none"> • Honesty and integrity 	<ol style="list-style-type: none"> 1. Loyalty amongst employees 2. Discretion and confidentiality in exchanges 3. Appropriate management of conflict of interest situations
<ul style="list-style-type: none"> • Social responsibility 	<ol style="list-style-type: none"> 1. Respecting national and international norms, in particular those of the International Labour Organisation 2. Employee training, protection and promotion, notably via the Veolia Environnement Campus 3. Implementing actions aimed at improving the life of neighbouring communities 4. Publishing documents bearing witness to these actions: e.g. human resources report, record of human resources initiatives
<ul style="list-style-type: none"> • Risk management 	<ol style="list-style-type: none"> 1. Maintaining health and safety in the workplace 2. Identifying and limiting industrial and environmental risks on sites 3. Increased surveillance of installations in terms of public health issues accompanied by major R&D efforts 4. Managing geographical risks on operating sites and during trips and postings 5. Drawing up a Financial Code of Ethics and Attorney Conduct Rules
<ul style="list-style-type: none"> • Information and corporate governance 	<ol style="list-style-type: none"> 1. Transparency and accuracy of published information, under the control of the Disclosure Committee 2. Compliance with best business standards in terms of corporate governance (independent members on the Board of Directors and setting up of various committees)
<ul style="list-style-type: none"> • Commitments in aid of sustainable development 	<ol style="list-style-type: none"> 1. Adhering to the Principles of the United Nations Global Pact 2. Adopting a Sustainable Development Charter 3. Voluntary publication of an annual sustainable development report
Organisation	Means implemented
<ul style="list-style-type: none"> • Programme scope of application 	<ol style="list-style-type: none"> 1. Disseminating and applying the Programme in all companies controlled by VE 2. Possibility for the Divisions to expand the Programme and to adapt it to the local context
<ul style="list-style-type: none"> • Procedures 	<ol style="list-style-type: none"> 1. Ethics Committee: composed of independent persons, and accessible to all employees in complete confidentiality 2. Internal audit: ensuring compliance with financial procedures throughout the entire Group 3. Risk Committee: setting up risk control programmes with the Divisions 4. Disclosure Committee: controlling the publication of financial information

Appendices

These appendices are available on the Veolia Environnement intranet or can be requested from VE Communication Department, 38, avenue Kléber - 75799 Paris cedex 16 - France.

- 1 Code of Conduct relating to trading in Veolia Environnement securities
- 2 Ethics Committee Internal Charter
- 3 Purchasing Charter
- 4 Mobility Guide
- 5 United Nations Global Pact - 10 Principles
- 6 Crisis Management Rules
- 7 Security Organisation Rules
- 8 Disclosure Committee Internal Charter
- 9 Financial Code of Ethics
- 10 Attorney Conduct Rules
- 11 Sustainable Development Charter
- 12 Internal Audit Charter
- 13 Veolia Environnement Corporate Foundation Articles of Association
- 14 Rules governing sponsorship and patronage

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