

Suppliers' Charter

For a responsible customer-supplier relationship

This charter introduces Veolia Environnement's purchasing requirements and defines VE's responsibilities as well as those of its suppliers within the framework of the client-supplier relationship. It covers all Veolia Environnement companies and subsidiaries and applies to all of the Group's suppliers.

Any supplier of a Group company is required to read this charter and confirm formally its commitment before any delivery of goods or services.

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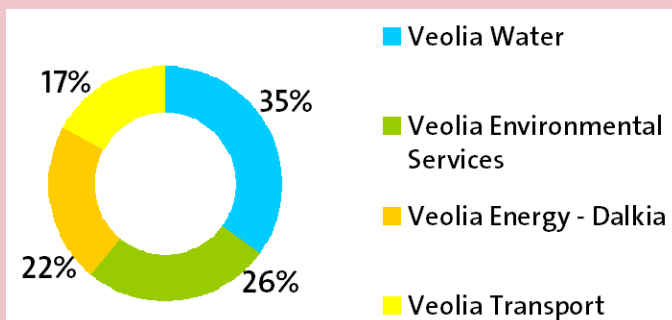
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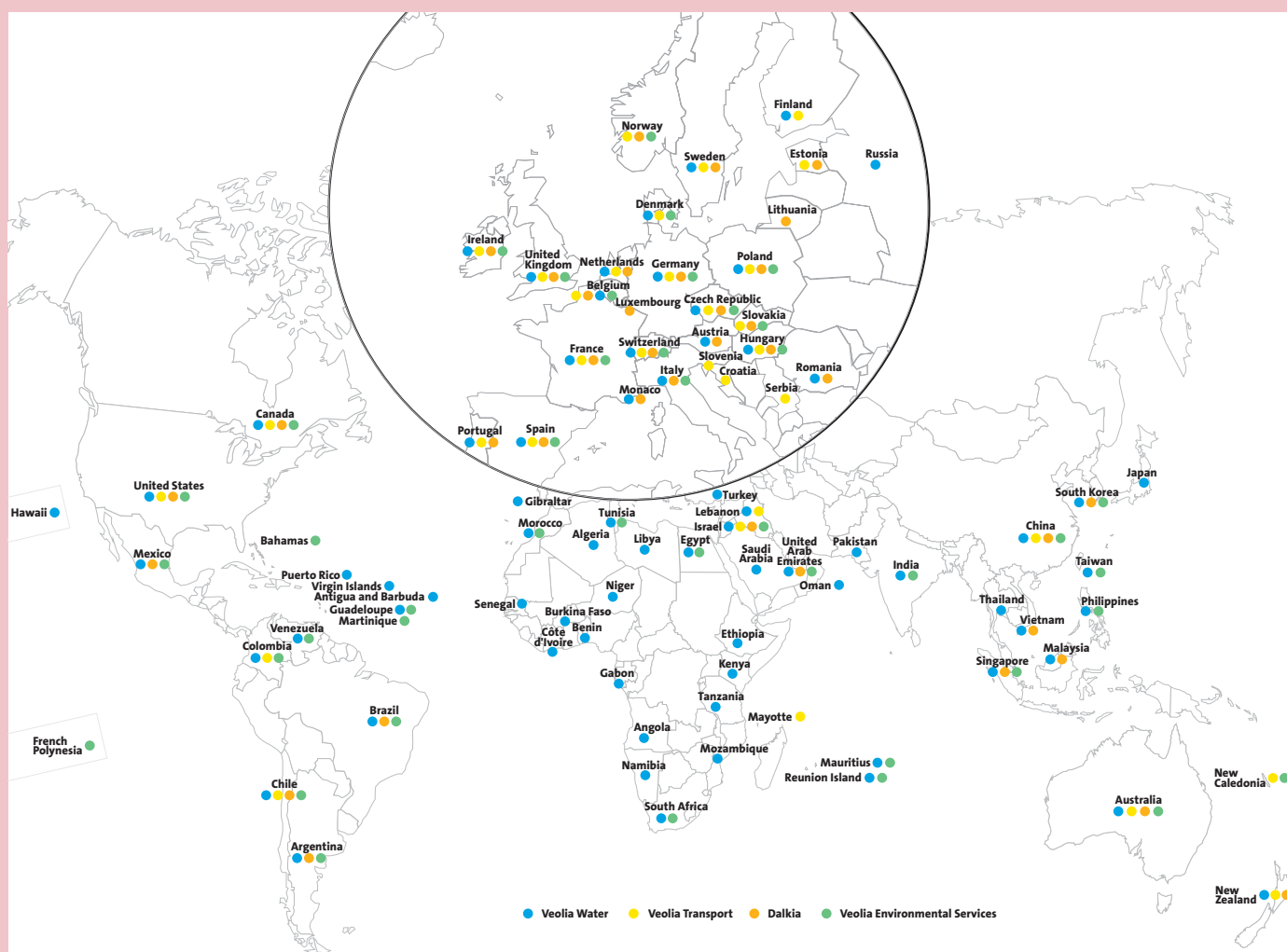


Presentation of the Veolia Environnement Group

● Veolia Environnement is the world leader for environmental services. The Group provides local authorities and industrial groups with solutions in water cycle management, waste disposal and recovery, energy efficiency and transportation of people and goods. Throughout the world, Veolia Environnement offers global solutions combining cost-efficiency, environmental protection and social progress, within a sustainable development perspective.



Breakdown of 2006 division turnover



Veolia Environnement's worldwide presence

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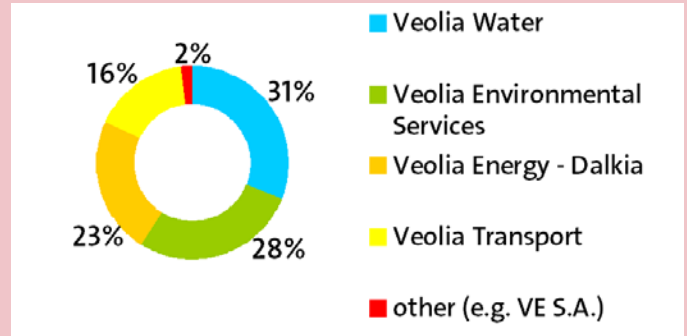


Purchases: objectives and key figures

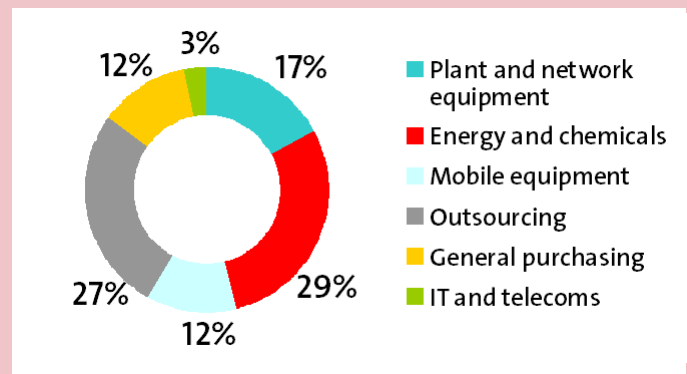
● Objectives of Veolia Environnement's purchasing function

- Guarantee and improve the quality and availability of the products and services required by its internal customers.
- Select suppliers that meet its technical requirements as well as its social and environmental expectations.
- Enhance the competitiveness of its operational units while optimizing the Group's global purchasing costs.
- Develop and perpetuate a responsible customer-supplier relationship that promotes innovation and progress.

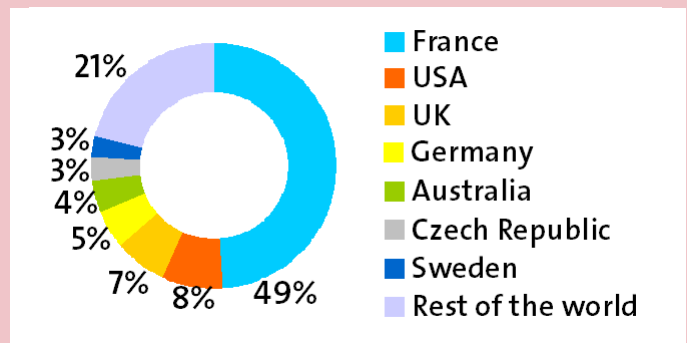
● In 2006, total Group purchases amounted to €12bn, i.e. 40% of turnover.



Breakdown of purchases by division



Breakdown of purchases by category



Breakdown of purchases by country

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Veolia Environnement's purchasing network

● Organization of the purchasing function within Veolia Environnement

Veolia Environnement's purchases are organized in a transverse manner within the Group. Purchasing departments and purchasing managers communicate, cooperate and collaborate within the framework of the Group's purchasing network. The management system guarantees that all purchasing projects are managed at the appropriate level by optimizing their geographical scopes and taking into account the commonality of purchases across divisions and countries.

● Decision-making bodies

- The **Purchasing Executive Committee (COMEXHA)** is the governing body of Veolia Environnement's purchasing policy. It is a collegiate body made up of the divisions' purchasing directors and the director of Corporate Sourcing & Purchasing (DCAG). It meets on a monthly basis, takes all decisions regarding network organization and steers all transverse initiatives within the Group. It defines the purchasing strategy in different categories, appoints lead buyers and enforces commitments made by VE to its suppliers.
- The **Divisional Purchasing Committees** are vertical decision-making bodies dealing in particular with purchases specific to a division's businesses on a worldwide scale.
- The **Transverse Country Purchasing Committees** are made up of the purchasing directors of a country's divisions. They deal with purchasing categories common to several divisions within the country (if they cannot be dealt with on a broader geographical scale).

● Managing a purchasing project

All purchasing projects are managed by a lead buyer, who is in charge of purchases in one of the Group's divisions involved in the project. Lead buyers are responsible for the performance of one or several purchasing categories and their task is to support initiatives and represent all their colleagues towards suppliers. They are appointed by the body that decides the execution and definition of the project, and that determines its scope in terms of countries and divisions involved.

	VE	Transport	Dalkia	Environm.S.	Water
France			Div. Country		Int'l Division
UK					
USA					
Germany					
...		Transverse Country			

A working group, composed of experts and often operational staff or users, is systematically set up in order to work with the lead buyer, guarantee compliance with requirements, prepare deployment, and thereby ensure the objectivity and ethics of the decisions taken. This working group submits its proposal to the appointing body for authorization.

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Suppliers within Veolia Environnement's purchasing process

Suppliers are involved in several stages of Veolia Environnement's purchasing process (6 stages in total). Compliance with these stages is crucial both for supplier selection and improving the quality of the products and services purchased by the Group.

● Market analysis

Before making any tender decision, the candidate suppliers go through a pre-qualification process and complete a broad request for information (RFI) enabling us to assess their ability to meet the Group's requirements in terms of resources and service quality as well as their commitment to sustainable development.

● Preparing the call for tender

The working group in charge of defining the specifications establishes objective assessment criteria to compare bids and draws a shortlist of suppliers with whom the Group is ready to enter commitments. The lead buyer, who is in charge of the project, leads the negotiations to refine the analysis, choose between the short-listed suppliers and formalize the list of suppliers that the working group will submit to the decision-making body.

● Drafting and signing the contract

When signing a framework agreement, Veolia Environnement optimizes the purchasing conditions by systematically integrating three fundamental elements:

- A mutual non-exclusivity clause, with exceptions
- A contract deployment clause including a regular reporting obligation
- A sustainable development clause

● Deployment and performance steering

Once the framework contract is signed, the Group establishes regular information exchanges with its suppliers in order to:

- assess contract deployment within the Group in compliance with applicable laws and regulations,
- periodically follow up the expenditure with the Group's entities as per the template specified in the contract,
- specify the level of economic, social and environmental performance based on the Group's objectives and international standards.

The Group's buyers and users assess each supplier on a regular or one-off basis with regard to different contractual aspects: compliance with obligations, customer-supplier relationship, safety and environmental issues. Veolia Environnement may approach its suppliers to establish whether a genuine effort is being made to implement progress plans in particular with regard to the enforcement of the sustainable development clause.

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Veolia Environnement's commitments to its suppliers

Veolia Environnement expects its buyers to behave in a professional, ethical and responsible manner. Therefore, buyers must work in accordance with the "Ethic, Commitment and Responsibility" program¹, the Group commitments to sustainable development and comply with the legal and regulatory frameworks applicable in each of the countries where Veolia Environnement operates in.

● **Maintain an irreproachable standard in all business relations**

- Use only methods and means universally acknowledged as indisputable in business deals and refuse any irregular commercial practice.
- Do not accept or request any rewards, material or financial benefit from a supplier that could alter the objectivity of the business relationship.

● **Guarantee an equal treatment of all suppliers**

To guarantee transparent customer-supplier relations, buyers provide all candidate suppliers with the same level of information. They make sure in particular that competition rules are complied with and guarantee the equal treatment of competing companies based on the assessment criteria set for the tender.

● **Establish sustainable relations with suppliers**

- Involve suppliers in the purchasing process, as soon as possible, in order to enhance innovations.
- Define the suppliers' competitive process stages and keep them informed.
- Make sure that any information provided by a supplier is dealt with confidentiality, unless it is clearly stated that the information becomes Veolia Environnement's property.
- Follow-up the contractual relationship with each supplier.

● **Implement a performance steering process**

- Provide suppliers support for contract implementation and define indicators to assess their performance.
- Encourage suppliers to adhere to Veolia Environnement's values and make their own contribution to its sustainable development commitments.
- Draw up a comprehensive annual assessment report and establish action plans.

¹ The " Ethics, Commitment and Responsibility " program, set up in February 2003, describes the values and principles to which the Group and all its employees adhere.



Veolia Environnement expects high-quality services and continuous improvement proposals from its suppliers in order to meet its internal and external customers' expectations in the best possible way. The Group expects its suppliers to share its commitments to sustainable development, within their own business scope and throughout their own supply chain.

● **Comply with Veolia Environnement's purchasing processes**

- Suppliers must comply with all purchasing process stages.
- They must meet reporting requirements, regarding economic, social and environmental aspects.

● **Promote compliance with the ethical rules associated with labor laws**

- Suppliers commits themselves to respect regulations relating particularly to illegal work, child labor, forced labor and the freedom of trade union association.
- Similarly, they must guarantee the safety of persons and the security of facilities on all its sites and strive to continuously improve employees' working conditions.

● **Implement an environmental management system**

- Suppliers must comply with the regulations on environmental protection and take the necessary measures to reduce the environmental impact of their activity.
- More generally, suppliers must define a facility and logistics management and improvement policy designed to protect the environment.

● **Contribute to continuously improving the services and products provided**

- Suppliers must offer their most innovative solutions in terms of services and product definition, usage conditions and environmental performance.

● **Maintain good business relations**

- Suppliers must inform Veolia Environnement's purchasing departments of the state of their relations with their product and service users within the Group.
- Suppliers are encouraged to make proposals to improve their services and specify the changes they wish to implement in the customer-supplier relationship.
- Suppliers must make sure to communicate any information needed to prevent a risk of non-compliance with contractual commitments.

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