

PRESS RELEASE VEOLIA ENVIRONNEMENT - EDF

23 October 2009

EDF and VEOLIA ENVIRONNEMENT are proposing a situation where one Director will serve as Chairman of both corporations. For a number of reasons relating to the risks that may arise from deficient governance, Proxy Active Investors is against the situation of a Director serving as Chairman of two publicly listed enterprises. Shareholders must rally to vote AGAINST the appointment of Henri Proglio as Director of EDF.

At the Combined General Meeting of EDF to be held on 5 November 2009, the 3rd resolution on the agenda will propose the renewal of Mr Henri Proglio's term of office as Director. Mr. Proglio is currently the Chairman & CEO of VEOLIA ENVIRONNEMENT, and if he is elected by the shareholders, the French government will then appoint him as the Chairman & CEO of EDF.

In parallel, the Board of Directors of VEOLIA decided on 21 October 2009 that Mr Henri Proglio will continue to serve as Director and non-executive Chairman of Veolia Environnement. This change in the governance structure does not require shareholders' opinion to be obtained.

At the end of 2008, the workforce of the EDF and VEOLIA ENVIRONNEMENT groups stood at 161,000 and 335,000 respectively. The operational responsibility which would be incumbent upon Henri Proglio at EDF would be humanly incompatible with a directorship position as significant as that of Chairman of another group, more so of a group with the size of VEOLIA ENVIRONNEMENT.

It is to be noted that Henri Proglio already holds the office of Director in six listed companies: Casino, Lagardère, Natixis, Cnp Assurances, Edf, Dassault Aviation. This is well above the number of simultaneous offices that we recommend as (maximum of two external offices) and what common sense dictates!

For years, Proxy Active Investors has insisted on the importance of separation of supervisory and operational functions of Directors of listed companies and on the need for a precise definition of the role of Chairman of the Board of Directors. The Board represents shareholders and must be exclusively dedicated to the organisation and management of the Board of Directors while supervising the activities of the company and of senior management. The Managing Director is responsible for operations. This is the structure implemented in many listed companies. We believe that it is difficult for one person to fulfill two essential functions and in addition fully play his/her role as the Director of other major listed companies.

Moreover, another question which arises is that of 'plurality' of offices of a corporate officer of a public company and a private company. This issue will require the "Commissioin de Déontologie" (Ethics Committee) to take a decision both on the plurality of offices of a corporate officer of a public company and a private company and on the plurality of remunerations.

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With the support of many investors, the Sicav Proxy Active Investors, a long term investor, has contributed to enhancing corporate governance in French listed companies either through private initiatives, or through the submission of more than twenty resolutions over the last six years to General Meetings of CAC40 companies.