

**Veolia Environnement**  
WAT Water

Company	
Country	France
Number of Employees	241'627
Web	www.veolia.com

Share	
Market cap (mil)	16'858
Currency	EUR
High 52 week	49.5
Low 52 week	32.2
Last Price	41.4

Key Data	2005	2006E
Sales (mil)	25'245	27'828
EPS	2.00	2.32
P/E Ratio	20.63	17.82

Source: Bloomberg / August 21, 2006

Sales in	
Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	No

Source: ISS, SAM Research

**Company Description**

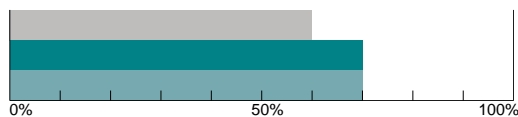
The French group Veolia Environnement (Veolia) is one of the world's largest water utility companies. It manages delegated water distribution systems and industrial & municipal waste water services in 65 countries. Moreover, the company offers waste services (solid waste collection, treatment, recovery and recycling); manages and maintains cogeneration facilities and heating & cooling systems; and operates delegated public passenger transport systems. Operations have been put under the Veolia brand in autumn 2005 and are now conducted through Veolia Water, Veolia Environmental Services, Veolia Energy Services and Veolia Transport. Water accounted for 35% of revenues 2005; waste management, 26%; energy, 22%; and transportation, 17%. In 2005 and 2006 Veolia acquired several businesses and increased its market share in waste, water and transportation. The most recent acquisition of Cleanaway UK, a major operator in England and Wales, active in municipal and industrial waste collection and integrated waste management services, was a case in point for that.

**Sustainability Performance**

Veolia demonstrates an excellent sustainability performance and is the leader in the utility sector. Compared to last year, the company has improved in many areas and is still implementing procedures and systems ensuring continuous development towards sustainability. Sustainable development is an integral part of Veolia's business strategy to offer solutions in water, waste and transportation in urban areas. Veolia is positioned among the leading companies in key criteria such as water operations and customer relations: both Veolia and its customers benefit from a significant penetration rate of e-billing and online metering possibilities. In combination with a high percentage of customers with installed water meters, consumption can be tracked accurately and new services can be offered; detection of leakages and limitation of water losses is easier; and costs of infrastructure maintenance can be reduced. With a budget of 2.5% of total sales, Veolia invests more than other water utilities in R&D. Current research is conducted on the detection of pollutants like endocrine disruptors, medicaments residua and legionella but also on leveraging synergies between R&D of its four businesses. Veolia also performs well above average in the engagement with stakeholders - a critical factor in liberalized markets. To ensure the necessary "license to operate", Veolia has gained valuable knowledge for its public private partnerships in water management through various humanitarian projects.

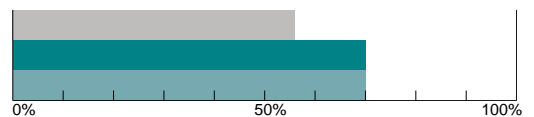
**Sustainability Scores**

**Total Score**

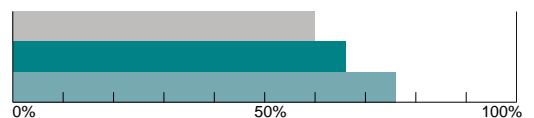


DJSI sector average on a global basis  
 Veolia Environnement  
 Best company on a global basis within DJSI sector

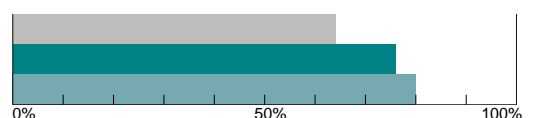
**Economic Dimension**



**Environmental Dimension**



**Social Dimension**



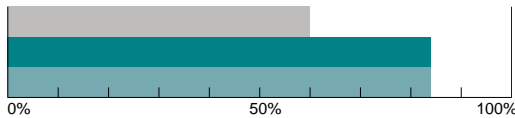
**Industry Driving Forces**

Water utility companies are challenged by an increased scarcity of accessible and clean water resources, infrastructure maintenance and national and international regulation. Leading companies demonstrate responsibility by limiting drinking water losses from distribution infrastructure and ensuring adequate transport and treatment of sewage and effluents. Substantial benefits can be achieved by extended research and development and partnerships with technology providers in the field of advanced water treatment focusing on handling existing or emerging water pollutants (e.g. endocrine disruptors). The trend towards liberalization of water utilities increases competition and therefore rewards integrated, cost-efficient and customer-oriented water management strategies. Consequently, pricing strategies will come under increased scrutiny. Access to water is increasingly political and demands effective stakeholder engagement.

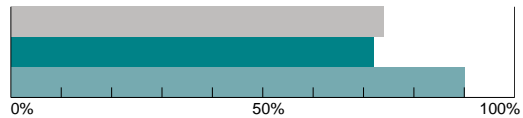
**Company Performance for selected Criteria**

**Economic**

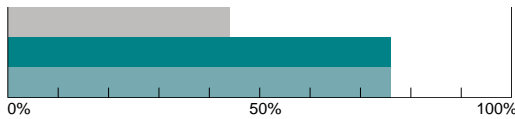
**Customer Relationship Management**



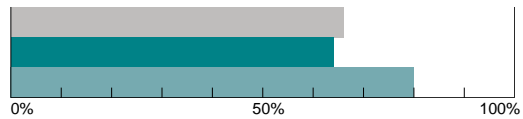
**Corporate Governance**



**Water Business Management**

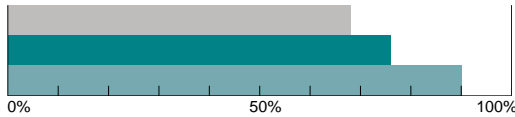


**Codes of Conduct/Compliance/Corruption & Bribery**

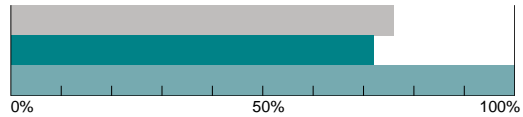


**Environmental**

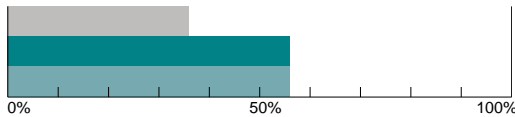
**Environmental Management**



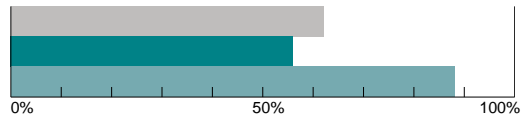
**Biodiversity**



**Waste Business Management**

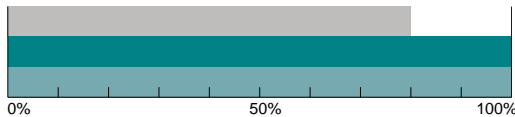


**Environmental Performance**

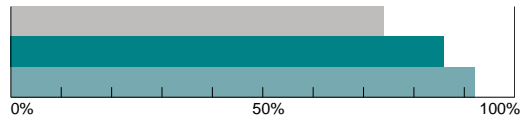


**Social**

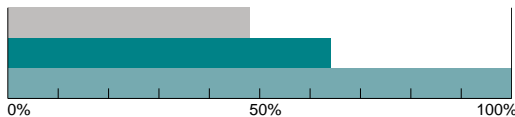
**Stakeholder Engagement**



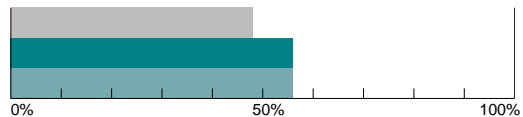
**Labor Practice Indicators**



**Occupational Health & Safety**



**Talent Attraction & Retention**



■ DJSI sector average on a global basis  
■ Veolia Environnement  
■ Best company on a global basis within DJSI sector

For information on assessment criteria, visit [www.sustainability-indexes.com](http://www.sustainability-indexes.com)

"Corporate Sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments."

