

**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED  
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

**Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 1 February 2021**

**Completed acquisition by Veolia Environnement S.A. of a minority shareholding in Suez S.A. (the 'Transaction').**

We refer to your letter and accompanying note dated 4 January 2021 requesting that the CMA consents to derogations from the Initial Enforcement Order of 1 February 2021 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Suez S.A. ('**Suez**') and Ondeo Industrial Solutions UK Ltd, Suez Water Tech & Solutions UK Limited and Suez UK Group Holding Ltd (together, '**Suez UK**') are required to hold separate the Suez business from the Veolia Environnement S.A. ('**Veolia**') business and refrain from taking any action which might prejudice a reference under section 22 of the Enterprise Act 2002 or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Suez and Suez UK may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 4(b), 4(c), 7(b), 7(c), 7(d), 7(e), 7(f), 7(h), 7(i) and 7(k) of the Initial Order**

Suez submitted that the obligations in paragraphs 4(b), 4(c), 7(b), 7(c), 7(d), 7(e), 7(f), 7(h), 7(i) and 7(k) of the Initial Order should not apply to the Suez business.

Having carefully reviewed the information provided to support the derogation request, the CMA is satisfied that granting a derogation from these provisions will not give rise to a material risk of Suez engaging in pre-emptive action (in particular due to the currently hostile nature of Veolia's public takeover offer). In these circumstances, the CMA considers that the burden of complying with these

obligations would be disproportionate compared to the legitimate precautionary aims of the Initial Order at the current time.

## **2. Paragraph 10 of the Initial Order**

Suez submitted that paragraph 10 should exclude material developments (i) arising in the ordinary course of business; and/or (ii) to the business of Suez and its subsidiaries carried out outside the UK, excepting any developments outside the UK which are material for the effective functioning of the Suez business in the UK.

This derogation is granted on the basis that it is proportionate given the particular circumstances of this case and in line with the aims of the Initial Order. This derogation will significantly ease the administrative burden in a proportionate manner.

## **4. Paragraphs 4 and 7 of the Initial Order**

[✂].

## **5. Paragraphs 4(a), 4(c), 7(a), 7(g) and 7(l) of the Initial Order**

Suez submitted that paragraphs 4(a), 4(c), 7(a), 7(g) and 7(l) should exclude joint tendering agreements with Veolia made in the ordinary course of business. This derogation is granted on the basis that it is proportionate given the particular circumstances of this case and in line with the aims of the Initial Order. The CMA notes that such a derogation will not result in integration of the Suez and Veolia businesses.

## **6. Paragraphs 4(a), 4(c), 7(a) and 7(l) of the Initial Order**

Suez submitted that paragraphs 4(a), 4(c), 7(a) and 7(l) should exclude supply relationships with Veolia made in the ordinary course of business. This derogation is granted on the basis that such a derogation is proportionate given the particular circumstances of this case and in line with the aims of the Initial Order. The CMA notes that such a derogation will not result in integration of the Suez and Veolia businesses.