

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

Dear Nick and Paul,

We refer to your submissions of 4 and 9 March 2021 requesting that the CMA consents to derogations to 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 from the CMA, Veolia Environnement S.A. ('**Veolia**') and Veolia UK Limited ('**Veolia UK**') are required to hold separate the Veolia business from the Suez 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, Veolia and Veolia UK may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(i) of the Initial Order

Veolia submits that prior to the imposition of the Initial Order, Veolia had commenced an internal application process to find a replacement for the [X] of [X], which forms part of the Veolia Water Treatment (**VWT**) organisation.

The CMA understands that the current [X], [X] was appointed to the role in [X]. Veolia states that [X] will transition to the role of [X], a French-registered subsidiary of Veolia that is part of the VWT organisation. The role of [X], but Veolia submits that in this role, [X] will have responsibility for [X].

Veolia further submits that the roles of (i) [X] and (ii) [X], fall within the definition of key staff in the Initial Order.

Veolia is therefore seeking CMA consent for:

- (a) The appointment of [X] as the new [X], replacing [X]; and
- (b) The appointment of [X] as the [X].

The CMA consents to a derogation from paragraph 5(i) of the Initial Order to permit the appointments described above, strictly on the basis that:

- (i) [X] and [X] have the necessary capacity and experience to effectively fulfil the roles of [X] respectively. Hence, the proposed change in key staff and necessary handover of their responsibilities will not impact the viability or ongoing operation of the Veolia business;
- (ii) No other organisational or key staff changes will be made to the Veolia UK business or UK-related assets (as defined in the derogation dated 1 February 2021) as a result of the abovementioned key staff appointments; and
- (iii) This derogation will not lead to any integration of the Suez business and the Veolia business.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

15 March 2021