

**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')

We refer to your submission of 3 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 and the derogations granted to Veolia on 1 February 2021 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(f) of the Initial Order

Veolia submits that prior to the imposition of the Initial Order, Veolia UK had commenced a [REDACTED] upgrade of its IT systems [REDACTED]. The IT improvement programme comprises a [REDACTED], including:

- (a) [REDACTED], which was planned from September 2018, started in January 2019, and is expected to be completed in the first half of 2021;
- (b) [REDACTED], which was planned from July 2018, started in January 2019, and is expected to be completed in the first half of 2021;
- (c) [REDACTED], which was planned from July 2019, started in September 2019, and is expected to be completed in the first half of 2021; and

(d) [✂], which was planned from October 2014, started in July 2019, and is expected to be completed in the second half of 2021 (together, the **IT Projects**).

Veolia further submits that a number of smaller IT projects are being undertaken by the Veolia business to upgrade its IT systems in the ordinary course of business.

Veolia is therefore seeking CMA consent to (i) continue with the planned roll-out of the IT Projects and (ii) exclude from the scope of paragraph 5(f) of the Initial Order, those changes to Veolia's IT systems which occur in the ordinary course of business.

The CMA consents to a derogation from paragraph 5(f) of the Initial Order strictly on the basis that this derogation:

- (i) is proportionate and in line with the aims of the Initial Order; and
- (ii) does not allow for any integration of the IT systems of the Veolia business and the Suez business.