

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 letter dated 1 April 2021 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 1 February 2021 (the '**Initial Order**'). The terms defined in the Initial Order and the derogations granted 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(c) of the Initial Order

Veolia submits that prior to the imposition of the Initial Order, the [X] ([X]) had [X] and will [X] (the '[X]') in [X]. In light of [X] Veolia intends to make changes to the organisational structure of, and the management responsibilities within, the [X] as shown in Annex A (the '**Reorganisation**'). Veolia is, therefore, seeking a derogation from paragraph 5(c) of the Initial Order to allow Veolia UK to make these changes.

The CMA consents to a derogation from paragraph 5(c) to permit the Reorganisation based on the representations made by Veolia to the CMA that the Reorganisation:

- is expected to increase the [X] competitiveness and efficiency;
- will not diminish the range and quality of services provided by Veolia;

- relates only to [REDACTED] and will have no effect on [REDACTED]. No other organisational changes will be made to the Veolia UK business or UK-related assets as a result of the proposed reorganisation; and
- will not lead to any integration of the Suez business and the Veolia business.

On this basis, the CMA considers that a derogation is proportionate and in line with the aims of the Initial Order.

2. Paragraph 5(i) of the Initial Order

The Reorganisation will include changes in the roles of the following members of key staff within [REDACTED]:

- the [REDACTED];
- the [REDACTED];
- the [REDACTED].

These changes in role are set out in Annex A.

The CMA consents to a derogation from paragraph 5(i) to allow for the changes in roles for these key staff. This derogation is granted strictly on the basis of Veolia's representations that:

- (i) the proposed change in role for these key staff is suitable to their capacity and experience and hence will not impact the viability or ongoing operation of the Veolia business;
- (ii) the Reorganisation will be implemented in [REDACTED], ensuring a smooth and orderly transition, and the key staff above will continue to [REDACTED];
- (iii) no other key staff changes will be made to the Veolia UK business or UK-related assets as a result of the proposed Reorganisation; and
- (iv) this derogation will not lead to any integration of the Suez business and the Veolia business.

ANNEX A

Current structure of [REDACTED]

[REDACTED]

Proposed structure of [REDACTED]

[REDACTED]

Additionally, [REDACTED]:

- [REDACTED]; and
- [REDACTED].