

**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 (the Act) 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 9 April 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, except that the term '**Suez UK business**' has the same meaning as defined in the CMA's Revocation Letter of 19 March 2021.

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. Paragraph 7(h) of the Initial Order**

Suez has sought the CMA's consent to limit the scope of paragraph 7(h) of the Initial Order so that it does not apply to the termination of existing contracts in the ordinary course of business.

Suez submits that it [✂].

Based on Suez's representations and related evidence provided to the CMA, the CMA consents to a derogation from paragraph 7(h) of the Initial Order so that it does not apply to the termination of contracts in the ordinary course of business, strictly on the basis that:

- (i) consent is only granted in respect of non-material contracts. A contract would be material if it represents a material proportion of the revenues generated by, or the goods or services procured by, the Suez UK business as a whole or a material proportion of the revenues generated by, or the goods or services procured by, the Suez UK business in a substantial part of the UK (as defined under section 23(3) of the Enterprise Act 2002);
- (ii) the derogation will not lead to any integration with the Veolia business; and
- (iii) it will significantly ease the administrative burden in a proportionate manner and will not impede the taking of any action under the Act by the CMA.

## **2. Paragraphs 7(c) and 7(e) of the Initial Order**

Suez has sought the CMA consent to limit the scope of paragraphs 7(c) and 7(e) of the Initial Order so that it may wind up a number of entities incorporated in the UK.

Suez submits that it, as is common in large corporate groups, regularly reviews the companies within its corporate structure and winds up any surplus legal entities in an attempt to ease administrative burden on the business. Suez further submits that, prior to the imposition of the Initial Order, [REDACTED]; [REDACTED].

Suez provided the CMA with a list of companies that Suez UK intends to wind-up in 2021 [REDACTED]. This list is replicated at the Annex A to this letter. Suez submits that [REDACTED]. Suez further submits that one entity it intends to wind up, [REDACTED], [REDACTED]; however, [REDACTED].

Based on Suez's representations and related evidence provided to the CMA, the CMA consents to a derogation from paragraphs 7(c) and 7(e) of the Initial Order for the purposes of dissolving the entities detailed in Annex A, strictly on the basis that:

- (i) consent is only granted in respect of the entities detailed in Annex A. In the event that there are further non-trading or dormant entities to be wound up for corporate simplification purposes, Suez may seek the prior written consent of the CMA (which can be provided by e-mail) to include any such further entities within the list in Annex A to this derogation. For the avoidance of doubt, any such entities will only be covered by this derogation as of the date when the CMA provides its written consent;
- (ii) the derogation will not cause disruption to the Suez UK business and will not impact its ongoing operation or viability;
- (iii) the derogation will not lead to any integration with the Veolia business; and
- (iv)** it will significantly ease the administrative burden in a proportionate manner and will not impede the taking of any action under the Act by the CMA.

