

**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 22 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(e) of the Initial Order

Suez submitted that a derogation should be granted from paragraph 7(e) to permit the sale of a farmhouse and associated land it owns at [X] (the '**Farmhouse**') (the '**Farmhouse Sale**'). Suez has accepted an offer to sell the Farmhouse to [X] and terms have been agreed between the parties. Contracts are expected to be exchanged at [X], and completion will take place once [X]. The Farmhouse is derelict and is not currently used by Suez as part of its service offering in the UK. In the transfer to [X], therefore preventing any disruption to [X] following the

Farmhouse Sale. The CMA understands from Suez's submissions that [REDACTED] will not be affected by the Farmhouse Sale. The CMA grants this derogation on the basis that it is proportionate to the aims of the Initial Order and that the Farmhouse Sale will not cause any disruption to the Suez UK business, impede the taking of any action under the Act by the CMA or lead to the integration of the Veolia business and Suez business.

2. Paragraph 7(e) of the Initial Order

Suez submitted that a derogation should be granted from paragraph 7(e) to permit the assignment of its interest in a headlease (the '**Headlease**') of a lorry park in [REDACTED] (the '**Lorry Park**') to [REDACTED] (the '**Lorry Park Disposal**'). As part of the Lorry Park Disposal, Suez has agreed a variation of the Headlease with [REDACTED] (as Landlord). Suez expects to sign the Lorry Park Disposal (and the corresponding variation of the Headlease) during [REDACTED], with completion taking place [REDACTED]. The Lorry Park is not currently used by Suez to provide services in the UK, as it is [REDACTED]. The CMA grants this derogation on the basis that it is proportionate to the aims of the Initial Order and that the Lorry Park Disposal will not cause any disruption to the Suez UK business, impede the taking of any action under the Act by the CMA or lead to the integration of the Veolia business and Suez business.