

**REVOCATION LETTER
IN RESPECT OF DEROGATIONS GRANTED FROM AN INITIAL
ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2)
ENTERPRISE ACT 2002**

17 MAY 2021

Revocation of consent previously granted 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. of a minority shareholding in Suez S.A. (the 'Transaction').

We refer to our derogation letter dated 1 February 2021 (the '**First Derogation Letter**') and our subsequent derogation letter dated 5 March 2021 (the '**Second Derogation Letter**') pursuant to which the CMA consented to various derogations from the Initial Enforcement Order of 1 February 2021 (the '**Initial Order**'). The terms defined in the Initial Order, the First Derogation Letter and the Second Derogation Letter have the same meaning in this letter, unless otherwise defined below.

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 requests for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, as outlined in the Second Derogation Letter, the CMA granted consent for Veolia and Veolia UK to carry out certain actions, in respect of the specific paragraphs of the Initial Order.

As explained to Veolia at the time the First Derogation Letter was issued, the risk of pre-emptive action varies depending on the particular facts and circumstances, which may change over time, and more significant restrictions may be required as a case progresses in order to address the risk of pre-emptive action.

Having carefully reviewed further information made available to the CMA following the granting of the derogations in the Second Derogation Letter, the CMA considers that allowing certain remaining derogations to continue in force would give rise to a material risk of pre-emptive action. In particular, the CMA is now aware that Suez and Veolia have reached a final agreement in respect of Veolia's acquisition of the remaining share capital in Suez and the creation of a 'new Suez' from certain Suez assets. This was not the case at the time of the Second Derogation Letter. The CMA was, at that time, satisfied that granting a derogation from certain provisions would not give rise to a material risk of Veolia engaging in pre-emptive action. This was, in particular, due to the then hostile nature of Veolia's public takeover offer for Suez. Given the final agreement, Veolia's offer for Suez can no longer be considered hostile.

In these circumstances, and in light of the legitimate precautionary aims of the Initial Order, the CMA considers that it is necessary and proportionate to reimpose the requirements for Veolia to comply with various obligations in respect of which the CMA previously granted derogations under the Second Derogation Letter. This is without prejudice to the CMA's ability to grant specific consent in future for actions that would otherwise be prohibited by the application of these obligations.

1. Paragraphs 4(a), 4(c), 5(a), 5(g) and 5(l) of the Initial Order

In section 2 of the Second Derogation Letter, the CMA granted a derogation in respect of paragraphs 4(a), 4(c), 5(a), 5(g) and 5(l) of the Initial Order, such that these provisions no longer applied to joint tendering agreements between Veolia and Suez made in the ordinary course of business.

In light of the change of circumstances described above, the CMA is no longer satisfied that maintaining in effect the derogations relating to joint tendering agreements with Suez will not give rise to a material risk of pre-emptive action. In these circumstances, the CMA considers that the derogations granted in respect of these paragraphs of the Initial Order should be revoked insofar as they apply to the Veolia UK business (with the exception of Comgen)¹ and the UK related assets.

Accordingly, the CMA revokes the derogations set out at section 2 of the Second Derogation Letter in respect of paragraphs 4(a), 4(c), 5(a), 5(g), and 5(l) of the Initial Order insofar as they apply to the Veolia UK business (with the exception of Comgen) and the UK related assets.

The remaining derogations outlined in the Derogation Letter, continue to apply.

¹ Pursuant to paragraph 1 of the First Derogation Letter, a number of paragraphs of the Initial Order, including paragraph 10, already do not apply to Comgen.