

**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 **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 and the Derogation Letter have the same meaning in this letter, unless otherwise defined below.

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 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 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 Derogation Letter, the CMA granted consent for Suez and Suez UK to carry out certain actions, in respect of specific paragraphs of the Initial Order.

As explained to Suez at the time the 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.

On 19 March 2021, the CMA issued a revocation in respect of certain derogations outlined in the Derogation Letter (the **First Revocation Letter**). However, several derogations remained unaffected by the First Revocation Letter.

Having carefully reviewed further information made available to the CMA following the granting of the derogations in the Derogation Letter, and the issue of the First Revocation 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 Derogation Letter or the First Revocation Letter. Moreover, as noted in the 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 Suez engaging in pre-emptive action. This was, in particular, due to the then hostile nature of Veolia's public takeover offer. 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 Suez to comply with various obligations in respect of which the CMA previously granted derogations under the 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 reapplication of these obligations.

For the purpose of this letter:

**'Degremont'** means Degremont Limited a company registered at Suez House, Grenfell Road, Maidenhead, England, SL6 1ES, with company number 02379878; and

**'Suez UK business'** means the business of Suez UK and its subsidiaries and the business of Degremont and its subsidiaries carried on as at the date of this letter.

#### **1. Paragraphs 4(a), 4(c), 7(a), 7(g) and 7(l) of the Initial Order**

In section 5 of the Derogation Letter, the CMA granted a derogation in respect of paragraphs 4(a), 4(c), 7(a), 7(g) and 7(l) of the Initial Order, such that these provisions no longer applied to joint tendering agreements between Suez and Veolia 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 Veolia 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 Suez UK business.

Accordingly, the CMA revokes the derogations set out at section 5 of the Derogation Letter in respect of paragraphs 4(a), 4(c), 7(a), 7(g), and 7(l) of the Initial Order insofar as they apply to the Suez UK business.

The remaining derogations outlined in the Derogation Letter, which were not revoked pursuant to this letter or the First Revocation Letter, continue to apply.