

**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 submission dated 12 August 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 has informed the CMA that it intends to dispose of a freehold site of land which is owned by Suez Recycling and Recovery Southern Ltd, a subsidiary of Suez, at [X] (the [X] **Site**). Suez submits that the [X] Site was formerly used by Suez as [X] but has been leased to a third party, [X], since November 2015. The [X] Site is therefore not used as part of the operation of the Suez UK business and does not contribute toward the continued operation or viability of the Suez UK business.

Suez has received an offer from [X] (the **Buyer**) to acquire the [X] Site (the **Disposal**). Suez submits that it expects to exchange contracts with the Buyer for the Disposal in [X] 2021, and completion is expected to take place during [X] 2021.

Accordingly, Suez is seeking a derogation from paragraph 7(e) of the Initial Order to permit the Disposal.

The CMA consents to a derogation from paragraph 7(e) of the Initial Order to permit the Disposal, strictly on the basis that:

- (i) The [X] Site has been leased to the Buyer since 2015 and is not used to support the ongoing operation of the Suez UK business. As such, the Disposal will neither impact the ongoing viability nor disrupt the operations of the Suez UK business; and
- (ii) the Disposal will not prejudice the outcome of a reference or impede the taking of any remedial action which may be justified by the CMA's decision on a reference.