

**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 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. (Veolia) of a minority shareholding in Suez S.A. (the 'Transaction')**

We refer to your submissions dated 13 and 16 September 2021 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 1 February 2021 (the '**Initial Order**'). The terms defined in the Initial Order and the derogations granted on 1 February 2021 have the same meaning in this letter.

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 request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Veolia and Veolia UK may carry out the following actions, in respect of the specific paragraph:

**1. Paragraph 5(c) of the Initial Order**

Veolia proposes to make a change to the management reporting line for its [X]. As a result of this change, Veolia UK's [X] will no longer report to the [X], and will instead report directly to [X]. Accordingly, Veolia is seeking a derogation from paragraph 5(c) of the Initial Order.

The CMA consents to a derogation from paragraph 5(c) of the Initial Order permitting the reporting line change for [X].

This derogation is granted based on the representations made by Veolia to the CMA that a derogation is proportionate and in line with the aims of the Initial Order, and strictly on the basis that:

- (i) the derogation will not disrupt Veolia's business and will not impact its ability to compete effectively;
- (ii) the roles and responsibilities within the [X] will not be adversely affected by [X]'s change in reporting line; and
- (iii) this derogation will not lead to any integration of the Suez business and the Veolia business.

## 2. Paragraphs 5(c) and 5(e) of the Initial Order

Veolia submits that it regularly winds up dormant entities in its corporate structure that are no longer trading or required. This is in order to ease the administrative and cost burden on the Veolia business.

Veolia proposes to initiate the process to put [X] dormant entities (as listed in Annex 1, the **Dormant Entities**), into [X]. The CMA understands that the Dormant Entities are all [X].

The CMA consents to a derogation from paragraphs 5(c) and 5(e) of the Initial Order allowing Veolia UK to wind up the Dormant Entities, strictly on the basis that:

- (iv) consent is only granted in respect of the Dormant Entities identified in Annex 1. In the event that there are further non-trading or dormant entities proposed to be wound up by Veolia, Veolia may seek the prior written consent of the CMA (which can be provided by email) to include any such further entities within the list in Annex 1 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;
- (v) the derogation will not cause disruption to the Veolia UK business and will not impact its ongoing operation or viability;
- (vi) the derogation will not lead to any integration between the Veolia business and the Suez business; and
- (vii) this derogation will significantly ease the administrative and cost burden in a proportionate manner and will not impede the taking of any action under the Act by the CMA.

## Annex 1 – Dormant Entities

