

**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 submissions dated 24 September 2021, 1 October 2021, 7 October 2021 and 12 October 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 following specific paragraphs:

**1. Paragraphs 4(b), 7(c) and 7(e)(iii) of the Initial Order**

Suez submitted that it is due to execute a Share and Asset Purchase Agreement (the '**SAPA**') with a consortium comprising Global Infrastructure Management LLC, Meridiam and Caisse des Dépôts et Consignations (the '**Consortium**') in relation to the sale of a number of Suez non-UK businesses, and also Suez's Smart and Environmental Solutions ('**SES**') global business unit (the '**New Suez Acquisition**'). Suez submitted that the following Suez entities incorporated in the UK are intended

to be sold to the Consortium as part of the New Suez Acquisition: (i) Metalimpex UK Limited (**'Metalimpex'**); (ii) Suez Smart Solutions Limited; (iii) Derwentside Environmental Testing Services Limited; (iv) Latis Scientific Limited; (v) Suez Advanced Solutions Holding UK Limited; (vi) Suez Advanced Solutions UK Limited; and (vii) Inflowmatix Limited, with the entities listed at (ii) – (vii) comprising the **'SES UK business'**.

Suez has represented that:

- 1) with the exception of the CEO of Suez (Mr Bertrand Camus), there are no links between the management of the SES UK business and the remainder of the Suez UK business (the **'Remaining Suez UK business'**);
- 2) the SES UK business does not use any IP currently held by the Remaining Suez UK business, and similarly, the Remaining Suez UK business does not use any IP that is currently held by the SES UK business;
- 3) the SES UK business does not typically jointly bid with, or contribute to bids by, the Remaining Suez UK business and is not participating in or contributing to any such joint bids in the UK;
- 4) the SES UK business does not have a particular focus on supporting the Remaining Suez UK business, and there are no products or product lines being developed by the SES UK business which are intended to, or focus on, supporting the Remaining Suez UK business.
- 5) the links between the SES UK business and the Remaining Suez UK business are limited to:
  - a. certain laboratory testing conducted by [REDACTED] to the benefit of the Remaining Suez UK business. Suez submitted that such laboratory testing is job-specific, arms-length, does not require specialist knowledge in respect of the Remaining Suez UK business and is capable of being easily replaced;
  - b. troubleshooting support provided by the SES UK business to the Remaining Suez UK business at [REDACTED]. Suez submitted that this support is short-term, not essential to the Remaining Suez UK business and is capable of being easily replaced;
  - c. office space where the SES UK business occupies the premises of the Severnside Energy Recovery Centre, also occupied by the Remaining Suez UK business;
  - d. Certain back-office support functions/services where Remaining Suez UK business provides support to the SES UK business.
- 6) Metalimpex is predominantly dormant, has no employees in the UK and it has no intra-company dealings with the Remaining Suez UK business.

On this basis, Suez submitted that the UK activities of the SES UK business and Metalimpex are minor, standalone and independent from the rest of the Remaining

Suez UK business. As a result, the New Suez Acquisition will not affect the ongoing operation or viability of the Remaining Suez UK business.

Suez also submitted that it may need to undertake a number of steps towards an internal reorganisation of Suez entities (including the SES UK business and Metalimpex) in preparation for the New Suez Acquisition (the '**Internal Reorganisation**'). This could also involve a change to the shareholding of the SES UK business and/or Metalimpex. However, Suez has represented that there will be no change to the scope of activities and business of the SES UK business or Metalimpex and post the Internal Reorganisation, the SES UK business and Metalimpex will continue to be ultimately held by Suez.

The CMA grants a derogation from paragraphs 4(b), 7(c) and 7(e)(iii) of the Initial Order to permit: (i) the Internal Reorganisation, and (ii) Suez to enter into the SAPA and any other associated contractual documents. This derogation is granted, strictly on the basis of Suez's representations that:

- 1) it has disclosed all links between the SES UK business and Metalimpex and the Remaining Suez UK business, and that all such links are immaterial and are not essential in supporting the ongoing operation, viability or competitive capability of the Remaining Suez UK business on a standalone basis;
- 2) Suez will seek a further derogation from the CMA:
  - a. in the event that the perimeter of the New Suez Acquisition is amended to include additional Suez UK business assets (ie beyond the SES UK business and Metalimpex); and
  - b. to complete the New Suez Acquisition; and
- 3) this derogation will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

**18 October 2021**