

**DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

Dear [✂]

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 15 June 2021

Completed acquisition by Pennon Group plc of Bristol Water Holdings UK Limited (the Acquisition)

We refer to your submission dated 28 September 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 15 June 2021 (the **Initial Order**). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Pennon Group plc (**Pennon**) and its subsidiaries is required to hold separate the Pennon business from the business of Bristol Water Holdings UK Limited (**BWHUK**) and its subsidiaries, including Bristol Water plc (**Bristol Water**) and the joint ventures involving Bristol Wessex Billing Services Limited and Water 2 Business Limited. Pennon must refrain from taking any action which might prejudice a reference under section 22 of the Act 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, the Bristol Water business may carry out the following actions, in respect of the following specific paragraphs:

1. Paragraphs 5(c), 5(i) and 5(k) of the Initial Order - to permit the Bristol Water business to appoint [✂] as Head of Economic Regulation

The CMA understands that Bristol Water intends for [✂] to be appointed as Head of Economic Regulation. The appointment is required to allow the Bristol Water business to continue its business as usual activities [✂].

2. Paragraphs 5(c), 5(i) and 5(k) of the Initial Order - to permit the Bristol Water business to appoint [✂] as Head of Communications

The CMA understands that Bristol Water intends for [✂] to be appointed as Head of Communications. The appointment is required to allow the Bristol Water business to continue its business as usual activities [✂].

Shantanu Kafle
Assistant Director, Mergers
7 October 2021