

**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 29 and 30 November 2021, and 1 and 6 December 2021, requesting that the CMA consents to derogations to the Initial Enforcement Order of 1 February 2021 (as varied on 9 December 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 and section 33 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, Suez and Suez UK may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(c) and 7(b) of the Initial Order

Suez submits that since [X]. [X]. [X].

Suez states, and has provided evidence to the CMA [X]. [X].

Suez further submits that this action will not affect its ability to compete with Veolia and that this action is not related to, or impacted by, the Transaction.

On the basis of Suez's representations and related evidence provided to the CMA, the CMA consents to a derogation under paragraphs 4(c) and 7(b) of the of the Initial Order in relation to Suez's proposed exit from the Council's tender process, strictly on the basis that:

- (i) Suez's decision to withdraw from the tender was taken independently of Veolia and is not in any way related to the Transaction;
- (ii) Suez's withdrawal from the tender process will be managed carefully and appropriately in order to ensure that the reputation of the Suez UK business is maintained and preserved;
- (iii) This derogation will not lead to the integration of the Veolia business and Suez business; and
- (iv) This derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference.

13 December 2021