

**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 20 December 2021.

Acquisition by Veolia Environnement S.A. of Suez S.A. (the 'Transaction').

We refer to your letter dated 20 December 2021 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 20 December 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 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 33 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 paragraphs:

1. Paragraphs 6(c) and 6(i) of the Initial Order

Veolia submits [X] Director of [X] retiring from his current role, effective from the end of December 2021. [X] will continue to perform some of his current responsibilities on a fixed-term basis until the end of March 2022, when those responsibilities will be reallocated, whilst the remainder of his responsibilities will be reallocated to current members of Veolia UK's management team from January 2022.

Veolia proposes that [X] will continue to manage the [X] team [X] in his fixed-term role until March 2022 and that the [X] team will report to [X] from then. Veolia will inform the CMA when it has identified who will assume [X] management

responsibilities for the [X] Team. Veolia proposes that [X] other management responsibilities are reallocated among [X] as follows:

- (a) The [X] teams will report to [X] instead of [X].
- (b) [X] will report to [X] Director [X]), instead of [X]
- (c) [X] will report to [X], instead of [X].
- d) The [X] team will transition to report to [X] from [X].

Veolia proposes that, for [X] directorships, Veolia will either appoint a member of the [X] to take these roles, or not appoint a director to replace [X] because there will be a sufficient number of remaining directors to manage the affairs of the relevant entities without affecting their competitive offering, and they will realise efficiency benefits for the management of these entities. Details of the change for each director is in the Annex.

Veolia therefore requests a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the changes above.

The CMA consents to a derogation from paragraphs 6(c) and 6(i) allowing for (i) a change in [X] role; and (ii) Veolia to reallocate internally the roles that will no longer be performed by [X] following his retirement. 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) Veolia has represented that those nominated have the necessary capability and experience to effectively take on the responsibilities of [X]; and
- ii) This derogation will not lead to any integration of the Suez business and the Veolia business.

Tim Geer

Director, Mergers

10 January 2022

Annex

Veolia UK entities where [X] is currently a [X]	Veolia Proposal
[X]	Appoint [X] to replace [X].
[X]	Appoint [X] to replace [X].
[X]	Appoint [X] to replace [X]
[X]	Appoint [X] to replace [X]
[X]	No replacement for [X] required.
[X]	No replacement for [X] required.
[X]	No replacement for [X] required.
[X]	No replacement for [X] required.
[X]	No replacement for [X] required.
[X]	No replacement for [X] required.