

**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 4 December 2021 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 20 December 2021 (the '**Initial Order**'), and your subsequent email of 11 January 2022 making various amendments to the terms of the requested derogation. 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 5(a), 6(a), 6(c) 6(i), 6(k) of the Initial Order**

Veolia submits that upon closing the public bid for the remaining shares in Suez, Veolia plans to convene a meeting of the Suez Board to appoint new directors to the Suez Board, and accept the resignation of a number of existing Suez Board members in accordance with the Merger Agreement terms.

Upon closing of its public bid, Veolia is proposing to make the following appointments to the Suez Board ('**Proposed Suez Board**')

- Veolia will appoint:

- as Chief Executive Officer of Suez S.A., Sébastien Daziano (currently Director of Executive Coordination, Surety and Institutional Relation, Suez)
- Delphine Bernard (currently Secretary of Suez Board)
- Hervé Lavissee (currently Group Compensation & Benefits Director, Suez)
- Eric Taupin (currently Senior Vice-President, Deputy Group Controller, Suez)
- Laure Girodet (currently Head of Health & Safety Group Department, Suez)
- Veolia will also appoint the following independent directors, in compliance with France's corporate governance code:
  - as Chair of the Proposed Suez Board, Sophie L'Hélias (independent)
  - Philippe Tibi (independent)
- Veolia will retain three of the current independent Suez board members:
  - Philippe Varin (independent)
  - Brigitte Taittinger-Jouyet (independent)
  - Delphine Ernotte Cunci (independent)

As a consequence of the above proposed changes, the members of the current Suez board (not listed above), including its non-executive directors will resign.

Veolia also submits that, subsequently, once Suez is de-listed, Veolia will no longer be under a legal obligation to maintain independent non-executive directors on the Suez Board. Veolia proposes to remove all of the independent non-executive directors on the Proposed Suez Board upon completion of Suez's de-listing, namely:

- Sophie L'Hélias (independent)
- Philippe Tibi (independent)
- Philippe Varin (independent)
- Brigitte Taittinger-Jouyet (independent)
- Delphine Ernotte Cunci (independent)

Therefore, Veolia requests a derogation to the Initial Order to:

- permit the actions described above to form the Proposed Suez Board upon closing of Veolia's public offer, including for the avoidance of doubt, the resignations of the current members of the Suez Board who will not be appointed to the Proposed Suez Board; and
- permit upon completion of Suez's de-listing, the resignations of the independent directors on the Proposed Suez Board.

The CMA consents to this derogation strictly on the basis of Veolia's representations that:

- i) all of the members of the Proposed Suez Board are either Suez employees or individuals who are independent of Veolia;
- ii) non-executive oversight by the independent directors is no longer required and/or appropriate once Suez is no longer a publicly-listed company; and
- iii) this derogation will not lead to any integration of the Suez business and the Veolia business.

Tim Geer

Director, Mergers

12 January 2022