

**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 14 December 2021 requesting that the CMA consents to a derogation to the initial enforcement order of 1 February 2021 and subsequently 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. Paragraph 6(c) of the Initial Order

On 14 December 2021, the CMA granted a derogation permitting Veolia and Suez (the '**Parties**') to complete a transaction to divest a number of Suez's non-UK businesses and its Smart and Environmental Solutions global business unit ('**New Suez**') to a consortium (the '**New Suez Acquisition**'). The CMA understands that the New Suez Acquisition is, principally, pursuant to a remedies offer to the European Commission in connection with its review of the public takeover by Veolia of Suez.

The CMA understands that upon closing of the New Suez Acquisition, Suez will transfer certain ancillary services (including IT and back office services) to New

Suez, and that New Suez will be contractually obliged under the terms of the New Suez Acquisition to provide Suez with these ancillary services under a transitional services agreement ('**New Suez TSA**'), and to do so according to [X]. The CMA also understands that failure by New Suez to [X] would result in [X], whereby:

- [X] the New Suez TSA agreements between New Suez and the Suez non-UK businesses, [X]; and
- [X] the New Suez TSA agreements between New Suez and the Suez UK business, [X].

The CMA consents to a derogation to permit Suez to receive transitional services from New Suez under the New Suez TSA subject to the following conditions:

- a) the Parties must set out to the CMA their proposal on how each transitional service should be migrated away from the New Suez TSA and for such proposal to be reviewed by the Monitoring Trustee and ultimately approved by the CMA, subject to any amendments or conditions required by the CMA for its approval;
- b) the CMA reserving its right to require Veolia to [X];
- c) Veolia staff will not (except with the prior written consent of the CMA, including by email):
 - i. be appointed to any [X]; or
 - ii. be involved in any [X]; and
- d) Veolia will, [X]:
 - i. [X], and
 - ii. [X].

Tim Geer

Director, Mergers

26 January 2022