

**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 21 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. Paragraphs 5(a), 5(c), 6(a), 6(f), 6(j) and 6(l) 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 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 also understands that under the terms of the New Suez Acquisition, upon completion of the New Suez Acquisition, the vast majority of Suez employees who currently provide central head office support functions to the Suez business, as well

as Suez's headquarters building in Paris where they work, will transfer to the consortium. The remaining Suez Paris headquarters staff will form part of the Suez business that is being acquired by Veolia under the Transaction (the '**Retained Suez HQ Staff**'). The CMA understands that the Retained Suez HQ Staff will not be sufficient to provide all of the central support functions required by the remaining Suez business, without external support.

The CMA therefore understands that for the purpose of ensuring that the remaining Suez business which Veolia will acquire (the '**Retained Suez Business**') will continue to receive central head office support functions following completion of the Transaction and the New Suez Acquisition, Veolia is proposing to take the following actions ('**Veolia's Proposed Actions**')

- a) to transfer the Retained Suez HQ Staff to Veolia, where they will continue in essentially the same roles once transferred to Veolia;
- b) to accommodate the Retained Suez HQ Staff at Veolia's head office in Aubervilliers, Paris;
- c) in due course, for the Retained Suez HQ Staff to become Veolia employees;
- d) Veolia to support the Retained Suez HQ Staff by providing the following central support functions to the Retained Suez Business:
  - i. framework agreements relating to IT services;
  - ii. finance and tax;
  - iii. ad hoc support for operational projects; and
  - iv. ensuring the Retained Suez Business meets its financial reporting obligations, including the additional obligations that apply to listed companies until Suez is de-listed;
- e) to place the necessary management and reporting structures for these teams, including for the Retained Suez HQ Staff to either: (i) continue to form existing sub-teams, and report up to their current Suez manager (eg a sub-team within Finance) or to a Veolia manager if their current manager is transferring to the consortium under the New Suez Acquisition; or (ii) join existing sub-teams within Veolia;
- f) to put in place IT transitional service arrangements (to the extent not provided for under transitional services agreements available to the Retained Suez Business under the terms of the New Suez Acquisition by the consortium-acquired business) to ensure that the Retained Suez Business continues to have access to the systems and tools it requires (the '**Veolia IT TSA**') and to

facilitate the transition to Veolia's IT systems as and when business units are integrated with Veolia; and

- g) given that the Suez UK Waste business uses [X] that is also used by the Retained Suez HQ Staff, Veolia will ensure that the Retained Suez HQ Staff and the Suez UK business continue to have access to [X].

Veolia is also proposing the following safeguards ('**Veolia's Proposed Safeguards**')

- a) the Retained Suez HQ Staff and any current Veolia staff who have access to Suez information sign non-disclosure agreements ('**NDAs**'), whereby (i) the relevant staff would be obliged not to divulge any confidential information relating to the Retained Suez Business; and (ii) Suez UK confidential information will not be provided to Veolia or the Retained Suez HQ Employees unless this is: (a) permitted by a further CMA derogation; or (b) not prohibited by the IEO;
- b) if the [X] is provided to the Retained Suez HQ Staff and the Retained Suez Business [X], then: (i) the Retained Suez HQ Staff would be granted [X]; and (ii) all Suez UK Waste business data would be ring-fenced, in order to ensure confidentiality.

Based on Veolia's representations and in light of the particular circumstances of this case, the CMA consents to a derogation permitting Veolia to take the actions listed under Veolia's Proposed Actions subject to the following conditions:

- a) the implementation of the safeguards listed under Veolia's Proposed Safeguards;
- b) the Monitoring Trustee will: (i) oversee the implementation of Veolia's Proposed Actions and Veolia's Proposed Safeguards; (ii) investigate the strategic, commercial or operational significance of [X] for the Retained Suez Business; (iii) investigate the scope of Veolia's support for the Retained Suez HQ Staff in relation to [X]; and (iv) report on items (i) to (iii) to the CMA (within a deadline to be determined by the CMA). Based on the MT's findings, the CMA will consider whether any amendments to Veolia's Proposed Actions and Veolia's Proposed Safeguards will be necessary;
- c) all information held by [X] shall be considered to be confidential Suez information until such time the CMA approves otherwise (and on the basis of the MT's report on condition (b)(ii) above);

- d) the Veolia staff who will support the Retained Suez HQ Staff are Veolia HQ staff who do not have strategic or commercial roles within the Veolia business;
- e) Veolia staff who have access to Suez information will be strictly limited to those who have entered into an NDA (in a form approved under condition (f) below) and require that access for the purpose of ensuring the Retained Suez Business receives central support functions to ensure its viability and competitive capability, and Veolia will provide a list to the CMA and the MT of the Veolia staff who will receive Suez information under this derogation within 5 working days (or as otherwise agreed with the CMA) (which can be amended only with the prior written consent of the CMA);
- f) CMA approval of the NDA which will be signed by the relevant Veolia staff and Retained Suez HQ Staff.

## **2. Paragraph 5(a) of the Initial Order**

The CMA understands that [X], one of the Retained Suez HQ Staff (defined above) is currently [X] for legacy reasons. The CMA understands that [X] has no commercial, strategic or operational responsibility for the Suez UK business, and has not had any UK-related responsibilities for a number of years.

Based on the CMA's understanding of the position as set out above, and in the particular circumstances of this case, the CMA consents to a derogation permitting the transfer of [X].

Tim Geer

Director, Mergers

17 January 2022