

**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 20 December 2021.**

**Completed acquisition by Veolia Environnement S.A. (Veolia) of a minority shareholding in Suez S.A. (the 'Transaction')**

We refer to your letter dated 26 January 2022 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 5(b), 6(c), 6(e)(i), 6(e)(ii), 6(e)(iii), and 6(l) of the Initial Order**

Veolia submits that Veolia's acquisition of Suez was approved by the Australian Competition and Consumer Commission (the '**ACCC**') on 21 December 2021, subject to divestment undertakings. These undertakings include the divestment to Remondis of Veolia's and Suez's commercial and industrial putrescible waste assets in Sydney, Perth and Adelaide, Suez's medical waste assets in Adelaide, and some national commercial and industrial customer contracts (the '**ACCC Divestments**').

Veolia also submits that implementation of the ACCC Divestments will not give rise to any risk of pre-emptive action on the basis that:

- the assets and contracts comprising the ACCC Divestments have no commercial or operational links with the Parties' UK businesses. The ACCC Divestments comprise:
  - a number of local assets used to service local commercial and industrial customers in Australia; and
  - contracts with some of those customers, all of which are located in Australia. Given the local nature of these activities, their divestment could not impact competition in the UK, or the CMA's ability to carry out its investigation in the UK and, if necessary, impose remedies; and
- the steps required to complete the ACCC Divestments are subject to ACCC conditions which are designed to ensure that the relevant divestiture businesses are held separate from the Veolia and Suez businesses. There is therefore no prospect that these preparatory steps could lead to the integration of Veolia with Suez, or the exchange of confidential information prohibited by the Initial Order.

The CMA also understands that Veolia's Australian waste management business is held by Comgen Australia Pty Limited, which has a UK parent company, Veolia ES Holdings (UK) Limited. Veolia submits that this corporate structure has no bearing on the practical operation of the businesses: Comgen does not have any commercial or operational links with Veolia's UK business.

The CMA consents to a derogation from paragraphs 5(b), 6(c), 6(e)(i), 6(e)(ii), 6(e)(iii), and 6(l) of the Initial Order to permit Veolia and Suez to implement the ACCC Divestments in accordance with the undertakings accepted by the ACCC on 21 December 2021, including any steps required prior to final completion. This derogation is granted based on the representations made by Veolia to the CMA, and strictly on the basis that:

- a) the perimeter of the ACCC Divestments will not be amended to include any Suez UK business assets, or any additional assets which may be relevant to, or related to, the ability of the Suez UK business to compete effectively; and
- b) this derogation will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Tim Geer

Director, Mergers

27 January 2022