

**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 February 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 6(c) and 6(i) of the Initial Order

Veolia submits that:

- [X] has been offered a promotion to [X]. Upon his departure, [X] responsibilities as [X] will be reallocated to [X], whilst a permanent replacement is found.
- [X] will also resign [X]. Veolia proposes to appoint [X] as a [X], and [X] as the new [X].

Veolia also submits that both [X] and [X] are highly qualified and experienced to take on their respective new roles.

On the basis of Veolia's representations above, the CMA consents to a derogation from paragraph 6(c) and 6(i) to allow these changes to take place, and subject to the condition that Veolia will seek a derogation prior to the appointment of [X] replacement.

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

Veolia submits that [X] as [X], will leave the Veolia UK business. Upon his departure, [X] responsibilities will be reallocated to:

- [X]; and
- [X].

Veolia also submits that both [X] and [X] are highly qualified to take on these additional responsibilities.

On the basis of Veolia's representations above, the CMA consents to a derogation from paragraph 6(c) and 6(i) to allow these changes to take place.

3. Paragraph 6(c) of the Initial Order

Veolia proposes to restructure the reporting lines in its [X]. Under this proposal, the following three individuals will change their reporting line to [X]:

- [X], who currently reports to [X];
- [X], who currently reports to [X]; and
- [X] who currently reports to [X].

Veolia also submits that to reflect this change, [X] job title will change to [X], which is also not a key staff role. As part of this new role, [X] will retain all his current responsibilities.

On the basis of Veolia's representations above, the CMA consents to a derogation from paragraph 6(c) to allow these changes to take place.

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

Veolia proposes to appoint [X] to the board of [X].

Veolia also submits that [X] is highly qualified to take on the role and that the role is a part-time role that will take up relatively little of [X] time.

On the basis of Veolia's representations above, the CMA consents to a derogation from paragraphs 6(c) and 6(i) to allow these changes to take place.

5. Paragraph 6(f) of the Initial Order

Veolia proposes to deploy the [X] for its VWT business, including in the UK. In relation to the deployment of the [X] for back office staff of the VWT business (including in the UK), Veolia submits that this proposal is designed to improve the efficiency and competitiveness of the business and the proposed change will not lead to any integration between Veolia and Suez.

On the basis of Veolia's representations above, the CMA consents to a derogation from paragraph 6(f) to allow this change to take place.

Tim Geer

Director, Mergers

25 February 2022