

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 28 March 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 and 6 of the Initial Order

On 17 January 2022, a derogation was granted to permit Suez head office staff who formed part of the Suez business acquired by Veolia under the Transaction (the '**Retained Suez HQ Staff**'), to transfer to Veolia's headquarters for the purpose of supporting the retained Suez business held separate from Veolia.

Veolia submits that among the Retained Suez HQ Staff, there are [X] members of the [X] (the '**Category 7 Individuals**'), a centralised function within Suez that [X]. Veolia also submits that the [X] does not engage in any research or development activities: rather, it provides centralised support functions to the business units that do.

Veolia submits that [REDACTED] of the Category 7 Individuals (the '**Category 7A Individuals**') have:

- a) no links to the Suez UK waste business;
- b) no links to the Suez WTS business; and
- c) no access to historical data from the [REDACTED].

As a consequence of the Non-UK Integration Derogation, Veolia submits that the Category 7A Individuals now support the integrated Veolia/Suez local businesses outside the UK, but [REDACTED].

Veolia submits that the integration with Veolia of the Category 7A Individuals would not give rise to the risk of pre-emptive action because:

- a) They do not provide support to the Suez UK waste business or the Suez WTS business, and therefore, there is no risk that their integration will affect their viability.
- b) They do not support the [REDACTED].
- c) There is no risk that – once integrated – the Category 7A Individuals could share confidential information about the Suez UK waste business, the Suez WTS business, [REDACTED] with Veolia, because they do not have access to this information in their current roles, and have in any event entered into an NDA prohibiting them from divulging Suez confidential information to Veolia.
- d) Integrating the Category 7A Individuals would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required. As the Category 7A Individuals do not support these businesses, there is no realistic prospect that these individuals would be included in any divestment business.

On the basis of Veolia's representations above, the CMA consents to the integration of the Category 7A Individuals with Veolia strictly subject to the following conditions (which may only be amended with the prior written consent of the CMA, including by email):

- a) the Category 7A Individuals are limited to the relevant individuals listed in 'Veolia-Suez - Annex 1 - Derogation Request re HQ Integration - Category 7 - Confidentiali.xlsx';
- b) this derogation would not have any effect on the Suez UK waste business or the Suez WTS business; and

- c) this derogation would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required.

2. Paragraphs 5 and 6 of the Initial Order

Veolia submits that [X] of the Category 7 Individuals (the '**Category 7B Individuals**') have:

- a) no links to the Suez UK waste business;
- b) no links to the Suez WTS business; and
- c) access to historical data from the [X]

As a consequence of the Non-UK Integration Derogation, Veolia submits that the Category 7B Individuals now support the integrated Veolia/Suez local businesses outside the UK, but [X].

Veolia submits that the integration with Veolia of the Category 7B Individuals would not give rise to the risk of pre-emptive action because:

- a) They do not provide support to the Suez UK waste business or the Suez WTS business. There is therefore no risk that their integration will affect the viability of the Suez UK waste business or the Suez WTS business.
- b) The Category 7B Individuals do not support the [X]. The [X] have now ended, and the [X] have been transferred to New Suez.
- c) There is no risk that – once integrated – the Category 7B Individuals could share confidential information about the Suez UK waste business or the Suez WTS business. This is because they do not have access to current Suez UK waste business or Suez WTS confidential information in their current roles, and have in any event entered into an NDA prohibiting them from divulging Suez confidential information to Veolia.
- d) Although the Category 7B Individuals have access to historical data from the [X], there is no risk that the individuals would share this data with Veolia once integrated, as they have entered into an NDA prohibiting them from doing so. Veolia submits that the Category 7B Individuals' access rights to this data can be removed if required by the CMA.
- e) Integrating the Category 7B Individuals would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required. As the Category 7B

Individuals do not support these businesses, there is no realistic prospect that these individuals would be included in any divestment business.

On the basis of Veolia's representations above, the CMA consents to the integration of the Category 7B Individuals with Veolia strictly subject to the following conditions (which may only be amended with the prior written consent of the CMA, including by email):

- a) the Category 7B Individuals are limited to the relevant individuals listed in 'Veolia-Suez - Annex 1 - Derogation Request re HQ Integration - Category 7 - Confidential.xlsx';
- b) the Category 7B Individuals enter into an NDA in a form approved by the CMA preventing the disclosure and use of information contained within the [REDACTED];
- c) prior to their transfer to Veolia, the Category 7B Individuals' access rights to [REDACTED] to be terminated;
- d) this derogation does not permit the transfer to, or integration with, Veolia of any data or information contained within the [REDACTED];
- e) this derogation would not have any effect on the Suez UK waste business or the Suez WTS business; and
- f) this derogation would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required.

3. Paragraphs 5 and 6 of the Initial Order

Veolia submits that [REDACTED] of the Category 7 Individuals (the '**Category 7C Individuals**') have:

- a) no links to the Suez UK waste business;
- b) access to Suez WTS business confidential information; and
- c) no access to historical data from the [REDACTED].

Veolia submits that in relation to the Category 7C Individuals' access to Suez WTS business confidential information, the Category 7C Individuals have responsibilities relating to the management of [REDACTED] data for the Suez WTS business and have occasional interactions with the Suez WTS business's independent [REDACTED]. Veolia also submits that the Suez WTS business has its own team to cover their own [REDACTED], with the Category 7C Individuals mostly managing [REDACTED] coming from Suez Group (where [REDACTED] are predominantly public information).

As a consequence of the Non-UK Integration Derogation, Veolia submits that the Category 7C Individuals now support the integrated Veolia/Suez local businesses outside the UK, and continue to provide non-essential support functions to the Suez WTS business (which remains held-separate).

Veolia submits that the integration with Veolia of the Category 7C Individuals would not give rise to the risk of pre-emptive action because:

- a) The Category 7C Individuals would continue to provide non-essential support functions to the Suez WTS business. Accordingly, the viability of the Suez WTS business would not be affected by this change.
- b) There is no risk that – once integrated – the Category 7C Individuals could share confidential information about the Suez WTS business with Veolia because they have entered into an NDA prohibiting them from divulging confidential information about the Suez WTS business to Veolia.
- c) The Category 7C Individuals do not support or have access to the data of the [X].
- d) These individuals do not support the Suez UK waste business and do not have access to Suez UK waste business confidential information in their current roles. There is therefore no prospect that this change would:
 - a. affect the viability of the Suez UK waste business;
 - b. result in the Category 7C Individuals sharing Suez UK waste business confidential information with Veolia; and
 - c. affect any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business is required. As the Category 7C Individuals do not support the Suez UK waste business, there is no realistic prospect that these individuals would be included in any divestment business.

The CMA understands from Suez WTS that as of April 2022, the Category 7C Individuals have no access to Suez WTS's sensitive data (and only have access to administrative information on [X], eg [X] etc.) on a [X], which is currently provided by New Suez to Suez under the New Suez Transitional Service Agreements. The CMA also understands from Suez WTS that if required, it is possible to segregate the Suez WTS data on the [X] or to withdraw the Category 7C Individuals' access to [X] (which could be withdrawn within 48 hours by making a request to New Suez).

On the basis of Veolia's representations above, the CMA consents to the integration of the Category 7C Individuals with Veolia strictly subject to the following conditions

(which may only be amended with the prior written consent of the CMA, including by email):

- a) the Category 7C Individuals are limited to the relevant individuals listed in 'Veolia-Suez - Annex 1 - Derogation Request re HQ Integration - Category 7 - Confidentiali.xlsx';
- b) prior to their integration with Veolia, the Category 7C Individuals no longer provide any support to the Suez WTS business;
- c) Veolia undertakes to make a request to New Suez under the New Suez TSA within 5 working days from the date of this derogation for the withdrawal of the Category 7C Individuals' access to the [REDACTED];
- d) the Category 7C Individuals enter into an NDA in a form approved by the CMA preventing the disclosure and use of confidential information relating to the Suez WTS business;
- e) this derogation would not have any effect on the Suez UK waste business or the Suez WTS business; and
- f) this derogation would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required.

4. Paragraphs 5 and 6 of the Initial Order

Veolia submits that [REDACTED] of the Category 7 Individuals, [REDACTED] (the '**Category 7D Individual**') has:

- d) no links to the Suez UK waste business;
- e) no links to the Suez WTS business; and
- f) no access to historical data from the [REDACTED].

As a consequence of the Non-UK Integration Derogation, Veolia submits that the Category 7D Individual now supports the integrated Veolia/Suez local businesses outside the UK, and continues to provide non-essential support functions to the Suez WTS business (which remains held-separate).

Veolia submits that the integration with Veolia of the Category 7A Individual would not give rise to the risk of pre-emptive action because:

- a) [REDACTED] would continue to provide non-essential support functions to the Suez WTS business. Accordingly, the viability of the Suez WTS business would not be affected by this change.

- b) There is no risk that – once integrated – [X] could share confidential information about the WTS Business with Veolia because [X] does not have access to WTS confidential information in [X] current role (and in any case, [X] has entered into an NDA prohibiting [X] from divulging confidential information about the Suez WTS business to Veolia).
- c) [X] does not support or have access to the data of the [X].
- d) [X] does not support the Suez UK waste business and does not have access to Suez UK waste business confidential information in [X] current role. There is therefore no prospect that this change would:
 - a. affect the viability of the Suez UK waste business;
 - b. result in [X] sharing Suez UK waste business confidential information with Veolia; and
 - c. affect any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business is required. As [X] does not support the Suez UK waste business, there is no realistic prospect that [X] would be included in any divestment business.

The CMA also understands from Suez WTS that [X] does not provide any ongoing support to the Suez WTS business, and that the Suez WTS business does not require any support from [X]

On the basis of Veolia's representations above, the CMA consents to the integration of the Category 7D Individual with Veolia strictly subject to the following conditions (which may only be amended with the prior written consent of the CMA, including by email):

- a) prior to [X] integration with Veolia, [X] shall no longer provide any support to the Suez WTS business;
- b) this derogation would not have any effect on the Suez UK waste business or the Suez WTS business; and
- c) this derogation would have no effect on any potential CMA remedy in the event that a full or partial divestment of the Suez UK waste business or the Suez WTS business is required.

Tim Geer

Director, Mergers

6 May 2022