

**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 emails dated 2 and 20 May 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, Veolia UK, Suez and Suez 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, Suez and Suez UK may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 6(a) of the Initial Order

Suez submits that under Section [X] of the Share and Asset Purchase Agreement ('**SAPA**') entered into on [X] in relation to the New Suez Acquisition, Suez is required to procure that the retained Suez business transitions from the Suez brand. [X].

Suez is requesting a derogation from paragraph 6(a) of the Initial Order so that its non-UK entities currently held separate under the Initial Order, namely, Suez SA and Suez Groupe SAS (together, the '**Suez Holding Companies**') can transition onto a neutral corporate entity name, as required by the SAPA.

Therefore, Suez is proposing to transition (the '**Proposed Changes**')

- Suez SA to [X]; and
- Suez Groupe SAS to [X].

Suez is also requesting, to the extent required, permission for Veolia to assist Suez to make the necessary filings to change the names of the above entities.

Suez submits that transitioning the Suez Holding Companies onto the [X] name – which has no links to Veolia – will not result in pre-emptive action because:

- The change cannot lead to integration with Veolia.
- There is no prospect the change will confuse Suez customers or affect the viability of the Suez business. In the vast majority of cases, Suez customers contract with and receive services from local Suez entities, and do not interact with the Suez Holding Companies:
 - Suez SA is a holding company with no operational activities or employees, and therefore does not provide services to Suez customers; and
 - Suez Groupe SAS predominantly provides [X], and so does not typically interact with customers. Suez Groupe SAS also carries out some activities in [X].
- The change would not affect any CMA remedy. The Suez brand is now owned by New Suez, and so could not be used by a future purchaser of the business.

Suez submits that for both the Suez UK waste business and the Suez Water Technologies and Solutions ('**SWTS**') business, the impact of the requested name changes for the Suez Holding Companies was limited and administrative in nature, and that:

- In relation to existing contracts and ongoing tenders:
 - Suez UK customers contract with, and receive services from, local Suez entities, and do not interact with the Suez Holding Companies – therefore, the name changes will have no effect on these customers; and
 - for SWTS business customers, and for [X] customers who interact with Suez Holding Companies, the effects will be minimal, [X];
- In relation to any parent company guarantees issued by Suez Holding Companies:

- the name changes will have no effect on any parent company guarantees as the only Suez UK waste / SWTS business action needed [X];
- In relation to any regulatory licences or permits:
 - the name changes will have no effect on regulatory licences/permits – the only action needed is [X];
- In relation to intellectual property rights or other assets which may be registered under the Suez Holding Companies' current names:
 - the only action needed is notifying the relevant registry of the name change.

On the basis of Suez's representations above in relation to why the proposed changes will have a very limited impact on Suez's business and customers and not lead to any integration with Veolia, the CMA consents to a derogation under paragraph 6(a) permitting these changes, subject to the following condition:

- that this derogation is limited to the Proposed Changes, ie a change in the names of the Suez Holding Companies, namely Suez SA and Suez Groupe SAS.

2. Paragraph 6(a) of the Initial Order

SWTS proposes to transition from the 'suezwatertechnologies.com' website address ('URL') to the [X] URL. SWTS submits that the SWTS team is currently planning the transition from [X].

SWTS submits that this proposed transition is not a change in branding but a change to the underlying URL only, meaning the branding of the website will remain the same and customers will continue to see the same SWTS website, and that upon clicking through to the SWTS website, [X].

SWTS submits that under the SAPA, [X]. SWTS submits that if SWTS does not transition to a neutral URL by this date, [X]. SWTS also submits that as and when [X].

SWTS submits that this derogation will not constitute pre-emptive action for the following reasons:

- The change is a purely back office change and is not a change to Suez's branding or a change to Suez's software or hardware and there will be no impact on SWTS's customers.

- The change enables SWTS to ensure business continuity independently as it transitions away from the New Suez TSA.
- The change will not impact any remedial action that the CMA chooses to take in light of this investigation.

On the basis of Suez's representations above in relation to why this derogation will not constitute pre-emptive action, the CMA consents to a derogation under paragraph 6(a) permitting the change in SWTS's URL to [X].

Tim Geer

Director, Mergers

17 June 2022