

**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

Acquisition by Veolia Environnement S.A. of Suez S.A.

We refer to your letter and accompanying note dated 20 June 2022 requesting that the CMA consents to derogations 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 by 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) and 6(e) of the Initial Order

The CMA understands that Veolia is required by the European Commission to enter into a binding sale and purchase agreement ('**SPA**') [X] for the divestment of Veolia's [X] business by [X] in order to fulfil its commitments to the European Commission.

On consideration of the specific facts and circumstances of this case and in the context of the current stage of the CMA's Phase 2 investigation ie prior to publication of its Final Report, the CMA consents to a derogation from paragraphs 5(b) and 6(e) of the Initial Order allowing Veolia to enter into a SPA to divest Veolia's [X], strictly on the basis that:

- a. Entry into and signing of the SPA remains conditional on written consent from the CMA, including the CMA's approval of the SPA's terms and conditions;

- b. The SPA is conditional on the CMA issuing a final decision to approve [X] as the proposed purchaser, and the SPA is to be void otherwise; and
- c. No provision will be included in the SPA transferring any interest or right over the assets to [X] until/unless it becomes unconditional; and
- d. This consent is without prejudice to the CMA's own final decisions as regards [X] remedies in the CMA's Final Report and (if required) any Final Undertakings or Final Order.

Yours sincerely,

Tim Geer

Director, *Mergers*

5 July 2022