

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.

We refer to your letter dated 23 June 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. Paragraph 6(l) of the Initial Order

Veolia requests permission to establish a Veolia clean team (the "**Sales Process Clean Team**") responsible for preparing the potential divestment of the Suez UK waste business, [redacted] necessary to implement the sale of the Suez UK waste business, if required by the CMA (the "**Permitted Purpose**").

Veolia submits that, the Sales Process Clean Team's responsibilities would include:

- Developing, with the assistance of external advisors, [redacted];
- Developing, with the assistance of external advisors, [redacted];
- Reviewing a virtual data room with a third party specialist provider containing all documents relating to [redacted];
- Instructing legal and financial advisors (and other necessary specialist advisors) to prepare due diligence reports;
- Preparing, with the assistance of external advisors, [redacted];
- [redacted]; and

- [X].

Veolia submits that it is strictly necessary for the individuals listed in Annex I to this derogation to form the Sales Process Clean Team (the “**Authorised Individuals**”). Veolia submits that the size of the Sales Process Clean Team is the minimum necessary to progress the potential divestment plans in a timely fashion in line with CMA expectations.

Veolia submits that it is necessary for the Authorised Individuals and Veolia’s external advisors to receive confidential Suez information in order to prepare for the potential divestment of the Suez UK waste business (the “**Confidential Suez Information**”).

Veolia further submits that it may be necessary to have access to Suez information that is designated as highly commercially sensitive (the “**Highly Sensitive Material**”). Veolia submits that access to the Highly Sensitive Material will be restricted to Veolia’s external advisors and just two Authorised Individuals: [X] (the “**Designated Highly Sensitive Material Individuals**”).

The CMA consents to a derogation from paragraph 6(l) to allow the Authorised Individuals to receive the Confidential Suez Information that is strictly required for the Permitted Purpose and, also, for the Designated Highly Sensitive Material Individuals to receive the Designated Highly Sensitive Material that is strictly required for the Permitted Purpose. This derogation is granted based on the representations made by Veolia to the CMA that a derogation is proportionate and in line with the aims of the Initial Order and strictly on the basis that:

- i. the Confidential Suez Information (and any Highly Sensitive Material) received by Veolia from the Suez business for the Permitted Purpose will be limited to that which is strictly necessary for the Permitted Purpose;
- ii. the Confidential Suez Information will only be provided to the Authorised Individuals;
- iii. the Highly Sensitive Material will only be provided to the Designated Highly Sensitive Material Individuals and the process as regards the identification and treatment of Highly Sensitive Material set out at Annex II to this derogation is followed;
- iv. the Authorised Individuals do not have, and will not, for the duration of the Initial Order, have any commercial or strategic responsibility for the Veolia business;
- v. the Authorised Individuals shall enter into non-disclosure agreements in a form approved by the CMA;
- vi. IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within the Veolia business from accessing the information shared with the Authorised Individuals for the purposes of this derogation;

- vii. without prejudice to the generality of condition vi, all Confidential Suez Information and Highly Sensitive Material received by Veolia is securely stored in a virtual data room run by a third-party provider and Veolia individuals outside the Sales Process Clean Team would not be permitted to access this data room;
- viii. without prejudice to the generality of conditions vi and vii, all Highly Sensitive Material will be stored separately from other Confidential Suez Information, so that only the Designated Highly Sensitive Material Individuals and Veolia's external advisors have access to it;
- ix. no additions or changes to the Authorised Individuals or the Designated Highly Sensitive Material Individuals shall be made under this derogation without the prior written consent of the CMA (which can be provided via email);
- x. Veolia will keep a detailed record of the Confidential Suez Information and the Highly Sensitive Material shared by Suez in accordance with this derogation which will be made available to the CMA at its request;
- xi. should the Transaction be prohibited or Veolia be required or decide to divest all, or part of the Suez business or the Veolia business, any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received by the Veolia business for the purposes of this derogation will be returned to the Suez business and any copies destroyed, except to the extent that record retention is required by law or regulation; and
- xii. this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference.

Yours sincerely,

Tim Geer

Director, *Mergers*

30 June 2022

ANNEX I
THE AUTHORISED INDIVIDUALS

- [X];
- [X];
- [X];
- [X];
- [X];
- [X], **and**
- [X].

ANNEX II
HIGHLY SENSITIVE MATERIAL

1. [REDACTED].
2. [REDACTED].
3. [REDACTED].
4. [REDACTED].
5. [REDACTED]:
 - a. [REDACTED].
 - b. [REDACTED].
 - c. [REDACTED].
6. [REDACTED].