

**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 email dated 13 July 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, Suez S.A. ('**Suez**') and Ondeo Industrial Solutions UK Ltd, Suez Water Tech & Solutions UK Limited and Suez UK Group Holdings Ltd (together, '**Suez UK**') are required to hold separate the Suez business from the Veolia Environnement S.A. ('**Veolia**') 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 Suez may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 6(c) 6(i) of the Initial Order

Veolia and Suez submit that the duties of [X] (the '**Suez Individuals**') have been significantly reduced since the integration of the relevant Suez non-UK business and that they wish to take up their planned positions at the Veolia Group, as follows:

- a. [X]. [X] wishes to take up [X] planned position at Veolia Group within the [X] team, with a focus on [X].
- b. [X]. [X] wishes to take up [X] planned position at Veolia Group within the [X] department.

Veolia and Suez jointly request the CMA's consent to permit the Suez Individuals to:

- a. Cease their current duties at Suez;

- b. Step down from [X]; and
- c. Take up their planned positions at Veolia.

Veolia and Suez submit that the roles of the Suez Individuals:

- a. are not required by either the Suez UK waste business or WTS, each of which has staff responsible for [X], respectively; and
- b. [X], but following the integration of the relevant Suez non-UK business there is no need for these roles.

Veolia and Suez submit that Suez has no need for replacements for the Suez Individuals' roles as their roles are not required by either the Suez UK waste business or WTS. Veolia and Suez also submit that there would be no need for replacements [X]. They submit that, [X] which would be more than sufficient given the reduced scope of the Suez business. [X].

Veolia and Suez propose to appoint [X] to replace [X] on the [X].

Veolia and Suez submit that the request is proportionate and consistent with the aim of the Initial Order to prevent pre-emptive action and, in particular:

- a. The Suez Individuals have signed NDAs preventing the disclosure of any confidential information relating to the Suez UK business.
- b. As a result of the Non-UK Integration Derogation (granted on 10 March 2022), the Suez Individuals have significantly reduced roles in the Suez business. Their Group-level responsibilities are not required by either the Suez UK waste business or WTS.
- c. The departure of the Suez Individuals from Suez and integration into Veolia therefore does not risk giving rise to pre-emptive conduct.
- d. There is a risk that a delay to the approval of the Suez Individuals' transfer could result in [X].

On the basis of Veolia and Suez's representations above that this derogation will not disrupt Suez's business and will not impact its ability to compete effectively, and on the basis that that [X] is currently the [X] and therefore has the necessary skills and experience to replace [X], the CMA consents to a derogation from paragraph 6(c) and 6(i) to allow these changes to take place.

Yours sincerely,

Helen Townley

Legal Director

27 July 2022