

Cofece fines three water and waste management and treatment companies with more than 11 million pesos for failing to complete the procedure for the notification of concentrations.

- *Cofece urges companies to respect the procedures established in the Federal Economic Competition Law.*
- *The concentrations were authorized after verifying that they do not affect competition and free market access.*

Mexico City, May 26, 2023.- In line with the commitment to sanction any economic agent that fails to comply with the criteria and procedures of the Federal Economic Competition Law (LFCE), due to the potential negative impacts this has on the welfare of the population, the Board of Commissioners of Cofece determined to fine Engie S.A. (Engie), Suez, S.A., formerly Sonate Bidco, S.A. (Suez) and Veolia Environnement, S.A. (Veolia) for a total of 11 million 29 thousand 331 pesos. This is due to the fact that the three companies that provide water and waste management and treatment solutions failed to notify three concentrations, in accordance with the provisions of the LFCE (Articles 86, 87, 88, and 90).

In accordance with the *Wastewater: From Waste to Resource* report, published by the World Bank, wastewater treatment generates environmental and health benefits and can also generate economic benefits when reused in different sectors; therefore, Cofece seeks to promote and protect competition in these markets.

Complying with the notification procedure is very important to preserve competition conditions for the benefit of consumers, since in this way Cofece has access to the elements to evaluate that the result of the concentration does not translate into a market power that threaten the rest of the competing companies, and verify that the competitive pressure among them is preserved for the benefit of consumers. As a result of the analysis, the Board of Commissioners may authorize, condition, or object to a concentration and the applicants must wait for such determination before closing the transaction.

In this case, the sanctioned companies carried out three operations in a very important market, which, due to their characteristics, required Cofece's authorization before being carried out. As a result of the omissions to notify these concentrations, the companies were sanctioned for hindering the work of the competition authority. Once the procedure was concluded and the terms of the concentrations were reviewed, they were authorized as they did not represent competition risks for consumers.



Once the matter has been resolved and the parties have been notified, the sanctioned economic agents have the right to appeal before the Judicial Power of the Federation to review the legality of the actions of Cofece. The public version of the resolution may be consulted in the opinions and resolutions portal of Cofece's website within the legal term established in Article 47 of the Regulatory Provisions of the LFCE.

Cofece urges economic agents to respect the regulatory framework to avoid being subject to the sanctions under the law.

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission safeguards competition and free market access.

Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality and that there is a "level-playing-field" for companies.