

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 4 May 2018

Completed acquisition by Sims Group UK Holdings Limited of Morley Waste Traders Limited, Lord & Midgley Limited and Kaystan Holdings Limited

We refer to your letter dated 24 May 2018 and your email dated 29 May 2018 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 4 May 2018 (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, Sims Metal Management and Sims UK are required to hold separate the Sims Metal Management business from the Morley Waste business and refrain from taking any action which might prejudice a reference under section 22 of the Act 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, Sims Metal Management, Sims UK and the Morley Waste business may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a) and 5(g) of the Initial Order

Sims Metal Management and Sims UK have sought CMA consent to extend Sims UK's insurance programme [~~§~~] to cover the Morley Waste business.

The CMA consents to Sims Metal Management and Sims UK extending Sims UK's insurance programme [~~§~~] to cover the Morley Waste business. The rest of Morley Waste's insurance programme is due to expire on 31 May 2018 [~~§~~].

This derogation is granted on the basis of representations by Sims UK that the derogation will not lead to further integration of the businesses or allow the acquirer to assume control of the Morley Waste business, but is in the nature of back office support, which is necessary to safeguard the viability of the business.

The derogation is granted on the condition that:

- the inclusion of the Morley Waste business in the Sims UK's insurance programme will have no influence upon the commercial direction of the Morley Waste business during the term of the Initial Order;
- any information confidential to the Morley Waste business will only be provided to a limited number of Sims UK personnel for whom it is strictly necessary to see the information for the purpose of taking out the insurance on the Morley Waste business's behalf;
- any such Sims UK personnel shall enter into a non-disclosure agreements in the form approved by the CMA;
- the Morley Waste business (or any new owner of the Morley Waste business) is free at any time and for any reason to stop this insurance programme and is capable of taking out replacement insurance policies; and
- should the CMA require Sims UK to divest all, or part, of the Morley Waste 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 that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

These derogations should not prevent any remedial action that the CMA may need to take regarding the transaction.