

ACQUISITION BY RENTOKIL INITIAL PLC OF CANNON HYGIENE LIMITED

Interim Order made by the Competition and Markets Authority pursuant to section 81 of the Enterprise Act 2002.

Whereas:

- A. On 1 January 2018 Rentokil Initial Plc (**'Rentokil'**) acquired Cannon Hygiene Limited (**'Cannon'**) (together known as **'the Parties'**) (the **'Merger'**).
- B. On 31 January 2018 the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (**'IEO'**) in accordance with section 71 of the Enterprise Act 2002 (the **'Act'**) for the purpose of preventing pre-emptive action.
- C. On 26 February 2018 the CMA granted a derogation exempting Rentokil Initial International, a subsidiary of Rentokil from the IEO (the **'February derogation'**). The February derogation continues to apply.
- D. On 28 June 2018 the CMA referred the Merger for a phase 2 investigation pursuant to section 22 of the Act (the **'Reference'**) to determine, pursuant to section 35 of the Act:
 - a) whether a relevant merger situation has been created; and
 - b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition in any market or markets in the United Kingdom (UK) for goods or services.
- E. The CMA wishes to ensure that no action is taken pending final determination of the Reference which might prejudice the Reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the Reference.

F. The Reference has not been finally determined in accordance with section 79 of the Act.

Now for the purpose of preventing pre-emptive action in accordance with section 81 of the Act, the CMA makes the following order (**‘Order’**).

Commencement, application and scope

1. This Order commences on the commencement date.
2. This Order applies to Rentokil and Cannon.
3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige Rentokil or Cannon to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement of the IEO.

Management of the Rentokil and Cannon businesses until determination of proceedings

4. Except with the prior written consent of the CMA, Rentokil and Cannon shall not, during the specified period, take any action which might prejudice a reference of the Merger under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA’s decisions on the Reference, including any action which might:
 - (a) lead to the integration of the Cannon business with the Rentokil business or the Rentokil business with the Cannon business;
 - (b) transfer the ownership or control of the Rentokil business or the Cannon business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Cannon business or the Rentokil business to compete independently in any of the markets affected by the Merger.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, Rentokil and Cannon shall at all times during the specified period procure that, except with the prior written consent of the CMA:
 - (a) the Cannon business is carried on separately from the Rentokil business and the Cannon business’s separate sales or brand identity is maintained;

- (b) the Rentokil business is carried on separately from the Cannon business and the Rentokil business's separate sales or brand identity is maintained;
- (c) the Cannon business and the Rentokil business are maintained as going concerns and sufficient resources are made available for the development of the Cannon business and the Rentokil business, on the basis of their respective pre-merger business plans;
- (d) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within the Cannon business or the Rentokil business;
- (e) the nature, description, range and quality of goods and/or services supplied in the UK by each of the Cannon business and the Rentokil business are maintained and preserved;
- (f) except in the ordinary course of business for the separate operation of the Cannon business or the Rentokil business:
 - (i) all of the assets of the Cannon business and the Rentokil business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Cannon business or the Rentokil business are disposed of; and
 - (iii) no interest in the assets of the Cannon business or the Rentokil business is created or disposed of;
- (g) there is no integration of the information technology of the Cannon or Rentokil businesses, and the software and hardware platforms of the Cannon business shall remain essentially unchanged, except for routine changes and maintenance;
- (h) the customer and supplier lists of the Cannon business and the Rentokil business shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Cannon business will be carried out by the Cannon business alone and for the avoidance of doubt the Rentokil business will not negotiate on behalf of the Cannon business (and vice versa) or enter into any joint agreements with the Cannon business (and vice versa);
- (i) all existing contracts of the Cannon business and the Rentokil business continue to be serviced by the business to which they were awarded;

- (j) no changes are made to key staff of the Cannon business or Rentokil business;
- (k) no key staff are transferred between the Cannon business and the Rentokil business;
- (l) all reasonable steps are taken to encourage all key staff of the Cannon business and the Rentokil business to remain with their respective business; and
- (m) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the Cannon business or the Rentokil business shall pass, directly or indirectly, from the Cannon business on the one hand (or any of its employees, directors, agents or affiliates) to the Rentokil business on the other hand (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (for example, where required for compliance with external regulatory and/or accounting obligations) and on the basis that, should the Merger be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. Rentokil and Cannon shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. Rentokil and Cannon shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by Rentokil and Cannon and their subsidiaries with this Order. In particular, on 19 July 2018 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of Rentokil, or other persons of Rentokil as agreed with the CMA shall, on behalf of Rentokil, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order. On 19 July 2018 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of Cannon, or other persons of Cannon as agreed with the CMA shall, on behalf of Cannon, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order.

8. At all times, Rentokil and Cannon shall actively keep the CMA informed of any material developments relating to the Cannon business or the Rentokil business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Cannon business or the Rentokil business;
 - (b) any interruption of the Cannon business or Rentokil business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
 - (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Cannon business or Rentokil business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Cannon business's or Rentokil business's contractual arrangements or relationships with key suppliers.
9. If Rentokil or Cannon has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that Rentokil and/or Cannon may be directed to appoint under paragraph 10.
10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
11. Rentokil and Cannon shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning

given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'Cannon' means Cannon Hygiene Limited a company incorporated in the United Kingdom with its registered address at Riverbank Meadows Business Park, Blackwater, Camberley, Surrey, United Kingdom, GU17 9AB

'the Cannon business' means the business of Cannon and its subsidiaries carried on as at the commencement date;

'commencement date' means 5 July 2018;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'key staff' means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods and/or services by the Cannon business or Rentokil business and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of Cannon and Rentokil;

'Rentokil' means Rentokil Initial Plc, a company incorporated in the United Kingdom with its registered address at Riverbank Meadows Business Park, Blackwater, Camberley, Surrey, United Kingdom, GU17 9AB.

'the Rentokil business' means the business of Rentokil and its subsidiaries excluding those subsidiaries the subject of the February derogation and excluding the Cannon business carried on as at the commencement date;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 81(7) or (8) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Anne Lambert
Group Chairman

5 July 2018

Compliance statement for Rentokil

I [insert name] confirm on behalf of Rentokil that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the '**Relevant Period**'):
 - (a) Rentokil has complied with the Order made by the CMA in relation to the Merger on 5 July 2018 (the '**Order**').
 - (b) Rentokil's subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by Rentokil or its subsidiaries that might prejudice a reference of the Merger under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Cannon business with the Rentokil business;
 - (ii) transfer the ownership or control of the Rentokil business or the Cannon business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Cannon business or the Rentokil business to compete independently in any of the markets affected by the Merger.
 - (b) The Rentokil business has been carried on separately from the Cannon business and the Rentokil business's separate sales or brand identity has been maintained.
 - (c) The Rentokil business has been maintained as a going concern and sufficient resources have been made available for the development of the Rentokil business on the basis of its pre-merger business plans.
 - (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within the Rentokil business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Rentokil business has been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the Rentokil business:
 - (i) all of the assets of the Rentokil business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Rentokil business have been disposed of; and
 - (iii) no interest in the assets of the Rentokil business has been created or disposed of.
- (g) There has been no integration of the information technology of the Cannon business or Rentokil business, and the software and hardware platforms of the Rentokil business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the Rentokil business have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Cannon business have been carried out by the Cannon business alone and, for the avoidance of doubt, the Rentokil business has not negotiated on behalf of the Cannon business (and vice versa) or entered into any joint agreements with the Cannon business (and vice versa).
- (i) All existing contracts of the Rentokil business have been serviced by the Rentokil business, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Rentokil business.
- (k) No key staff have been transferred between the Cannon business and the Rentokil business or vice versa.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Rentokil business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the

Cannon business, has passed, directly or indirectly, from the Cannon business on the one hand (or any of its employees, directors, agents or affiliates) to the Rentokil business on the other hand (or any of its employees, directors, agents or affiliates), or vice versa.

(n) Except as listed in paragraph (o) below, there have been no:

- (i) key staff that have left or joined the Cannon businesses or the Rentokil business;
- (ii) interruptions of the Rentokil business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
- (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Rentokil business; or
- (iv) substantial changes in Rentokil business's contractual arrangements or relationships with key suppliers.

(o) list of material developments:

[list material developments here]

3. Rentokil and its subsidiaries remain in full compliance with the Order and will actively continue to keep the CMA informed of any material developments relating to the Rentokil business in accordance with paragraph 9 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

FOR AND ON BEHALF OF RENTOKIL

Signature

Name

Title

Date

Compliance statement for Cannon

I [insert name] confirm on behalf of Cannon that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the '**Relevant Period**'):
 - (a) Cannon has complied with the Order made by the CMA in relation to the Merger on 5 July 2018 (the '**Order**').
 - (b) Cannon's subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by Cannon or its subsidiaries that might prejudice a reference of the Merger under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Cannon business with the Rentokil business;
 - (ii) transfer the ownership or control of the Cannon business or any of its subsidiaries; or
 - (iii) otherwise impair the ability of the Cannon business to compete independently in any of the markets affected by the Merger.
 - (b) The Cannon business has been carried on separately from the Rentokil business and the Cannon business's separate sales or brand identity has been maintained.
 - (c) The Cannon business has been maintained as a going concern and sufficient resources have been made available for the development of the Cannon business on the basis of its pre-merger business plans.
 - (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within, the Cannon business except in the ordinary course of business.
 - (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Cannon business have been maintained and preserved.
 - (f) Except in the ordinary course of business for the separate operation of the Cannon business:

- (i) all of the assets of the Cannon business including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Cannon business have been disposed of; and
 - (iii) no interest in the assets of the Cannon business has been created or disposed of.
- (g) There has been no integration of the information technology of the Cannon business or Rentokil businesses, and the software and hardware platforms of the Cannon business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the Cannon business have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Cannon business have been carried out by the Cannon business alone and, for the avoidance of doubt, the Rentokil business has not negotiated on behalf of the Cannon business (and vice versa) or entered into any joint agreements with the Cannon business (and vice versa).
- (i) All existing contracts of the Cannon business have been serviced by the Cannon business, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Cannon business.
- (k) No key staff have been transferred between the Cannon business and the Rentokil business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Cannon business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Cannon business has passed, directly or indirectly, from the Cannon business on the one hand (or any of its employees, directors, agents or affiliates) to the Rentokil business on the other hand (or any of its employees, directors, agents or affiliates), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
 - (i) key staff that have left or joined the Cannon businesses;

- (ii) interruptions of the Cannon business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
- (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Cannon business; or
- (iv) substantial changes in the Cannon business's contractual arrangements or relationships with key suppliers.

(o) list of material developments:

[list material developments here]

3. Cannon and its subsidiaries remain in full compliance with the Order and will actively continue to keep the CMA informed of any material developments relating to the Cannon business in accordance with paragraph 9 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

FOR AND ON BEHALF OF Cannon

Signature

Name

Title

Date