

COMPLETED ACQUISITION BY RENTOKIL INITIAL PLC OF CANNON HYGIENE LIMITED.

Notice of proposal to accept Final Undertakings pursuant to sections 41, 82 and 90 of and Schedule 10 to the Enterprise Act 2002 and public consultation on the proposed Final Undertakings

Background

1. On 28 June 2018, the Competition and Markets Authority (the '**CMA**'), in accordance with [section 22\(1\)](#) of the Enterprise Act 2002 (the '**Act**'), referred the completed acquisition by Rentokil Initial plc ('**Rentokil**') of Cannon Hygiene Limited ('**Cannon UK**') (the '**Merger**') to a group of CMA panel members ('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.
2. On 10 July 2018, the CMA made an [Interim Order](#) applying to Rentokil and Cannon (the '**Parties**') requiring the Parties to hold the business of Rentokil (the '**Rentokil business**') separate from the business of Cannon UK (the '**Cannon UK business**') until the Reference was finally determined.
3. On 25 January 2019, the CMA published a report pursuant to [section 38](#) of the Act (the '**Report**') which concluded that:
 - (a) the Merger has created a relevant merger situation;
 - (b) the creation of that situation has resulted in, and may be expected to result in a substantial lessening of competition ('**SLC**') in relation to the supply of waste disposal services to the following national and multi-regional customers:
 - (i) Customers located in eight or more regions of the UK purchasing directly for their premises from a washroom services supplier; and

- (ii) Public and private framework customers with national or multi-regional coverage;

and,

- (c) the CMA should take action to remedy the SLC and any adverse effects arising from it.

- 4. The CMA has reached agreement with Rentokil and Cannon (**the Parties**) as to the terms of Final Undertakings for the purpose of remedying, mitigating or preventing the SLC it has identified and any adverse effects arising from it. The proposed undertakings are attached to this Notice.

Notice of proposal to accept undertakings

- 5. The CMA now hereby gives notice of the proposed undertakings under paragraph 2 of Schedule 10 of the Act and that:
 - a. the CMA proposes to accept the attached proposed undertakings; and
 - b. the proposed undertakings seek to address the SLC identified in the Final Report and the adverse effects that may be expected to result from it.
- 6. The CMA invites written representation on the proposed undertakings from any person or persons who wish to comment. Representations should reach the CMA on Tuesday 2nd April 2019 (15 days starting on the date of the publication of this Notice) and should be addressed to:

Rentokil Cannon Merger Investigation
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

or by email to RentokilCannon@cma.gov.uk

- 7. The CMA will consider any written representations made in accordance with this Notice and may make modifications to the proposed undertakings as a result. In the absence of any written representations, or in the event that the CMA decides, on consideration of representation made and not withdrawn, not to amend the proposed undertakings, the CMA proposes to accept the undertakings in their present form pursuant to section 82 of the Act. If the CMA considers that any written representation necessitates any material

change to the proposed undertakings, the CMA will give notice of the proposed modifications.

8. Once accepted, the Final Undertakings may be varied, superseded or released by the CMA under section 82(2) of the Act.
9. This Notice and a non-confidential version of the proposed undertakings will be published on the CMA website.

Signed by authority of the CMA

Anne Lambert

Group Chair

18/03/2019