

COMPLETED ACQUISITION BY RENTOKIL INITIAL PLC OF CANNON HYGIENE LIMITED.

Notice of Acceptance of Final Undertakings pursuant to section 82 of the Enterprise Act 2002

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.
5. On 18 March 2019, the CMA gave notice of a proposal to accept Final Undertakings on its website. The CMA received one response to its notice which was considered carefully and modifications made. The CMA considers that the modifications are not material in any respect and has decided, in accordance with paragraph 5 of Schedule 10 to the Act, that the Final Undertakings, as modified, do not require any further consultation.
6. On 16 April 2019, the Parties gave the CMA Final Undertakings, giving effect to the CMA's decisions as published in its Final Report and which are in the same terms as those consulted on.
7. The CMA, under section 82 of the Act, now accepts those Final Undertakings as given by the Parties. A copy of the Final Undertakings is attached. The Final Undertakings now come into force and the reference is finally determined. In accordance with section 81(8) of the Act, the IEO ceases to be in force.
8. 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 Final Undertakings will be published on the CMA website. The CMA has excluded from the non-confidential version of the Final Undertakings information which it considers should be excluded, having regard to the considerations set out in section 244 of the Act. These omissions are indicated by [✂].

Signed by authority of the CMA

Anne Lambert

Group Chair

16 April 2019