



**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2)  
ENTERPRISE ACT 2002**

Please note that [X] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

**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 20 January 2020.**

**Anticipated acquisition by Breedon Group plc of certain assets of Cemex Investments Limited**

We refer to your email and accompanying note dated 22 January 2020 and email of 31 January 2020 requesting that the CMA consents to derogations to the Initial Enforcement Order of 20 January 2020 (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, Breedon Group plc, Breedon Southern Limited (together, "**Breedon**") and Cemex Investments Limited ("**Cemex**") are required to hold separate certain assets of Cemex Investments Limited (the "**Target**") from the Breedon business and refrain from taking any action which might prejudice a reference under section 22 or 33 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, Breedon and Cemex may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(a) and (f) of the Initial Order**

The CMA understands that as a result of the change in ownership of the Target sites, Cemex's current communications network service provider, [X], has indicated that it may take up to two months to implement a change in ownership of the communications networks at Target sites.

Breedon submits that, in order to ensure the viable operation of the Target business following completion of the acquisition by Breedon of the Target, in conjunction with third party service providers, Breedon needs to install and test additional communications infrastructure at the Target sites, in order to ensure that the Target sites have adequate communication network connections immediately on completion to communicate effectively with suppliers, customers and its employees.

On this basis, the CMA consents to Breedon carrying out the following actions in respect of the Target sites on the basis that it is strictly necessary to avoid disruption to the Target business activities on completion:

- a) installing additional communications network infrastructure at Target sites which, once tested, will be disconnected until completion and will be separate from the existing Cemex communications network; and

- b) connectivity testing pre-completion to ensure that the new communications network infrastructure installed by Breedon functions effectively and can be connected to the Breedon network.

The CMA grants a derogation from the Initial Order strictly on the basis that:

- a) The installation and testing process:
  - i. will not result in the transfer of any commercially-sensitive or confidential information of the Target business or Cemex to Breedon, and vice versa;
  - ii. is strictly necessary prior to the conclusion of the CMA's investigation in order to ensure the ongoing viability of the Target business following completion;
  - iii. will not result in any integration of the Target business within Breedon;
  - iv. The Cemex communications network will continue to be used by Cemex in the period until completion and Cemex will not use the new Breedon communications network which will be fully disconnected once the testing is complete;
  - v. is not difficult or costly to reverse or that the new infrastructure is capable of transferring with the Target business in the event that remedies are required;
  - vi. will not involve any Breedon employees with a commercial or strategic role within the Breedon business and Breedon employees with a commercial or strategic role will not be required to physically access the Target sites. Where Breedon IT staff or Breedon's third-party service providers require access to the Target sites, they will be accompanied by Cemex staff at all times;
- b) Breedon's third party service providers will be fully briefed by Breedon on the obligations contained in the Initial Order; and
- c) any future connectivity to Breedon's IT system, other than as required for testing, would only occur subject to the terms of a further derogation from the CMA.

Assistant Director  
6 February 2020