

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

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 10 June 2020

Completed acquisition by Elis UK Limited of Central Laundry Limited (the 'Merger')

Dear Ms [✂],

We refer to your submissions dated 17, 19 and 30 June 2020 and 8 and 15 July 2020 requesting that the CMA consents to derogations to the Initial Enforcement Order of 10 June 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, Elis S.A., Berendsen Limited and Elis UK Limited (together '**Elis**') are required to hold separate the Elis S.A. business from the CLL 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, Elis may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a), 5(c) and 5(l) of the Initial Order

In order to ensure that CLL is maintained as a going concern, Elis UK requested that CLL be required to seek approval from a designated individual within Elis UK to proceed with certain courses of action. The requirement to seek such approval from a designated individual within Elis UK would strictly be limited to the following matters:

- i. any acquisition or disposal of assets of [✂] or more; and
- ii. the entry into any contracts with suppliers worth over [✂]

(together the '**Designated Requests**').

The CMA consents to a derogation from paragraphs 5(a), 5(c) and 5(l) of the Initial Order strictly on the basis that:

- a) The Designated Requests shall only be communicated to the Elis UK staff listed in Annex 1;
- b) The Designated Requests may only be accompanied by the CLL commercially sensitive information that is listed in Annex 2;
- c) The Elis UK staff listed in Annex 1 must not consult with any other individual at Elis in taking decisions on the specific matters listed above;

- d) The Elis UK staff listed in Annex 1 will enter into a non-disclosure agreement in a form approved by the CMA;
- e) No further changes to the Elis UK staff listed in Annex 1 are permitted without prior written consent from the CMA (including via email);
- f) The CMA will be notified of any Designated Requests made by CLL to Elis UK for the purposes of this derogation and the CMA will be provided with a summary of the information shared with Elis UK in order to allow the Elis UK staff listed in Annex 1 to reach a decision on the request at hand;
- g) The CMA will be notified of any proposed veto by Elis UK and the reasons for this in advance of any such veto being exercised;
- h) Firewalls and/or other ring-fencing measures will be put in place to prevent Elis staff not listed in Annex 1 from accessing the information shared with the Elis UK staff listed in Annex 1 for the purposes of this derogation;
- i) Should the Merger ultimately be prohibited or undertakings in lieu accepted, Elis will ensure that any records or copies (electronic or otherwise) of information received from CLL for the purposes of this derogation, wherever they may be held, will be returned to CLL and any copies destroyed, except to the extent that record retention is required by law or regulation;
- j) This derogation shall not prevent remedial action that the CMA may need to take regarding the Merger; and
- k) CLL will notify the CMA if the [~~20~~] thresholds for the Designated Requests in paragraphs (i) and (ii) above do not allow CLL to carry out its day-to-day functions without the interference of Elis UK and the CMA retains the ability to alter these thresholds if it sees fit.

Karina Kucaidze
Assistant Director, Mergers
22 July 2020

Annex 1 – Permitted Elis Staff

Name	Role
[✂]	Financial Controller, Elis UK

Annex 2 – Permitted Information

Request	Information permitted to be shared
Any acquisition or disposal of assets of [X] or more	Nature of the capex investment Why capex is needed Cost Alternatives to the capex and operational impact if capex investment is not made
Entry into any contracts with suppliers worth over [X]	Prices agreed with suppliers for individual supply requirements in which CLL will be committed to spend