

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 (together the '**Parties**') 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(c), 5(i) and 5(l) of the Initial Order

Elis submitted that, on acquisition by Elis UK of CLL and prior to the Initial Order, the previous directors of CLL left the business and the Elis staff listed in Annex 1 were appointed as statutory directors of CLL.

To ensure that CLL continues to be operated entirely separately from Elis, Elis proposed that the CLL staff listed in Annex 2 is appointed as a director of CLL. The CLL staff listed in Annex 2 will assume responsibility for all commercial and operational matters of CLL. Elis submitted that the Elis staff listed in Annex 1 will remain as statutory directors of CLL to provide strictly limited oversight of CLL and to ensure its viability is maintained. The Elis staff listed in Annex 1 will also require access to strictly limited CLL information relating to accidents in order to meet their statutory obligations as directors. For the avoidance of doubt, the derogation does not permit the sharing of commercially sensitive or confidential information between CLL and Elis.

On this basis Elis has sought the CMA's consent to a derogation from paragraphs 5(c), 5(i) and 5(l) of the Initial Order, permitting:

- i. The Elis staff listed in Annex 1 to remain as statutory directors of CLL;

- ii. The CLL staff listed in Annex 2 to be appointed as a director of CLL; and
- iii. The Elis staff listed in Annex 1 to receive strictly limited CLL information relating to accidents that is necessary for them to meet their statutory obligations as statutory directors.

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

- a) The CLL staff listed in Annex 2 will assume responsibility for the day-to-day operation of CLL including all commercial, strategic and operational matters within CLL;
- b) The Elis staff listed in Annex 1 will have no involvement in the day-to-day operation of CLL and will have no commercial, strategic or operational decision-making ability, except as expressly permitted by the CMA in other derogations to the Initial Order;
- c) The information that will be shared by CLL with the Elis staff listed in Annex 1 for the purposes of this derogation will only be provided in the form approved by the CMA;
- d) 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 Elis for the purposes of this derogation;
- e) No further changes to the Elis staff listed in Annex 1 are permitted without prior written consent from the CMA (including via email);
- f) The Parties will keep a record of all information shared in accordance with this derogation, and Elis UK will keep a list of persons which have assisted and have had access to the relevant information. Such records will be made available to the CMA on request;
- g) This derogation shall not prevent any remedial action that the CMA may need to take regarding the Merger; and
- h) 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.

2. Paragraphs 4(a), 5(a) and 5(l) of the Initial Order

Elis submitted that it requires access to certain consolidated CLL financial information in order to ensure that CLL continues to be operated as a going concern and to allow for Elis Group financial reporting. The information shared will be strictly limited to that which is necessary to give Elis sufficient oversight of CLL and will only be shared with certain members of the Elis UK finance team.

On this basis, Elis has sought the CMA's consent to a derogation from paragraphs 4(a), 5(a) and 5(l) of the Initial Order, permitting CLL to share certain high-level, consolidated CLL financial information with the Elis UK staff listed in Annex 3 strictly for the purposes

of providing Elis with a required level of oversight over CLL and to allow for Elis Group financial reporting (the '**Permitted Purposes**').

The CMA consents to a derogation from paragraphs 4(a), 5(a) and 5(l) of the Initial Order strictly on the basis that:

- a) The sharing of CLL financial information with Elis UK for the Permitted Purposes is strictly necessary to ensure CLL continues to be operated as a going concern;
- b) Only the Elis UK staff listed in Annex 3 will have access to the CLL financial information shared for the purposes of this derogation;
- c) None of the Elis UK staff listed in Annex 3 currently have, and will not during the period of the Initial Order have any commercial or strategic decision-making role at Elis UK;
- d) The CLL financial information will only be shared with the Elis UK staff listed in Annex 3 in the form approved by the CMA;
- e) The Elis staff listed in Annex 3 shall enter into non-disclosure agreements in a form approved by the CMA;
- f) No further changes to the Elis UK staff listed in Annex 3 are permitted without prior written consent from the CMA (including via email);
- g) Firewalls and/or other ring-fencing measures will be put in place to prevent Elis staff not listed in Annex 3 from accessing the information shared with Elis UK for the purposes of this derogation;
- h) The Parties will keep a record of all information shared in accordance with this derogation, and such records will be made available to the CMA on request;
- i) This derogation shall not prevent any remedial action that the CMA may need to take regarding the Merger; and
- j) 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.

Karina Kucaidze
Assistant Director, Mergers

22 July 2020

Annex 1 – Permitted Elis Staff

Name	Role
[✂]	UK Operations Director, Elis UK
[✂]	UK Finance Director, Elis UK

Annex 2 – Permitted CLL Staff

Name	Role
[✂]	Sales Manager, CLL

Annex 3 – Permitted Elis UK Finance Team Members

Name	Role
[✂]	Senior Financial Controller, Elis UK
[✂]	Country Finance Manager, Elis UK
[✂]	Finance Manager Reporting, Elis UK