

## 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, as varied on 11 February 2020.

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

We refer to your submissions and emails of 29 April and 24 June 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 20 January 2020 as amended by the Variation Order of 11 February 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 5(a) and 6(a) of the Initial Order

Breedon submits that, because the Target business will be operating with new Target systems from completion, Breedon will need to provide training to the Target employees on the new Target systems prior to completion. This is to ensure that the Target employees are able to operate the new Target systems immediately after completion in order to maintain the viability of the Target business following completion.

The CMA grants a derogation from paragraphs 5(a) and 6(a) of the Initial Order, permitting Breedon to:

- i. provide training on the [X] system to the relevant Target employees; and
- ii. provide training on the [X] system to the relevant Target employees.

Together referred to as 'the **Target employee training**'.

This derogation is granted strictly on the basis that:

- (a) the Target employee training will not cause any material disruption to the Target business and is strictly necessary to ensure the ongoing viability of the Target business following completion;
- (b) the Target employee training will not result in any integration of the Target business with the Breedon business;
- (c) the data used for the Target employee training will be dummy data only, and no live or actual data of the Target or Breedon will be used;
- (d) the Target employee training permitted by this derogation will not allow Breedon or Cemex to access each other's internal IT systems beyond what is strictly necessary for the purpose of completing the Target employee training;
- (e) the Target training does not require and will not result in the sharing of any commercially sensitive or confidential information between Breedon and Cemex and, before each training session, all attendees will be reminded that no commercially sensitive or confidential information can be shared during the training;
- (f) the Target employee training will be limited to the technical aspects of using the [X] and [X] systems;
- (g) the Target employee training permitted by this derogation will occur prior to completion and no training will be provided by Breedon individuals following completion;
- (h) prior to attending the Target employee training, all attendees will be fully briefed of their obligations under this derogation;
- (i) the training on the [X] system will only be provided by the Breedon employees listed in Annex 1;
- (j) the training on the [X] system will only be provided by the Breedon employees listed in Annex 2;

(k) no further changes to the Breedon individuals listed in Annexes 1 and 2 are permitted without written consent from the CMA (including via email).

Yours sincerely,

Assistant Legal Director, Mergers

20 July 2020

**ANNEX 1 – AUTHORISED BREEDON INDIVIDUALS FOR [X] TRAINING**

<b>Name</b>	<b>Role</b>
[X]	[X]
[X]	[X]
[X]	[X]
[X]	[X]

**ANNEX 2 – AUTHORISED BREEDON INDIVIDUALS FOR [X] TRAINING**

<b>Name</b>	<b>Role</b>
[X]	[X]
[X]	[X]
[X]	[X]