

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 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 27 January, 29 April, 24 June, 17 July and 21 July 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 may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 6(a) of the Initial Order

Breedon submits that it is not acquiring any ongoing rights (other than limited transitional rights) to use the Cemex brand in respect of the Target assets following completion. In order to maintain the independent operation of the Target assets, it is therefore necessary that the Target adopts a new and separate brand identity from completion, while the Initial Order is in force.

The CMA understands on the basis of Breedon's submission of 24 June 2020 that the Target business will use the Pinnacle Construction Materials brand in all business communications and dealings of the Target business, including in

telephone and email communications, on invoices and in any marketing or sales initiatives.

On this basis, the CMA consents to:

- (i) The Target business trading under and using the brand name 'Pinnacle Construction Materials';
- (ii) To the extent legally necessary, the Target and/or Breedon expressly specifying that Pinnacle Construction Materials is a trading division of Breedon Southern Limited; and
- (iii) Where it is legally necessary to specify that Pinnacle Construction Materials is a trading division of Breedon Southern Limited, wherever legally permissible, the Target and/or Breedon will specify that the Target is legally part of Breedon but is being operated separately pursuant to a hold separate arrangement obligation imposed by the CMA.

Yours sincerely,

Assistant Director, Remedies. Business and Financial Analysis

21 July 2020