

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 [✂]

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 4(b), 5(b), 5(c), 5(e), 5(f), 5(g), 5(h), 5(i), 5(j), 5(k) and 9 of the Initial Order

Elis submitted that the '**Elis International business**' means the business of Elis and its subsidiaries carried on outside of the United Kingdom ('**UK**'), except for (i) any business activities outside of the UK which are necessary for the effective functioning of Elis's and its subsidiaries' business activities in the UK and (ii) any entities which are registered (including tax registered) in the UK, as at the commencement date. A list of the entities that comprise the Elis International business is set out in **Annex 1**.

Elis has sought the CMA's consent to limit the application of the abovementioned provisions of the Initial Order so that they do not apply to the Elis International business.

Elis submitted that Elis S.A. has a decentralised management model and Elis UK assumes responsibility for managing the Elis UK business in Great Britain. Further, the Elis International business does not operate in, or supply products or services to the UK market and therefore this derogation will have no impact on any remedial action that the CMA may need to take regarding the Merger. In particular, Elis submitted that:

- a) The viability or competitive capability of Elis UK is not dependent on the Elis International business;

- b) The Elis UK business is functionally and operationally separate from the Elis International business;
- c) The Elis UK business does not share any office space with the Elis International business;
- d) Staff of the Elis UK business do not work with the Elis International business;
- e) The Elis UK business and the Elis International business maintain separate and independent customer and supplier relationships; and
- f) There are, in practice, no other material links between the Elis UK business and the Elis International business.

The CMA considers, on the basis of the above, that the Elis UK business has no meaningful commercial or operational interactions, or other formal or informal links, with the Elis International business and therefore, that this derogation should not prevent any remedial action that the CMA may need to take regarding the Merger.

Accordingly, based on the information provided to the CMA by Elis, the CMA consents to the obligations in paragraphs 4(b), 5(b), 5(c), 5(e), 5(f), 5(g), 5(h), 5(i), 5(j), 5(k) and 9 of the Initial Order ceasing to apply to the Elis International business. For the avoidance of doubt, these obligations continue to apply to the rest of the Elis S.A. business, [✂].

Maria Duarte
Assistant Director, Mergers
30 July 2020

Annex 1 – List of exempted entities

[✂]