

**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 31 July 2020.

Completed acquisition by Breedon Group plc of certain assets of Cemex Investments Limited

We refer to your submissions of 29 April and 24 June 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 31 July 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 and Breedon Southern Limited (together, "**Breedon**") are required to hold separate certain assets acquired from Cemex Investments Limited (the "**Target business**") from the Breedon 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, Breedon may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 4(b), 5(a) and 5(c) of the Initial Order

Breedon submits that, as a technical legal matter, all Target business employees will need to be employed by a Breedon legal entity given the Target business has no legal personality. Further, to ensure the Target business employees remain with the Target business, the Target business employees will need to have access to Breedon's standard employee benefits from completion, as well as any enhanced/existing benefits which they may be legally entitled to under TUPE.

The CMA grants a derogation from paragraphs 4(a), 4(b), 5(a) and 5(c) of the Initial Order permitting:

- a) All Target business employees (including employees which transfer from Cemex Investments Limited on completion and/or any other individuals who are employed by the Target business while the IEO is in force) to be legally employed by [X] (a Breedon group entity) on behalf of the Target business; and

- b) Once employed by [X], all Target business employees to be entitled to, and to access, Breedon's standard employee benefits, as well as any enhanced/existing benefits which they may be legally entitled to under TUPE, including being entitled to [X].

This derogation is granted strictly on the basis that:

- i. For the avoidance of doubt, this derogation does not permit the sharing of commercially sensitive or confidential information;
- ii. This derogation shall not prevent any remedial action that the CMA may need to take regarding the Transaction; and
- iii. Employing the Target business employees via [X] and providing the Target business employees with access to Breedon's standard employee benefits would not be costly or difficult to reverse.

Yours sincerely,

Assistant Director, Remedies. Business and Financial Analysis

31 July 2020