

**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 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) and 5(a) of the Initial Order

Breedon submits that arrangements will need to be made prior to completion for the Target business to be adequately insured immediately following completion. Further, Breedon submits that it would be in the interests of the Target business to be included under Breedon's standard insurance policies.

On this basis, the CMA grants a derogation from paragraphs 4(a) and 5(a) of the Initial Order permitting:

- a) The Target business to be included under Breedon's standard insurance policies with effect from completion; and
- b) Any costs incurred by Breedon in respect of insuring the Target business to be allocated to and recovered from the Target business.

This derogation is granted strictly on the basis that:

- i. The Target business can amend its insurance policies and can make claims under its insurance policies entirely independently of and without any input from Breedon;
- ii. For the avoidance of doubt, the derogation does not permit the sharing of any commercially sensitive or confidential information between Breedon and the Target business; and

- iii. The inclusion of the Target business within Breedon's standard insurance policies is not costly or difficult to reverse and therefore the derogation shall not prevent any remedial action that the CMA may need to take regarding the Transaction.

Yours sincerely,

Assistant Director, Remedies, Business and Financial Analysis

31 July 2020