

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 [REDACTED],

We refer to your submission dated 4 August 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. Paragraph 5(c) of the Initial Order

Elis submitted that the economic effects of the Coronavirus (COVID-19) pandemic, particularly the [REDACTED] has had a significant impact on the business of various Elis entities, especially [REDACTED].

This [REDACTED] has led Elis Services SAS ('**Elis Services**') to reconsider its approach to [REDACTED] and has [REDACTED]. Therefore, Elis Services has identified a number of roles that it proposes to make redundant in order to maintain the Elis S.A. business as a going concern. Elis submitted that some of these roles (as highlighted in Annex 1) [REDACTED].

On this basis, Elis has sought the CMA's consent to a derogation from paragraph 5(c) of the Initial Order for Elis Services to:

- 1) implement the redundancies as set out in Annex 1 (the '**Staff Redundancies**');
and
- 2) create [REDACTED] new roles (listed in Annex 2) to [REDACTED].

The CMA consents to a derogation from paragraph 5(c) of the Initial Order to permit Elis to implement the Staff Redundancies, against the background of the economic

conditions created by the Coronavirus (COVID-19) pandemic which is the major [✂] driver of the Staff Redundancies. The CMA's consent is provided strictly on the basis that:

- a) Only the Staff Redundancies listed in Annex 1 will be implemented;
- b) None of the roles affected by the Staff Redundancies are specifically UK focused or have sole oversight of or responsibility for any aspect of the Elis UK business;
- c) The Staff Redundancies will have no impact to the ongoing viability and operation of the Elis S.A. business;
- d) No changes to the Staff Redundancies listed in Annex 1 are permitted without prior written consent from the CMA (including via email);
- e) The Staff Redundancies do not include any key staff of the Elis S.A. business within the meaning of the Initial Order and will not result in any material change to the organisational structure or the management responsibilities of the Elis S.A. business;
- f) All of the work previously undertaken by the staff in the roles identified in Annex 1 can be adequately covered and performed by the remaining Elis Services employees and external resources and will not impact the nature, description, range and quality of goods and/or services supplied in the UK;
- g) Elis will ensure that the necessary level of resources and support for Elis operations in the UK can be carried out properly following the Staff Redundancies;
- h) The [✂] new roles listed in Annex 2 will in priority be staffed with individuals concerned by the redundancy plan; and
- i) This derogation shall not prevent any remedial action that the CMA may need to take regarding the Merger.

Karina Kucaidze
Assistant Director, Mergers
13 August 2020

ANNEX 1 – ELIS SERVICES ROLES TO BE MADE REDUNDANT

[✂]

ANNEX 2 – NEW ELIS SERVICES ROLES TO BE CREATED

[✂]