

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 [X],

We refer to your submissions dated 28 July and 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. Paragraphs 5(c), 5(e), 5(h), 5(i), 5(k) and 9 of the Initial Order

Elis submitted that [X] is Elis's main French operating company. [X] licences the Elis trademarks to Elis UK Limited and also owns [X], a UK entity that supplies [X] to Elis UK Limited.

Elis submitted that [X] has no operational or management oversight or involvement in Elis's UK operations. The only links between [X] and Elis UK are (i) the licence of the IP rights to the Elis trademarks to Elis UK Limited; (ii) [X] being party to a cash pooling arrangement with [X]; and (iii) [X] supplying Elis UK Limited.

Elis has sought the CMA's consent to limit the application of the abovementioned paragraphs of the Initial Order so that they do not apply to the business of [X] and its subsidiaries carried out outside of the UK and excluding [X] (**'the [X] French business'**).

Elis submitted that:

- a) Save for the IP rights (trademarks) licensed to Elis UK Limited, the viability or competitive capability of Elis UK business is not dependent on the [X] French business;

- b) All activities related to the trademarks (ie protection, registration and licensing) are carried out by [X];
- c) The Elis UK business is functionally and operationally separate from the [X] French business;
- d) The Elis UK business does not share any office space with the [X] French business;
- e) the cash pooling arrangement is managed by [X] which is subject to the Initial Order on behalf of [X] and no [X] employee is involved in the management of cash pooling;
- f) Staff of the Elis UK business do not work with the [X] French business;
- g) The Elis UK business and the [X] French business maintain separate and independent customers and supplier relationships; and
- h) Other than the links described above, there are no other material links between the Elis UK business and the [X] French business.

The CMA considers, on the basis of the above, that save for the licence of IP rights, the Elis UK business has no meaningful commercial or operational interactions, or other formal or informal links, with the [X] French business.

Accordingly, based on the information provided to the CMA by Elis, the CMA consents to the obligations in paragraphs 5(c), 5(e), 5(h), 5(i), 5(k) and 9 of the Initial Order ceasing to apply to the [X] French business.

The CMA consents to a derogation from paragraphs 5(c), 5(e), 5(h), 5(i), 5(k) and 9 of the Initial Order strictly on the basis that:

- 1) The derogation from paragraph 5(e) shall not apply in relation to the IP rights for the Elis trademarks owned by [X] and licensing thereof and that [X] will therefore continue to be bound by paragraph 5(e) in relation to all IP rights which are licensed to the Elis UK business;
- 2) [X] continues the supply arrangements with the Elis UK business; and
- 3) 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