

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 9 September 2020.

Completed acquisition by Sonoco Products Company, Inc of Can Packaging SAS (the 'Merger')

We refer to your submissions of 15 September 2020 requesting that the CMA consents to derogations to the Initial Enforcement Order of 9 September 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, Sonoco Products Company, Inc., via its subsidiaries Sonoco Holdings SAS, Sonoco Development, Inc and SPC Resources, Inc (together, '**Sonoco**') are required to hold separate the Can Packaging business from the Sonoco 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, Sonoco may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a), 5(g) and 5(h) of the Initial Order

Sonoco has explained to the CMA that [X] is [X] customer for cans in the UK of Can Packaging SAS ('**Can Packaging**'). [X] operates [X] filling lines with machinery sourced from Can Packaging (the '**Can Packaging Machines**') which continue to require some level of training and equipment maintenance from Can Packaging. Sonoco submits that [X] has experienced staff turnover and as a result, is unable to self-supply servicing of the Can Packaging Machines, as had been expected. As a result, [X] requested that Can Packaging attend [X] facility in the UK to calibrate certain sensors and perform maintenance critical to the continued safe operation of the Can Packaging Machines. [X] has also requested additional training be provided to [X] personnel involved in the maintenance or operation of Can Packaging Machines at the [X] facility.

In the normal course of business, Can Packaging personnel would travel to the UK from Can Packaging's headquarters in Habsheim, France, to carry out the necessary maintenance on the Can Packaging Machines and train [REDACTED] staff. However, the changeability of the global situation in relation to the Coronavirus (COVID-19) outbreak is resulting in travel restrictions for business visitors between France and the UK. As such, Can Packaging is concerned that key staff members would be obliged to self-isolate at short notice outside their main country of business resulting in such travel posing an unnecessary health and operational risk. Sonoco submits that Can Packaging's customers have therefore requested that Sonoco's UK-based engineers attend its facilities in order to conduct the necessary service of, and training on, the Can Packaging Machines. Sonoco further submits that the servicing cannot be fulfilled by a third-party engineering firm, as it does not believe any firm exists with the expertise to work on Can Packaging Machines.

Sonoco is therefore seeking CMA consent to permit Sonoco personnel to attend the facilities of [REDACTED] in the UK on a given date to be notified to the CMA, in advance, in writing in order to:

- (i) conduct an initial visit to diagnose the production issues at [REDACTED] and take measurements to identify any new machine parts determined to be necessary to the maintenance of the Can Packaging Machines installed at [REDACTED] premises; and
- (ii) provide training to [REDACTED] personnel involved in the maintenance or operation of the Can Packaging Machines. For the avoidance of doubt, such training shall occur during the initial visit.

The CMA consents to a derogation from paragraphs 5(a), 5(g) and 5(h) of the Initial Order to permit the actions described in paragraphs (i) and (ii) above, strictly on the basis that:

- (a) such action is strictly necessary prior to the conclusion of the CMA's investigation in order to ensure the safe and adequate functioning of the Can Packaging machines with a view to ensuring Can Packaging's ongoing viability;
- (b) in the event that a further visit is required in order to fit any new machine parts or follow up and ensure any new parts are calibrated correctly, Sonoco and Can Packaging will seek the prior written consent (including via email) of the CMA;
- (c) no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Can Packaging business will be shared with Sonoco as a result of this derogation;
- (d) only the following Sonoco individuals will attend [REDACTED] facility in order to carry out the maintenance work and training: (i) [REDACTED], (ii) [REDACTED], and (iii) [REDACTED] (the **'Authorised Individuals'**). These individuals do not hold client-facing roles, do

not have any control, input or influence over Sonoco's commercial strategy or decision-making, and do not report to individuals within Sonoco who hold such responsibility;

- (e) the Authorised Individuals shall not knowingly have contact with [X] employees other than the operations team to be trained and those employees necessary to facilitate the visit (i.e. receptionists etc.);
- (f) for the avoidance of doubt, all other aspects of the customer contract between Can Packaging and [X] will continue to be serviced by Can Packaging independently of Sonoco;
- (g) the Authorised Individuals and [X] will be fully briefed by Sonoco on the obligations contained in the Initial Order;
- (h) no changes to the Authorised Individuals covered by this derogation are permitted without the written consent (including by email) of the CMA;
- (i) this derogation will not result in any integration of the Can Packaging business within Sonoco; and
- (j) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger.

Yours sincerely,

Alex Knight
Assistant Director, Remedies, Business and Financial Analysis
18 September 2020