

**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 9 September 2020.

Completed acquisition by Sonoco Products Company, Inc. of Can Packaging SAS

We refer to your submissions of 5 October and 29 October 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 9 September 2020 (the '**Initial Order**'). Unless otherwise stated, 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 a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to Sonoco carrying out the following actions, in respect of the specific paragraphs:

Paragraphs 5(c), 5(i) and 5(j) of the Initial Order

Sonoco submits that on 3 August 2020, [REDACTED], the Director of Finance at Can Packaging, retired. This role has since been filled by [REDACTED]'s former direct report [REDACTED], accounting assistant at Can Packaging. [REDACTED] is therefore currently covering both her own and [REDACTED]'s roles, which Can Packaging does not consider to: (i) be a suitable long-term arrangement, and (ii) support the need to ensure that Can Packaging can continue to operate as a going concern.

Sonoco further submits that, prior to imposition of the Initial Order, Sonoco began the process of replacing [REDACTED], and identified a suitable external candidate for the Director of

Finance role at Can Packaging. That individual, [REDACTED: '**New Appointee**'], signed her employment contract with Sonoco on 31 July 2020, and was not an employee of Sonoco prior to her selection for the Can Packaging role. [REDACTED: *New Appointee*] has performed the role of finance manager for the legacy Sonoco production facilities, located at Montanay and Lievin in France (the **Sonoco Production Facilities**) since 1 October 2020. The CMA understands that the Director of Finance role at Can Packaging would be considered to be a key staff role within the meaning of the Initial Order.

The CMA also understands that [REDACTED: *New Appointee*]'s role as finance manager for Sonoco in France is limited to her work performing the finance functions for the Sonoco Production Facilities. [REDACTED: *New Appointee*] resides in France, and Sonoco submits that, due to Coronavirus (COVID-19) restrictions currently applicable in France, it would be very difficult to hire a suitable external candidate for this position and that [REDACTED: *New Appointee*] is currently the only individual at Sonoco qualified and able to perform this role.

Sonoco therefore requests a derogation from paragraphs 5(c), 5(i) and 5(j) of the Initial Order to permit Sonoco to appoint [REDACTED: *New Appointee*] to the position of Director of Finance at Can Packaging. The CMA consents to a derogation from paragraphs 5(c), 5(i) and 5(j) of the Initial Order to permit this action, strictly on the basis that:

- (a) [REDACTED: *New Appointee*]'s only responsibilities for Sonoco during her appointment as Director of Finance at Can Packaging will be strictly limited to her work as Sonoco finance manager for France: running finance control functions for the Sonoco Production Facilities. In performing her functions at the Sonoco Production Facilities, [REDACTED: *New Appointee*] will not hold any responsibility for commercial or strategic decision-making of Sonoco.
- (b) In her role as Director of Finance at Can Packaging, [REDACTED: *New Appointee*]:
 - i. will report directly to [REDACTED], the current Managing Director of Can Packaging;
 - ii. will not have a reporting line to any Sonoco employee; and
 - iii. will not be accountable to any Sonoco employees or take directions from any Sonoco employee.

- (c) [REDACTED: *New Appointee*] holds the necessary capacity and experience to effectively fulfil the Director of Finance role at Can Packaging, and her appointment supports the need to ensure the ongoing viability and operation of the Can Packaging business;
- (d) [REDACTED] will ensure a smooth handover of her responsibilities to [REDACTED: *New Appointee*];
- (e) [REDACTED: *New Appointee*] will enter into an NDA in a form approved by the CMA;
- (f) This derogation will not result in any integration between the Can Packaging business and the Sonoco business; and
- (g) 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

9 November 2020