

**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 17 June 2022**

**Anticipated merger between Fedrigoni S.p.A. and Arjowiggins Group Limited (the 'Merger')**

Dear [✂],

We refer to your submission dated 19 September 2022 requesting that the CMA consents to derogations from the Initial Enforcement Order of 17 June 2022 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save with written consent from the CMA, Bain Capital Investors, LLC, Bain Capital Europe Fund, IV, LP, BCIP Associates V, LP, BCIP Associates V-B, LP, Fabric (BC) Investor S.à.r.l., Fabric Poolco S.à.r.l., Fabric (BC) Topco S.à.r.l., Fabric (BC) Midco Ltd (collectively, the '**Bain Capital Group**'), Fedrigoni Holding Ltd., Fedrigoni S.p.A. and its subsidiaries (collectively, the '**Fedrigoni Group**'), AW Creative Papers Group Limited ('**AW Creative Papers**'), and Arjowiggins Group Limited ('**Arjowiggins**'), are required to hold-separate the Fedrigoni Group business from the Arjowiggins business and refrain from taking any action which might prejudice a reference under section 22 or 33 of the Enterprise Act 2002 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, the Bain Capital Group and the Fedrigoni Group may carry out the following actions, in respect of the following specific paragraphs of the Initial Order:

**1. Paragraph 6(e)(iii) of the Initial Order**

On 17 June 2022, the CMA granted a derogation permitting the Bain Capital Group, the Fedrigoni Group, AW Creative Papers Group Limited and Arjowiggins Group Limited (the '**Parties**') to enter into a loan agreement (the '**Loan Agreement**'), pursuant to which Fedrigoni UK Limited ('**Fedrigoni**') has: (i) a share pledge over

Guarro Casas S.A. (Arjowiggins' Spanish subsidiary, '**Guarro Casas**'), (ii) [X] and a further theoretical share pledge over [X].

[X].

Pursuant to the terms of the derogation granted by the CMA on 17 June 2022, the Bain Capital Group and the Fedrigoni Group are required to seek the prior written consent of the CMA should they wish [X] as provided for under the Loan Agreement.

The Fedrigoni Group submits that it may be necessary to abandon the Merger due to worsening market conditions, and in particular increased energy prices, making the Merger, as contemplated, commercially unviable for the Fedrigoni Group.

Arjowiggins has informed the Fedrigoni Group that it would require a further external capital injection in order to continue as a going concern before the potential completion of the Merger and the Fedrigoni Group considers that, in order to make Arjowiggins financially sustainable, this would require capital investments post-completion at a level [X].

The Fedrigoni Group submits that in accordance with the underlying commercial agreements between the Parties [X], the Fedrigoni Group must provide Arjowiggins with, among other things, written notice of termination of negotiations pursuant to the Merger in order for Fedrigoni to [X]. Based on the Fedrigoni Group's representations, the CMA understands that the Fedrigoni Group is imminently considering notifying Arjowiggins of the termination of negotiations for the Merger.

On consideration of the specific facts and circumstances of this case and based on the representations of the Fedrigoni Group, the CMA consents to a derogation from paragraph 6(e)(iii) of the Initial Order allowing Fedrigoni to [X], strictly on the basis that:

- (i) [X] is only legally possible in circumstances in which the Merger, as contemplated, will not proceed and the Fedrigoni Group will shortly provide written notice to Arjowiggins that the Merger has been abandoned. For the avoidance of doubt therefore, the CMA's consent under this derogation for Fedrigoni to [X] is conditional on the Merger being abandoned;
- (ii) the Bain Capital Group and the Fedrigoni Group will not take any steps toward the integration of Guarro Casas within their respective businesses pending either CMA consent, revocation of the Initial Order or a CMA decision not to make a reference;
- (iii) pending either CMA consent, revocation of the Initial Order or a CMA decision not to make a reference, the Bain Capital Group and the Fedrigoni Group will not take any action which gives rise to a risk of pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a

reference; and

- (iv) this consent is without prejudice to the CMA's powers to separately investigate the acquisition by Fedrigoni of Guarro Casas under the Enterprise Act 2002, should it choose to do so.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

21 September 2022