

**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 (the ‘Act’) 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 [X],

We refer to your submission of 21 July 2022 and 22 July 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 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, 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. Paragraphs 5(b) and 6(e)(iii) of the Initial Order**

The Bain Capital Group submits that it intends to sell a c. [X]% joint controlling

stake in the Fedrigoni Group to a new co-investor (the '**Transaction**').<sup>1</sup> The Bain Capital Group has identified BC Partners as its preferred co-investor (the '**Potential Co-Investor**').

The Bain Capital Group further submits that under the terms of the share purchase agreement (the '**SPA**') to be entered into between the Bain Capital Group (indirectly) and the Potential Co-Investor, the closing of the Transaction is conditional on the approval of the CMA of the identity of the Potential Co-Investor. The Bain Group also submits that no pre-closing rights or interests conferred on the Potential Co-Investor under the SPA would give the Potential Co-Investor control or material influence over the Fedrigoni Group.

On consideration of the specific facts and circumstances of this case, the CMA consents to a derogation from paragraphs 5(b) and 6(e)(iii) of the Initial Order allowing the Bain Capital Group to enter into the SPA with the Potential Co-Investor, strictly on the basis that:

- (i) the final version of the SPA is conditional on either the CMA issuing a derogation from the Initial Order for completion of the Transaction to proceed, or, the Initial Order ceasing to be in force (the '**CMA Condition**'), and the SPA is to be void otherwise;
- (ii) the CMA Condition is not waived, without the CMA's prior written consent (which can be provided by email);
- (iii) details of the Potential Co-Investor's activities and interests in the relevant markets (as determined by the CMA) will be promptly provided to the CMA following signing of the SPA. For the avoidance of doubt, this derogation only permits the Potential Co-Investor and the Bain Capital Group to enter into the SPA and does not approve of the identity of the Potential Co-Investor which remains subject to a detailed assessment by the CMA post-signing of the SPA;
- (iv) no provision will be included in the final version of the SPA conferring control or material influence or transferring any interest or right (other than the rights granted in the interim covenants) over the Fedrigoni Group until/unless it becomes unconditional following fulfilment of the CMA Condition. As a result, the entering into of the SPA will not impede or in any way interfere with the strategic, commercial, or operational decision-making ability of the Fedrigoni Group business;
- (v) the financing and related financing agreements proposed to be entered

---

<sup>1</sup> Bain Capital will also transfer another c. [x<] % stake to a new Bain Capital fund which is ultimately under control of the same general partner (i.e., its equity stake would still remain under the control of the Bain Capital Group for competition law purposes), while the remaining interest will be owned by certain Fedrigoni Group's reinvesting managers.

into by the Potential Co-Investor to facilitate the Transaction:

- a. will not in any way restrict the Bain Capital Group's and/or the Fedrigoni Group's ability to divest all or a portion of the Fedrigoni Group business to the extent necessary either (1) as part of a voluntary offer by way of undertakings in lieu of reference to a Phase 2 investigation pursuant to section 73 of the Act or (2) in order to comply with any order made by the CMA at Phase 2 under sections 41 and 84 of the Act, or as part of any final undertakings under section 82 of the Act, to remedy, mitigate or prevent any substantial lessening of competition concerned; and to remedy, mitigate or prevent any adverse effects which have resulted from, or may be expected to result from, such substantial lessening of competition; and
- b. will not impede or in any way interfere with the strategic, commercial, or operational decision-making ability of the Fedrigoni Group business;
- (vi) the final version of the SPA and related financing agreements will not include any other provisions that give 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
- (vii) the consent provided under this derogation is without prejudice to the CMA's powers to review the Transaction under the merger control provisions of the Enterprise Act 2002.

Yours sincerely,

Alex Knight  
Assistant Director, Remedies, Business and Financial Analysis  
22 July 2022