

**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 [X],

We refer to your submission dated 8 August 2022 (read in conjunction with the submissions dated 28 July 2022, 29 July 2022, 2 August 2022 and 15 August 2022 made by you and/or BC Partners) 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. Paragraphs 5(b) and 6(e)(iii) of the Initial Order**

On 22 July 2022, the CMA granted a derogation permitting the Bain Capital Group to enter into a share purchase agreement ('**SPA**') to sell a c. [X]% joint controlling

stake in the Fedrigoni Group to a new co-investor, BC Partners (the '**Transaction**').<sup>1</sup> This derogation was granted subject to a number of conditions, including the requirement for the Bain Capital Group to seek a further derogation from the CMA to complete the Transaction, and for details of BC Partners' activities and interests in the relevant markets (as determined by the CMA) being promptly provided to the CMA following signing of the SPA.

Accordingly, on 8 August 2022, the Bain Capital Group sought the CMA's consent to complete the Transaction.

Following engagement with BC Partners, and on the basis of representations provided by BC Partners, the CMA understands that BC Partners and its portfolio companies:

- (a) are not active in the supply of graphic specialty paper in the UK or at the upstream level in the supply of products which are an input into the manufacturing of graphic specialty paper products, including wood pulp, in the UK, and neither does BC Partners nor its portfolio companies use graphic specialty paper in the UK as an input into any product that they manufacture at the downstream level;
- (b) are not active in the supply of other types of paper;
- (c) do not hold any equity in companies active in the supply of graphic specialty paper in the UK, or in the supply of products which are an input into the manufacturing of graphic specialty paper products, including wood pulp, in the UK;
- (d) with the exception of Shawbrook Bank Limited ('**Shawbrook**'), do not hold any debt interests in companies active in the supply of graphic specialty paper in the UK;
- (e) do not have any significant commercial relationships with companies active in the supply of graphic specialty paper in the UK;<sup>2</sup> and
- (f) do not have any other structural links with companies active in the supply of graphic specialty paper in the UK.

In respect of Shawbrook, BC Partners submits that [X] currently provides AW Creative Papers with [X] **Facility**') which is based on market-standard [X]

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<sup>1</sup> The Bain Capital Group also intends to transfer another c. [X]% stake to a new Bain Capital Fund which is ultimately under control of the same general partner.

<sup>2</sup> While some of the BC Partners' portfolio companies which offer software solutions have identified some suppliers of graphic specialty paper as customers for their software, on the basis of the information provided by BC Partners, the CMA does not consider these relationships to be significant.

agreement terms which are common to all other clients offered this type of facility, contains standard lender protections and does not confer any control (*de jure* or *de facto*) or material influence for Shawbrook over AW Creative Papers and its subsidiaries.

Further, as part of the Transaction, the Bain Capital Group submits that it intends to transfer its remaining c. [X]% stake in the Fedrigoni Group from [X] to [X] (the '**Bain Restructuring**'). Each of these funds is ultimately under the control of the same general partner and the Bain Capital Group submits that the change is intended to occur to allow investors [X] to [X], whilst the Bain Capital Group will continue to jointly control the Fedrigoni business [X].

On the basis of representations from the Bain Capital Group and BC Partners, and in 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 complete the Transaction, and to implement the Bain Restructuring strictly on the basis that:

- (i) BC Partners and its portfolio companies (including, for the avoidance of doubt, Shawbrook and iQera Group SAS have no control (*de jure* or *de facto*) or material influence over any companies active in the supply of graphic specialty paper in the UK and/or in any vertically related industries in the UK, and any companies controlling a company active in any of these markets;
- (ii) while the Initial Order (or any subsequent orders or undertakings which vary, alter, modify or supersede it) remains in force, no changes which confer control (*de jure* or *de facto*) or material influence for Shawbrook in respect of AW Creative Papers will be made to the underlying agreements between Shawbrook and AW Creative Papers relating to [X] Facility without the CMA's prior written consent;
- (iii) Pursuant to the agreements governing the [X] Facility, should one or more events of default arise that are not remedied by Argowiggins or waived by Shawbrook, and should Shawbrook wish to enforce its security over the Arjowiggins business as a result, Shawbrook will provide prior notification of this to the CMA;
- (iv) this consent is without prejudice to the CMA's powers to review the Transaction under the merger control provisions of the Enterprise Act 2002; and
- (v) this derogation will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

31 August 2022