

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER 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 10 November 2023

Completed acquisition by Lindab Limited of HAS-Vent Holdings Limited (the ‘Merger’)

We refer to your submission dated 13 November 2024 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 10 November 2023 (the **Initial Order**). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save with the written consent of the CMA, Lindab, Lindab UK and HAS-Vent are required to hold separate the HAS-Vent business from the Lindab 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, Lindab may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(a) and 5(l) of the Initial Order

The CMA's Final Report of 15 October 2024 sets out the CMA's finding that the Merger has resulted, or may be expected to result, in a substantial lessening of competition in the two local areas centred around Nottingham and Stoke-on-Trent (the **‘SLC Areas’**) and that Lindab must offer for sale all four of the Lindab and HAS-Vent branches (the **‘Divestment Branches’**) in the SLC Areas in an open and transparent sales process, and ultimately divest two Divestment Branches (one in the Nottingham area and one in the Stoke-on-Trent area). The aforementioned requirements will be given effect either through acceptance of Final Undertakings or issue of a Final Order.

Lindab wishes to take the following steps in preparation of acceptance of Final Undertakings or issue of a Final Order:

- a) Attract, and negotiate with, potential purchasers, and also to enable prospective purchasers to understand the scope of the proposed divestment.
- b) Assess which of the Divestment Branches Lindab would prefer ultimately to sell to a purchaser or purchasers approved by the CMA.
- c) Take internal steps to prepare for, progress and approve the sale of the Divestment Branches to one or two purchasers approved by the CMA.

Together 'the **Preparatory Steps**'.

Lindab seeks the CMA's consent for the following Lindab individuals to receive HAS-Vent information to enable the Preparatory Steps:

- i. [X] – Lindab Group, CEO;
- ii. [X] – Lindab Group, General Counsel;
- iii. [X] – Lindab Group, CFO;
- iv. [X] – Lindab Limited, Managing Director; and
- v. [X] – Lindab Limited, Financial and IT Director.

Together, the '**Authorised Individuals**'

Lindab also seeks consent to seek the views of the HAS-Vent Joint Managing Directors, by means of a questionnaire and video call with the Lindab Limited Managing Director and Lindab Group General Counsel, with respect to their opinions on which Divestment Branches Lindab may wish to sell and keep. The monitoring trustee Lindab and HAS-Vent were directed to appoint will be asked in advance of the call to approve a list of questions for use on the call. External counsel, the Lindab General Counsel and the monitoring trustee will attend on the call with a view to ensuring only opinions are shared and no commercially sensitive information (**CSI**) is exchanged.

The CMA consents to the requested derogation strictly on the basis that:

- 1) Except where expressly permitted by the CMA via email, the only CSI which will be exchanged will be the information contained in the templates shared with the CMA on Wednesday 13 November at 18.13 (the **Permitted CSI**). These templates for sharing the Permitted CSI contain aggregated branch information only (ie they do not contain any entries for breakdowns of costs, revenue streams or margins).
- 2) The Authorised Individuals will use the Permitted CSI only for the Preparatory Steps.
- 3) The Permitted CSI will be shared only with the Authorised Individuals.

- 4) All Authorised Individuals shall enter into an NDA in a form approved by the CMA.
- 5) No changes to the list of Authorised Individuals are made without written consent from the CMA (which can be given via email).
- 6) Firewalls will be put in place by Lindab and HAS-Vent to prevent any unauthorised individuals from accessing any of the Permitted CSI shared with the Authorised Individuals for the purposes of this derogation.
- 7) Upon completion of the divestment of two Divestment Sites, Lindab will ensure that the Permitted CSI is rendered inaccessible and / or destroyed, except to the extent that record retention is required by law or regulation.
- 8) Lindab will not provide any of the Relevant Branch Information to any potential purchasers without first requiring such purchasers to sign an NDA in a form agreed with the CMA (via the monitoring trustee).
- 9) Other than NDAs, Lindab will not enter into any legally binding agreement or undertaking with any potential purchaser until the Final Undertakings or Final Order have been published;
- 10) This derogation will not result in any pre-emptive action which might impede the divestment of the Divestment Sites.

Yours sincerely

Colin Garland
Director
Competition and Markets Authority
18 November 2024