

**Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 8 September 2016**

**Completed acquisition by SSCP Spring Topco Limited of Acorn Care 1 Ltd**

We refer to your e-mails dated 23 March 2017 requesting that the CMA consents to derogations to the Initial Enforcement Order of 8 September 2016 (the 'Initial Order').

**Definitions**

The terms defined in the Initial Order have the same meaning in this letter.

'**NFA Group business**' means the business of Belton Associates (Group Holdings) Limited (Company No: 07875698) and its subsidiaries.

Under the Initial Order, save for written consent by the CMA, Stirling Group and SSCP Spring are required to hold separate the Acorn business from the Stirling Group 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 derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to the following in respect of Stirling Group and SSCP Spring:

**Derogations**

1. Paragraph 5(c), 5(i) and 5(k) of the Initial Order

For the sole purpose of providing a more efficient and streamlined system of governance of SSCP Spring and in the context of its obligations to both staff and investors, the CMA gives consent for:

- a. The termination of the engagement of [X] as an employee and officer of all roles currently held in Acorn Care 1 Limited and its subsidiaries, subject to [X] functions, responsibilities and reporting being performed jointly by [X] in

accordance with the Initial Order and subsequent derogations as agreed with the CMA;

- b. The appointment of [X] as Non-Executive Chairman of the Board of Directors of SSCP Spring Topco Limited, subject to the ongoing applicability of the other provisions of the Initial Order in his exercise of the functions of that position, except as provided for in the further derogations set out below.

## 2. Paragraph 5(l) of the Initial Order

For the general purpose of providing a more efficient and streamlined system of governance of SSCP Spring in the context of its obligations to both staff and investors and the further specific purposes set out below, the CMA gives consent that the prohibition contained in paragraph 5(l) of the Initial Order, subject to the safeguards listed below, shall not apply insofar as [X] in his specific capacity as detailed above receives the following consolidated financial and other high-level information, to the extent that it is strictly necessary solely for the designated purpose as indicated above:

### *I. Information for the purposes of Stirling Group's and SSCP Spring's reporting under third party debt arrangements to meet financial reporting obligations*

- (i) NFA's Monthly, quarterly and annual consolidated financial packs relating to NFA including profit and loss account, balance sheet and cash flow, with comparisons to budget and prior year in the form provided to the CMA on 14 September 2016;
- (ii) Commentary to the financial packs to be provided by NFA's CEO/CFO, highlighting any material matters in the accounts and the reasons for any significant variances to budget together with actions being taken to address those variances; and
- (iii) Information about any proposed or threatened publication of any materially unfavourable report or review by any regulatory authority relating to NFA which might lead to significant reputational damage to NFA.

### *II. Information for the purposes of the directors of SSCP Spring complying with fiduciary duties and corporate reporting obligations*

- (i) Weekly performance report and brief commentary from the NFA CEO/CFO explaining any material movements in the form of the consolidated financial pack referred to at paragraph I(i) above, as provided to the CMA on 14 September 2016.

(ii) Information relating to the accounting processes being carried by NFA from the NFA CFO for the purposes of confirming that NFA is keeping accurate financial records.

(iii) Information of matters arising in relation to the 'restricted transactions' listed in Schedule 3 Part I of the investment agreement at Annex II of the Derogation dated 28 September 2016. For the avoidance of doubt, [X] may only receive the relevant information and will need to request a further derogation from the Initial Order to be able to approve or make decisions based on the information received. The CMA will consider such derogation requests, if any, on a case by case basis.

iv) Reporting from Acorn management on any other matter which could have a material adverse impact on Acorn's financial position, reputation, or otherwise prejudice Acorn's ability to continue operating in the ordinary course of business.

### *III. Integration planning*

(i) Reports prepared by the independent third party consultants engaged for strictly for the purposes of IT, Operations and HR integration planning.

This consent is granted on the basis that the above third party consultants have been advised of the Initial Order and will not disclose any non-public information gathered in the course of their engagement since the Initial Order to anyone except to [X] with respect to who a derogation is granted in this regard.

For the avoidance of doubt, any such report prepared under this derogation will not include any commercially-sensitive information relating to the NFA business. In particular, these reports will not include any information relating to (a) current and future pricing; (b) detailed current or future costs including disaggregated costs of IT systems or details of individual staff remuneration; or (c) information on current or future commercial strategy of either business.

### *IV. Information for the purposes of Stirling Group and SSCP Spring complying with insurance obligations*

(i) Information required to comply with the relevant insurance obligations.

### **Safeguards applicable to [X] for the purposes of 1. and 2. Above**

#### Undertakings and NDAs

The information referred to paragraph 2 above will only be provided to [X] once the entity providing the said information has received an appropriate signed written

undertaking and a Non-Disclosure Agreement (NDA) (in a form approved in advance by the CMA) from [X] undertaking:

- a) to preserve confidentiality of the information;
- b) not to discuss or otherwise share the information received by them with any person other than those permitted to receive the said information in terms of this letter; and
- c) not to use the information in any manner, directly or indirectly, other than for the specific purpose for which the consent is provided for.

### Firewalls

[X] will ensure that robust firewall measures are put in place to prevent other individuals from accessing information relating to the non-overlap businesses including:

- a) Restrictions on his email accounts to prevent unauthorised access;
- b) All documents containing information provided to [X] in terms of this letter to be password protected by password only to be known to [X]; and
- c) Any hard copies of the information provided to [X] in terms of this letter to be kept in a specific folder in a locked filing cabinet to which only he has access.

### Destruction and return of Acorn and NFA information

In the event that the transaction is prohibited or remedies accepted, any records or copies (electronic or otherwise) of such information that have passed, will be returned to NFA, wherever they may be held and any copies destroyed.