

COMPLETED ACQUISITION BY JLA NEW EQUITYCO LIMITED THROUGH ITS SUBSIDIARY VANILLA GROUP LIMITED OF WASHSTATION LIMITED

Final Undertakings given by JLA New Equityco Limited and Vanilla Group Limited to the Competition and Markets Authority pursuant to Section 82 of the Enterprise Act 2002

Background

1. On 18 May 2017, JLA New Equityco Limited (**JLA**), acting through its subsidiary Vanilla Group Limited (**Vanilla**), acquired the whole of the issued share capital of Washstation Limited (**Washstation**) (**the Merger**).
2. On 13 December 2017, the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (**the IEO**), pursuant to section 72 of the Enterprise Act 2002 (**the Act**), for the purposes of preventing pre-emptive action.
3. On 16 April 2018, the Merger was referred by the CMA for a phase 2 investigation, pursuant to section 22 of the Act, to determine, pursuant to section 35 of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition in any market or markets in the United Kingdom (**UK**) for goods or services.
4. On 8 May 2018, the CMA gave directions to JLA and Vanilla, pursuant to paragraph 10 of the IEO, to appoint a monitoring trustee to support any action or, as the case may be, any remedial action which may be required to maintain the Washstation business (as defined in the IEO) as a viable business, and to monitor compliance with the IEO.
5. On 8 May 2018, the CMA gave directions to JLA and Vanilla, pursuant to paragraph 10 of the IEO, to appoint a hold separate manager, to ensure that the Washstation business operates as a viable and competitive business,

separately from and independently of the JLA business, in accordance with paragraphs 4 and 5 of the IEO.

6. On 11 October 2018, the CMA published a report (**the Final Report**) concluding that:
 - (a) the completed acquisition by JLA of Washstation has resulted in the creation of a relevant merger situation;
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in the market for the supply of managed laundry services to higher education customers under vend share agreements in the UK;
 - (c) the CMA should take action to remedy the SLC and the adverse effects that may be expected to result from it;
 - (d) the divestiture of the business for the supply of managed laundry services to higher education customers under vend share agreements in the UK carried on by Washstation (**the Divestment Business**), in accordance with paragraphs 10.65 to 10.78 of the Final Report, is an effective and proportionate remedy to the SLC and the resulting adverse effects the CMA has found; and
 - (e) undertakings should be given to the CMA or, where undertakings are not agreed, an order should be made to give effect to the remedy identified by the CMA in chapter 10 of the Final Report (**the Remedy**), namely, the divestiture of the Divestment Business.
7. The implementation of the Remedy will be subject to the following safeguards:
 - (a) JLA will be subject to regular reporting requirements.
 - (b) The Monitoring Trustee, appointed in accordance with paragraphs 35 to 43, will monitor the progress of the implementation of the Remedy.
 - (c) The Hold Separate Manager, appointed in accordance with paragraphs 47 to 56, will ensure that the Divestment Business operates as a viable and competitive business, separately from and independently of the JLA business, throughout the implementation of the Remedy.
 - (d) The purchaser must be an Approved Purchaser in accordance with the Purchaser Approval Criteria in Annex 1.

- (e) These Final Undertakings include a provision enabling the CMA to direct the appointment of a Divestment Trustee to effect the Final Disposal in accordance with the conditions set out at paragraphs 68 to 69.
8. The IEO ceases to be in force on the date of acceptance by the CMA, pursuant to section 82 of the Act, of these Final Undertakings.
9. Now JLA and Vanilla hereby give to the CMA, severally on behalf of themselves and any entities they each control, the following Final Undertakings, pursuant to section 82 of the Act, for the purpose of remedying the SLC identified in the Final Report and the adverse effects that may be expected to result from it.

Interpretation

10. The Annexes form part of these Final Undertakings.
11. The purpose of these Final Undertakings is to give effect to the Remedy in the Final Report and they shall be construed accordingly.
12. Any word or expression used in these Final Undertakings or the recitals to these Final Undertakings shall, unless otherwise defined herein and/or the context otherwise requires, have the same meaning as in the Act or the Final Report (as appropriate).
13. In these Final Undertakings, the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word, and the word 'include' and its derivatives shall be construed accordingly.
14. The headings used in these Final Undertakings are for convenience and shall have no legal effect.
15. References to any statute or statutory provision shall be construed as references to that statute or statutory provision as amended, re-enacted or modified whether by statute or otherwise stated.
16. References to recitals, paragraphs, subparagraphs, annexes and schedules are references to the recitals to, paragraphs and subparagraphs of, annexes and schedules to these Final Undertakings unless otherwise stated.
17. Unless the context requires otherwise, the singular shall include the plural and vice versa and references to persons includes bodies of persons whether corporate or incorporate.

18. The Interpretation Act 1978 shall apply to these Final Undertakings as it does to Acts of Parliament.
19. Further, in these Final Undertakings:
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| the Act | means the Enterprise Act 2002; |
| Affiliate | means a person who is an affiliate of another person if they or their respective enterprises are to be regarded as being under common control for the purposes of section 26 of the Act; |
| Approved Agreement | means a binding agreement or agreements between JLA and an Approved Purchaser which provides for the transfer to the Approved Purchaser of all relevant key assets and rights as specified in the Divestment Package, whether by a sale of shares or assets, and which brings about Final Disposal; |
| Approved Purchaser | means any purchaser or purchasers approved by the CMA pursuant to the Purchaser Approval Criteria set out in Annex 1; |
| Approved Timetable | has the meaning given in paragraph 62; |
| Asset Maintenance Undertakings | means those undertakings set out in paragraphs 23 to 34; |
| Associated Person | means a person who is an associated person within the meaning of section 127 of the Act; |
| business | has the meaning given by section 129(1) and (3) of the Act; |
| the CMA | means the Competition and Markets Authority; |
| Commencement Date | means the date on which these Final Undertakings are accepted by the CMA in accordance with section 82(2)(a) of the Act; |
| confidential information | means business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a |

	confidential or proprietary and non-public nature relating to the business of Washstation;
control	includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;
Directions	means written directions given to JLA by the CMA as set out in paragraph 66;
Divestment Business	means the business carried on by Washstation as at the Commencement Date, excluding Washstation contracts with non-higher education customers, and in accordance with paragraphs 10.65 to 10.78 of the Final Report;
Divestment Package	means the Divestment Business together with the additional elements listed in Annex 2;
Divestment Period	means a period of \times beginning on the Commencement Date or such longer period as the CMA may approve on request;
Divestment Trustee	means a person appointed in accordance with paragraphs 70 to 76;
Final Disposal	means the divestiture of the Divestment Package to an Approved Purchaser pursuant to an Approved Agreement;
Final Undertakings	means these undertakings, including the Annexes, accepted by the CMA pursuant to section 82 of the Act;
Group of Interconnected Bodies Corporate	means a group of interconnected bodies within the meaning of section 129(2) of the Act, as constituted from time to time;
Heads of Terms	means an agreement or agreements in principle to acquire the Divestment Package and which sets out the terms of the disposal, and that is expressed by all parties to (1) be subject to contract (2) form the basis of a subsequent binding agreement;

Hold Separate Manager	means a person appointed as hold separate manager in accordance with paragraphs 47 to 56;
IEO	means the Initial Enforcement Order made by the CMA under section 72 of the Act on 13 December 2017;
JLA	means JLA New Equityco Limited (a company registered in Jersey, number 119729)
JLA business	means the business of JLA and its Subsidiaries, but excluding the business carried on by Washstation, carried on as at 13 December 2017
Monitoring Trustee	means a person appointed in accordance with paragraphs 35 to 43;
ordinary course of business	means a company's customary commercial transactions and practices in the day-to-day supply of its services;
Related Person	means any Subsidiary, Affiliate, Associated Person or Group of Interconnected Bodies Corporate;
Remedy	means the remedy identified by the CMA in chapter 10 of the Final Report, namely, the divestiture of the Washstation business, in accordance with paragraphs 10.65 to 10.78 of the Final Report.
SLC	means a substantial lessening of competition pursuant to sections 22 and 35 of the Act;
Specified Period	means the period beginning on the Commencement Date and terminating with the Final Disposal;
Subsidiary	unless otherwise expressly stated, has the meaning given by section 1159 of the Companies Act 2006;
Trustee Divestment Period	means a period of up to 3 (or such longer period as the CMA may direct) for the

	Divestment Trustee to meet the Trustee Obligation commencing from the date of appointment of the Divestment Trustee;
Trustee Obligation	means bringing about the Final Disposal, and includes the performance of all ancillary tasks as are necessary or desirable for the purpose of effecting the Final Disposal promptly and, in any event, within the Trustee Divestment Period and such obligation shall include: (a) to seek to limit in a customary manner the liability of JLA under the relevant Approved Agreement; and (b) not to impose any restriction on JLA or Vanilla or any of their Subsidiaries to operate as they did before the Merger or to compete with the Divestment Businesses in the future; and (c) not to transfer under an Approved Agreement any asset of JLA or Vanilla or any of their Subsidiaries that was not owned by Washstation or its Subsidiaries before the Merger;
Vanilla	means Vanilla Group Limited, company number 02566320
Washstation	means Washstation Limited, company number 05382113
Working Day	means a day other than a Saturday or Sunday or a public holiday in England, Wales or Scotland, and any reference in these Final Undertakings to 'days' means calendar days; and
written consent	shall include consent given by e-mail.

Commencement

20. These Final Undertakings will come into force on the Commencement Date.

Divestment Undertakings

21. JLA and Vanilla give the following undertakings:
- (a) To implement the Final Disposal within the Divestment Period having due regard to the findings in the Final Report.
 - (b) To comply with any Directions given by the CMA under these Final Undertakings, in particular the appointment of a Divestment Trustee, in the event that:
 - (i) Final Disposal does not take place within the Divestment Period; or
 - (ii) the CMA otherwise directs.
 - (c) To procure that any Related Person or any member of any Group of Interconnected Bodies Corporate will not, for a period of ten years from the date of Final Disposal, bring under common ownership or control (as defined in section 26 of the Act) in whole or in part either the Divestment Package or any asset of the Divestment Package without the prior written consent of the CMA.
22. Subject to complying with the requirements of Annex 2, the precise configuration of the Divestment Package shall be agreed between JLA and any Approved Purchaser, and then approved by the CMA before the Final Disposal (such approval not to be unreasonably withheld).

Asset Maintenance Undertakings

23. Except with the prior written consent of the CMA (which, for the avoidance of doubt, includes any derogations already granted by the CMA under the IEO, which will remain applicable during the Specified period), JLA shall not, during the Specified Period, take any action which might impede the Final Disposal, including any action which might:
- (a) lead to the integration of the Divestment Package with any business controlled by JLA or Vanilla;
 - (b) transfer the ownership or control of any element of the Divestment Package; or
 - (c) otherwise impair the ability of the Divestment Business to compete independently in the market for the supply of managed laundry services to higher education customers under vend share agreements in the UK.

24. Further and without prejudice to the generality of paragraph 23, JLA shall at all times during the Specified Period take all reasonable steps in its power to procure that, except with the prior written consent of the CMA (which includes any previously granted derogations under the IEO):
- (a) no action is taken by JLA to solicit the transfer of customers or staff from the Divestment Business to JLA;
 - (b) the Divestment Business is carried on separately from the JLA business and the separate sales or brand identity of the Divestment Business is maintained;
 - (c) the Divestment Business is maintained as a going concern and sufficient resources are made available for the development of the Divestment Business;
 - (d) no action is taken which might otherwise impair the ability of the Divestment Business to compete independently or that may significantly and adversely impact on its operations save that JLA shall continue to be free to compete with the Divestment Business;
 - (e) except in the ordinary course of business, no substantive changes are made to the operating policies, organisational structure of, or the management responsibilities within, the Divestment Business;
 - (f) the nature, description, range and quality of services supplied in the UK by the Divestment Business is maintained and preserved;
 - (g) except in the ordinary course of business for the separate operation of the Divestment Business;
 - (i) all of the assets of Divestment Business are maintained and preserved, goodwill;
 - (ii) none of the assets of the Divestment Business is disposed of;
 - (iii) no interest in the assets of the Divestment Business is created or disposed of; and
 - (iv) there is no further integration of information technology between JLA and the Divestment Business, and the software and hardware platforms of the Divestment Business shall remain essentially unchanged, except for routine changes and maintenance;
 - (h) the customer and supplier lists of the Divestment Business shall be operated and updated separately from JLA and any negotiations with any

existing or potential customers and suppliers in relation to the Divestment Business will be carried out by the respective Divestment Business alone, and, for the avoidance of doubt, the JLA business will not negotiate on behalf of the Divestment Business (and vice versa) or enter into any joint agreements with the Divestment Business (and vice versa); and

- (i) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Divestment Business shall pass, directly or indirectly, from the Divestment Business (or any of its employees, directors, agents or affiliates) to JLA (or any of its employees, directors, agents or affiliates), except where strictly necessary in the ordinary course of business.

25. Notwithstanding the provisions of paragraphs 30 to 34, JLA will ensure that, subject to derogations granted to the IEO:

- (a) it will continue to provide necessary transitional support services to the Divestment Business for the Specified Period, as are provided at the time that these Final Undertakings are accepted by the CMA;
- (b) any of JLA's employees with access to confidential information shall execute non-disclosure agreements in respect of any confidential information received in connection with the provision of such services;
- (c) JLA maintains sufficient working capital and any additional capital required to meet the pre-merger business plans of the Divestment Business to the extent still reasonably achievable;
- (d) the Divestment Business continues to operate under the same brand name as prior to the Merger; and
- (e) the Divestment Business can use any other intellectual property which belongs to Washstation which it used prior to the Merger.

26. JLA undertakes that until Final Disposal, it will keep the CMA informed of any material developments (and with the consent of the CMA such updates may be provided through the Monitoring Trustee in accordance with paragraph 43 of these Final Undertakings) relating to the Divestment Business, which include but are not limited to:

- (a) any interruption of the Divestment Business (including, without limitation, procurement, processing, logistics, sales and employee relations arrangements) that has prevented operation in the ordinary course of business for more than 24 hours;

- (b) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Divestment Business, including any substantial changes in customers' demand;
 - (c) substantial changes in contractual arrangements or relationships with key suppliers at the Divestment Business; and
 - (d) substantial changes in the financial position and/or performance of the Divestment Business.
27. JLA undertakes that within a period of five Working Days from the Commencement Date, it will provide a written statement to the CMA confirming its compliance with these Asset Maintenance Undertakings (subject to any granted derogations) and setting out any details of material developments for the purposes of this paragraph 26 of these Final Undertakings of which it is aware. Thereafter, JLA will provide similar compliance statements to the CMA on a monthly basis until Final Disposal, with the first such monthly statement to be submitted to the CMA no later than one month from the first written statement.
28. JLA undertakes to notify the CMA when Final Disposal has taken place.
29. JLA undertakes to inform the CMA, without delay, of any developments of which it becomes aware that would risk the Final Disposal within the Divestment Period.

Procedure for consent and notification

30. JLA undertakes that any application by it for the CMA's consent or approval shall make full disclosure of every material fact and matter within its knowledge that it believes is relevant to the CMA's decision.
31. JLA recognises that where the CMA grants consent or approval on the basis of misleading or incomplete information and such information materially affects its consent or approval, the consent or approval is voidable at the election of the CMA.
32. In the event that JLA discovers that an application for consent or approval has been made without full disclosure to the CMA, in accordance with paragraph 30, JLA undertakes to:
- (a) inform the CMA in writing, identifying the information that it omitted to include in the application for consent within two Working Days of becoming aware that the relevant information is misleading or incomplete; and

- (b) at the same time or not later than two Working Days starting with the date on which it has informed the CMA of the omission in accordance with paragraph 32(a) above, provide to the CMA an application for consent that includes the missing information.
33. JLA shall use all reasonable endeavours to make each application or to procure that each application for consent or approval is made so that it is received by the CMA at least five Working Days, or such lesser period as the CMA may allow, before the day on which the CMA's consent or approval is necessary to avoid a breach of these Final Undertakings.
34. The CMA will use all reasonable endeavours to grant or refuse any consent or approval within the five-Working-Day period referred to in paragraph 33 above. This provision is without prejudice to the CMA's duties under the Act.

Monitoring Trustee – appointment procedure

35. JLA undertakes that it shall secure the appointment or retention of an independent Monitoring Trustee to perform the functions in paragraph 42 on behalf of the CMA. Provided that the other conditions set out in paragraphs 36 to 43 are complied with, the Monitoring Trustee may be the same as already appointed pursuant to the direction issued by the CMA on 8 May 2018.
36. The Monitoring Trustee must possess appropriate qualifications and experience to carry out his or her functions. The Monitoring Trustee must act on behalf of the CMA and be under an obligation to the CMA to carry out his or her functions to the best of his or her abilities. The Monitoring Trustee must neither have nor become exposed to a conflict of interest that impairs his or her objectivity and independence in discharging his or her duties under these Final Undertakings, unless it can be resolved in a manner and within a time frame acceptable to the CMA. JLA shall remunerate and reimburse the Monitoring Trustee for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the Monitoring Trustee's independence or ability to effectively and properly carry out his or her functions.
37. The appointment of the Monitoring Trustee and his or her terms and conditions must be approved by the CMA. JLA must inform the CMA as soon as is reasonably practicable, and in any event by no later than two Working Days after the Commencement Date, of the identity of the Monitoring Trustee that it proposes to appoint and provide the CMA with draft terms and conditions of appointment. Once the Monitoring Trustee has been approved by the CMA and appointed by JLA, JLA must provide the CMA with a copy of the agreed terms and conditions of appointment.

38. If the proposed Monitoring Trustee is rejected by the CMA, JLA shall submit the names of at least two further persons within two Working Days starting with the date on which they were informed of the rejection, in accordance with the requirements and the procedures set out in paragraphs 36 and 37 above.
39. The provisions of paragraph 40 below shall apply if:
 - (a) JLA fails to nominate persons in accordance with paragraphs 37 or 38 above; or
 - (b) those further persons nominated by JLA in accordance with paragraphs 37 or 38 above are rejected by the CMA; or
 - (c) JLA is unable for any reason to conclude the appointment of the Monitoring Trustee within the time limit specified by the CMA.
40. The CMA shall nominate one or more persons to act as Monitoring Trustee, and JLA shall appoint or cause to be appointed such Monitoring Trustee within two Working Days starting with the date of such nomination under the term of a Monitoring Trustee mandate approved by the CMA.
41. The Monitoring Trustee's mandate shall specify that the Monitoring Trustee will carry out the functions set out below and that the Monitoring Trustee will monitor the compliance of JLA with its obligations under these Final Undertakings. The mandate shall provide that the Monitoring Trustee shall take such steps as he or she reasonably considers necessary to carry out his or her functions effectively, and that the Monitoring Trustee must comply with any reasonable requests made by the CMA for the purpose of carrying out his or her functions under these Final Undertakings.
42. The Monitoring Trustee's functions, as set out in this paragraph, are to monitor and review compliance with these Final Undertakings and progress towards Final Disposal, and shall, in particular, include:
 - (a) monitoring compliance by JLA with the Asset Maintenance Undertakings set out in paragraphs 23 to 29 above; and
 - (b) monitoring the progress made by JLA against the Approved Timetable towards Final Disposal, and the steps that have otherwise been taken to comply with these Final Undertakings, including:
 - (i) the steps that have been taken towards the preparation of agreements for disposal of the Divestment Package and the persons to whom such agreements have been distributed;

- (ii) where the Monitoring Trustee reasonably deems necessary, requesting and reviewing copies of communications (save where those communications are subject to legal privilege) between JLA and its financial or other advisers and possible purchasers or their financial or other advisers in connection with the disposal process; and
 - (iii) in instances where the Monitoring Trustee reasonably considers there to be a risk that JLA will not meet a step in the Approved Timetable, the Monitoring Trustee may attend meetings between JLA and possible purchasers in connection with the disposal process.
- 43. The Monitoring Trustee will promptly inform the CMA of any material developments arising from the operation of his or her functions and will provide a written report to the CMA every two weeks, the first report to be submitted not later than two weeks from the Commencement Date.

Monitoring Trustee – duties and obligations of JLA

- 44. JLA and each of its subsidiaries and their employees, officers, directors, advisers and consultants must cooperate fully with the Monitoring Trustee, in particular by providing the Monitoring Trustee with all cooperation, assistance and information as the Monitoring Trustee may reasonably require in order to discharge his or her functions, including but not limited to:
 - (a) the provision of full and complete access to all personnel, books, records, documents, facilities and information of:
 - (i) JLA, which relate(s) to the Divestment Business; and
 - (ii) the Divestment Package,as the Monitoring Trustee may reasonably require (excluding any material properly the subject of legal privilege); and
 - (b) the provision of such office and supporting facilities as the Monitoring Trustee may reasonably require.
- 45. If JLA or any of its subsidiaries are in any doubt as to whether any action or communication would infringe the requirements of the Monitoring Trustee as set out above, that party is required to contact the Monitoring Trustee for clarification.

46. If JLA or any of its subsidiaries have any reason to suspect that the requirements of the Monitoring Trustee may have been breached, they must notify the Monitoring Trustee and the CMA immediately.

Hold Separate Manager – appointment procedure

47. JLA undertakes that it shall secure the appointment or retention of an independent Hold Separate Manager to perform the functions in paragraphs 57 to 61. Provided that the other conditions set out in paragraphs 48 to 50 are complied with, the Hold Separate Manager may be the same as already appointed pursuant to the direction issued by the CMA on 8 May 2018.
48. The Hold Separate Manager must possess appropriate qualifications and experience to carry out his or her functions. The Hold Separate Manager must act on behalf of the CMA and be under an obligation to the CMA to carry out his or her functions to the best of his or her abilities. The Hold Separate Manager must neither have nor become exposed to a conflict of interest that impairs his or her objectivity and independence in discharging his or her duties under these Final Undertakings, unless it can be resolved in a manner and within a time frame acceptable to the CMA.
49. JLA shall remunerate and reimburse the Hold Separate Manager for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the Hold Separate Manager's independence or ability to effectively and properly carry out his or her functions.
50. The appointment of the Hold Separate Manager and the relevant terms and conditions must be approved by the CMA. JLA must inform the CMA as soon as is reasonably practicable, and in any event by no later than two Working Days after the Commencement Date, of the identity of the Hold Separate Manager that it proposes to appoint and provide the CMA with draft terms and conditions of appointment. Once the Hold Separate Manager has been approved by the CMA and appointed by JLA, JLA must provide the CMA with a copy of the agreed terms and conditions of appointment.
51. If the proposed Hold Separate Manager is rejected by the CMA, JLA shall submit the names of at least two further persons within two Working Days starting with the date on which they were informed of the rejection, in accordance with the requirements and the procedures set out in paragraphs 48 to 50 above.
52. The provisions of paragraph 53 below shall apply if:

- (a) JLA fails to nominate persons in accordance with paragraphs 48 to 52 above; or
 - (b) those further persons nominated by JLA in accordance with paragraphs 48 to 5052 above are rejected by the CMA; or
 - (c) JLA is unable for any reason to conclude the appointment of the Hold Separate Manager within the time limit specified by the CMA.
53. The CMA shall nominate one or more persons to act as Hold Separate Manager, and JLA shall appoint or cause to be appointed such Hold Separate Manager within two Working Days starting with the date of such nomination under the term of a Hold Separate Manager mandate approved by the CMA.
54. The Hold Separate Manager must act on behalf of the CMA and be under an obligation to the CMA to carry out the Hold Separate Manager's functions to the best of his or her abilities.
55. JLA must ensure that the terms and conditions of appointment of the Hold Separate Manager reflect and give effect to the functions and obligations of the Hold Separate Manager and the obligations of JLA and Vanilla as set out in these Final Undertakings.
56. JLA, its Subsidiaries and their employees, officers, directors, advisers and consultants must cooperate fully with the Hold Separate Manager, in particular by providing the Hold Separate Manager with all cooperation, assistance and information as the Hold Separate Manager may reasonably require, in order to discharge his or her functions.

Hold Separate Manager – functions

57. The functions of the Hold Separate Manager will be to exercise day-to-day management and control of the Divestment Business so that:
- (a) it is operated separately from and competes actively with the JLA business;
 - (b) appropriate systems are put in place to preserve the independence of the Divestment Business; and
 - (c) the Divestment Business is maintained as a going concern with access to sufficient resources for its continued operation and development.
58. The Hold Separate Manager will also be required to:

- (a) ensure the economic viability and competitiveness of the Divestment Business in accordance with good business practice;
 - (b) minimise, as far as possible, any risk of loss of competitive potential of the Divestment Business;
 - (c) implement any additional measures that may be necessary to ensure that JLA does not have access to any business secrets or information of confidential or proprietary nature relating to the Divestment Business, and that the Divestment Business does not have access to any business secrets or information of a confidential or proprietary nature relating to the JLA business; and
 - (d) assist the CMA in monitoring the extent of compliance by JLA and Vanilla with these Final Undertakings.
59. The Hold Separate Manager will be required to take such steps as he or she reasonably considers necessary to carry out his or her functions effectively.
60. The Hold Separate Manager will be required to comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by JLA and Vanilla with the Final Undertakings.
61. The Hold Separate Manager will be required to notify the CMA in writing as soon as reasonably practicable if he or she forms a reasonable suspicion that these Final Undertakings have been breached or if he or she considers that the he or she is no longer in a position to effectively carry out the his or her functions.

Divestment reporting obligations

62. JLA undertakes that within the period of five Working Days from the Commencement Date, it will provide a written report to the CMA setting out the timetable that it proposes to adopt, subject to the CMA's approval, to ensure Final Disposal (the **Approved Timetable**). The report will outline the progress that JLA has made towards Final Disposal, and the steps that have otherwise been taken to comply with these Final Undertakings, and shall, in particular, report on:
- (a) the status of any discussions that have been held with potential purchasers of the Divestment Package;
 - (b) the progress that has been made towards agreeing Heads of Terms (if applicable);

- (c) the steps that have been taken towards reaching an Approved Agreement and the persons to whom any agreement has been distributed; and
 - (d) such other matters as may be directed by the CMA from time to time.
- 63. Thereafter, JLA will provide similar reports to the CMA every two weeks, or at such other interval as agreed with the CMA, until Final Disposal. The reports will include an update on the progress that has been made against the Approved Timetable and, with the consent of the CMA, such reports may be provided through the Monitoring Trustee in accordance with paragraph 43 of these Final Undertakings.
- 64. JLA undertakes that in the report to the CMA, pursuant to paragraphs 62 and 63, it shall, among other things, provide to the CMA:
 - (a) the total number of persons who have lodged a formal bid with JLA for the acquisition of the Divestment Package, since the publication of the CMA's Final Report;
 - (b) the name, address, email address, contact point and telephone number of each person who has lodged a formal bid with JLA for the acquisition of the Divestment Package, since the publication of the CMA's Final Report and subsequently been short-listed by JLA as a preferred purchaser for the Divestment Package; and
 - (c) details of the efforts taken by JLA and its financial advisers to solicit purchasers for the Divestment Package.
- 65. In the event that JLA does not meet a step as set out in the Approved Timetable, or is otherwise delayed in implementing the divestment required pursuant to these Final Undertakings, JLA undertakes to inform the CMA in writing of the occurrence and the reasons for the failure promptly, but not later than two Working Days from becoming aware that a step in the Approved Timetable has not been met.

Directions

- 66. JLA agrees to comply with such written Directions as the CMA may from time to time issue to it, which are in accordance with these Final Undertakings, and will take such steps as may be specified or described in the Directions for complying with these Final Undertakings.
- 67. Any delay by the CMA in making a written Direction shall not affect the obligations of JLA at such time as the CMA makes any written Direction under paragraph 6666.

Conditions for the appointment of a Divestment Trustee

68. Without prejudice to the CMA's order-making power under section 83 of the Act, JLA undertake that it shall, at the written Direction of the CMA, appoint a Divestment Trustee in accordance with paragraphs 70 to 76 to give effect to the Trustee Obligation.
69. The Divestment Trustee shall fulfil the Trustee Obligation and shall undertake such matters preparatory to giving effect to the Trustee Obligation or part thereof as the CMA may specify in the written Direction referred to in paragraph 66 above.

Divestment Trustee – appointment procedure

70. JLA recognises and acknowledges that the CMA may direct the appointment of a Divestment Trustee at any time after the expiry of the Divestment Period, or prior to the expiry of the Divestment Period, where the CMA, upon reasonable grounds, considers that JLA has not complied with the Approved Timetable in such a way that Final Disposal may not be expected to take place within the Divestment Period.
71. JLA undertakes that on the Direction of the CMA, and in accordance with such Directions as are given by the CMA as to the timing for taking these steps, JLA shall submit to the CMA for approval a list of two or more persons from whom it proposes to appoint a Divestment Trustee. The proposal shall contain sufficient information for the CMA to verify that each proposed person fulfils the requirement set out in paragraph 72 below and shall include among other things:
 - (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Divestment Trustee to fulfil the Trustee Obligation; and
 - (b) a schedule of the steps to be taken to give effect to the mandate.
72. Each person on the list referred to in paragraph 71 shall be independent of and unconnected to JLA, possess the qualifications necessary for the performance of the mandate and shall on appointment and thereafter be free of any conflict of interest, including any conflict of interest that might arise by virtue of the terms of remuneration.
73. The CMA may approve or reject any or all of the proposed Divestment Trustees (such approval not to be unreasonably withheld) and may approve the proposed mandate subject to any modifications it deems necessary for the

Divestment Trustee to fulfil the Trustee Obligation. If only one name is approved, JLA shall use its best endeavours to appoint, or cause to be appointed, the individual or institution concerned as Divestment Trustee in accordance with the mandate approved by the CMA. If more than one name is approved, JLA shall be free to choose the Divestment Trustee to be appointed from among the names approved. JLA undertakes to appoint the Divestment Trustee within two Working Days from the CMA's approval and on the terms of the mandate approved by the CMA.

74. If all the proposed Divestment Trustees are rejected by the CMA, JLA shall submit the names of at least two further persons within two Working Days starting with the date on which it was informed of the rejection, in accordance with the requirements and the procedure set out in paragraphs 71 and 72 above.
75. The provisions of paragraph 76 below shall apply only if:
 - (a) JLA fails to nominate persons in accordance with paragraph 71 above; or
 - (b) those further persons nominated by JLA in accordance with paragraph 74 above are rejected by the CMA; or
 - (c) JLA is unable for any reason to conclude the appointment of the Divestment Trustee within the time limit specified by the CMA.
76. The CMA shall nominate one or more persons to act as a Divestment Trustee, and JLA shall appoint or cause to be appointed such Divestment Trustee within two Working Days starting with the date of such nomination under the terms of a Divestment Trustee mandate approved by the CMA.

Divestment Trustee – functions

77. JLA undertakes to enable the Divestment Trustee to carry out the Trustee Obligation.
78. JLA recognises and acknowledges that:
 - (a) the CMA may, on its own initiative or at the request of the Divestment Trustee, give written Directions or instructions to the Divestment Trustee, in order to assist it in the discharge of the Trustee Obligation to bring about the Final Disposal;
 - (b) the Divestment Trustee may include in such agreements, deeds, instruments of transfer and other instruments and documents as are

necessary for the performance of the Trustee Obligation such terms and conditions as the CMA considers appropriate; and

- (c) the Divestment Trustee shall protect the legitimate financial interests of JLA, subject to the Divestment Trustee's overriding obligations to give effect to the Trustee Obligation.

- 79. JLA recognises and acknowledges that the Divestment Trustee shall take such steps and measures as it considers necessary to discharge the Trustee Obligation and to that end, the Divestment Trustee may give written directions to JLA, as applicable. JLA undertakes to comply with such directions or to procure compliance with such directions as are within its powers and to take such steps within its competence as the Divestment Trustee may specify.
- 80. JLA recognises and acknowledges that in the performance of the Trustee Obligation, the Divestment Trustee shall act solely on the instructions of the CMA and shall not be bound by any instruction of any of JLA. JLA undertakes that it shall not seek to create or vary the obligations and duties of the Divestment Trustee except with the CMA's prior written consent.

Divestment Trustee – duties and obligations of JLA

- 81. JLA undertakes to provide the Divestment Trustee with such cooperation, assistance and information relating to the Divestment Businesses as the Divestment Trustee may reasonably require in the discharge of the Trustee Obligation. This includes the production of financial or other information, whether or not such information is in existence at the time of the request, relevant to the Final Disposal of the Divestment Package, but excludes any material properly the subject of legal privilege) as the Divestment Trustee may reasonably require in the discharge of the Trustee Obligation.
- 82. JLA recognises and acknowledges that the Divestment Trustee shall be entitled, subject to the duty of confidentiality, to full and complete access to the books, records, documents, management or other personnel, facilities, sites and technical information necessary for the fulfilment of the Trustee Obligations (save where material is properly the subject of legal privilege) and JLA undertakes to provide the Divestment Trustee, upon reasonable request, with copies of any such items.
- 83. On the reasonable request of the Divestment Trustee, JLA undertakes to grant comprehensive powers of attorney, duly executed, to the Divestment Trustee to enable it to discharge the Trustee Obligation, including by the appointment of advisers to assist with the disposal process. JLA undertakes

that, upon the reasonable request of the Divestment Trustee, JLA shall execute the documents required to give effect to the Trustee Obligation.

84. JLA undertakes to hold the Divestment Trustee, its employees, agents or advisers harmless against any liabilities arising out of the proper performance of the Trustee Obligation. JLA recognises and acknowledges that the Divestment Trustee, its employees, agents or advisers shall have no liability to JLA or any of its Subsidiaries for any liabilities arising out of the proper performance of the Trustee Obligation, except to the extent that such liabilities result from the wilful default, breach of contract, recklessness, negligence or bad faith of the Divestment Trustee, its employees, agents or advisers.
85. JLA undertakes that, at its expense, the Divestment Trustee may appoint advisers (in particular, for corporate finance or legal advice) if the Divestment Trustee reasonably considers the appointment of such advisers necessary or appropriate in the discharge of the Trustee Obligation, provided that any fees and other expenses incurred by the Divestment Trustee are reasonably incurred. Before appointing any such advisers, the Divestment Trustee will consider using the advisers already appointed by JLA. Should JLA refuse to approve the advisers proposed by the Divestment Trustee, the CMA may, after consulting with JLA, approve and direct the appointment of such advisers.
86. JLA undertakes to make no objection to the Final Disposal of any Divestment Package save on the grounds of either bad faith by the Divestment Trustee or failure of the Divestment Trustee to reasonably protect the legitimate financial and business interests of JLA, subject to the Trustee Obligation. Where JLA wishes to make an objection on the grounds of bad faith by the Divestment Trustee or failure of the Divestment Trustee reasonably to protect the legitimate financial and business interests of JLA, it shall submit to the CMA a notice setting out their objections within two Working Days from the day on which they became aware of the fact or facts giving rise to their objection.
87. JLA undertakes to make available to the Divestment Trustee one or more offices on its premises, and ensure personnel, where necessary, are available for meetings (called on reasonable notice), in order to provide the Divestment Trustee with all information reasonably necessary for the performance of the Trustee Obligation, subject in each case to the Divestment Trustee's compliance with JLA's internal policies.

Divestment Trustee – replacement, discharge and reappointment

88. JLA acknowledges that if the Divestment Trustee ceases to perform the Trustee Obligation, or for any other good cause, including the exposure of the

Divestment Trustee to a conflict of interest, the CMA may, after consulting the Divestment Trustee, require JLA to replace the Divestment Trustee.

89. If the Divestment Trustee is removed under paragraph 88 above, the Divestment Trustee may be required to continue in its post until a new Divestment Trustee is in place to whom the Divestment Trustee has effected a full handover of all relevant information. The new Divestment Trustee shall be appointed in accordance with the procedure contained in paragraphs 70 to 76 above.
90. JLA recognises and acknowledges that, other than in accordance with paragraph 88 above, the Divestment Trustee shall cease to act as Divestment Trustee only after the CMA has discharged it from its duties at a time at which all the obligations with which the Divestment Trustee has been entrusted have been met.

Additional Undertakings to protect the divestment of the Divestment Package

91. JLA shall procure, so far as it has the power to do so and to the extent relevant, that all senior management who have been employed by the Divestment Business and who have or will be transferred to JLA and who have knowledge of the Divestment Business' operations and customer details sign non-disclosure agreements.
92. JLA agrees not to seek to recruit the staff that are included in the Divestment Package for a period of 12 months after the Final Disposal.
93. JLA will be required to use its best endeavours to sell the Divestment Package with the benefit of all the existing customer contracts held by the Divestment Business at the end of the Divestment Period (in accordance with paragraphs 10.65 to 10.78 of the Final Report) to the extent such existing customer contracts are freely transferrable.

Variations to these Final Undertakings

94. The terms of these Final Undertakings may be varied with the prior written consent of the CMA in accordance with sections 82(2) and 82(5) of the Act.
95. Where a request for consent to vary these Final Undertakings is made to the CMA, the CMA will consider any such request in light of the Final Report and will respond in writing as soon as is reasonably practicable having regard to the nature of the request and to its statutory duties.

96. The consent of the CMA shall not be unreasonably withheld.

General obligation to provide information to the CMA

97. JLA undertakes that it shall promptly provide to the CMA such information as the CMA may reasonably require for the purpose of performing any of its functions under these Final Undertakings or under sections 82, 83, and 94 of the Act.
98. JLA undertakes that, should it at any time become aware that it is in breach of any provision of these Final Undertakings, it will notify the CMA within two Working Days starting with the date it becomes aware of the breach to inform the CMA that there has been a breach, of all the circumstances of that breach and of the steps it has taken, is taking, or will take, so far as reasonably practicable, to remedy the breach.
99. Where any person, including a Monitoring Trustee or Divestment Trustee, must provide information in relation to JLA to the CMA under or in connection with these Final Undertakings, whether in the form of any notice, application, report or otherwise, JLA undertakes that it will take reasonable steps within its power to procure that that person shall hold all information provided to it as confidential and shall not disclose any business-sensitive information of JLA to any person other than to the CMA, without the prior written consent of both the CMA and JLA.

Acceptance of Service

100. JLA hereby authorises ✕ (or any partner) of White & Case LLP, whose address for service is 5 Old Broad Street, London, EC2N 1DW to accept on their behalf service of all documents, orders, requests, notifications or other communications connected with these Final Undertakings (including any such document which falls to be served on or sent to JLA in connection with proceedings in court in the UK).
101. Unless JLA informs the CMA that White & Case LLP has ceased to have authority and has informed the CMA of an alternative to accept and acknowledge service on their behalf, any document, order, request, notification or other communication connected with these Final Undertakings shall be deemed to have been validly served on JLA if it is served on White & Case LLP at its registered office for the attention of ✕, or via email to ✕, with a copy to ✕, and service or receipt shall be deemed to be acknowledged by JLA if it is acknowledged by email from a partner in or employee of White & Case LLP to the CMA.

102. Paragraph 101 has effect irrespective of whether, as between JLA and White & Case LLP, White & Case LLP has or continues to have any authority to accept and acknowledge service on behalf of JLA (unless JLA informs the CMA that White & Case LLP has ceased to have authority to accept and acknowledge service on its behalf), and no failure or mistake by White & Case LLP (including a failure to notify JLA of the service of any document, order, request, notification or other communication) shall invalidate any action taken in respect of these Final Undertakings, including any proceeding or judgment pursuant to these Final Undertakings.

Effect of invalidity

103. JLA undertakes that should any provision of these Final Undertakings be contrary to law or invalid for any reason, JLA shall continue to observe the remaining provisions.

Extension of time

104. JLA recognises and acknowledges that the CMA may, where it considers it appropriate, in response to a written request from JLA showing good cause, or otherwise at its own discretion, grant an extension of any period specified in these Final Undertakings within which JLA, the Monitoring Trustee and/or the Divestment Trustee (as the case may be) must take action.

Governing law

105. These Final Undertakings shall be governed by and construed in all respects in accordance with English law.
106. Disputes arising concerning these Final Undertakings shall be subject to the jurisdiction of the courts of England and Wales.

Termination and release

107. These Final Undertakings shall remain in force until the date on which the obligation on JLA under paragraph 21(c) expires.
108. The variation, release or supersession of these Final Undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

FOR AND ON BEHALF OF JLA

Signature

Name

Title

Date

FOR AND ON BEHALF OF Vanilla

Signature

Name

Title

Date

Annex 1

Purchaser Approval Criteria

These Purchaser Approval Criteria are to be construed in a manner that is consistent with, and for the purpose of giving effect to, paragraph 10.123 of the Final Report.

1. Independence

At the time of the Final Disposal, the Approved Purchaser must have no significant connection (for example financial, ownership or management links)¹ to JLA that may compromise the purchaser's incentives to compete with JLA after divestiture.

2. Capability

The Approved Purchaser must have access to appropriate financial resources, expertise and assets to enable the divested business to be an effective competitor in the relevant market. This access should be sufficient to enable the relevant Divestment Package to continue to develop as an effective competitor in the relevant market. The Approved Purchaser must be able to demonstrate an ability to provide continuity of business.

3. Commitment to the relevant market

The Approved Purchaser must demonstrate to the satisfaction of the CMA that it has an appropriate business plan (including managerial capability, operational capability and technical capability or such other evidence as the CMA considers appropriate) to maintain and operate the relevant Divestment Package as a viable and active business in competition with JLA and other competitors in the relevant market so as to remedy the SLC and the adverse effects that may be expected to result from it.

4. Absence of competitive or regulatory concern

In considering whether to give consent to any Approved Agreement, the CMA shall consider whether the terms of the agreement (and any other agreements or arrangements ancillary or connected to the agreement) would give rise to a material risk that the sale of the Divestment Package would not remedy the relevant SLC and the adverse effects that may be expected to result from it. In addition, the CMA shall require that the divestiture of the relevant Divestment Package to the Approved

¹ This can include, for example, an equity interest, shared directors, reciprocal trading relationships or continuing financial assistance. [Merger Remedies: Competition Commission guidelines \(CC8\)](#), adopted by the CMA board, paragraphs 3.15 and 3.18.

Purchaser must not raise further competition or regulatory concerns in the relevant market.

Annex 2

Divestment Package

Subject to the requirements of the Approved Purchaser, JLA shall offer to include in the Divestment Package the following core items:

1. Washstation contracts with higher education customers held by the Divestment Business and in accordance with paragraphs **Error! Reference source not found.** to **Error! Reference source not found.** of the Final Report.
2. Washstation machines installed at customer sites.
3. Washstation machines that have been removed from customer sites (following contract losses) and are currently held in storage by JLA or are due to be returned to JLA to be held in storage.
4. Where the Approved Purchaser requires additional machines to fulfil the obligations of Washstation under agreed contracts at the time of Final Disposal or where the Approved Purchaser requires machines to be installed during any transitional period following Final Disposal, JLA must sell these machines to the Approved Purchaser on a basis which is consistent with that upon which machines were previously supplied to Washstation prior to the Merger. This should be included in any transitional services agreement and should only apply in respect of obligations that are due to be fulfilled before the end of any transitional services agreement (see paragraph 11).
5. All remaining assets associated with the Divestment Business (subject to confirmation by the Monitoring Trustee and Hold Separate Manager).
6. Technology and supporting contracts to facilitate machine availability monitoring and payment solutions as provided by Washstation at the date of the Merger and any necessary transitional services, for a period to be approved by the CMA, for technology and supporting contracts provided by Washstation following the Merger and up to Final Disposal (see paragraph 11).
7. Washstation bank accounts.
8. Washstation brand, trademark and domain name.
9. Washstation dedicated telephone helpline number.

10. All available data relating to the Divestment Business, including customer records, installations plans (including details of all sub-contractors used in the installation process), sales pipeline data; and financial records. This includes all data held on the Washstation IT server and JLA systems and any data held in physical form by JLA.
11. Necessary transitional services for a period to be approved by the CMA of no longer than 6 months, which may include:
 - (a) key support and back office functions (eg engineering support, sales support, account managers, customer support, IT and Finance);
 - (b) technology and supporting contracts to facilitate machine availability monitoring and payment solutions;
 - (c) encouraging the Hold Separate Manager to remain with the Divestment Business and, to the extent JLA is able to do so, facilitate the Hold Separate Manager's transfer with the Divestment Business;
 - (d) requiring the Hold Separate Manager to assist the Approved Purchaser in connection with the Final Disposal;
 - (e) selling any additional machines required by the Approved Purchaser for installations during any transitional period on a basis which was consistent with that upon which machines were previously supplied to Washstation prior to the Merger, taking into account landed costs and associated administrative costs; and
 - (f) provide warehousing services to store the Divestment Business' inventory for a small charge to cover additional administration costs.