

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 5 December 2018

Completed acquisition by Headlam Group and HFD Limited of Rackhams Ltd ('Rackhams')

We refer to your emails dated 15 January, 22 January and 29 January 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 5 December 2018 (the 'Initial Order'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Headlam Group PLC ('Headlam') and HFD Limited ('HFD') are required to hold separate the Rackhams business from the Headlam business and HFD 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, in addition to the derogations issued on 30 January, Headlam, HFD and Rackhams may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a), 5(c) and 5(l) of the Initial Order

The CMA recognises that the acquisition of Rackhams by Headlam has increased Rackhams requirements for HR, Health and Safety and vehicle maintenance and operations regulatory support. To preserve the viability of Rackham's business, Headlam has requested permission to provide limited HR, Health and Safety and vehicle maintenance and operations regulatory support and advice to Rackhams on the following matters: (i) employee contracts and grievances (ii) compliance with HRrelated regulations; (iii) health and safety assessments and compliance with health and safety regulations; and (iv) compliance with vehicle or operations regulatory requirements or any other matters specifically agreed in advance with the CMA.

The CMA consents to allow [redacted] ([redacted]), [redacted] ([redacted]) and [redacted] ([redacted]) to provide such support to Rackhams. Headlam will ensure that the following controls are in place to

minimise the risk of wider information transfer between the Rackhams and Headlam businesses:

- (i) Disclosure of Rackhams information to the Headlam named individuals will be limited to what is strictly necessary to provide limited support in the identified areas; and
- (ii) the Headlam named individuals will enter into a confidentiality agreement, the form of which will be agreed with the CMA.

Maria Duarte

Assistant Director, Mergers

7 February 2019