

**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED  
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002  
COMPLETED ACQUISITION**

Please note that [X] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

**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 9 August 2019.**

**Completed acquisition by SSCP Spring Bidco Limited of Boston Holdco A Limited**

We refer to your email dated 11 September 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 9 August 2019 (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, the Stirling Group is required to hold separate the Stirling Group business (including the National Fostering Agency Group) from the Boston Holdco business (including the Outcomes First Group) 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 Stirling Group and the Boston Holdco business may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 4(b), 5(b), 5(c), 5(d), 5(e), 5(h), 5(i), 5(j) and 9 of the Initial Order**

During the Specified Period, the CMA grants the derogation from the above paragraphs of the Initial Order in relation to Stirling Square Capital Partners Holdings Limited and Stirling Square Capital Partners Second Fund Holdings Limited and their controlled subsidiaries. This is based on the statement by the Stirling Group that there are no Stirling Group entities or portfolio companies outside Stirling Square Capital Partners Third Fund Holdings Limited and its controlled subsidiaries (hereafter collectively referred to as the 'Third Fund Entities') which have any direct or indirect relationship to the SSCP Spring TopCo Limited (hereafter referred to as Spring TopCo) business or the Boston Holdco business.

In relation to the Third Fund Entities, during the Specified Period, the CMA grants the derogation from the above paragraphs of the Initial Order for actions in relation to: (a) any

portfolio companies of the Third Fund Entities that are either not domiciled or headquartered in the United Kingdom (as specified in Annex 1); and (b) Mettis Aerospace, being a UK domiciled business which has no direct or indirect relationship with the Spring Topco business or the Boston Holdco business.

It is clarified that the above derogations are granted based on the statement by Stirling Group that: (a) none of the businesses or entities specified in Annex 1 have any competitive overlaps with, or are vertically related to, the Spring Topco or the Boston Holdco business; and (b) the viability of either the Spring Topco or the Boston Holdco business is not dependent on the viability of the businesses or entities indicated listed in Annex 1 and/or Mettis Aerospace.

**2. Paragraph 5(k) of the Initial Order – information for the purposes of the directors of SSCP Spring Topco complying with fiduciary duties and corporate reporting obligations**

The following derogation is granted solely for the purposes of ensuring that an appropriate level of oversight is maintained over the Boston Holdco business in accordance with applicable regulatory obligations. This includes ensuring the ongoing viability of the Boston Holdco business through proactive management of both direct risks to the welfare of the children and young people in its care and indirect risks to the continuity of that care. Such risks may include for example, a direct regulatory sanction or the loss of confidence (as may reasonably be anticipated) of local authority partners in both the Boston Holdco business, and indirectly, the Spring Topco business as a result of its ownership of the Boston Holdco business.

The CMA gives its consent that the prohibition contained in paragraph 5(k) of the Initial Order, shall not apply insofar as the Authorised Individuals in their specific capacity as detailed in Annex 2 receive the reporting from Boston Holdco management on any matter which could have a material adverse impact on Boston Holdco's reputation, regulatory approvals and permissions, relationships with local authorities, ability to secure insurance or otherwise prejudice Boston Holdco's ability to continue operating in the ordinary course of business, subject to the following safeguards and the general safeguards specified in Section 4:

- (i) Such reports will be given in the form of a regular weekly report covering only material regulatory developments relating to the incidents identified in Annex 3 which the Stirling Group has represented to the CMA are critical to protect service users in the context of Boston Holdco's heavily regulated business.
- (ii) Such information is provided on the basis that:
  - (a) it is strictly necessary solely for the designated purpose; and
  - (b) it is specified against the relevant Authorised Individuals' names in Annex 2.

### **3. Paragraph 4(b) and 5(k) of the Initial Order – delegation of authority for items outside the ordinary course of business**

The following derogation is being granted in order to ensure that an appropriate level of oversight is maintained of the Boston Holdco business and thereby to ensure the continuity and viability of the Boston Holdco business as a going concern, as envisaged in the CMA's Interim Measures Guidance.

The CMA gives its consent that the prohibitions contained in paragraphs 4(b) and 5(k) of the Initial Order, subject to the conditions and general safeguards listed below, shall not apply insofar as [X] receives information as detailed in Annex 2, and gives approval or rejects, the following items which would be outside the ordinary course of business (in all cases, to the extent such item was not included in the Boston Holdco business' pre-merger budget and business plan):

- (i) approval of appointment or termination of employees earning [X];
- (ii) approval of any individual item of capex [X];
- (iii) approval of any exceptional items [X]; and
- (iv) approval of commitment to new contracts [X].

In addition to the general safeguards specified in Section 4, the CMA grants this derogation subject to the following conditions:

- (i) disclosure of any information to [X] for the purposes of this derogation will be limited to that which is strictly necessary for ensuring the appropriate level of oversight of the Boston Holdco business and ensuring that the Boston Holdco business is maintained as a going concern; and
- (ii) Promptly, and in any event within two business days, the Third Fund Entities will notify the CMA of any approval being given or rejected pursuant to this derogation.

Further, the CMA reserves the right to amend the named individual(s) who has been granted permission by the CMA to receive access to commercially-sensitive information of the Boston Holdco businesses for the abovementioned purpose and/or amend any of the items or value thresholds specified above.

### **4. Safeguards**

#### **Undertakings and NDAs**

The information referred to in paragraphs 2 and 3 above will only be provided to the concerned Authorised Individuals 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 such Authorised Individual 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 or as strictly required to comply with statutory reporting obligations or duties;
- (c) not to use the information in any manner, directly or indirectly, other than for their respective specific purposes for which the consent is provided for; and
- (d) to promptly inform the CMA of any breach of the NDA.

### **Firewalls**

Stirling Group, as well as the Spring Topco business and the Boston Holdco business will ensure that robust firewall measures are put in place to prevent all employees of Stirling Group or the Spring Topco business from accessing information relating to the Boston Holdco business or vice versa including:

- (a) Restrictions on Authorised Individuals' email accounts to prevent unauthorised access;
- (b) All documents containing information relating to the Boston Holdco business to be password protected only to be known to the Authorised Individuals entitled to access the information in accordance with this letter; and
- (c) Any hard copies of the information provided to the Authorised Individuals in terms of this letter to be kept in a specific folder in a locked filing cabinet to which only such Authorised Individuals have access.

### **Destruction and return of Boston Holdco 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 the entity to which they relate, wherever they may be held and any copies destroyed.

Yours Sincerely

Lasse Burmester

Assistant Director, Mergers

**ANNEX 1**  
**STIRLING SQUARE CAPITAL PARTNERS**  
**RELEVANT THIRD FUND PORTFOLIO COMPANIES**

<b>Company</b>	<b>Legal Entity (including control subsidiaries)</b>	<b>Headquarters</b>	<b>Sector</b>
Vision	[REDACTED]	Germany	Healthcare
Siblu	[REDACTED]	France	Leisure
Itelyum	[REDACTED]	Italy	Chemicals
AD Industrie	[REDACTED]	France	Industrial Products
Isoclima	[REDACTED]	Italy	Industrial Products
DOCU Nordic	[REDACTED]	Sweden	TMT
Vernet	[REDACTED]	France	Industrial Products
Veresence	[REDACTED]	France	Glass Packaging
Logent	[REDACTED]	Sweden	Business Services

## ANNEX 2

	Authorised Individuals	Specific Capacity	Designated Purpose
Information for the purposes of the directors of SSCP Spring Topco complying with fiduciary duties and corporate reporting obligations	[✂]	NFA Group Compliance and Quality Director	To ensure adequate monitoring to discharge his statutory / legal duties and obligations with respect to quality and safeguarding – as expert in the business and its quality and compliance obligations his knowledge is required to assess the issues arising in the weekly reports
	[✂]	Stirling representative on Boston Holdco board	To ensure adequate monitoring to discharge his statutory / legal duties and obligations with respect to quality and safeguarding – as the Stirling representative on the Boston Holdco board
Delegation of authority for items outside the ordinary course of business	[✂]	Stirling representative on Boston Holdco board	To approve / reject items outside the ordinary course of business for the purpose of ensuring adequate oversight and maintaining Boston Holdco as a going concern as envisaged in the CMA's Interim Measures Guidance

### **ANNEX 3**

Material incidents developments to be included in weekly reports:

- Incidents resulting in risks of harm to children, young people and staff
- Any changes to the Responsible Individuals (or Nominated Individuals in the case of the Care Quality Commission)
- Resignation of a Registered Manager (or dismissal)
- Any inspections from Ofsted, the Care Quality Commission and Care Inspectorate Wales
- Any referrals to a Designated Officer (i.e. details of any allegations against staff which are referred to the local authority) or the Disclosure and Barring Service
- Any referrals to a professional body (for example the Teacher Regulation Authority or Health and Care Professionals Council)
- Any other serious incident which could lead to a loss of placement or destabilisation of the service or which are notified to any regulator as per legislation (may include above)