

Completed acquisition by Hunter Douglas N.V. of convertible loan notes and certain rights in 247 Home Furnishings Ltd. in 2013 and the completed acquisition by Hunter Douglas N.V. of a controlling interest in 247 Home Furnishings Ltd. in 2019

Directions issued on 27 April 2020 pursuant to paragraph 11 of the Initial Enforcement Order imposed by the Competition and Markets Authority on Hunter Douglas N.V. and 247 Home Furnishings

In 2013 (**the 2013 Transaction**) Hunter Douglas N.V (**Hunter Douglas**) completed the acquisition of convertible loan notes and certain rights in 247 Home Furnishings Ltd. (**247 Home Furnishings**), and subsequently completed the acquisition of a controlling interest in 247 Home Furnishings in 2019 (**the 2019 Transaction**) (the 2013 Transaction and the 2019 Transaction together, **the Transactions**)

On 21 November 2019, the CMA made an Initial Enforcement Order (**the Order**) addressed to Hunter Douglas, a company incorporated in the Netherlands, and 247 Home Furnishings in accordance with section 72(2) of the Enterprise Act 2002 to prevent pre-emptive action. The Order is still in force.

The CMA now issues written directions under paragraph 11 of the Order that, for the purpose of securing compliance with the Order, Hunter Douglas must appoint a monitoring trustee in accordance with the terms provided for in this Annex and Hunter Douglas and 247 Home Furnishings must comply with the obligations set out in the Annex.

Signed

Nafees Saeed
Director, Mergers
Competition and Markets Authority
27 April 2020

Annex

Directions to appoint a monitoring trustee

Interpretation

In these Directions:

‘the Act’ means the Enterprise Act 2002;

‘business’ has the meaning given by section 129(1) and (3) of the Act;

‘CMA’ means the Competition and Markets Authority;

‘commencement date’ means 21 November 2019;

‘Derogations’ means any derogations granted whether before or after the appointment of the MT by the CMA by which Hunter Douglas and 247 Home Furnishings may undertake certain actions that derogate from the Order;

‘Hunter Douglas’ means Hunter Douglas N.V., company incorporated in The Netherlands, with registered address 2, Piekstraat Rotterdam, 3071 EL, the Netherlands (company number 24117994);

‘247 Home Furnishings’ means 247 Home Furnishings Ltd., Ltd a company incorporated in Jersey at 44 Esplanade, St Helier, Jersey, JE6 9WG with a registered UK establishment at Apex House 172 Blackmoorfoot Road, Huddersfield, HD4 5RE (company number 128312);

‘MT’ means the monitoring trustee appointed in accordance with paragraphs 1 to 3 below;

‘Order’ means the initial enforcement order made by the CMA on 21 November 2019 and addressed to Hunter Douglas and 247 Home Furnishings;

‘subsidiary’, unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

‘the two businesses’ means the Hunter Douglas business and the 247 Home Furnishings business;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Terms and expressions defined in the Order have the same meaning in these directions, unless the context requires otherwise.

Appointment

1. Hunter Douglas and 247 Home Furnishings must appoint a MT in order to ensure compliance with the Order, in particular to:
 - (a) monitor and report to the CMA on compliance by Hunter Douglas and 247 Home Furnishings and their subsidiaries with the Order; and
 - (b) support the CMA taking any remedial action which may be required to maintain the Hunter Douglas business and 247 Home Furnishings business as going concerns.
2. The MT 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.
3. Hunter Douglas and 247 Home Furnishings must cooperate fully with the MT, in particular as set out below, Hunter Douglas and 247 Home Furnishings must ensure that the terms and conditions of the appointment of the MT reflect and give effect to the functions and obligations of the MT and the obligations of Hunter Douglas and 247 Home Furnishings as set out in these directions.

General

4. The MT must possess appropriate qualifications and experience to carry out his or her functions.
5. The MT 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 directions, unless it can be resolved in a manner and within a timeframe acceptable to the CMA.
6. Hunter Douglas and 247 Home Furnishings shall remunerate and reimburse the MT 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 MT's independence or ability to effectively and properly carry out his or her functions.
7. Hunter Douglas and 247 Home Furnishings must appoint the MT as soon as is reasonably practicable and in any event by **4 May 2020** and the MT will continue to act either until the CMA reaches a decision to clear the Merger or until the CMA directs that the MT is no longer required.
8. The appointment of a MT by Hunter Douglas and 247 Home Furnishings is subject to the approval of the CMA as to the identity of the MT and the terms and conditions of appointment in their entirety and:
 - (a) the name of the proposed MT and a second proposed MT in reserve (should the CMA not approve the first proposed MT) must be notified to

the CMA as soon as is reasonably practicable and in any event by **30 April 2020**;

- (b) the draft terms and conditions of appointment must be notified to the CMA as soon as is reasonably practicable and in any event by **1 May 2020**; and
- (c) once the MT has been approved by the CMA and appointed, Hunter Douglas and 247 Home Furnishings must provide the CMA with a copy of the agreed terms and conditions of appointment.

Functions

9. The functions of the MT will be to:
- (a) ascertain and report to the CMA in relation to the current level of compliance of Hunter Douglas and 247 Home Furnishings, and their subsidiaries with the Order;
 - (b) assess and report to the CMA in relation to the arrangements made by Hunter Douglas and 247 Home Furnishings, and their subsidiaries for compliance with the Order and what changes to those arrangements, if any, are necessary to preserve the possibility of the CMA taking any remedial action, if required;
 - (c) identify and supervise if necessary the arrangements made by Hunter Douglas and 247 Home Furnishings for ensuring compliance with the Order;
 - (d) monitor compliance by Hunter Douglas and 247 Home Furnishings, and their subsidiaries with the Order; and
 - (e) without prejudice to the right of Hunter Douglas and 247 Home Furnishings to contact the CMA, respond to any questions which Hunter Douglas and 247 Home Furnishings may have in relation to compliance with the Order, in consultation with the CMA.
10. The MT must take such steps as he or she reasonably considers necessary in order to carry out his or her functions effectively, including requiring the provision of information or the production of documents relating to communications within and between the Hunter Douglas business and 247 Home Furnishings business, such as written and electronic communications, telephone conversations and meetings as may be required.
11. The MT must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance with the Order.

Obligations of Hunter Douglas and 247 Home Furnishings

12. Hunter Douglas and 247 Home Furnishings, their employees, officers, directors, advisers and consultants must cooperate fully with the MT, in particular by providing the MT with all cooperation, assistance and information as the MT may reasonably require in order to discharge his or her functions (taking due account of the exceptional circumstances arising as a result of the ongoing global Covid-19 pandemic), including but not limited to:
- (a) the provision of full and complete access to all personnel, books, records, documents, facilities and information of the Hunter Douglas business and the 247 Home Furnishings business as the MT may reasonably require; and
 - (b) the provision of such office and supporting facilities as the MT may reasonably require.
13. If the Hunter Douglas business is in any doubt as to whether any action or communication would infringe the Order, they are required to contact the MT for clarification.
14. If Hunter Douglas and 247 Home Furnishings has any reason to suspect that the Order may have been breached, it must notify the MT and the CMA immediately.

Reporting functions

15. Unless otherwise agreed with the CMA, the MT is required to provide an initial report to the CMA no later than 5pm (UK time) on **18 May 2020**, giving details of any arrangements which have been, or should be, put in place to ensure compliance with the Order, and including among other things:
- (a) details of the current extent of compliance with the Order;
 - (b) a description of the current arrangements made for the operation of the 247 Home Furnishings business and for the preservation of the assets required to operate the 247 Home Furnishings business; and
 - (c) recommendations as to what changes to those arrangements, if any, are necessary.
16. In addition to providing the initial report referred to in paragraph 15 above, the MT must provide a statement to the CMA every **four** weeks thereafter (or otherwise as required by the CMA) stating whether or not, in his or her view, Hunter Douglas and 247 Home Furnishings, and their subsidiaries have complied with the Order. At the same time, the MT must provide the CMA with a report setting out the following:

- (a) the basis for the MT's view that the Order has or has not, as the case may be, been complied with and in particular whether:
 - (i) anything has caused him or her to be concerned as to whether Hunter Douglas and 247 Home Furnishings, and their subsidiaries have complied with the Order, and if it has, whether those concerns have been resolved and why;
 - (ii) he or she has any remaining doubts or uncertainties as to whether Hunter Douglas and 247 Home Furnishings, and their subsidiaries have complied with the Order; and
 - (iii) anything that causes him or her to be concerned about a possible future breach of the Order (whether deliberate or inadvertent);
- (b) details of the performance of the 247 Home Furnishings business, including any factors that might indicate asset deterioration;
- (c) whether appropriate steps are being taken to maintain 247 Home Furnishings business as a going concern;
- (d) the extent to which Hunter Douglas and 247 Home Furnishings and their subsidiaries have cooperated with the MT in his or her task of monitoring its compliance with the Order and details of any aspects of the cooperation of Hunter Douglas and 247 Home Furnishings or any of their subsidiaries that he or she considers could be improved;
- (e) the extent to which the MT considers that he or she is in an appropriate position to monitor the compliance of Hunter Douglas and 247 Home Furnishings and their subsidiaries with the Order and if there is anything that the MT considers would assist him or her in monitoring compliance;
- (f) any current or anticipated requests for consent to vary the Order; and
- (g) the information he or she used to compile the report.

17. When providing reports to the CMA, the MT must ensure that he or she does not disclose any information or documents to the CMA which Hunter Douglas and 247 Home Furnishings or any of their subsidiaries would be entitled to withhold from the CMA on the grounds of legal privilege and nothing in these directions requires Hunter Douglas and 247 Home Furnishings to produce any information or documents to the MT which are privileged.

18. The MT must immediately notify the CMA in writing if he or she forms a reasonable suspicion that the Order has been breached, or if he or she considers that he or she is no longer in a position to effectively carry out his or her functions. In that situation, the MT must give reasons for this view, including

any supporting evidence available (unless doing so would infringe the obligations referred to in paragraph 17 above).

19. All communications between the MT and the CMA (including the statements and reports referred to in paragraphs 15 and 16) are confidential and should not be disclosed to Hunter Douglas and 247 Home Furnishings or any of their subsidiaries, save with the prior written consent of the CMA. The MT shall not disclose such communications to third parties.