

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

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 27 August 2021

Completed acquisition by Dye & Durham (UK) Limited of TM Group (UK) Limited (the 'Merger')

Dear [X],

We refer to your submissions dated 3 and 23 November 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 27 August 2021 (as varied on 30 September 2021, the '**Initial Order**'). Unless otherwise stated, 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, Dye & Durham Limited ('**D&D**') and Dye & Durham (UK) Limited ('**D&D UK**') are required to hold separate the D&D business from the TM Group (UK) Limited ('**TMG**') business (together the '**Parties**') 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, D&D, D&D UK and TMG may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(c) of the Initial Order

Since completion of the Merger, the CMA understands that the board of directors of TMG ('**Board**') is comprised of two TMG directors ([X], Chief Operations Officer, and [X], Chief Executive Officer), appointed pre-completion (the '**TMG-appointed Directors**') and three D&D directors ([X], Chief Executive Officer of D&D, [X],

General Counsel of D&D, and [§<], Managing Director of D&D UK) appointed on completion by D&D (the '**D&D-appointed Directors**').

The Parties submit that under TMG's articles of association, two directors are able to establish a quorum to hold a valid board meeting of the TMG business. In order to ensure the independent operation of the TMG business, the Parties propose to formally delegate all responsibility for matters connected to the day-to-day running of the TMG business, including all strategic and commercial decision-making to the TMG-appointed Directors by:

- (a) formally establishing a committee '**(TMG Committee)**' of the Board, solely comprised of the TMG-appointed Directors; and
- (b) providing the TMG Committee with all required powers and delegated authority to allow the TMG Committee to take all necessary action in respect of the continued operation of the TMG business (except as expressly permitted by the CMA in any derogation to the Initial Order), as set out in more detail in the written board resolution at Annex 1.

On the basis of the representations of the Parties, the CMA consents to a derogation from paragraph 5(c) of the Initial Order permitting the actions described at paragraphs (a) and (b) above, strictly on the basis that:

- (i) the establishment of the TMG Committee will ensure the independent and viable operation of the TMG business;
- (ii) the D&D-appointed Directors will not, except as expressly permitted by the CMA in any derogation to the Initial Order:
 - have any involvement in the day-to-day planning, management, strategic or financial decision-making over the TMG business;
 - attend any meetings of the Board or the TMG Committee; and
 - receive access to any commercially sensitive, confidential or proprietary information of the TMG business;

Yours sincerely,

Alex Knight
Assistant Director, Remedies, Business and Financial Analysis
2 December 2021