

Anticipated acquisition by Carpenter Co. of the engineered foams business of Recticel NV/SA

Notice of proposal to accept Final Undertakings pursuant to sections 41, 82 and 90 of and Schedule 10 to the Enterprise Act 2002 and public consultation on the proposed Final Undertakings

Background

1. On 18 July 2022, the Competition and Markets Authority (**CMA**), in exercise of its duty under [section 33\(1\)](#) of the Enterprise Act 2002 (the **Act**), referred the anticipated acquisition by Carpenter Co. (**Carpenter**) of the engineered foams business (**REF**) of Recticel NV/SA (**Recticel**) (the **Merger**) for further investigation and report by a group of CMA panel members (the **Inquiry Group**).
2. On 16 November 2022 the CMA published its final report pursuant to section 38 of the Act (the **Report**) which concluded that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition (**SLC**) in relation to the:
 - (i) supply of comfort foam in the UK;
 - (ii) supply of technical foam in the UK; and
 - (iii) supply of converted comfort foam in the UK(collectively, the **SLCs**).
 - (c) the CMA should take action to remedy the SLCs found and any adverse effects resulting from them.
3. As set out in the Final Report, the CMA has decided that a divestiture of REF's UK assets and operations, principally comprising the divestiture of REF's UK subsidiary Recticel Limited, to a suitable upfront purchaser, who has sufficient R&D capabilities and chemical procurement experience, would be effective in addressing the SLCs and the resulting adverse effects.

4. The CMA has reached agreement with Carpenter and Recticel as to the terms of Final Undertakings for the purpose of remedying, mitigating or preventing the SLCs it has identified in the Report and any adverse effects arising from the SLCs. The proposed Final Undertakings are attached to this Notice.

Notice of proposal to accept undertakings

5. The CMA now hereby gives notice under paragraph 2 of Schedule 10 to the Act that:
 - (a) the CMA proposes to accept the attached proposed Final Undertakings; and
 - (b) the proposed Final Undertakings seek to address the SLCs identified in the Report and any adverse effects arising from the SLCs.
6. The CMA invites written representations on the proposed Final Undertakings from any person or persons who wish to comment.
7. Representations should reach the CMA via email by 5pm on 4 January 2023 (15 days from the date of publication of this notice) and should be emailed to: Carpenter.Recticel@cma.gov.uk.
8. The CMA will consider any written representations made in accordance with this Notice and may make modifications to the proposed Final Undertakings as a result. In the absence of any written representations, or in the event that the CMA decides, on consideration of representations made and not withdrawn, not to amend the proposed Final Undertakings, the CMA proposes to accept the proposed Final Undertakings in their present form pursuant to section 82 of the Act. If the CMA considers that any representation necessitates any material change to the proposed undertakings, the CMA will give notice of the proposed modifications.
9. Once accepted, the Final Undertakings may be varied, superseded or released by the CMA under section 82(2) of the Act.
10. This Notice and a non-confidential version of the proposed Final Undertakings will be published on the CMA website.

Kip Meek
Inquiry Group Chair
21 December 2022