

COMPLETED ACQUISITION BY EVILLE & JONES (GROUP) LIMITED OF VORENTA LTD

DIRECTIONS ISSUED ON 27 APRIL 2023 PURSUANT TO PARAGRAPH 10 OF THE INITIAL ENFORCEMENT ORDER MADE BY THE COMPETITION AND MARKETS AUTHORITY ON 2 NOVEMBER 2022 PURSUANT TO SECTION 72(2) OF THE ENTERPRISE ACT 2002

On 2 November 2022, the Competition and Markets Authority (**CMA**) issued an initial enforcement order in accordance with section 72(2) of the Enterprise Act 2002 (the **Act**) concerning the completed acquisition of Vorenta Ltd (and all its subsidiaries within the meaning given by section 1159 of the Companies Act 2006, together **Vorenta**) by Eville & Jones (Group) Limited (together with all other entities under common ownership or common control, or over which it exerts material influence, or which exert material influence over it within the meaning of section 26 of the Act, **E&J**) (the **Merger**) (the **Initial Enforcement Order**).

On 4 November 2022, the CMA received E&J's responses to written questions regarding the state of integration between E&J and Vorenta post-Merger. Based on E&J's responses to such questions, the CMA understood that, from a legal standpoint, Vorenta's key senior management team, being the Managing Director ([]) and Chairman ([]), were employed by and had senior roles in E&J post-Merger. As a result, from a legal standpoint, Vorenta no longer had its own senior management team capable of operating the Vorenta business in the same manner as it was operated pre-Merger. Further, the CMA considered that there had already been some integration of Vorenta into E&J.

On 16 November 2022, based on the information available to it and following careful consideration, the CMA considered that a number of risk factors were present and the CMA was concerned about the ability of Vorenta to run its business independently of E&J, in accordance with the obligations under the Initial Enforcement Order. Accordingly, the CMA issued directions pursuant to paragraph 10 of the Initial Enforcement Order that E&J and Vorenta must appoint a formal hold separate manager of the acquired Vorenta business (the **HSM Directions of November 2022**).

On 5 December 2022, E&J appointed Vorenta's former [X] and E&J's current [X], [X], as the hold separate manager of the Vorenta business (the **Former HSM**) in accordance with terms and conditions of appointment approved by the CMA.

On 6 March 2023, the CMA decided under section 22(1) of the Act that it is or may be the case that the Merger constitutes a relevant merger situation that has resulted or may be expected to result in a substantial lessening of competition within a number of markets in the United Kingdom for goods or services.

On 13 March 2023, E&J offered undertakings in lieu of a reference to the CMA for the purposes of section 73(2) of the Act.

On 20 March 2023, the CMA gave notice to E&J and Vorenta, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering E&J's offer (the **UIL Provisional Acceptance Decision**).

On 5 April 2023, E&J informed the CMA that in view of the UIL Provisional Acceptance Decision, it no longer would be appropriate for the Former HSM to perform the role of hold separate manager of Vorenta. Accordingly, it would be appropriate to terminate the appointment of the Former HSM.

On 7 April 2023, the CMA informed E&J that it agreed with the termination of the appointment of the Former HSM. On this basis, the CMA considers that it is appropriate to revoke the HSM Directions of November 2022.

On 27 April 2023, the CMA revoked the HSM Directions of November 2022.

The CMA wishes to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decision on the reference.

The CMA now issues written directions under paragraph 10 of the Initial Enforcement Order that, for the purpose of securing compliance with the Initial Enforcement Order, E&J and Vorenta must appoint a formal hold separate manager (the **New HSM**) of the acquired Vorenta business in accordance with the terms provided for, and must comply with the obligations set out, in Annex 1 to these directions (the **Directions**).

Adam Phillimore

Assistant Director, Mergers

27 April 2023

ANNEX 1

Directions to appoint a hold separate manager

Interpretation

1. 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 2 November 2022, which is the commencement date of the Initial Enforcement Order;

'**Derogations**' means any derogations granted whether before or after the appointment of the New HSM by the CMA by which E&J or Vorenta may undertake certain actions that derogate from the Initial Enforcement Order;

'**E&J**' means Eville & Jones (Group) Limited, a company incorporated under the laws of England and Wales, registered at Century House, 1275 Century Way, Thorpe Park, Leeds, West Yorkshire, England, LS15 8ZB, with corporation number 10019077, and all entities under common ownership or control, or over which it exerts material influence, or which exert material influence over it within the meaning of section 26 of the Enterprise Act 2002, including for the avoidance of doubt, Eville & Jones Holdings Limited, a company incorporated under the laws of England and Wales, registered at Century House, 1275 Century Way, Thorpe Park, Leeds, West Yorkshire, England, LS15 8ZB, with corporation number 07440153;

'the **E&J business**' means the business of Eville & Jones (Group) Limited and its direct and indirect subsidiaries (including for the avoidance of doubt Eville & Jones Holdings Limited) but excluding the Vorenta business, carried on as at the Commencement Date.

'**Initial Enforcement Order**' means the initial enforcement order made by the CMA on 2 November 2022 and addressed to E&J and Vorenta;

'**MT**' means any Monitoring Trustee appointed pursuant to directions issued by the CMA under paragraph 10 of the Initial Enforcement Order;

'the **New HSM**' means the hold separate manager appointed in accordance with these Directions;

'Vorenta' means Vorenta Ltd, a company incorporated under the laws of England and Wales, registered at Century House, 1275 Century Way, Thorpe Parke, Leeds, United Kingdom, LS15 8ZB, with company number 11172930, and all its subsidiaries within the meaning given by section 1159 of the Companies Act 2006;

'the Vorenta business' means the business of Vorenta Ltd and all its direct and indirect subsidiaries carried on as at the Commencement Date;

Terms and expressions defined in the Initial Enforcement Order have the same meaning in these Directions unless the context requires otherwise.

Appointment

2. E&J and Vorenta must appoint a formal hold separate manager to ensure that the Vorenta business operates as a viable and competitive business, separately from and independently of the E&J business. The New HSM must be subject to the approval by the CMA of their identity and the terms and conditions of appointment. Any appointment must be made in accordance with the provisions of these Directions.
3. E&J and Vorenta must appoint the New HSM without delay and in any event by 17:00 (UK time) on 27 April 2023 (or such longer period as the CMA may reasonably agree in writing) and the New HSM will continue to act until the CMA has finally determined the reference (within the meaning of section 79 of the Act) or revoked the Initial Enforcement Order. E&J and Vorenta must provide the CMA with the draft terms and conditions of appointment of the potential candidate New HSMs, by 17:00 (UK time) on 27 April 2023 (or such longer period as the CMA may reasonably agree in writing).
4. The New HSM must act on behalf of the CMA and be under an obligation to the CMA to carry out their functions to the best of their abilities.
5. E&J and Vorenta must ensure that the terms and conditions of appointment of the New HSM reflect and give effect to the functions and obligations of the New HSM and the obligations of E&J and Vorenta as set out in these Directions.
6. E&J and Vorenta and their subsidiaries and their employees, officers, directors, advisers and consultants must provide the New HSM with all cooperation, assistance and information as the New HSM may reasonably require in order to discharge their functions.

Functions

7. The functions of the New HSM will be to exercise day-to-day management and control of the Vorenta business so that:
 - (a) it operates as a viable and competitive business, separately from and independently of the E&J business and competes actively with the E&J business;
 - (b) appropriate management, reporting and decision-making systems are put in place to preserve the independence of the Vorenta business and ensure such independence on an ongoing basis;

- (c) the Vorenta business is maintained as a going concern with access to sufficient resources for its continued operation and development.
8. The New HSM will also be required to:
 - (a) ensure that the Vorenta business complies with the Initial Enforcement Order;
 - (b) ensure the economic viability and competitiveness of the Vorenta business in accordance with good business practice;
 - (c) minimise, as far as possible, any risk of loss of competitive potential of the Vorenta business;
 - (d) assist the CMA and MT (should one be appointed) in monitoring the extent of compliance by E&J and Vorenta with the Initial Enforcement Order (including any direction issued under paragraph 10 of the Initial Enforcement Order) or any other order issued by the CMA pursuant to section 72 of the Act;
 - (e) discuss with the MT (should one be appointed) arrangements which have been, or should be, put in place to ensure the separate operation from the E&J business of a viable, competitive Vorenta business and compliance by E&J and Vorenta with the Initial Enforcement Order; and
 - (f) provide every two weeks (or otherwise as required by the CMA) a statement stating whether or not the Vorenta business has complied with the Initial Enforcement Order.
 9. The New HSM must take such steps as they reasonably consider necessary in order to carry out the New HSM's functions effectively.
 10. The New HSM must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by E&J and Vorenta with the Initial Enforcement Order.
 11. The New HSM must immediately notify the CMA in writing if they form a reasonable suspicion that the Initial Enforcement Order has been breached or if they consider that they are no longer in a position to effectively carry out the New HSM's functions.

General

12. The New HSM must possess the appropriate qualifications and experience to carry out the New HSM's functions.
13. The New HSM must neither have nor become exposed to a conflict of interest that impairs the New HSM's objectivity and independence in discharging their functions under these Directions, unless it can be resolved in a manner and within a timeframe acceptable to the CMA.
14. E&J and Vorenta shall remunerate and reimburse the New HSM 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 New HSM's independence or ability to effectively and properly carry out the New HSM's functions.
15. E&J and Vorenta must provide the CMA with a copy of the agreed terms and conditions of the appointment of the New HSM prior to their appointment.
16. Any termination of the appointment of the New HSM is subject to the agreement of the CMA, such agreement not to be unreasonably withheld.
17. All communications between the New HSM and the CMA are confidential and should not be disclosed to E&J or Vorenta, save with the prior written consent of the CMA. The New HSM shall not disclose such communications to third parties.
18. The CMA may issue such further directions as it considers necessary to ensure compliance with the Initial Enforcement Order, including, where the appointment of the New HSM has been terminated, directions for the appointment of a further HSM.