

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

Dear [X]

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 3 October 2024

Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited)

We refer to your email dated 26 September 2024 and accompanying explanatory note dated 2 October 2024 requesting that the CMA consents to derogations to the Initial Enforcement Order of 3 October 2024 (the '**Order**'). The terms defined in the Order have the same meaning in this letter.

Under the Order, save for written consent by the CMA, Topps and Tiles4Less (which is the entity that acquired the Target business) are required to hold separate the Target business from the Topps business 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 Order, based on the information received from you and in the particular circumstances of this case, Topps and Tiles4Less may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(a), 5(g) and 5(l) of the Order

As the transaction concerned the acquisition of various assets from a business that had been placed into administration, Topps and Tiles4Less submit that the Target business has insufficient assets and personnel to perform the following essential back-office functions independently from Topps:

- a) HR (including payroll & L&D);
- b) IT;
- c) buying and stock management;
- d) transport and warehouse management;

- e) samples fulfilment;
- f) marketing support;
- g) customer services support;
- h) central operations;
- i) health and safety;
- j) legal;
- k) finance; and
- l) property (including facilities management).

(together, the '**Functions**').

Topps and Tiles4Less submit that the Functions are currently being provided by Topps to the Target business by means of a shared service centre at Topps' head office in Leicestershire (Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU, GBR).

As the provision of certain Functions (in particular HR, IT, legal and finance) may necessitate the disclosure of certain competitively-sensitive information (**CSI**) concerning the Target business to the Topps personnel responsible for providing the Functions, Topps proposes to put in place an overarching confidentiality and non-disclosure agreement (**NDA**) between Topps and Tiles4Less, which includes a clean team arrangement covering those Topps individuals involved in providing the Functions who may receive CSI from the Target business.

Topps and Tiles4Less therefore request a derogation from paragraphs 5(a), 5(g) and 5(l) in order to ensure that Topps can provide the Functions to, and on behalf of, the Target business. More generally, as Topps is a listed group, from time to time the Target business will also be required to provide financial and other information needed to enable Topps to comply with its statutory reporting requirements, including the production of year end accounts.

The CMA consents to the derogation strictly on the basis that:

- 1) Topps and Tiles4Less put in place an overarching NDA as soon as practicable and by no later than 3 October 2024 in a form approved by the CMA.
- 2) Any CSI provided by the Target business to those Topps individuals listed in the **Annex** (the '**Authorised Individuals**') is limited to what is strictly necessary for Topps to provide the Functions and/or comply with its statutory reporting requirements and will not be used for any other purpose.
- 3) The Authorised Individuals do not have any responsibility for the commercial or strategic operations of Topps and shall not use any information provided by the Target business to intervene in the management of the Target business.

- 4) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within Topps from accessing the information shared with the Authorised Individual for the purposes of the derogation.
- 5) Topps will ensure that any third party to whom it provides the information provided by the Target business is aware of the terms on which the information has been provided and that the information must not be provided to any individual other than in compliance with the Order and this derogation.
- 6) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email).
- 7) Should remedial action be required by the CMA in relation to the Target business, Topps will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, CSI, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received by Topps for the purposes of this derogation will be destroyed, except to the extent that record retention is required by law or regulation.
- 8) This derogation shall not prevent any remedial action which the CMA may need to take regarding the transaction.

Oliver Norden
Director, Mergers

Annex

List of Authorised Individuals

Topps' Authorised Individuals	
Name	Position
[X]	Buyer - Commercial
[X]	Buyer - Essentials
[X]	Junior Buyer
[X]	HR Services Manager
[X]	HRIS & Analytics Manager
[X]	HRIS & Analytics team
[X]	Payroll Manager
[X]	Payroll team
[X]	Payroll team
[X]	HR contractor
[X]	Process Manager
[X]	Director of IT
[X]	Head of Legal & Company Secretary
[X]	Estate Manager
[X]	Stock Manager
[X]	Stock Team Leader
[X]	Stock Replenisher
[X]	Group Stock Supervisor
[X]	Product Team Leader
[X]	Product Assistant
[X]	Head of Financial Planning & Analysis
[X]	Senior Finance Manager
[X]	Commercial Analyst
[X]	Finance Business Partner - Commercial
[X]	Financial Controller
[X]	Senior Financial Accountant
[X]	Senior Financial Accountant
[X]	Assistant Financial Accountant
[X]	Senior Property and Projects Accountant
[X]	Group Credit Manager
[X]	Credit Controller

Topps' Authorised Individuals	
Name	Position
[✂]	Credit Controller
[✂]	Credit Controller
[✂]	Credit Controller Customer Excellence
[✂]	Financial Transactions Manager
[✂]	Purchase Ledger Manager
[✂]	Purchase Ledger Clerk
[✂]	Purchase Ledger Clerk
[✂]	Purchase Ledger Clerk
[✂]	Purchase Ledger Clerk
[✂]	Purchase Ledger Clerk
[✂]	Senior Bank Reconciliation Clerk
[✂]	Head of Audit