

**ECONOMIC DEVELOPMENT DEPARTMENT
NOTICE 1068 OF 2015
COMPETITION COMMISSION**

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

**EDCON LIMITED, ACCENTURE HOLDINGS B.V. AND ACCENTURE SOUTH AFRICA
(PTY) LTD**

AND

THE CONSUMER CREDIT AND COLLECTION SERVICES JOINT VENTURES

2015SEP0503

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission, that it has approved the transaction involving the above mentioned firms subject to conditions as set out below:

Background

1. On 1 September 2015, the Competition Commission (the Commission) received notice of a small merger whereby Edcon Limited (Edcon), Accenture Holdings B.V. (Accenture BV) and Accenture (South Africa) (Pty) Ltd (Accenture SA) intend to create the Consumer Credit and Collection Services Joint Ventures (JVs). Post-merger, Edcon, Accenture BV and Accenture SA will exercise joint control over the JVs.

The parties and their activities

2. Edcon and Accenture SA are companies incorporated in accordance with the company laws of South Africa. Accenture BV is a company incorporated in accordance with the company laws of the Netherlands.

3. Edcon is controlled by Edcon (BC) S.à.r.l (Luxembourg). Accenture SA and Accenture BV are controlled by Accenture S.à.r.l (Luxembourg) (Accenture S.à.r.l) which is in turn a subsidiary of Accenture Plc. Accenture Plc. is a public company listed on the New York Stock Exchange and is not controlled by any firm. Accenture Plc and its subsidiaries are hereafter referred to as the "Accenture Group".
4. Edcon is a large non-food retailer trading through a range of retail formats. The Group has several stores in South Africa, Botswana, Namibia, Swaziland, Lesotho, Mozambique and Zambia. Edcon sells footwear and apparel brands, its own private labels, as well as top international apparel and cosmetic brands that target customers across the entire socioeconomic spectrum.
5. The Accenture Group is a global organisation which provides management consulting, technology and outsourcing services. In South Africa, Accenture SA helps assess and advise organisations on how to maximise their operating performance. Part of this process involves developing and implementing technology to improve productivity and efficiency. Accenture SA is able to provide its customers with highly differentiated, industry based, end to end business services that combine management consulting, technology and business process outsourcing capabilities.
6. The target firms are newly established joint venture companies that will provide certain services to third-party customers locally and abroad. The JVs will provide certain services to customers such as banks, fast moving consumer goods retailers (particularly clothing retailers) and other consumer focused companies.

Areas of overlap

7. The Commission considered whether there were any overlaps between the activities of the merging parties. The Commission found that there is no horizontal overlap between the activities of the merging parties. However, the Commission found that the JVs give rise to a vertical overlap in the activities of the merging parties in respect of certain services offered by Accenture SA to Edcon.

8. However, the Commission found that the proposed transaction is unlikely to lead to any vertical foreclosure concerns post-merger. A customer of Edcon confirmed that it does not have any concerns with the proposed transaction as its relationship with Edcon is governed by a contract which is not affected by the proposed transaction. Further, the Commission notes that the rationale of the proposed transaction is to enable the JVs to offer certain services to third-party clients.

Coordinated effects

9. The Commission also considered whether the JVs will be a conduit for information exchange between Edcon and its competitors in the retail sector which the JVs will be providing certain services. In this regard, the merging parties undertake that they will put in place a governance structure that will prevent potential information exchange concerns arising from the proposed transaction.
10. To remedy potential information exchange between Edcon and its competitors the Commission is of the view that the undertakings by the merging parties with regards to information exchange should be made conditions to the approval of the proposed transaction. The conditions are attached hereto as **Annexure A**. The merging parties have been informed about the conditions and they did not raise any concerns.

Public interest considerations

11. The Commission found that there will be no job losses, as a result of the proposed merger as the merging parties' will need more employees to operate the JVs post-merger. Therefore, the Commission is of the view that the proposed transaction is unlikely to result in any employment losses.
12. The Commission approves the proposed transaction with conditions.

ANNEXURE A

Edcon Limited**And****The Consumer Credit and Collection Services Joint Ventures****CASE NUMBER: 2015Sep0503**

CONDITIONS**1. DEFINITIONS**

The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings –

- 1.1 **"Acquiring Firms"** mean Edcon Limited, Accenture Holdings B.V. and Accenture South Africa (Pty) Ltd
- 1.2 **"Approval Date"** means the date referred to in the Commission's merger clearance certificate (Form CC 15);
- 1.3 **"Commission"** means the Competition Commission of South Africa;
- 1.4 **"Competition Act"** means the Competition Act 89 of 1998, as amended;
- 1.5 **"Conditions"** mean these conditions;
- 1.6 **"Edcon"** means Edcon Limited and its subsidiaries;
- 1.7 **"Implementation Date"** means the date on which the Merger is implemented;

- 1.8 **"Merger"** means the acquisition of The Consumer Credit and Collection Services Joint Ventures by the Acquiring Firms;
- 1.9 **"Merging Parties"** means the Acquiring Firms and the Target Firms;
- 1.10 **"Rules"** mean the Rules for the Conduct of Proceedings in the Competition Commission and the Rules for the Conduct of Proceedings in the Competition Tribunal;
- 1.11 **"Target Firms"** mean The Consumer Credit and Collection Services Joint Ventures

2. **RECORDAL**

- 2.1. On 1 September 2015, the Merging Parties filed a small merger transaction with the Commission. Following its investigation of the Merger, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.
- 2.2. However, the proposed transaction raises potential information exchange concerns between Edcon and its competitors in the retail sector through the Target Firms. The Commission is of the view that this information can be used by Edcon and its competitors to coordinate market outcomes.
- 2.3. The Merging Parties have made an undertaking that they will put a governance structure in place that will prevent information flow between Edcon and the Target Firms. The Commission is of the view that to remedy the potential information exchange between Edcon and the Target Firms, the undertaking by the Merging Parties should be made a condition to the approval of the Merger.
- 2.4. The Merging Parties are willing to agree to the conditions contained herein to prevent the potential information exchange concerns as a result of the Merger.

2.5. Therefore the Commission sets out the following conditions:

3. **CONDITIONS TO THE APPROVAL OF THE MERGER**

3.1 Upon the Implementation Date of the Merger, the Merging Parties shall ensure that:

3.1.1. The Target Firms are kept separate from Edcon operations. This shall include physical separation of its operations and separation of its information technology systems.

3.1.2. The directors appointed to the board of the Target Firms shall not be appointed, invited and/or attend meetings of the board and/or management committees(s) of Edcon.

3.1.3. The employees, management and executive and non-executive directors of the Target Firms shall not be involved in Edcon's retail and other operations nor attend any meetings.

3.1.4. The employees, management and executive and non-executive directors of the Target Firms operate under strict confidentiality restrictions and that no competitively sensitive information is made available to any of Edcon employees including any executive and non-executive Directors and managers.

3.1.5. Edcon shall ensure that all employees in its retail operations do not have access to the Target Firms' information technology systems which could potentially contain competitively sensitive information of Edcon's competitors.

4. **MONITORING OF COMPLIANCE WITH THE CONDITIONS**

- 4.1. The Merging Parties shall within three months of the Approval Date of the Merger develop and submit a confidentiality and information exchange policy to the Commission in line with the conditions specified above for its approval.
- 4.2. The Commission shall provide comments on the confidentiality and information exchange policy within ten business days of receiving the policy.
- 4.3. Within 10 business days of the approval of the policy by the Commission, the Merging Parties shall submit an affidavit confirming the implementation of the policy.
- 4.4. The documents referred to in paragraphs 4.1 and 4.3 above must be submitted to this e-mail address: mergerconditions@compcom.co.za.

5. **GENERAL**

In the event that the merging parties appear to have breached the above conditions or if the Commission determines that there has been an apparent breach by the Merging Parties of any of the above conditions, this shall be dealt with in terms of the Rules.