

National Commercial Director
Hanson UK

From: Alistair Thompson

25 November 2020

Hanson UK: Breach of the Cement Market Data Order 2016 due to data being disclosed which could have been a proxy for Individual Cement Market Data

I am writing to you on behalf of the CMA concerning Hanson's breach of the Cement Market Data Order 2016 (the Order). This was caused by Hanson disclosing certain subscription payment data in error to the accounts team at the Mineral Products Association (MPA). This was prohibited under the Order.

The breach

On 11 September 2020 Hanson made a payment in error to the MPA which involved three pieces of information being sent to the MPA accounts team. These were:

- A payment relating to MPA subscription fees
- Remittance advice related to the above payment, which is automatically sent by Hanson's accounts system for all payments
- An invoice related to the above payment, as a result of the MPA querying the payment.

Hanson explained that it had put in place procedures for ensuring compliance with the Order in respect of MPA subscription payments and that the disclosure was caused by an administrative error.

It is the CMA's view that each of these pieces of information falls within the definition specified in the Order as being Individual Cement Market Data, as it is possible to ascertain cement volume data from such information. Article 3.2 of the Order prohibits cement producers such as Hanson from disclosing Individual Cement Market Data except in specified circumstances.

The CMA therefore finds that Hanson has breached Article 3.2 of the Order by disclosing Individual Cement Market Data to the MPA.

The CMA's concerns

The CMA put the prohibition on disclosing Individual Cement Market Data in place in 2016 to reduce the ability of cement producers to accurately predict their competitors' sales volumes. The CMA was concerned that subscription fees sent by a cement producer to the MPA could potentially be used by Board members of the MPA (the Board includes representatives of major cement producers), if these Board members could access the data, to calculate a cement producer's allocated share of the overall MPA Budget, and therefore reverse engineer sales volumes. This is because MPA subscription fees are calculated on a "tonnes delivered" basis.

Although prohibited data was provided to the MPA accounts team, we have been told that procedures within the MPA, and the prompt action taken by Hanson on becoming aware of the error, prevented further disclosure within the MPA. In particular, these procedures prevented disclosure of this information to MPA Board members, and therefore removed any risk of other cement producers having access to this data.

Hanson has taken voluntary action to prevent a recurrence

I am pleased that Hanson has engaged with the CMA in relation to the error made, and has committed to taking the following action to ensure that a recurrence could not happen:

- The MPA subscription payment training has been repeated and undertaken by all relevant Hanson employees.
- A member of the Hanson Legal Department will be added to the list of the MPA's controlled persons to oversee compliance with the MPA process at all key times.
- A review of the accounts payable function has been undertaken and a dedicated person has been identified for the purpose of processing the subscription payments going forward. This person has also undertaken the MPA subscription process training.

CMA assessment and next steps

Given the comprehensive nature of Hanson's approach to preventing a recurrence, the CMA does not consider it appropriate to take formal enforcement action at this time. The CMA will monitor Hanson's compliance closely in future.

Yours sincerely

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