

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 21 January 2016

Completed acquisition by Hain Frozen Foods UK Limited of Orchard House Foods Limited

We refer to your correspondence dated 13 and 16 June 2016 requesting that the CMA consents to derogations to the Initial Enforcement Order of 21 January 2016 (the 'Initial Order'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Hain Frozen Foods UK Limited (**HFF**) and The Hain Celestial Group, Inc. (**HCG**) are required to hold separate the HFF and HCG business from the Orchard House Foods Limited (**OHF**) 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 Initial Order, based on the information received from you and in the particular circumstances of this case, HFF and HCG may carry out the following actions, in respect of the specific paragraphs.

1. Paragraphs 4(a), 5(a), (b), (c), (d), (f), (g), (h), (i), (j), (k) and (l) of the Initial Order

On 17 May 2016, the CMA found that the completed acquisition by HFF of OHF gives rise to a realistic prospect of a substantial lessening of competition in the wholesale supply of own-label freshly squeezed fruit juice to retail and food service customers (separately and together) in the UK. Given that no competition concerns were found in relation to HFF and OHF operations that are not involved in the production or supply of own-label freshly squeezed fruit juice to retail and food service customers in the UK (**non-FSFJ businesses**), HFF and HCG are permitted to integrate the non-FSFJ businesses.

Specifically, in relation to the OHF non-FSFJ businesses, HFF and HCG are permitted to:

- operate these businesses under the HFF and any affiliate group or brand names, and to take any and all strategic level decisions for the purpose of managing these businesses (and have unlimited access to the businesses' information);

- move all these businesses' counterparties onto the standard terms and conditions of HFF/HCG (or any specific set of HFF/HCG terms and conditions considered appropriate);
- integrate all these businesses' specific sales and procurement teams into the HFF/HCG teams and transfer all the businesses' purchasing, logistics/distribution arrangements from the businesses to HFF/HCG group level arrangements;
- provide and/or procure IT systems, telecoms, and webhosting for these businesses, and to undertake accounting, payments, invoicing and banking for these businesses;
- provide back office functions to these businesses, and to provide and/or procure a number of services (such as purchase of packaging and finishing services, distribution, acquisition of standard industry reports from third party monitoring services and production management);
- make any changes to organisational structures, management responsibility, and key staff of these businesses;
- modify the nature, description, range and quality of goods and/or services supplied in the UK.

2. Paragraphs 4(a), 5(a), (b), (f), (g), 5(h) and 5(l) of the Initial Order

To ensure that the value of the OHF freshly squeezed fruit juice (**FSFJ**) business is maintained prior to the proposed divestment of the HFF FSFJ business:

- [X] (HFF CEO), [X] (HFF Finance Director), [X] (OHF CEO) and [X] (OHF Financial Controller) are permitted to receive standard monthly financial packs and quarterly reports from both the HFF FSFJ business and the OHF business, provided that any customer revenue information pertaining to the OHF FSFJ business is redacted from the standard monthly financial packs, and that, for the OHF business, quarterly reports are limited to a consolidated Profit and Loss report which does not disclose any specific figures for the OHF FSFJ business. [X], [X], [X] and [X] are not permitted to share any of the information provided by the FSFJ business with any person other than a board member or company secretary/acting company secretary of one of HFF/OHF and must ensure that any records or copies of such information are returned or destroyed where necessary. HCG Disclosure Committee is also entitled to receive the quarterly reports from both HFF and OHF, with OHF quarterly reports subject to limitations set out above;

- the OHF FSFJ business is permitted to continue its purchasing and logistics/distribution arrangements that include OHF non-FSFJ businesses and HFF prepared fruit business;
- OHF is permitted to undertake accounting, payments, invoicing, and banking for some of the HFF non-FSFJ businesses;
- HFF/HCG are permitted to provide back office functions (human resources (including payroll) and pensions, legal and tax advice, health and safety, insurance and working capital facilities) to the OHF FSFJ business that are currently provided by OHF, provided that the provision of such back office functions will not undermine the ability of the OHF and HFF FSFJ businesses to operate and compete independently in the supply of own-label FSFJ.