

ACQUISITION BY FLOGAS CONSUMER LIMITED OF THE LPG SUPPLY BUSINESS OF COUNTRYWIDE FARMERS PLC

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) the Competition and Markets Authority (CMA) has reasonable grounds for suspecting that it is or may be the case that Flogas Consumer Limited and the business and assets related to the supply business of liquefied petroleum gas (LPG) carried on by Countrywide Farmers plc (Countrywide) have ceased to be distinct;
- (b) the CMA is considering, pursuant to section 22 of the Act, whether it is or may be the case that a relevant merger situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (UK);
- (c) 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 decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to DCC Limited (DCC), DCC plc (Topco), and Flogas Consumer Limited (Flogas) (Order).

Commencement, application and scope

1. This Order commences on the commencement date: 1 March 2018.
2. This Order applies to DCC, Topco and Flogas.

3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige DCC and Topco to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

Management of the DCC, Topco and Countrywide until determination of proceedings

4. Except with the prior written consent of the CMA, DCC, Topco and Flogas shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:
 - (a) lead to the integration of the Countrywide business with the DCC business;
 - (b) transfer the ownership or control of the DCC business or the Countrywide business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Countrywide business or the DCC business to compete independently in any of the markets affected by the transaction.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, DCC and Flogas shall at all times during the specified period procure that, except with the prior written consent of the CMA:
 - (a) the Countrywide business is carried on separately from the DCC business and the Countrywide business's separate sales or brand identity is maintained;
 - (b) the Countrywide business and the DCC business are maintained as a going concern and sufficient resources are made available for the development of the Countrywide business and the DCC business, on the basis of their respective pre-merger business plans;
 - (c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the Countrywide business or the DCC business;
 - (d) the nature, description, range and quality of goods and/or services supplied in the UK by each of the two businesses are maintained and preserved;

- (e) except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Countrywide business and the DCC business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Countrywide business or the DCC business are disposed of; and
 - (iii) no interest in the assets of the Countrywide business or the DCC business is created or disposed of;
- (f) there is no integration of the information technology of the Countrywide or DCC businesses, and the software and hardware platforms of the Countrywide business shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Countrywide business will be carried out by the Countrywide business alone and for the avoidance of doubt the DCC business or the Topco business will not negotiate on behalf of the Countrywide business (and vice versa) or enter into any joint agreements with the Countrywide business (and vice versa);
- (h) all existing contracts of the Countrywide business and the Topco business (including DCC business) continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Countrywide business, the Topco business or the DCC business;
- (j) no key staff are transferred between the Countrywide business and the Topco business (including DCC business);
- (k) all reasonable steps are taken to encourage all key staff to remain with the Countrywide business and the DCC business; and
- (l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from the Countrywide business (or any of its employees, directors, agents or affiliates) to the DCC business (or any of its employees, directors, agents, affiliates or parent or subsidiary companies), or vice versa, except where strictly necessary in the ordinary

course of business (including, for example, where required for compliance with external regulatory and/or accounting obligations or for due diligence, integration planning or the completion of any merger control proceedings relating to the transaction) and on the basis that, should the transaction be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. Topco, DCC and Flogas shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. DCC and Flogas shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by DCC and Flogas and their subsidiaries with this Order. In particular, on 15 March 2018 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of DCC and Flogas or other persons of DCC and Flogas as agreed with the CMA shall, on behalf of DCC and Flogas, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order. At the request of the CMA, a suitable representative of Topco, shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by DCC and Flogas and their subsidiaries with this Order.
8. At all times, Topco, DCC and Flogas shall, or shall procure that Countrywide shall, actively keep the CMA informed of any material developments relating to the Countrywide business or the DCC business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Countrywide business or the DCC business;
 - (b) any interruption of the Countrywide or DCC business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
 - (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Countrywide or DCC business including any substantial changes in customers' demand; and

- (d) substantial changes in the Countrywide or DCC business's contractual arrangements or relationships with key suppliers.
9. If Topco or DCC has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that Topco or DCC may be directed to appoint under paragraph 10.
 10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
 11. Topco, DCC and Flogas shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'commencement date' means 1 March 2018;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'Countrywide' means the business and assets related to the supply business of liquefied petroleum gas (LPG) carried on by Countrywide Farmers plc, (company number 03776711) as defined in the Sale and Purchase

Agreement dated 9 January 2018 between Countrywide Farmers plc, and Flogas Consumer Limited (company number 04189174) and Flogas Britain Limited (company number 00993638), two subsidiary companies of DCC plc (company number 54858).

'the Countrywide business' means the business of Countrywide carried on as at the commencement date;

'DCC' means DCC Limited, company number 04709270;

'the DCC business' means the business of DCC and its subsidiaries carried on as at the commencement date;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'Flogas' means Flogas Consumer Limited, company number 04189174;

'the Flogas business' means the business of Flogas and its subsidiaries but excluding the Countrywide business, carried on as at the commencement date;

'key staff' means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods and/or services by Countrywide or DCC and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of Countrywide and DCC;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'Topco' means DCC plc, a company registered in the Republic of Ireland with company number 54858.

'Topco business' means the business of Topco and its subsidiaries but excluding the DCC business and the Countrywide business, carried on as at the commencement date;

'the transaction' means the transaction by which Flogas and Countrywide have ceased to be distinct within the meaning of section 23 of the Act;

'the two businesses' means the DCC business and the Countrywide business;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Raúl Nieto
Assistant Director, Mergers

Compliance statement for Topco and DCC

I [insert name] confirm on behalf of DCC that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):
 - (a) DCC has complied with the Order made by the CMA in relation to the transaction on 1 March 2018 (the Order).
 - (b) DCC's subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by Topco or DCC that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Countrywide business with the DCC business;
 - (ii) transfer the ownership or control of the DCC business or the Countrywide business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Countrywide business or the DCC business to compete independently in any of the markets affected by the transaction.
 - (b) The Countrywide business has been carried on separately from the DCC business and the Countrywide business's separate sales or brand identity has been maintained.
 - (c) The Countrywide business and the DCC business have been maintained as a going concern and sufficient resources have been made available for the development of the Countrywide business and the DCC business, on the basis of their respective pre-merger business plans.
 - (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within, the Countrywide business or the DCC business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Countrywide business and the DCC business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Countrywide business and the DCC business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Countrywide business or the DCC business have been disposed of; and
 - (iii) no interest in the assets of the Countrywide business or the DCC business has been created or disposed of.
- (g) There has been no integration of the information technology of the Countrywide or DCC businesses, and the software and hardware platforms of the Countrywide business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the DCC business, the Topco business and the Countrywide business have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Countrywide business have been carried out by the Countrywide business alone and, for the avoidance of doubt, the DCC business or the Topco business has not negotiated on behalf of the Countrywide business (and vice versa) or entered into any joint agreements with the Countrywide business (and vice versa).
- (i) All existing contracts of the Countrywide business, the Topco business and the DCC business have been serviced by the business to which they were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Countrywide business, the Topco business or the DCC business.
- (k) No key staff have been transferred between the Countrywide business, the Topco business and the DCC business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Countrywide business and the DCC business.

- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses, has passed, directly or indirectly, from the Countrywide business (or any of its employees, directors, agents or affiliates) to the DCC business (or any of its employees, directors, agents, affiliates or parent or subsidiary companies), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
- (i) key staff that have left or joined the Countrywide business or the DCC business;
 - (ii) interruptions of the Countrywide business or the DCC business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Countrywide business or the DCC business; or
 - (iv) substantial changes in the Countrywide or DCC business's contractual arrangements or relationships with key suppliers.
- (o) *[list of material developments]*

3. Topco, DCC and its subsidiaries remain in full compliance with the Order and will, or will procure that Countrywide, continue actively to keep the CMA informed of any material developments relating to the Countrywide or the DCC business in accordance with paragraph 8 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

FOR AND ON BEHALF OF TOPCO AND DCC

Signature

Name

Title

Date