

Acquisition by Valeo Foods (via its subsidiary Rowse Honey Limited) of Taurus 3 Limited

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 16 August 2018

We refer to your email of 17 August 2018 and related discussions, on behalf of Valeo Foods and Rowse Honey, requesting that the CMA consents to derogations to the Initial Enforcement Order of 16 August 2018 (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, Valeo Foods and Rowse Honey are required to hold separate the Valeo Foods business from the Taurus 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, Valeo Foods and Rowse Honey may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 4(b) and 5(a) of the Initial Order

Paragraph 5(b) of the Initial Order requires that, during the specified period, Valeo Foods and Rowse Honey shall maintain the Taurus business and the Valeo Foods businesses as going concerns and make available sufficient resources for the development of the respective businesses, on the basis of their respective pre-merger business plans.

In order to ensure compliance with paragraph 5(b) of the Initial Order, the CMA consents to Valeo Foods and Rowse Honey being able to provide ongoing finance to the Taurus business, enabling it to meet its funding requirements and inject it with working capital as required, including through capital injections or through the provision of intergroup loans.

2. Paragraphs 4(a), 4(b), 5(a), 5(c) and 5(e)(iii) of the Initial Order

The CMA understands that Valeo Foods and Rowse Honey are obligated under the existing Valeo financing arrangements (the '**Valeo Financing Arrangements**') not to extend finance to any company that is not a guarantor. The Parties have explained that it is therefore necessary for Taurus to accede to and provide guarantees under the Valeo Financing Arrangements.

The Parties have also explained that Valeo Foods and Rowse Honey need to enter into negotiations with [✂] to amend or terminate the existing financial arrangements for the Taurus group before Taurus can accede to and provide guarantees under Valeo Financing Arrangements.

In light of these obligations, and further of the requirements of paragraph 5(b) of the Initial Order as described in the first derogation above, the CMA agrees to the following entities entering into accession deeds and providing guarantees with respect to the Valeo Financing Arrangements: Tangerine Confectionery Limited, Tangerine Confectionery Group Limited, Tangerine Confectionery Holding Limited, Taurus Bidco Limited and Taurus 3 Limited.

The CMA further consents to Valeo Foods and Rose Honey entering into negotiations with [✂] to amend or terminate the existing financial arrangements for the Taurus group and so facilitate the above.

The CMA grants its consent on the basis that all necessary funds will continue to be made available to Taurus and that this derogation will not prevent any remedial action that the CMA may need to take regarding this transaction. In particular, Taurus entering into the accession deeds and providing guarantees with respect to the Valeo Financing Arrangements would not interfere with any remedial action that the CMA may ultimately seek to impose.

The CMA gives consent in respect of the requested actions subject to the following conditions:

- a) Valeo Foods and Rowse Honey will nominate individuals to take part in the negotiations with [✂] and those individuals shall be required to enter into non-disclosure agreements, in a form to be approved by the CMA, prior to the taking part in such negotiations;
- b) any information being shared between the Parties for the purpose of such negotiations shall:
 - (i) only be shared between individuals who have signed non-disclosure agreements;

- (ii) only be shared to the extent necessary for the purpose of those negotiations, and any commercially sensitive information shall be aggregated and high level; and
- (iii) will first be sent to their legal representatives, [X], to advise as to whether the proposed sharing of information is in accordance with the other safeguards stated in (i) and (ii) above.

3. Paragraphs 4(a), 4(b), 4(c), 5(a), 5(b), 5(c) and 5(e) of the Initial Order

On the basis of representations made by Valeo Foods to the CMA, the CMA understands that Valeo Foods' financial arrangements and regular actions in meeting its obligations under those financial arrangements involve frequently transferring money between its subsidiaries under a centralised cash pooling arrangement. The CMA understands that under this arrangement Valeo Foods' subsidiaries are not deprived of any capital on a permanent basis. The CMA further understands that these arrangements help facilitate Valeo Foods being able to meet its financial obligations and so continue to finance its subsidiaries and that no information will be disclosed to Valeo Foods other than the total cash amounts being transferred out of the Taurus accounts.

On the basis of the above, the CMA gives consent to the Taurus business being included within such cash pooling arrangements for the benefit of the Taurus business and the wider Valeo Foods group.

4. Paragraphs 4(a), 4(b), 4(c), 5(a), 5(b), 5(c) and 5(e) of the Initial Order

Valeo Foods and Rowse Honey have explained to the CMA that in entering into the transaction, Rowse Honey was required to incur stamp duty in the amount of approximately £[X] as well as other transaction related expenses. The CMA understands that in entering into the transaction, all parties concerned intended that these costs would be funded pursuant to an inter-company loan to be granted immediately following completion of the acquisition by entities within Taurus to Rowse Honey in the amount of £[X]. The CMA further understands that this loan will appear as an asset on the relevant Taurus entities' balance sheet.

On the basis of both the above and the Parties' representation that the requested action will not deprive the Taurus business of any value or interfere with any remedial action that the CMA may potentially seek to impose, the CMA gives consent to entities within the Taurus business extending a loan to Rowse Honey in the amount of £[X].

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

During the specified period, in order to ensure optimal compliance with applicable anti-bribery and corruption, anti-money laundering and sanctions laws and ethical standards, the CMA consents to Valeo Foods and Rowse Honey providing their relevant regulatory policies to the Taurus business and providing for those policies to be implemented within the Taurus business.

The CMA consents to the requested actions subject to the condition that any information being shared between the parties as a result of adopting and implementing Valeo Foods and Rowse Honey's policies:

- a) can only be shared between individuals who have signed non-disclosure agreements;
- b) will only be shared to the extent necessary to bring the Taurus business into compliance with those policies; and
- c) will first be sent to their legal representatives, [X], to advise as to whether the proposed sharing of information is in accordance with the other safeguards stated in (a) and (b) above.

6. Paragraphs 5(c), 5(i) and 5(k) of the Initial Order

The CMA consents to the following changes to the management responsibilities and organisational structure of the Taurus group entities:

- a) The resignations of [X] and [X] (representatives of the seller, being the Blackstone Group and its various subsidiaries), as directors of Taurus group entities, and [X] as non-executive chairman, on the basis that they or the entities they represent have disposed of their interests in the Taurus business;
- b) The resignation of [X] as Company Secretary for a number of Taurus group entities, on the basis that this role will no longer be required for corporate purposes, and that [X] will remain within the Taurus group business and will continue to act as Company Secretary for Taverners plc;
- c) The resignation of [X], [X], [X] and [X] from the board of directors of Tangerine Confectionary Limited, on the basis that each of these persons will continue to fulfil their functional roles within the Taurus group following their resignation from the board of directors; and
- d) The appointment of [X] (CEO of the Tangerine group), [X] (CFO of the Tangerine group) and [X] (Operations director of the Tangerine group) to positions on the board of directors of a number of Taurus group subsidiaries.