

## **ACQUISITION BY ANGLO BEEF PROCESSORS UK OF CERTAIN ASSETS OF SCOTBEEF LIMITED**

**Directions issued on 2 August 2023 pursuant to paragraph 11 of the  
Initial Enforcement Order imposed by the Competition and Markets  
Authority on ABP Food Group and Anglo Beef Processors UK on  
29 July 2023**

Whereas:

- a) On 14 June 2023, Anglo Beef Processors UK (**ABP UK**) agreed to acquire Scotbeef Limited's (**Scotbeef**) business carrying out the slaughter, processing, packing, storage and sale of cattle and lamb products at Longleys Farm, Bridge of Allan, Stirlingshire and Penston Road, Queenslie, Glasgow (the **Target business**) (the **Transaction**).
- b) Following the Transaction, ABP UK and the Target will cease to be distinct.
- c) On 29 July 2023, the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (the **Order**) addressed to ABP Food Group (**ABP**), Anglo Beef Processors and ABP UK in accordance with section 72(2) of the Enterprise Act 2002 (the **Act**) to prevent pre-emptive action. The Order is still in force.
- d) The CMA now issues written directions under paragraph 11 of the Order that, for the purpose of securing compliance with the Order, ABP, Anglo Beef Processors and ABP UK must appoint a monitoring trustee (**MT**) in accordance with the terms provided for in Annex A and must comply with the obligations set out in Annex A.

**Matteo Alchini**

Assistant Director, Remedies Business and Financial Analysis

Competition and Markets Authority

2 August 2023

## Annex A

### Directions to appoint a monitoring trustee

#### Interpretation

In these directions:

<b>‘ABP’</b>	means ABP Food Group a company registered in Jersey with company number 96292; (and the <b>ABP business</b> shall be construed as meaning the business of ABP Food Group and its subsidiaries but excluding the Target business, carried on as at the Commencement Date);
<b>‘ABP UK’</b>	means Anglo Beef Processors UK a company registered in England and Wales with company number 02925718;
<b>‘the Act’</b>	means the Enterprise Act 2002;
<b>‘an affiliate’</b>	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;
<b>‘Anglo Beef Processors’</b>	means Anglo Beef Processors, a company registered in England and Wales with company number 04296447;
<b>‘business’</b>	has the meaning, unless otherwise stated, given by section 129(1) and (3) of the Act;
<b>‘CMA’</b>	means the Competition and Markets Authority;
<b>‘Commencement Date’</b>	means the date of commencement of the Order, which is the date of completion of the Transaction;
<b>‘Derogations’</b>	means any derogations granted whether before or after the appointment of the MT by the CMA by which ABP, Anglo Beef Processors and ABP UK may undertake certain actions that derogate from the Order;
<b>‘MT’</b>	means the monitoring trustee appointed in accordance with these directions;
<b>‘Order’</b>	means the initial enforcement order made by the CMA on 29 July 2023 and addressed to ABP, Anglo Beef Processors and ABP UK;

<b>‘Scotbeef’</b>	means Scotbeef Limited a company registered in Scotland with company number SC039434;
<b>‘subsidiary’</b> ,	has the meaning, unless otherwise stated, given by section 1159 of the Companies Act 2006 (and <b>‘subsidiaries’</b> shall be construed accordingly);
<b>‘the Target business’</b>	means the business, trade and assets of Scotbeef’s business carrying out the slaughter, processing, packing, storage and sale of cattle and lamb products at Longleys Farm, Bridge of Allan, Stirlingshire and Penston Road, Queenslie, Glasgow, carried on as at the Commencement Date; and
<b>‘Transaction’</b>	means the transaction by which ABP UK and the Target business have ceased to be distinct within the meaning of section 23 of the Act;

Terms and expressions defined in the Order have the same meaning in these directions, and the singular shall include the plural and vice versa, unless otherwise specified or the context requires otherwise.

## **Appointment**

1. ABP, Anglo Beef Processors and ABP UK must appoint a MT in order to ensure their compliance with the Order, in particular to:
  - a. monitor and report to the CMA on compliance by ABP, Anglo Beef Processors and ABP UK with the Order; and
  - b. support the CMA taking any action to ensure compliance with the Order and maintain the ABP, Anglo Beef Processors, ABP UK and Target businesses as going concerns.
2. The MT must act on behalf of the CMA and be under an obligation and duty of care to the CMA to carry out its functions to the best of its abilities.
3. ABP, Anglo Beef Processors and ABP UK must cooperate fully with the MT, in particular as set out below, and must ensure that the terms and conditions of appointment of the MT reflect and give effect to the functions and obligations of the MT and the obligations of ABP, Anglo Beef Processors and ABP UK as set out in these directions.

## General

4. The MT must possess appropriate qualifications and experience to carry out its functions.
5. The MT must neither have, nor become exposed to, a conflict of interest that impairs its objectivity and independence in discharging its duties under these directions, unless it can be resolved in a manner and within a timeframe acceptable to the CMA.
6. ABP, Anglo Beef Processors and ABP UK shall remunerate and reimburse the MT for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the MT's independence or ability to effectively and properly carry out its functions.
7. ABP, Anglo Beef Processors and ABP UK must appoint the MT as soon as is reasonably practicable and in any event by **5pm on Wednesday 9 August 2023** (or such longer period as the CMA may reasonably agree in writing, including via email) and the MT will continue to act until the CMA has finally determined the reference (within the meaning of section 79 of the Act), has revoked the Order, or has otherwise directed that the MT is no longer required.
8. The appointment of a MT by ABP, Anglo Beef Processors and ABP UK is subject to the approval of the CMA as to the identity of the MT and the terms and conditions of appointment in their entirety and:
  - a. the name and contact details of the proposed MT and a second proposed MT in reserve (should the CMA not approve the first proposed MT) must be notified to the CMA as soon as is reasonably practicable and in any event by **5pm on Friday 4 August 2023** (or such longer period as the CMA may reasonably agree in writing, including via email);
  - b. the draft terms and conditions of appointment must be notified to the CMA as soon as is reasonably practicable and in any event by **5pm on Friday 4 August 2023** (or such longer period as the CMA may reasonably agree in writing, including via email); and
  - c. once the MT has been approved by the CMA and appointed, ABP, Anglo Beef Processors and ABP UK must forthwith provide the CMA with a copy of the agreed terms and conditions of appointment.

## Functions

9. The functions of the MT will be to:

- a. ascertain and report to the CMA in relation to the current level of compliance by ABP, Anglo Beef Processors and ABP UK with the Order;
  - b. assess and report to the CMA in relation to the arrangements made by ABP, Anglo Beef Processors and ABP UK for compliance with the Order and what changes to those arrangements, if any, are necessary to preserve the possibility of the CMA taking any remedial action, if required;
  - c. identify and supervise if necessary the arrangements made by ABP, Anglo Beef Processors and ABP UK for ensuring compliance with the Order;
  - d. monitor compliance by ABP, Anglo Beef Processors and ABP UK with the Order;
  - e. assist the CMA with the consideration of any derogation requests made by ABP, Anglo Beef Processors and ABP UK, and monitor compliance by ABP, Anglo Beef Processors and ABP UK with any derogations granted by the CMA; and
  - f. without prejudice to the right of ABP, Anglo Beef Processors and ABP UK to directly contact the CMA, respond to any questions which ABP, Anglo Beef Processors and ABP UK may have in relation to compliance with the Order, in consultation with the CMA.
10. The MT must take such steps as it reasonably considers necessary in order to carry out its functions effectively, including requiring the provision of information or the production of documents relating to communications within and between the ABP business and the Target business, such as written and electronic communications, telephone conversations and meetings as may be required.
11. The MT must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by ABP, Anglo Beef Processors and ABP UK with the Order.

### **Obligations of ABP, Anglo Beef Processors and ABP UK**

12. ABP, Anglo Beef Processors and ABP UK, and their respective affiliates and their employees, officers, directors, advisers and consultants must cooperate fully with the MT, in particular by providing the MT with all cooperation, assistance and information as the MT may reasonably require in order to discharge its functions, including but not limited to:

- a. the provision of full and complete access to all personnel, books, records, documents, facilities and information of the ABP business and the Target business as the MT may reasonably require; and
  - b. the provision of such office and supporting facilities as the MT may reasonably require.
13. If ABP, Anglo Beef Processors and ABP UK are in any doubt as to whether any action or communication would infringe the Order, they are required to contact the MT for clarification. However, for the avoidance of doubt, the MT has no authority, express or implied, to consent to any derogation or variation of the obligations in the Order, and any opinion of the MT regarding an action or communication does not bind the CMA nor indicate that the CMA has approved or sanctioned the action or communication. Derogations can only be granted by the CMA, and will always be granted in writing.
14. If ABP, Anglo Beef Processors or ABP UK have any reason to suspect that the Order may have been breached, it must notify the MT and the CMA immediately.

### **Reporting functions**

15. The MT is required to provide an initial report to the CMA no later than **Wednesday 16 August 2023** (or such longer period as the CMA may reasonably agree in writing, via email), giving details of any arrangements which have been, or should be, put in place to ensure compliance with the Order, and including among other things:
- a. details of the current extent of compliance with the Order by ABP, Anglo Beef Processors and ABP UK;
  - b. a description of the current arrangements made for the operation of the ABP business and the Target business and for the preservation of the assets required to operate each business; and
  - c. recommendations as to what changes to those arrangements, if any, are necessary.
16. In addition to providing the initial report referred to in paragraph 15 above, the MT must provide a statement to the CMA every two weeks thereafter (or otherwise as required by the CMA) stating whether or not, in the MT's view, ABP, Anglo Beef Processors and ABP UK have complied with the Order. At the same time, the MT must provide the CMA with a report setting out the following:

- a. the basis for the MT's view that the Order has or has not, as the case may be, been complied with and in particular whether:
  - i. anything has caused the MT to be concerned as to whether ABP, Anglo Beef Processors and ABP UK have complied with the Order, and if it has, whether those concerns have been resolved and why;
  - ii. the MT has any remaining doubts or uncertainties as to whether ABP, Anglo Beef Processors and ABP UK have complied with the Order; and
  - iii. anything causes the MT to be concerned about a possible future breach of the Order (whether deliberate or inadvertent);
- b. details of the performance of the ABP business and the Target business, including any factors that might indicate asset deterioration;
- c. whether appropriate steps are being taken to maintain the ABP business and the Target business as separate businesses and as going concerns;
- d. the extent to which ABP, Anglo Beef Processors and ABP UK have cooperated with the MT in its task of monitoring their compliance with the Order and details of any aspects of the cooperation of ABP, Anglo Beef Processors and ABP UK that the MT considers could be improved;
- e. the extent to which the MT considers that it is in an appropriate position to monitor ABP, Anglo Beef Processors and ABP UK' compliance with the Order and if there is anything that the MT considers would assist it in monitoring compliance;
- f. any current or anticipated requests for consent to vary, or to seek a derogation from, the Order; and
- g. the information the MT used to compile the report.

17. When providing reports to the CMA, the MT must ensure that it does not disclose any information or documents to the CMA which ABP, Anglo Beef Processors and ABP UK would be entitled to withhold from the CMA on the grounds of legal privilege and nothing in these directions requires ABP, Anglo Beef Processors and ABP UK to produce any information or documents to the MT which are privileged.

18. The MT must immediately notify the CMA in writing if it forms a reasonable suspicion that the Order has been breached, or if the MT considers that it is

no longer in a position to effectively carry out its functions. In that situation, the MT must give reasons for this view, including any supporting evidence available (unless doing so would infringe the obligations referred to in paragraph 17 above).

19. All communications between the MT and the CMA (including the statements and reports referred to in paragraphs 15 and 16) are confidential and should not be disclosed to any of ABP, Anglo Beef Processors and ABP UK, save with the prior written consent of the CMA. The MT shall not disclose such communications to third parties.