

DEROGATION LETTER

IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

**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 29 July 2023**

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

We refer to your submission dated 2 August 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 29 July 2023 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save with the written consent of the CMA, ABP, Anglo Beef Processors and ABP UK are required to hold separate the Target business from the ABP 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, ABP, Anglo Beef Processors and ABP UK may carry out the following actions, in respect of the specific paragraphs:

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

ABP submits that following the CMA's derogation consent of 29 July 2023, it installed new IT systems within the Target business. These IT systems have resulted in a need for greater planning capability within the Target business. This can only be achieved by creating new operational positions within the Target business. ABP submits that these positions must be filled urgently in order to ensure the Target business' ongoing viability and competitiveness (in particular to re-gain customer volumes and broader market trust).

ABP submits that it is not feasible to fill these positions by hiring third parties and / or seconding Scotbeef employees. ABP submits that Scotbeef has limited resources to operate its own business and so would be unable to reallocate its staff to the Target business (even on a temporary basis). As such, ABP submits that there are no viable candidates among Scotbeef's retained employees who could be temporarily seconded

to the Target business while the Initial Order is in force. ABP also submits that there is insufficient time available to appoint third parties to fill these roles without compromising the operational capacity of the Target business in the short term.

ABP therefore requests a derogation from paragraphs 6(c), 6(i), 6(j) and 6(k) to allow it to fill certain operational planning positions in the Target business with current ABP employees with immediate effect. Specifically, it seeks consent to appoint:

- (i) [X] as Primary Planning Manager (Bridge of Allan);
- (ii) [X] as Retail planning manager (Queenslie); and
- (iii) [X] as Site Abattoir Manager (Bridge of Allan).

The CMA consents to ABP's request for a derogation strictly on the basis that:

- a) these appointments are strictly necessary to preserve the viability and competitive capability of the Target business;
- b) there are no alternative viable staffing options within the limited timeframe available and each appointee has the necessary experience and expertise to assume their respective role within the Target business;
- c) each appointee will be solely allocated to the Target business from completion of the Transaction and will not have any involvement with ABP's business while the Initial Order is in force;
- d) each appointee will be dedicated to the Target business and, as such, will act in the best commercial interests of the Target business while the Initial Order is in force;
- e) none of the appointees will have lines of communication with ABP, other than with respect to Consent Matters, as defined in the Delegation of Authority derogation granted on 29 July 2023. When pursuing these lines of communication, each of the appointees will follow each of the conditions of the Delegation of Authority derogation;
- f) none of the appointees will be involved in any activities related to bidding for new contracts (including pricing), unless the CMA provides written consent (which can be provided via email);
- g) such appointments will not result in the integration of ABP UK's business with the Target business;
- h) such appointments will not prevent any action the CMA may need to take in

order to ensure compliance with the Initial Order (e.g. requiring ABP to appoint a hold separate manager); and

- i) this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Matteo Alchini

Assistant Director, Remedies Business and Financial Analysis

2 August 2023