

**FINAL 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 1 August 2024

Anticipated acquisition by 2 Agriculture Limited of the Burston and Radstock feed mills of ForFarmers UK Limited

Dear Emile,

We refer to your submissions dated 25 July 2024, 27 November 2024 and 6 December 2024 requesting that the CMA consents to derogations to the Initial Enforcement Order of 1 August 2024 (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, Boparan Private Office Limited, Boparan Holdings Limited, Ranjit Singh Boparan, Baljinder Kaur Boparan and 2 Agriculture Limited (together **Boparan**), and ForFarmers N.V. and each of ForFarmers N.V.'s subsidiaries including ForFarmers UK Limited (together **ForFarmers**) are required to refrain from taking any action which would transfer the ownership of the ForFarmers feed mills located in Burston (IP22 5TJ) (**Burston Mill**) and Radstock (BA3 5TT) (**Radstock Mill**) (together, the **Target Sites**), or any of the contracts, licences, or assets associated with the Target Sites, and, which might prejudice a reference under section 33 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, Boparan and ForFarmers may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 6, 7, 8, 10, 11 and 12 of the Initial Order – The non-overlapping Radstock Mill

Boparan and ForFarmers (the **Parties**) have sought the CMA's consent to remove the Radstock Mill from the scope of the abovementioned paragraphs of the Initial Order, and to complete the sale of the Radstock Mill from ForFarmers to Boparan.

In its Decision dated 6 November 2024 (**Phase 1 Decision**), the CMA found that no plausible competition concerns arise in relation to the acquisition of the Radstock Mill. Boparan submitted that it is appropriate to remove the Radstock Mill from the scope of paragraphs 6, 7, 8, 10, 11 and 12 of the Initial Order because: (i) the operation and activities of the Radstock Mill are unconnected to the operation and activities of the Burston Mill, and, (ii) the Target Sites compete in separate local markets as found by the CMA in the Phase 1 Decision. For those reasons, the Parties submitted that there is no risk that removing the Radstock Mill from the scope of the Initial Order would result in pre-emptive action.

Based on ForFarmers' representations and related evidence provided to the CMA, the CMA understands that:

- (i) the viability and competitive capability of the Burston Mill is not dependent on, or linked to, the Radstock Mill;
- (ii) the staff at the Burston Mill are distinct from the staff at the Radstock Mill, and do not overlap in relation to any of their functions;
- (iii) the tangible assets (eg production assets) of the Burston Mill are distinct from the tangible assets of the Radstock Mill, and no intellectual property (**IP**) rights are being transferred or licensed by ForFarmers to Boparan as part of the sale of the Radstock Mill. Furthermore, ForFarmers will maintain all IP rights which currently support the Radstock Mill and the Burston Mill;
- (iv) no customer contracts are being transferred to Boparan along with the sale of the Radstock Mill. ForFarmers will retain its customer contracts and customer volumes and will continue to manufacture and sell meat poultry feed volumes from its other mills;
- (v) The limited supplier contracts that will be transferred to Boparan relate only to the Radstock Mill. Furthermore, the removal of the Radstock Mill from any of ForFarmers' umbrella supplier agreements (eg contracts for raw materials, energy, insurance) will have no negative impact, financial or otherwise, on the ongoing viability and operation of the Burston Mill;

- (vi) the provision of back-office support functions to the Burston Mill will continue to be provided by ForFarmers following the completion of the sale of the Radstock Mill to Boparan;
- (vii) following completion of the sale of the Radstock Mill to Boparan, the Radstock Mill will be supported by Boparan's IT system, while the Burston Mill will continue to be supported by ForFarmers; and
- (viii) there are no other material links between the Burston Mill and the Radstock Mill.

On the basis of ForFarmers' representations, and in the particular circumstances of this case, the CMA consents to the Parties' request for a derogation to exclude the Radstock Mill from paragraphs 6, 7, 8, 10, 11 and 12 of the Initial Order, strictly on the basis that:

- (a) this derogation will not:
 - i. cause any disruption to the ongoing operation or viability of the Burston Mill, and will not impact its ability to compete effectively;
 - ii. lead to any integration between the Burston Mill and Boparan; and
 - iii. result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference;
- (b) the sale of the Radstock Mill to Boparan will not result in the exchange between ForFarmers and Boparan of any confidential or commercially-sensitive information relating to the Burston Mill; and
- (c) ForFarmers has disclosed all relevant actual and potential links between the Radstock Mill and the Burston Mill.

Yours sincerely,

Faye Fullalove

Assistant Director, Mergers

13 December 2024