



# Legal NewsBITE: Food and Drink Quarterly

March 2017

## Recently Completed Food and Beverage Sector Deals

We have advised on a range of food and beverage sector deals over recent months:

- **Sale of Yorkshire Provender** – Advised co-founders Belinda and Terry Williams on the sale of Yorkshire Provender to The Hain Celestial Group.
- **Sale of Chaucer Foods** – Advised the shareholders of this global producer of freeze dried foods on the sale of the group, including businesses in England, US, France, Hong Kong and China, to Japanese food group Nagatanien for US\$130 million.
- **Acquisition of the Waterfall Catering Group** – Advised Elior UK Holdings Limited, a subsidiary of the Elior Group, on the acquisition of the Waterfall Catering Group.
- **Acquisition of Streamfoods** – Advised on the acquisition of Streamfoods by Bokomo Foods (UK) Limited (subsidiary of Pioneer Food Group) for consideration of approximately £7.5 million.
- **Sale of Scotch Foods of Glasgow** – Advised the sellers, the largest established supplier to the UK's specialist ethnic food sector, on the sale to Japanese headquartered agricultural cooperative Zen-Noh.

## Trends in Recent Food and Beverage Sector Deals

Our food and beverage sector exposure has given us an insight into an exciting and constantly changing market:

- **Significant interest in the UK market:** Recent deals have shown appetite for UK food businesses from France, Japan and South Africa over the last year – a trend which has not been impeded by global currency changes.
- **Branded and non-branded products:** Branded products have been as popular as non-branded products and companies which fit into the broader supply chain are valuable and attractive targets.
- **Healthy food trend continues:** Healthy and/or organic food brands which promote freshness, provenance and nutritional content, including healthy and fitness snacks are increasingly popular. Against a back drop of mergers and consolidation of long established brands whose products are increasingly regarded as unhealthy, there is opportunity for growth for healthy brands with sales accelerated through the use of branding and social media. These brands are attracting healthy valuations.
- **Activity in the broader food sector:** Unsurprisingly, with activity in food and beverage manufacture sector strong, activity in complimentary sectors is positive, including catering, nutrition and hotels and leisure.

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## New EU General Data Protection Regulation

A new EU General Data Protection Regulation (GDPR) will apply throughout the EU from 25 May 2018. The GDPR will affect numerous sectors, including food and drink producers and retailers, because it will apply to any business that holds and uses data about individuals, such as customers' contact and payment details, information collated via loyalty cards, competitions, online accounts and cookies; CCTV footage; and employee data. The GDPR imposes significant changes to existing data protection laws, reinforces and expands data privacy rights and introduces potential fines for breaches of up to **€20 million or 4% of global annual turnover**. The scale of the changes is so significant that food and drink businesses should prepare sooner rather than later.

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## Food Crime Confidential

On November 28 2016, the Food Standard Agency's National Food Crime Unit launched "Food Crime Confidential" a reporting facility targeted at those working in or around the UK food industry, where anyone with suspicions about "food crime" can confidentially report them over the phone or by email. We have reported on the background to the launch, the requirement for food and drink businesses to monitor and assess supply chain threats and the challenges and opportunities available to operators in the Sector, in an [article](#) available on our website.

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## Modern Slavery and Immigration

The recent report exposing labour abuses in Myanmar garment factories (see our [article](#) on the report) is a reminder that all organisations, including food and drink businesses, should have processes in place to prevent, detect and eradicate modern slavery, both in their organisation and their supply chain. It is often also the case that victims of modern slavery are employed illegally and therefore crucial that employees' right to work in the UK is checked before employment commences, to avoid fines of up to £20,000 per illegal worker and potential criminal penalties.

These issues are likely to become more widespread in light of growing concern within the food and drink sector about the status of EEA nationals. Whilst the House of Lords is attempting to guarantee rights post Brexit – and the government recently called for evidence regarding the expected impact on UK businesses of reduced migration – uncertainty is leading many EEA nationals in business critical roles, both skilled and unskilled, to leave the UK. Furthermore, businesses are struggling to recruit locally for more traditional roles, such as butchers. Resident workers often don't want to take these positions; and the roles are not classed as "skilled" in the eyes of the Home Office (which would enable recruitment from outside the EEA). Food and drink businesses should therefore be planning for potential mobility restrictions and labour shortages in the future. We can provide support with risk assessments, employee surgeries and workforce audits.

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