



MEDIA RELEASE

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ACCC consults on proposed Woolworths undertaking for PFD acquisition

The ACCC is seeking views on a proposed undertaking offered by Woolworths (ASX: WOW) and PFD Food Services in relation to Woolworths' proposed acquisition of 65 per cent of PFD.

In response to the ACCC's [statement of issues](#) outlining preliminary competition concerns, Woolworths and PFD have offered a draft behavioural undertaking designed to maintain a degree of separation and independence between Woolworths and PFD for three years after the acquisition, but the duration could be shorter in certain circumstances.

"The release of an undertaking for public consultation should not be viewed as a sign that we will ultimately accept it, or any other form of undertaking," ACCC Chair Rod Sims said.

The companies have indicated that the temporary measures in the draft undertaking are designed to preserve the current market dynamics and enable market participants, such as independent suppliers, to continue to do business with Woolworths and PFD independently. The companies consider that this will allow the market to adjust to Woolworths and PFD ceasing to be independent of each other.

"We are seeking feedback from market participants about whether the proposed behavioural undertaking is likely to address competition concerns raised by Woolworths' acquisition of PFD," Mr Sims said.

The proposed undertaking would place obligations on PFD's board and governance structure and impose confidentiality protocols regarding certain supplier information. These obligations are intended to last three years, unless certain early termination clauses are triggered. These early termination clauses are generally dependent on PFD's CEO. For example, if PFD's CEO ceases to be involved in the day to day management of PFD on a full time basis the three year period could end earlier.

PFD would also be required to implement a charter in dealing with suppliers which reflects certain principles of the [Food and Grocery Code of Conduct](#) and which would be in place for five years. Any changes to the charter would need to be approved by the ACCC and PFD would be required to provide suppliers with advanced notice of any changes.

"The undertaking is behavioural in nature and imposes obligations on the companies to act in certain ways and not undertake certain actions. It will be important to get feedback from market participants on whether the undertaking provides a sufficient remedy to address the competition concerns," Mr Sims said.

Anyone wishing to make submissions should do so by 9am on 19 May 2021. The proposed date for the ACCC's final decision is 10 June 2021.

More information is available on the ACCC website here: [Woolworths Group Limited - PFD Food Services Pty Limited](#).

Background:

Woolworths is a large food retailer listed on the ASX. Woolworths also operates the online business Woolworths at Work, which supplies to commercial customers and Woolworths AGW which provides wholesale food distribution to a petrol and convenience chain.

PFD is a privately owned wholesale food distributor supplying food products and distribution services. PFD operates a national network of warehouses and a fleet of delivery vehicles. PFD distributes to food service businesses such as restaurants and cafés, franchised quick service restaurants, hotels and clubs and other businesses.

On 15 December 2020, [the ACCC released a statement of issues](#) which raised concerns that the proposed acquisition may increase Woolworths' upstream buyer power, lessen competition in wholesale food distribution and allow Woolworths to foreclose competitors that are supplied by PFD.

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