

**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 12 May 2022

Completed acquisition by Cérélia Group Holding SAS (either directly or indirectly) of certain assets relating to the UK and Ireland dough business (Jus-Rol) of General Mills Inc. (the 'Merger')

We refer to your submissions dated 7 April, 19 April, 26 April, 9 May and 11 May 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 12 May 2022 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter. Further, in this letter:

'Cérélia UK business' means the business carried on by Cérélia UK Ltd, a company incorporated under the laws of England and Wales (with registered number 07412477) and whose registered office is Bakeaway Centrix Business Park, Furnace Way, Corby, England, NN17 5BE;

'Cérélia Non-UK business' means the business of Cérélia Group Holding SAS and Cérélia Netherlands Business Unit B.V. and their subsidiaries, but excluding the Cérélia UK business.

'UK-related assets' refers to any individuals, business activities, assets (tangible and intangible) and contracts of Cérélia (including, but not limited to the items identified at paragraphs 6.a to 6.j of this consent letter), which are necessary for the effective functioning of the Cérélia UK business, as at the commencement date of the Initial Order.

Under the Initial Order, save for written consent by the CMA, Cérélia Group Holding SAS (**'CGH'**), Cérélia UK Ltd (**'CUK'**) and Cérélia Netherlands Business Unit B.V. (**'CNBU'**) (together collectively referred to as **'Cérélia'**) are required to hold separate the Cérélia business from the Jus-Rol 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, Cérélia may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(b), 5(c), 5(d), 5(e), 5(f), 5(g), 5(h), 5(i), 5(j), 5(k), 5(l) and 8 of the Initial Order

Cérélia has sought the CMA's consent to limit the scope of paragraphs 5(b), 5(c), 5(d), 5(e), 5(f), 5(g), 5(h), 5(i), 5(j), 5(k), 5(l) and 8 of the Initial Order so that they only apply to the Cérélia UK business (thereby excluding the Cérélia Non-UK business from the scope of the abovementioned provisions of the Initial Order).

Cérélia submits that the Cérélia UK business is a distinct business managed and operated separately from the Cérélia Non-UK business by a dedicated management team in the UK, which is subject to a high degree of legal and managerial autonomy from the Cérélia Non-UK business. Cérélia further submits that the Cérélia UK business is independently managed by a Business Management Team ('BMT') which comprises [redacted] in the UK. As such, Cérélia considers that the Cérélia UK business has no material organisational connection to the Cérélia Non-UK business, and the Cérélia business functions are solely dedicated to [redacted].

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

- 1) The viability and competitive capability of the Cérélia UK business on a standalone basis is not reliant on the Cérélia Non-UK business (other than the UK-related assets);
- 2) The staff and management team of the Cérélia UK business do not have responsibilities in relation to the Cérélia Non-UK business and, save as noted below, staff of the Cérélia Non-UK business do not have day-to-day responsibilities in relation to the Cérélia UK business;
- 3) The Cérélia UK business contracts [redacted]. As a result, the Cérélia UK business is viable as an independent business unit with its own financial budget and separate financial accounts;
- 4) The Cérélia UK business maintains its own URL domain name and operational IT systems. [redacted];
- 5) CGH has adopted a fairly decentralised operational model under which its regional/local subsidiaries and business units have a high degree of management autonomy within the Cérélia corporate group. [redacted]. [redacted];

- 6) The C r lia UK business does not have material links with the C r lia Non-UK business other than in respect of the UK-related assets, which include (amongst others):
- a. certain ad-hoc supervisory support primarily [X], and to a lesser extent, ad-hoc advisory support from [X];
 - b. certain CGH-negotiated insurance cover;
 - c. certain CGH guarantees;
 - d. certain CGH intra-group loans;
 - e. [X]. [X]. [X];
 - f. certain shared intellectual property ('IP') and associated licensing agreements in respect of the following IP rights:
 - [X]:
 - [X];
 - [X];
 - [X]:
 - [X];
 - [X];
 - [X];
 - [X];
 - [X]:
 - [X];
 - g. certain import arrangements [X]. [X];
 - h. certain co-packing arrangements [X]. [X].
 - i. Limited volumes of [X]; and
 - j. The shared sales arrangement by [X].

In light of the above, the CMA considers that a derogation related to the Cérélia Non-UK business (excluding the UK-related assets) is appropriate given the aims of the Initial Order and the particular circumstances of this case, and will significantly ease the administrative burden on Cérélia in a proportionate manner.

The CMA therefore consents to a derogation from the Initial Order to limit the scope of paragraphs 5(b), 5(c), 5(d), 5(e), 5(f), 5(g), 5(h), 5(i), 5(j), 5(k), 5(l) and 8 of the Initial Order so that they only apply to the Cérélia UK business and the UK-related assets, strictly on the basis that:

- (i) all UK-related assets remain within the scope of the Initial Order;
- (ii) This derogation will not cause any disruption to the Cérélia UK business, nor impact its ongoing operation or viability on a standalone basis; and
- (iii) Cérélia has disclosed all relevant links between the Cérélia UK business and Cérélia Non-UK business.

12 May 2022