

**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 of 10, 23 and 24 March 2023 requesting that the CMA consents to derogations from the Initial Enforcement Order of 12 May (the '**Initial Order**').<sup>1</sup> Unless otherwise stated, 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, 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 a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to CUK carrying out the following actions, in respect of the specific paragraphs:

**Paragraph 5(a) of the Initial Order**

Cérélia informed the CMA that there is a need for it to enter a manufacturing agreement with GMI for the supply of [X] Jus-Rol SKUs, that are currently manufactured [X]. These SKU's are [X] (the [X] **SKUs**).

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<sup>1</sup> Submissions (i) updated derogation request (ii) Cérélia response to CMA questions and (iii) GMI response to CMA questions respectively.

The [X] SKUs are currently manufactured [X]. The supplier [X] will cease supplying [X] August 2023 onwards<sup>2</sup>, and so [X] will no longer be able to continue production of the [X] SKUs.

In order to ensure continuity of supply of the [X] SKUs, GMI has entered into arm's length discussions with C r lia to explore the possibility [X] the [X] SKUs to [X] and to agree on the product adjustments, which need to be made to allow C r lia to manufacture the [X] SKUs.

After a number of initial discussions between GMI and C r lia (as permitted by the CMA), GMI wishes to appoint C r lia as its contract manufacturer for the [X] SKUs [X].

C r lia's requests CMA consent to a derogation from paragraph 5(a) of the IEO to allow GMI to appoint C r lia as a contract manufacturer of the [X] SKUs [X].

### Paragraph 5(d) of the Initial Order

C r lia notified the CMA that due to the characteristics of C r lia's [X] equipment [X], it is not feasible to produce the current [X] SKUs on C r lia's equipment [X]. As such, GMI and C r lia have been discussing certain adjustments to the products with the objective of minimising changes and acting in the best interest of the Jus-Rol business, retailers and consumers. [X].

The parties have agreed in principle on the adjustments summarised in the table below.

[X]	[X]
[X]	[X]
[X]	[X]
[X]	[X]
[X]	[X]

[X].<sup>3</sup>

C r lia is seeking approval from the CMA to allow GMI/the Jus-Rol business and C r lia to finalise the contractual arrangements for the contemplated adjustments.

C r lia is therefore requesting a derogation from paragraph 5(a) and 5(d) of the restated IEO dated 12 March 2022 to:

- a) Appoint C r lia as a contract manufacturer of the [X] SKUs [X]; and
- b) Implement certain adjustments to the [X] SKUs, which are deemed reasonably necessary by the parties for the production of these SKUs by C r lia [X].

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<sup>2</sup> [X].

<sup>3</sup> [X]

Based on C r lia's representations, the CMA consents to a derogation from paragraphs 5(a) and 5(d) of the Initial Order for the actions described above, strictly on the basis that:

- a) Appointing C r lia as a co-manufacturer for the [X] SKUs is necessary to ensure continuity of supply of the [X] SKUs.
- b) The adjustments to the [X] SKUs agreed in principle between GMI and C r lia are necessary to allow C r lia to contract manufacture the [X] SKUs [X].
- c) Any adjustments to the [X] SKUs agreed between GMI and C r lia [X].
- d) C r lia will seek CMA approval (to be given via email) in advance of agreeing any final terms with GMI. In seeking approval C r lia will:
  - a. [X]
  - b. [X]
  - c. [X]
- e) The derogation will not result in any pre-emptive action which may impede the taking of remedial action envisaged in the final report dated 20 January 2023.

Yours sincerely,

Adam Cooper  
Director, Remedies Business and Financial Analysis  
3 April 2023