

Response from Retailer C to the CMA's invitation to comment on remedies

Our position to date has consistently recognised:

- Material competitive concerns arise predominantly in Northern Ireland, not GB.
- Structural fragility and excess capacity in the plant bread market.
- Warburtons' structural strength in bakery occasions and branded categories.
- The potential pro-competitive rationale of consolidation, if it enables investment and sustainability rather than price extraction.
- The importance of supplier financial stability to downstream customers.

Accordingly, we consider that any potential remedies should be targeted, proportionate and designed to preserve a viable, long-term competitive constraint in Northern Ireland, rather than defaulting to outright prohibition, which would be entirely disproportionate given the identified SLC is limited in geographic scope.

A stand-alone Northern Ireland divestment is logically aligned with the CMA's provisional finding that the SLC is confined to Northern Ireland. However, it is important that any potential purchaser of the divested business has a sufficiently broad product scope (including non-declining categories); access to investment capital; and credible management and operational expertise.

Moreover, we have previously highlighted that, in this sector, access to established delivery networks can affect not only competition between the main branded suppliers but also the ability of other suppliers to reach stores. In particular, our experience is that only Hovis and ABF have historically been willing to transport certain third-party brands direct-to-store, and that this is a material feature of the current distribution set-up. If, post-merger, this capability (or the incentive to provide it) were concentrated in a single supplier, this could weaken route-to-market options for other brands and heighten dependence on the merged entity's network. Accordingly, remedy effectiveness should be tested against route-to-market outcomes more generally across the whole of the UK to ensure this does not result in a weakening of competition between competing bread suppliers to the detriment of smaller players and, in turn, customers and end-consumers.

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