

Completed acquisition by Co-operative Group Limited of The Southern Co- operative Limited

NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE PURSUANT TO SECTION 73 OF THE ACT

ME/7150/26

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1. INTRODUCTION

1. On 26 July 2026, the business of The Southern Co-operative Limited (**Southern**) was transferred to Co-operative Group Limited (**CGL**) by way of statutory transfer of engagements (the **Merger**). CGL and Southern are together referred to as the **Parties** or, individually, a **Party**, and, for statements relating to the future, the **Merged Entity**.
2. On 15 September 2026, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger constitutes a relevant merger situation¹ that has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). The text of the SLC Decision is available on the CMA webpages.²
3. On 22 September 2026, CGL offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act.
4. On 29 September 2026, the CMA gave notice to CGL, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering CGL's offer (the **UIL Provisional Acceptance Decision**).³

2. THE UNDERTAKINGS OFFERED

5. The SLC Decision found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to:
 - (a) The retail supply of groceries in convenience stores in local areas centring around nine CGL stores and 10 Southern stores (together the **Grocery SLC Areas**). The Grocery SLC Areas are listed in Annex 1.⁴
 - (b) The supply of attended at-need and pre-paid funeral services in local areas centring around one CGL site and one Southern site (together the **Funeral SLC Areas**). The Funeral SLC Areas are listed in Annex 1.⁵

¹ Pursuant to section 25(4) of the Act, the four-month period under section 24 of the Act is extended while the CMA is seeking undertakings in lieu of reference.

² See [Co-operative Group / Southern Co-operative merger inquiry - GOV.UK](#).

³ See [Co-operative Group / Southern Co-operative merger inquiry - GOV.UK](#).

⁴ In its assessment, the CMA defined catchment areas as within either a five-minute drive-time or a one-mile radius centred on each of CGL and Southern's convenience stores. Where one Party's convenience store overlaps with a convenience store or a larger grocery store of the other Party, the CMA found competition concerns on the basis that post-Merger, there was a reduction in fascia from five to four or fewer.

⁵ In its assessment, the CMA defined catchment areas as within a 15-minute drive-time centred on each of CGL and Southern's sites. Where the Parties' sites overlapped in an area, the CMA found competition concerns on the basis that post-Merger, in both areas, there was a reduction in fascia from four to three.

6. To address the competition concerns set out in the SLC Decision, CGL has offered the following undertakings in lieu of a reference (the **Proposed Undertakings**):⁶
 - (a) To divest 13 Southern convenience stores and two CGL convenience stores listed in Annex 2 (the **Grocery Divestment Sites**, collectively the **Grocery Divestment Business**), in each of the Grocery SLC Areas in order to either (i) remove the overlap between CGL and Southern in the area, or (ii) restore the number of fascia in the area to pre-Merger level (the **Proposed Grocery Divestiture**).
 - (b) To divest two Southern funeral homes listed in Annex 2 (the **Funeral Divestment Sites**, collectively the **Funeral Divestment Business**), in each of the Funeral SLC Areas in order to (i) remove the overlap between CGL and Southern in the area, or (ii) restore the number of fascia in the area to pre-Merger level (the **Proposed Funeral Divestiture**).
7. The divestiture of each of the Grocery Divestment Sites and Funeral Divestment Sites will include the disposal of a leasehold or freehold property, the transfer of employees, the sale of certain assets and, where relevant, contracts related to the store.⁷ Additionally:
 - (a) Neither the Proposed Grocery Divestiture nor the Proposed Funeral Divestiture will include any supply contracts, customer contracts, leased assets, intellectual property rights or back-office support. [X].⁸
 - (b) [X].⁹
 - (c) [X]. [X].¹⁰
8. In the event that CGL encounters difficulties disposing of any of the Grocery Divestment Sites or Funeral Divestment Sites, CGL has offered a fall-back mechanism which includes the following:¹¹
 - (a) To the extent that difficulties arise due to [X].
 - (b) [X].
 - (c) [X].

⁶ Merger Remedies Form submitted by CGL to the CMA on 22 September 2026 (**Merger Remedies Form**), paragraph 2.1.

⁷ Merger Remedies Form, paragraph 4.1 and Annex 2.

⁸ Merger Remedies Form, paragraphs 5.2–5.3.

⁹ Merger Remedies Form, paragraphs 6.1–6.3.

¹⁰ Merger Remedies Form, paragraph 6.4.

¹¹ Merger Remedies Form, paragraph 8.1.

(d) [REDACTED],¹² [REDACTED].¹³

(e) [REDACTED].¹⁴

9. The text of the undertakings is available on the CMA webpages (the **Proposed Undertakings**).¹⁵

3. CMA ASSESSMENT

10. The CMA considers that undertakings in lieu of a reference are appropriate when they are clear-cut and capable of ready implementation. The CMA's starting point when assessing undertakings is to seek an outcome that restores competition to the level that would have prevailed absent the merger.¹⁶ However, it is open to the merger parties to persuade the CMA that a proposed remedy that does not directly restore competition to pre-merger levels nevertheless comprehensively resolves the competition concerns.¹⁷
11. In previous cases, the CMA considered that divestment of a site or sites in each SLC area to ensure that no catchment area fails the CMA's decision rule does not necessarily restore the pre-merger situation, since it does not in every case amount to the divestment of the entire increment in the local area.¹⁸ However, the CMA also noted that, in certain previous cases, the CMA has accepted divestments falling short of the entire increment as sufficient to address local competition concerns.¹⁹
12. As a further mitigation against potential divestiture risks, in circumstances where there is doubt as to the marketability of the initially proposed divestiture remedy, the CMA may find it appropriate to require the merger parties to identify an alternative divestiture remedy if the initial remedy cannot be sold to a suitable purchaser within a specified period.²⁰

¹² Bradford on Avon (BA15 1EJ) and Barnham (PO22 0HB).

¹³ Merger Remedies Form, paragraph 8.1(c).

¹⁴ Merger Remedies Form, paragraph 3.2(f). [REDACTED].

¹⁵ See [Co-operative Group / Southern Co-operative merger inquiry - GOV.UK](#).

¹⁶ [Merger remedies \(CMA87\)](#), December 2025, Chapter 3 (in particular paragraph 3.5).

¹⁷ [CMA87](#), paragraph 3.5 and footnote 13.

¹⁸ Completed acquisition by Wm Morrison Supermarkets Ltd of certain assets of McColl's Retail Group Plc, Martin McColl Limited, Clark Retail Limited, Dillons Stores Limited, Smile Stores Limited, Charnwait Management Limited, and Martin Retail Group Limited [ME/7002/22] ([Morrisons/McColl's](#)), paragraph 10.

¹⁹ [Morrisons/McColl's](#), paragraph 11 of the decision that undertakings might be accepted. The CMA referred to a number of previous cases, including [Completed acquisition by Bellis Acquisition Company 3 Limited of Asda Group Limited](#) [ME/6911/20] ([Asda/Arthur](#)); [Anticipated acquisition by Patagonia Bidco Limited of certain businesses owned by Grafton Group Plc](#) [ME/6950/21] ([Huws Gray Ltd/Grafton Plc](#)); [Completed acquisition by Clayton, Dubilier & Rice Holdings, LLC of Wm Morrison Supermarkets Limited](#) [ME/6966/21] ([CD&R/Morrisons](#)).

²⁰ [CMA87](#), paragraphs 6.77–6.79.

3.1 The Proposed Grocery Divestiture

13. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Grocery Divestiture will resolve the SLC identified in the Grocery SLC Areas in a clear-cut manner, and the CMA currently does not have material doubts about the overall effectiveness of the Proposed Grocery Divestiture. This is because it ensures that none of the sites remaining in any Grocery SLC Area will fail the decision rule, by either (i) removing the overlap between CGL and Southern in the area, or (ii) restoring the number of fascia in the area to pre-Merger level.²¹
14. The CMA also currently considers that the Proposed Grocery Divestiture would be capable of ready implementation. This is because CGL has provided evidence that the Grocery Divestment Sites are viable, standalone and commercially attractive businesses:
- (a) While the CMA is aware that the remaining duration of the leases for some of the Grocery Divestment Sites is relatively short, the CMA does not believe that this would impact the viability or commercial attractiveness of the relevant sites, particularly given the fall-back mechanism as set out in subparagraph 8 above and the Parties' submission that all of the sites concerned [redacted].²²
 - (b) While some of the Grocery Divestment Sites are [redacted],²³ the CMA is not aware of any site-specific reasons which would undermine the future profitability of these sites.
 - (c) In the event that CGL is unable to attract interest in any of the Grocery Divestment Sites, the CMA believes that the fall-back mechanism set out in paragraph 8 above is sufficient to mitigate the potential divestiture risks.
15. CGL has also provided evidence that a considerable number of competitor grocery retailers have expressed an initial interest in one or more of the Grocery Divestment Sites.²⁴ For this reason, the CMA does not consider that it is necessary for the CMA to approve the identity of the purchaser(s) for the Grocery Divestment Sites prior to final acceptance of the undertakings.

3.2 The Proposed Funeral Divestiture

16. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Funeral Divestiture will remedy

²¹ Merger Remedies Form, paragraph 2.2 and Annex 3.

²² Merger Remedies Form, paragraph 4.4(c).

²³ Merger Remedies Form, Annex 6.

²⁴ Merger Remedies Form, paragraph 7.4.

the SLC identified in the Funeral SLC Areas in a sufficiently clear-cut and effective manner:

- (a) In relation to the phase 1 SLC that the CMA found in the local area centring around Southern's Alton site, CGL proposed to divest the centroid site. The CMA believes that this is sufficiently clear-cut and effective given it removes the overlap between CGL and Southern in the area.
- (b) In relation to the phase 1 SLC that the CMA found in the local area centring around CGL's Earley site, CGL offered to divest either of the two Southern overlapping sites, namely JB Hall Funeral Directors (**JB Hall**) and [X] (the [X] **Site**). The CMA considers that the divestiture of JB Hall, which is the larger of Southern's two overlapping sites, would resolve the SLC in this area in a sufficiently clear-cut and effective manner, given it restores the number of fascia in the area to pre-Merger level, and there is no material concern that it would not enable the purchaser to compete against other sites in the area.²⁵

- 17. The CMA also currently considers that the Proposed Funeral Divestiture is capable of ready implementation. Based on information received by the CMA during its phase 1 investigation, the CMA considers that the Funeral Divestment Sites are viable, standalone and commercially attractive businesses. In any event, the CMA believes that the potential divestiture risk associated with the Proposed Funeral Divestiture can be sufficiently mitigated by the fall-back mechanism set out in paragraph 8 above.
- 18. CGL has also provided evidence that the Funeral Divestment Sites have attracted some initial interest from a number of potential purchasers.²⁶ For this reason, the CMA does not consider that it is necessary for the CMA to approve the identity of the purchaser(s) for the Funeral Divestment Sites prior to final acceptance of the undertakings.

4. PROPOSED DECISION AND NEXT STEPS

- 19. For the reasons set out above, the CMA currently considers that the Proposed Undertakings are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.

²⁵ CGL initially only offered divesting the [X] Site. However, the CMA notes that the [X] Site has a [X] and [X] than CGL's Earley site and JB Hall, which raises material doubts about the effectiveness of its divestiture as a remedy. CGL has not provided robust evidence to satisfy the CMA that the divestment of the [X] Site, which does not remove the entire increment caused by the Merger, will be effective and will enable a purchaser to compete effectively. See [CMA87](#), paragraph 6.16.

²⁶ Merger Remedies Form, paragraphs 7.9–7.11.

20. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the proposed undertaking is available on the CMA webpages.²⁷
21. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.²⁸
22. Representations should be made in writing to the CMA by email and be addressed to:

Jeremy Chan
Principal Case Officer, Mergers
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

Email: jeremy.chan@cma.gov.uk (cc' coopgroup.southerncoop@cma.gov.uk)

Telephone: 020 3738 6784

Deadline for comments: 27 October 2026

²⁷ See [Co-operative Group / Southern Co-operative merger inquiry - GOV.UK](#).

²⁸ Under paragraph 2(4) of Schedule 10 to the Act.

ANNEX 1

Grocery SLC Areas

Store brand	Store address	Store postcode
The Co-operative Group	Bracklesham Lane, Bracklesham Bay, Chichester	PO20 8JA
The Co-operative Group	The Parade, Pagham, Bognor Regis	PO21 4TW
The Co-operative Group	1 Bridge Yard, Bradford-On-Avon	BA15 1EJ
The Co-operative Group	14–20 The Broadway, Newhaw, Addlestone	KT15 3HA
The Co-operative Group	255 High Street, Guildford	GU1 3BS
The Co-operative Group	36–37 Easton Square, Portland	DT5 1BY
The Co-operative Group	Botley Road, North Baddesley, Southampton	SO52 9DW
The Co-operative Group	1 Buckingham Drive, Harrietsham, Maidstone	ME17 1GF
The Co-operative Group	58–60 Oxford Street, Whitstable	CT5 1DG
Southern Co-op	1–5 Seymour Lane, Southampton, North Baddesley	SO52 9FN
Southern Co-op	8 Faversham Road, Lenham	ME17 2PN
Southern Co-op	63 Long Lane, Southampton, Holbury	SO45 2LG
Southern Co-op	223 Winsley Road, Bradford-on-Avon	BA15 1QT
Southern Co-op	Main Road, Arundel	BN18 0EY
Southern Co-op	The Square, Emsworth, Westbourne	PO10 8UE
Southern Co-op	11B Weston Road, Portland	DT5 2BY
Southern Co-op	1 Crosier Close, Old Sarum	SP4 6GX
Southern Co-op	40 Snowberry Crescent, Havant	PO9 2FE
Southern Co-op	1 Cuckoo Lane, Fareham	PO14 3LJ

Funeral SLC Areas

Store brand	Store address	Store postcode
Southern Co-op	71 High Street, Alton	GU34 1AB
The Co-operative Group	572 Wokingham Road, Earley, Reading, Berkshire	RG6 7JD

ANNEX 2

The Grocery Divestment Sites

Brand	Store name	Postcode
Southern Co-op	Wittering – The Parade	PO20 8BL
Southern Co-op	Bognor Regis – Rose Grn Rd	PO21 3EQ
Southern Co-op	Addlestone – New Haw Road	KT15 2DS
Southern Co-op	Guildford – Woodbridge Rd	GU1 4RN
Southern Co-op	Portland – Weston Road	DT5 2BY
Southern Co-op	Whitstable – Cromwell Road	CT5 2AA
Southern Co-op	North Baddesley – Seymr Pd	SO52 9FN
Southern Co-op	Lenham – Faversham Road	ME17 2PN
Southern Co-op	Holbury Long Lane	SO45 2LG
Southern Co-op	Westbourne – The Square	PO10 8UE
Southern Co-op	Old Sarum – Crosier Close	SP4 6GX
Southern Co-op	Welcome Denvilles	PO9 2FE
Southern Co-op	Welcome Stubbington – Southern Co-op	PO14 3LJ
The Co-operative Group	Bradford On Avon – Bridge Yard	BA15 1EJ
The Co-operative Group	Barnham – Barnham Road	PO22 0HB

Funeral Divestment Sites

Brand	Store name	Postcode
Southern Co-op	The Co-operative Funeralcare – Alton	GU34 1AB
Southern Co-op	JB Hall Funeral Directors	RG41 2NU