DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Dear [✂]

Consent under section 72(3c) of the Enterprise Act 2002 (the Act) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 23 July 2026

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

We refer to your emails and accompanying submissions dated 17 and 25 June 2026 and related discussions regarding a request by CGL that the CMA grant certain derogations to the Initial Enforcement Order of 23 July 2026 (the **Initial Order**). 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, CGL is required to hold separate the business of CGL (and subsidiaries) from the business of Southern (and its subsidiaries) 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 requests for derogations from the Initial Order, based on the information received from you, and in the particular circumstances of this case, CGL may carry out the following actions, in relation to the specific paragraphs of the Initial Order listed below:

Paragraph 5(l) of the Initial Order

In order to ensure that designated individuals within CGL can receive Southern financial information and, following the Transfer of Engagements, Siena financial information, together with the financial information of their respective subsidiaries (together, the '**Financial Information**') for internal accounting and external auditing and financial reporting purposes, the CMA consents to the designated individuals listed in Annex 1

(CGL Designated Finance Clean Team) receiving financial information which may include commercially sensitive information, including the following:

1. To enable access to Southern's accounts for internal accounting and external auditing and financial reporting purposes, the CGL Designated Finance Clean Team will require:

    a. regular management information reporting, including weekly trading performance, full month-end close, weekly 13-week cash flow projections, capital spend forecast, and forward forecasting (3+9, 4+8);

    b. access to historical and forecast financial data split by business unit and key financial metrics (including revenue, gross margins, operating costs, underlying operating profit, and EBITDA cash contribution);

    c. access to a list of assets and the net book value at which they are held; and

    d. access to hedging information and any other mitigants related to geopolitical volatility.

2. Specifically, to enable the conversion of Southern's accounts from the GAAP to the IFRS, the CGL Designated Finance Clean Team will require:

    a. access to Southern's historical group financial results for the year ended January 2026; and

    b. input and support from Southern's management team in respect of adjustments on specific line items where the accounting treatment differs between the GAAP and the IFRS.

3. The derogation granted above is subject to the implementation of the following safeguard measures listed below:

    (a) the Financial Information is strictly necessary for internal accounting and external auditing and financial reporting purposes as specified in this letter, and is limited to the minimum level of disaggregation or detail required for those purposes;

    (b) The Financial Information will only be provided to the CGL Designated Finance Clean Team once Southern has received appropriate signed written undertakings from each member of the CGL Designated Finance Clean Team (in a form approved in advance by the CMA) to preserve the confidentiality of the information and to use the information only for the purposes specified in this letter;

    (c) The CGL Designated Finance Clean Team will undertake not to discuss or otherwise share Southern Financial Information with unauthorised individuals other than with (i) CGL's external auditors where this is required as part of CGL's statutory auditing process and (ii) CGL's lender banks for the purposes specified in this letter;

(d) The CGL Designated Finance Clean Team will not use the Financial Information for any purpose other than those specified above;

(e) The CGL Designated Finance Clean Team do not have any operational or commercial decision-making role in the CGL business nor are they members of CGL board;

(f) the identity of the CGL Designated Finance Clean Team cannot be changed except through written consent by the CMA (which can be given via email);

(g) the Financial Information is shared in a form to be agreed with the CMA;

(h) all electronic files and emails exchanged in this context will be password protected, adequately ring-fenced, and only accessible to the CGL Designated Finance Clean Team;

(i) Firewalls will be put in place to prevent any individuals in CGL who are not part of the CGL Designated Finance Clean Team from accessing the Financial Information;

(j) In the event that the Transaction is prohibited, any records or copies (electronic or otherwise) of such Financial Information that have passed, wherever they may be held, will be returned to the Southern business to which they relate and/or any copies destroyed;

(k) In the event the CGL Designated Finance Clean Team need to report on any findings from commercially sensitive information shared under this derogation to other individuals at CGL, such reporting shall be aggregated so as to no longer include commercially sensitive information (unless as agreed under a separate derogation granted by the CMA) and shall be reviewed by external counsel in advance of any such onward reporting; and

(l) this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

It is a criminal offence under section 117 of the Enterprise Act 2002 for a person to recklessly or knowingly supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in fines, imprisonment for a term not exceeding two years, or both (section 117 of the Enterprise Act 2002). In addition, the CMA can impose penalties if a person has, without reasonable excuse, supplied to the CMA information which is false or misleading in any material respect (section 110(1A)) as described in Annex 2 and the Administrative penalties: Statement of Policy on the CMA's approach (**CMA4**).

Yours sincerely,

Anastasija Rogozianskaja
Assistant Director, Mergers
Competition and Markets Authority
29 July 2026

ANNEX 1

CGL Designated Finance Clean Team

The CGL Designated Finance Clean Team is limited to the following individuals:

[✂]

ANNEX 2

Penalties for the provision of false or misleading information

Imposition of civil penalties

(1) Under section 110(1A) of the Act, the CMA may impose a penalty on a person in accordance with section 111 of the Act where the CMA considers that:

(a) The person has, without reasonable excuse, supplied information that is false or misleading in a material respect to the CMA in connection of any of the CMA's functions under Part 3 of the Act;

(b) The person has without reasonable excuse, supplied information that is false or misleading in a material respect to another person knowing that the information was to be used for the purpose of supplying information to the CMA in connection with any function of the CMA under Part 3 of the Act.

(2) Under section 110(1C) of the Act, the CMA may not impose such a penalty in relation to an act or omission which constitutes an offence under section 117 of the Act if the person has, by reason of the act or omission, been found guilty of that offence.

Amount of penalty

(3) Under section 111(1) of the Act, a penalty imposed under section 110(1A) of the Act shall be of such amount as the CMA considers appropriate.

(4) A penalty imposed under section 110(1A) of the Act on a person who does not own or control an enterprise shall be a fixed amount that must not exceed £30,000.

(5) Under section 111(4A) of the Act a penalty imposed under section 110(1A) of the Act on any other person shall be a fixed amount that must not exceed 1% of the total value of the turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person.

(6) In deciding whether and, if so, how to proceed under section 110(1A) of the Act, the CMA must have regard to the statement of policy which was most recently published under section 116 of the Act at the time when the act or omission occurred.