# 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(e)(iii) of the Initial Order

Grant an intra-group loan to Southern (**The CGL Loan**) to enable the repayment of its current Barclays facility and subsequently to repay its creditors, including CGL. [✂]. The CMA grants this loan on this basis that:

(1) The Order requires CGL to ensure that Southern is maintained as a going concern and has sufficient resources to ensure Southern's development in line with its pre-

merger business plan. The CGL Loan enables CGL to comply with this term of the Order.

(2) [✂] such that the CGL Loan and the associated [✂].

(3) [✂] will in no way restrict the ability of Southern to divest of all or a portion of its assets in the event that this becomes necessary to remedy any SLC identified by the CMA.

(4) [✂] will not impede or in any way interfere with the strategic, commercial, or operational decision-making ability of Southern.

(5) To the extent that the giving of the loan or [✂] requires the sharing of competitively sensitive information, CGL will establish a clean team to receive and hold such information.

(6) The members of the clean team shall be identified to, and approved by, the CMA prior to receiving any competitively sensitive information. Each member of the clean team shall execute a confidentiality undertaking in a form approved by the CMA before obtaining access to any such information.

(7) Competitively sensitive information disclosed to the clean team shall not be shared with any person outside the clean team except as permitted by the CMA.

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 the Annex and the Administrative penalties: Statement of Policy on the CMA's approach (**CMA4**).

Yours sincerely,

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

# ANNEX

## 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.