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

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 dated 3 and 12 August 2026 requesting that the CMA consents to 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 request 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 respect to the specific paragraphs of the Initial Order listed below:

Paragraph 5(e) of the Initial Order

CGL has submitted that, as part of its standard business review process which ensures that its stores are meeting certain metrics in line with CGL's broader commercial strategy and reflecting effective portfolio management, it has taken the decision to dispose of its [✂] food store at [✂] (the [✂] **Store**). CGL submitted that it has taken this decision on the basis of the [✂] Store's poor financial performance and poor condition of the store. CGL stated that there is no viable alternative to disposing of the store.

CGL has requested that the CMA grants a derogation from paragraph 5(e) of the Initial Order to enable it to surrender its lease and enter into a sales contract with the proposed purchaser which will result in the disposal of the [✄] Store.

The CMA consents to a derogation from paragraph 5(e) of the Initial Order, strictly on the basis that CGL's decision to dispose of the [✄] Store:

(i) is completely unrelated to the Merger;

(ii) will not lead to any integration with the Southern business;

(iii) will not result in any disruption to, or impact the viability of, the CGL business; and

(iv) 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,

Alex Lewis
Assistant Director, Mergers
Competition and Markets Authority
17 August 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.