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 dated 21 and 24 August 2026 requesting that the CMA grant a derogation to the Initial Enforcement Order of 23 July 2026 (the **Initial Order**) in relation to the proposed departure of CGL's [✂]. 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:

Paragraphs 5(c), 5(i) and 5(k) of the Initial Order

CGL submits that it intends to restructure its [✂] following a broader organisational review across multiple teams that was first commenced in the Autumn of 2025. CGL states that the majority of the restructure was implemented prior to the commencement of the Initial Order.

As part of the [✂] restructure, CGL intends to [✂]. As a result, the role of [✂] (currently being fulfilled by [✂]) [✂]. CGL explains that this includes [✂].

The [✂] role is considered to be a 'key staff' role within the meaning of the Initial Order.

CGL is therefore seeking a derogation permitting the departure of [✂], including [✂]. It is anticipated that [✂] will depart from CGL on [✂].

The CMA consents to a derogation from paragraphs 5(c), 5(i) and 5(k) of the Initial Order, permitting the actions described above, strictly on the basis that:

(1) [✂]'s responsibilities for [✂] will be assumed by [✂], whilst the responsibility for [✂] will be assumed by [✂]. Both [✂] and [✂] have the capacity and expertise to effectively fulfil these responsibilities.

(2) The handover of [✂]'s responsibilities to [✂] and [✂], will be organised in a timely and orderly fashion such that proposed restructure and [✂]'s departure will not impact the ongoing operation and/or viability of the CGL business;

(3) This derogation will not lead to any integration with the Southern business;

(4) Subject to any other derogations granted by the CMA, no other organisational changes or key staff changes will be made to the CGL business as a result of this derogation; and

(5) 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,

Alex Lewis
Assistant Director, Mergers
Competition and Markets Authority
26 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.