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 22 and 27 October 2026 requesting that the CMA grant a derogation 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 relation to the specific paragraphs of the Initial Order listed below:

Paragraph 5(h) of the Initial Order

To address the CMA's competition concerns identified in its phase 1 decision, CGL offered undertakings in lieu of a reference to phase 2 (**UILs**) to the CMA which include the divestiture of 15 grocery stores. Six of these grocery stores currently have in-store post offices and CGL expects these will continue to operate post-divestment, subject to the relevant purchasers' wishes.

Due to the divestment of these stores, Siena and CGL will need to serve notice to the Post Office to terminate the relevant post office contracts, enabling the relevant purchasers to apply to operate post offices from the stores.

CGL is therefore seeking a derogation permitting CGL and Siena to serve their notice in respect of the post office contracts for the following stores, to avoid any delay to completion of the required divestments under the UILs and to enable the relevant purchasers to commence their application process as soon as appropriate:

(a) Siena – Addlestone, New Haw Road;

(b) Siena – Portland, Weston Road;

(c) Siena – Westbourne, The Square;

(d) Siena – Whitstable, Cromwell Road;

(e) Siena – Wittering, The Parade; and

(f) CGL – Bradford-on-Avon, Bridge Yard (together, the **Relevant Stores**).

Based on CGLs' representations, the CMA consents to a derogation from paragraph 5(h) of the Initial Order, permitting the actions described above, strictly on the basis that:

(1) the post offices at the Relevant Stores will continue to operate under CGL or Siena (as applicable) until completion of their divestiture. Accordingly, the service of notice will have no impact on the ability of CGL or Siena to continue competing independently, and will not give rise to any integration between the two businesses;

(2) the service of notice is a standard step in the disposal of a grocery store and necessary to enable the divestment of the Relevant Stores in accordance with the terms of the UILs, and to enable the purchasers of these stores to apply to operate post offices at these sites in the future;

(3) [✂]; and

(4) 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
29 October 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.