

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

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 9 June 2020

Completed acquisition by Facebook, Inc. (now Meta Platforms, Inc.) of Giphy, Inc (the 'Merger')

Please note that [X] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

Dear [X],

We refer to your submission dated 18 March 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 9 June 2020 (the '**Initial Order**'). Unless otherwise stated, 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, Meta Platforms, Inc. (formerly known as Facebook Inc) (**Meta**), Tabby Acquisition Sub, Inc. (**Tabby Acquisition**), Facebook UK Limited (**Facebook UK**) and their subsidiaries are required to hold separate the Meta business from the business of Giphy, Inc. (**Giphy**) 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, the CMA consents to Meta, Tabby Acquisition, Facebook UK and GIPHY carrying out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 5(a), 5(j) and 5(k) of the Initial Order

Prior to the imposition of the Initial Order, Meta extended an offer of employment to [X], GIPHY) and [X], GIPHY). The CMA understands that the offer of employment was contingent upon (amongst other things) verification of information provided by each of them and proof of right to work in the United States. Meta submits that this verification is carried out as part of Meta's on-boarding process and pursuant to US law.

On 12 May 2020, Meta submitted a derogation request to the CMA to onboard [X] and [X] to Meta employment contracts and accordingly, offer Meta work visas to these employees. Given the status of the CMA's Merger investigation at the time, the CMA considered that this request gave rise to a risk of pre-emptive action and denied Meta's derogation request.

Given that the CMA has issued its Final Report and shortly intends to adopt a Final Enforcement Order pursuant to section 84 of the Act mandating the divestment of the GIPHY business, the CMA no longer considers that the requested derogation gives rise to a risk of pre-emptive action.

Meta is seeking the CMA's consent to enable Meta and GIPHY to make arrangements to:

- (a) transfer [X] and [X] to Meta employment contracts and onboard these individuals onto Meta's HR systems. [X] and [X] would then be offered a restricted stock unit package ('RSU') (based on their original entitlement) with a custom vesting schedule that takes account of the intended RSU start date under the original Meta offer letters and these individuals' service to date, as well as the additional RSUs they would have received during their employment had they been allowed to join Meta contracts;
- (b) offer a one-time bonus to [X] and [X] in recognition that they have not been able to participate in Meta's 401k plan; and
- (c) move [X] and [X] onto Meta US work visas (the '**Proposal**').

On the basis of Meta's representations and the information submitted by it, the CMA consents to a derogation from paragraphs 4(a), 5(a), 5(j) and 5(k) of the Initial Order permitting the Proposal, strictly on the basis that:

- (i) access to Meta HR systems for [X] and [X] will be removed following the on-boarding process and after their benefits enrolments/RSU grants are received as it has been for all other GIPHY employees;
- (ii) Meta will cooperate with GIPHY to communicate the details of the Proposal (in accordance with the derogation granted by the CMA on 16 July 2020);
- (iii) this derogation will not result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference.

Yours sincerely,

Adam Cooper

Director, Remedies, Business and Financial Analysis

29 March 2022