

**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 (the ‘Act’) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (‘CMA’) on 26 October 2021.

Completed acquisition by Clayton, Dubilier and Rice of Wm Morrison Supermarkets Plc (‘Morrisons’) (the ‘Acquisition’).

We refer to your submission of 23 March 2022 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 26 October 2021 (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, Clayton, Dubilier & Rice Holdings, LLC, Motor Fuel Limited, CD&R Firefly Holdco Limited, Market Bidco Limited and Market Topco Limited (collectively referred to as the ‘**Acquirer Group**’), and Morrisons (together with the Acquirer Group the ‘**Addressees**’) are required to hold separate the Acquirer Group business from the Morrisons business 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 a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to Morrisons carrying out the following actions, in respect of the specific paragraphs:

1. Paragraphs 6(c) and 6(i) – Changes to key staff and associated changes to management responsibilities and reporting lines

The CMA understands from Morrisons' submission of 25 November 2021 that, on 8 November 2021, [X] submitted his resignation to Morrisons' People Department confirming his intention to resign as [X] of Morrisons. The CMA also understands that [X] has a contractual notice period of six months, which ends in mid-May 2022.

The CMA understands that, in order to fill the vacant role of [X] following the resignation of [X], Morrisons has identified [X] (who currently holds the role of [X] of Morrisons) as a suitable replacement candidate. Morrisons proposes that [X] replaces [X] in April 2022.

Morrisons submits that the responsibilities currently undertaken by [X] can be adequately covered and performed by [X] given her background in [X]. This background provides [X] with the relevant skills, knowledge and experience to assume the responsibilities currently undertaken by [X], who is responsible for [X].

Morrisons also submits that in order to accommodate and support [X] increased responsibilities as [X], Morrisons intends to:

- increase the remit of [X] to include [X], which were responsibilities previously handled by [X]. [X] new role will be as [X] and [X] will report directly to [X];
- change the reporting structure for [X], who previously reported to [X], but will instead report directly to [X]. [X] remit includes responsibility for [X].

Finally, Morrisons submits that it has not consulted with anyone at the Acquirer Group regarding the aforementioned changes to key staff and to management responsibilities.

As [X] holds a position of executive or managerial responsibility in [X] role as [X], the CMA considers [X] to be key staff under the IEO.

The CMA consents to a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit Morrisons to execute the above changes. This consent is granted strictly on the basis that:

- (a) [X] has the necessary experience and expertise to assume the role of [X].
- (b) Morrisons will ensure a smooth handover of responsibilities from [X] to [X].
- (c) Morrisons will continuously monitor the staffing requirements of its corporate services department and will, if necessary, hire new staff following [X] vacation of [X] current position as [X].
- (d) The grant of this derogation will not affect the viability of the Morrisons business.
- (e) This derogation will not result in any integration between the Morrisons business and the Acquirer Group business.

(f) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Alex Hazell

Assistant Director, Mergers

29 March 2022