

**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 submissions of 14 February, 18 February and 4 April 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

The CMA understands from Morrisons' submission of 18 February 2022 that, on 17 February 2022, [X] submitted his resignation to Morrisons' People Department confirming his intention to resign as Chief Financial Officer of Morrisons. The CMA also understands that [X] has a contractual notice period of [X] months, which ends in [X], and that [X].

The CMA further understands from Morrisons' submission of 4 April 2022 that [X] has now stepped down from his position as Chief Financial Officer and that Morrisons has

identified [X] (currently Operations Development Director of Morrisons) as a suitable replacement for [X]. Morrisons wishes to appoint [X] as Chief Financial Officer as soon as possible.

Morrisons submits that the appointment of a Chief Financial Officer is both urgent and strictly necessary in circumstances where Morrisons' current Chief Financial Officer has resigned [X].

Morrisons also submits that:

- The responsibilities of Chief Financial Officer can be appropriately covered and performed by [X] given her background as a qualified accountant and her previous experience as Group Finance Director of Morrisons, a position she held immediately prior to her current role as Operations Development Director.
- [X] background provides her with the relevant skills, knowledge and experience to assume the responsibilities previously undertaken by the former Chief Financial Officer, [X], [X].
- [X] will be fully supported in her role as Chief Financial Officer [X] to ensure a smooth transfer of responsibilities. [X], will also be providing support to [X] over the coming months.
- [X] will retain some responsibilities from her current role as Operations Development Director (including responsibility over Morrisons' [X]). However, [X] remaining responsibilities relating to [X] will be absorbed into an existing role held by [X].
- [X] has the necessary experience and expertise to assume the responsibilities relating to [X] currently held by [X].

As [X] and [X] currently hold positions of executive or managerial responsibility in their current roles, the CMA considers them 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 Chief Financial Officer. [X] has the necessary experience and expertise to assume the responsibilities [X] currently held by [X].

- (b) Morrisons will ensure a smooth transfer of responsibilities from [X] to [X], and from [X] to [X].
- (c) Morrisons will continuously monitor the staffing requirements of its [X] divisions and will, if necessary, hire new staff to support [X] in her role as Chief Financial Officer and/or [X] in [X] expanded role.
- (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

5 April 2022