

**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 issued by the Competition and Markets Authority ('CMA') on 21 December 2021.

Acquisition by NEC Software Solutions UK Limited of Capita Secure Solutions and Services ('the Transaction').

We refer to your email of 28 April 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 21 December 2021 (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, NEC Corporation ('**NECJ**'), Garden Private Holdings Limited ('**GPHL**') and NEC Software Solutions UK Limited ('**NECSWS**') and its subsidiaries ('**the NEC business**') are required to hold separate the NEC business from Capita (SSS) Limited ('**CSSS**'), Capita Software (US) LCC ('**CSUS**') and their subsidiaries ('**the Capita SSS 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 derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, NEC Saudi Arabia may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 6(c) and 6(i) of the Initial Order

The CMA understands that:

- a) NEC Saudi Arabia, Ltd. ('**NEC Saudi Arabia**') is one of the subsidiaries of NECJ; and
- b) a NECJ employee, namely [REDACTED], had been seconded to NEC Saudi Arabia to perform the following roles:
 - i. President and CEO; and

- ii. Board Member and General Manager (together referred to as the '**NEC Saudi Arabia Roles**').

The CMA understands that [X] is to be transferred back to NECJ for reasons entirely unrelated to the Transaction, and will cease to perform the NEC Saudi Arabia Roles on 1 June, or when the Proposed Candidate is granted a visa permitting travel to Saudi Arabia and is able to commence the NEC Saudi Arabia Roles, whichever is later.

The CMA further understands that NEC Saudi Arabia intends to appoint [X] (the '**Proposed Candidate**') as a replacement for the NEC Saudi Arabia Roles from 1 June 2022, or when the Proposed Candidate is granted a visa permitting travel to Saudi Arabia and is able to commence the NEC Saudi Arabia Roles, whichever is later.

NECJ submits that the Proposed Candidate has the requisite knowledge and experience to carry out the NEC Saudi Arabia Roles.

In light of the above, the CMA consents to grant a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the abovementioned changes.

This derogation is granted to ensure that NEC Saudi Arabia continues to operate as a going concern during the Initial Order.

This derogation is provided on the basis that:

- a) the Proposed Candidate has the relevant expertise and experience necessary to perform the NEC Saudi Arabia Roles;
- b) this derogation does not impact the viability of the NEC business during the term of the Initial Order;
- c) this derogation will not impact the ability of the Capita SSS business to compete independently of the NEC business;
- d) this derogation will not lead to any changes to the NEC Saudi Arabia management structure or any further changes to key staff other than those described above;
- e) this derogation will not result in any integration between the Capita SSS business and the NEC business; and

- f) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Lasse Burmester
Assistant Director, Mergers
4 May 2022