

**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 17 May 2022**

**ACQUISITION BY GXO LOGISTICS, INC. (GXO) of CLIPPER LOGISTICS PLC
(Clipper)**

Dear Josh Chamberlain, Suyong Kim,

We refer to your letter dated 18 May 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 17 May 2022 (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, the Acquirer Group and its subsidiaries are required to hold separate the Acquirer Group business from the business of Clipper and its subsidiaries and refrain from taking any action which might prejudice a reference under section 22 or 33 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, GXO and Clipper may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 6(c) of the Initial Order

Upon completion of the Transaction Clipper will become part of the GXO Group and become a private limited company. On 18 May 2022 GXO requested the CMA grant a derogation from paragraph 6(c) of the CMA's Initial Order to:

- a) enable de-listing and re-registration of the Clipper business as a private limited company;
- b) enable Clipper to change its name and amend its Articles of Association accordingly; and

- c) enable Clipper's accounting reference date to be amended from 30 April to align with GXO's accounting reference date of 31 December.

Following a scheme of arrangement, GXO will be the sole shareholder of Clipper. As a result, Clipper will no longer satisfy the free float requirement to remain listed on the London Stock Exchange. GXO submit that this derogation will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

The CMA consents to a derogation from paragraph 6(c) of the Initial Order to permit GXO to carry out the above actions described in (a) – (c).

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

GXO have requested a derogation from paragraphs 6(c) and 6(i) of the Initial Order in order to allow for the resignation of Clipper's Non-Executive Directors (NEDs) after completion of the transaction. GXO informs the CMA that these individuals' roles will cease when Clipper is de-listed.

GXO submits that the resignation of the NEDs will not have an impact on Clipper's operations or strategic direction which will continue to be the responsibility of Clipper's existing management.

The CMA considers the NEDs to be key staff. After due consideration of the roles and responsibilities of the NEDs at Clipper, the CMA is content that such a change would not impact remedial action and consents to a derogation from paragraph 6(c) and 6(i) of the Initial Order to permit the key staff change described above.

Yours sincerely

Steven Pantling

Assistant Director

RBFA