

**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) (THE 'ACQUISITION')**

Dear Josh Chamberlain, Paul Castlo,

We refer to your submission dated 1 June 2022 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 17 May 2022 (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, 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 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 GXO and Clipper carrying out the following actions, in respect of the specific paragraph:

**1. Paragraph 6(e) of the Initial Order**

The CMA understands that in order to ensure that they have the appropriate resources to service their customers, each of GXO and Clipper may from time to time (i) dispose of warehouses and other premises (including for example by surrendering leases or novating leases to new contract logistics providers) and (ii) acquire additional warehouses and other premises (including by entering into new leases, which may require the granting of security over the relevant business' assets).

In order to ensure the continuity and viability of each of GXO and Clipper, the CMA consents to a derogation from paragraph 6(e) of the Initial Order to permit each of GXO and Clipper to (i) dispose of existing leases over warehouses and other premises and

(ii) grant security in connection with entering into new leases over warehouses and other premises (together, '**Warehouse Portfolio Changes**'), in each specific instance subject to prior approval in writing from the CMA (including via email).

The CMA consents to a derogation from paragraph 6(e) of the Initial Order to permit Warehouse Portfolio Changes, strictly on the basis that:

- (a) Each of GXO and Clipper will submit to the CMA a written request in advance of executing individual Warehouse Portfolio Changes. These requests will be submitted to the CMA as soon as possible and will contain, as a minimum, the following information:

*In the event of a disposal*

- (i) Which customer(s) are / were served by the relevant warehouse.
- (ii) The size and location of the warehouse.
- (iii) Why the relevant disposal is inherently tied to a specific contract, and, if relevant, why GXO / Clipper has decided not to retender for that contract.

*In the event of new security being granted*

- (iv) Which assets GXO and Clipper plan to grant security over, including what those assets are used for.
- (b) The Warehouse Portfolio Changes will not affect the viability or competitive capability of the GXO business or the Clipper business.
- (c) This derogation will not result in any integration between the GXO business and the Clipper business.
- (d) This derogation shall not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Shantanu Kafle  
Assistant Director  
Mergers