

**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,

We refer to your submission dated 29 June 2022 requesting that the CMA consents to derogations 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 derogations 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 paragraphs:

1. Paragraphs 6(d), 6(e)(i), 6(e)(ii) and 6(h) of the Initial Order

The CMA understands that GXO currently operates a warehouse [X]. This is a [X] which [X].

The CMA further understands that the warehouse lease between GXO and [X] (the '**Landlord**') [X]. The Landlord [X]. GXO submits that there were no terms under which the landlord would have renewed the lease.

As a consequence, the CMA understands that [X], GXO intends to sell its customer contracts [X]. This will include the sale of assets linked to the servicing of the customer contracts and TUPE transfers of [X].

Therefore, GXO has requested a derogation from the Initial Order to agree and implement the sale of [X].

GXO submits that the sale of the customer contracts will not jeopardise GXO's overall [X], as the [X] and represents around [X] and [X]% of its total storage capacity.

GXO further submits that the contract will not give rise to any risk of pre-emptive action on the basis that the Landlord and Clipper are not related. Consequently, the sale of the customer contracts and associated assets in the [X] will not lead to any integration of GXO and Clipper or the exchange of confidential information prohibited by the Initial Order.

After due consideration, the CMA consents to this derogation on the basis that these actions 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.

Yours sincerely,

Shantanu Kafle
Assistant Director
Mergers
5 July 2022