

**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.

Completed acquisition by NEC Software Solutions UK Limited of Capita (SSS) Limited and Capita Software (US) LLC (the Merger).¹

We refer to your email of 15 July 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 SSS Public Safety Limited ('**SSS**'), Secure Solutions USA LLC ('**SUS**') and their subsidiaries (the '**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 SSS and in the particular circumstances of this case, SSS may carry out the following actions in relation to the specific paragraphs of the Initial Order:

Paragraphs 6(e)(iii) and 6(l) of the Initial Order

SSS currently sub-leases an office space within a building [X] from [X] which will expire [X]. [X]. SSS has identified a new building, [X] (the '**Property**') [X]. SSS intends to enter into a lease agreement of the Property as tenant [X] (the '**Lease**') with [X] as landlord (the '**Landlord**').

¹ Now SSS Public Safety Limited and Secure Solutions USA LLC, respectively, and further referred to in this request as 'SSS'

For NECSWS to act as guarantor for the Lease, NECSWS would need to approve and provide a Parent Company Guarantee ('**PCG**').

The CMA consents to the following actions:

1. For SSS to provide a copy of the Lease agreement relating to the Property to the following individuals of NECSWS after they have signed confidentiality undertakings (the '**Named Individuals**') on behalf of NECSWS:
 - i. [X]; and
 - ii. [X].
2. For the Named Individuals to provide comments on the terms of the Lease, [X];
3. For NECSWS to enter into the Lease as guarantor, together with SSS as tenant and [X] as landlord; and
4. For SSS to enter into [X].

This derogation is provided on the basis that:

- a) each of the Named Individuals will enter into a confidentiality undertaking in a form agreed with the CMA;
- b) no additions or changes to the Named Individuals shall be made under this derogation without the prior written consent (including via email) of the CMA;
- c) without prejudice to the Named Individuals being permitted to comment on the terms of the NECSWS's PCG pursuant to this derogation, the Named Individuals shall not use any information provided by the SSS business in any way to intervene in the management or operation of the SSS business or the NECSWS business;
- d) NECSWS will implement strict access controls with the Named Individuals to prevent anyone else within the NECSWS business accessing information relating to the SSS business obtained pursuant to this derogation. Specifically, the Named Individuals will store the information obtained pursuant to this derogation in a specific electronic folder which is inaccessible by those not entitled to have access, and ensure that any physical copies are securely stored;
- e) this derogation does not impact the viability of the SSS business during the term of the Initial Order;

- f) this derogation will not impact the ability of SSS to compete independently of NECSWS;
- g) this derogation will not result in any integration between the SSS business and the NECSWS business; and
- h) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Merger.

Lesley Moore
Director, Mergers
22 July 2022