

**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 Paul Castlo,

We refer to your submission dated 02 August 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(c), 6(i) and 6(k) of the Initial Order

Clipper submits that [X], a subsidiary of Clipper [X], is not performing at the standard expected by Clipper. Clipper further submits that [X]. As a result, Clipper proposes to [X], and to appoint [X]. The CMA considers the role of [X] to be key staff, having significant managerial responsibility and given [X]. The CMA understands that the responsibilities of [X] are limited to [X], and that this [X] will not impact Clipper's activities in the UK.

Clipper has identified [X] as a suitable candidate for the position of [X] and submits that [X] has the necessary capability and experience to assume the responsibilities of the role effectively, [X]. In that capacity, he will assume the same management

responsibilities that [X] previously held. Clipper further submits that [X] has never worked for GXO and his proposed appointment is entirely unrelated to GXO's acquisition of Clipper. Clipper also submits that GXO has had no role in deciding [X].

The CMA also understands that Clipper will recruit [X] who has the necessary capacity and experience to take on the required responsibilities and effectively fulfill the role, and that any candidate [X], should the Initial Order still be in place, will be entirely independent of GXO. Should the Initial Order be in force at the time of appointing [X]:

- i) Clipper will seek written consent from the CMA (including via email) in advance of making this appointment; and
- ii) The CMA will consent to this appointment provided it is satisfied that the candidate has been selected independently of GXO, that the candidate is independent of GXO, and that the candidate has the necessary capacity and experience to take on the required responsibilities and effectively fulfil the role.

On the basis of Clipper's submissions, the CMA consents to a derogation from paragraphs 6(c), 6(i) and 6(k) of the Initial Order to permit Clipper to [X], to appoint [X], and to appoint [X] subject to the abovementioned conditions.

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
4 August 2022