

**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 letter dated 19 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 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, the CMA consents to GXO carrying out the following actions, in respect of the specific paragraphs:

1. 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 make changes to GXO's [redacted]¹ in order to [redacted].

The CMA understands that the [redacted] will mean [redacted].

The CMA understands that in order to support the [redacted], [redacted], will be reorganised into the following [redacted]. The CMA further understands that GXO will also [redacted] and make accompanying changes to [redacted].

The CMA understands that the changes that would take place [redacted] are as follows:

[redacted]

- (a) [redacted], currently [redacted], is responsible for both [redacted], and for overseeing [redacted]. GXO propose that [redacted] will transition to another role, and that his [redacted] responsibilities will be allocated to [redacted], as these responsibilities are [redacted]. Following these changes, the role of [redacted].

¹ [redacted].

(b) In conjunction with [X], GXO will alter the reporting structure for [X], whose responsibilities primarily involve [X], such that they will report to [X]. [X] will continue to report to the [X].

(c) [X], currently [X], is transitioning to a new role within [X] (as detailed below at paragraph (d)). GXO is currently working to identify who will replace [X]. In the interim period prior to the appointment of [X].

[X]

(d) [X] was offered the new role of [X]. As [X], [X] will be responsible for [X] and will report to [X].

(e) In conjunction with the [X], GXO will alter the reporting structure for [X] who currently reports to [X], such that [X] will report to [X].

[X]

(f) [X], currently [X], [X].

(g) In conjunction with [X], GXO will [X] and transfer the [X] function currently overseen by [X] from the [X] to the [X].

(h) To support this [X], GXO will [X] who will be responsible for [X] and will report to [X]. Additionally, GXO will [X], each of whom will oversee [X]. Each [X] will report primarily to [X] and secondarily to [X]. In conjunction with the [X], the responsibilities currently held by [X] will be reallocated to the [X].

(i) By way of example, [X] in relation [X] will be overseen by [X], who will report primarily to [X] (and secondarily to [X]). The business units within [X].

(j) Correspondingly, GXO will alter the reporting structure for [X], each of whom is [X], such that they will report to [X]. By way of example, the [X] who currently oversees [X] in relation to [X] will report to [X]. In addition, GXO will alter the reporting structure for [X] who currently also reports to [X], such that he will report to [X].

(k) In the interim period prior to the appointment of [X], the responsibilities currently held by [X] will be allocated to the [X]. Correspondingly, the [X] who currently report to [X] will report to [X] during this interim period. By way of example, the [X] will oversee [X] in relation to [X]. In addition, as [X] will in the future report to [X], he will report to [X] during this interim period.

GXO submits that [X] has the necessary capacity and experience to take on the required responsibilities and effectively fulfil her new role, not least, by virtue of her existing role (as described) within the GXO business. GXO submits that further details of a new role for [X] will be provided to the CMA in a separate request for a derogation.

The CMA understands that (as referenced in (c) and (h) above), GXO intends to appoint a [X] and to newly appoint [X] (together the '**New Appointment Roles**'). The CMA understands that GXO will recruit experienced candidates with the necessary capacity and experience to take on the required responsibilities and effectively fulfil each of these roles respectively.

GXO submits that the changes to the [X] 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 some of the Roles subject to the [X] changes to be key staff. After due consideration of the roles and responsibilities, the CMA consents to the above strictly on the basis that:

- (a) [X] has the necessary experience and expertise to assume the role of [X];
- (b) GXO will recruit experienced candidates with the necessary capacity and experience to take on the required responsibilities and effectively fulfil each of the New Appointment Roles respectively;
- (c) candidates considered for the New Appointment Roles will be entirely independent of Clipper;
- (d) the changes to [X] will have no impact either the GXO or Clipper businesses in the UK and Europe;
- (e) this derogation will not affect the viability of the GXO or Clipper businesses;
- (f) this derogation will not result in any integration between the Clipper and the GXO businesses, in the UK or otherwise; and
- (g) this derogation will not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Shantanu Kafle
Assistant Director
Mergers
6 September 2022