

**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 1 September 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 carrying out the following actions, in respect of the specific paragraphs:

1. Paragraphs 6(c) and 6(i) of the Initial Order

The CMA understands that GXO intends to create the new role of [X] (the **Role**) and appoint [X] to the Role, effective from [X].

The CMA understands that [X] is currently [X] and the [X] (consisting of [X]) reports directly to [X]. After [X] is appointed to the Role, [X] under the Role and [X]. The [X] will continue to report to [X] after his appointment and therefore their reporting structure will remain unchanged and unaffected by the new Role.

The CMA understands that the reporting structures of the [X] (except for [X] and [X]) will be altered as a result of the appointment of [X], such that they will report directly to [X], and [X] will report to the [X], [X].

The CMA understands that the duties and reporting structures of the [X], [X], and the [X] and [X], will remain unchanged and unaffected by the new Role, such that [X] and the [X] and [X] will continue to report to [X] after [X] is appointed.

GXO submits that the introduction of the Role and the changes to the reporting structure will provide more efficient and enhanced coverage for [X], [X]. GXO submits that [X] has the necessary capacity and experience to effectively fulfil their Role.

Therefore, GXO has requested a derogation from paragraphs 6(c) and 6(i) of the Initial Order to allow the creation of the Role and appointment of [X] to take place.

The CMA considers the Role to be key staff. After due consideration of the roles and responsibilities, the CMA consents to the above strictly on the understanding that:

- i. the appointment of [X] will not result in any integration between GXO and Clipper, in the UK or otherwise, whilst the Initial Order is in force;
- ii. this change will not directly or indirectly impact the strategic direction of GXO or Clipper's UK operations; and
- iii. this derogation will not affect the viability of the GXO or Clipper Businesses.

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
7 September 2022