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(e)(i) and 6(e)(ii) of the Initial Order

The CMA understands that GXO currently owns the freehold of the warehouse site at [✂] (total sq ft = [✂]) (the [✂] ***Site***). The [✂] Site is a [✂] which [✂].

The CMA understands that GXO is intending to sell the freehold of the [✂] Site to a property developer, [✂], in [✂] due to the site [✂].

Therefore, GXO has requested a derogation from paragraphs 6(e)(i) and 6(e)(ii) the Initial Order to enable it to dispose of the freehold of the [✂] Site.

2. Paragraphs 6(e)(i), 6(e)(ii) and 6(e)(iii) of the Initial Order

The CMA understands that GXO currently owns the freehold of the warehouse site at [✕] (total sq ft = [✕]) (the [✕] *Site*). The [✕] Site is a [✕] which [✕].

The CMA understands that GXO is intending to enter into an option agreement with property developer, [✕], in [✕] under which GXO would be able to exercise the option to dispose of the freehold of the [✕] Site to [✕]. GXO anticipates that [✕].

The CMA understands that the option will not create (1) [✕] and (2) [✕]. GXO confirms that the creation of the option will not affect the nature, description, range and quality of the services currently supplied by GXO at the [✕] Site and therefore GXO's servicing of its customers will remain unchanged and unaffected.

Therefore, GXO has requested a derogation from paragraphs 6(e)(i), 6(e)(ii) and 6(e)(iii) the Initial Order to enable it to enter into an option to dispose of the freehold of the [✕] Site.

After due consideration, the CMA consents to this derogation strictly on the basis that:
  (1) the disposal of the freehold of the [✕] Site and the option to sell the freehold of the [✕] Site will not negatively impact on GXO's or Clipper's operations, nor will it affect the ongoing viability of GXO or Clipper;
  (2) the disposal of the freehold of the [✕] Site and the option to sell the freehold of the [✕] Site will not jeopardise GXO's overall cold storage business in France as a going concern;
  (3) GXO's decision to dispose of the freehold of the [✕] Site and enter into an option to sell the freehold of the [✕] Site has been taken independently of Clipper;
  (4) this derogation will not result in any integration between the Clipper and the GXO businesses in the UK; and
  (5) this derogation 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
8 September 2022