

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.

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 9 September 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 you and in the particular circumstances of this case, NECSWS may carry out the following actions, in respect of the specific paragraphs:

Paragraph 6(c) of the Initial Order

The CMA understands that the following changes are intended to be made within NECSWS's Housing business to be made, namely:

- For [X], currently [X], to be appointed to the role of [X], currently performed by [X], following [X] departure from NECSWS; and

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

- Following the above change, for the role of [X] to be combined with the [X] function under the current [X], [X], for all but one of the individuals currently reporting to [X] to thereafter report to [X], and for [X] title to be changed (potentially to [X]);
- For an additional individual with the role [X] to be recruited (to report into [X]) (together, the "**NECSWS Housing Changes**").

Paragraph 6(c) and 6(i) of the Initial Order

The CMA understands that the following changes are intended at NECSWS:

- For certain changes within NECSWS's Government business to be made, namely:
 - For [X], currently [X] and key staff member reporting to [X], to take on the role of [X] and to thereafter report to [X]; and
 - Following the above change, for [X], who currently reports to [X], to be appointed to the role of [X], currently performed by [X], and to thereafter report to [X] (together, the "**NECSWS Government Changes**"). [X] is not currently a key staff member but will become a member of key staff upon being appointed to this role.

The CMA understands that:

- The NECSWS Housing Changes are required as a result of the [X].
- The NECSWS Government Changes are required in order to [X] in accordance with paragraph 6(k) of the Initial Order.

For the purposes of this derogation, [X], [X], [X], [X] and [X] are collectively defined as the "**Relevant Staff**".

In light of the above, the CMA consents to grant a derogation from paragraph 6(c) to permit the NECSWS Housing Changes, and paragraphs 6(c) and 6(i) of the Initial Order to permit the NECSWS Government Changes.

These derogations are provided on the basis that:

- a) the Relevant Staff have the relevant expertise and experience necessary to perform the applicable roles;

- b) save for the changes described above, no other organisational or key staff changes will be made to the NEC business as a result of the Proposed Title Change, NECSWS Housing Changes and NECSWS Government Changes;
- c) this derogation does not impact the viability of the NEC business during the term of the Initial Order;
- d) this derogation will not impact the ability of the SSS business to compete independently of the NEC business;
- e) this derogation will not result in any integration between the SSS business and the NEC business; and
- f) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Emily Chissell
Director
22 September 2022