

**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.

Completed acquisition by NEC Software Solutions UK Limited of Capita (SSS) Limited and Capita Software (US) LLC¹ (the 'Transaction')

We refer to your email of 10 December 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 NECSWS and in the particular circumstances of this case, NEC Australia Pty Ltd ('**NEC AU**') may carry out the following actions, in respect of the specific paragraphs:

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

The CMA understands that:

[X] will replace [X] with effect from 12 December 2022 to perform the following roles:

- i. President & CEO – ANZ, NEC AU;

¹ Now SSS Public Safety Limited and Secure Solutions USA LLC, respectively, and further referred to as "SSS".

- ii. President & CEO – NEC IT Solutions;
- iii. President & CEO – NEC IT Services; (together, the "**Replacement Roles**")

[X] will also be appointed as Director of the Board for NEC AU, NEC IT Solutions and NEC IT Services (the "**Additional Roles**") with effect from 12 December 2022.

The CMA understands that [X] will continue to perform his other roles, which are Executive Chair for ANZ, NEC AU; Chairperson of the Board & Executive Chair for NEC IT Solutions and NEC IT Services; and Director of the Board for NEC IT Solutions and NEC IT Services.

NECJ submits that [X] has the requisite knowledge and experience to carry out the Replacement Roles and the Additional Roles, as shown in the CV included as Annex 1 to the derogation request.

In light of the above, the CMA consents to grant a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the abovementioned changes.

This derogation is provided on the basis that:

- a) [X] has the relevant expertise and experience necessary to perform the Replacement Roles and the Additional Roles;
- b) this derogation does not impact the viability of the NEC business during the term of the Initial Order;
- c) this derogation will not impact the ability of the SSS business to compete independently of the NEC business;
- d) this derogation will not lead to any changes to the NEC AU, NEC Solutions AU, or NEC Services AU organisational structure or management responsibilities at these companies other than those described above;
- 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, in particular this derogation will not impact any of the businesses that may be divested as set out in the CMA's Final Report.

Colin Garland

Director Remedies, Business and Financial Analysis

12 December 2022