

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

[✂]

Consent under section 72(3c) of the Enterprise Act 2002 (the Act) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 26 April 2024

Completed acquisition by GXO Logistics, Inc. of Wincanton Plc

We refer to your emails dated 13 May 2024, 20 May 2024 and 23 May 2024 requesting that the CMA consents to derogations from the Initial Enforcement Order of 26 April 2024 (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 Wincanton are required to hold separate the Acquirer Group business from the Wincanton 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, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(c) of the Initial Order

GXO requests the CMA's consent to undertake certain steps within a broader internal corporate reorganisation which it had planned for more than a year. GXO submits that these steps are to (i) [✂], (ii) [✂], (iii) [✂] (together, the **Internal Reorganisation Steps**).

GXO submits that the Internal Reorganisation Steps will not result in any change in the ultimate ownership of [✂].

GXO also submits that the purpose of the Internal Reorganisation Steps are to [✂].

GXO therefore requests a derogation from paragraph 5(c) of the Initial Order to allow GXO to carry out the Internal Reorganisation Steps. The CMA consents to GXO's request for a derogation, strictly on the basis that:

- (1) there will be no overall change to the commercial operations or business of GXO as a result of the Internal Reorganisation Steps;
- (2) there will be no change to the ultimate ownership of the [X], the assets of [X] or the assets of [X];
- (3) there will be no negative impact on GXO's commercial operations, in particular it will have no impact on GXO's ability to service its customers in the ordinary course;
- (4) this derogation will not result in any integration between GXO and Wincanton; and
- (5) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction

2. Paragraph 5(e) of the Initial Order

GXO submits that on 22 December 2023, GXO made a decision in principle to sell its 120,000 sq. ft. [X] warehouse in [X], UK [X] to a specific competitor. [X]. While the sale to that specific competitor is not moving forward, GXO submits that it still intends to proceed with the sale to an alternative suitable purchaser. GXO submits that the sale would in no way be related to the Transaction.

GXO submits that it would also like to sell its 600,000 sq. ft. warehouse in [X], Belgium on or around 30 July 2024. GXO submits it would enter into a back-to-back agreement to lease the warehouse from the new owner and continue to service its single customer at that warehouse as it does now. GXO submits that the sale would be part of [X]. GXO submits that the sale would in no way related to the Transaction.

GXO also submits that on 1 November 2023, it considered breaking its lease of a 51,364 sq. ft. warehouse located in [X], UK. GXO further submits that it then proceeded to search for an alternate location to serve its [X] customers currently served by this warehouse including in March and April 2024, and having now found an alternate location, GXO intends to give notice of its intention to break its lease in [X] on 11 June 2024, with an exit date of 11 December 2024. GXO submits that the lease break would in no way be related to the Transaction.

GXO therefore requests a derogation from paragraph 5(e) of the Initial Order to (i) sell its warehouses in [X] to a suitable purchaser, who will be independent of Wincanton, and to transfer the operational business within the [X] warehouse (including certain assets, employees and customer contracts); and (ii) break its lease of its warehouse in [X] (together, the **Warehouse Disposals**).

The CMA consents to the derogation strictly on the basis that:

- (1) the Warehouse Disposals are unrelated to the Transaction;
- (2) the buyer of the freehold in [X] will be independent of Wincanton;
- (3) this derogation will not result in any disruption to, or impact the viability of, the Acquirer Group business or the Wincanton business; and
- (4) this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Matteo Alchini

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30 May 2024