

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

Dear [✂],

**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 submission dated 8 August 2024 requesting that the CMA consents to a derogation 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 a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to the Acquirer Group carrying out the following actions, in respect of the specific paragraph:

### **Paragraph 5(d) of the Initial Order**

GXO submits that it is planning to automate, optimise and outsource certain back-office functions within its [✂] to a third-party supplier, [✂]. As a consequence, certain roles will become redundant. GXO plans to lay-off approximately [✂] employees across its global business (the '**Layoffs**').

On consideration of the specific facts and circumstances of this case, the CMA consents to a derogation from paragraph 5(d) of the Initial Order allowing the Layoffs of personnel

employed within the functions listed in Annex 1 and described in Annex 2, strictly on the basis that:

- (1) No changes will be made to any key staff, as defined in the Initial Order;
- (2) Only the Layoffs listed in Annex 1 will be implemented;
- (3) No material changes to the Layoffs listed in Annex 1 are permitted without prior written consent from the CMA (which can be given via email);
- (4) All of the work previously undertaken by the staff in the roles identified in Annex 1 will be adequately covered by the remaining GXO employees or [✂];
- (5) These changes will not negatively affect the viability or ongoing operation of the GXO business;
- (6) This derogation will not lead to any integration of GXO and Wincanton;
- (7) 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  
Assistant Director, Mergers  
9 August 2024

## Annex 1 – departments and functions affected by redundancy program

[illegible]

## Annex 2 – description of affected functions

### IT

- (a) **Service Desk:** This function serves as the primary point of contact between the IT department and other GXO employees. Its primary role is to ensure that IT services are delivered efficiently and effectively, in support of GXO's operational needs.
- (b) **End User Computing:** This function is responsible for the systems and processes that allow employees within an organisation to directly access and interact with data and business applications to perform their daily tasks.
- (c) **Database Administration:** This function is responsible for managing and maintaining GXO's databases to ensure they are available, secure, and performing optimally
- (d) **ServiceNow Development:** This function involves designing, developing and implementing solutions on the ServiceNow platform to automate workflows, manage business processes and enhance IT service management.
- (e) **Configuration Management:** This function is responsible for systematically managing the configuration of hardware, software and other technology assets.
- (f) **Database Development:** This function is responsible for designing, creating, and maintaining databases that support the organization's applications and data needs.
- (g) **Disaster Recovery:** This function is responsible for preparing for, responding to, and recovering from significant disruptions to IT systems and business operations. The primary goal of the Disaster Recovery function is to ensure business continuity
- (h) **Corporate Applications:** This function is responsible for managing and supporting the suite of software applications that are essential for GXO's operations, including finance IT applications, Procure to Pay IT applications, HR IT applications and other IT corporate applications.
- (i) **Warehouse Applications:** This function is responsible for managing and optimizing software applications that support warehouse operations.

### Human Resources

- (a) **Payroll:** This function is responsible for managing and executing employee compensation and benefits.
- (b) **Talent Acquisition:** This function is responsible for identifying, attracting and hiring qualified candidates to meet the organisation's staffing needs.
- (c) **People Service/Customer Care:** This function is responsible for managing interactions with employees and customers to ensure their needs and concerns are addressed effectively.

- (d) **Compensation:** This function ensure that employees are fairly and competitively compensated for their work, aligning rewards with organisational goals and industry standards.
- (e) **Employee Data Management:** This function is responsible for overseeing and maintaining the accuracy, security, and integrity of employee-related information.
- (f) **Exit Management:** This function is responsible for overseeing the process when an employee leaves the company, whether through resignation, retirement or termination. Employees within this function ensure the exit process is handled efficiently, and respectfully, while managing the transition of responsibilities and preserving organizational knowledge.
- (g) **Business Process Services (BPS) Administration:** This function is responsible for overseeing and managing the administration of business process services.
- (h) **Time and Attendance:** This function is responsible for managing and overseeing the tracking of employee work hours and attendance.
- (i) **Learning and Development:** This function is responsible for enhancing employees' skills, knowledge, and competencies to improve individual and organizational performance by organising and managing training programs.

## **Finance**

- (a) **Procure to Pay (Accounts Payable):** This function is responsible for managing and processing transactions related to purchasing goods and services.
- (b) **Order to Cash:** This function is responsible for the management of the end-to-end process that starts with receiving a customer order and ends with the payment collection.
- (c) **Record to Report:** This function is responsible for managing the end-to-end process of financial data recording and reporting within a business.
- (d) **Procurement Services:** This function is responsible for sourcing and acquiring the goods, services, and materials needed to support GXO's operations.
- (e) **Sourcing:** This function is responsible for identifying, evaluating, and selecting suppliers or vendors to provide the goods and services necessary for the company's operations.