



File No: 2(558)/AGR/EXM/CCP/2024

**COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN**

7th Floor, ISE Towers,
55 – B, Jinnah Avenue,
Islamabad.
Tel: +92-051-9100260
Fax: +92-051-9100297

**EXEMPTION CERTIFICATE GRANTED U/S 5 READ WITH
SECTION 9 (1) (a) AND (c) OF THE COMPETITION ACT, 2010
(ACT NO. XIX OF 2010)**

WHEREAS, M/s. Pepsi-Cola International (Pvt.) Limited. (hereinafter referred to as the Undertaking) applied for the grant of individual exemption vide its letter dated 12th October, 2023 and 13th May, 2025 for the restrictive clauses, 5 and 6.3(b) of its Exclusive Beverage Supply Agreement (hereinafter referred to as the Agreement), extended through the 'Amendment and Extension Agreement' dated 16th March, 2023, with M/s. Serene Air (Pvt.) Ltd (hereinafter referred to as the Counterparty), on the authority of the Board Resolution dated 5th October, 2021, on the following grounds:

- i. Efficient distribution of products and services; and
- ii. Supply of quality products to the consumers;

AND WHEREAS, the agreement is essentially an arrangement for not to deal with non-parties and may, therefore, institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant details of the Agreement and specific clauses to be exempted are as follows:

<u>PARTICULARS OF THE AGREEMENT</u>	
First Party:	M/s. Pepsi-Cola International (Pvt.) Limited, having its registered office at 37-C-1, Gulberg-III, Lahore.
Second Party:	M/s. Serene Air (Pvt.) Ltd, having its registered office at 13-K, Moiz Center, F-7 Markaz Area, Islamabad.
Type of Agreement:	Exclusive Beverage Supply Agreement, extended through the 'Amendment and Extension Agreement' (Annex-A).
Date of Agreement:	Exclusive Beverage Supply Agreement - 1 st March, 2018 Amendment and Extension Agreement - 1 st March, 2023
Validity Period of the Agreement:	Pursuant to Clause 2.1 of the 'Amendment and Extension Agreement'; from 1 st March, 2023 to 29 th February, 2028.
Product(s)/Services covered under the Agreement:	Pursuant to Clause 3.1 of the Agreement: The exclusive category of packaged products (canned and bottled) from the list of Bottlers' products as set forth in Exhibit B (the "PCI Brands"): Pepsi, Diet Pepsi, Mirinda, Seven-Up, Diet Seven-Up, Mountain Dew, Aquafina, Slice.



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

NOW THEREFORE, based on the information provided by the Undertaking, the Competition Commission of Pakistan (the Commission), in exercise of the powers conferred under Section 5 read with Section 9(1)(a) and (c) of the Competition Act, 2010 (the Act), hereby grants extension of exemption regarding specific clauses of the Agreement subject to the conditions specified hereunder:

PARTICULARS OF THE EXEMPTION GRANTED	
Exemption granted:	Exclusivity: <ul style="list-style-type: none">▪ Clause 5; only to serve CSD's and bottled water products of PCI;▪ Clause 6.3(b); not to serve the products of competitors subject to the amendment stated in condition-4 of this Certificate.
Granted period:	From 1 st March 2023 till 29 th February 2026.
Conditions:	<ol style="list-style-type: none">1. The Undertaking shall submit a verifiable compliance report on December 31st each year against the commitments made for the grant of this exemption;2. The Commission reserves the right to verify the following against the baseline benchmarks (to be submitted within 30 days of issuance of this certificate):<ol style="list-style-type: none">i. Evidence of no stock-outs or delayed delivery; andii. Quality improvements and new products introduced.3. The Undertaking shall ensure that it does not engage in any anticompetitive behaviour and/or practices as outlined in Chapter II of the Act, including but not limited to:<ol style="list-style-type: none">i. Abuse of dominant position w/s 3;ii. Prohibited agreements w/s 4;iii. Deceptive marketing practices w/s 10;iv. Any mergers or acquisition in violation of Section 11; andv. Charging of economic rent to the detriment of consumer surplus and social welfare.4. The Undertaking shall revise clause 3.1 of the Agreement to remove specific reference to 'The Coca-Cola Company', ensuring the provision applies generally to all competitors;5. The Undertaking shall secure ratification of the proposed amendment in Condition-4 from the counterparty and provide the Commission with confirmation of compliance within thirty (30) days of issuance of this certificate;6. The Undertaking shall notify the Commission of any other amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the executed agreement;7. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;8. The Commission may review and revise the conditions of this Exemption, as deemed necessary;



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

PARTICULARS OF THE EXEMPTION GRANTED	
Conditions:	9. Breach of terms of this exemption shall have an immediate effect of cancellation of this exemption; and 10. In case of having an ongoing Agreement, the Undertaking shall submit an application for grant of extension in exemption at least three (3) months prior to expiry of this exemption certificate.

MOREOVER, without prejudice to the generality of Section 6 of the Act, the grantee(s) of the exemption shall inform the Commission forthwith and seek clearance for continuation of the exemption if there is any material change. *Inter alia*, in:

- (i) The terms of the Agreement;
- (ii) The market share of products and/or covered under the Agreement; or
- (iii) The regulatory or policy framework in the relevant market in which the parties are operating.

Granted on the 5th day of June, 2025 at Islamabad.

Saeed Ahmad Nawaz
Member (Exemptions)

Seal of the Commission

Shahzad Hussain
Registrar
Competition Commission of Pakistan
Government of Pakistan
Islamabad

Note: All the enclosures form an integral part of this exemption certificate.