



File No: 2(664)/AGR/EXM/CCP/2024

**COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN**

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**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. Haleon Pakistan Limited, (hereinafter referred to as the Undertaking) applied for the grant of template exemption vide its application dated 5th August, 2024 to clause 7 and 19.1 of its Distribution Agreement (hereinafter referred to as the Agreement) with its distributors, on the authority of the Board Resolution dated 20th May, 2020 on the following grounds:

- i. Realizing the distributional efficiency and effectiveness;
- ii. Opening 50 new requisitions to meet expanding business needs;
- iii. Efficiencies resulting in benefit to the end consumers;
- iv. Enhancing customer service in the northern and north western regions through the opening of new warehouse in Peshawar.

AND WHEREAS, the agreement is essentially an arrangement for not to deal with non-distributors 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. Haleon Pakistan Limited having its registered office at 11-A, 11 th Floor, Sky Tower (East Wings), Dolmen City, HC-3, Block 4, Scheme 5, Clifton, Karachi.
Second Party:	Different Distributors signatories/executants of the Distribution Agreement (Annex-A)
Type of Agreement:	Distribution Agreement (Annex-B)
Date of Agreement:	Different dates with different Distributors.
Validity Period of the Agreement:	Pursuant to clause 23, the Agreement shall come into effect on the effective date and remain valid for a period of thirty six (36) months.
Product(s)/Services covered under Agreement:	"Non-Exhaustive List of Products" as declared in Para 4.3 of the Exemption Application (Annex-C)



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NOW THEREFORE, based on the information provided by M/s. Haleon Pakistan Limited, 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 exemption regarding specific clauses of the Agreement subject to the conditions specified hereunder:

PARTICULARS OF THE EXEMPTION GRANTED	
Exemption granted:	<ul style="list-style-type: none">▪ On Clause 7- Not to deal in the competing products▪ On Clause 19.1- Not to sell the products outside the allocated territory
Granted period:	From 1 st July, 2024 till 31 st July, 2026
Conditions:	<ol style="list-style-type: none">1. The Undertaking shall submit a verifiable compliance report on 31st December, 2025 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 deliveries;ii. Hiring of 50 additional employees during 2025;iii. Details of consumer surplus and social welfare delivered; andiv. The opening of new warehouse in Peshawar.3. The Undertaking shall ensure that it does not engage in any anticompetitive behaviour and/or practices, such as market foreclosure, as outlined in Chapter II of the Act, including but not limited to:<ol style="list-style-type: none">i. Abuse of dominant position u/s 3;ii. Prohibited agreements u/s 4;iii. Deceptive marketing practices u/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. In case of any addition or deletion of the products in Annex-C, the undertaking shall intimate to the Commission within fifteen (15) days of such change;5. The Undertaking shall execute the Agreement with all distributors <i>mutatis mutandis</i>;6. The Undertaking shall not add any restrictive clause(s) to its agreements with individual distributors beyond those exempted under this certificate. The Undertaking may, however, incorporate any or all of the exempted clauses into such agreements;7. The Undertaking shall notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the executed agreement;



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	<p>8. The Undertaking shall not increase the price(s) of its products and/ or services without verifiable empirical justification in violation of Section 3 of the Act. Similarly, it shall not fix the price(s) of its products and/ or services in violation of Section 4 of the Act;</p> <p>9. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;</p> <p>10. The Commission may review and revise the conditions of this Exemption, as deemed necessary;</p> <p>11. Breach of terms of this exemption shall have an immediate effect of cancellation of this exemption; and</p> <p>12. Since the Agreement is ongoing, the Undertaking shall submit an application for grant of extension in exemption at least three (3) months prior to expiry of this exemption certificate.</p>
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MOREOVER, without prejudice to the generality of Section 6 of the Act, the grantee 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 services 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 Nayaz
Member (Exemptions)

Seat 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.