

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 1 April 2016

Completed acquisition by AAH Pharmaceuticals Limited (AAH) of Medical Advisory Services For Travellers Abroad Limited and Sangers (Northern Ireland) Limited (MASTA-Sangers)

We refer to [redacted] and [redacted] emails of 7, 8, 12, 14, 15, 18, 20, 21 and 25 April 2016 requesting that the CMA consents to derogations to the Initial Enforcement Order of 1 April 2016 (the **Initial Order**). The terms defined in the Initial Order have the same meaning in this letter, except for: (i) 'Medical Advisory Services for Travellers Abroad Limited', which, for the purpose of this letter, means the company whose company number is 04513730 and whose registered office is City Exchange, 11 Albion Street, Leeds, LS1 5ES, *without* its subsidiaries; and (ii) Sangers (Northern Ireland) Limited, which, for the purpose of this letter, means the company whose company number is NI018941 and whose registered office is 2 Marshalls Road, Belfast, BT5 6SR, *without* its subsidiaries.

Under the Initial Order, save for written consent by the CMA, McKesson UK Finance I Limited and McKesson Corporation (together **McKesson Corporation**) and AAH are required to hold separate the MASTA-Sangers business from the McKesson Corporation 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, AAH and McKesson Corporation may carry out the following actions, in respect of the specific paragraph:

Paragraph 5(I)

For the purpose of ensuring that the MASTA-Sangers business continues to develop and progress according to its pre-merger strategic plan and budget, Celesio AG¹ will engage, through a consultancy agreement, [redacted]² to provide the services of the

¹ Celesio AG is a subsidiary of McKesson Corporation.

² [redacted]

independent consultant [X] (the **Consultancy Agreement**). [X] will attend the board meetings of Sangers (Northern Ireland) Limited and Medical Advisory Services for Travellers Abroad Limited and provide the boards of the two abovementioned companies with comments on the basis of MASTA-Sangers pre-merger strategic objectives and business plans devised by the executive team. [X] will also monitor the performance of the executive team with regard to the progress made towards achieving the MASTA-Sangers pre-merger strategy, budget and objectives. To fulfil his obligation under the Consultancy Agreement [X] is likely to have access to information that are of a confidential or proprietary nature. In addition, under the Consultancy Agreement, [X] will also provide a report to [X], an employee of Celesio AG, on a weekly basis. For that purpose, [X] is authorised to mention in this report aggregated data relating to:

- key performance indicators (sales, gross margin, costs, net margin, working capital, capex) against year to date budget and previous month;
- forecast performance against budget;
- key variances and underlying causes and action points on an anonymised basis; and
- key risks – identified risks, likelihood and impact assessment together with mitigation in place;

providing that this aggregated data would not enable [X] to identify the suppliers and customers on the basis of which the aggregated data is calculated and providing that the information that [X] would have access to, will not be disclosed to any other individual carrying out activities within the McKesson Corporation and/or its subsidiaries. In order to comply with this requirement [X] will sign an NDA in a form approved by the CMA.

Under the Consultancy Agreement, [X] will ensure that MASTA-Sangers meet their regulatory, legal and compliance obligations. For that purpose [X] will report to the relevant director(s) of MASTA-Sangers any issue relating these obligations. This include issues relating to the integrity, robustness or defensibility of financial information, operational and financial controls and systems of risk management. Any information to be reported to one of the newly appointed Directors at MASTA-Sangers, namely Cormac Tobin, Thorsten Beer and Nigel Swift, will be subject to the authorisations and limitations set out in the derogation letter of 6 April 2016.