

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 19 April 2018

Completed acquisition by Menzies Aviation (UK) Limited of part of the airline services business of Airline Services Limited

We refer to your letter dated 17 April 2018 and further information set out in your letters dated 30 April 2018, 9 May 2018, 15 May 2018 and 25 May 2018, requesting that the CMA consents to derogations to the Initial Enforcement Order of 19 April 2018 (the 'Initial Order'). 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, John Menzies plc and Menzies Aviation (UK) Limited are required to hold separate the John Menzies plc business from the AS 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, John Menzies plc and Menzies Aviation (UK) Limited and the AS Business may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 5(a) and 5(l) of the Initial Order

While [X] remains responsible for the financial performance of the AS Business independent of the John Menzies plc business, in order to maintain the viability of the John Menzies plc business and AS Business, [X] (Corporate Affairs Director, John Menzies plc), and [X] (Group Financial Controller, John Menzies plc) are permitted to receive and review certain aggregated financial data concerning the AS Business in a form approved by the CMA on a monthly basis in order to report to the John Menzies plc Board on the financial performance of the AS Business provided that:

- (a) [X] would not attend meetings or be involved in commercial decision making in relation to the John Menzies plc business aviation business whilst the Initial Order is in place; and

- (b) The John Menzies plc business and the relevant individual(s) comply with the additional safeguards outlined below.

2. Paragraphs 4(a), 5(a), 5(b) and 5(l) of the Initial Order

While [X] remains responsible for capital expenditure decisions of the AS Business independent of the John Menzies plc business, in order to maintain the viability of the John Menzies plc business and the AS Business and to ensure sufficient funds are made available to each of the businesses, [X] (Corporate Affairs Director, John Menzies plc), is permitted to review and approve or veto all capital approvals for accounts payable and other expenditures above [X] provided that:

- (a) The CMA is given prior notification of the John Menzies plc business' exercise of its right to veto and is provided with the reasons for any proposed veto by the John Menzies plc business relating to all capital approvals for accounts payable and other expenditures above [X];
- (b) The information shared with the John Menzies plc business in circumstances where the AS Business seeks all capital approvals for accounts payable and other expenditures above [X], is kept to the minimum necessary and avoids including unnecessary commercially-sensitive information;
- (c) [X] would not attend meetings or be involved in commercial decision making in relation to the John Menzies plc business aviation business whilst the Initial Order is in place; and
- (d) The John Menzies plc business and [X] comply with the additional safeguards outlined below.

3. Paragraphs 4(a), 5(a), 5(b), and 5(l) of the Initial Order

While [X] remains responsible for all tenders and customer contract discussions at the AS Business independent of the John Menzies plc business, in order to maintain the viability of the John Menzies plc business and the AS Business and that sufficient funds are made available to each of the businesses, [X] (Corporate Affairs Director, John Menzies plc), is permitted to review and approve or veto any tenders or customer contracts which the AS Business is considering bidding for which may involve financial outlay above [X] provided that:

- (a) The CMA is given prior notification of the John Menzies plc business' exercise of its right to veto any tenders which the AS Business is considering bidding for and is provided with the reasons for any proposed veto by the

John Menzies plc business relating to any tenders which the AS Business is considering bidding for;

- (b) The information shared with the John Menzies plc business in circumstances where the AS Business is considering bidding in response to a tender is kept to the minimum necessary and avoids including commercially-sensitive information, including the identity of the customer and airport;
- (c) [X] would not attend meetings or be involved in commercial decision making in relation to the John Menzies plc business aviation business whilst the Initial Order is in place; and
- (d) The John Menzies plc business and [X] comply with the safeguards outlined below.

4. Paragraphs 4(a), 5(a), 5(b), and 5(l) of the Initial Order

In order to ensure the viability of the John Menzies plc business and the AS Business, [X] (Vice President of Financial Integration, Menzies Aviation plc) and [X] (Group Reporting Analyst, Menzies Aviation plc) are permitted to receive, review and process financial data concerning the AS Business for the purposes of supporting the AS Business' monitoring of financial performance and preparing monthly reports by station for the AS Business provided that:

- (a) The information shared with the John Menzies plc business in these circumstances is kept to the minimum necessary and avoids including unnecessary commercially-sensitive information;
- (b) These individuals would not attend meetings or be involved in commercial decision making in relation to the John Menzies plc business aviation business whilst the Initial Order is in place; and
- (c) The John Menzies plc business and the relevant individual(s) comply with the safeguards outlined below.

5. Paragraphs 4(a), 5(a), 5(f) and 5(l) of the Initial Order

In order to allow the for the effective processing of payroll and the payment of AS Business staff and thereby to maintain the viability of the AS Business, AS Business staff can be moved onto the Menzies SAP payroll system and associated changes can be made to their payment dates provided that in the SAP system details and processing in relation to the AS Business staff remain separate from staff of the John Menzies plc business.

6. Paragraphs 4(a), 5(a), 5(f) and 5(l) of the Initial Order

In order to ensure the viability of the AS Business and for the purposes of making sure that the AS Business has access to the financing it needs promptly, purchase invoices for goods and services to the AS Business (accounts receivable) can be transferred onto to the web based IPoS system of the John Menzies plc business to allow for the processing of payments. The CMA consents to this derogation provided that transactions relating the AS Business are kept and processed separately from those of the John Menzies plc business.

7. Paragraphs 4(a), 5(a), 5(f), 5(g) of the Initial Order

In order to ensure the viability of the AS Business and John Menzies plc business, AS Business credit cards used for travel booking can be transferred to the John Menzies plc business bank, and the John Menzies plc business travel portal can be used. This is in order to ensure that, given payments have to be made from a business bank account of the John Menzies plc business, any travel related expenses incurred by the AS business are processed sufficiently promptly. The CMA consents to this derogation provided that AS Business transactions are kept separate from the John Menzies plc business transactions.

8. Paragraphs 4(a), 5(a), 5(b), 5(c), and 5(l) of the Initial Order

John Menzies plc and Menzies Aviation (UK) Limited have requested that the following individuals be permitted to receive and review financial data concerning the AS Business for the purposes of providing back office financial and accounting services in relation to the processing payments having to be made from the business bank account of the John Menzies plc business to the AS Business relating to payroll and accounts receivable and travel expenses.

The relevant individuals are: [X] (Head of UK SSC Finance, Menzies Aviation (UK) Limited); [X], Credit Manager (Menzies Aviation (UK) Limited); [X] (Group Reporting Analyst, Menzies Aviation plc); [X] (UK accounts payable, Menzies Aviation (UK) Limited); [X] (Banking Administrator, Menzies Aviation (UK) Limited); [X] (Payroll Manager, Menzies Distribution Limited); [X] (Senior Payroll Administrator, Menzies Distribution Limited); and [X] (Payroll Manager, Menzies Aviation (ASIG) Limited). The CMA consents to this derogation provided that:

- (a) the John Menzies plc business and the relevant individual(s) comply with the safeguards outlined below;

- (a) the information shared with the John Menzies plc business in these circumstances is kept to the minimum necessary and avoids including commercially-sensitive information; and
- (b) these individuals would not attend meetings or be involved in commercial decision making in relation to the John Menzies plc business aviation business whilst the Initial Order is in place.

Safeguards

Confidentiality undertaking

Information shared with the John Menzies plc business further to the derogations listed above is only shared once each of the relevant individuals has signed a Non-Disclosure Agreement in a form approved by the CMA.

Destruction and return of information

In the event that the transaction is prohibited, any records or copies (electronic or otherwise) of information that have passed from the AS Business to John Menzies plc employees bound by Non-Disclosure Agreements, wherever they may be held, will be returned to the AS Business and any copies destroyed.