

## **COMPLETED ACQUISITION BY CVS GROUP PLC OF QUALITY PET CARE LTD**

### **Directions issued on 7 October 2021 pursuant to paragraph 10 of the Initial Enforcement Order made by the Competition and Markets Authority on 22 September 2021 pursuant to section 72(2) of the Enterprise Act 2002 (the Act)**

On 19 August 2021 CVS Group plc via its wholly-owned subsidiary, CVS (UK) Limited (together with CVS Group plc, **CVS**) completed the acquisition of Quality Pet Care Ltd, trading as The Vet (**Quality Pet Care**).

On 22 September 2021, the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (the **Order**) addressed to CVS and Quality Pet Care in accordance with section 72(2) of the Enterprise Act 2002 to prevent pre-emptive action. The Order is still in force.

The CMA now issues written directions under paragraph 10 of the Order that, for the purpose of securing compliance with the Order, CVS and Quality Pet Care must appoint a monitoring trustee in accordance with the terms provided for in this Annex and must comply with the obligations set out in the Annex.

Signed,

**Elie Yoo**

Assistant Director, Mergers  
Competition and Markets Authority  
7 October 2021

## Annex

### Directions to appoint a monitoring trustee

#### Interpretation

In these directions:

<b>‘the Act’</b>	means the Enterprise Act 2002;
<b>‘an affiliate’</b>	of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;
<b>‘business’</b>	has the meaning, unless otherwise stated, given by section 129(1) and (3) of the Act;
<b>‘CMA’</b>	means the Competition and Markets Authority;
<b>‘CVS’</b>	means CVS Group plc, a public limited company incorporated under the Companies Act 2006, registered at CVS House, Owen Road, Diss, Norfolk, United Kingdom, IP22 4ER with company number 06312831.
<b>‘the CVS business’</b>	means the business of CVS and its direct and indirect subsidiaries (including for the avoidance of doubt CVS (UK) Limited) but excluding the Quality Pet Care business, carried on as at the commencement date;
<b>‘Derogations’</b>	means any derogations granted whether before or after the appointment of the MT by the CMA by which CVS or Quality Pet Care may undertake certain actions that derogate from the Order;
<b>‘MT’</b>	means the monitoring trustee appointed in accordance with this Annex;
<b>‘Order’</b>	means the initial enforcement order made by the CMA on 22 September 2021 and addressed to CVS and Quality Pet Care;

- ‘Quality Pet Care’** means Quality Pet Care Ltd, a company incorporated under the Companies Act 2006, registered at One Crown Square, Church Street East, Working, United Kingdom, GU21 6HR, with company number 08249167;
- ‘the Quality Pet Care business’** means the business of Quality Pet Care, trading as The Vet, and its direct and indirect subsidiaries carried on as at the commencement date;
- ‘the Transaction’** means the transaction by which CVS, through its subsidiary CVS (UK) Limited, acquired the whole share capital of Quality Pet Care on 19 August 2021;
- ‘subsidiary’**, has the meaning, unless otherwise stated, given by section 1159 of the Companies Act 2006 (and ‘subsidiaries’ shall be construed accordingly)’

Terms and expressions defined in the Order have the same meaning in these directions, unless the context requires otherwise.

### **Appointment**

1. CVS and Quality Pet Care must appoint a MT in order to ensure compliance with the Order, in particular to:
  - a. monitor and report to the CMA on compliance by CVS and Quality Pet Care with the Order; and
  - b. support the CMA taking any remedial action which may be required to maintain the CVS business and Quality Pet Care business as going concerns.
2. The MT must act on behalf of the CMA and be under an obligation and duty of care to the CMA to carry out its functions to the best of its abilities.
3. CVS and Quality Pet Care must cooperate fully with the MT, in particular as set out below, and must ensure that the terms and conditions of appointment of the MT reflect and give effect to the functions and obligations of the MT and the obligations of CVS and Quality Pet Care as set out in these directions.

### **General**

4. The MT must possess appropriate qualifications and experience to carry out its functions.
5. The MT must neither have, nor become exposed to, a conflict of interest that impairs its objectivity and independence in discharging its duties under these

directions, unless it can be resolved in a manner and within a timeframe acceptable to the CMA.

6. CVS and Quality Pet Care shall remunerate and reimburse the MT for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the MT's independence or ability to effectively and properly carry out its functions.
7. CVS and Quality Pet Care must appoint the MT as soon as is reasonably practicable and in any event by **5pm on 14 October 2021** (or such longer period as the CMA may reasonably agree in writing) and the MT will continue to act either until the CMA reaches a decision to clear the Transaction or until the CMA directs that the MT is no longer required.
8. The appointment of a MT by CVS and Quality Pet Care is subject to the approval of the CMA as to the identity of the MT and the terms and conditions of appointment in their entirety and:
  - a. the name of the proposed MT and a second proposed MT in reserve (should the CMA not approve the first proposed MT) must be notified to the CMA as soon as is reasonably practicable and in any event by **5pm on 11 October 2021** (or such longer period as the CMA may reasonably agree in writing);
  - b. the draft terms and conditions of appointment must be notified to the CMA as soon as is reasonably practicable and in any event by **5pm on 11 October 2021** (or such longer period as the CMA may reasonably agree in writing); and
  - c. once the MT has been approved by the CMA and appointed, CVS and Quality Pet Care must provide the CMA with a copy of the agreed terms and conditions of appointment.

## Functions

9. The functions of the MT will be to:
  - a. ascertain and report to the CMA in relation to the current level of compliance by CVS, Quality Pet Care and their subsidiaries with the Order;
  - b. assess and report to the CMA in relation to the arrangements made by CVS and Quality Pet Care for compliance with the Order and what changes to those arrangements, if any, are necessary to preserve the possibility of the CMA taking any remedial action, if required;
  - c. identify and supervise if necessary the arrangements made by CVS and Quality Pet Care for ensuring compliance with the Order;

- d. monitor compliance by CVS, Quality Pet Care and their subsidiaries with the Order;
  - e. assist the CMA with the consideration of any derogation requests made by CVS and Quality Pet Care and monitor compliance by CVS and Quality Pet Care with any derogations granted by the CMA; and
  - f. without prejudice to the right of CVS and Quality Pet Care to directly contact the CMA, respond to any questions which CVS and Quality Pet Care may have in relation to compliance with the Order, in consultation with the CMA.
10. The MT must take such steps as it reasonably considers necessary in order to carry out its functions effectively, including requiring the provision of information or the production of documents relating to communications within and between the CVS business and the Quality Pet Care business, such as written and electronic communications, telephone conversations and meetings as may be required.
11. The MT must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by CVS and Quality Pet Care with the Order.

#### **Obligations of CVS and Quality Pet Care**

12. CVS, Quality Pet Care, their respective affiliates and their employees, officers, directors, advisers and consultants must cooperate fully with the MT, in particular by providing the MT with all cooperation, assistance and information as the MT may reasonably require in order to discharge its functions, including but not limited to:
- a. the provision of full and complete access to all personnel, books, records, documents, facilities and information of the CVS business and the Quality Pet Care business as the MT may reasonably require; and
  - b. the provision of such office and supporting facilities as the MT may reasonably require.
13. If CVS or Quality Pet Care are in any doubt as to whether any action or communication would infringe the Order, they are required to contact the MT for clarification.
14. If CVS and/or Quality Pet Care has any reason to suspect that the Order may have been breached, it must notify the MT and the CMA immediately.

#### **Reporting functions**

15. The MT is required to provide an initial report to the CMA no later than **5pm on 28 October 2021** (or such longer period as the CMA may reasonably agree in

writing), giving details of any arrangements which have been, or should be, put in place to ensure compliance with the Order, and including among other things:

- a. details of the current extent of compliance with the Order;
- b. a description of the current arrangements made for the operation of the Quality Pet Care business and for the preservation of the assets required to operate the Quality Pet Care business; and
- c. recommendations as to what changes to those arrangements, if any, are necessary.

16. In addition to providing the initial report referred to in paragraph 15 above, the MT must provide a statement to the CMA every two weeks thereafter (or otherwise as required by the CMA) stating whether or not, in its view, CVS and Quality Pet Care have complied with the Order. At the same time, the MT must provide the CMA with a report setting out the following:

- a. the basis for the MT's view that the Order has or has not, as the case may be, been complied with and in particular whether:
  - i. anything has caused it to be concerned as to whether CVS and Quality Pet Care have complied with the Order, and if it has, whether those concerns have been resolved and why;
  - ii. it has any remaining doubts or uncertainties as to whether CVS and Quality Pet Care have complied with the Order; and
  - iii. anything that causes it to be concerned about a possible future breach of the Order (whether deliberate or inadvertent);
- b. details of the performance of the Quality Pet Care business, including any factors that might indicate asset deterioration;
- c. whether appropriate steps are being taken to maintain the Quality Pet Care business as a going concern;
- d. the extent to which CVS and Quality Pet Care have cooperated with the MT in its task of monitoring its compliance with the Order and details of any aspects of the cooperation of CVS and/or Quality Pet Care that it considers could be improved;
- e. the extent to which the MT considers that it is in an appropriate position to monitor the compliance of CVS and Quality Pet Care with the Order and if there is anything that the MT considers would assist it in monitoring compliance;
- f. any current or anticipated requests for consent to vary the Order; and

- g. the information it used to compile the report.
17. When providing reports to the CMA, the MT must ensure that it does not disclose any information or documents to the CMA which CVS and/or Quality Pet Care would be entitled to withhold from the CMA on the grounds of legal privilege and nothing in these directions requires CVS and/or Quality Pet Care to produce any information or documents to the MT which are privileged.
  18. The MT must immediately notify the CMA in writing if it forms a reasonable suspicion that the Order has been breached, or if it considers that it is no longer in a position to effectively carry out its functions. In that situation, the MT must give reasons for this view, including any supporting evidence available (unless doing so would infringe the obligations referred to in paragraph 17 above).
  19. All communications between the MT and the CMA (including the statements and reports referred to in paragraphs 15 and 16) are confidential and should not be disclosed to CVS and Quality Pet Care, save with the prior written consent of the CMA. The MT shall not disclose such communications to third parties.