

DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002
COMPLETED ACQUISITION

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 22 September 2021.

Completed acquisition by CVS Group plc, through its subsidiary CVS (UK) Limited (together, "CVS") of Quality Pet Care Ltd ("Quality Pet Care"), trading as The Vet ('the Transaction').

We refer to your submission of 16 November 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 22 September 2021 (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, CVS and Quality Pet Care are required to hold separate the CVS business from the Quality Pet Care 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, CVS and Quality Pet Care may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(g) and 5(h) of the Initial Order

CVS and Quality Pet Care (the Parties) submit that as part of the ordinary course of business, clinical referrals are made by Quality Pet Care to referral clinics (including referral clinics operated by CVS), where Quality Pet Care does not have the relevant capability to perform specialist procedures. The Parties further submit that, save for where customers request a particular clinic, referrals are generally made by Quality Pet Care to a referral clinic (including referral clinics operated by CVS), which is considered most clinically appropriate by the referring vet. Furthermore, there are no incentives, financial or otherwise, offered to Quality Pet Care by CVS to make referrals to CVS referral practices.

In order to continue to uphold patient safety and well-being, CVS is seeking a derogation to enable Quality Pet Care to send referrals to CVS' referral clinics in the ordinary course of business when deemed clinically appropriate.

On the basis of the Parties' representations, the CMA consents to a derogation from paragraphs 5(g) and 5(h) of the Initial Order, strictly on the basis that:

- i. this derogation is strictly necessary to ensure the welfare of animals being treated by the Quality Pet Care business;
- ii. all referrals made by Quality Pet Care to CVS will be reported to the Monitoring Trustee;
- iii. Quality Pet Care employees will only contact a CVS referral clinic for the purpose of clinically appropriate referrals in the ordinary course of business and for no other reason;
- iv. no incentives, financial or otherwise are currently in place, or will be put in place in respect of such referrals;
- v. this derogation will not lead to any integration of the CVS and Quality Pet Care businesses; and
- vi. this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

18 November 2021