

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

**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.**

We refer to your submissions of 2 and 3 March 2022 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.

On 25 February 2022, CVS submitted to the CMA undertakings in lieu of a reference to Phase 2 ('**UILs**'), and a modified version of these on 2 March 2022. On 4 March 2022, the CMA announced that the CMA considers that there are reasonable grounds for believing that the undertakings offered by CVS, or a modified version of them, might be accepted by the CMA under the Act. The undertakings involve the divestiture of the entire Quality Pet Care business to one or a maximum of two purchasers approved by the CMA (the '**Divestment**').

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. Paragraph 5(I) of the Initial Order**

CVS submits that in order to successfully complete the Divestment, identified individuals within CVS will need to receive certain due diligence information from, or

relating to, Quality Pet Care, some of which may be confidential, proprietary or commercially-sensitive, in order to enable the CVS individuals to:

- meaningfully represent CVS' commercial views when reviewing the transaction documents, instructing its external M&A, legal and financial advisors (eg on the terms of the Divestment) and negotiating with potential purchasers of the Quality Pet Care business; and
- recommend an interested purchaser to the CVS board and to advise the CVS board on the basis of the terms of the purchaser's offer (as well as to provide any other high level updates on the general Divestment process) (together, '**Specified Purpose 1**').

Additionally, CVS' board may require access to certain confidential and proprietary information relating to the Quality Pet Care business in order to approve the terms of the Divestment ('**Specified Purpose 2**').

On the basis of CVS' representations, the CMA consents to a derogation from paragraph 5(l) of the Initial Order to allow CVS to successfully implement the Divestment, and strictly on the basis that:

- (i) in respect of Specified Purpose 1:
  - a. Quality Pet Care information shared with CVS individuals will be limited to that which is strictly necessary to achieve said purpose, which will include any Information Memorandum or similar document, financial information relating to the Quality Pet Care business (including revenue, cost of sales, gross profit, EBITDA, depreciation and EBIT per practice) ('**Specified Purpose 1 Information**');
  - b. Specified Purpose 1 Information will only be provided to the following CVS individuals for whom it is strictly necessary to see this information:
    - (i) [REDACTED] (Acquisitions Director, CVS (UK) Ltd), (ii) [REDACTED] (Acquisitions Director, CVS (UK) Ltd), (iii) [REDACTED] (Senior Business Analyst, CVS (UK) Ltd), (iv) [REDACTED] (Senior Tax Manager, CVS (UK) Ltd), (v) [REDACTED] (Integration Accountant, CVS (UK) Ltd), (vi) [REDACTED] (Assistant Treasury Accountant, CVS (UK) Ltd), and (vii) [REDACTED] (Senior Accounts Payable Clerk, CVS (UK) Ltd) (together, the '**Specified Purpose 1 Individuals**');
  - c. the Specified Purpose 1 Individuals are not involved in the day-to-day management of CVS' small animal veterinary practices division and do not oversee its commercial or strategic strategy;
- (ii) in respect of Specified Purpose 2:

- a. Quality Pet Care information shared with CVS individuals will be limited to that which is strictly necessary to achieve said purpose, and will be limited to the aggregated revenues, cost of sales, gross profit, EBITDA, depreciation and EBIT of the entire Quality Pet Care business) (**'Specified Purpose 2 Information'**). No commercially-sensitive information of Quality Pet Care (including any practice-level information) will be provided to CVS for the purposes of Specified Purpose 2 without the prior written consent of the CMA (which can be provided by email);
  - b. Specified Purpose 2 Information will only be provided to the following individuals on the CVS board, for whom it is strictly necessary to see this information: (i) [X] (Chairman), (ii) [X] (Senior Independent Director), (iii) [X] (Non-Executive Director), (iv) [X] (Non-Executive Director), (v) [X] (Chief Executive Officer), (vi) [X] (Chief Financial Officer); (vii) [X] (Chief Operating Officer), and (viii) [X] (Group Company Secretary) (together, the **'Specified Purpose 2 Individuals'**);
- (iii) Specified Purpose 1 Individuals and Specified Purpose 2 Individuals (and any future named individuals(s) approved by the CMA) will enter into confidentiality undertakings in a form approved by the CMA;
  - (iv) firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CVS from accessing Specified Information 1 and Specified Information 2;
  - (v) CVS will keep a record of all information shared by, or otherwise relating to, the Quality Pet Care business in accordance with this derogation and such record will be made available to the CMA on request;
  - (vi) no changes to the Specified Purpose 1 Individuals or Specified Purpose 2 Individuals are permitted without the prior written consent of the CMA (which can be provided by email);
  - (vii) the Monitoring Trustee will have full oversight of all information-sharing between Quality Pet Care and CVS, in accordance with this derogation; and
  - (viii) this derogation will not give rise to a risk of pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference.

Yours sincerely,

Alex Knight  
Assistant Director, Remedies, Business and Financial Analysis  
8 March 2022