

**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 ('the Transaction').

We refer to your submissions of [REDACTED], 6 May 2022 and 9 May 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.

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 may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(c) and 5(i) of the Initial Order

[REDACTED]. CVS submits that, [REDACTED].

In order to minimise any potential disruption to the CVS business, CVS has decided that [REDACTED] should be placed on gardening leave with effect from the date of this derogation.

[REDACTED].

In order to ensure the ongoing and independent operation of the CVS business, CVS is seeking a derogation from the Initial Order to:

- (a) immediately put [X] on a period of gardening leave until his notice period ends on [X];
- (b) cover [X] existing role and responsibilities of [X] by permitting CVS' [X] to report directly to [X]; and
- (c) cover [X] existing role and responsibilities of [X] by allocating responsibilities where appropriate to CVS' existing senior team [X].

On the basis of CVS' representations, the CMA consents to a derogation from paragraphs 5(i) and 5(c) of the Initial Order permitting the above changes, strictly on the basis that:

- (i) CVS has represented that it has taken all reasonable steps to encourage [X] to remain with the CVS business;
- (ii) CVS has represented that [X] and CVS' existing team [X] have the necessary capacity and experience to take on the [X] responsibilities such that this derogation will not affect the ongoing operation of the CVS business, and seeks to preserve its viability and ability to compete independently;
- (iii) no other organisational or key staff changes will be made as a result of the departure of [X] and the assumption by [X] and CVS' existing team [X] of [X] responsibilities;
- (iv) for the avoidance of doubt, none of [X] responsibilities will be redistributed to Quality Pet Care personnel;
- (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
10 May 2022