

**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 25 May 2022, 30 May 2022 and 31 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

On 31 May 2022, CVS' former [X], [X] left the CVS business [X]. CVS submits that the role of [X] falls within the definition of key staff in the Initial Order.

CVS further submits that on 27 May 2022, CVS made a formal offer of employment to [X] to permanently replace [X] as [X], conditional on the CMA's approval.

In order to ensure the ongoing and independent operation of the CVS business, CVS is seeking a derogation from the Initial Order to appoint [X] as [X] of CVS with effect from 28 June 2022.

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

- (i) [X] has the necessary capacity and experience to take on the permanent role of [X] 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;
- (ii) [X] recruitment and selection was carried out by CVS, independently of Quality Pet Care, and [X] has no ongoing financial or non-financial interests in Quality Pet Care;
- (iii) no other organisational or key staff changes will be made to the CVS business as a result of the appointment of [X] as [X] from 28 June 2022;
- (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
9 June 2022