

**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 Orders made by the Competition and
Markets Authority ('CMA') on 31 October 2022**

COMPLETED ACQUISITIONS BY INDEPENDENT VETCARE LTD

Dear Bertrand Louveaux,

We refer to your email and accompanying note dated 7 October 2022 (as subsequently amended) requesting that the CMA consents to a derogation to the Initial Enforcement Orders (the "**Initial Orders**") dated 31 October 2022. The terms defined in the Initial Orders have the same meaning in this letter.

Under the Initial Orders, save for written consent by the CMA, the Acquirer Group is required to hold separate the Acquirer Group business from Penrose Veterinary Group Limited, Kevin Castle (Pet Care) Ltd, Swayne & Partners Topco Limited (including Swayne & Partners Ltd), Treforest Vets (Holdings) Limited (including Treforest Veterinary Clinic Ltd), Mercer & Hughes Limited, Swaffham Veterinary Centre Limited, Anglesey Pet Clinic Ltd, Chiltern Equine Clinic (including Chiltern Veterinary Services Limited & Chiltern Bury Farm Limited) (together, the '**Target Entities**') 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 a derogation from the Initial Orders, based on the information received from you and in the particular circumstances of this case, IVC and the Target Entities may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the relevant Initial Orders in respect of the actions described below in relation to certain Target Entities

IVC submits that certain Target Entities (comprising [X]) (the '**Migrated Procurement Target Entities**') have been migrated to [X], a procurement management platform [X] which allows the Migrated Procurement Target Entities to procure certain products ([X] medicines and consumables). IVC requests a derogation from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) for continued access by the Migrated Procurement Target Entities to the [X] platform for this purpose. IVC submits that this is necessary to enable the

Migrated Procurement Target Entities to continue to operate efficient procurement processes.

The CMA consents to a derogation from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the relevant Initial Orders to enable the Migrated Procurement Target Entities to continue using [X], strictly on the basis that:

- (a) Any information exchanged between IVC and the Migrated Procurement Target Entities is limited to what is strictly necessary to ensure that the use of [X] can continue for the Migrated Procurement Target Entities.
- (b) To the extent that it is strictly necessary for IVC to receive commercially sensitive information of the Migrated Procurement Target Entities under this derogation, receipt of such information will be limited to the Authorised Procurement Individuals listed at Annex A.
- (c) Each of the Authorised Procurement Individuals will sign Non-Disclosure Agreements, in a form approved by the CMA, in respect of any commercially sensitive information they receive under this derogation.
- (d) Adequate IT fire-walls and ring-fencing measures are implemented to prevent the flow of commercially sensitive information relating to the Migrated Procurement Target Entities or IVC to any individuals other than the Authorised Procurement Individuals.
- (e) No changes to the individuals listed in Annex A are permitted without the prior written consent of the CMA (including via email).
- (f) Should the Acquirer Group be required to, or offer to, divest any of the Migrated Procurement Target Entities, the Acquirer Group will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from any of the Migrated Procurement Target Entities for the purposes of this derogation will be returned to the Migrated Procurement Target Entities and any copies destroyed, except to the extent that record retention is required by law or regulation. Similarly, the Migrated Procurement Target Entities will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from IVC for the purposes of this derogation will be returned to IVC and

any copies destroyed, except to the extent that record retention is required by law or regulation.

- (g) Continued use by the Migrated Procurement Target Entities of [X] is strictly necessary in order to preserve the viability and competitive capability of the Migrated Procurement Target Entities.
- (h) Continued use by the Migrated Procurement Target Entities of [X] will not confer any influence upon IVC in respect of the commercial policy of the Migrated Procurement Target Entities.
- (i) This derogation will not prevent any remedial action which the CMA may need to take regarding the Transactions.

Sincerely,

Faye Fullalove
Assistant Director
Mergers
7 November 2022

Annex A: Authorised Procurement Individuals

1. [X]

2. [X]