

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 (the 'Act') to certain actions for the purposes of the Initial Enforcement Orders made by the Competition and Markets Authority ('CMA') on 21 December 2022 and 24 January 2024

COMPLETED ACQUISITIONS BY MEDIVET GROUP LIMITED

Dear [3<]

We refer to your email and accompanying note dated 31 January 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Orders of 21 December 2022 (as varied) and 24 January 2023 (the 'Initial Orders'). 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 the Target Entities' 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 a derogation from the Initial Orders, based on the information received from you and in the particular circumstances of this case, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(c), 5(i), 5(j) and 5(k) of the Initial Orders

Medivet requests a derogation from paragraphs 5(c), 5(i), 5(j) and 5(k) of the Initial Orders to allow for:

- (i) the recruitment of individuals to Key Staff roles¹ as and when required at Medivet and the Target Entities;
- (ii) internal promotions to Key Staff roles as and when required at Medivet and the Target Entities;
- (iii) departures of Key Staff following their resignation;
- (iv) temporary departures of Key Staff due to parental (including maternity and paternity) leave or sick leave;
- (v) dismissal of individuals without notice from Key Staff roles for reasons set out in their contracts of employment (and in strict accordance with the contract of employment) as and when required at Medivet and the Target Entities; and
- (vi) the non-retention of Key Staff who have failed to achieve the requisite standards during their probationary periods as and when required at Medivet and the Target Entities.

Medivet have identified over [3<] key staff in the Medivet business and [3<] key staff at each of the 30 Target Entity sites. This means that the Medivet business and the Target Entities' businesses have over [3<] key staff positions in total.

Changes to these positions occur frequently and for a variety of reasons, including for health reasons, maternity leave, retirement, disciplinary actions or the choice of the employee to pursue another career opportunity. Medivet considers these changes to be in the ordinary course of business and in many cases is not able to prevent them.

Medivet submits that to ensure the viability of the Medivet and Target Entities' businesses, Medivet, the Hold Separate Manager ('**HSM**') and the Target Entities need to be in a position to react to these Key Staff changes by replacing these positions on a temporary and permanent basis.

On this basis, CMA grants the derogation from paragraphs 5(c), 5(i), 5(j) and 5(k) of the Initial Orders strictly on the basis that:

- (a) The CMA's written approval, including via email, is required before any Key Staff change may occur.
- (b) Prior to the appointment of a permanent replacement of any Key Staff lost to the business, interim arrangements will be in place for each Key Staff vacancy such that there will be no disruption to the ongoing operation and viability of the Medivet business or the Target Entity businesses.

¹ 'Key Staff' is defined in the IEO as 'staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business'.

- (c) In case of a departure of a Key Staff position from Medivet or the Target Entities, Medivet will provide the CMA, in writing, with the following information:
 - (i) The name of the individual, their role, and their practice (as relevant);
 - (ii) Details of the individual's responsibilities in their role;
 - (iii) An explanation as to why it is believed to be necessary that the candidate is dismissed without notice in accordance with the provisions of their employment contract;
 - (iv) A description of the process by which Medivet, the HSM or the relevant Target Entity came to this decision;
- (d) Once a candidate has been identified by Medivet or the Target Entities to fill a key staff vacancy on a permanent basis, and before a formal employment letter is made to the candidate, Medivet will provide the CMA, in writing, with the following information:
 - (i) The name of the candidate, their proposed role and their proposed practice (as relevant);
 - (ii) Details of the candidate's employment history, including any history with the Acquirer Group, Medivet, the HSM or the Target Entities;
 - (iii) An explanation as to why the candidate has the necessary skills and experience to fulfil the responsibilities of the position in question;
 - (iv) Confirmation of any financial or non-financial interest in the Acquirer Group, Medivet or the Target Entities;
 - (v) A description of the selection process (whether by the Acquirer Group, Medivet, the HSM or the Target Entities);
- (e) Medivet will not be required to seek approval for a Key Staff change if the departure, transfer or appointment of Key Staff is for a period of three months or less and appropriate interim arrangements have been put in place;²

² Where appropriate, Medivet will include these temporary Key Staff changes in its compliance statements.

- (f) All appointments of Key Staff members made pursuant to this derogation will ensure ongoing operation, viability and competitive capability of the Medivet and Target businesses;
- (g) In the event a Key Staff member chooses to leave Medivet or the Target Entities, Medivet will take all reasonable steps to retain the Key Staff member.
- (h) This derogation will not lead to any integration of the Medivet and Target Entities businesses.
- (i) The 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 decision on a reference.

Yours sincerely,

[✂]

Faye Fullalove

Assistant Director

Mergers

17 February 2023