

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 2023

COMPLETED ACQUISITIONS BY MEDIVET GROUP LIMITED

Dear [REDACTED]

We refer to your email and accompanying note dated 6 November 2022, and further submissions made on 18 November, 30 November, 13 December 2022, 16 December and 8 February 2023 requesting that the CMA consents to derogations to the Initial Enforcement Orders of 21 December 2022 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 businesses 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 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 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders

Medivet has requested a derogation from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders to enable each of the Target Entities that currently operate on Practice Management System ('**Freedom**') to be able to continue operating on Freedom¹ and for

¹ These are: Iffley Vets (Medivet Oxford Iffley Road); Iffley Vets (Medivet Wheatley Roman Road); All Creatures Clinic Limited (Medivet Chelsfield); All Creatures Clinic Limited (Medivet Locksbottom); Fitzalan House Veterinary Practice Limited (Medivet Littlehampton Fitzalan Road); Fitzalan House Veterinary Practice Limited (Medivet East Preston); Fitzalan House Veterinary Practice Limited (Medivet Angmering); Fitzalan House Veterinary Practice Limited (Medivet Arundel River); Fitzalan House Veterinary Practice Limited (Medivet Rustington); The Vet Station Limited (Medivet Great Gaddesden); Barton Companion

certain Medivet practices and limited individuals within Medivet's centralised functions to continue to access commercially sensitive information relating to the Target Entities on Freedom.

Medivet submits that this is strictly necessary to ensure that the Target Entities remain viable. Freedom is used for a wide range of purposes – including [redacted]. Medivet submits that these functions are central for the practice to be able to [redacted].

Medivet considers that there are significant benefits for customers of practices using Freedom [redacted]. Furthermore, removing access to Freedom would [redacted].

Medivet submits that the permitted activities under such a derogation would not result in any pre-emptive action which might prejudice the outcome of a reference or otherwise impede the ability of the CMA to take or impose remedial action.

2. Paragraphs 4(a), 5(f) and 5(l) of the Initial Orders

Medivet requests a derogation from paragraphs 4(a), 5(f) and 5(l) of the Initial Orders to allow each of the Target Entities to continue to have access to the applications that are made available within Medivet's domain/network through Microsoft Active Directory (**Network Access**) and for certain limited individuals within Medivet's centralised functions to continue to access commercially sensitive information relating to the Target Entities on Network Access.

Various applications are made available within Medivet's domain/network through Microsoft Active Directory, including in particular the following:

- Medivet Intranet;
- Helpdesk ticketing for the purposes of IT support;
- Purchase ordering;

Animal Services Limited (Medivet Barton Upon Humber); Stanhope Park Veterinary Practice Limited (Medivet Darlington Stanhope Rd); Stanhope Park Veterinary Practice Limited (Medivet Darlington Duke St); Stanhope Park Veterinary Practice Limited (Medivet Middleton St George); Withy Grove Veterinary Clinic Limited (Medivet Bamber Bridge); I T Kalogera (Holdings) Limited (Medivet Herne Hill); Monument Vets Limited (Medivet Redruth); Monument Vets Limited (Medivet Camborne); The Hackney Vet Limited (Medivet Hackney).

- Office 365, including Outlook;
- OneDrive;
- Teams;
- Power BI.

Medivet submits that it is strictly necessary for the Target Entities to continue to have access to these applications on Network Access and for certain limited individuals within Medivet's centralised functions to continue to access commercially sensitive information relating to the Target Entities on Network Access for the ongoing operation of the practices, such that removing access would cause significant disruption to Medivet and the Target Entities in terms of time, cost and day-to-day operations.

Conditions and safeguards for granting derogations

On the basis of Medivet's representations, the CMA consents to derogations from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders (as applicable) to enable (i) the Target Entities that currently operate on Freedom to continue operating on Freedom and for certain Medivet practices and limited individuals within Medivet's centralised functions to continue to access commercially sensitive information relating to the Target Entities on Freedom; and (ii) each of the Target Entities to continue to have Network Access and for certain limited individuals within Medivet's centralised functions to continue to access commercially sensitive information relating to the Target Entities on Network Access, strictly on the basis that:

- (a) The use of Freedom and Network Access is strictly necessary in order to preserve the viability and competitive capability of the Target Entities.
- (b) In relation to Medivet central functions, only the individuals identified in Annex 1 (together, the '**Critical IT Authorised Individuals**') will access commercially sensitive Target Entity information on Freedom or Network Access. Commercially sensitive Target Entity information on Network Access will be accessed only by those individuals in the Network Access section of Annex 1, for whom access to this information is strictly necessary for them to continue to perform their functions. Similarly, commercially sensitive Target Entity information on Freedom will be accessed only by those individuals in the Freedom section of Annex 1, for

whom access to this information is strictly necessary for them to continue to perform their functions.

- (c) Each of the Critical IT Authorised Individuals will sign Non-Disclosure Agreements, in a form approved by the CMA, in respect of any commercially sensitive information they receive in order for them to continue to perform their functions on Freedom and Network Access.
- (d) Any Medivet staff in central functions with influence over the commercial policy of the Target Entities will sign Compliance Statements, in a form approved by the CMA, to confirm that they have not accessed any commercially sensitive information of the Target Entities (except that which is necessary for them to perform their functions as authorised by the CMA in this or another derogation).
- (e) Medivet staff in a position of influence over the commercial policy of the Target Entities (including, but not limited to any of the Critical IT Authorised Individuals who have influence over the commercial policy of the Target Entities) will undertake best efforts to delete any commercially sensitive information (including but not limited to customer lists) held outside of Freedom from their IT environments
- (f) All members of Medivet's executive team with influence over the commercial policy of the Target Entities will have the Freedom icon removed from their computers.
- (g) No changes to the individuals listed in Annex 1 are permitted without the prior written consent of the CMA (including via email).
- (h) The Target Entities and any conceivable overlapping Medivet practices² with access to Freedom (the '**Freedom Authorised Practices**') will confirm their acknowledgement of and compliance with an acceptable use policy ('**Acceptable Use Policy**') in a form approved by the CMA.
- (i) Medivet will provide the Critical IT Authorised Individuals and the **Freedom Authorised Practices** with training, in a form approved by the CMA, in respect of handling any commercially sensitive information they receive in order for them to continue to perform their functions on Freedom and Network Access.

² Consistent with the Section 109 Notice [3<].

- (j) Should the Acquirer Group be required to, or offer to, divest any of the 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 Target Entities for the purposes of this derogation will be returned to the Target Entities and any copies destroyed, except to the extent that record retention is required by law or regulation. Similarly, the 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 Medivet for the purposes of this derogation will be returned to Medivet and any copies destroyed, except to the extent that record retention is required by law or regulation.
- (k) This derogation will not prevent any remedial action which the CMA may need to take regarding the Transactions.
- (l) This derogation will not lead to 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.

Sincerely,

[✂]

Faye Fullalove

Assistant Director

Mergers

24 February 2023

Annex 1 – Critical IT Authorised Individuals

Network Access

Purchase ordering

(A) Procurement Team Members

[§<]

(B) IT Team Members

[§<]

(C) Legal Team Members

[§<]

Power BI

(D) IT Team Members

[§<]

(E) Finance Team Members

[§<]

(F) Marketing Team Members

[§<]

(G) HR Team Members

[§<]

Freedom

(H) Finance Team Members

[§<]

(I) Operations Team Members

[§<]

(J) IT Team Members

[§<]

(K) Marketing Team Members

[§<]