

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 Order made by the Competition and Markets Authority ('CMA') on 21 December 2022

COMPLETED ACQUISITION BY MEDIVET GROUP LIMITED OF THE VET STATION LIMITED

Dear [redacted]

We refer to your email and accompanying note dated 16 January 2023 and 31 January 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 21 December 2022 (as varied) in respect of the completed acquisition by Medivet Group Limited of The Vet Station Limited (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, the Acquirer Group is required to hold separate the Acquirer Group business from the Vet Station 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 Order, 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(c), 5(i), 5(j), 5(k) and 5(l) of the Initial Order

Medivet submits that [redacted] in relation to the Great Gaddesden site of The Vet Station Limited (**Target Entity**) has necessitated changes in key staff and the management operations of the site.

Medivet requests a derogation from paragraphs 4(a), 5(a), 5(c), 5(i), 5(j), 5(k) and 5(l) of the Initial Order which is strictly necessary to allow:

- (a) the departure of the lead vet and a practice manager of the Target Entity's Great Gaddesden site;

- (b) the provision of ad hoc and temporary employee support by Medivet to ensure the continued operation of the site;
- (c) the setting up of [redacted];
- (d) (if required) the appointment of a permanent replacement for the lead vet; and
- (e) certain managerial changes whereby the site's management assistant will take on the management responsibilities of the practice manager on an interim basis and the appointment of a new practice manager.

Departure of lead vet and departure of a practice manager

[redacted]

- (a) [redacted]
- (b) [redacted]

[redacted]

Temporary and ad hoc employee support

As a consequence, the site has had to be closed on a number of days. Medivet is seeking to provide operational support in the form of certain employee support to the site so that it can continue to remain open without temporary closures and fulfil patient appointments and needs. This support, which includes providing a replacement vet from other Medivet sites or through the use of locums to ensure coverage of the practice, will be provided on an ad hoc and temporary basis.

[redacted]

[redacted]

[redacted]

As it is important for the Great Gaddesden site to have a sufficient complement of staff and because [redacted]

[redacted]

[redacted]

[redacted]

Management responsibilities of the management assistant and recruitment of a practice manager

The practice's management assistant is currently carrying out the responsibilities of the practice manager on an interim basis. Medivet considers that this person has the necessary skills and experience to do this. [REDACTED]

In the future, Medivet intends to appoint a permanent replacement for one of the two practice managers. The recruitment process would mirror the one for lead vet. The recruitment decision would be taken by the newly appointed lead vet. However, where the lead vet role remains vacant, then the GVD or the hold separate manager, if appointed, would make this recruitment decision.

In summary, to the extent that the site is prevented from making these staff and managerial changes during the period that the Initial Order is in force, Medivet submits that there would be a significant risk of the site failing to deliver the high standards of care required by the Royal College of Veterinary Surgeons (**RCVS**).

On this basis, the CMA consents to a derogation from paragraphs 4(a), 5(a), 5(c), 5(i), 5(j), 5(k) and 5(l) of the Initial Order (as applicable), strictly on the basis that:

- a) This derogation is strictly necessary to preserve customer and patient welfare, and to preserve the viability and competitive capability of the Target Entity.
- b) The appointment of the permanent replacement for the lead vet [REDACTED] will not result in changes to the organisational structure of or management responsibilities of the Medivet or the Target Entity businesses, and will have no impact on the Medivet or the Target Entity businesses' viability or competitive capability in any relevant market.
- c) Any information exchanged between the Target Entities and Medivet is limited to what is strictly necessary for the purposes of this derogation.
- d) The Target Entity's information for the purposes of Medivet providing the HR and operational support will only be provided to the individuals identified in Annex 1 (together, the 'Authorised Individuals'). This list is in addition to the HR personnel who are already identified as Authorised Individuals in the CMA's back-office derogation letter of the 21 December 2022.
- e) Each of the Authorised Individuals in Annex 1 will sign an Non-Disclosure Agreement (**NDA**), in a form approved by the CMA, in respect of any commercially sensitive, confidential or proprietary information they receive as part of the permitted activity.
- f) No changes to the Authorised Individuals are permitted without the prior written consent of the CMA (including via email).
- g) Should the Acquirer Group be required to, or offer to, divest 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.

- h) This derogation is granted strictly on the basis that it 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

[✂]

Faye Fullalove

Assistant Director

Mergers

8 February 2023

Annex 1 – Authorised Individuals

Name	Role
[REDACTED]	Group Veterinary Director
[REDACTED]	Regional Operations Director
[REDACTED]	Divisional Support Administrator