

**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 17 November 2022**

**COMPLETED ACQUISITIONS BY INDEPENDENT VETCARE LIMITED OF
MULTIPLE INDEPENDENT VETERINARY PRACTICES**

Dear Bertrand Louveaux,

We refer to your email and accompanying note dated 11 November 2022 (as well as subsequent submissions on 20 January 2023 and 1 February 2023) requesting that the CMA consents to a derogation to the Initial Enforcement Orders (the '**Initial Orders**') dated 17 November 2022. The terms defined in the Initial Orders have the same meaning in this letter.

The CMA issued Initial Orders addressed to Independent Vetcare Limited ('**IVC**'), Acquisition Pikco Ltd ('**Pikco**'), IVC Acquisition Topco Limited ('**IVC Topco**'), Islay New Group Holding S.A. ('**Islay**'), Société Des Produits Nestlé S.A. ('**Nestle**'), EQT Fund Management S.à r.l. ('**EQT**') and Berkshire Partners LLC ('**Berkshire**') (together, the '**Acquirer Group**'). 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 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, based on the information received from you and in the particular circumstances of this case, IVC and the relevant Target Entity may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 5(a), 5(f) 5(g), 5(h) and 5(l) of the Chiltern Order

IVC's acquisitions of Penrose Veterinary Group Limited, Kevin Castle (Pet Care) Ltd, Swayne & Partners Ltd, Treforest Veterinary Clinic Ltd, Mercer & Hughes Limited, Swaffham Veterinary Centre Limited, Anglesey Pet Clinic Ltd, Chiltern Equine Clinic (including Chiltern Veterinary Services Limited (referred to below as '**Chiltern**') & Chiltern Bury Farm Limited) (the '**Target Entities**') completed between 16 September 2021 to 22 March 2022.

The CMA understands that IVC bought eVetDrug Limited ('eVet') at the same time as it bought Chiltern (the 'Acquisition'). eVet is an equine dedicated online dispensary [REDACTED] owned by the sellers of Chiltern. Before the Acquisition, [REDACTED].

The CMA further notes that:

- Based on IVC's submissions and the CMA's discussions with the Monitoring Trustee ('MT'), the CMA understands that the continued [REDACTED] of the two businesses is not burdensome on Chiltern [REDACTED] and that continuing with pre-merger operational arrangements is strictly necessary to protect client and patient welfare, aiding the viability and competitive capability of the [REDACTED] business;
- Based on IVC's submissions and the CMA's discussions with the MT, the CMA understands that [REDACTED] to provide care to its patients; and
- The CMA understands from IVC's submissions and conversations with the MT that [REDACTED].

IVC has sought CMA consent to exclude paragraphs 4(a), 5(a), 5(f), 5(g), 5(h) and 5(l) of the Chiltern Order in order to allow for the continued provision of support services by Chiltern to eVet. These include the following:

- A. Discussion of marketing, sales and the general day-to-day operations [REDACTED] between [REDACTED].
- B. Collaboration between [REDACTED] on: (i) [REDACTED] resourcing matters, including personnel and recruitment; and (ii) [REDACTED] financial matters, including pricing, purchase ledger, sales and P&L. Assistance from [REDACTED] with recruitment and personnel issues.
- C. [REDACTED] for the purpose of checking prescriptions, raising prescriptions for [REDACTED] clients and ordering drugs through wholesale accounts. Discussion of prescriptions [REDACTED].
- D. The use of [REDACTED] to process prescriptions [REDACTED], and to raise invoices [REDACTED].
- E. Assistance by [REDACTED] with checking and authorising client prescriptions for [REDACTED].

As part of this derogation, IVC has also sought CMA consent to exclude paragraphs 4(a), 5(a), 5(f), 5(g), 5(h) and 5(l) of the Chiltern Order in order to allow for the continued provision of support by eVet to Chiltern as follows:

- F. [REDACTED].

G. [X].

The CMA consents that the obligations in paragraphs 4(a), 5(a), 5(f) 5(g), 5(h) and 5(l) of the Chiltern Order do not apply to IVC and Chiltern in relation to the continued provision of support services by Chiltern to eVet (and vice versa) for the purposes described above. This derogation is granted strictly on the basis that:

- i) eVet will be ring-fenced from IVC, and, for the purposes of IEO compliance, will be treated by IVC as if it were part of the Chiltern business. This also means that any derogation consents granted to Chiltern will also apply to eVet (with the Authorised Individuals appointed under each derogation acting as Authorised Individuals in respect of the provision of the relevant support service to eVet).¹
- ii) In addition:
 - a. eVet information provided to IVC will be limited to what is strictly necessary to ensure that eVet retains its viability and competitive capability.
 - b. eVet information provided to IVC will be provided only to the individuals identified in Annex 1, and to the Authorised Individuals appointed under the derogations listed in paragraph (i) above (together, the '**eVet Authorised Individuals**').
 - c. Each of the eVet Authorised Individuals will sign Non-Disclosure Agreements, unless they have already signed one under the derogations listed in paragraph (i) above, in a form approved by the CMA, in respect of any commercially sensitive information they receive in order to provide support services to eVet.
 - d. Where eVet Authorised Individuals have already signed a Non-Disclosure Agreement under the derogations listed in paragraph (i) above, they will be notified by IVC, in a form approved by the CMA, that their obligations with respect to Chiltern information under those NDAs extend to the eVet business.
 - e. Adequate IT fire-walls and ring-fencing measures are implemented to prevent flow of commercially sensitive information relating to eVet to any individuals other than the eVet Authorised Individuals.
 - f. No changes to the individuals listed in Annex 1 are permitted without the prior written consent of the CMA (including via email).

¹ The following derogations relating to the Chiltern business (and respective conditions) will extend to eVet: Derogation 31 October 2022 (Central support services) as clarified in IVC's submissions dated 11 November 2022, 15 November 2022, and 27 January 2023; Derogation 24 November 2022 (Delegation of authority); Derogation 5 December 2022 (Learning Management System); Derogation 14 December (Directorships); Derogation 15 December 2022 (Procurement); Derogation 3 February (Key staff).

Annex 1: eVet Authorised Individuals

Name	Title
[✂]	Senior Management Accountant Manager at IVC
[✂]	Managing Director of Pet Drugs Online