

**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 25 January 2023 requesting that the CMA consents to a derogation from the Initial Enforcement Order dated 17 November 2022 applicable to Independent Vetcare Limited ('**IVC**') and Mercer & Hughes Limited ('**M&H**') (the '**M&H Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

The CMA issued Initial Orders addressed to IVC, Acquisition Pikco Ltd ('**Pikco**'), IVC Acquisition Topco Limited ('**IVC Topco**'), Islay New Group Holding S.A. ('**Islay**'), Société Des Produits Nestlé S.A. ('**Nestlé**'), 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 M&H may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(a) of the Initial Order

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

The CMA granted derogations on 16 December 2022 and 14 January 2023 in respect of the provision of out of hours rota cover by IVC to certain Target Entities. IVC has recently requested the provision of out of hours rota cover (the '**OOH Rota Cover**') by a vet [REDACTED] at M&H to Vets Now Witham (a branch of IVC's Vets Now business), as detailed below.

IVC requests consent for [REDACTED] a vet [REDACTED] at M&H, to provide OOH Rota Cover at Vets Now Witham on an ad hoc basis in order to (i) provide [REDACTED] with [REDACTED] and (ii) [REDACTED] at M&H ([REDACTED]). IVC confirms that both M&H and Vets Now Witham are willing to facilitate the provision of OOH Rota Cover at Vets Now Witham by [REDACTED].

IVC requests a derogation from paragraph 5(a) of the Initial Order applicable to IVC and M&H in order to enable the provision of the OOH Rota Cover by [REDACTED] to Vets Now Witham while the M&H Initial Order is in force. IVC submitted that this derogation is necessary for the reasons set out above (and notes in connection with this that M&H has an obligation under paragraph 5(k) of the Initial Order to take reasonable steps to ensure the retention of key staff at the M&H business) and confirms that it will not impact the ability of M&H or IVC to compete in any relevant market.

On the basis of IVC's representations, the CMA consents to derogations from paragraphs 5(a) of the M&H Initial Order in relation to the provision of the OOH Rota Cover described above, strictly on the basis that:

- (i) OOH Rota Cover will be provided on an arm's length basis.
- (ii) Where OOH Rota Cover is provided, the information exchanged between IVC and M&H will be limited to what is strictly necessary to enable the OOH Rota Cover to be provided, and will be limited to client, patient, and/or treatment details. Any Client/ patient/ treatment details exchanged will be treated confidentially under existing safeguards for such information.
- (iii) This 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.

Sincerely,

Faye Fullalove
Assistant Director, Mergers
1 February 2023