

**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 22 March 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**'). On 27 March 2023, the CMA issued a Variation Order excluding Nestle, EQT and Berkshire from the scope of application of the Initial Orders. Accordingly, the Acquirer Group now refers to IVC, Pikco, IVC Topco and Islay only.

Under the Initial Orders as varied, 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 Target Entities may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(g) of the Initial Orders in respect of the actions described below

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 & Chiltern Bury Farm Limited) (the '**Target Entities**') completed between 16 September 2021 to 22 March 2022.

IVC has sought CMA consent to exclude paragraph 5(g) of the Initial Orders in respect of its proposal to renegotiate rebate agreements [X] ('**Rebate Agreements**') [X] ('**Rebate Agreements Amendment**'). IVC notes that it plans for negotiations in respect of the Rebate Agreements Amendment to be conducted over a period of time.

IVC notes that: [X].

IVC submits that the [X]. Practically, [X]. IVC submits that the Rebate Agreements Amendment is necessary in order to improve the terms of the Rebate Agreements [X].

The CMA consents to a derogation from paragraph 5(g) of the Initial Orders in relation to the Rebate Agreements Amendment. This derogation is granted strictly on the basis that:

- (i) This derogation will not cause disruption to IVC or the Target Entities, nor impact their ongoing operation or viability [X];
- (ii) 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 decisions on a reference.

Sincerely,

Steven Pantling
Assistant Director Remedies, Business and Financial Analysis
30 March 2023