

## **Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 12 October 2016**

### **Completed acquisition by Euro Car Parts Limited of assets of the Andrew Page business**

We refer to your emails requesting that the CMA consents to derogations to the Initial Enforcement Order of 12 October 2016 (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, Euro Car Parts Limited, LKQ Euro Limited and LKQ Corporation and ECP Newco are required to hold separate the LKQ business from the AP 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 derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Euro Car Parts Limited, LKQ Euro Limited and LKQ Corporation and ECP Newco may carry out the following actions, in respect of the specific paragraphs:

#### **1. Paragraphs 5(b), 5(c), 5(d), 5(f), 5(i), (5j) and 5(l)**

In order to preserve the viability of the AP business, given the absence of an effective pre-merger business plan, the CMA consents to allow the LKQ business to appoint the Secoundees to manage the AP business and to formulate and implement a new business plan (the **Business Plan**). The CMA's consent is granted subject to the following conditions:

- that the AP business shall be operated according to the Business Plan, which is approved in advance by the CMA;
- that the Secoundees will not take part in, have access to information regarding, or attend meetings discussing, commercially sensitive information in relation to the LKQ business, including but not limited to customer negotiations, bid preparation, price-setting or disaggregated (ie branch-level or below) margins and prices in relation to the LKQ business;

- that before being provided with information under this derogation, the Secondees will sign NDAs, in a form approved in advance by the CMA, to preserve the confidentiality of this information and to use this information only for the purposes specified by this derogation; and
- that the Secondees shall have full responsibility for decision-making regarding the AP business (and such decisions shall not be made by any members of the LKQ business senior staff).

In order to assist the Secondees in preserving the viability of the AP business, LKQ business personnel from the e-commerce/retail department, marketing department, logistics department and product department may provide marketing, advertising and technical support to the Secondees as specified in the Business Plan, on the following conditions:

- that before being provided with information under this derogation, LKQ business personnel will sign NDAs, in a form approved in advance by the CMA, to preserve the confidentiality of this information and to use this information only for the purposes specified by this derogation, and LKQ will provide the CMA with a list of the LKQ business personnel who have signed these NDAs, specifying their names and roles; and
- that the Secondees shall have full responsibility for decision-making regarding the AP business (and such decisions shall not be made by any members of the LKQ business senior staff).

The CMA also consents to allow the Secondees to provide [X] with limited confidential and proprietary information relating to AP, in a format approved by the CMA, to monitor AP's compliance with the Business Plan. [X] will sign NDAs, in a form approved in advance by the CMA, to preserve the confidentiality of this information and to use this information only to assess AP's compliance with the Business Plan. These reports shall not include disaggregated commercially-sensitive information concerning the AP business, including but not limited to: specific customer information (e.g customer negotiations, bid preparation), price-setting and branch-level or below margins. For the avoidance of doubt, the Secondees shall have full responsibility for decision-making regarding the AP business (and such decisions shall not be made by any members of the LKQ business senior staff).

## **2. Paragraphs 4(a), 4(b), 5(c), 5(d), 5(g), 5(f), 5(i), 5(j), 5(k) and 5(l)**

In order to preserve the viability of the AP business, the LKQ business shall be permitted, subject to the below safeguards:

- to manage and integrate the AP supply chain, logistics and purchasing activities with its own;

- to manage and integrate the AP inventory management system with its own; and
- to manage and integrate the AP business's human resources (including training and incentives policies) activities with its own.

## **Secondees**

The Secondees are [✂].

## **Safeguards**

### *Access to sensitive information*

Where information has been granted subject to these safeguards, LKQ business personnel shall have access to no more AP information than is strictly necessary to perform their role in support of the AP business. In particular, they shall have no involvement in, or access to disaggregated commercially-sensitive information concerning the AP business, including but not limited to: specific customer information (e.g customer negotiations, bid preparation), price-setting and branch-level or below margins.

### *Strategic control of the AP business*

The Secondees shall have full responsibility for decision-making regarding the AP business (and such decisions shall not be made by any members of the LKQ business senior staff).

### *Reporting to the CMA*

The LKQ business will provide the CMA with a written proposal of actions to be taken under the Business Plan at least one week prior to these being implemented. The CMA reserves the right to withdraw its consent to proposals which have been put to it.

Alba Ziso

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