

# Retained Vertical Agreements Block Exemption Regulation

## Consultation questions

### Public Response from L'Oréal (UK) Ltd

#### CMA's proposed recommendation

##### *Policy and impact questions*

**Question 1:** Do you agree with the CMA's proposed recommendation to the Secretary of State to make a Block Exemption Order to replace the retained VABER with a new UK VABEO, rather than letting it lapse without replacement or renewing without varying the retained VABER?

Yes

**Question 2:** Please explain your response providing, where possible, examples and evidence to support your answer.

A significant part of our turnover is generated through selective distribution networks. The retained VABER legitimizes this distribution model and ensures legal certainty. The VABER indeed provides a legal framework and the VGL provide some uniform interpretation. This allows our corporate Group to have a coherent trade policy within the UK mirroring that within the EU. The VABER thus ensures consistency in the justification and protection of our networks, which should be further strengthened. The legal certainty provided by the VABER is also strengthened through the exemption of dual distribution. In addition, VABER offers great flexibility and allows our group to adapt its distribution strategy depending on our products and their characteristics and to define their sales conditions in the way we consider most optimal in the interest of the brands and the consumers; for instance, by the exemption of the "brick and mortar" criterion when we consider it appropriate.

Variations to the retained VABER are necessary to keep up with a dramatically changed retail landscape where manufacturers and distributors continue to innovate. Flexibility needs to be provided to allow these entities to adapt to further changes in the retail environment.

**Question 3:** How will the proposed UK VABEO as outlined in the CMA's proposed recommendation impact consumers?

Significant positive impact.

#### Associations of undertakings

##### *Policy questions*

**Question 4:** What are your views on the CMA's proposed recommendation for agreements with association of undertakings to continue to benefit from the UK VABEO?

We see no reason to exclude associations of undertaking from VABEO although it is not something we benefit from as we exceed the annual turnover threshold.

**Question 5:** Do you think that the turnover threshold should be revised for agreements with associations of undertakings to benefit from the UK VABEO (in particular, to reflect market developments, growth, inflation and/or the UK market)? If so, please provide your views on what the new turnover threshold should be.

We do not have a view on this.

### ***Impact questions***

**Question 6:** To what extent is the exception for agreements with associations of undertakings, as outlined in the retained VABER, helpful to your business's operations or the operations of those you represent?

Irrelevant

**Question 7:** What would be the likely impact on your business's operations or the operations of those you represent if the turnover threshold was increased?

Negligible impact

**Question 8:** What would be the likely impact on your business's operations or the operations of those you represent if the turnover threshold was decreased?

Negligible impact

## **Dual distribution**

### ***Policy questions***

**Question 9:** What are your views on the CMA's proposed recommendation on dual distribution?

We support the recommendation on dual distribution (that it is retained and also applied to dual distribution by wholesalers and importers). Our Corporate Group sells to distributors and also directly to consumers online and in some cases in physical stores. The wholesalers to whom we sell our products may also make direct sales in conjunction with those made by their distributors.

Manufacturers' direct sales contribute to the awareness of our brands to the benefit of all of our distributors and clients. In this regard, our Group invests in "flagship" stores, which offer a very wide range of the products of one brand and are the showcase of the brand to which it is dedicated; they symbolize its image, its values, and reinforce its notoriety and prestige. Manufacturers' direct sales also benefit consumers through increased intra-brand competition: larger number of outlets and websites, greater price competition, higher choice. Consumers can choose between our sites dedicated to our

brand and the multi-brand sites of our distributors, which encourages all operators to improve the quality of service they offer.

Manufacturers' direct sales have also contributed to the development of online sales. They are also essential to improve awareness of customer's expectations and test the adequacy of distribution standards. They enable our Corporate Group to improve its products and to develop sales over those of competing brands, whether our products are sold directly or by our distributors. The exemption of dual distribution preserves inter-brand competition through independent distribution channels. The purpose of direct sales is not to limit intra-brand competition but, on the contrary, to increase it by offering more choice to consumers. Should dual distribution not be block-exempted, this could lead to a disincentive for manufacturers to also sell their products through independent networks. In addition, removing the exemption of dual distribution would unduly limit the supplier's freedom to organize the distribution of its products.

This would not be justified given dual distribution is mainly a vertical relationship. There is no rationale for equating dual distribution with a distribution agreement between competitors distributing different products, whose agreements may reduce inter-brand competition. Dual distribution does not induce a risk of coordination, or anticompetitive foreclosure below current thresholds. The main competition concerns in a relation of this nature are already dealt with by article 4 of the retained VABER. In addition, the non-exemption of dual distribution would lead to major legal uncertainty and huge costs transaction costs (for example, proof of the validity of the network before courts). We therefore believe that the exemption of dual distribution should be renewed. Our corporate Group used to carry out direct sales before 2010. If direct sales, particularly on the Internet, have increased over the last ten years, this is also the corollary of the development of sales on the Internet in general. However, this did not give rise to any particular or new competition concerns.

The exemption from dual distribution provides legal certainty that is essential for all groups that operate distribution networks. If the exemption of dual distribution were not renewed, this would lead to major lack of legal certainty and would therefore have immediate significant negative consequences:

- increase of legal cost for the assessment of distribution agreements,
- risk of divergent assessments between UK courts and those in the EU.

Given this situation, manufacturers could in the short or medium term develop opposite strategies:

- either limit or stop direct sales;
- or, on the contrary, favour direct sales to the detriment of their distribution networks.

In both cases, this would have the effect of limiting inter-brand competition, in terms of price and quality, by limiting the number of sellers on the market. If the majority of brands were to opt for the second strategy, inter-brand competition could also decrease, due to the possible disappearance of multi-brand sites.

A further market share threshold would cause substantial additional costs for us and extra legal uncertainty.

**Question 10:** Do you think that additional guidance on information exchange in the context of dual distribution would be helpful? If so, please provide your views on what that guidance should say.

Additional guidance would be helpful in particular to clarify that dual distribution agreements are assessed exclusively under the UK VABEO and the VGL. The VGL should clarify that since dual distribution is covered in the UK VABEO a supplier remains entirely free – also in dual distribution situations – to collect pricing, volume and other data related to the supplier's products from resellers, provided these data are not used to restrict the freedom of the reseller in a manner that would be considered hardcore under the UK VABEO.

We need this information to help collate a full picture of the market, to make decisions on the basis of actual consumer demand, to analyse promotional performance and to manage our supply chain effectively.

It should be made clear that the dual distribution exception also applies to the situation where the supplier/manufacturer competes with its distributors at the wholesale level (ie the supplier and the distributor both sell to retailers). Whilst para 28 of the VGL appears to focus on the retail level (“potential impact on the competitive relationship between the manufacturer and retailer at the retail level”) it is clear that the retained VABER itself is worded more broadly, and logically also covers dual distribution where the supplier/manufacturer competes with its distributors at the wholesale level.

### ***Impact questions***

**Question 11:** To what extent does the dual distribution exception for non-reciprocal vertical agreements, as outlined in the retained VABER, positively impact your business’s operations or the operations of those you represent? Please explain your answer.

Completely. See answer to question 9

**Question 12:** To what extent does the dual distribution exception for non-reciprocal vertical agreements, as outlined in the retained VABER, negatively impact your business’s operations or the operations of those you represent? Please explain your answer.

Not at all. See answer to question 9.

**Question 13:** What would be the likely impact on your business’s operations, or the operations of those you represent, if the dual distribution exception was not included in the UK VABEO at all? Please include examples and where possible, quantitative and/or qualitative evidence in your answer.

The impact on our business would be very material. See answer to question 9. The cost to our business in terms of both management time and financial outlay would be substantial. Many hundreds of arrangements would need to be assessed on a case by case basis and it would be necessary to include cumbersome rigid internal structures in order to mitigate against perceived uncertainty. This would involve substantially increased infrastructure and personnel costs.

Furthermore it would reduce the efficiency of our operations and benefit to consumers as we may have to avoid price recommendations and discussions with retailers about future demand. It may also have a chilling effect on our ability to fund retailer promotions.

**Question 14:** Do you consider the CMA’s proposed recommendation, which also applies the exception to dual distribution by wholesalers and by importers, to have a positive or negative impact on business operations? Please explain your answer.

Significant positive impact. That is to say to the extent that we are considered a wholesaler rather than a manufacturer (as whilst manufacturing occurs within our Group none is undertaken in our UK operations). Additionally sales at the retail level by a wholesaler (or importer) have similar advantages to those operated by a manufacturer, in particular because they develop intra-brand competition. We believe there is no reason to treat them differently from agreements between a manufacturer making direct sales and its distributors that have pro-competitive effects.

## Resale Price Maintenance

### *Policy questions*

**Question 15:** Do you agree with the CMA's proposed recommendation on resale price maintenance (RPM)?

No as we believe that in certain instances RPM leads to efficiency.

**Question 16:** Based on your experience, do you have any examples in practice of circumstances where RPM would lead to efficiencies that outweigh the restriction of competition? If so, please provide these examples.

The VGL provide illustrations of possible exemption of RPM, in the case of product launch and/or short-term promotions (§225). We believe that these are good examples of situations where RPM can lead to efficiencies. On a of launch of a new product, RPM may be helpful during the introductory period of expanding demand to induce distributors to better take into account the manufacturer's interest in promoting the product. This is also true in case of launch of a new product of an existing product line. RPM may be necessary to organize, in a distribution system applying a uniform distribution format, a coordinated price promotional campaign which will also benefit consumers. However, we believe that current VGL provide insufficient legal security in this respect, which prevents application RPM. The burden of proof of the exemption is on the supplier and this results in a possible questioning by third parties and disincentivises suppliers recouring to RPM despite of its advantages for consumers in such cases.

To improve legal certainty, RPM should be block-exempted in the cases of price promotions and launches.

**Question 17:** Do you think that additional guidance on when RPM may lead to efficiencies would be helpful? If so, please provide your views on what that guidance should say.

At the very least, the VGL should emphasise that an individual exemption is probable in the context of product launch or price promotions.

In order to avoid an overly strict and unjustified interpretation, there should be clarification to the effect that the concept of product launch applies in case of launch of a new product of an existing product line, or for a period up to twelve months.

Additionally the "short term promotion" explanation should be relaxed to refer merely to "promotions" and without the example 6 week limit. A promotion is a promotion subject to satisfaction of price establishment and other related circumstances and does not cease to be a promotion merely because it has been running for more than 6 weeks.

The VGL should have removed from it the language in paras 48 and 226-229 suggesting that RRP's can act as a focal point and this can be used as (indirect means to arrive at RPM). The UK VABEO and VGL should make clear that RPM is limited to those cases in which there is an agreement or concerted practice between supplier and retailer to fix prices, and that RRP's, price monitoring and price discussions without pressure to stick to a price are in themselves always insufficient to constitute RPM, as they do not restrict the buyer's ability to determine its sale price, but are merely unilateral conduct of the supplier.

### *Impact questions*

**Question 18:** What would be the likely impact on your business, or those you

represent, if RPM were not treated as a hardcore restriction for the purposes of the proposed UK VABEO? Please explain your answer.

Moderate positive impact. See answer to questions 16.

**Question 19:** Are you aware of, or have you encountered, any difficulties in your business as a result of the treatment of RPM as a hardcore restriction for the purposes of the retained VABER? If so, please give examples.

See answer to question 16. Our business would be more efficient in situations such as product launches and promotions if we could operate RPM therein.

## Territorial and customer restrictions

### *Policy questions*

**Question 20:** What are your views on the CMA's proposed recommendation on territorial and customer restrictions? In particular, what are your views on the CMA's proposed recommendation to:

- a) continue to treat territorial and customer restrictions as 'hardcore' restrictions so as to remove the benefit of the block exemption (subject to exceptions);
- b) maintain a distinction between active and passive sales;
- c) revisit the distinction between active and passive sales for certain types of online sales in the CMA VABEO Guidance; and
- d) change the current regime in order to give businesses more flexibility to design their distribution systems according to their needs?

In your response please consider whether:

- a) there are any features of the UK internal market militating in favour or against retaining the treatment of territorial restrictions as 'hardcore' restrictions for the purposes of the UK VABEO;
- b) the distinction between active and passive sales remains valid and whether changes to this categorisation should be made in order to:
  - i. clarify the situations where online sales amount to passive or active sales; or
  - ii. give businesses more flexibility to combine different distribution models.

We agree with the proposed recommendations in this area.

The organization of our distribution networks is extremely varied and is decided according to a set of factors (nature of the products, brand awareness and development in each country, consumers preferences, etc.). Some of our products are distributed by exclusive distributors (who are appointed to a defined geographical area within in the UK). In this case, their active sales to territories exclusively allocated to other distributors are restricted. This distribution model offers counterparts to a distributor who invests in the development of the brand in a territory, protecting it from free-riding. Other products are distributed through selective distribution networks. This distribution model is especially appropriate for our most technical, high-quality or luxury products, to preserve the prestige and luxury perception and reputation of our brands and ensure an appropriate sales-environment. In this case, active (as passive) sales to distributors who are not members of the network are restricted within the territory where selective distribution is applied.

In some cases, exclusivity may be given at the wholesale level (i.e. commitment not to appoint other wholesalers in the territory) and selective distribution also applied. The wholesaler is in charge of developing and managing the network of authorized retailers. In this case, there are no restrictions on sales (whether active or passive) within the network or to end-users, in line with the current framework.

First, to encourage distributors to invest, it is very important for brands to be able to grant them effective exclusivity. To date, online sales are considered in principle as passive sales. With such a principle, in a context of constant growth in e-commerce, it is quite difficult to incentivize a distributor to invest through the grant of an exclusive right whose effectiveness is very limited.

Secondly, we believe that the current rules preventing active sales by wholesalers into the exclusive territory of other wholesalers should be modified.

Wholesalers who are entrusted with the development of the brand and the network within a territory make significant investments of various natures underlined in the EU Staff working document on the e-commerce inquiry (para 206): investments for selection of and assistance to authorised retailers, for promotion of the brand, for control of the network, and for the application of the selection criteria in order to ensure high quality distribution and a consistent marketing strategy respecting the brand image.

It is particularly important to protect such investments against free-riding and therefore to authorize restrictions on active sales by other wholesalers into the territory of an exclusive wholesaler in case of combination of exclusive (at the wholesale level) and selective distribution.

This protection is crucial when the distributor develops or enters a new market, in particular for lesser-known brands for which the investment incentive may be lower. But whether the brand is new or not, and regardless of its reputation which can evolve very quickly in highly competitive markets, wholesalers make recurring investments to manage distribution networks, ensure compliance with standards and promote the brand and its new products.

As part of a manufacturing corporate Group, we believe that it is essential to be able to develop uniform selective distribution networks. The conditions for the distribution of the most technical, high-quality or luxury products should be set in the most appropriate way with regard the nature and image of these products. However, we do not necessarily have the resources to operate directly in all markets within the UK and we need to be able to entrust the responsibility of wholesale to partners ensuring- though appropriate retail networks – an adequate sales experience for consumers in all of the UK.

Paras 62 and 63 of the current VGL provides illustrations of restrictions of active sales into an exclusive territory which don't fall within the scope of Section 2 of the UK Competition Act or may not fulfil the conditions of Section 9. We believe that in case of combination of exclusive (at the wholesale level) and selective distribution, restrictions on active sales by other wholesalers into the territory of an exclusive wholesaler should be block exempted.

In any case, in order to increase legal certainty, the rules regarding a combination of selective and distribution (at different levels) should be clarified.

**Question 21:** Do you agree that additional guidance on this issue would be helpful?

If so, please provide your views on what that guidance should say including examples of situations where online sales should be regarded as passive or active sales.

We believe that the VGL should specify that:

- (i) A website using under a national domain (e.g., ".scot" or ".wales" or in the context of entities based in the EEA ".uk") in order to target customers of a territory that is exclusively allocated to another distributor should be included as an example of a type of active selling;
- (ii) a website using the national language of a country should be considered a type of active selling;
- (iii) a website running a promotion that is clearly targeting a territory or group of customers (e.g., by making specific cultural references) should also be listed as an example of a type of active selling;
- (iv) territory based banners used on any websites (not just third party websites) are a form of active sales. These clarifications are necessary to give a minimal content to the notion of exclusivity granted to the distributor, due to the growth of the ecommerce.

We also consider that the CMA's Brexit Guidance states that passive sales bans affecting sales to the UK can be deemed hardcore restrictions of competition. International Groups that contain UK businesses may wish, quite reasonably now that the UK is no longer part of the EEA, to segment their distribution networks whether selective or otherwise. The ability to do this is cast into doubt by the CMA's Brexit guidance. The EC has not provided similar guidance and therefore it appears that (Northern Ireland aside) active and passive sales from the UK into the EEA can be prohibited but not the other way round.

### ***Impact questions***

**Question 22:** Do you have any examples of circumstances where territorial and customer restrictions might lead to operational efficiencies? Please include examples of locations within the UK and, where possible, quantitative and/or qualitative evidence in your answer.

The launch of new brands and new products under an existing brand is an example of where such restrictions may lead to efficiencies. There are investments in marketing and also research and development which have allowed the launch of the new brand/product and in order not to discourage early development of the market for that new product/brand and to avoid free-riding, restrictions against active and passive selling in the territory should be permitted.

**Question 23:** How helpful is the exemption for restrictions of active sales in the UK to your business or those you represent? Please explain your answer.

Very helpful. See answer to question 20

## **Indirect measures restricting online sales**

### ***Policy questions***

**Question 24:** What are your views on the CMA's proposed recommendation on dual pricing and on the equivalence principle?

We welcome the proposed recommendation in both areas as it reflects the reality of development of the on-line space over the last dozen or so years and the challenges faced by bricks and mortar retail



(the decline of the high street) which have been accelerated by the COVID-19 crisis.

**Question 25:** Do you agree that additional guidance on this issue would be helpful? If so, please provide your views on what that guidance should say.

The VGL should make it clear that different criteria for online/offline are acceptable unless they amount to a de facto prohibition on online sales. Manufacturers should be left to determine the criteria for online/offline that supports distribution conditions in the way best determined by them with as much flexibility as possible. Language such as “necessary adaptations taking into account the specificities of each channel” is too restrictive and will lead to too much uncertainty.

The VGL should make it clear that dual pricing is acceptable unless it amounts to a de facto prohibition on online sales. It should also clarify that it can take the form of:

- 1) price differences upon purchase from the manufacturer/distributor.
- 2) retrospective payments on sell out.
- 3) other payments or commercial terms that may be indirectly related to turnover.

### ***Impact questions***

**Question 26:** What are your views on the current regime, which treats certain online sales as a form of passive sales? What are some examples of the benefits or costs for your business operations, or the operations of those you represent? Please include examples and where possible, quantitative and/or qualitative evidence in your answer.

A distinction between passive and active sales is relevant. However not all online sales are passive. See answer to question 21.

**Question 27:** Does the treatment of online sales bans as a hardcore restriction have an overall positive or negative impact on your business? Where possible, please provide examples of the impact on online channels and offline channels in your answer. Please include qualitative and/or quantitative evidence where possible.

Negligible impact.

The current market context does not provide any incentive for brands to limit online commerce, which is an essential vector of growth for them. Below the exemption thresholds, manufacturers do not have the required market power and have no incentive to limit online sales.

**Question 28:** Do you consider that the CMA’s proposed recommendation (to remove dual pricing and the requirement for overall equivalence in selective distribution from the list of hardcore restrictions) will benefit offline channels? If yes, please provide examples where possible.

Yes

The presumption that the lack of equivalence between online and offline requirements amounts to a hardcore restriction leads to major legal uncertainty and can de facto prevent the implementation of such criteria even when they are required to ensure proper sales’ conditions. The exemption of different criteria for online and offline distribution would guarantee legal certainty.

The exemption of criteria adapted to each channel will contribute to the efficiency of the networks. In a field as evolving and specific as that of online sales, restricting the applicable criteria for the sole reason that they have no equivalent for brick and mortar stores hinders the deployment of an efficient network and the deployment of innovative solutions.

Allowing different criteria for online and offline distribution would also reinforce intra-brand competition in terms of quality and will contribute to an optimized sales experience for consumers.

Dual prices offer proper contribution for the investments and services specific to offline sales by distributors (who also sell online). For that purpose, agreeing with buyers a fixed fee is not a valid solution because it is very difficult to implement in practice: if the fixed fee is set uniformly, it does not take into account the actual situation of each distributor and leads to unfair compensation; if the fixed fee is set individually, this leads to high implementation costs.

Contributing to the bricks and mortar costs of retailers enables them to develop the full brand experience which online alone cannot provide. Whether the consumer ends up purchasing online having had the bricks and mortar experience of the brand and product is irrelevant. What is important is helping the retailer to provide that holistic experience which is necessarily more expensive in its bricks and mortar format.

## **Parity obligations (or ‘most favoured nation’ clauses)**

### ***Policy questions***

**Question 29:** What are your views on the CMA’s proposed recommendation on parity (or ‘most favoured nation’) obligations? As part of this, you might like to consider whether indirect sales channel parity obligations can generate benefits/efficiencies beyond those that may be created by direct sales channel parity obligations – if so, please provide evidence or examples in practice of circumstances where this may be the case.

We have no experience with such provisions.

**Question 30:** Do you agree that additional guidance on this issue would be helpful? If so, please provide your views on what that guidance should say.

We cannot comment as we have no experience with such provisions.

### ***Impact questions***

**Question 31:** To what extent are indirect sales channel parity obligations relevant for your business’s operations, or the operations of those you represent? Please explain your answer.

Not at all

**Question 32:** To what extent are direct sales channel parity obligations relevant for your business’s operations, or the operations of those you represent? Please explain your answer.

Not at all

**Question 33:** Are you aware of any difficulties to your business if indirect sales channel parity obligations are treated as hardcore restrictions for the purposes of the proposed UK VABEO? Please explain your answer.

No as we have no experience of these provisions

## Non-compete obligations

### *Policy questions*

**Question 34:** The CMA invites views on the proposed recommendation<sup>3</sup> in respect of non-compete obligations. In particular:

- a) Should non-compete obligations that are tacitly renewable remain 'excluded restrictions' under the UK VABEO?

no

- b) Are there any risks in allowing such obligations to be automatically exempt under the UK VABEO?

no

- c) Should the current regime in the derogations in Article 5(2) and Article 5(3) of the retained VABER be revised (for example, to reflect market developments such as the increasing trend towards online sales)?

We have no opinion on this point.

### *Impact questions*

**Question 35:** To what extent are non-compete obligations relevant to your business or industry, or the industry that you represent? Please explain your answer.

Very much

**Question 36:** Relative to the current regime as set out in the retained VABER, what would be the likely impact on your business's operations, or the operations of those you represent, if non-compete obligations that exceed 5 years in duration were no longer treated as 'excluded' restrictions? Please include examples and where possible, quantitative and/or qualitative evidence in your answer.

Non-compete obligations are the sole vertical restraints for which exemption depends on the duration of the obligations. This does not seem justified in comparison for example with the rule which applies to exclusive supply. The main factor to assess possible anticompetitive effects of single branding obligations is the market position of the supplier. Furthermore, distribution agreements provided for an indefinite term can be freely revoked by the distributor. At least, the duration of exempted non-compete obligations should be extended to enable the parties to organize and secure their relationship for a longer period, more compatible with business needs.

**Question 37:** What are some of the benefits or efficiencies of non-compete obligations remaining exempt if the duration is less than 5 years? Please include examples and where possible, quantitative or qualitative evidence (or both) in your answer.

As explained in answer 36 we would wish the 5 year limit to be removed (or least the restriction on tacit renewal to be removed) rather than lowered and therefore we do not see any benefit in the reduction of this period.

## **Agency**

### ***Policy question***

**Question 38:** The CMA invites views on the proposed recommendation in respect of agency issues and stakeholders to make any submissions they consider would help the CMA to develop useful guidance on this topic.

The use of a service company for logistics fulfilment (sometimes required by a retailer) and also/or additionally to provide an ecommerce platform in some cases can involve transfer of title even for a very short period and/or the full risk over the goods for delivery purposes. These kinds of arrangements are becoming increasingly common. In both such cases the rules appear to prevent the supplier from imposing a price on the logistics and/or platform provider. This does not reflect the commercial reality of the situation where negotiation of the price takes place between the supplier and the end customer/retailer. Any clarification allowing prices to be set between the supplier and the end customer/retailer would be welcome.

## **Environmental sustainability**

### ***Policy question***

**Question 39:** The CMA invites views on the proposed recommendation in respect of environmental sustainability and stakeholders to make any submissions they consider would help the CMA to develop useful guidance on this topic.

We are not clear that the VABEO guidance is the right place for such guidance as we have not identified any particular need for amendments to the UK VABEO or its associated guidance to achieve this objective in a vertical relationship.

### ***Impact questions***

The CMA proposes that the Secretary of State does not make any changes to the UK VABEO in respect of environmental sustainability issues, but the CMA would instead seek to provide guidance on this topic in any CMA VABEO Guidance.

**Question 40:** What are your views, if any, on whether the retained VABER and EU Vertical Guidelines contain or frustrate initiatives which might support the UK's Net Zero and environmental sustainability goals. Please include examples to support your views where possible.

Sustainability is a major objective for our corporate Group. However to date we have not identified any particular need for amendments to the UK VABEO or its associated guidance to achieve this objective in a vertical relationship. We are not clear that they would have either a positive or a negative impact.

**Question 41:** Relative to the current regime, would any amendments relating to environmental sustainability (either in the UK VABEO or any CMA VABEO Guidance) have a positive impact on your business's operations, or the operations of those you represent? Please provide examples and evidence where possible about how any such amendments would have a positive impact.

See answer to question 40. We are not clear that they would have either a positive or a negative impact.

**Question 42:** Relative to the current position, would any amendments relating to environmental sustainability (either in the UK VABEO or any CMA VABEO Guidance) have a negative impact on your business's operations, or the operations of those you represent? Please provide examples and evidence where possible about how any such amendments would have a negative impact.

See answer to question 40. We are not clear that they would have either a positive or a negative impact.

## Duration

### *Policy question*

**Question 43:** The CMA invites views on whether the UK VABEO should have a duration of 6 years.

It certainly shouldn't be any shorter than this given the amount of time involved in the consultation cycle.

## VABEO Obligation to provide information

### *Policy question*

**Question 44:** The CMA invites views on the above proposed recommendations in respect of the other provisions in the UK VABEO.

The proposed time limit of 10 days within which a party would be required to provide the CMA with information regarding vertical agreements is far too short for large companies with complex distribution networks.