

COMPLETED ACQUISITION BY COPART, INC. OF GREEN PARTS SPECIALIST HOLDINGS LTD

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) the Competition and Markets Authority (**CMA**) has reasonable grounds for suspecting that it is or may be the case that Copart, Inc. (**Copart**) and Green Parts Specialist Holdings Ltd (**Hills Motors**) (whose subsidiaries include Green Parts Salvage & Recycling Ltd, formerly named Hill's Salvage & Recycling Ltd) have ceased to be distinct;
- (b) the CMA is considering, pursuant to section 22 of the Act, whether it is or may be the case that a relevant merger situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (**UK**);
- (c) the CMA wishes to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to Copart, CPRT LLP (**Copart UK Topco**), Copart UK Limited (**Copart UK**) and Hills Motors (together the **Addressees**) (**Order**).

Commencement, application and scope

1. This Order commences on the commencement date: 9 August 2022.

2. This Order applies to each of the Addressees.
3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige any of the Addressees to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

Management of the Copart and Hills Motors businesses until determination of proceedings

4. Except with the prior written consent of the CMA, each of the Addressees shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:
 - (a) lead to the integration of the Hills Motors business with the Copart business;
 - (b) transfer the ownership or control of the Copart business or the Hills Motors business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Hills Motors business or the Copart business to compete independently in any of the markets affected by the transaction.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, each of the Addressees shall at all times during the specified period take all necessary steps to ensure that, except with the prior written consent of the CMA:
 - (a) the Hills Motors business is carried on separately from the Copart business and the Hills Motors business's separate sales or brand identity is maintained;
 - (b) the Hills Motors business and the Copart business are maintained as a going concern and sufficient resources are made available for the development of the Hills Motors business and the Copart business, on the basis of their respective pre-merger business plans;
 - (c) except in the ordinary course of business, no significant changes are made to the organisational structure of, or the management responsibilities within, the Hills Motors business or the Copart business;

- (d) the nature, description, range and quality of goods or services (or both) supplied in the UK by each of the two businesses are maintained and preserved;
- (e) except in the ordinary course of business through the separate operation of the two businesses:
 - (i) all of the assets of the Hills Motors business and the Copart business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Hills Motors business or the Copart business are disposed of; and
 - (iii) no interest in the assets of the Hills Motors business or the Copart business is created or disposed of;
- (f) there is no integration of the information technology of the Hills Motors or Copart businesses, and the software and hardware platforms of the Hills Motors business shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Hills Motors business will be carried out by the Hills Motors business alone and for the avoidance of doubt the Copart business will not negotiate on behalf of the Hills Motors business (and vice versa) or enter into any joint agreements with the Hills Motors business (and vice versa);
- (h) all contracts of the Hills Motors business and the Copart business continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Hills Motors business or Copart business;
- (j) no key staff are transferred between the Hills Motors business and the Copart business;
- (k) all reasonable steps are taken to encourage all key staff to remain with the Hills Motors business and the Copart business; and
- (l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from the Hills Motors business (or any of its employees, directors, agents or affiliates) to the Copart business (or any

of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (including, for example, where required for compliance with external regulatory or accounting obligations or for due diligence, integration planning or the completion of any merger control proceedings relating to the transaction) and on the basis that, should the transaction be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. Each of the Addressees shall take all necessary steps to ensure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. Each of the Addressees shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by each of the Addressees and their subsidiaries with this Order. In particular, on 23 August 2022 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of each of the Addressees or other persons of each of the Addressees as agreed with the CMA shall, on behalf of each of the respective Addressees provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order.
8. At all times, each of the Addressees shall actively keep the CMA informed of any material developments relating to the Hills Motors business or the Copart business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Hills Motors business or the Copart business;
 - (b) any interruption of the Hills Motors or Copart business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
 - (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Hills Motors or Copart business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Hills Motors or Copart business's contractual arrangements or relationships with key suppliers.

9. If any of the Addressees has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that any of the Addressees may be directed to appoint under paragraph 10.
10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
11. Each of the Addressees shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'commencement date' means 9 August 2022;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'Copart' means Copart, Inc., registered at 14185 Dallas Parkway, Suite 300, Dallas, TX 75254, USA, with company number 000-23255;

'Copart UK Topco' means CPRT LLP, registered at Acrey Fields, Woburn Road, Wootton, Bedfordshire, MK43 9EJ, UK, with company number OC389498;

'Copart UK' means Copart UK Limited, registered at Acrey Fields, Woburn Road, Wootton, Bedfordshire, MK43 9EJ, with company number 00929621;

'the Copart business' means the business of Copart and its subsidiaries (including Copart UK Topco and Copart UK), but excluding the Hills Motors business, carried on as at the commencement date;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'Green Parts Salvage & Recycling Ltd' means Green Parts Salvage & Recycling Ltd (formerly named Hill's Salvage & Recycling Ltd), registered at Acrey Fields Woburn Road, Wootton, Bedfordshire, England, MK43 9EJ, with company number 03885240;

'Hills Motors' means Green Parts Specialist Holdings Ltd (formerly named ILT Project Limited), registered at Acrey Fields Woburn Road, Wootton, Bedfordshire, England, MK43 9EJ, with company number 14108238;

'the Hills Motors business' means the business of Hills Motors and its subsidiaries, including Green Parts Salvage & Recycling Ltd, carried on as at the commencement date;

'key staff' means staff in positions of (i) executive or managerial responsibility or (ii) whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods or services (or both) by the Hills Motors business or the Copart business and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of the Hills Motor business and the Copart business;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'the transaction' means the transaction by which Copart and Hills Motors have ceased to be distinct within the meaning of section 23 of the Act;

'the two businesses' means the Copart business and the Hills Motors business;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Imogen Ditchfield

Assistant Director, Mergers

Compliance statement for [Copart / Copart UK Topco / Copart UK]

I [insert name] confirm on behalf of [Copart / Copart UK Topco / Copart UK] that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the **Relevant Period**):
 - (a) [Copart / Copart UK Topco / Copart UK] has complied with the Order made by the CMA in relation to the transaction on 9 August 2022 (the **Order**).
 - (b) [Copart / Copart UK Topco / Copart UK]'s subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by [Copart / Copart UK Topco / Copart UK] that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Hills Motors business with the Copart business;
 - (ii) transfer the ownership or control of the Copart business or the Hills Motors business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Hills Motors business or the Copart business to compete independently in any of the markets affected by the transaction.
 - (b) The Hills Motors business has been carried on separately from the Copart business and the Hills Motors business's separate sales or brand identity has been maintained.
 - (c) The Hills Motors business and the Copart business have been maintained as a going concern and sufficient resources have been made available for the development of the Hills Motors business and the Copart business, on the basis of their respective pre-merger business plans.

- (d) No significant changes have been made to the organisational structure of, or the management responsibilities within, the Hills Motors business or the Copart business, except in the ordinary course of business.
- (e) The nature, description, range and quality of goods or services (or both) supplied in the UK by the Hills Motors business and the Copart business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Hills Motors business and the Copart business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Hills Motors business or the Copart business have been disposed of; and
 - (iii) no interest in the assets of the Hills Motors business or the Copart business has been created or disposed of.
- (g) There has been no integration of the information technology of the Hills Motors or Copart businesses, and the software and hardware platforms of the Hills Motors business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Hills Motors business have been carried out by the Hills Motors business alone and, for the avoidance of doubt, the Copart business has not negotiated on behalf of the Hills Motors business (and vice versa) or entered into any joint agreements with the Hills Motors business (and vice versa).
- (i) All contracts of the Hills Motors business and the Copart business have been serviced by the business to which they were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Hills Motors business or the Copart business.
- (k) No key staff have been transferred between the Hills Motors business and the Copart business.

- (l) All reasonable steps have been taken to encourage all key staff to remain with the Hills Motors business and the Copart business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses, has passed, directly or indirectly, from the Hills Motors business (or any of its employees, directors, agents or affiliates) to the Copart business (or any of its employees, directors, agents or affiliates), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
 - (i) key staff that have left or joined the Hills Motors business or the Copart business;
 - (ii) interruptions of the Hills Motors business or the Copart business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Hills Motors business or the Copart business; or
 - (iv) substantial changes in the Hills Motors or Copart business's contractual arrangements or relationships with key suppliers.

(o) *[list of material developments]*

- 3. [Copart / Copart UK Topco / Copart UK] and its subsidiaries remain in full compliance with the Order and will, or will take all necessary steps to ensure that Hills Motors, continue actively to keep the CMA informed of any material developments relating to the Hills Motors or the Copart business in accordance with paragraph 8 of the Order.

Interpretation

- 4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

- 5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false

or misleading in any material respect. Breach of this provision can result in fines, imprisonment for a term not exceeding two years, or both. (Section 117 of the Enterprise Act 2002.)

6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed. (Section 94A of the Enterprise Act 2002.)

FOR AND ON BEHALF OF [COPART / COPART UK TOPCO / COPART UK]

Signature

Name

Title

Date

Compliance statement for Hills Motors

I [insert name] confirm on behalf of Hills Motors that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the **Relevant Period**):
 - (a) Hills Motors has complied with the Order made by the CMA in relation to the transaction on 9 August 2022 (the **Order**).
 - (b) Hills Motors's subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by Hills Motors that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Hills Motors business with the Copart business;
 - (ii) transfer the ownership or control of the Copart business or the Hills Motors business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Hills Motors business or the Copart business to compete independently in any of the markets affected by the transaction.
 - (b) The Hills Motors business has been carried on separately from the Copart business and the Hills Motors business's separate sales or brand identity has been maintained.
 - (c) The Hills Motors business has been maintained as a going concern and sufficient resources have been made available for the development of the Hills Motors business, on the basis of its pre-merger business plan.
 - (d) No significant changes have been made to the organisational structure of, or the management responsibilities within, the Hills Motors business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods or services (or both) supplied in the UK by the Hills Motors business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Hills Motors business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Hills Motors business have been disposed of; and
 - (iii) no interest in the assets of the Hills Motors business has been created or disposed of.
- (g) There has been no integration of the information technology of the Hills Motors or Copart businesses, and the software and hardware platforms of the Hills Motors business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Hills Motors business have been carried out by the Hills Motors business alone and, for the avoidance of doubt, the Copart business has not negotiated on behalf of the Hills Motors business (and vice versa) or entered into any joint agreements with the Hills Motors business (and vice versa).
- (i) All contracts of the Hills Motors business have been serviced by the Hills Motors business, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Hills Motors business.
- (k) No key staff have been transferred between the Hills Motors business and the Copart business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Hills Motors business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the

two businesses, has passed, directly or indirectly, from the Hills Motors business (or any of its employees, directors, agents or affiliates) to the Copart business (or any of its employees, directors, agents or affiliates), or vice versa.

- (n) Except as listed in paragraph (o) below, there have been no:
- (i) key staff that have left or joined the Hills Motors business;
 - (ii) interruptions of the Hills Motors business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Hills Motors business; or
 - (iv) substantial changes in the Hills Motors business's contractual arrangements or relationships with key suppliers.
- (o) *[list of material developments]*

3. Hills Motors and its subsidiaries remain in full compliance with the Order and will continue actively to keep the CMA informed of any material developments relating to the Hills Motors in accordance with paragraph 8 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in **fining, imprisonment for a term not exceeding two years, or both.** (Section 117 of the Enterprise Act 2002.)
6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed. (Section 94A of the Enterprise Act 2002.)

FOR AND ON BEHALF OF HILLS MOTORS

Signature

Name

Title

Date