



Appendices and Glossary

Appendix A: Terms of reference

Appendix B: Conduct of the inquiry

Glossary

Appendix A: Terms of reference

1. In exercise of its duty under section 22(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) a relevant merger situation has been created, in that:
 - (i) enterprises carried on by Copart, Inc. have ceased to be distinct from enterprises carried on by Green Parts Specialist Holdings Ltd (formerly named ILT Project Limited); and
 - (ii) the condition specified in section 23(2)(b) of the Act is satisfied; and
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including in the supply of (i) salvage services in the United Kingdom, (ii) salvage vehicles in the United Kingdom and (iii) recycled official manufacturer parts (green parts) in the United Kingdom.
2. Therefore, in exercise of its duty under section 22(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 25 May 2023 on the following questions in accordance with section 35(1) of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Sorcha O'Carroll
Senior Director, Mergers
Competition and Markets Authority
9 December 2022

Appendix B: Conduct of the inquiry

1. On 9 December 2022 the CMA [referred](#) the completed acquisition by Copart UK Limited, a wholly owned subsidiary of Copart, Inc. (**Copart**) of the entire issued share capital of Green Parts Specialist Holdings Ltd (formerly named ILT Project Limited) (**Hills Motors**) for an in-depth phase 2 investigation.
2. We published the biographies of the members of the Inquiry Group conducting the phase 2 inquiry on the inquiry [webpage](#) on 9 December 2022 and the administrative timetable for the inquiry was published on the inquiry [webpage](#) on 22 December 2022.
3. We invited a wide range of interested parties to comment on the Merger. We gathered evidence from customers and competitors via written questionnaires and video conference calls in order to better understand the markets and obtain their views on the potential impact of the Merger on competition. This included evidence from 18 competitors in salvaging and dismantling and 19 customers of salvage services (of which the majority were insurance companies). We also received input from other industry associations and players. Evidence submitted during the CMA's phase 1 investigation was also considered in phase 2.
4. On 13 January 2023, we published our issues statement on the inquiry [webpage](#) setting out the areas of concern on which the inquiry would focus.
5. We received written evidence from the Parties in the form of submissions and responses to information requests, including a substantial volume of internal documents from the Parties. The Parties' [response to the Phase 1 Decision](#) and [response the Issues Statement](#) were published on the inquiry webpage on 23 March 2023.
6. On 16 January 2023 and 19 January 2023 members of the Inquiry Group, accompanied by CMA staff, visited Copart and Hills Motors offices respectively.
7. On 18 January 2023, we directed the Parties to appoint a Monitoring Trustee. The directions to appoint a Monitoring Trustee were published on the inquiry [webpage](#) on 20 January 2023.¹
8. During our inquiry, we sent the Parties working papers for comment. We also provided the Parties and third parties with extracts from our working papers

¹ The Initial Enforcement Order (IEO) issued in phase 1 (on 9 August 2022) remains in force and was published on the inquiry [webpage](#) on 10 August 2022.

for comments on accuracy and confidentiality. The Parties were also sent an annotated Issues Statement (the **AIS**), which outlined our thinking prior to their respective hearings. The Parties provided comments on our annotated Issues Statement and working papers on 14 March 2023 and supplementary submissions on 14, 15 and 23 March 2023.

9. We held separate hearings with the Parties on 10 March 2023.
10. On 6 April 2023, we published a Notice of extension on the inquiry [webpage](#) setting out the Inquiry Group's decision to extend the reference period of the inquiry. A revised version of the administrative timetable was also published on the inquiry [webpage](#). In taking this decision, the Inquiry Group had regard to the need to consider the issues raised and additional evidence (including survey and witness evidence) submitted by the Parties in their response to the AIS and working papers (the **Response**), the need to gather and analyse further evidence from third parties following the Response, and the time needed to prepare and consult on provisional findings whilst allowing sufficient time to prepare a fully reasoned final report in the statutory timeframe. This changed the statutory deadline to 20 July 2023.
11. A non-confidential version of our provisional findings report has been published on the inquiry [webpage](#). As we have provisionally concluded that the completed acquisition of Hills Motors by Copart has resulted in the creation of a relevant merger situation (**RMS**), and the creation of that RMS has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in the market for the supply of salvage services in the UK due to horizontal unilateral effects. A notice of possible remedies (**Remedies Notice**) has also been published on the inquiry [webpage](#). Interested parties are invited to comment on both of these documents.
12. We would like to thank all those who have assisted in our inquiry so far.

Glossary

ABI	The Association of British Insurers
ABI code	The code of practice for the categorisation of motor vehicle salvage produced by ABI and Lloyd's Market Association (as last updated in November 2019)
ABI categories	The categories of vehicle salvage (currently, Category A, B, S and N) designated under the ABI code
ABP Club	Auto Body Professionals Club
The Act	The Enterprise Act 2002
AIS	The CMA's annotated Issues Statement shared with the Parties, dated 3 March 2023
ATF	Authorised treatment facility
CMA	Competition and Markets Authority
Copart	Copart, Inc. and all entities under common ownership or control, or over which it exerts material influence, or which exert material influence over it within the meaning of section 26 of the Act, excluding Hills Motors
e2e	e2e Total Loss Vehicle Management
ESG	Environmental, social and governance
FMN	Final merger notice submitted by Copart UK Limited and Hills Salvage and Recycling Limited to the CMA on 30 September 2022
GPS platform	Hills Motors' 'The Green Parts Specialists' platform
Hills Motors	Green Parts Specialist Holdings Ltd and all entities under common ownership or control, or over which it exerts material influence, or which exert material influence over it within the meaning of section 26 of the Act.
IAA	IAA, Inc.
Inquiry Group	The Group of CMA panel members investigating the Merger

Insurance vehicles	Vehicles sourced from insurance customers
LMA	Lloyd's Market Association
Merged Entity	Statements referring to the Parties in the future
MIAFTR	Motor Insurers Anti-Fraud and Theft Register
MIB	Motor Insurance Bureau
OEM	Original equipment manufacturer
Parties	Copart and Hills Motors
Parties' response to the Issues Letter	Parties' response dated 4 November 2022 to the CMA's issues letter dated 1 November 2022
Parties' response to the Issues Statement	Parties' response dated 27 January 2023 to the CMA's issues statement dated 13 January 2023
Parties' response to the Phase 1 Decision	Parties' initial response dated 5 January 2023 to the CMA's Phase 1 decision dated 28 November 2022
Phase 1 Decision	The CMA's phase 1 decision in relation to the Merger, issued on 28 November 2022
RCBs	Relevant customer benefits
Recycled parts	Recycled OEM vehicle parts
RMS	Relevant merger situation
SLC	Substantial lessening of competition
UK	United Kingdom
VRA	Vehicle Recyclers Association
VRAC	VRA certification scheme