

## **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**)<sup>1</sup> 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). As part of this evidence gathering, we requested and reviewed contemporaneous internal documents from customers who had conducted recent benchmarking and tender processes to which the Parties had been invited. 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.

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<sup>1</sup> Copart and Hills Motors are together referred to as the **Parties**.

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.<sup>2</sup>
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 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. On 5 May 2023, we published a notice of provisional findings, a summary of our provisional findings report and a non-confidential version of our provisional findings report on the inquiry [webpage](#). As we had provisionally concluded that the completed acquisition of Hills Motors by Copart had 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**) was also published on the inquiry [webpage](#). Non-confidential versions of responses to our provisional findings have been published on the inquiry [webpage](#).

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<sup>2</sup> 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.

12. We held separate response hearings with the Parties on 5 June 2023. We sent the Parties a Remedies Working Paper (**RWP**) on 14 June 2023 for comment.
13. On 23 June 2023, we published a notice of addendum provisional findings and a non-confidential version of our addendum provisional findings report on the inquiry [webpage](#). A revised version of the administrative timetable was also published on the inquiry [webpage](#). Non-confidential versions of responses to our addendum provisional findings have been published on the inquiry [webpage](#).
14. A non-confidential version of our final report has been published on the inquiry [webpage](#).
15. We would like to thank all those who have assisted in our inquiry.

## Glossary

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| <b>ABI</b>                           | The Association of British Insurers  |
| <b>ABI code</b>                      | The <a href="#">code of practice for the categorisation of motor vehicle salvage</a> produced by ABI and Lloyd's Market Association (as last updated in November 2019)   |
| <b>ABI categories</b>                | The categories of vehicle salvage (currently, Category A, B, S and N) designated under the ABI code  |
| <b>ABP Club</b>                      | Auto Body Professionals Club   |
| <b>The Act</b>                       | The Enterprise Act 2002  |
| <b>Addendum Provisional Findings</b> | Addendum provisional findings report issued on 23 June 2023  |
| <b>AIS</b>                           | The CMA's annotated Issues Statement shared with the Parties, dated 3 March 2023   |
| <b>ATF</b>                           | Authorised treatment facility  |
| <b>CMA</b>                           | Competition and Markets Authority  |
| <b>Copart</b>                        | 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 |
| <b>e2e</b>                           | e2e Total Loss Vehicle Management  |
| <b>ESG</b>                           | Environmental, social and governance   |
| <b>FMN</b>                           | Final merger notice submitted by Copart UK Limited and Hills Salvage and Recycling Limited to the CMA on 30 September 2022   |
| <b>GPS platform</b>                  | Hills Motors' 'The Green Parts Specialists' platform   |
| <b>Hills Motors</b>                  | 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. |

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| <b>IAA</b>                                       | IAA, Inc.   |
| <b>Inquiry Group</b>                             | The Group of CMA panel members investigating the Merger   |
| <b>Insurance vehicles</b>                        | Vehicles sourced from insurance customers   |
| <b>LMA</b>                                       | Lloyd's Market Association  |
| <b>Merger</b>                                    | Completed acquisition by Copart of the entire issued share capital of Hills Motors                  |
| <b>Merged Entity</b>                             | Statements referring to the Parties in the future   |
| <b>MIAFTR</b>                                    | Motor Insurers Anti-Fraud and Theft Register  |
| <b>MIB</b>                                       | Motor Insurance Bureau  |
| <b>OEM</b>                                       | Original equipment manufacturer   |
| <b>Parties</b>                                   | Copart and Hills Motors   |
| <b>Parties' response to the Issues Letter</b>    | Parties' response dated 4 November 2022 to the CMA's issues letter dated 1 November 2022            |
| <b>Parties' response to the Issues Statement</b> | Parties' response dated 27 January 2023 to the CMA's issues statement dated 13 January 2023         |
| <b>Parties' response to the Phase 1 Decision</b> | Parties' initial response dated 5 January 2023 to the CMA's Phase 1 decision dated 28 November 2022 |
| <b>Phase 1 Decision</b>                          | The CMA's <a href="#">phase 1 decision</a> in relation to the Merger, issued on 28 November 2022    |
| <b>Provisional Findings</b>                      | Provisional findings report issued on 5 May 2023  |
| <b>Recycled parts</b>                            | Recycled OEM vehicle parts  |
| <b>RFP</b>                                       | Request for proposal  |
| <b>RMS</b>                                       | Relevant merger situation   |
| <b>RRP</b>                                       | Retail Recommended Price  |

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|-------------|--------------------------------------|
| <b>SLC</b>  | Substantial lessening of competition |
| <b>UK</b>   | United Kingdom                       |
| <b>VRA</b>  | Vehicle Recyclers Association        |
| <b>VRAC</b> | VRA certification scheme             |