EUROPEAN COMMISSION

Brussels, 02.08.2022
C(2022) 5685 final

PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

D'Ieteren Group SA
Rue du Mail 50
1050 Ixelles
Belgium

Subject: **Case M.10687 – D'IETEREN / PHE**
Commission decision pursuant to Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 13 June 2022, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which D'Ieteren Group ('DIG') will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Parts Holding Europe SAS ('PHE' or the 'Target'), through the acquisition of PHE's parent company, Dakar Holdings S.C.A., by way of purchase of shares (the 'Transaction').[3] DIG is designated hereafter as the 'Notifying Party' and together with the Target as the 'Parties'.

1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
3 Publication in the Official Journal of the European Union No C 241, 24.6.2022, p. 23.

1. THE PARTIES

(2) DIG is a family investment company active in various sectors in particular: (i) import, distribution and retail of Volkswagen ('VW') group vehicles and spare parts (VW, Audi, Seat, Skoda, Bentley, Lamborghini, Porsche and Bugatti) in Belgium (D'Ieteren Automotive); (ii) operates the Wondercar franchise (bodywork repair shops) in Belgium;[4] and (iii) vehicle glass repair and replacement services in various EU Member States, including in Belgium and France (through Belron and operating under several brands including Carglass, Safelite and Autoglass).

(3) PHE is a French company active in the independent distribution of spare parts for motor vehicles in several EU Member States (primarily in France and, to a lesser extent, in Belgium, the Netherlands, Italy and Spain). PHE distributes spare parts in the B-to-B market through networks of distributors (wholly owned subsidiaries or independent affiliates).[5] PHE entered the B-to-C market in 2018 by acquiring the online platform Oscaro. In both Belgium and France, PHE also provides services and business support to independent garages (i.e. not owned by PHE). These garages operate under one of PHE's brands[6] and enter into an agreement with PHE to receive services and support from PHE in exchange of a membership fee.[7]

(4) In France, PHE is also active in vehicle glass repair and replacement services through the brands Mondial Pare-Brise, which are either wholly owned by PHE or franchises, and Glass Auto Service. Glass Auto Service is a network to which independent garages can sign up to. In return for an annual fee, these independent garages can use the Glass Auto Service label which promotes their glass repair activities and can benefit from framework agreements negotiated by PHE/Glass Auto Service.

2. THE TRANSACTION

(5) The Transaction consists in the acquisition of sole control of PHE by DIG, by way of the acquisition of 100% of the shares in PHE's holding company (Dakar Holdings S.C.A.) from Bain Capital. The operation constitutes a concentration within the meaning of Article 3(1)(b) Merger Regulation.

3. EU DIMENSION

(6) The undertakings concerned have a combined aggregate global turnover in excess of EUR 5 billion (DIG : EUR 7.22 billion; PHE: EUR 1.76 billion). Each of them has an EU-wide turnover in excess of EUR 250 million in the last respective full financial year (DIG: […]; PHE: EUR 1.76 billion).[8] The Parties do not achieve more than two-thirds of their respective EU-wide turnover within one and the same

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4 The Wondercar garages are garages of the DIG's network which have added to the repair and maintenance of cars of the VW brands, bodywork repair activities for vehicles of all makes (Form CO, footnote 1).

5 For example Autodistribution in France, Doyen and Geevers in Benelux, Autodis Italia in Italy, or AD Parts Intergroup in Spain.

6 For example 1,2,3 Autoservice, AD, Autoprimo, Staff Auto, in France, or 1,2,3 AutoService, Requal and AD Expert in Belgium.

7 Form CO, paragraph 8.

8 Turnover calculated in accordance with Article 5 of the Merger Regulation.

Member State. The Transaction therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

4. MARKET DEFINITION

4.1. Introduction

(7) DIG provides vehicle glass repair and replacement services under several brands, including Carglass, Safelite and Autoglass, in several countries including in Belgium, France, Italy, The Netherlands and Spain. DIG also distributes original equipment manufacturer ('OEM') and original equipment supplier ('OES', sometimes referred to collectively as original equipment or 'OE' spare parts) spare parts and accessories for the Volkswagen brands in Belgium. DIG manages networks of independent dealerships and bodywork repair shops in Belgium.

(8) PHE provides vehicle glass repair and replacement services in France, through a network of workshops under the Mondial Pare-Brise brand and through Glass Auto Service. PHE also distributes spare parts for, and thereby operates in the independent automotive aftermarket ('IAM') channel in Belgium, France, Italy, the Netherlands and Spain.

(9) Therefore, the Transaction gives rise to a horizontal overlap between the activities of DIG (Carglass) and PHE (Mondial Pare-Brise, Glass Auto Service) in the market for vehicle glass repair and replacement services in France.

(10) The Transaction furthermore gives rise to the following vertical links[9]:

(a) between the wholesale supply of spare parts to the IAM by PHE (upstream) and the market for vehicle glass repair and replacement services, in which DIG (Carglass) is active (downstream), in France, Belgium, Italy, the Netherlands and Spain; and

(b) between the wholesale supply of spare parts to the IAM by PHE (upstream) and the automotive repair services provided by DIG (Wondercar garages) (downstream) in Belgium.

(11) The Notifying Party had also identified a potential vertical link between the wholesale supply of VW-branded OEM spare parts by DIG's garages (upstream) and the supply of spare parts to the IAM by PHE (downstream) in Belgium. For reasons which will be further explained in section 5.1 below, the Commission does not consider that this amounts to a vertical relationship.

4.2. Vehicle glass repair and replacement services[10]

(12) Vehicles suffer glass breakage primarily as a result of an accident, gravel, road debris, theft, vandalism or following hail or storms. The subsequent repair or replacement of the windscreen depends on the size and location of the chip or crack. If the impact is less than 2.5 centimetres and is not in the conductor's field

[9] As only the first vertical link gives rise to a vertically affected market, the others will not be addressed further in the present decision.

[10] For the purposes of this decision, the term "vehicle glass repair" shall also be taken to refer to "vehicle glass replacement".

of vision, the glass can be repaired, usually by an injection of resin. If the impact is bigger, such as a crack of more than 3 centimetres or a chip that could alter the conductor's field of vision, the glass must be replaced.

(13) Providers of vehicle glass repair services include glass specialists and a variety of other repairers such as car dealerships, and garages undertaking various kinds of repairs.

4.2.1. Product market

4.2.1.1. The Commission's decisional practice

(14) The Commission has previously identified a separate market for vehicle glass repair and replacement services, distinct from other types of vehicle repair, but without any further segmentation between repair and replacement.[11]

(15) From a customer perspective, it is not necessarily obvious whether a windscreen can be repaired or has to be replaced. The customer will most often rely on the judgment of the service provider, who regularly offers both repair and replacement services. Both repair and replacement lead to the same result for the customer, a fixed windscreen without the driver's view being impaired. The only difference consists of higher costs for replacement, as an insured motorist might have to pay an excess of EUR 50-180. At the same time, there are no obvious substitutes for the repair and replacement of damaged vehicle glass.

4.2.1.2. The Notifying Party's views

(16) The Notifying Party in principle agrees with the Commission's decisional practice to consider the market for vehicle glass repair and replacement services to constitute a separate market.[12] More specifically, the Notifying Party considers that no further distinction is necessary (i) between glass repair and glass replacement, [13] (ii) between light and heavy vehicles,[14] (iii) between different categories of suppliers[15] and (iv) between different customers groups.[16]

(17) First, providers of vehicle glass repair always offer both glass repair and glass replacement services, just as insurance companies and single customers are interested in concluding partnerships for both glass repair and replacement.[17]

(18) Second, glass repair and replacement services require the same input and repair procedure. Whereas more fitters and a larger lifting tool are needed to carry out works on heavy vehicles, most of the repairers offering these services for heavy vehicles offer them for light vehicles as well and repairers in the segment for light

11 Case COMP/M.1652 – *D'Ieteren / PGSI*, paragraph 8; M.7498 – *Compagnie de Saint-Gobain / Sika*, paragraph 177.
12 Form CO, paragraph 157.
13 Form CO, paragraphs 158-159.
14 Form CO, paragraphs 160-165.
15 Form CO, paragraphs 167-174.
16 Form CO, paragraphs 175-177.
17 Form CO, paragraphs 158-159.

vehicles could enter the segment for heavy vehicles within short time and at low costs.[18]

(19) Third, no distinction should be drawn between vehicle glass specialists on the one hand and other providers such as generalist garages, car dealerships and auto centres on the other hand.[19] The Notifying Party submits that all kinds of providers of glass repair and replacement services constitute equivalent options for the final consumer,[20] as the costs of entry on this market are low, and as French law enshrines the principle of the motorist's freedom of choice when it comes to carrying out repairs, whether these are done by specialists, by generalist garages or by dealerships (parliamentary act of 17 March 2014 pertaining to consumer rights, known as the '*Loi Hamon*',[21] which entered into force on 1st January 2015, as discussed further at paragraph (96) below).

(20) Fourth, all different types of customers – insurance companies, so-called 'LFR' customers (Lease, Fleet and Rental) and final consumers – would request the same glass repair and replacement services from the same suppliers and therefore constitute one single market.[22]

4.2.1.3. The Commission's assessment

(21) Almost all customers, and a majority of competitors,[23] indicated that vehicle glass repair should be considered as distinct from other, general types of repair.[24] The reasons given included factors such as vehicle glass repair requires different equipment and expertise compared to general vehicle repair, customer expectations and the level of service are different (for example on-site intervention is a trend in vehicle glass repair), and glass repair is more commonly dealt with separately to general repairs, because glass repair is more frequently needed. Insurers also offer a separate vehicle glass warranty and one insurer noted that the administrative side for dealing with vehicle glass claims is different to that for general repair.[25] The minority of respondents who considered that vehicle glass repair could be considered part of the overall car repair market, referred to the fact that customers did not distinguish between service providers and that general car repair garages could undertake vehicle glass repair.[26] A majority of customers and competitors also indicated that framework agreements concluded with insurers for vehicle glass repair were limited only to glass repair and did not cover other types of repair.[27]

18 Form CO, paragraphs 160-166.
19 Form CO, paragraphs 167-174.
20 Form CO, paragraphs 170-171.
21 Loi n° 2014-344 du 17 mars 2014 relative à la consommation.
22 Form CO, paragraphs 175-177.
23 For the purposes of this decision, the statistics provided include only those respondents who took a position while excluding those who responded "I do not know".
24 Replies to question 3 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 3 of Questionnaire 2 – Competitors (Glass repair, France).
25 Reply to question 3 of Questionnaire 1 – Customers (Glass repair, France).
26 Replies to question 3 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 3 of Questionnaire 2 – Competitors (Glass repair, France).
27 Replies to question 7 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 7 of Questionnaire 2 – Competitors (Glass repair, France).

(22) Indeed, when considering a separate product market for vehicle glass repair, a significant majority of both customers and competitors considered that all types of operators, including glass repair specialists, independent car dealerships and independent garages were active on this market.[28] The main reasoning provided for this view was that all of these providers were able to provide vehicle glass repair services and because of that, they all represented a valid choice for the final customer.

(23) That said, many respondents also emphasised the important role played by the glass repair specialists in this market and their different levels of service, and noted that competition in the market mainly took place between glass repair specialists. As noted by one competitor: "**The different players mentioned are indeed in competition, but only specialist players have been able to develop competitive techniques and apply them effectively (glass repair rather than replacement). Competition therefore mainly takes place between specialists*."[29] The differences between the specialist glass repair providers compared to the other repairers was also highlighted by one customer who considered that the different service levels set glass repair specialists apart from the generalists. The customer noted: "**Automotive glass specialists have a very specific business approach, and offer much more advantageous pricing conditions than other operators, due to their "mono-product" activity. In addition, the response times are much more interesting. The other players, when they work on the windshield, do so mainly because it involves larger-scale repairs, for which the windshield is only a minority part of the work to be undertaken*."[30]

(24) Car glass repair carried out at independent garages also tends to be more expensive: a majority of both customers and competitors indicated that prices of vehicle repair carried out at independent garages was 10-20% higher than in specialist vehicle glass repairers.[31] Garages also tend to provide glass repair in the context of other repairs rather than as a standalone service.[32]

(25) As regards the type of vehicle under repair, a majority of both customers and competitors considered that there were differences between vehicle glass repair for light vehicles (i.e. under 3.5 tonnes) and between heavy vehicles (i.e. over 3.5 tonnes) because of the different skills and equipment required. Respondents also indicated that there were specialist repairers who focussed on glass repair for heavy

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28 Replies to question 3 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 3 of Questionnaire 2 – Competitors (Glass repair, France).

29 Reply to question 4 of Questionnaire 2 – Competitors (Glass repair, France). *Courtesy translation. Original French version: "*Les différents acteurs mentionnés sont bien en concurrence mais seuls les acteurs spécialistes ont su développer des techniques compétitives et les appliquent efficacement (réparation de verre plutôt que remplacement). La concurrence s'exerce donc principalement entre spécialistes*."

30 Reply to question 4 of Questionnaire 1 – Customers (Glass repair, France). *Courtesy translation. Original French version: « *Les spécialistes du verre automobile ont une approche métier très spécifique, et offrent des conditions tarifaires beaucoup plus avantageuses que les autres opérateurs, du fait de leur activité « monoproduit ». De plus, les délais d'intervention sont beaucoup plus intéressants. Les autres acteurs, lorsqu'ils interviennent sur le parebrise, le font surtout car il s'agit de réparations de plus grande ampleur, pour lesquelles le parebrise n'est qu'une part minoritaire des travaux à entreprendre*. »

31 Replies to question 9 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 8 of Questionnaire 2 – Competitors (Glass repair, France).

32 Replies to question 8 of Questionnaire 1 – Customers (Glass repair, France).

vehicles. Several vehicle glass repair specialists indicated that they were either not active in this type of repair, or they accounted for a very limited amount of repair jobs.[33]

(26) In light of the above, the Commission will assess the Transaction on the basis of a product market for vehicle glass repair for light vehicles (under 3.5 tonnes), covering vehicle glass repair by both specialist glass repairers and independent garages. However, the Commission also notes that there are significant differences in pricing, expertise and service provided between the specialist repairers and independent garages and these differences will be taken into account further in the competitive assessment.

4.2.2. Geographic market

(27) The only affected market in vehicle glass repair and replacement is in France, which was the focus of the market investigation for the market of vehicle glass repair and replacement services.

4.2.2.1. The Commission's decisional practice

(28) In previous cases, the Commission, while leaving the geographic scope of the market open, considered a national market for vehicle glass repair and replacement and based its competitive assessment on this assumption.

(29) In the *D'Ieteren/PGSI* decision, the Commission, without deciding the question of the exact geographic scope, undertook its assessment at the national level, concluding that "*other characteristics, such as different suppliers in different member states and appreciable price differences from one member state to another, can be considered further indicators of a national scope for the market for these services*".[34]

(30) Likewise, in the *Saint-Gobain/SIKA* decision, the Commission considered the market to be "*no larger than national*"[35] and carried out its competitive assessment on a national level.[36] In that regard, the Commission especially referred to the presence of networks of glass repair service providers operating at national level and the influence of insurance companies on pricing.[37]

4.2.2.2. The Notifying Party's views

(31) The Notifying Party agrees with the previous decisional practice and considers that the geographic market for vehicle glass repair and replacement services is national in scope.[38]

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33 Replies to question 5 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 5 of Questionnaire 2 – Competitors (Glass repair, France).

34 Case COMP/M.1652 – *D'Ieteren / PGSI*, paragraph 9.

35 Case COMP/M.7498 – *Compagnie de Saint-Gobain / Sika*, paragraph 176.

36 Case COMP/M.7498 – *Compagnie de Saint-Gobain / Sika*, paragraphs 177.

37 Case COMP/M.7498 – *Compagnie de Saint-Gobain / Sika*, paragraph 176.

38 Form CO, paragraph 189.

4.2.2.3. The Commission's assessment

(32) Respondents to the market investigation generally considered the geographic market for vehicle glass repair and replacement services to be national in scope for the reasons set out below.

(33) Demand in this market is highly localised. Customers are unwilling to travel more than 30 or 45 minutes in order to have a windshield repaired or replaced, and insurers seek to offer their policy holders options as close to their home or place of work as possible.[39] However, this means that to be competitive, repair networks need to be dense and cover the whole country.[40]

(34) From a supply-side perspective however, it appears that the conditions of competition in this market are fairly homogeneous across metropolitan France. A majority of customers who responded consider that motorists tend to have similar alternatives wherever they are in metropolitan France, though a majority of competitors pointed to differences between rural and urban areas.[41] All respondents confirmed that the main glass repair networks are active throughout the whole of metropolitan France.[42]

(35) A large majority of respondents also confirmed that prices do not vary significantly across metropolitan France.[43] For national networks of glass specialists which enter into framework agreements with insurers and fleet-owners, prices are usually set nationally, with some variation between the Parisian region and the rest of the country to account for differences in labour costs.[44] The component of the price which reflects the cost of spare parts however does not vary.[45]

(36) The Commission therefore considers the market for vehicle glass repair and replacement services to be national in scope and to cover all of metropolitan France.

4.3. Wholesale distribution of spare parts

(37) The distribution of automotive spare parts is characterized by two distribution channels: the car manufacturers' channel and the independent channel.

(38) Car manufacturers – such as VW, Fiat, BMW, etc. – manufacture only a limited number of spare parts intended to be mounted on new vehicles. They purchase most of them from manufacturers of automotive components such as Valeo, Bosch

39 Replies to question 10 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 9 of Questionnaire 2 – Competitors (Glass repair, France).

40 Non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 12.

41 Replies to question 12 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 10 of Questionnaire 2 – Competitors (Glass repair, France).

42 Replies to questions 14 and 15 of Questionnaire 1 – Customers (Glass repair, France) and replies to questions 12 and 13 of Questionnaire 2 – Competitors (Glass repair, France).

43 Replies to question 13 of Questionnaire 1 – Customers (Glass repair, France) and replies to question 11 of Questionnaire 2 – Competitors (Glass repair, France).

44 Non-confidential minutes of a conference call with a competitor on 1 April 2022; non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 7; non-confidential minutes of a conference call with an insurer on 11 April 2022.

45 Non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 12.

or Schaeffler. These spare parts are stamped with the car manufacturer's brand logo and are called OEM spare parts.

(39) Component manufacturers also produce and sell spare parts intended to replace used parts. They sell these spare parts mostly to wholesalers of the independent aftermarket, i.e. the IAM. These spare parts are only stamped with the component manufacturer's brand logo, e.g. Bosch's or Valeo's logo. They are called OES spare parts.

(40) OEM spare parts sold to car manufacturers are distributed through the car manufacturers' network, whereas OES spare parts sold to the IAM are distributed by wholesalers of the IAM channel, such as LQK or PHE, which supply independent garages or car centres.[46]

4.3.1. Product market

4.3.1.1. The Commission's decisional practice

(41) The Commission has previously defined a relevant product market for the wholesale supply of automotive spare parts, comprising the sales of spare parts to workshops/garages and other retailers. In the Commission's practice, the wholesale supply of automotive spare parts can be further segmented according to the distribution channel, i.e. whether the spare parts are aftermarket spare parts sold by independent wholesalers (i.e. the IAM channel) or original spare parts sold by vehicle manufacturers and their respective supply chains (i.e. the OEM channel).[47]

(42) In the case of original spare parts, due to the virtually non-existent demand-side substitutability of spare parts for one specific car brand with those for another brand, the Commission has considered separate brand-specific markets for the wholesale distribution of spare parts through the OEM channel, while the same does not apply to the IAM channel. The Commission has further made a distinction between spare parts for light vehicles and those for heavy vehicles, but without any sub-segmentation by product (e.g. brake pads, exhaust pipe, etc.).[48]

4.3.1.2. The Notifying Party's views

(43) The Notifying Party agrees with the Commission's decisional practice with regard to the definition of wholesale distribution of spare parts markets as described above.[49]

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46 Some OEM spare parts are sold in the IAM channel by a variety of suppliers – importers, wholesalers, pure players - which purchase them from the car manufacturer's channels. However, such purchases do not constitute the core business of IAM wholesalers.

47 M.6063 – *ITOCHU / SPEEDY*, paragraph 16; M.6718 – *TOYOTA TSUSHO CORPORATION / CFAO*, paragraph 20; M.8766 – *LKQ / STAHLGRUBER*, paragraph 14.

48 M.6063 – *ITOCHU / SPEEDY*, paragraph 16; M.6718 – *TOYOTA TSUSHO CORPORATION / CFAO*, paragraph 20; M.7401 – *BLACKSTONE / ALLIANCE BV / ALLIANCE AUTOMOTIVE GROUP*, paragraph 18; M.8198 – *ALLIANCE AUTOMOTIVE GROUP / FPS DISTRIBUTION*, paragraph 12.

49 Form CO, paragraphs 95-100.

4.3.1.3. The Commission's assessment

(44) The Commission's market investigation addressed competitors in the IAM wholesale markets in France and Belgium,[50] as well as independent garages who purchase spare parts from the IAM in Belgium.[51] For the purposes of determining the relevant product market, the assessment below will consider the replies of respondents to all questionnaires altogether given that no specificities were raised with regard to each of the countries in relation to the functioning of the wholesale of automotive spare parts.

(45) The majority of respondents to the Commission's market investigation agreed that the wholesale supply of automotive spare parts constitutes a relevant market and that a distinction should be made between the OEM and the IAM distribution channels.[52] As one competitor explains "*[t]he difference between the wholesale of OE parts and the wholesale of spare parts to the IAM [does not] lie[…] in the technical specifications but rather in distribution channels*". While some respondents in France also point at (i) the fact that the line between the distribution of IAM and OE parts is getting smaller as both automotive manufacturers and dealer groups are investing massively in IAM distribution[53], (ii) that some OEMs are multi-brand, and (iii) the equivalence between OE spare parts sold by the OEM channel and the non-OE spare parts sold by the IAM channel, overall the respondents agreed that IAM and OEM channels for the wholesale of automotive spare parts are separate.

(46) The majority of respondents to the Commission's market investigation agreed that, within the market for the wholesale supply of automotive spare parts, a distinction should be made between the wholesale of spare parts for light vehicles and for heavy vehicles[54]. Respondents explained that the suppliers and distribution channels are different. As one competitor states: "[…] *Not only are suppliers sometimes different, also workshops need to have specialised infrastructure and equipment in order to provide services for heavy vehicles. As such, this is a market segment of its own* […]."[55]

(47) The majority of respondents to the Commission's market investigation agreed that a distinction should be made between different brands in the case of the wholesale supply of OE-spare parts[56] as the distribution channels of each car brand are separate. As one competitor explains "[…] *the distribution of OE spare parts is made through the distribution network of the OEM, meaning that for instance VW-branded spare parts are sold exclusively to official distributors of VW such as DIG and not to the IAM distributors. The main difference between the IAM spare parts and OE spare parts is that the spare part sold by the IAM will bear the logo of the*

50 Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium).
51 Questionnaire 6 – Customers (IAM wholesale, Belgium).
52 Reply to question 3 of Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium) and reply to question 3 of Questionnaire 6 – Customers (IAM wholesale, Belgium).
53 Reply to question 3.1 of Questionnaire 3 – Competitors (IAM wholesale, France).
54 Reply to question 4 of Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium) and reply to question 4 of Questionnaire 6 – Customers (IAM wholesale, Belgium).
55 Reply to question 4.1 of Questionnaire 3 – Competitors (IAM wholesale, France).
56 Reply to question 6 of Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium). and reply to question 6 of Questionnaire 6 – Customers (IAM wholesale, France).

OES (e.g. Bosch or Valeo), while the OE spare part sold by OEM distributors will bear the logo of the OEM (e.g. VW)."[57]

(48) Finally, the majority of respondents agreed that a further distinction by product type sold by the wholesalers (for example, automotive glass, glass adhesives for motor vehicles, etc.) was not pertinent.[58] As one competitor explains *"*Diversification is extremely important in the automotive sector. A repairer may have several mechanical and bodywork activities. Ideally, he should be able to find everything he needs from his local wholesaler to avoid a multitude of suppliers"*[59].

4.3.1.4. Conclusion

(49) In light of the above, for the purposes of the assessment of the Transaction the Commission will consider separate markets for the wholesale supply of automotive spare parts to the IAM channel (light vehicles) and the wholesale supply of VW-branded OE spare parts (light vehicles) by the OEM channel.[60]

4.3.2. Geographic market

4.3.2.1. The Commission's decisional practice

(50) In previous decisions, the Commission has considered the geographic scope of the market with regard to the wholesale of automotive spare parts to the IAM to be EEA-wide, national or regional.[61]

4.3.2.2. The Notifying Party's views

(51) The Notifying Party considers that the relevant geographic scope of the market for the wholesale distribution of spare parts to the IAM may be different from one Member State to another, considering notably the size of each Member State[62]. With regard to Belgium, the Notifying Party states that, given the limited surface area of this Member State, the wholesale distribution of spare parts to the IAM is not regional but national. The Notifying Party notes that the national dimension of this market has been confirmed by the Belgian Competition Authority.

(52) The Notifying Party also notes that (i) both in Belgium and France, reference prices and guidelines are set at the national level[63] and that (ii) transport costs are not a

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57 Reply to question 6.1 of Questionnaire 3 – Competitors (IAM wholesale, France).

58 Reply to question 5 of Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium) and reply to question 5 of Questionnaire 6 – Customers (IAM wholesale, Belgium).

59 Reply to question 5.1 of Questionnaire 3 – Competitors (IAM wholesale, France). *Courtesy translation. Original French version : "*La diversification est extrêmement importante dans l'automobile. Un réparateur peut également avoir plusieurs activités mécanique et carrosserie. Idéalement il devrait pouvoir trouver tout ce dont il a besoin chez son grossiste de proximité pour éviter une multitude de fournisseurs*".

60 The market for the wholesale supply of VW-OE spare parts will not be further examined as it does not give rise to horizontally or vertically affected markets.

61 M.7401 – *BLACKSTONE / ALLIANCE BV / ALLIANCE AUTOMOTIVE GROUP*, paragraph 21; M.8198 – *ALLIANCE AUTOMOTIVE GROUP / FPS DISTRIBUTION*, paragraph 13; M.8766 – *LKQ / STAHLGRUBER*, paragraph 21.

62 Form CO, paragraph 103.

63 For completeness, the Notifying Party indicates that in France, the level of discounts eventually granted by wholesalers to their clients (e.g. other wholesalers, independent garages, outlet chains)

relevant parameter for the wholesale distribution of spare parts and an important portion of sales of spare parts are cross-border sales.[64]

(53) In France, PHE is active in the wholesale distribution of spare parts to the IAM through Autodistribution[65], Cora, ACR, Doyen Auto France and PHE's central purchasing unit.[66] In Belgium, PHE is active in the wholesale distribution of spare parts to the IAM through its subsidiaries Geevers and Doyen Auto Belgium.[67]

(54) The Notifying Party notes that, in France, while there are warehouses serving the whole country, there are also regional logistics to address the delivery timing constraints of this market.[68] For instance, for J+1 deliveries, ACR has two distribution sites (located in Toulouse and Marseille), whereas same-day deliveries require a more immediate reach to local clients, which is carried out through ACR's 9 delivery platforms located across the French territory.[69] Autodistribution also relies on a regional organization for the delivery of spare parts to its clients.

(55) The Notifying Party notes that, in Belgium, Doyen Auto ships all spare parts sold in Belgium from a single logistics platform located in Seneffe (south of Brussels)[70] and Geevers also ships all spare parts sold in Belgium from a single logistics platform located in the Netherlands (Eindhoven).[71]

(56) Based on the above considerations, the Notifying Party submits that (i) the market for the wholesale distribution of spare parts to the IAM is national in scope for Belgium[72] and (ii) for France, although there are indications towards both a national and regional scope, the Notifying Party considers that the exact market definition can be left open, as irrespective of the geographic scope, the proposed Transaction will not raise competition concerns with respect to the wholesale IAM distribution market in France.[73]

4.3.2.3. The Commission's assessment

(57) The Commission's market investigation addressed competitors in the IAM wholesale markets in France and Belgium,[74] as well as independent garages who purchase spare parts from the IAM in Belgium.[75] For the purposes of determining

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may vary depending on the geographic area where the latter are located, and the competitive conditions existing in such area (Form CO, paragraph 108).

64 Geevers and Doyen Auto sell in Belgium, France and Benelux, and internet players such as Oscaro and Yakarouler deliver across multiple countries in the EEA (Form CO, paragraph 109).

65 The Autodistribution network is composed of wholly owned distributors and independent affiliated distributors which have agreed to operate under the Autodistribution brand (Form CO, paragraph 704).

66 Form CO, paragraph 704.

67 Form CO, paragraph 843.

68 There are two standard timeframes for deliveries: upon their order, clients of wholesalers expect to receive the products either (i) the same day or (ii) the next day ("J+1") (Form CO, paragraph 112).

69 Doyen relies on ACR's distribution platforms in France.

70 Doyen serves all customers across Belgium (i.e. Wallonia, Flanders and Brussels-Capital) (Form CO, paragraph 111).

71 Geevers serves customers across Belgium, Luxembourg and the Netherlands (Form CO, paragraph 111).

72 Form CO, paragraph 115.

73 Form CO, paragraph 116.

74 Questionnaires 3 and 4 – Competitors (IAM wholesale, France and Belgium).

75 Questionnaire 6 – Customers (IAM wholesale, Belgium).

the relevant geographic market, the assessment below will consider the replies of respondents to these questionnaires per country, as conditions for competition could differ in the two Member states, in particular due to their different size.

(58) *In France*, almost all competitors responded that they supply spare parts to the IAM all over the French territory, with no limit as to the driving distance.[76] This is due to the fact that their logistics allow them to cover the entire French territory while providing a proximity service to retailers. For example, one competitor explains that they supply without limit "[…]**because we supply both local players as well as players present in the whole of the French territory (eventually also to the export) some of our structures are dedicated to the local area, others to the regional and others to the national*"[77]. While competitors also agree that the main wholesalers are present across the entire French territory,[78] the results of the market investigation are not conclusive as to whether independent retailers have a similar choice of wholesalers across France[79] and most competitors consider that the conditions for competition may significantly differ in certain regions.[80] According to the responses to the market investigation, conditions for competition in terms of services and pricing would differ between more densely and less densely populated areas, competition being more intense in urban areas. For the purposes of the examination of the Transaction it is not necessary to conclude on the geographic market definition of the market for the wholesale of automotive spare parts to the IAM in France, which could be defined as being EEA, national or regional, similar to previous cases examined by the Commission.

(59) *In Belgium*, the majority of competitors responded that they supply spare parts all over the Belgian territory with no limit as to the driving distance, while most customers reported purchasing spare parts at less than one hour driving distance.[81] Indeed, while most wholesalers have a national coverage, their logistics must be set up in a way as to ensure a proximity service. As one competitor explains "[name of competitor] *has 21 branches and two independent wholesalers for the distribution of spare parts in the IAM*. [Name of competitor] *considers that a spare parts distributor needs a local implementation. Garages receive regular deliveries: they cannot carry large amounts of stock and may need access to up to 40,000 reference parts quickly. For example: a garage in the Ardennes may get deliveries twice a day, whereas a garage in Brussels, 4-5 times per day*"[82]. Most respondents also considered that there is a similar choice of alternative IAM spare part wholesalers all over the Belgian territory,[83] that the main IAM wholesalers are present

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76 Reply to question 7 of Questionnaire 3 – Competitors (IAM wholesale, France).

77 Reply to question 7.1 of Questionnaire 3 – Competitors (IAM wholesale, France). **Courtesy translation. Original French version "Pas de limites car nous fournissons à la fois des acteurs locaux et des acteurs sur tout le territoire Français (voir à la marge à l'export) certaines de nos structures sont dédiées au local , d'autres au Régional et d'autres au National.*"

78 Reply to question 9 of Questionnaire 3 – Competitors (IAM wholesale, France).

79 Reply to question 8 of Questionnaire 3 – Competitors (IAM wholesale, France).

80 Reply to question 10 of Questionnaire 3 – Competitors (IAM wholesale, France).

81 Reply to question 10 of Questionnaire 4 – Competitors (IAM wholesale, Belgium) and reply to question 7 of Questionnaire 6 – Customers (IAM wholesale, Belgium).

82 Reply to question 10.1 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

83 Reply to question 11 of Questionnaire 4 – Competitors (IAM wholesale, Belgium) and reply to question 8 of Questionnaire 6 – Customers (IAM wholesale, Belgium).

throughout Belgium,[84] and that the conditions for competition for the wholesale of spare parts to the IAM are rather similar across Belgium[85]. As one competitor explains, "[p]*er region several local competitors create similar market dynamics*"[86]. The results of the market investigation therefore indicate that the Belgian market for the wholesale supply of spare parts to the IAM is at least national in scope.

(60) *In Belgium*, the Commission has also inquired competitors in the wholesale of automotive spare parts to the IAM as to the distances at which they purchase VW-branded OE-spare parts. The results indicate that the market may be larger than national as a slight majority of respondents indicate that they purchase VW-branded OE-spare parts from suppliers located outside Belgium, either in neighbouring countries or across the EEA[87].

4.3.2.4. Conclusion

(61) In light of the above, for the purposes of the assessment of the Transaction the exact delineation of the relevant geographic markets can be left open, and the Commission will consider that the market for the wholesale supply of automotive spare parts to the IAM could be EEA-wide, national or regional in scope. However, in the specific case of Belgium, the results of the market investigation show that the market is rather national than regional both for the wholesale supply of automotive spare parts to the IAM and for the wholesale supply of VW-branded OE spare parts. Therefore the competitive assessment in Belgium will focus on national markets.[88]

5. COMPETITIVE ASSESSMENT

5.1. Affected markets

(62) The proposed Transaction gives rise to a horizontally affected market for vehicle glass repair and replacement services in France for vehicles 3.5t and under.

(63) The proposed Transaction would also give rise to a vertically affected market between the wholesale supply of spare parts to the IAM (upstream) and the market for vehicle glass repair and replacement services (downstream) in France.

(64) The Notifying Party has flagged the possible existence of a vertically affected market involving the wholesale supply of VW-branded OEM spare parts (upstream) and the supply of spare parts to the IAM in Belgium (downstream).

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84 Reply to question 12 of Questionnaire 4 – Competitors (IAM wholesale, Belgium) and reply to question 9 of Questionnaire 6 – Customers (IAM wholesale, Belgium).

85 Reply to question 13 of Questionnaire 4 – Competitors (IAM wholesale, Belgium) and reply to question 10 of Questionnaire 6 – Customers (IAM wholesale, Belgium).

86 Reply to question 13.1 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

87 Reply to question 20 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

88 The market for the wholesale supply of VW-OE spare parts will not be further examined as it does not give rise to horizontally or vertically affected markets.

This is based on limited sales of VW-branded spare parts made by garages belonging to DIG's OE network to wholesalers of IAM spare parts like PHE[89].

(65) The Commission does not consider that these transactions (which are marginal to the activities of both OE garages and IAM wholesalers) amount to a vertical link between the OEM and IAM markets for spare parts. A vertical relationship normally presupposes that the product or service of the undertaking active in the upstream market in question constitutes an important input to the product or service of the undertaking active in the downstream market.[90] As explained in section 4.3.1 above, OEM and IAM distribution channels operate separately and interactions between the two channels are limited. As one IAM wholesaler explained in response to the Commission's market investigation, IAM wholesalers may sometimes source OE spare parts from OEM garages for newer models which have not yet been made available to the IAM. This wholesaler added however that "*such purchases happen only very occasionally: re-selling OE spare parts is not the core business of wholesalers in the IAM given that: (i) distribution of OE spare parts is mainly confined to the OEM distribution network; and (ii) most spare parts replacements in independent garages take place once the car is 4-5 years or older.*"[91]

(66) Furthermore, the limited sales of spare parts made by DIG's OE garages to independent garages could be taken as indicative that DIG's OE garages are also active to a limited extent in the market for the wholesale supply of spare parts to the IAM in Belgium, giving rise to a horizontal overlap between the activities of DIG and PHE on that market. On the basis of this interpretation, the Parties' activities would not give rise to a horizontally affected market as their combined market share would be below 20%.

5.2. Legal framework

(67) Under paragraphs 2 and 3 of Article 2 of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position. In this respect, a merger may entail horizontal and/or vertical effects.

5.2.1. Horizontal framework

(68) The legal test for the assessment of horizontal effects of a merger is set out in the Merger Regulation and in the Guidelines on the assessment of horizontal mergers

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89 DIG is the official distributor of VW-OE spare parts in Belgium and supplies VW-OE spare parts only to its network of garages (garages owned by DIG or affiliated to its network). DIG garages may however make some occasional sales of VW-OE spare parts to the IAM. Indeed, DIG does not impose restrictions on these garages for the resale of VW-branded OE spare parts to third parties, as per the Block Exemption Regulation (Regulation No 461/2010 of 27 May 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices in the motor vehicle sector, OJ L 129, 28.5.2010, p. 52-57).

90 Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 (OJ C 366, 14.12.2013, p. 5–9), footnote 10, and Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (OJ C 265, 18.10.2008, p. 6), paragraph 34.

91 Reply to question 7.1 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines').[92]

(69) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. The Horizontal Merger Guidelines distinguish between two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated and coordinated effects.[93]

(70) Non-coordinated effects may significantly impede effective competition through the creation or strengthening of the dominant position of a single firm, or through the elimination of important competitive constraints on one or more firms, which consequently would allow those firms to have increased market power without resorting to coordinated behaviour. In that regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the merger.[94]

(71) The Horizontal Merger Guidelines list a number of factors influencing whether significant non-coordinated effects are likely to result from a merger, such as large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. Not all of these factors need to be present to make non-coordinated effects likely and it is not an exhaustive list.[95]

5.2.2. Vertical framework

(72) The legal test for the assessment of vertical effects of a merger is set out in the Merger Regulation and the Commission's Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings ("Non-horizontal Merger Guidelines"). According to the Non-horizontal Merger Guidelines, foreclosure effects may occur where actual or potential rivals' access to supplies or markets is hampered or eliminated as a result of the merger, thereby reducing these companies' ability and/or incentive to compete.[96]

(73) In assessing the likelihood of an anticompetitive input foreclosure scenario, the Commission examines, first, whether the merged entity would have, post-merger, the ability to substantially foreclose access to inputs, second, whether it would have the incentive to do so, and third, whether a foreclosure strategy would have a significant detrimental effect on competition downstream.[97]

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92 OJ C 31, 5.2.2004, p. 5-18.
93 Horizontal Merger Guidelines, paragraph 22.
94 Horizontal Merger Guidelines, paragraphs 23-24.
95 Horizontal Merger Guidelines, paragraphs 26-38.
96 Non-horizontal Merger Guidelines, paragraph 18.
97 Non-horizontal Merger Guidelines, paragraph 32.

(74) In assessing the likelihood of an anticompetitive customer foreclosure scenario, the Commission examines, first, whether the merged entity would have the ability to foreclose access to downstream markets by reducing its purchases from its upstream rivals, second, whether it would have the incentive to reduce its purchases upstream, and third, whether a foreclosure strategy would have a significant detrimental effect on consumers in the downstream market.[98]

5.3. Horizontal non-coordinated effects - vehicle glass repair and replacement in France (for vehicles weighing 3.5t and under)

5.3.1. Market shares

(75) The Notifying Party has provided market share estimates both in volume (by number of jobs) and in value (by sales). To arrive at these estimates, the Notifying Party first estimated the total size of the market (both in volume and in value), and then calculated its competitors' market shares based on the Notifying Party's own internal estimates.

(76) In order to determine the total market size in France by volume, the Notifying Party took the total number of cars and light commercial vehicles (up to 3.5t), to which it applied an estimated glass breakage rate. It also added the number of robberies with glass breakage, and 5% of the total number of all damages caused by hail storms (assuming that this is the proportion of such damages linked to repairing and replacing vehicle glass).[99]

(77) In order to determine the total market size in France by value, the Notifying Party identified the overall value of all glass breakage costs for cars and light commercial vehicles (up to 3.5t) covered by insurance. Estimating that 91.4% of damages are covered by insurance, the Notifying Party applied the average cost per damage to the remaining 8.6% of vehicle damages not covered by insurance. It also added an estimated glass breakage cost due to robberies (based on the number of robberies with glass breakage multiplied by Carglass's average job price) and hail storms (based on 5% of the total number of damages due to hail storms multiplied by Carglass's average job price).[100]

Table 1: Estimates of the Parties' and competitors' market shares in the market for the provision of vehicle glass repair and replacement services (light vehicles only) – France (number of jobs)

Operator	2019		2020		2021	
	Number of jobs	Market share (%)	Number of jobs	Market share (%)	Number of jobs	Market share (%)
Carglass	[…]	[30-40]%	[…]	[30-40]%	[…]	[30-40]%%
Mondial Pare-Brise	[…]	[5-10]%	[…]	[10-20]%	[…]	[10-20]%
Glass Auto Service	[…]	[0- 5]%	[…]	[0- 5]%	[…]	[0- 5]%
Combined	[…]	[40-50]%	[…]	[40-50]%	[…]	[40-50]%

98 Non-horizontal Merger Guidelines, paragraph 59.
99 Form CO, paragraph 379 and Annex 7.5.
100 Form CO, paragraph 380 and Annex 7.5.

Operator	2019		2020		2021	
	Number of jobs	**Market share (%)**	**Number of jobs**	**Market share (%)**	**Number of jobs**	**Market share (%)**
France Pare-Brise	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Rapid Pare-Brise	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Other glass specialists	[…]	[5- 10]%	[…]	[5- 10]%	[…]	[5- 10]%
Car dealerships	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Garages and auto-centers	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Total	[…]	100%	[…]	100%	[…]	**100%**

Source: Form CO, Table 7, based on Parties' best estimates

Table 2 : Estimates of the Parties' and competitors' market shares in the market for the provision of vehicle glass repair and replacement services (light vehicles only) – France (by value)

Operator	2019		2020		2021	
	Sales (€ million)	**Market share (%)**	**Sales (€ million)**	**Market share (%)**	**Sales (€ million)**	**Market share (%)**
Carglass	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Mondial Pare-Brise	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Glass Auto Service	[…]	[0- 5]%	[…]	[0- 5]%	[…]	[0- 5]%
Combined	[…]	**[30-40]%**	[…]	[30-40]%	[…]	[30-40]%
France Pare-Brise	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Rapid Pare-Brise	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Other glass specialists	[…]	[5 - 15]%	[…]	[5- 15]%	[…]	[5- 15]%
Car dealerships	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Garages and auto-centers	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Total	[…]	**100%**	[…]	**100%**	[…]	**100%**

Source: Form CO, Table 8, based on Parties' best estimates

(78) The Notifying Party explains that the difference between market shares in volume (according to which the Parties' combined share would be [40-50]%) and in value (according to which it would be [30-40]%) is due to differences in average job prices between the different suppliers on the market. Carglass considers that its average job price is slightly higher than that of the very few specialists such as

France Pare-Brise and Mondial Pare-Brise and lower than the average job price of other specialists, generalist garages and car dealerships.[101]

(79) In particular, the Notifying Party considers that generalist garages and dealerships tend to have significantly higher average job prices for the reason that they mainly replace windshields (for which the cost ranges from EUR 500 to 1000) rather than carry out repairs (for which prices range between EUR 80 and 120). The Notifying Party explains that while the repair rate for a specialist like Carglass is […], for dealers and garages it is only […].[102] Therefore, as specialists like Carglass, Mondial Pare-Brise and Glass Auto Service tend to carry out a higher proportion of repairs, their average price (and their combined market share by value) tends to be lower.

(80) The Commission considers that the market share by volume better reflects the Parties' competitive position than market shares by value. Customers in this market rarely bear the cost of repair, which is covered by insurance for over 90% of vehicles.[103] For that reason, the fact that garages and dealerships account for approximately [50-60]% of demand by value but only [30-40]% by volume is not indicative of market power on their part, enabling them to charge higher prices, but reflects that the service they provide is different to that offered by glass repair specialists. As the Notifying Party explains, garages and dealerships tend to focus on replacements over repairs, which could be explained by the fact that many lack the technical expertise required to carry out repairs, and that garages in particular will more often deal with vehicles involved in collisions. This difference between glass specialists and garages/dealerships was identified by a majority of respondents to the market investigation.[104]

(81) The Notifying Party has also provided estimates of the Parties' market shares on hypothetical local markets. According to its analysis, the proposed Transaction would lead to a significant number of catchment areas with a combined market share exceeding 40%, whether the catchment areas are defined using a 45 minute-car drive (471 catchment areas) or a 30 minute-car drive (446 catchment areas).[105] As the Commission considers the market for vehicle glass repair in France to be national however, the impact of the proposed Transaction at the local level will not be discussed further.

5.3.2. The Notifying Party's views

(82) Post-Transaction, the new entity's market share would be below 50%: by volume, it would be [40-50]%, with an increment of [10-20]%, and by value it would be [30-40]% with an increment of [5-10]%. According to the Notifying Party, such market share level could result in market power only if the market was

101 Form CO, paragraph 361.

102 Form CO, paragraph 362.

103 As explained by the Notifying Party, Form CO, paragraph 380.

104 Replies to questions 3 and 4 of Questionnaire 1 – Customers (Glass repair, France); replies to questions 3 and 4 of Questionnaire 2 – Competitors (Glass repair, France).

105 Form CO, paragraph 375 and Annex 7.3. These local areas were defined on the basis of catchment areas of 30 and 45 minutes' driving distance around the Parties' sites. The Parties also weighted specialist glass repair locations (like those of Carglass and Mondial Pare-Brise) differently to garages and dealerships.

characterized by a limited number of competitors, high barriers to entry and captive customers unable to switch suppliers.

(83) The Notifying Party submits that the new entity will continue to face several significant competitors post-Transaction, including other glass specialists, garages and dealerships.[106]

(84) In addition to France Pare-Brise, which the Notifying Party identifies as Carglass's strongest competitor, the new entity will also face competition from other sizeable networks such as A+Glass, Rapid Pare-Brise, SOS Pare-Brise+, as well as from a variety of smaller specialist networks which have been able to establish themselves on the market thanks to the *Loi Hamon* and its guarantee of consumer choice.

(85) The new entity will also continue to face competition from car dealerships, which collectively account for around [10-20]% of glass repair and replacement services and comprise approximately 6 000 workshops in France. The Notifying Party argues that dealerships are often the preferred option for motorists whose vehicles are still covered by the 5-year warranty, and who are concerned that this could be voided if they visit a repairer other than the dealership or a dealer-approved garage.

(86) The Notifying Party also highlights the role played by generalist garages, which are capable of carrying out glass repair alongside other types of repairs. Garages account for approximately [10-20]% of glass repair and replacement services in France.

(87) Despite not advertising themselves as glass repair specialists, garages and dealerships can attract customers by offering general repair and maintenance services. For instance, a car brought to a garage following a collision can have its windshield replaced by that garage along with the other repair works done to the car. Offering a complete set of repair services provides a competitive advantage to garages and dealerships, which do not need to be competitive on price as in any event, the cost will in most cases be paid by the insurer.

(88) Insurance companies have also created their own networks of garages for collision repair, which can also carry out glass repair. These networks include Prefikar (set up by AXA) and Capsauto (a subsidiary of Groupama). Insurers also enter into collective negotiation agreements to improve their bargaining position with repairers.

(89) In addition to actual competitors, the Notifying Party submits that they will be subject to competitive constraints exerted by potential competitors currently active in neighbouring product markets (such as garage networks and glass manufacturers) and geographic markets.[107]

5.3.3. The Commission's assessment

(90) In order to assess the possible horizontal non-coordinated effects of the proposed Transaction in the French market for vehicle glass repair for vehicles weighing 3.5t and under, the Commission has taken into account (i) the characteristics of the

106 Form CO, paragraphs 389-420.

107 Form CO, paragraph 421.

vehicle glass repair market in France, (ii) the Parties and competitors' position in the relevant market, (iii) the closeness of competition between the Parties, (iv) the limited possibilities for customers to switch suppliers, and (v) the presence of barriers to entry or expansion.

5.3.3.1. Characteristics of the vehicle glass repair market in France

(91) Vehicles suffer glass breakage primarily as a result of accidents, gravel, road debris, theft, vandalism or following hail storms. While side-glass and rear glass, made with tempered glass, are prone to shattering, the windscreen very rarely shatters due to the use of laminated glass (i.e. two sheets of glass held together by a middle layer of polyvinyl). This means that damage to the windscreen can often be remedied through repairs rather than replacement.[108]

(92) The decision whether to repair or replace a damaged windscreen depends on the size and location of the chip or crack: if the impact is less than 2.5 centimetres and does not affect the conductor's field of vision, the glass can be repaired. In such cases, the repair method generally used is windscreen resin: resin is injected into the chip or crack and the area is then heated, causing the resin to harden. This process takes approximately one hour and costs between EUR 90 and 150.[109]

(93) If the impact is larger, i.e. is a crack of more than 3 centimetres in width or a chip that affects the conductor's field of vision, the glass must be replaced. In such cases, glass replacement mainly involves the use of automotive glass adhesives and ancillary surface treatment products, primarily to bond windscreens. The replacement takes between two and three hours and costs between EUR 500 and 2,500 (depending on the model and type of windscreen).

(94) In France, all vehicle owners are required by law to have insurance for their vehicle, though glass breakage insurance is optional. In practice, 91.4% of vehicles (weighing 3.5t and under) have glass breakage insurance and only 8.6% are uninsured.[110] LFR customers account for a significant proportion of those 8.6%.

(95) When vehicle glass has to be repaired, the insurance will generally cover the full costs. In case of replacement, the insured motorist has to pay an excess which is between EUR 50 and 180 in 40 to 50% of cases, with the rest of the costs being paid by the insurer. Glass breakages are not taken into account in the calculation of the penalty ("malus") which the insured motorist will have to pay annually on the insurance policy, as opposed to other types of vehicle damage. This means that collectively, insurance companies account for approximately 80 to 90% of the demand for vehicle glass repair and replacement services and bear almost the entire cost of repair and replacement for insured motorists. The remaining 10 to 20% are accounted for by LFR customers.[111]

(96) Pursuant to the '*Loi Hamon*',[112] insured motorists have the right to have damages repaired by the repairer of their choice. While insurers cannot impose a specific

108 Form CO, paragraph 144.
109 Form CO, paragraph 145.
110 Form CO, paragraph 146.
111 Form CO, paragraphs 147-148.
112 Loi n° 2014-344 du 17 mars 2014 relative à la consommation.

repairer on their policy-holders, they do play an active role in seeking to steer consumers towards a small number of networks of repairers with which they have partnership agreements.[113]

(97) Vehicle glass repair and replacement services are offered by a variety of different operators, including national networks of glass specialists (such as Carglass, Mondial Pare-Brise, and Glass Auto Service), but also car dealerships and generalist garages with the capability to repair vehicle glass.

(98) Many glass specialist networks in particular seek to enter into nationwide framework agreements with insurance companies and LFR customers. Such agreements define the terms on which repairers carry out work, the way in which they bill for the work, and the prices to be charged (both for parts and for labour), allowing insurers to control costs and to offer their policy-holders pre-approved repairers across the country.[114]

(99) Repairers derive a benefit from these agreements when insurers direct their policy holders to affiliated sites. Generally, over 90% of the jobs handled by glass specialist networks with framework agreements is covered by such agreements,[115] and all customers who responded to the market investigation said that they enter into such agreements with glass repairers.[116]

(100) As described immediately below, in France however, only around 6 repair networks seek such partnerships with insurers and other large customers. Other networks of glass specialists do not seek to enter into such framework agreements, and dealerships and generalist garages are often not in a position to offer the technical competencies or the wide geographic networks that insurers look for in partners. Such repairers can nonetheless seek to attract consumers directly, as the Loi Hamon guarantees the rights of motorists to choose their repairers.

(101) Based on the above, the Commission has identified four types of operators on this market, all of which compete for customers in a distinct manner:

(a) Glass specialist networks which enter into partnership agreements with insurers and LFR customers (Carglass, Mondial Pare-Brise, France Pare-Brise, Glass Auto Service, A+ Glass, and Glasseo). These networks compete for contracts with insurers and LFR customers who can direct business to their workshops. They can offer insurers the benefit of a national network of locations.

(b) Glass specialist networks which do not seek framework agreements with insurers and LFR customers (like Rapid Pare-Brise and 123 Pare-Brise).[117] These networks seek to attract customers directly by promising to reimburse their insurance excess or by offering prizes (consumer electronics for instance, such as televisions or games consoles).[118] These networks

113 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 13.
114 Non-confidential minutes of a conference call with an insurer on 22 April 2022.
115 Form CO, paragraph 474 and Table 10.
116 Replies to question 6 of Questionnaire 1 – Customers (Glass repair, France).
117 Non-confidential minutes of a conference call with a competitor on 4 April 2022, paragraph 4.
118 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 17; non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 16; non-confidential minutes of a conference call with a competitor on 4 April 2022, paragraph 4.

compensate for the cost of such gifts by invoicing higher amounts to insurers, who are required to respect the customer's choice of repairer. Because of such practices, insurers have limited incentives to collaborate with these networks, who in turn do not seek to enter into framework agreements. Such networks are less likely to have a national presence.

(c) Dealerships, who primarily repair vehicles which are still under warranty, and can carry out glass repair and replacements alongside other types of repairs.[119] Some dealership networks (such as Renault) enter into framework agreements with insurers, covering both glass and other types of repairs.[120]

(d) Generalist garages, many of which are independent. These are not specialised in glass repair and are not typically called on to provide this as a stand-alone service.[121] Most do not have framework agreements with insurers, though some national networks of garages (like Speedy) do have agreements for general repairs and can also offer glass repair.[122]

(102) While the Commission has concluded in section 4.2.1 above that all such operators belong to the same market for glass repair and replacement services, different groups of operators have very different business models and rarely compete head-to-head for customer demand. Significant competition for the business of insurers and LFR customers does however seem to take place between different glass specialist networks who enter into framework agreements. This will be further discussed in section 5.3.3.3 below (closeness of competition).

5.3.3.2. Merging firms would have large market shares

(103) For the reasons explained above, the Commission relies on the market shares provided by volume, according to which the Parties would have a combined share on the French market of [40-50]%, with an increment of [10-20]%.

(104) According to well-established case law, very large market shares – 50% or more – may in themselves be evidence of the existence of a dominant market position. A merger involving a firm whose market share will remain below 50% after the merger may also raise competition concerns in view of other factors such as the strength and number of competitors, the presence of capacity constraints or the extent to which the products of the merging parties are close substitutes. The Commission has thus in several cases considered mergers resulting in firms holding market shares between 40% and 50%, and in some cases below 40 %, to lead to the creation or the strengthening of a dominant position.[123]

(105) The market investigation has shown that Carglass already exerts some degree of market power, in spite of its moderate market share below 40%, and that there is a significant risk that the merged entity would become dominant in this market.

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119 Non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 18.

120 Form CO, paragraph 405.

121 Replies to question 8 of Questionnaire 1 – Customers (Glass repair, France).

122 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 7.

123 Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5.2.2004, p. 5-18, paragraph 17.

(106) Carglass enjoys some degree of market power due to its strong brand image, thanks to which it is able to price independently from its competitors and charge higher prices to insurers. Insurers and large-fleet owners are near unanimous on this point, indicating that Carglass prices are […] higher than those of its closest competitors.[124] When negotiating framework agreements, insurers generally negotiate on the basis of the cost of spare parts published by original equipment manufacturers. Carglass however refuses to negotiate framework agreements on this basis, and applies its own list prices.[125] This point was also confirmed by a majority of competitors.[126]

(107) As the only national player to invest heavily in advertising, Carglass can use its brand image to attract customers even when insurers do not recommend this network to their policy holders.[127] One insurer explains that […] of their policy-holders will go directly to Carglass without contacting the insurer, due to Carglass's brand name, and despite that insurer seeking to direct customers to alternative repairers with lower prices.[128] Given their limited ability to steer customers away from Carglass, many insurers consider that they have no alternative to entering into framework contracts with Carglass if they wish to exert some measure of control on prices and on the invoicing and reimbursement process.

(108) For this reason, many insurers consider Carglass to be an unavoidable trading partner.[129] While some insurers and LFR customers have terminated their agreements with Carglass in the past,[130] only one respondent to the market investigation (an LFR customer) believed that they could choose to terminate their agreement with Carglass in the future without a significant impact on their business.[131]

(109) Carglass is the largest operator on this market. Mondial Pare-Brise is the second largest (tied with France Pare-Brise) in terms of market shares by volume. While Glass Auto Service is smaller, it is one of the few national networks of glass specialists who can enter into framework agreements with insurers. As Carglass already exercises some degree of market power, its merger with Mondial Pare-Brise and Glass Auto Service, giving the new entity a market share of [40-50]%, would only strengthen its market power.

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124 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 20; non-confidential minutes of a conference call with an insurer on 11 April 2022; non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 8; replies to question 28 of Questionnaire 1 – Customers (Glass repair, France).

125 Non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 10; non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 10.

126 Replies to question 15 of Questionnaire 2 – Competitors (Glass repair, France).

127 Non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 10.

128 Non-confidential minutes of a conference call with a customer on 21 April 2022, paragraph 11.

129 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 22; non-confidential minutes of a conference call with a customer on 21 April 2022, paragraph 12. Replies to question 25 of Questionnaire 1 – Customers (Glass repair, France).

130 Replies to question 24 of Questionnaire 1 – Customers (Glass repair, France).

131 Replies to question 25 of Questionnaire 1 – Customers (Glass repair, France).

5.3.3.3. Closeness of competition

(110) Although Carglass is the largest player on the market by a significant margin and is already able to price above its competitors, it faces competition from other repairers. Its closest competitors are other national networks of glass specialists who enter into framework agreements with insurers and large customers. These are France Pare-Brise, Mondial Pare-Brise and Glass Auto Service, A+ Glass, and Glasseo. Other types of repairers, such as specialist networks who do not enter into framework agreements with insurers, dealerships and garages, are not close competitors and exert only a very weak competitive constraint. That such affiliated networks are closer competitors to each other than non-affiliated networks is also evidenced in the Parties' own internal documents.[132]

(111) From the perspective of insurers, who cover around 90% of all vehicle glass repairs in France,[133] and of LFR customers, only around six networks which enter into framework agreements are viable partners. Insurers and LFR customers have three main criteria when selecting repairers as partners: *"territorial coverage (a partner should be able to cover all of metropolitan France), quality of service (the competence of the partner's network) and finally price*."[134] Only the few specialist networks already mentioned can satisfy such criteria. Insurers and LFR customers who sign framework agreements with specialist networks estimate that 50-70% of their policy-holders (if they are insurers) and vehicle users (for LFR customers) will have repairs carried out with a partner network.[135]

(112) Other specialist networks which do not seek framework agreements, such as Rapid Pare-Brise and 123 Pare-Brise are much more distant competitors because of their different business models. As explained in section 5.3.3.1 above, these networks have adopted a different business model. They do not compete on price or quality to enter into partnership with insurers and do not wish to do so: "*Independent specialist repairers do not take part in* [insurer's] *calls for tenders because they do not want to enter into framework contracts with insurers*."[136] Rather, they compete directly for the demand of motorists by offering attractive financial conditions, such as the reimbursement of the insurance excess or prizes. Such networks are also unable to offer a national network, which insurers require.[137]

(113) Generalist garages and dealerships are not competitive with specialist networks from the point of view of insurers and large customers. First, few of them have made the necessary investments to keep up to date with technological change. For instance, following a windshield replacement, a car's Advanced Driving Assistance System ('ADAS') will need to be recalibrated. With such calibration tools costing between EUR 18,000 and 35,000, small repairers are not in a position to make the necessary investments.[138] The Notifying Parties' internal documents also show that

132 Notifying Party's response to RFI 2, Annex A.3, slides 8 and 15 and Annex A.1.3, slide 4.
133 Form CO, paragraphs 147-148.
134 Non-confidential minutes of a conference call with an LFR customer on 12 April 2022, paragraph 10.
135 Replies to question 17 of Questionnaire 1 – Customers (Glass repair, France).
136 Non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 15.
137 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 25.
138 Non-confidential minutes of a conference call with a competitor on 1 April 2022, paragraph 16; non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 16; non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 19.

around half of garages are unable to carry out ADAS calibration and have to outsource this type of work to specialists.[139] Second, non-specialists garages take significantly longer to carry out repairs than specialist garages: the Parties estimate that the average time at Carglass is […], that it is […] for Mondial Pare-Brise and Glass Auto Service, but that it is […] for non-specialists.[140] Garages organise their work on a weekly basis and cannot therefore provide the same quick response time as the specialist automotive glass networks. Such garages will therefore mainly carry out glass repairs and replacements in combination with other types of repairs.[141] Third, garages in particular tend to be […] more expensive than glass repair specialists, as they tend to pay higher prices for spare parts.[142]

(114) One competing glass specialist network explains that "[i]*t is not easy for a non-affiliated non-specialist to enter the glass repair market*":[143]

"*First, most of the market is controlled by affiliated specialist repairers, who receive important volumes of clients redirected by insurers. Second, the market requires specific technical, commercial and administrative know-how if one wishes to achieve a critical volume in the market. In particular at technical level, the modernization of cars (which now incorporate cameras, radars, panoramic roofs, etc.) is making the repair of glass a more complex intervention for which non-specialist players are not well suited. Third, without a national network and a brand name it is difficult to acquire the necessary visibility to compete in this market against networks with well-known brands who have placed themselves in the market as specialist players, affiliated or not. For this reason, non-affiliated non-specialist garages often intervene in the case of damaged cars which require not only glass repair but also other types of repair. Some of these non-specialists sub-contract the repair of the glass to specialist glass repairers such as* [the competitor]."

(115) Therefore, only competitors which operate specialist networks and enter into partnership agreements with insurers and large customers can be described as close competitors of Carglass, including Mondial Pare-Brise and Glass Auto Service.

(116) The market investigation confirms that the Parties are close competitors. Among customers (including insurers), 11 respondents out of 21 identified Mondial Pare-Brise as Carglass's closest competitor, while a further nine identified Mondial Pare-Brise as the second-closest competitor behind France Pare-Brise.[144] The other players identified as close competitors of Carglass were mainly other national specialist networks, rather than dealerships or generalist garages. Glass Auto Service was listed among Carglass's five closest competitors by five respondents and Carglass was most often listed as Glass Auto Service's closest competitor. These results are replicated in the responses of competitors.[145]

139 Form CO, Annex A.1.1.
140 Form CO, paragraphs 540-543.
141 Non-confidential minutes of a conference call with a competitor on 11 April 2022, paragraph 20.
142 Replies to question 8 of Questionnaire 2 – Competitors (Glass repair, France).
143 Non-confidential minutes of a conference call with a competitor on 4 April 2022, paragraph 9.
144 Replies to question 19 of Questionnaire 1 – Customers (Glass repair, France).
145 Replies to question 14 of Questionnaire 2 – Competitors (Glass repair, France).

(117) In view of the above, the Parties appear to be particularly close competitors, and possibly the closest to each other, though France Pare-Brise is also a close competitor to Carglass. Glass Auto Service, as one of the small number of specialist national networks to enter into framework agreements with insurers and large customers, is also a close competitor of Carglass. Therefore, the proposed Transaction would likely eliminate Mondial Pare-Brise as Carglass's main competitive constraint and Glass Auto Service as another significant competitive constraint.

5.3.3.4. Customers have limited possibilities of switching suppliers

(118) Only a small minority of customers which responded to the Commission's market investigation believed that they would be able to redirect a significant portion of their demand away from the merged entity to other specialist networks, dealerships and garages.[146]

(119) Overall, almost all customers and insurers which responded to the market investigation believed that the proposed Transaction would have a negative impact on competition in the vehicle glass repair market.[147] As two insurers and one LFR customer have remarked:

"**it would lead to a strong increase in concentration in this market, given that the new entity would have over [800-1200] workshops in France. Its main competitor (France Pare-Brise) would have only a limited size, and could not necessarily position itself as a challenger."*[148]

*"*With a conglomerate (Carglass/Mondial/Glass Auto Service) accounting for [40-50]% of the market […] we should expect significant price inflation."*[149]

"Following the transaction, [the customer] *will not have sufficient options. Besides Carglass, its only partner will be France Pare-Brise, and* [the customer] *won't have the option of developing relationships with other networks. At present, no other network meets* [the customer's] *criteria in terms of geographic coverage or quality of service*."[150]

(120) A significant majority of customers believe that prices would increase post-Transaction.[151] A majority of competitors who responded to the market investigation share this view,[152] and a significant majority of competitors

146 Replies to question 30 of Questionnaire 1 – Customers – (Glass repair, France).

147 Replies to question 33 of Questionnaire 1 – Customers (Glass repair, France).

148 Reply to question 33 of Questionnaire 1 – Customers (Glass repair, France). *Courtesy translation. Original French version: "*Le regroupement de Carglass, Mondial Pare-Brise et Glass Auto Service entrainerait une forte augmentation de la concentration dans ce marché, étant précisé que l'entité résultante détiendrait plus de [800-1200] centres de pose. Le principal concurrent du nouveau groupement (France Pare-brise) n'aurait qu'une taille assez limitée, et n'aurait pas forcément un réel statut de challenger."*

149 Reply to question 33 of Questionnaire 1 – Customers (Glass repair, France). *Courtesy translation. Original French version: "*Avec un conglomérat (Carglass / Mondial/ Glass auto service) qui représenterait [40-50]% du marché, […] d'évidence il faudra s'attendre à une inflation très importante*."

150 Non-confidential minutes of a conference call with an LFR customer on 12 April 2022, paragraph 18.

151 Replies to question 34 of Questionnaire 1 – Customers (Glass repair, France).

152 Replies to questions 29 and 30 of Questionnaire 2 – Competitors – (Glass repair, France).

considered that the Parties could increase their prices without a notable impact on their market share. Only two respondents (out of 14) considered that they could benefit from any such price increase and increase their own market share as a result.[153]

(121) Insurers and LFR customers do not believe that they will be able to direct more of their demand to other specialist networks or to non-specialist repairers. Only a very small majority of customers who responded to the market investigation believe that signing agreements with the Parties' competitors would be a way to counter such price increases:[154]

"**Other networks such as 123 Pare-Brise, Rapid Pare-Brise, France Glass, Glass Express, OuiGlass set very high prices and do not want to become partners. These networks are often unstable, though Rapid Pare-Brise is an exception, and they are not representative at the national level*."[155]

"**If Carglass and Mondial Pare-Brise were to merge and increase prices,* [insurer] *would be open to turning to the new specialists who entered the market following the* Loi Hamon *and to include them in new networks of approved repairers. However, these networks have a pricing policy which is not targeted at partnership with insurers, often based on discounts and gifts to customers, sometimes financed by overbilling of insurers. It seems unlikely that* [insurer] *could convince such networks to conform to the exigencies of framework agreements*."[156]

"**Post-Transaction,* [insurer] *could enter into framework agreements with garage networks such as Midas. Nonetheless, these networks do not focus their activities on glass. The offer is limited and it would be difficult for* [insurer] *to widen its pool of partners networks in such a way as to compete with the merged entity*."[157]

(122) For reasons explained at paragraph (101) above, the specialist networks which have established themselves on the market without entering into framework agreements, do not exert a significant competitive constraint on Carglass. Such networks have been able to establish themselves on the market thanks to the *Loi Hamon*, which

153 Replies to question 31 of Questionnaire 2 – Competitors – (Glass repair, France).

154 Replies to question 35 of Questionnaire 1 – Customers – (Glass repair, France).

155 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 25. *Courtesy translation. Original French version: "*Les autres groupes tels que 123 Pare-Brise, Rapid Pare-Brise, France Glass, Glass Express, OuiGlass pratiquent des prix élevés et ne veulent pas être agréés. Ce sont souvent des réseaux peu stables, même si Rapid Pare-Brise reste une exception, mais ils ne sont pas représentatifs au niveau national*."

156 Non-confidential minutes of a conference call with an insurer on 11 April 2022, page 3. *Courtesy translation. Original French version: "*Dans l'hypothèse où Carglass et Mondial Pare-Brise devraient se rapprocher et augmenter les prix,* [l'assureur] *serait ouvert à se tourner vers les nouveaux spécialistes apparus depuis la Loi Hamon et les inclure dans de nouveaux maillages de réparateurs agréés chez* [l'assureur]. *Cependant, ces réseaux pratiquent une politique tarifaire davantage tournée vers le non-agrément, basée plus sur les remises et cadeaux à l'intention des clients, parfois financés par une surfacturation vers les assureurs. Il semble peu probable que* [l'assureur] *pourrait convaincre de tels réseaux à se plier aux exigences imposées par les contrats cadres*."

157 Non-confidential minutes of a conference call with an insurer on 22 April 2022, paragraph 24. *Courtesy translation. Original French version: "*En cas de concentration,* [l'assureur] *pourrait conclure des contrats-cadres avec des centres multimarques tel que Midas. Néanmoins, ces centres ne concentrent pas leur activité sur le vitrage. L'offre reste limitée, il serait donc difficile pour* [l'assureur] *d'élargir son réseau de partenaires agréés de manière à pouvoir concurrencer l'entité résultant de la concentration*."

enshrined the principle of consumer choice, but they have done so without any significant impact on Carglass's market share. The Notifying Party points to 12 specialist networks which have entered the market following the passage of the *Loi Hamon* in 2015.[158] These newer networks have developed a distinct business model, relying on gifts to consumer and on invoicing higher costs to insurers. They have progressed from a combined market share of [0-5]% in 2016 to [10-20]% in 2021 (by volume).[159] Over the same period, Carglass's market share fell by [0-5]% while that of Mondial Pare-Brise increased by [0-5]%. The Commission notes that the growth of these new networks appears to have come largely at the expense of garages and dealerships, whose combined market share fell by 5-10% over this period whereas the shares of all the main specialist networks have remained steady since 2015.

(123) Furthermore, insurers have not previously been able to reach agreements with such networks to limit prices in the past, and there is no indication that they would succeed in future.[160]

(124) Moreover, the results of the market investigation did not support the Notifying Party's argument that the merged entity would continue to be constrained by customers' strong buyer power and by customers' own repair networks.

(125) While a minority of insurers and customers who responded to the market investigation said that they operate their own network of auto repairers, none said that these networks handled large volumes of glass repairs. They also indicated that such repair networks tended to focus on general repairs, and were not comparable to specialist glass networks.[161]

(126) While some insurers have reported entering into collective bargaining associations (for instance Reparmut) and that this enabled them to negotiate lower prices with repairers, they also reported that Carglass was an exception with whom they were unable to negotiate lower prices.[162]

(127) The merged entity would therefore be in a position to raise prices significantly post-Transaction, and customers would not be in a position to defeat such price increases by redirecting a significant portion of their demand to other repairers or to their own repair networks.

5.3.3.5. Barriers to entry and expansion

(128) The Notifying Party submits that no significant barriers to entry exist on this market and that the new entity will be subject to the competitive constraint exerted by potential competitors, currently active in neighbouring markets but which could easily enter the glass repair and replacement market.[163] These include auto centres (such as Midas or Euromaster), glass manufacturers (Saint-Gobain already entered the market in 2016 by acquiring the specialist network France Pare-Brise), and

158 Form CO, paragraph 587 and Table 22.
159 Form CO, paragraph 590 and Table 23.
160 Non-confidential minutes of a conference call with a competitor on 4 April 2022, paragraph 12.
161 Replies to question 31 of Questionnaire 1 – Customers (Glass repair, France).
162 Non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 8; replies to question 32 of Questionnaire 1 – Customers (Glass repair, France).
163 Form CO, paragraphs 421-426.

glass repair specialists active in other European countries (such as Cary Group or Automotive Glass Europe).

(129) While a majority of competitors who responded to the market investigation indicated that they intended to expand their activities in the next three years,[164] the Commission notes that in the past, such expansion has had almost no impact on the Parties' market share.[165] As noted at paragraph (122) above the growth of several new networks which entered the market after the passage of the *Loi Hamon* appears to have come largely at the expense of garages and dealerships, without having had any significant impact on the Parties' market shares.

(130) Moreover, there is no indication that new entry has caused prices to fall in recent years. Rather, insurers consider that new entrants have been responsible for cost increases as they pass on the cost of discounts and gifts to insurers,[166] and that Carglass's prices have increased over this period.[167] One such new entrant also confirmed that prices had not fallen following the passage of the *Loi Hamon* though this was said to be "*due to an increase in the price of raw materials and the increasing complexity of the repair from a technical point of view*."[168] Additionally, no respondent was aware of the existence of other players who intended to enter the French market in the near future.[169]

(131) Responses to the market investigation indicated that it would be costly for a new entrant to seek to rival the merged entity by setting up a competing national network. The respondents to the market investigation who had themselves established networks of repairers, estimated that it would take a new entrant 5 to 10 years to establish a national network.[170] This was partly due to the market being saturated at present. One competitor explained that:

"**It is difficult for a new entrant to establish themselves on the market. To create a national network, it is necessary to federate individual repairers on a voluntary basis. This is what* [competitor] *has done over a period of 30 years. There are currently many smaller networks with 30 centres or less, who seek to grow by attracting other repairers to their network. The repairers who already belong to a network generally have franchising contracts lasting 3 to 5 years, with exit clauses.*"[171]

(132) For these reasons, the Commission considers that new entry would not be likely, timely and sufficient to deter or defeat anti-competitive effects brought about by

164 Replies to question 19 of Questionnaire 2 – Competitors (Glass repair, France).

165 Form CO, paragraph 590 and Table 23.

166 Replies to question 29 of Questionnaire 1 – Customers (Glass repair, France); see also replies to question 22 of Questionnaire 2 – Competitors (Glass repair, France).

167 Non-confidential minutes of a conference call with an insurer on 21 April 2022, paragraph 12.

168 Non-confidential minutes of a conference call with a competitor on 4 April 2022, paragraph 10.

169 Replies to question 20 of Questionnaire 2 – Competitors (Glass repair, France).

170 Replies to question 21 of Questionnaire 2 – Competitors (Glass repair, France).

171 Non-confidential minutes of a conference call with a competitor on 1 April 2022, paragraph 14. *Courtesy translation. Original French version: "*Il est difficile pour un nouvel entrant de s'implanter sur le marché. Afin de créer un réseau national, il est nécessaire de fédérer des réparateurs individuels qui seraient volontaires. C'est ce qu'à fait A+ Glass sur une période de 30 ans. Il existe actuellement de nombreux petits réseaux disposant de 30 centres ou moins et qui cherchent à s'élargir en attirant d'autres réparateurs sous leur enseigne. Les réparateurs déjà sous enseigne ont généralement des contrats de franchisés durant entre 3 et 5 ans, avec des clauses de sortie*."

the proposed Transaction. Competitors would also be unlikely to increase supply if prices were to increase.

5.3.4. Conclusion on horizontal non-coordinated effects – French market for vehicle glass repair

(133) In view of the above, the Commission considers that the proposed Transaction raises serious doubts as to its compatibility with the internal market and the functioning of the EEA agreement with regards to the market for vehicle glass repair in France (i) by the creation of a dominant position and/or (ii) by the elimination of important competitive constraints that the Parties had exerted upon each other and a reduction of competitive pressure on the remaining competitors.

5.4. Wholesale distribution of spare parts to the IAM (upstream - PHE) and vehicle glass repair and replacement services (downstream – DIG and PHE) in France

(134) The Transaction gives rise to a vertically affected market between the wholesale distribution of automotive spare parts to the IAM (upstream) and vehicle glass repair and replacement services (downstream) in France.

(135) Upstream, PHE is active in the wholesale distribution of spare parts to the IAM through Autodistribution, Cora, ACR, Doyen Auto France and PHE's central purchasing unit. The Autodistribution network is composed of wholly owned distributors and independent affiliated distributors which have agreed to operate under the Autodistribution brand.[172]

(136) Downstream, DIG is active in the vehicle glass repair and replacement via Carglass and PHE is active via Mondial Pare-Brise and Glass Auto Service. The activities of the Parties overlap in the provision of vehicle glass repair and replacement services for light vehicles (up to 3.5t) only. Carglass does not provide vehicle glass repair and replacement for vehicles above 3.5t.

5.4.1. Market shares

5.4.1.1. Market shares in the wholesale distribution of spare parts to the IAM in France

(137) At EEA level, PHE's market share in the wholesale distribution of spare parts to the IAM is [0-5]% in 2021.[173]

(138) To provide market shares estimates in the market for the wholesale distribution of spare parts for light vehicles to the IAM in France, the Notifying Party has relied on a market study conducted by the management consulting company Roland Berger in 2021 (which itself relies on several sources such as the GiPA[174], SDES[175] and the French Automotive Federation). The Notifying Party estimates that the

172 Form CO, paragraph 704.
173 Form CO, footnote 9.
174 GiPA is a consultancy firm in automotive aftermarket intelligence.
175 SDES, Service de la donnée et des études statistiques (data and statistical service) from the French Ministry of Ecology.

total size of the market has not significantly evolved through 2021, apart from the decrease in 2020 due to the pandemic.[176]

(139) The Notifying Party provides the following market shares estimates in the upstream market for the wholesale distribution of spare parts to the IAM (light vehicles only) in terms of value in France.

Table 3: Estimates of PHE's and competitors' market shares in the market for the wholesale distribution of spare parts to the IAM (light vehicles only) – France (value)

Operator	2019		2020		2021	
	Sales (€ million)	**Market share (%)**	**Sales (€ million)**	**Market share (%)**	**Sales (€ million)**	**Market share (%)**
PHE[177]	[…]	[30-40]%	[…]	[30-40]%	[…]	[30-40]%
GPC/Alliance Automotive roup	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
IDLP	[…]	[5- 10]%	[…]	[5- 10]%	[…]	[5- 10]%
Groupe Laurent	[…]	[0-5]%	-	-	-	-
Aurilis	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Total	[…]	**100%**	[…]	**100%**	[…]	**100%**

Source: Form CO, Table 28, based on Parties' best estimates

(140) At regional level, the Notifying Party states that it is not in a position to provide market shares as its sales area at the infra national level do not match the administrative organization at the regional level.[178] However, the Notifying Party submits that (i) while PHE's market share is fairly homogeneous across the French territory, there are some areas where PHE's owned distributors have a higher market share than at the national level (i.e. Armorique, Morize Loiret, LVR, Rembaud, Rougon, FIA and Dufour-Auvergne)[179] although in each of those areas PHE faces competition from numerous other wholesale distributors affiliated to important groups[180], (ii) PHE's market shares for the supply of spare parts for light

176 Form CO, paragraphs 718-719.

177 PHE's market shares estimates include sales by wholly owned distributors and independent distributors affiliated to PHE's networks.

178 Form CO, paragraph 709.

179 Form CO, paragraph 713; these areas correspond to PHE's own internal geographic zones, as described in Form CO, Annex 7.17.

180 In the Armorique area, PHE faces 22 competitors (of which 12 belong to the national competitor Alliance Automotive Group); in the Morize Loiret area, PHE faces 17 competitors (of which 5 belong to Nexus International (national competitor), 1 to Alliance Automotive Group (national competitor) and 1 to Distrigo (national competitor)); in the LVR area, PHE faces 21 competitors (of which 6 belong to the national competitor Alliance Automotive Group and 1 to the national competitor Nexus International); in the Rembaud area, PHE faces 12 competitors (of which 2 belong to the national competitor Alliance Automotive Group); in the Rougon area, PHE faces 16 competitors (of which 2 belong to the national competitor Alliance Automotive Group); in the FIA area, PHE faces 37 competitors (of which 8 belong to the national competitor Aurilis and 5 to the national competitor Alliance Automotive Group); in the Dufour-Auvergne area, PHE faces 28 competitors (of which 8 belong to the national competitor Nexus International, 4 to the national competitor Alliance Automotive Group and 2 to the national competitor Aurilis). Form CO, paragraph 714.

vehicles should remain below [50-60]% in infra-national sales areas in France[181], (iii) in any event, in a hypothetical market for the supply of glass spare parts, PHE has a market share of less than [20-30]% at a national level, and below [40-50]% in all regions of France,[182] and (iv) Carglass almost exclusively sources vehicle glass spare parts and not other types of spare parts, Carglass is very marginally present in the mentioned areas where PHE has a higher market share than at national level, and Carglass does not currently source any of its supplies from PHE.[183]

5.4.1.2. Market shares in the vehicle glass repair and replacement services in France

(141) In Table 1 and Table 2 above, the Notifying Party provides the market shares estimates in the downstream market for the provision of vehicle glass repair and replacement services (light vehicles only) in France, both in terms of number of jobs and in value.

5.4.2. The Notifying Party's views

5.4.2.1. Input foreclosure

(142) The Notifying Party argues that PHE does not have a significant degree of market power in the market for the wholesale of automotive spare parts for light vehicles in France. Therefore, the Notifying Party sustains that PHE does not have the ability to foreclose access to spare parts to the IAM.[184]

(143) First, the Notifying Party notes that PHE's market share is [30-40]% in the market for the wholesale distribution of spare parts[185] to the IAM in France, that sales of glass parts represent [a very small percentage] of PHE's total sales of spare parts, and that PHE faces strong competition from Genuine Parts Company ("GPC") and from other smaller wholesalers.[186]

(144) Second, the Notifying Party states that the supply of vehicle glass is made predominantly by the distribution arms of glass manufacturers (such as Saint-Gobain and Pilkington) and that, in a hypothetical segment for the sale of spare parts for glass repair and replacement services, these should also be included. In such a hypothetical market, PHE's market share would be [0-5]% in France in 2021 (on a total market estimated at approx. […]).[187]

(145) Third, the Notifying Party states that in a hypothetical segment for the wholesale distribution of spare parts for glass repair and replacement services that excluded glass manufacturers, PHE's market share would be [10-20]% (on a total market estimated at approx. […]) in France in 2021[188]. The main competitor in this

181 Form CO, paragraph 709.
182 Form CO, paragraph 715.
183 Form CO, paragraph 715.
184 Form CO, paragraph 748.
185 The market share includes both light and heavy vehicles.
186 Form CO, paragraph 749.
187 Form CO, paragraph 751 and reply to RFI 13, question 1.
188 Form CO, Table 36 and paragraph 751. This market share is estimated on the basis of PHE's total sales including the sales of PHE's independent distributors. If the sales of PHE's independent distributors were excluded, PHE's market share would be less than 10% [5-10]%.

hypothetical segment would be VSF with a share of approximately of [50-60]%, followed by GPC with a share of [10-20]% and IDLP with a share of [0-5]%.

(146) Therefore, the Notifying Party concludes that if the combined entity decides post-merger to foreclose access to the products needed for the provision of glass repair and replacement services, French garages which need these products for their activities of glass repair and replacement - and do not purchase them from manufacturers - would easily be able to source their needs from a number of other wholesalers, including from VSF which accounts for half of the sales of these products in France, as well as from GPC/Alliance Automotive Group and smaller wholesalers.[189] According to the Notifying Party, GPC/Alliance Automotive Group would increase its footprint in France if the merged entity were to decide to foreclose access to inputs needed for vehicle glass repair and replacement.[190]

5.4.2.2. Customer foreclosure

(147) The Notifying Party argues that the Transaction does not raise customer foreclosure concerns because neither Carglass nor Mondial Pare-Brise (or even Glass Auto Service) are important customers for wholesalers of spare parts.[191]

(148) First, with regard to Carglass, the Notifying Party submits that Carglass purchases: (i) the vast majority of its glass requirements (these are vehicle glass without the car manufacturer's logo) […] and that Carglass's purchases of vehicle glass made from wholesalers of spare parts to the IAM - […] in 2021[192] - represent [a very small fraction] of the total value of spare parts sold to the IAM in France and [a very small fraction] of the value of spare parts for glass repair and replacement services sold by wholesalers in France;[193] (ii) […];[194] and (iii) Carglass's purchases of other products (mouldings) necessary for the repair or replacement of vehicle glass from wholesalers of spare parts – […] euros in 2021[195] - represent [a very small fraction] of the total value of spare parts sold to the IAM in France and [a very small fraction] of the value of spare parts needed for glass repair and replacement services sold by wholesalers in France.[196]

(149) Second, with regard to Mondial Pare-Brise, the Notifying Party notes that the question may arise as to whether post-merger the Mondial Pare-Brise centres would source their glass requirements from Belron's worldwide central purchasing unit[197] to the detriment of wholesalers of spare parts competing with PHE.[198] In this respect, the Notifying Party submits that: (i) […];[199] (ii) the value of Mondial Pare-

189 Form CO, paragraphs 755 and 757.
190 Form CO, paragraph 757.
191 Form CO, paragraph 759.
192 In 2021, Carglass purchased glass from car dealers for a value of […] and from wholesalers of spare parts to the IAM for a value of […]. By contrast, the value of purchases of vehicle glass […] from glass manufacturers for Carglass' activities in France amounted to […] (Form CO, paragraph 762).
193 Form CO, paragraphs 761-763.
194 Form CO, paragraphs 764-765.
195 Carglass purchased mouldings for a value of […] from manufacturers, while its purchases from wholesalers of spare parts amounted to […] (Form CO, paragraph 766).
196 Form CO, paragraph 766.
197 The Notifying party notes that […] (Form CO, footnote 329).
198 Form CO, paragraph 767.
199 Form CO, paragraph 768.

Brise purchases of glass from independent wholesalers – […] in 2021[200] – represent [a very small fraction] of the total value of spare parts sold to the IAM in France and [a very small fraction] of the value of spare parts needed for glass repair and replacement services sold by wholesalers in France;[201] (iii) Mondial Pare-Brise only accounts for [5-10]% of the French market for vehicle glass repair and replacement services (in 2021, in value), meaning that the Mondial Pare-Brise workshops do not represent a significant customer base for wholesalers competing with PHE;[202] and (iv) the possible integration of Mondial Pare-Brise's purchases of spare parts needed for the provision of glass repair and replacement services into Belron's purchasing unit would not strengthen Belron's position as a purchaser of spare parts vis-à-vis manufacturers either, given that the value of PHE's purchases of vehicle glass made from glass manufacturers - […] - only represent [a small] increase in value of purchases made by Belron (i.e. […]).[203]

(150) Third, with regard to Glass Auto Service, the Notifying Party states that while Glass Auto Service garages purchase [a significant proportion] of their needs of spare parts for glass repair and replacement from PHE, they do not represent an important customer base, given that only 30 Glass Auto Service garages are specialised in glass repair and replacement while the other 312 Glass Auto Service garages are "generalist" garages.[204] In this respect, the Notifying Party submits that the value of Glass Auto Service's purchases from wholesalers competing with PHE - […] in 2021[205] - represent [a very small proportion] of the total value of spare parts sold to the IAM in France and [a very small proportion] of the value of spare parts needed for glass repair and replacement services sold by wholesalers in France, meaning that the Glass Auto Service garages do not represent a significant customer base for wholesalers competing with PHE.[206]

(151) Based on the above, the Notifying Party concludes that the proposed Transaction will not lead to any customer foreclosure concern: Mondial Pare-Brise and Glass Auto Service account for a limited part of the purchases of spare parts needed for the repair and replacement of vehicle glass and if Mondial Pare-Brise and/or Glass Auto Service were to vertically integrate with Belron's central purchasing unit, PHE's competitors in the upstream market - i.e. wholesalers of spare parts - would have sufficient alternative customers to turn to in the downstream market for automotive glass repair and replacement services to sell their spare parts.[207]

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200 In 2021, the value of Mondial Pare-Brise's purchases of vehicle glass was […], of which […] were acquired directly from glass manufacturers through their wholesale business units and […] from wholesalers (Form CO, paragraph 769).

201 Form CO, paragraph 769.

202 Form CO, paragraph 770.

203 Form CO, footnote 330.

204 Form CO, paragraph 771.

205 Glass Auto Service's purchases of products needed for glass repair and replacement amounted to […] in 2021 of which approx. […] were purchased from wholesalers competing with PHE (Form CO, paragraph 772).

206 Form CO, paragraph 772.

207 Form CO, paragraph 773.

5.4.3. The Commission's assessment

5.4.3.1. Input foreclosure

(152) The Commission considers that the Parties will not have the ability to foreclose their competitors in the downstream market from access to spare parts necessary for glass repair and replacement.

(153) First, as mentioned in Table 3 above, PHE's market share on the upstream market for the wholesale supply of automotive spare parts for light vehicles to the IAM is [30-40]%.[208] In the French market for the wholesale of spare parts to the IAM, PHE faces competition from another significant player GPC (of the Alliance Automotive Group), which holds [20-30]% of the market, followed by a number of smaller players.

(154) Second, PHE's market share in the upstream market for the wholesale supply of automotive spare parts for light vehicles to the IAM overestimates its market power with regard to supplies of spare parts needed for glass repair. While the relevant market for the wholesale of spare parts does not make a distinction per type of spare part sold, the Commission notes that a majority of the jobs for the repair and replacement of glass are performed by glass specialists who do not carry out other repair activities and do not require other types of spare parts, and that therefore figures related to sales of spare parts needed specifically for glass repair are pertinent to carry out the competitive analysis. In this respect, it is worth noting that sales of glass parts represent [a very small proportion] of PHE's total sales of spare parts[209], and that in a hypothetical segment of the wholesale distribution of spare parts needed for glass repair (excluding glass manufacturers)[210], PHE's market share would be [10-20]%, the main player would be VSF with approximately [50-60]%, and GPC would be the third player with a share of approximately [0-5]%.[211].

(155) Third, the results of the Commission's market investigation confirm that PHE is not an important source of spare parts needed for vehicle glass repair and replacement, that manufacturers of those spare parts play a predominant role in supplying spare parts needed for glass repair, and that the impact of any input foreclosure strategy by PHE for the supply of those spare parts would be limited. Indeed, the majority of competitors responding to the Commission's market investigation responded that: (i) they usually purchase spare parts necessary for the repair of automotive glass from glass manufacturers such as Saint Gobain or Pilkington;[212] (ii) PHE is not an important supplier of spare parts necessary for the repair of automotive glass;[213] (iii) purchases of spare parts for glass repair from PHE represented [a small proportion] of their overall purchases of such spare parts in the past three years; and (iv) in the hypothetical scenario that PHE ceased to sell

208 At EEA level, PHE estimates that it had a share of only [0-5]% in the wholesale distribution of spare parts to the IAM in 2021, which excludes any risk of input foreclosure.

209 Form CO, paragraph 749.

210 If sales by glass manufacturers were included, PHE's market share would be of [5-10]% on a total market estimated at approximately […] (Form CO, paragraph 751).

211 Form CO, paragraph 752, Table 36.

212 Reply to question 24 of Questionnaire 2 – Competitors (Glass repair, France).

213 Reply to questions 26 and 27 of Questionnaire 2 – Competitors (Glass repair, France).

those spare parts to them, they would be able to obtain those spare parts from alternative suppliers[214], as one respondent explains this is "**given the highly competitive nature of the market and the large number of suppliers present on the market*".[215]

(156) Fourth, an analysis considering PHE's market shares at regional level would not change the above conclusion. While PHE reports having higher market shares in the wholesale market of spare parts for light vehicles in the IAM in certain areas of France (i.e. Armorique, Morize Loiret, LVR, Rembaud, Rougon, FIA and Dufour-Auvergne), PHE confirms that its share remains below 50% in infra-national sales areas in France, and that Carglass is very marginally present in the mentioned areas where PHE has a higher market share than at national level.[216] In the hypothetical segment for the supply of glass spare parts, PHE has a market share of less than 20% at a national level, and confirms that its market share in all regions in France is below 40%.[217] In any event, the responses to the Commission's market investigation confirm that PHE is not an important player in the supply of spare parts needed for vehicle glass repair and replacement (see paragraph (155)), and do not raise any particular concern about the risk of input foreclosure in any given infra-national area in France.

(157) Therefore, if PHE were to engage in an input foreclosure strategy, competitors in the downstream market would be able to obtain spare parts directly from alternative suppliers, either wholesalers or manufacturers. Hence, an input foreclosure strategy by the merged entity would not succeed. Absent the ability to foreclose their downstream rivals from access to spare parts, an assessment of the Parties' incentives to do so is not necessary.

5.4.3.2. Customer foreclosure

(158) Similarly, the Parties having the ability to engage in a customer foreclosure strategy appears unlikely. Although the Parties' have a significant combined market share in the downstream market for vehicle glass repair and replacement services, they are not important customers of wholesalers in the IAM for the purchase of spare parts needed for those repairs. As reflected in the figures provided by the Notifying Party in paragraphs (148) to (150), Carglass and Mondial Pare-Brise purchase most of their needs for spare parts from manufacturers or car dealers,[218] and the amount of spare parts that the Parties altogether (Carglass, Mondial Pare-Brise and Glass Auto Service) purchase from independent wholesalers represent (i) [a very small proportion] of the overall sales made by wholesalers in the IAM and (ii) [a very small proportion] of the sales made by wholesalers in the IAM of spare parts needed for vehicle glass repair.

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214 Reply to question 28 of Questionnaire 2 – Competitors (Glass repair, France).

215 Reply to question 28.1 of Questionnaire 2 – Competitors (Glass repair, France). *Courtesy translation. Original version in French: "*Compte tenu du caractère très concurrentiel du marché et du nombre important d'offreurs présents sur le marché*".

216 Form CO, paragraphs 709 and 715.

217 Form CO, paragraph 715.

218 The majority of competitors in the IAM responding to the Commission's market investigation stated that they do not sell spare parts to Carglass, reply to question 12 of Questionnaire 3 – Competitors (IAM wholesale, France).

(159) It follows that, post-Transaction, competing wholesale suppliers of spare parts for the IAM will in any case have a sufficient customer base to address in France. Absent the ability to foreclose their upstream rivals from access to a sufficient customer base, an assessment of the Parties' incentives to do so is not necessary.

5.4.3.3. Conclusion on vertical effects in France

(160) In view of the foregoing, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement as a result of the vertical relation arising between PHE's activities in the wholesale supply of automotive spare parts for light vehicles in the IAM in France, on the one hand, and the Parties' activities in the supply of vehicle glass repair and replacement services in France, on the other hand.

5.5. Other concerns

(161) One respondent to the market investigation raised a concern that the merged entity could integrate PHE's activities on the market for the wholesale distribution of IAM spare parts with DIG's activities on the distribution of VW OE spare parts, giving PHE preferential access to VW OE spare parts and providing it with a significant advantage in the IAM market.[219]

(162) However, pursuant to the agreement between VW and DIG, the latter, as the official importer of VW-branded OE spare parts in Belgium, may not sell those parts to resellers outside its network.[220] This situation will be unchanged post-Transaction, and DIG will be unable to sell VW-branded OE spare parts directly to PHE unless VW were to agree. As one wholesaler responding to the Commission's market investigation stated "*We cannot imagine that VW branded parts will be sold to independent repairers because that will hurt VW's (own) network.*"[221]

6. PROPOSED REMEDIES

6.1. Framework for the assessment of the commitments

(163) Where as in this case, a notified concentration raises serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement, the parties may modify the notified concentration so as to remove the grounds for the serious doubts identified by the Commission with a view to having it declared compatible with the internal market pursuant to Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation.

(164) As set out in the Commission Notice on Remedies,[222] commitments have to eliminate the Commission's competition concerns entirely and they have to be comprehensive and effective from all points of view. In Phase I, commitments

219 Reply of a competitor to question 34 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

220 Notifying Party's reply to question 3 of RFI 4.

221 Reply of a competitor to question 38.1 of Questionnaire 4 – Competitors (IAM wholesale, Belgium).

222 Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (2008/C 267/01), (the "Commission Notice on Remedies"), paragraph 9.

offered by the parties can only be accepted where the competition problem is readily identifiable and can easily be remedied. The competition problem therefore needs to be so straightforward and the remedies so clear-cut that it is not necessary to enter into an in-depth investigation and that the commitments are sufficient to clearly rule out serious doubts within the meaning of Article 6(1)(c) of the Merger Regulation.

(165) In assessing whether or not the commitments proposed by the parties would restore effective competition, the Commission considers all relevant factors, including inter alia the type, scale and scope of the proposed commitments, judged by reference to the structure and particular characteristics of the market in which the Commission has identified serious doubts as to the compatibility of the notified concentration with the internal market, including the position of the Parties and other participants on the market.[223]

(166) In order for the commitments to comply with those principles, they must be capable of being implemented effectively within a short period of time. The Commission must determine with the requisite degree of certainty, at the time of its decision, that they will be fully implemented and that they are likely to maintain effective competition in the market.[224]

(167) As regards the form of acceptable commitments, the Merger Regulation leaves discretion to the Commission as long as the commitments meet the requisite standard. Divestiture commitments are often the most effective way to eliminate competition concerns. The intended effects of a divestiture will only be achieved if and once the business to divest is transferred to a suitable purchaser.[225]

(168) In order to ensure that the business is divested to a suitable purchaser, the commitments have to include general (and sometimes case-specific) purchaser criteria. This will allow the Commission to conclude that the divestiture of the business to a specific purchaser will likely remove the competition concerns identified.[226]

6.2. Commitments submitted by the Parties

6.2.1. Initial Commitments

(169) In order to make the concentration compatible with the internal market and the functioning of the EEA Agreement, the Notifying Party offered to modify the Transaction by entering into commitments. On 11 July 2022, the Notifying Party submitted an initial set of remedies (the 'Initial Commitments'), which the Commission market tested from 12 July 2022.

(170) As per the Initial Commitments,[227] the Notifying Party proposes to divest the entire Mondial Pare-Brise activity and the Glass Auto Service label currently held by

223 Commission Notice on Remedies, paragraph 12.
224 Commission Notice on Remedies, paragraphs 9,10.
225 Commission Notice on Remedies, paragraphs 16, 17.
226 Commission Notice on Remedies, paragraphs 47-49.
227 The general description below appears both in the Initial and Final Commitments. The amendments made in the Final Commitments are explained in detail in Section 6.2.3.

PHE (the 'Divestment Businesses' or separately, the Mondial Pare-Brise Divestment Business and the Glass Auto Service Divestment Business) in order to solve the Commission's serious doubts in the market for vehicle glass repair and replacement services in France.

(171) The Divestment Businesses consist in all commercial assets and staff that contribute to the current operation of the Divestment Businesses, including:

(a) For *Mondial Pare-Brise* its tangible assets (112 owned workshops as of 30th June 2022 and a technical and training centre located in Nanterre (France)), its main contracts, agreements, commitments and understandings (including all franchise agreements with the 257 franchised workshops as of 30th June 2022, all partnership agreements with the 430 "Point Relais" workshops as of 30th June 2022, as well as all customer contracts, supplier contracts, and the contract with the call centre MPST), its customers, credits and other records (including Mondial Pare-Brise's customer portfolio estimated at approx. [300-400] customers), its entire personnel (i.e. 413 employees as of 31st May 2022, including (i) management (19 employees), (ii) sales and customer support (65 employees) and (iii) operation teams (329 employees)) and its intangible assets (including all registered trademarks and logos, a dedicated invoice system and a dedicated online booking system).

(b) For the *Glass Auto Service* label its main contracts, agreements, commitments and understandings (including all agreements entered into with the 342 members of the Glass Auto Service network (as of July 2022), as well as all customer contracts and supply and contractual conditions negotiated by Glass Auto Service to the benefit of its members), its customers, credit and other records (including Glass Auto Service's customer portfolio estimated at [10-20] customers, among them insurance companies and one lease and fleet customer), its entire personnel dedicated to the management of the label (i.e. 11 employees as of 30th June 2022, including (i) one manager, (ii) four employees dedicated to the local management of the centres, and (iii) six employees managing the centralization of job flows coming from insurance companies (including one manager)) and its intangible assets (including Glass Auto Service registered trademark and an internal invoicing management tool).

(172) The Initial Commitments provided that the Divestment Businesses may be sold to one or two purchasers.

(173) In addition the Parties have entered into related commitments, *inter alia* regarding the separation of the divested businesses from their retained businesses, the preservation of the viability, marketability and competitiveness of the divested businesses, including the appointment of a monitoring trustee and, if necessary, a divestiture trustee.

(174) To maintain their structural effect, the Initial Commitments contained a standard non-reacquisition clause preventing the merged entity from reacquiring Mondial Pare-Brise and Glass Auto Service for the period of 10 years. In addition to that, the Initial Commitments included an obligation on the merged entity not to solicit the independent garages belonging to the Glass Auto Service network to join any of the Parties' network of garages active in vehicle glass repair and replacement services, for a period of 3 years following the sale of Glass Auto Service.

6.2.2. Results of the market test of the Initial Commitments

(175) The Commission market tested the Initial Commitments as of 12 July 2022. On 20 July 2022, the Commission communicated to the Notifying Party the feedback received from market test respondents.

(176) The results of the market test indicated that overall, the sale of Mondial Pare-Brise and Glass Auto Service would in principle be sufficient to remove the competition concerns raised by the Transaction. Indeed, the vast majority of both competitors and customers that took a position indicated that the Initial Commitments would remove the competition concerns in respect of the French market for vehicle glass repair.[228]

(177) Respondents to the market test, however, identified some aspects that should be added to the Initial Commitments, which can be summarized as follows:

(178) *First*, a vocal minority of respondents raised concerns as to the viability of Glass Auto Service as a stand-alone business.[229] These respondents considered that Glass Auto Service was too small a network to be able to compete effectively if it did not have the support of a larger corporate group like PHE to assist it to negotiate supply agreements for parts and contracts with large customers.

(179) *Second*, a minority of respondents raised concerns with regard to the duration of the non-solicitation clause preventing the Parties from inviting Glass Auto Service members to their own networks active in glass repair.[230] This clause was to have a duration of 3 years as per the Initial Commitments. Among the eight respondents to consider this insufficient, seven considered that the minimum duration should be five years (while one considered that it should be ten years).

(180) The Commission's market test probed whether the scope of the Divestment Businesses was sufficiently broad to allow a purchaser, even one without prior expertise in the glass repair market, to preserve and develop the Divestment Businesses as viable competitors. The majority of respondents indicated that the scope of the Divestment Businesses were sufficiently broad.[231]

6.2.3. Final Commitments

(181) In view of the results of the market test and following the market feedback provided by the Commission, the Notifying Party submitted revised commitments and a revised Form RM on 27 July 2022 (the 'Final Commitments').

(182) In order to address the issues raised during the market test, the Notifying Party amended the Initial Commitments to:

(a) Prolong the obligation of the merged entity not to solicit the independent garages belonging to the Glass Auto Service network to join any of the Parties' network of garages active in vehicle glass repair and replacement services from 3 to 5 years following the sale of Glass Auto Service.

228 Replies to question 5 of the Questionnaire on commitments offered by the Parties.

229 Replies to questions 9, 15 and 16 of the Questionnaire on commitments offered by the Parties.

230 Replies to question 10 of the Questionnaire on commitments offered by the Parties.

231 Replies to questions 14 and 15 of the Questionnaire on commitments offered by the Parties.

(b) Introduce specific purchaser criteria for Glass Auto Service, namely "an operator already present in the automotive repair sector or in the supply of automotive spare parts".

7. ASSESSMENT OF THE PROPOSED REMEDIES

7.1. Suitability of the Final Commitments to remove serious doubts

(183) PHE is only active on the French market for vehicle glass repair and replacement services through its two subsidiaries, Mondial Pare-Brise and Glass Auto Service. Each of these two subsidiaries is currently a distinct legal entity and each is operated as a separate standalone business. Their divestiture therefore constitutes a straightforward and clear-cut structural remedy generally suitable to clearly rule out serious doubts within the meaning of Article 6(1)(c) of the Merger Regulation.

(184) Through the divestiture of the Divestment Businesses, the Final Commitments will remove the entire overlap resulting from the Transaction in relation to the Parties' activities on the market for vehicle glass repair in France.

(185) The Final Commitments contain a non-solicitation clause, whereby the merged entity may not solicit the independent garages belonging to the Glass Auto Service network to join any of the Parties' network of garages active in vehicle glass repair and replacement services, for the period of 5 years following the sale of Glass Auto Service. The Commission considers that such a clause is necessary to ensure that the Final Commitments are not circumvented by the merged entity acquiring influence over the independent garages, or by developing an alternative network. This is because the acquisition of influence over the independent garages could enable the reacquisition of market power in the market for vehicle glass repair in France.

(186) The Commission considers that following these amendments the Final Commitments address the concerns raised during the market test and that, as such, are suitable to entirely remove the competition concerns raised by the Transaction.

7.2. Viability and attractiveness of the Divestment Businesses

(187) The Divestment Businesses include all tangible and intangible assets, customer portfolios, contracts, and key personnel that contribute to the current operation of Mondial Pare-Brise and Glass Auto Service. They constitute standalone and viable businesses currently accounting respectively for approx. [10-20]% (for Mondial Pare-Brise) and [0-5]% (for Glass Auto Service) of the market (by number of jobs) for vehicle glass repair and replacement services in France.

(188) Glass Auto Service employees are administratively tied to Autodistribution, another subsidiary of PHE. The Final Commitments provide for the employment contracts of the employees dedicated to the management of Glass Auto Service label to be transferred to the purchaser.

(189) Glass Auto Service and Mondial Pare-Brise currently rely on PHE for the purchase of spare parts, and for the provision of IT and HR services. The Final Commitments therefore provide that PHE will continue to provide these services

on a transitional basis for an initial period of 12 months, renewable for periods of 6 months at the option of the purchasers.

(190) The Mondial Pare-Brise Divestment Business is profitable, with a turnover of EUR51.07 million and an EBITDA of […] in 2021. The Glass Auto Service Divestment Business […] in 2021 on a turnover of […], […].[232]

(191) The market test has confirmed the viability and attractiveness of both Divestment Businesses. The vast majority of the market test respondents that replied in this regard confirmed that both Mondial Pare-Brise and Glass Auto Service would be viable stand-alone businesses, and would allow a suitable purchaser to compete effectively and on a lasting basis on the market for vehicle glass repair in France.[233] All respondents bar two considered that the Divestment Businesses were sufficiently attractive to appeal to suitable purchasers.[234]

(192) Based on the results of the market test, the Commission considers that Mondial Pare-Brise is a viable and attractive business. This is further confirmed by the fact that at least […] companies have expressed a preliminary interest in acquiring Mondial Pare-Brise, and another […] have expressed an interest in acquiring it together with Glass Auto Service.

(193) A large majority of respondents considered that Glass Auto Service would be an effective competitor on the glass repair market even if sold to a separate buyer than Mondial Pare-Brise.[235] A minority of respondents to the market test did however raise concerns about the viability and attractiveness of the Glass Auto Service Divestment Business as a stand-alone business. These respondents highlighted the small size of the business, and the difficulties it would have in negotiating agreements with insurers and in purchasing spare parts for its network. The Commission considers Glass Auto Service to be a viable and attractive business in light of feedback provided in the market test. As noted in the market test, […] companies active in automotive repair and in the supply of spare parts have expressed a preliminary interest in acquiring Mondial Pare-Brise as a stand-alone business, and […] other companies (of which […] are active in vehicle glass repair with […] being a financial investor) have expressed an interest in acquiring Glass Auto Service together with Mondial Pare-Brise.

(194) Nonetheless in order to address these concerns the Notifying Party has introduced specific purchaser criteria for the Glass Auto Service Divestment Business, to ensure that the proposed buyer will be a market player that is capable of operating and developing the business as a viable and competitive entity.

7.3. Purchaser criteria and buyers

(195) The Initial Commitments contained the standard requirements that the purchaser (i) be independent from the Notifying Party, (ii) have the financial resources, proven expertise and incentive to maintain and develop the divestment business as a viable

232 Form RM, Table 1.
233 Replies to questions 14 and 15 of the Questionnaire on commitments offered by the Parties.
234 Replies to question 13 of the Questionnaire on commitments offered by the Parties.
235 Replies to question 16 of the Questionnaire on commitments offered by the Parties.

and active competitive force, and (iii) be unlikely to create competition concerns.[236] As described at paragraphs (193)-(194) above, the Commission's market test indicated that criterion (ii) might require more precise requirements with regards to Glass Auto Service.

(196) In order to address those concerns, the Notifying Party amended the Initial Commitments to specify that the purchaser should be "*an operator already present in the automotive repair sector or in the supply of automotive spare parts*." This will ensure that the buyer will have the necessary expertise of the market and incentive to support Glass Auto Service and develop its business. These purchaser criteria allow the purchaser to replicate the existing ownership structure of Glass Auto Service (as PHE had activities in the automotive repair sector and in the supply of automotive spare parts).

(197) The Commission therefore considers that, as provided in the Final Commitments, the suitable purchaser will need to be already present in the broader automotive repair sector or in the supply of automotive parts and will therefore have the experience and incentive to maintain and develop Glass Auto Service as a viable and active competitive force in competition with the Parties and other competitors.

(198) For the Mondial Pare-Brise Divestment Business, the market test did not indicate any need to modify the standard purchaser requirements.

7.4. Conclusion

(199) For the reasons outlined above, the Final Commitments entered into by the Notifying Party are sufficient to eliminate the serious doubts as to the compatibility of the Transaction with the internal market and the functioning of the EEA Agreement. The Commission, therefore, concludes that, subject to full compliance with the Final Commitments given by the Notifying Party, the Transaction would not raise serious doubts as to its compatibility with the internal market and the functioning of the EEA Agreement.

(200) The commitments in sections B and C (and the respective Schedules) of the Annex constitute conditions attached to this decision, as only through full compliance therewith can the structural changes in the relevant markets be achieved. The other commitments set out in the Annex constitute obligations, as they concern the implementing steps which are necessary to achieve the modifications sought in a manner compatible with the internal market and the functioning of the EEA Agreement.

8. CONCLUSION

(201) For the above reasons, the Commission has decided not to oppose the notified operation as modified by the commitments and to declare it compatible with the internal market and with the functioning of the EEA Agreement, subject to full compliance with the conditions in sections B and C (and the respective Schedules) of the commitments annexed to the present decision and with the obligations contained in the other sections of the said commitments. This decision is adopted in

[236] Initial Commitments, paragraph 17.

application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

27th July 2022

Case M.10687 – D'Ieteren Group / Parts Holding Europe

COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EC) No 139/2004 (the "***Merger Regulation***"), D'Ieteren Group (the "***Notifying Party***" or "***DIG***") hereby enters into the following Commitments (the "***Commitments***") vis-à-vis the European Commission (the "***Commission***") with a view to rendering the acquisition of sole control of the whole Dakar Holding S.C.A, the 100% parent company of Parts Holding Europe ("***PHE***") (DIG and PHE are referred to as the "***Parties***") (the "***Concentration***") compatible with the internal market and the functioning of the EEA Agreement.

The Commitments shall take effect upon the date of adoption of the Decision.

This text shall be interpreted in light of the Commission's decision pursuant to Article 6(1)(b) of the Merger Regulation to declare the Concentration compatible with the internal market and the functioning of the EEA Agreement (the "***Decision***"), in the general framework of European Union law, in particular in light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the "***Remedies Notice***").

SECTION A. DEFINITIONS

1. For the purpose of the Commitments, the following terms shall have the following meaning:

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the "***Consolidated Jurisdictional Notice***").

Assets: the assets that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Businesses as indicated in Section B, paragraph 5 (a), (b), (c) and (d) and described more in detail in the Schedule.

Closing: the transfer of the legal title to the Divestment Businesses to the Purchaser.

Closing Date: the closing of the proposed transaction filed under case M.10687.

Closing Period: the period of […] from the approval of the Purchaser and the terms of sale by the Commission.

Confidential Information: any business secrets, know-how, commercial information, or any other information of a proprietary nature that is not in the public domain.

Conflict of Interest: any conflict of interest that impairs the Trustee's objectivity and independence in discharging its duties under the Commitments.

D'Ieteren Group: a *société anonyme* organized under the laws of Belgium, whose registered office is at 50, rue du Mail, 1050 Brussels, Belgium, registered with the Trade and Companies Registry under number 0403.448.140 RCS Brussels.

Divestment Business(es): Mondial Pare-Brise's business and the Glass Auto Service label as defined and detailed in Section B and in the Schedule which the Notifying Party commits to divest.

Divestiture Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by DIG and who has/have received from DIG the exclusive Trustee Mandate to sell the Divestment Businesses to one or two Purchaser(s) at no minimum price at the expiry of the first Divestiture Period.

Effective Date: the date of adoption of the Decision.

First Divestiture Period: the period of […] from the Effective Date.

Hold Separate Manager(s): the persons appointed by DIG for each of the Divestment Businesses to manage the day-to-day businesses under the supervision of the Monitoring Trustee.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Businesses, as listed in the Schedule, including the Hold Separate Managers.

Monitoring Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by DIG, and who has/have the duty to monitor DIG's and PHE's compliance with the conditions and obligations attached to the Decision.

Parties: the Notifying Party and the target of the concentration.

Parts Holding Europe: Parts Holding Europe S.A.S., a *société par actions simplifiée* incorporated under the laws of France whose registered office is located at 22, avenue Aristide Briand, 94110 Arcueil (France) and registered with the Créteil Trade and Companies Registry under number 488 077 165.

Personnel: all staff currently employed by the Divestment Businesses, including staff seconded to the Divestment Businesses, shared personnel as well as the additional personnel listed in the Schedule.

Purchaser(s): the entity(ies) approved by the Commission as acquirer(s) of all or part of the Divestment Businesses in accordance with the criteria set out in Section D.

Purchaser Criteria: the criteria laid down in paragraph 17 of these Commitments that the Purchaser(s) must fulfil in order to be approved by the Commission.

Schedule: the schedule to these Commitments describing more in detail the Divestment Businesses.

Trustee(s): the Monitoring Trustee and/or the Divestiture Trustee as the case may be.

Trustee Divestiture Period: the period of […] from the end of the First Divestiture Period.

SECTION B. THE COMMITMENT TO DIVEST AND THE DIVESTMENT BUSINESSES

Commitment to divest

2. In order to maintain effective competition, DIG commits to divest, or procure the divestiture of the Divestment Businesses by the end of the Trustee Divestiture Period as a going concern to one or two purchaser(s) and on terms of sale approved by the Commission in accordance with the procedure described in paragraph 18 of these Commitments. To carry out the divestiture, DIG commits to find one or two purchaser(s) and to enter into (a) final binding sale and purchase agreement(s) for the sale of the Divestment Businesses within the First Divestiture Period. If DIG has not entered into such (an) agreement(s) at the end of the First Divestiture Period, DIG shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Businesses in accordance with the procedure described in paragraph 31 in the Trustee Divestiture Period.

3. DIG shall be deemed to have complied with these commitments if:

   (a) by the end of the Trustee Divestiture Period, DIG or the Divestiture Trustee has entered into a final binding sale and purchase agreement and the Commission approves the proposed purchaser(s) and the terms of sale as being consistent with the Commitments in accordance with the procedure described in paragraph 18; and

   (b) the Closing of the sale of the Divestment Businesses to the Purchaser(s) takes place within the Closing Period.

4. In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after Closing, not acquire, whether directly or indirectly, the possibility of exercising influence (as defined in paragraph 43 of the Remedies Notice, footnote 3) over the whole or part of the Divestment Businesses, unless, following the submission of a reasoned request from the Notifying Party showing good cause and accompanied by a report from the Monitoring Trustee (as provided in paragraph 45 of these Commitments), the Commission finds that the structure of the market has changed to such an extent that the absence of influence over the Divestment Businesses is no longer necessary to render the proposed concentration compatible with the internal market.

Structure and definition of the Divestment Businesses

5. The Divestment Businesses consist of (i) the Mondial Pare-Brise business and (ii) the Glass Auto Service business. The legal and functional structure of the Divestment Businesses as operated to date are described in the Schedule. The Divestment Businesses, described in more detail in the Schedule, includes all assets and staff that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Businesses, in particular:

   (a) all tangible and intangible assets (including intellectual property rights);

   (b) all licences, permits and authorisations issued by any governmental organisation for the benefit of the Divestment Businesses;

(c) all contracts, leases, commitments and customer orders of the Divestment Businesses; all customer, credit and other records of the Divestment Businesses; and

(d) the Personnel.

6. In addition, the Mondial Pare-Brise Divestment and the Glass Auto Service Divestment include the benefit, for a transitional period of minimum 12 months (potentially extended for successive periods of 6 months as necessary) after Closing and on terms and conditions equivalent to those at present afforded to Mondial Pare-Brise and the Glass Auto Service label, of all current arrangements under which PHE or its Affiliated Undertakings supply products or services to Mondial Pare-Brise or to the Glass Auto Service label, as detailed in the Schedule, unless otherwise agreed with the Purchaser. Strict firewall procedures will be adopted so as to ensure that any competitively sensitive information related to, or arising from such supply arrangements (for example, product roadmaps) will not be shared with, or passed on to, anyone else.

7. […]

SECTION C. RELATED COMMITMENTS

Preservation of viability, marketability and competitiveness

8. From the Effective Date until the Closing Date, PHE, and from the Effective Date until Closing, the Notifying Party shall preserve or procure the preservation of the economic viability, marketability and competitiveness of the Divestment Businesses, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the Divestment Businesses. In particular, DIG undertakes:

(a) not to carry out any action that might have a significant adverse impact on the value, management or competitiveness of the Divestment Businesses or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Businesses;

(b) to make available, or procure to make available, sufficient resources for the development of the Divestment Businesses, on the basis and continuation of the existing business plans;

(c) to take all reasonable steps, or procure that all reasonable steps are being taken, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Businesses, and not to solicit or move any Personnel to DIG's remaining business. Where, nevertheless, individual members of the Key Personnel exceptionally leave the Divestment Businesses, DIG shall provide a reasoned proposal to replace the person or persons concerned to the Commission and the Monitoring Trustee. DIG must be able to demonstrate to the Commission that the replacement is well suited to carry out the functions exercised by those individual members of the Key Personnel. The replacement shall take place under the supervision of the Monitoring Trustee, who shall report to the Commission.

Hold-separate obligations

9. The Notifying Party commits, from the Effective Date until Closing (and PHE commits, from the Effective Date until the Closing Date), to keep the Divestment Businesses separate from the business(es) it is retaining and to ensure that unless explicitly permitted under these Commitments: (i) management and staff of the business(es) retained by DIG has no involvement in the Divestment Businesses; (ii) the Key Personnel and Personnel of the Divestment Businesses have no involvement in any business retained by DIG and do not report to any individual outside the Divestment Businesses.

10. From the Effective Date until the Closing Date, PHE, and, until Closing, DIG shall assist the Monitoring Trustee in ensuring that the Divestment Businesses are managed as distinct and saleable entities separate from the business(es) which DIG is retaining. Immediately after the adoption of the Decision, DIG shall appoint a Hold Separate Manager for each of the Divestment Businesses. The Hold Separate Managers, who shall be part of the Key Personnel, shall manage the Divestment Businesses independently and in the best interest of the businesses with a view to ensuring their continued economic viability, marketability and competitiveness and their independence from the businesses retained by DIG. The Hold Separate Manager for the Mondial Pare-Brise business will be Olivier Fraissart (CFO of Mondial Pare-Brise). The Hold Separate Manager for the Glass Auto Service business will be Marc Novick (Manager of Glass Auto Service). The Hold Separate Managers shall closely cooperate with and report to the Monitoring Trustee and, if applicable, the Divestiture Trustee. Any replacement of the Hold Separate Manager(s) shall be subject to the procedure laid down in paragraph 8(c) of these Commitments. The Commission may, after having heard DIG, require DIG to replace the Hold Separate Manager(s).

Ring-fencing

11. DIG shall implement, or procure to implement, all necessary measures to ensure that it does not, after the Effective Date, obtain any Confidential Information relating to the Divestment Businesses and that any such Confidential Information obtained by DIG before the Effective Date will be eliminated and not be used by DIG. *This includes measures vis-à-vis DIG's appointees on the supervisory board and/or board of directors of the Divestment Business.* In particular, the participation of the Divestment Businesses in any central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Businesses. DIG may obtain or keep information relating to the Divestment Businesses which is reasonably necessary for the divestiture of the Divestment Businesses or the disclosure of which to DIG is required by law.

Non-solicitation clause

12. The Parties undertake, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the Key Personnel transferred with the Divestment Businesses for a period of 2 years after Closing.

13. The Parties undertake, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, any garage currently operating under the Glass Auto Service label to contractually join any of the Parties' network of garages currently active in vehicle glass repair and replacement services, as well as any subsequent vehicle glass repair and replacement networks of garages created by the Parties, for a period of 5 years after Closing.

Due diligence

14. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Businesses, DIG shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:

    (a) provide to potential purchasers sufficient information as regards the Divestment Businesses;

    (b) provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

15. DIG shall submit written reports in English on potential purchasers of the Divestment Businesses and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 days after the end of every month following the Effective Date (or otherwise at the Commission's request). DIG shall submit a list of all potential purchasers having expressed interest in acquiring the Divestment Businesses to the Commission at each and every stage of the divestiture process, as well as a copy of all the offers made by potential purchasers within five days of their receipt.

16. DIG shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of any information memorandum to the Commission and the Monitoring Trustee before sending the memorandum out to potential purchasers.

SECTION D. THE PURCHASER(S)

17. In order to be approved by the Commission, the Purchaser(s) must fulfil the following criteria:

    (a) The Purchaser(s) shall be independent of and unconnected to the Parties and their Affiliated Undertakings (this being assessed having regard to the situation following the divestiture);

    (b) The Purchaser(s) shall have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business(es) as viable and active competitive forces in competition with the Parties and other competitors;

    (c) The acquisition of the Divestment Business(es) by the Purchaser(s) must neither be likely to create, in light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed. In particular, the Purchaser(s) must reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Businesses.

(d) Should the Divestment Businesses be sold to distinct Purchasers, the Purchaser of the Glass Auto Service Divestment Business must be an operator already present in the automotive repair sector or in the supply of automotive spare parts.

18. The final binding sale and purchase agreement(s) (as well as ancillary agreements) relating to the divestment of the Divestment Business(es) shall be conditional on the Commission's approval. When DIG has reached an agreement with a purchaser, it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), within one week to the Commission and the Monitoring Trustee. DIG must be able to demonstrate to the Commission that the purchaser fulfils the Purchaser Criteria and that the Divestment Business(es) is/are being sold in a manner consistent with the Commission's Decision and the Commitments.

19. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Criteria and that the Divestment Business(es) is/are being sold in a manner consistent with the Commitments including their objective to bring about a lasting structural change in the market. The Commission may approve the sale of the Divestment Business(es) without one or more Assets or parts of the Personnel, or by substituting one or more Assets or parts of the Personnel with one or more different assets or different personnel, if this does not affect the viability and competitiveness of the Divestment Business(es) after the sale, taking account of the proposed purchaser.

SECTION E. TRUSTEE

I. Appointment procedure

20. DIG shall appoint a Monitoring Trustee to carry out the functions specified in these Commitments for a Monitoring Trustee. The Notifying Party commits not to close the Concentration before the appointment of a Monitoring Trustee.

21. If DIG has not entered into one (or two) binding sale and purchase agreement(s) regarding the Divestment Businesses one month before the end of the First Divestiture Period or if the Commission has rejected a purchaser proposed by DIG at that time or thereafter, DIG shall appoint a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.

22. The Trustee shall:

(i) at the time of appointment, be independent of the Notifying Party and its Affiliated Undertakings;
(ii) possess the necessary qualifications to carry out its mandate, for example have sufficient relevant experience as an investment banker or consultant or auditor; and
(iii) neither have nor become exposed to a Conflict of Interest.

23. The Trustee shall be remunerated by DIG in a way that does not impede the independent and effective fulfilment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Businesses, such success premium may only be earned if the divestiture takes place within the Trustee Divestiture Period.

Proposal by DIG

24. No later than two weeks after the Effective Date, DIG shall submit the name or names of one or more natural or legal persons whom DIG proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period or on request by the Commission, DIG shall submit a list of one or more persons whom DIG proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the person or persons proposed as Trustee fulfil the requirements set out in paragraph 22 and shall include:

    (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfil its duties under these Commitments;

    (b) the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks;

    (c) an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

25. The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfil its obligations. If only one name is approved, DIG shall appoint or cause to be appointed the person or persons concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, DIG shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by DIG

26. If all the proposed Trustees are rejected, DIG shall submit the names of at least two more natural or legal persons within one week of being informed of the rejection, in accordance with paragraphs 20 and 25 of these Commitments.

Trustee nominated by the Commission

27. If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom DIG shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee

28. The Trustee shall assume its specified duties and obligations in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or DIG, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

29. The Monitoring Trustee shall:

(i) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.

(ii) oversee, in close co-operation with the Hold Separate Managers, the on-going management of the Divestment Businesses with a view to ensuring their continued economic viability, marketability and competitiveness and monitor compliance by DIG with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:

(a) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Businesses, and the keeping separate of the Divestment Businesses from the business retained by the Parties, in accordance with paragraphs 8 and 9 of these Commitments;

(b) supervise the management of the Divestment Businesses as distinct and saleable entities, in accordance with paragraph 10 of these Commitments;

(c) with respect to Confidential Information:

- determine all necessary measures to ensure that DIG does not after the Effective Date obtain any Confidential Information relating to the Divestment Businesses,
- in particular strive for the severing of the Divestment Businesses' participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Businesses,
- make sure that any Confidential Information relating to the Divestment Businesses obtained by DIG before the Effective Date is eliminated and will not be used by DIG, and
- decide whether such information may be disclosed to or kept by DIG as the disclosure is reasonably necessary to allow them to carry out the divestiture or as the disclosure is required by law;

(d) monitor the splitting of assets and the allocation of Personnel between the Divestment Businesses and DIG or Affiliated Undertakings;

(iii) propose to DIG such measures as the Monitoring Trustee considers necessary to ensure DIG's compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Businesses, the holding separate of the Divestment Businesses and the non-disclosure of competitively sensitive information;

(iv) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process:

(a) potential purchasers receive sufficient and correct information relating to the Divestment Businesses and the Personnel in particular by reviewing, if available, the data room documentation, the information memorandum and the due diligence process, and

(b) potential purchasers are granted reasonable access to the Personnel;

(v) act as a contact point for any requests by third parties, in particular potential purchasers, in relation to the Commitments;

(vi) provide to the Commission, sending DIG a non-confidential copy at the same time, a written report within 15 days after the end of every month that shall cover the operation and management of the Divestment Businesses as well as the splitting of assets and the allocation of Personnel so that the Commission can assess whether the business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers;

(vii) promptly report in writing to the Commission, sending DIG a non-confidential copy at the same time, if it concludes on reasonable grounds that DIG is failing to comply with these Commitments;

(viii) within one week after receipt of the documented proposal referred to in paragraph 18 of these Commitments, submit to the Commission, sending DIG a non-confidential copy at the same time, a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Businesses after the Sale and as to whether the Divestment Businesses are sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the Sale of the Divestment Businesses without one or more Assets or not all of the Personnel affects the viability of the Divestment Businesses after the sale, taking account of the proposed purchaser;

(ix) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision.

30. If the Monitoring and Divestiture Trustee are not the same legal or natural persons, the Monitoring Trustee and the Divestiture Trustee shall cooperate closely with each other during and for the purpose of the preparation of the Trustee Divestiture Period in order to facilitate each other's tasks.

Duties and obligations of the Divestiture Trustee

31. Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business(es) to a purchaser, provided that the Commission has approved both the purchaser and the final binding sale and purchase agreement (and ancillary agreements) as in line with the Commission's Decision and the Commitments in accordance with paragraphs 17 and 18 of these Commitments. The Divestiture Trustee shall include in the sale and purchase agreement (as well as in any ancillary agreements) such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of DIG and PHE, subject to the Notifying Party’s unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.

32. In the Trustee Divestiture Period (or otherwise at the Commission’s request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within 15 days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to the Notifying Party.

III. Duties and obligations of the Parties

33. DIG and PHE shall provide and shall cause their advisors to provide the Trustee with all such co-operation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of DIG's or the Divestment Businesses' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and DIG and the Divestment Businesses shall provide the Trustee upon request with copies of any document. DIG and the Divestment Businesses shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.

34. DIG shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Businesses. This shall include all administrative support functions relating to the Divestment Businesses which are currently carried out at headquarters level. DIG shall provide and shall cause their advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. DIG shall inform the Monitoring Trustee on possible purchasers, submit lists of potential purchasers at each stage of the selection process, including the offers made by potential purchasers at those stages, and keep the Monitoring Trustee informed of all developments in the divestiture process.

35. DIG shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale (including ancillary agreements), the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, DIG shall cause the documents required for effecting the sale and the Closing to be duly executed.

36. DIG shall indemnify the Trustee and its employees and agents (each an "***Indemnified Party***") and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to DIG for, any liabilities arising out of the performance of the Trustee's duties under the Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Trustee, its employees, agents or advisors.

37. At the expense of DIG, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to DIG's approval (this approval not to be unreasonably withheld or delayed) if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should DIG refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard DIG. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 36 of these Commitments shall apply *mutatis mutandis*. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served DIG during the Divestiture Period if the Divestiture Trustee considers this in the best interest of an expedient sale.

38. DIG agrees that the Commission may share Confidential Information proprietary to DIG with the Trustee. The Trustee shall not disclose such information and the principles contained in Article 17 (1) and (2) of the Merger Regulation apply *mutatis mutandis*.

39. The Notifying Party agrees that the contact details of the Monitoring Trustee are published on the website of the Commission's Directorate-General for Competition and they shall inform interested third parties, in particular any potential purchasers, of the identity and the tasks of the Monitoring Trustee.

40. For a period of 10 years from the Effective Date the Commission may request all information from the Parties that is reasonably necessary to monitor the effective implementation of these Commitments.

IV. Replacement, discharge and reappointment of the Trustee

41. If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a Conflict of Interest:

    (a) the Commission may, after hearing the Trustee and DIG, require DIG to replace the Trustee; or

    (b) DIG may, with the prior approval of the Commission, replace the Trustee.

42. If the Trustee is removed according to paragraph 41 of these Commitments, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 20-27 of these Commitments.

43. Unless removed according to paragraph 41 of these Commitments, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

SECTION F. THE REVIEW CLAUSE

44. The Commission may extend the time periods foreseen in the Commitments in response to a request from DIG or, in appropriate cases, on its own initiative. Where DIG requests an extension of a time period, it shall submit a reasoned request to the Commission no later than one month before the expiry of that period, showing good cause**.** This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. Only in exceptional circumstances shall DIG be entitled to request an extension within the last month of any period.

45. The Commission may further, in response to a reasoned request from the Notifying Party showing good cause waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. The request shall not have the effect of suspending the application of the undertaking and, in particular, of suspending the expiry of any time period in which the undertaking has to be complied with.

SECTION G. ENTRY INTO FORCE

46. The Commitments shall take effect upon the date of adoption of the Decision.

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duly authorised for and on behalf of DIG

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duly authorised for and on behalf of PHE

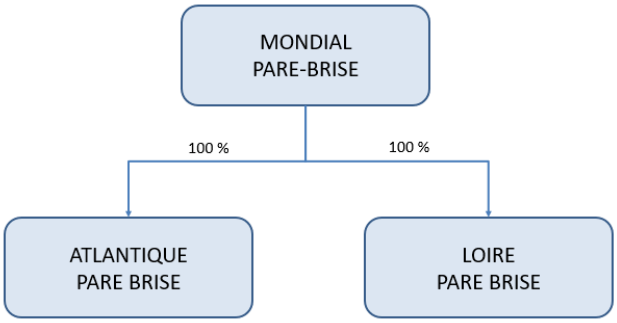
SCHEDULE

1. The Divestment Businesses as operated to date have the following legal and functional structure:

The Mondial Pare-Brise Divestment

Mondial Pare-Brise is organized as a *société par actions simplifiée* incorporated and existing under the laws of France, whose registered office is located at 3, rue Joseph Monier, 92500 Rueil-Malmaison, France, and registered with the Trade and Companies Registry under number 418 505 343 RCS Nanterre (the "**Mondial Pare-Brise Divestment**").

The organizational chart of the Mondial Pare-Brise Divestment is provided below:



The Mondial Pare-Brise Divestment consists in all commercial assets and staff that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Mondial Pare-Brise Divestment:

2. In accordance with paragraph 5 of these Commitments, the Mondial Pare-Brise Divestment includes, but is not limited to:

(a) the following tangible assets:

- Mondial Pare-Brise's 112 owned workshops as of 30th June 2022;
- Mondial Pare-Brise's technical and training center located in Nanterre, France.

(b) the following main contracts, agreements, commitments and understanding:

- all franchise agreements with the 257 franchised workshops, as well as all partnership agreements with the 430 "Point Relais" workshops as of 30th June 2022. A list containing all of Mondial Pare-Brise's (both owned and franchised) and "Point Relais" workshops is provided as **Annex A**. Possible adjustments to this list will be made at Closing to fully reflect the updated number of workshops;
- all customer contracts, relating to the market for the supply of automotive glass repair and replacement services in France, entered into between Mondial Pare-Brise and, respectively, (i) insurance companies and (ii) lease or fleet companies;
- all contracts entered into by Mondial Pare-Brise and suppliers of products specifically designed to repair and replace automotive glass, such as windshields, seals, and adhesives;

- the contract entered into between Mondial Pare-Brise and the call center MPST.

(c) the following customer, credit and other records: to the Parties' best of knowledge, the Mondial Pare-Brise Divestment's main customers' portfolio is currently estimated at approximately [300-400] customers. The exact portfolio will be confirmed at Closing and will be regularly updated until then.

(d) the following Personnel: all of Mondial Pare-Brise's Personnel, , *i.e.* 413 employees as of 31st May 2022 belonging to the (i) management, (ii) sales and customers support, and (iii) operations teams (respectively 19 employees, 65 employees and 329 employees). An organizational chart identifying the 29 members of the Key Personnel (belonging to the (i) management and (ii) sales and customer support categories) is provided as **Annex I,** it being specified that the Hold Separate Manager of the Mondial Pare-Brise Divestment shall be part of the Key Personnel.

The Key Personnel comprises the following functions: Chief Executive Officer (1), Chief Financial Officer (1), Human Resources Director (1), Deputy Human Resources Director (1), Trade Director (1) and Key Account Managers (2), Marketing Director (1), Director of Networks (owned stores and franchisees) (1), Deputy Director of Networks (1), Regional Delegates (5), Regional Managers (6), Deputies Regional Managers (2), Management Control Manager (1), Accounting Manager (1), Sales Administration Manager (1), Legal Manager (1), IT Manager (1), and Information Systems Manager (1).

The below table identifies all individuals involved in the negotiation of framework agreements with insurance companies, which are all employees of Mondial Pare-Brise:

Name	Job title	Entity
[…]	Trade Director	Mondial Pare-Brise
[…]	Key Account Manager	Mondial Pare-Brise
[…]	Key Account Manager	Mondial Pare-Brise

(e) the following transition agreements for the supply of the following services by PHE to Mondial Pare-Brise, for a transitional period of minimum 12 months (potentially extended for successive periods of 6 months as necessary) as from Closing, at the option of the Purchaser, and provided at costs during that period of time :

- a transition agreement for the provision of certain IT services currently provided by PHE to Mondial Pare-Brise, which will enable the Purchaser to benefit from all IT resources for infrastructure and project management (*i.e.* IT project management and coordination with Mondial Pare-Brise IT team; IT solution design and delivery; Vendor governance and management for common group IT suppliers; IT roadmap, architecture and budget coordination; IT security and IT

support for some applications). The Purchaser will become fully independent from PHE once it internalizes all these IT resources or enters into an agreement with an IT services provider;

- a transition agreement for the provision of certain HR services (*i.e.* payroll system, health insurance and group social agreements, as well as recruitment tools), should a stand-alone agreement not be signed between Mondial Pare-Brise and a provider of HR services at Closing. The Purchaser will become fully independent from PHE once it (i) enters into an agreement with a provider of HR services (if Mondial Pare-Brise has not done so at Closing) or (ii) internalizes all these HR resources;
- Any other functions or services that might be reasonably necessary to facilitate the transition.

(f) A continuity of supply of (i) glass spare parts and (ii) invoicing services in which PHE is currently involved during a period of minimum 12 months (potentially extended for successive periods of 6 months as necessary) following the next annual purchases negotiations (occurring between November and the end of February each year) and in any event before Mondial Pare-Brise's transition to an autonomous system materializes.

The continuity of supply of glass spare parts will occur under the current terms and conditions provided in the supply contracts entered into between Mondial Pare-Brise and suppliers of spare parts necessary to carry out glass repair and replacement services on vehicles. If supply contracts expire before the Mondial Pare-Brise Divestment and before the Purchaser has full autonomy in the supply of glass spare parts, DIG undertakes that the Purchaser will benefit from a continuity of supply (either by renewing or extending existing contracts, or by concluding agreements with alternative suppliers). The negotiations of contracts with suppliers occurring every year, the Purchaser will become fully independent from PHE when it will carry out negotiations and enter into agreements with suppliers independently.

The continuity of invoicing services will allow Mondial Pare-Brise suppliers to centralize the purchasing flows of Mondial Pare-Brise's owned workshops (112 as of 30th June 2022) through PHE's central purchasing unit (*i.e.* (i) centralization of the purchasing invoices and (ii) processing of a unique and direct payment to the supplier). This option will be made available to the Purchaser under the current terms and conditions provided in the contract entered into between Mondial Pare-Brise and PHE. The Purchaser will become independent from PHE if it already has, or once it has developed the required architecture to centralize Mondial Pare-Brise owned stores' purchases and suppliers' invoices.

(g) The following intangible assets:

- all of Mondial Pare-Brise's registered trademarks and logos. A list of the current trademarks and logos is provided as **Annex B**;

- Mondial Pare-Brise's dedicated invoice system […], which allows complete management of the franchise network;
- Mondial Pare-Brise's dedicated online booking system.

The Glass Auto Service Divestment

Glass Auto Service is organized as a *société par actions simplifiée* incorporated and existing under the laws of France, whose registered office is located at 22, avenue Aristide Briand, 94110 Arcueil, France, and registered with the Trade and Companies Registry under number 841 033 020 RCS Créteil (the "**Glass Auto Service Divestment**").

The Glass Auto Service Divestment is wholly owned by PHE.

The Glass Auto Service Divestment consists in all commercial assets and staff that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Glass Auto Service Divestment, it being specified that Glass Auto Service, as a label, does not have tangible assets and is administratively tied to the entity Autodistribution. As it is a label, Glass Auto Service is managed by employees of Autodistribution which are dedicated to the Glass Auto Service label.

3. In accordance with paragraph 5 of these Commitments, the Glass Auto Service Divestment includes, but is not limited to:

(a) the following main contracts, agreements, commitments and understanding:

- all agreements entered into with the 342 members ("*adhérents*") of the network as of July 2022; A list containing all of Glass Auto Service's members is provided as **Annex G**. Possible adjustments to this list will be made at Closing to fully reflect the updated number of members.
- all customer contracts, relating to the market for the supply of automotive glass repair and replacement services in France, entered into between Glass Auto Service and, respectively, (i) insurance companies and (ii) one lease and fleet company;

(b) the following customer, credit and other records: to the Parties' best knowledge, the Glass Auto Service Divestment's main customers' portfolio is currently estimated at [10-20] customers (insurance companies and one lease and fleet customer). The exact portfolio will be confirmed at Closing and will be regularly updated until then.

(c) the following Personnel: all of Glass Auto Service's Personnel dedicated to the management of the label, *i.e.* 11 employees as of 30th June 2022, including (i) one manager, (ii) four employees dedicated to the local management of the centers (Regional Delegates), and (iii) six employees managing the centralization of job flows coming from insurance companies (including one manager, three employees dedicated to sales administration, one accounting manager and one commercial assistant). An organization chart is provided as **Annex J,** it being specified that the Hold Separate Manager of the Glass Auto Service Divestment shall be part of the Key Personnel. All employees are considered as Key Personnel. The below table identifies the individual

involved in the negotiations of framework agreements with insurance companies:

Name	Job title	Entity
[…]	Manager of the Glass Auto Service network	Autodistribution

(d) the following transition agreements for the supply of the following services by PHE to Glass Auto Service, for a transitional period of minimum 12 months (potentially extended for successive periods of 6 months as necessary) as from Closing, at the option of the Purchaser, and provided at costs during that period of time:

- a transition agreement for the supply of all services and support currently provided by Autodistribution to Glass Auto Service in the ordinary course of business (*i.e.* IT support, purchases support, HR support and marketing support). The Purchaser will become fully independent from PHE once it will (i) enter into agreements with providers of the above services or (ii) internalizes all these resources;
- Any other functions or services that might be reasonably necessary to facilitate the transition.

(e) A continuity of supply of glass spare parts currently provided by Cora to Glass Auto Service's independent garages during a minimum period of 12 months (potentially extended for successive periods of 6 months as necessary) as from Closing. The continuity of supply of glass spare parts will occur under the current terms and conditions negotiated by the garages members of the network and Cora. DIG further commits to also maintain the current terms and conditions negotiated with other spare parts suppliers and listed in Glass Auto Service contracts as referenced suppliers, renegotiated as the case may be upon their contractual term, in the ordinary course of business.

(f) The following intangible assets:

- Glass Auto Service's registered trademark and logo.
- Glass Auto Service's dedicated invoicing system Sofia, which allows a complete management of the network;

4. There are no elements that the Divestment Businesses shall not include.

5. If there is any asset or personnel which is not be covered by paragraph 2 and 3 of this Schedule but which is both used (exclusively or not) in the Divestment Businesses and necessary for the continued viability and competitiveness of the Divestment Businesses, that asset or adequate substitute will be offered to potential purchasers.