

**DEROGATION LETTER**  
**IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED**  
**PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

**Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 17 May 2021**

**Completed acquisition by Sony Music Entertainment of all of the issued shares of the entities comprising the AWAL and the Kobalt Neighbouring Rights businesses from Kobalt Music Group Limited ('the Transaction')**

We refer to your emails and accompanying notes and further information of 9 June 2021 and 10 June 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 17 May 2021 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Sony Group Corporation ('**Sony**'), Sony Music Entertainment ('**Sony Delaware**'), The Orchard, EU Limited ('**Sony Orchard**') and AWAL Digital Limited, AWAL Recordings Licensing Ltd, AWAL Recordings Ltd, Kobalt Neighbouring Rights Limited, Kobalt Neighbouring Rights II Limited, Kobalt Music Netherlands Artists B.V, Kobalt Music Netherlands OH Records B.V., AWAL Recordings America, Inc., AWAL Recordings Licensing America, Inc. and In2une Inc. (together the '**Target Entities**') are required to hold the Sony business and the Target business separate from one another and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Sony, Sony Delaware, Sony Orchard and the Target Entities may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(c), 6(i) and 6(k) of the Initial Order**

AWAL Recordings America, Inc. ('**AWAL**') submits that prior to the imposition of the Initial Order and unconnected with the Transaction, it had planned to streamline its management responsibilities [X].

The CMA consents to a derogation from paragraph 6(c), 6(i) and 6(k) of the Initial Order to permit the key staff and management changes described above, strictly on the basis that:

- a) AWAL represents that the [X]. Hence, the proposed change in key staff and management responsibilities will not impact the viability or ongoing operation of the Target business;
- b) Subject to [X] AWAL taking reasonable steps to procure, [X];
- c) No other organisational, management or key staff changes will be made to the Target business as a result of the proposed departure [X];
- d) This derogation will not lead to any integration of the Target business and the Sony business; and
- e) This derogation shall not impede any remedial action which the CMA may need to take regarding the Transaction.

Yours sincerely,

Cristina Caballero

Assistant Director, Mergers

14 June 2021