

**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 (the ‘Act’) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (‘CMA’) on 26 May 2021.**

**Acquisition by CHC Group LLC (‘CHC’) from Babcock International Group plc (‘Babcock’) of the oil and gas offshore crew transportation service business of Babcock (‘Babcock Offshore’) (the ‘Acquisition’). CHC and Babcock Offshore together are referred to as the ‘Parties’.**

We refer to your submissions of 10 May 2021, 17 May 2021, 25 May 2021, 16 July 2021, and 26 July 2021 requesting that the CMA consents to derogations from the Initial Enforcement Order of 26 May 2021 (the ‘**Initial Order**’). Unless otherwise stated, 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, CHC Group LLC, EEA Helicopter Operations B.V., CHC Scotia Limited, Babcock Mission Critical Services Offshore Limited, Babcock Offshore Services Australasia Pty Ltd and Babcock Denmark A/S (the ‘**Addressees**’) are required to hold separate the Babcock Offshore business from the CHC business 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, the CMA consents to the Addressees carrying out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(a), 6(e), 6(g), 6(h) and 6(l) – Parent company guarantees**

The Parties submit that a number of agreements entered into by Babcock Offshore are subject to parent company guarantees (the ‘**Agreements**’). Pursuant to the Share Purchase Agreement entered into by Babcock and CHC on 27 February 2021, CHC is required to substitute itself for Babcock as Babcock Offshore’s guarantor. This is essential

to ensure that Babcock Offshore is able to continue benefitting from the Agreements and operating as a going concern post-Acquisition.

The CMA consents to a derogation from paragraphs 6(a), 6(e), 6(g), 6(h) and 6(l) of the Initial Order to permit (i) CHC to act as parent guarantor, (ii) CHC to agree to make payments to the counterparties of the Agreements that are strictly necessary to secure their agreement to CHC becoming guarantor of Babcock Offshore, and (iii) CHC to receive information strictly needed from Babcock Offshore to provide the necessary guarantees. The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary for CHC to arrange for and enter into the parental guarantees in respect of the Agreements.
- (b) Information will only be provided to CHC personnel listed in Annex 1 for whom it is strictly necessary to see Babcock Offshore information to arrange for and enter into the parental guarantees.
- (c) The individuals listed in Annex 1 shall enter into non-disclosure agreements in a form approved by the CMA.
- (d) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CHC from accessing the information shared with the individuals listed in Annex 1 for the purposes of this derogation.
- (e) No changes to the individuals listed in Annex 1 are permitted without the prior written consent of the CMA (including via email).
- (f) Should the Acquisition be prohibited or if CHC is required to divest all, or part of, the Babcock Offshore Business, CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

## **2. Paragraphs 6(a), 6(g) and 6(l) – Insurance**

The CMA understands that Babcock Offshore relies on Babcock's group insurance arrangements. Following completion, these arrangements will cease. CHC submits that

the most effective way to ensure that Babcock Offshore has all the necessary insurance cover immediately upon completion is to include Babcock Offshore on CHC's existing group insurance policies.

The CMA consents to a derogation from paragraphs 6(a), 6(g) and 6(l) of the Initial Order to permit (i) CHC to extend CHC's existing insurance coverage to Babcock Offshore; and (ii) CHC to receive information strictly needed from Babcock Offshore in order to put in place and maintain the requisite insurance coverage for Babcock Offshore. The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary for CHC to arrange insurance coverage to Babcock Offshore and ensure compliance with any requirements of the insurance policies.
- (b) Information will only be provided to individuals listed in Annex 2 for whom it is strictly necessary to see Babcock Offshore information to ensure that the necessary insurance arrangements are put in place.
- (c) The individuals listed in Annex 2 shall enter into non-disclosure agreements in a form approved by the CMA.
- (d) The individuals listed in Annex 2 do not have any responsibility for the commercial or strategic operations of CHC and shall not use any information provided by Babcock Offshore in any way to intervene in the management or operation of Babcock Offshore.
- (e) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CHC from accessing the information shared with the individuals listed in Annex 2 for the purposes of this derogation.
- (f) No changes to the individuals listed in Annex 2 are permitted without the prior written consent of the CMA (including via email).
- (g) The inclusion of Babcock Offshore within CHC's insurance arrangements:
  - will not be difficult or costly to reverse; and
  - will have no influence upon the commercial direction of the Babcock Offshore business during the term of the Initial Order.
- (h) Should the Acquisition be prohibited or if CHC is required to divest all, or part of,

the Babcock Offshore Business CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

### **3. Paragraphs 6(a) 6(g), 6(h) and 6(l) – Coordination between the Parties in the event of a major incident**

The Parties submit that in the event of a major incident, meaning an accident and/or emergency involving Babcock Offshore staff and/or property, resulting in suspected or confirmed casualties, fatalities and/or significant damage to Babcock Offshore property or the environment, CHC may have to urgently assist Babcock Offshore with incident recovery as well as communications, media, and management support.

In order to provide this assistance, CHC will need to be informed by Babcock Offshore of the nature of the incident, as well as of location, time, aircraft type, persons on board, injuries, casualties, state of emergency assistance, customer, state of emergency response plan activation, external agencies involved (police, coastguard, etc.), media statements and plan execution progress, personnel and physical asset recovery plan, liaison officers deployed and investigation support.

The CHC individuals who would receive the categories of information listed above are listed in Annex 3. The individuals who would, in addition to receiving the above information, be involved in providing assistance to Babcock Offshore are listed in Annex 4.

The CMA consents to a derogation from paragraphs 6(a), 6(g), 6(h) and 6(l) of the Initial Order to permit CHC to assist Babcock Offshore in responding to major incidents. The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary for CHC to assist Babcock Offshore in responding to a major incident (the '**Permitted Purpose**').
- (b) Confidential or proprietary information which is not commercially-sensitive may be shared with the individuals listed in Annex 3 and Annex 4, provided this is strictly necessary for the Permitted Purpose.

- (c) The individuals listed in Annex 3 and Annex 4 shall enter into non-disclosure agreements in a form approved by the CMA.
- (d) To the extent that it is strictly necessary for CHC to receive commercially-sensitive information of Babcock Offshore for the Permitted Purpose, such information will be shared only with the individuals listed in Annex 4. None of these individuals have any responsibility for the commercial or strategic operations of CHC.
- (e) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CHC from accessing the information shared with the individuals listed in Annexes 3 and 4 for the Permitted Purpose.
- (f) No changes to the individuals listed in Annexes 3 and 4 are permitted without the prior written consent of the CMA (including via email).
- (g) The Parties will keep a record of all commercially-sensitive, confidential and proprietary information shared between Babcock Offshore and CHC for the Permitted Purpose, including: (i) the type of information shared, (ii) the individuals within CHC who have had access to this information, and (iii) why their access to this information was strictly necessary.
- (h) The Parties will inform the CMA of each major incident requiring assistance from CHC or collaboration between the Parties as soon as practicable, and in any event no later than 24 hours of the major event taking place, and promptly make available to the CMA the above-mentioned records, upon the CMA's request.
- (i) Once the major incident response has been implemented, CHC will ensure that any commercially-sensitive, confidential or proprietary information received from Babcock Offshore for the Permitted Purpose will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

#### **4. Paragraphs 6(a), 6(b) and 6(l) – Provision of Babcock Offshore financial data to CHC relating to cash flow and making financial resources available**

The Parties submit that Babcock Offshore may have very limited cash available. Accordingly, CHC may need to assist Babcock Offshore with its cash flow to ensure that Babcock Offshore is maintained as a going concern and is able to successfully pursue its pre-merger business plans. The Parties further submit that, in order for CHC to make a cash injection and authorise any requisite payment to Babcock Offshore, it is necessary

for Babcock Offshore to provide CHC with certain financial information about its cash-flow requirements.

The CMA consents to a derogation from paragraphs 6(a), 6(b) and 6(l) of the Initial Order to permit CHC to make funding available to Babcock Offshore in line with its pre-merger business plans, and to permit CHC to receive from Babcock Offshore (i) cashflow forecast data (the '**Forecast Data**'), and (ii) certain financial information regarding any specific request (e.g. the amount required and when funding is required by) (a '**Cash Request**'). The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary to provide funding. This information will be provided in the format provided to the CMA on 25 May 2021 and agreed by the CMA on 4 June 2021.
- (b) The Forecast Data and Cash Request will be provided only to the individuals in Annex 5 for whom it is strictly necessary to see the information to ensure that CHC is able to make funding available to Babcock Offshore.
- (c) The individuals in Annex 5 will enter into a non-disclosure agreement in a form approved by the CMA. None of the individuals in Annex 5 has any responsibility for the commercial or strategic operations of CHC.
- (d) IT firewalls and/or other ring-fencing measures will be put in place to prevent other employees within CHC from accessing the information shared for the purposes of this derogation.
- (e) Prior to such a decision being communicated to Babcock Offshore, CHC will inform the CMA of any instances in which it is proposed that a funding request from Babcock Offshore would be denied.
- (f) Should the Acquisition be prohibited or if CHC is required to divest all, or part of, the Babcock Offshore Business CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.
- (g) No changes to the individuals listed in Annex 5 are permitted without the prior written consent of the CMA (including via email).

## **5. Paragraphs 6(a), 6(b) and 6(l) – Provision of financial data about Babcock Offshore to CHC for the purpose of financial oversight**

CHC submits that in order to preserve the ongoing viability and competitive capability of the Babcock Offshore Business, it is necessary that certain high-level financial information about the Babcock Offshore Business be shared with CHC on a periodic basis. CHC further submits that, in addition to this information being necessary to maintain high-level financial oversight of the Babcock Offshore Business in order to preserve its ongoing viability, CHC requires this information to be able to prepare consolidated financial information for the entire CHC group, as required under its external debt covenants.

The CMA consents to a derogation from paragraphs 6(a), 6(b) and 6(l) of the Initial Order to permit the individuals identified in Annex 6 being provided with Babcock Offshore's monthly management accounts in a form agreed with the CMA. The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary for CHC to maintain oversight of the viability of the Babcock Offshore business and to prepare consolidated financial information for the entire CHC group. This information will be provided in the format provided to the CMA on 25 May 2021 and agreed by the CMA on 4 June 2021.
- (b) Babcock Offshore information will be shared only with the individuals in Annex 6, none of whom have any responsibility for the commercial or strategic operations of CHC.
- (c) The individuals identified in Annex 6 will enter into non-disclosure agreements in a form approved by the CMA.
- (d) No changes to the individuals listed in Annex 6 are permitted without the prior written consent of the CMA (including via email).
- (e) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CHC from accessing the information shared with the individuals listed in Annex 6 for the purposes of this derogation.
- (f) Should the Acquisition be prohibited or CHC is required to divest all, or part of, the Babcock Offshore Business, CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature,

wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

## **6. Paragraphs 6(a) and 6(l) – HR support in respect of CHC employee benefits**

CHC submits that, upon completion of the Acquisition, certain employee benefits provided centrally by Babcock to Babcock Offshore would no longer be available to Babcock Offshore staff. Accordingly, in preparation for completion, CHC made arrangements for Babcock Offshore staff to receive, from completion, certain employee benefits via third party providers with whom CHC has existing agreements. In order to do this, certain CHC employees were provided with information about Babcock Offshore employees prior to the issuance of the Initial Order in order to ensure that the benefits would be in place upon completion. To ensure that Babcock Offshore employees continue to benefit from these arrangements, further information regarding those employees and the benefits may need to be shared with CHC.

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order to permit certain Babcock Offshore employee information to be provided to the CHC employees identified at Annex 7 and, if necessary, for those individuals to liaise with the employee benefits providers on behalf of the Babcock Offshore employees. The CMA grants this derogation strictly on the basis that:

- (a) Babcock Offshore information provided to CHC will be limited to what is strictly necessary to ensure that Babcock Offshore employees benefit from the employee benefits CHC has arranged from completion.
- (b) The individuals identified in Annex 7 will enter into non-disclosure agreements in a form approved by the CMA.
- (c) IT firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within CHC from accessing the information shared with the individuals listed in Annex 7 for the purposes of this derogation.
- (d) No changes to the individuals listed in Annex 7 are permitted without the prior written consent of the CMA (including via email).
- (e) Should the Acquisition be prohibited or CHC is required to divest all, or part of, the Babcock Offshore Business, CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information,



intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

## **7. Paragraphs 6(c) and 6i) – Appointment of a Hold Separate Manager**

The Parties submit that Babcock provided each of the Babcock Offshore entities with strategic guidance and limited operational and compliance support. Given that the Babcock managerial staff providing this guidance and support will not be transferring to Babcock Offshore upon completion, CHC proposed appointing Mr Chris Krajewski to oversee, and provide strategic guidance to, the management of each of the Babcock Offshore entities. Mr Krajewski would report to the CMA, rather than CHC, and would be responsible for ensuring the Babcock Offshore entities remain a going concern, execute their pre-merger business plans, are operated independently of CHC, and remain compliant with the IEO. His role would be that of a Hold Separate Manager, as described in paragraphs 4.13 to 4.15 of [CMA 108](#).

The CMA consents to a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the appointment of Mr Krajewski as Hold Separate Manager. The CMA consents to this derogation strictly on the basis that:

- (a) Mr Krajewski will follow the Hold Separate Manager mandate agreed upon with the CMA on 16 July 2021, included below as Annex 8.
- (b) Mr Krajewski has the experience, expertise, and capacity necessary to fulfil the role of Hold Separate Manager of each of the three Babcock Offshore entities.
- (c) Mr Krajewski has no existing ties to CHC or Babcock, and has no plans to work for, or provide services to, CHC or Babcock.
- (d) Mr Krajewski's past employment by CHC does not create a conflict of interest risk.
- (e) Mr Krajewski will sign the fortnightly compliance reports on behalf of the Babcock Offshore entities, and he will update the CMA as soon as any issues relevant to IEO compliance arise.

## **8. Paragraphs 6(c), 6(i) and 6(k) – Changes to Babcock Offshore's boards of directors**

The Parties submit that, pursuant to the terms of the Acquisition, those directors who are

not transferring over as employees of Babcock Offshore will resign from the boards of directors of Babcock Offshore with effect from completion. The CMA also understands that the board members who will resign upon completion do not provide strategic guidance, as board members, to the Babcock Offshore entities. The resigning directors are listed in the left-hand column of Annex 9.

The Parties further submit that they will appoint new members to the boards of directors of each of the three Babcock Offshore entities in order to comply with legal corporate governance requirements and preserve the integrity of the organisational structure of the Babcock Offshore business for the duration of the CMA's investigation. Each of the proposed replacements is or will be an employee of Babcock Offshore and none has an existing connection to CHC. The new directors are listed in the right-hand column of Annex 9 (the '**New Directors**'). One of the New Directors, Mr Chris Krajewski, will take on a temporary managerial role at each of the three targets for the duration of the Initial Order (see derogation 7 above).

The CMA consents to a derogation from paragraphs 6(c), 6(i) and 6(k) of the Initial Order to permit:

- (i) the directors listed in the left-hand column of Annex 9 to effect their respective board resignations; and
- (ii) the New Directors to be appointed to the Babcock Offshore boards as set out in the right-hand column of Annex 9.

The CMA consents to this derogation strictly on the basis that:

- (a) The director resignations will have no impact on Babcock Offshore's operations, which will continue to be the responsibility of the management of each of the Babcock Offshore entities.
- (b) The appointment of the New Directors will not have any impact on the ability of Babcock Offshore to compete independently of CHC.
- (c) The New Directors have the relevant expertise and experience necessary to perform the role of directors of the Babcock Offshore entities.

## **9. Paragraphs 6(a), 6(b) and 6(f) – De-branding and renaming of the Babcock Offshore entities**

The CMA understands that, pursuant to the Share Purchase Agreement entered into

between the Parties, CHC is required to procure that Babcock Offshore ceases to use or display the word “Babcock” with effect from completion. The Parties submit this is necessary to avoid confusion since Babcock Offshore will, with effect from completion, no longer have any affiliation with Babcock and Babcock will continue its other aviation operations under its brand name. The Parties also submit that the de-branding and renaming of the Babcock Offshore Business will have no material impact on the ability of the Babcock Offshore Business to operate independently and compete effectively, as evidenced by past modifications to its name, following past ownership changes.

To avoid any perceived association with CHC from the perspective of customers and suppliers, the Parties plan to amend the names of the Babcock Offshore entities as follows, with effect from completion:

<i>Current Babcock Offshore entity name</i>	<i>Amended Babcock Offshore entity name</i>
Babcock Mission Critical Services Offshore Limited	Offshore Helicopter Services UK Limited
Babcock Offshore Services Australasia Pty	Offshore Services Australasia Pty Ltd
Babcock Denmark A/S	Offshore Helicopter Services Denmark A/S

The Parties also submit that the word ‘Babcock’, and any Babcock logo, affixed to any Babcock Offshore aircraft will be removed or permanently covered up, and that in any other instances where such logo or name appears (for example, on headed paper or signs in airports), these will be replaced with the amended name proposed above.

On the condition that the customers, suppliers and employees of both CHC and Babcock Offshore will be separately informed that the Babcock Offshore business will trade independently and be held separate from CHC for the duration of the Initial Order, the CMA consents to a derogation from paragraphs 6(a), 6(b) and 6(f) of the Initial Order to permit:

- (i) the renaming of the Babcock Offshore entities, as proposed above; and
- (ii) the removal or permanent covering up of the word “Babcock” and any Babcock logo from Babcock Offshore aircraft, and the replacement of such logo or word in any other instances or locations, with the relevant amended Babcock Offshore entity name.

## 10. Paragraphs 5(b), 6(c), 6(e)(iii) and 6(l) – Refinancing Arrangements

CHC submits that [REDACTED].

CHC submits that as part of these refinancing arrangements, [REDACTED].

CHC is therefore seeking the CMA's consent:

- (i) to take any necessary steps to secure the [REDACTED] refinancing arrangements, [REDACTED];
- (ii) for the provision of information, to the extent necessary, from Babcock Offshore to CHC and any coordination between CHC and the Babcock Offshore business which is strictly necessary [REDACTED];
- (iii) [REDACTED]; and
- (iv) [REDACTED].

The CMA consents to a derogation from paragraphs 5(b), 6(c), 6(e)(iii) and 6(l) of the Initial Order to permit the above. The CMA consents to this derogation strictly on the basis that:

- (a) The actions described in paragraphs (i) to (iv) above are strictly necessary [REDACTED].
- (b) Any confidential information shared with CHC by Babcock Offshore for the purposes of this derogation will:
  - be limited to that which is strictly necessary [REDACTED]; and
  - be shared with the CHC individuals listed in Annex 10 for whom it is strictly necessary to see this information to progress the actions described in paragraphs (i) to (iii) above.
- (c) For the avoidance of doubt, Babcock Offshore is not required to receive confidential information from CHC for the purposes of this derogation and no commercially-sensitive information will be received by Babcock Offshore from CHC.
- (d) Each of the CHC individuals listed in Annex 10 shall enter into an NDA in the form approved by the CMA.
- (e) No further changes to the CHC personnel listed in Annex 10 are permitted without

the prior written consent from the CMA (including via email).

(f) [✂].

(g) [✂].

(h) [✂].

(i) Should the Acquisition be prohibited or should CHC be required to divest all, or part of, the Babcock Offshore Business, CHC will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Babcock Offshore for the purposes of this derogation will be returned to Babcock Offshore and any copies destroyed, except to the extent that record retention is required by law or regulation.

These derogations shall not prevent any remedial action which the CMA may need to take regarding the Acquisition. These derogations will not result in any integration between the Babcock Offshore business and the CHC business.

Yours sincerely,

Lasse Burmester

Assistant Director, Mergers

27 August 2021

## Annex 1

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## Annex 2

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## Annex 3

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## Annex 5

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## Annex 6

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## Annex 7

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[✂].

[✂].

[✂].

## **Annex 8**

### **The HSM Mandate**

Chris Krajewski shall serve as the HSM for the Target Entities and shall sit on the Boards of the Target Entities.

#### **Definitions**

Unless stated otherwise the defined terms in this, Mandate, have the same meaning given to them in the consultancy agreement entered into between the Client and the Consultant.

#### **Tenure**

This agreement will commence on the latest of (i) 30 July 2021 or (ii) the first day of the Hold Separate Period, and will remain in force for the duration of the Hold Separate Period.

#### **Accountable to**

The HSM will act on behalf of the CMA and be under an obligation to the CMA to carry out his functions to the best of his abilities. The HSM will owe duties to the Target Entities on whose boards he will sit. The HSM will be accountable to the Client only for specific responsibilities insofar as requisite approval from the CMA and has been given.

#### **Remuneration**

CHC shall remunerate and reimburse the Consultant for all reasonable costs properly incurred by the HSM in accordance with the terms and conditions of the appointment and in such a way so as not to impede the HSM's independence or ability to effectively and properly carry out the HSM's functions.

#### **Key responsibilities**

The HSM's main responsibilities during the performance of the Services shall include, but are not limited to:

- Acting as HSM of the Target Entities independently and in the best interest of that business in order to preserve its economic value, competitiveness, and independence from CHC.
- Acting on behalf of the CMA to the best of his abilities, fulfilling the duties of the HSM as prescribed by the CMA, including communicating directly with the CMA regarding the status of the Target Entities and their operation during the Hold Separate Period.
- Assisting the CMA in monitoring compliance with the IEO by ensuring that:
  - appropriate systems are in place to preserve the independence of the Target Entities from CHC;



- CHC does not have access to any business secrets or information of a confidential or proprietary nature relating to the Target Entities, except as expressly permitted by Derogations granted by the CMA;
- the Target Entities have access to sufficient resources for their continued operation, maintenance of their competitiveness, and future development in accordance with their respective pre-merger business plans;
- any additional measures that may be necessary during the Hold Separate Period to protect the value and competitiveness of the Target Entities are adopted or put forward for recommendation and, if appropriate, implemented;
- he reports to the CMA on the Target Entities' compliance with the IEO, including by providing every two weeks (or otherwise as required by the CMA) a statement stating whether or not the Target Entities have complied with the IEO;
- he complies with any requests made by the CMA for the purpose of ensuring the full and effective compliance by the Target Entities with the IEO; and
- he immediately notifies the CMA in writing if he forms a reasonable suspicion that the IEO has been breached or if he considers that he is no longer in a position to effectively carry out the HSM functions.
- Serving as a board member for the Target Entities and fulfilling such board member duties as set forth on the applicable constitutional documents; board protocols; and in accordance with local laws.
- Overseeing the Accountable Managers (or their delegates) in the UK, Denmark, and Australia and working with the Accountable Managers to successfully operate the Target Entities' business. Such work will include, but will not be limited to:
  - competing to win new work for the Target Entities including the preparation of bids and tenders;
  - coordination and communication with customers and regulators;
  - overseeing and procuring operational safety and efficiency;
  - ensuring compliance with applicable aviation regulations;
  - overseeing the supply chain and customer contracting process and other operational requirements;
  - ensuring effective employee training, retention, and hiring practices;
  - liaising with key Target Entities' suppliers such as Lessors and OEMs;
  - liaising with local Unions (if applicable) and managing such interactions in accordance with the relevant Collective Bargaining Agreements;
  - ensuring that the Accountable Managers are meeting their contractual requirements and adhering with normal market practice for an AOC holding company;
  - communicating any material events to the regulator or the Target Entities' insurance provider, as appropriate, such as any hard landings; aircraft damage or personnel injury etc.;
  - overseeing compliance by each of the Target Entities with its key policies – e.g. safety; ethics and compliance; contract review; authorization matrices and assisting the Accountable Managers or other personnel with the

- implementation of such policies if they are not in place within the Target Entities;
- oversight of third-party professional advisor engagements including, but not limited to, legal; tax; training and ensuring that their engagement is in line with each Target Entity's authorization policy; and
  - such other tasks that become apparent to the HSM that are required to ensure safe operation of each Target Entity during the tenure of the agreement.
  - Communicating and working with CHC insofar as it is permitted by the CMA.

### **Duty to cooperate**

CHC, its subsidiaries and their employees, officers, directors, advisers and consultants must provide the HSM with all cooperation, assistance and information as the HSM may reasonably require in order to discharge his functions.

### **Conflicts of interest**

- The HSM confirms that, as of the date of this Mandate, the HSM does not have any financial or non-financial interests that could impair, or be seen to impair, the HSM's objectivity and independence in discharging his duties under the Mandate.
- The HSM must ensure that his financial and non-financial interests (which for the sake of certainty include the HSM's consultancy work) do not give rise to the risk of a conflict of interest that could impair, or be seen to impair, the HSM's objectivity and independence in discharging his duties under the Mandate. To ensure this, the HSM must manage conflicts in accordance with the CMA's conflict of interest policy (see Annex F in [CMA Board Rules of Procedure](#)).
- Should a conflict of interest risk arise for the HSM during the course of his appointment, he must bring it to the attention of the CMA immediately. The CMA will then consider whether the conflict of interest risk can be resolved in a manner and within a time frame acceptable to the CMA. The CMA may direct that the HSM's appointment is terminated where the conflict of interest risk cannot be resolved in a manner and within a time frame acceptable to the CMA.
- The HSM must not provide consulting services to CHC while he is HSM. He must also not enter into any agreements while he is HSM to provide consulting services to CHC at a future date.

### **Confidentiality**

All communications between the HSM and the CMA are confidential and should not be disclosed to CHC or the Target Entities, save with the prior written consent of the CMA. The HSM shall not disclose such communications to third parties.

### **Governing Law and Dispute Resolution**

- This Mandate shall be governed by, and construed in accordance with, the laws of England and Wales.
- In the event that a dispute arises concerning the Parties' obligations under the Mandate, such dispute shall be submitted to the non-exclusive jurisdiction of England and Wales.

## Annex 9

<b>Incumbent</b>	<b>New Director</b>
<b>Babcock Mission Critical Services Offshore Limited</b>	
Philip Craig	Chris Krajewski
<b>Babcock Offshore Services Australasia Pty Ltd</b>	
Darren Moncrieff	Nick Clarke (accountable manager at Babcock Offshore Services Australasia Pty Ltd)
David Ruff	Chris Krajewski
Andrew Cridland	N/A
<b>Babcock Denmark A/S</b>	
Marius Hansen	Paul Kelsall (accountable manager at Babcock Mission Critical Services Offshore Limited)
Inez Canal	Chris Krajewski
Giulio Fini	N/A

## Annex 10

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