

**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.

Completed 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 submission of 15 June 2022 and subsequent correspondence requesting that the CMA consents to a derogation 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 pending final determination of the reference which might prejudice the reference or impede the taking of any remedial action which might be justified by the CMA’s decisions on the reference.

After due consideration of your derogation request 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 action, in respect of the specific paragraphs:

- 1. Paragraphs 5(a), 5(c), 6(a), 6(c), 6(e), 6(f), 6(g), 6(h) and 6(l) – Integration of Offshore Australia and Offshore Denmark**

The CMA stated in its Final Report dated 1 June 2022 that it would not be necessary to divest Offshore Australia and Offshore Denmark to address the substantial lessening of competition in the UK that it found in its Report would result from the merger. In addition,

the CMA concluded that it would also not be necessary to divest these entities to ensure an attractive divestment package.

In light of this, CHC submits that it is appropriate and necessary for it to be able to integrate the Australian and Danish parts of the Babcock Offshore business with its business. CHC submits that such integration will not impact the divestment of Offshore UK, which is required pursuant to the CMA's Final Report.

The CMA consents to a derogation from paragraphs 5(a), 5(c), 6(a), 6(c), 6(e), 6(f), 6(g), 6(h) and 6(l) of the Initial Order to permit:

- (a) the integration of Offshore Australia and Offshore Denmark with CHC's business, and no longer require CHC to maintain and carry on those businesses as separate businesses;
- (b) the management responsibilities of certain individuals to change in light of the integration; and
- (c) information relating to Offshore Australia and Offshore Denmark to be shared freely between the integrated entity.

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

- (a) It does not impact the divestment of Babcock Offshore in the UK; and
- (b) It does not impede compliance with the Initial Order for CHC and the Babcock Offshore business in the UK.

[signed]

Alistair Thomsson

Director, RBFA

14 July 2022