

**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 Orders made by the
Competition and Markets Authority ('CMA') on 14 November 2022**

**Anticipated acquisition by Cochlear Limited of the hearing implants division of
Demant A/S, known as Oticon Medical**

Dear Mr Parker,

We refer to your submission dated 25 November 2022 requesting that the CMA consent to derogations to the Initial Enforcement Order of 14 November 2022 (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, Demant and Oticon Medical, are required to refrain from taking any action which might prejudice a reference of the transaction under section 22 or 33 of the Act or impede the taking of any remedial action which may be justified by the CMA's decisions on 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 Demant and Oticon Medical carrying out the following actions, in respect of the specific paragraphs:

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

Demant has sought CMA consent for changes to management responsibilities for the Oticon Medical business in the United States as a result of a recent resignation.

Mr [X], [X], resigned on 31st October 2022 and will depart on 30th November 2022. Demant proposes that [X]'s role and leadership responsibilities be taken over by [X], who was previously [X] for Oticon Medical in the United States.

[X]'s responsibilities will be collectively assumed by [X] and [X], who are [X] for the [X] of the United States, respectively, along with [X] who will join the leadership team and is [X] for [X] United States.

Demant represented that each of these individuals has the experience and ability to take on these new responsibilities, following the departure of [X], and that the related organisational changes are strictly necessary to ensure that there is no adverse effect on the activities of the Oticon Medical business in the United States.

On the basis of the representations made by Demant, and in the circumstances of this case, the CMA consents to a derogation from paragraphs 6(c) and 6(i) to implement the changes described above, strictly on the basis that:

- (i) These changes will not have an adverse impact on the Oticon Medical's operations or alter its strategic direction;
- (ii) These changes are strictly necessary to maintain and preserve the activities of Oticon Medical in the United States; and
- (iii) These changes will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Sincerely,

Faye Fullalove
Assistant Director
Mergers
29 November 2022