

**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 16 December 2022 requesting that the CMA consent to a derogation 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. Further, in this letter:

Oticon Medical Support Activities means any activities carried out by the Demant business which support the activities of Oticon Medical in relation to the procurement, supply and/or development of Oticon Medical's products. The Oticon Medical Support Activities include (without limitation) any operational, relationship management, strategic, development, technical or back-office activities or services.

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 a derogation 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 the following reassignments of key staff responsibilities as a result of key staff resignations:

- Following the resignation of [X] ([X]) from Oticon Medical: [X], [X] and [X] line manager, will take on [X] responsibilities from [X];

- Following the resignation of [X] ([X]) from Oticon Medical: [X], [X] and [X] line manager, will take on [X] responsibilities from [X]; and
- Following the resignation of [X] ([X], engaged in Oticon Medical Support Activities) from Demant: [X], [X] and [X] line manager, will take on [X] responsibilities from [X].

Demant submits that each of the individuals taking on new or additional responsibilities has the experience and capacity necessary to effectively take on the responsibilities of these roles, and to ensure that the reallocation will result in no detriment to the ongoing viability of the Oticon Medical business.

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 this derogation will not result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decisions on the reference.

The CMA also consents to the amendment of the list of Demant business key staff engaged in Oticon Medical Support Activities in its derogation letter dated 14 November 2022, as amended for completeness at Annex 1.

Sincerely,

Colin Garland
Director
Remedies, Business and Financial Analysis
23 December 2022

Annex 1: Key Demant staff engaged in Oticon Medical Support Activities

Name	Area
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
[✂]	[✂]
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