

**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 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 4 January 2023 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.

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 paragraph:

**1. Paragraph 6(i) of the Initial Order**

Demant has sought CMA consent for the provision of consulting services by [X], currently [X] in France, to [X]. The consulting services will utilise c. 20-30% of [X]’s capacity, with his remaining capacity dedicated to [X]’s work at Oticon Medical.

Demant submits that:

- [X] will continue to carry out his current responsibilities and tasks at Oticon Medical;

- The provision of consulting services to [X] will have no impact on [X]'s work for Oticon Medical and provides an important incentive for [X] to remain with the Oticon Medical business; and
- The provision of consulting services will not result in any detriment to the ongoing viability of 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 paragraph 6(i) to implement the changes described above, strictly on the basis that:

- i) Allowing [X] to provide consulting services will not result in changes to the organisational structure of or management responsibilities within the Demant or Oticon Medical businesses, and will have no impact on Oticon Medical's viability or competitive capability in any relevant market;
- ii) Prior to execution, Demant and Oticon Medical will provide a copy of the proposed contract between Oticon Medical with [X] to the CMA for its approval, which may be given via email; and

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.

Sincerely,

Susan Oxley  
Director  
30 January 2023