

**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 12 May 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 to assign the responsibilities of [X], who left her position as [X] within the Oticon Medical business on [X], to [X].

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) [X] has the necessary capacity, experience and expertise to take on the responsibilities of [X];

- (ii) All decisions in relation to the change are taken independently of Cochlear and without consideration of the transaction;
- (iii) This derogation will not result in any integration between the Oticon Medical and Cochlear businesses;
- (iv) This derogation will not negatively impact the viability or competitive capability of the Oticon Medical business; and
- (v) 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,

Alistair Thompson
Director
18 May 2023