

Remuneration Policy of Bang & Olufsen a/s

1. Preamble

- 1.1. The following remuneration policy of Bang & Olufsen a/s, CVR no. 41257911, (“B&O” or the “Company”) is based on the recommendations published by the Committee on Corporate Governance and implemented by NASDAQ Copenhagen A/S.
- 1.2. The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”) and the Executive Management Board (“EMB”) of B&O. The EMB means the executive officers of the management board of B&O, registered as such, with the Danish Business Authority. The guidelines apply to remuneration received by the members of the Board and the EMB for work performed for B&O including all companies in the B&O Group.
- 1.3. With respect to incentive pay reference is made to the general guidelines of B&O in relation to incentive-based remuneration of the EMB (the “Incentive Guidelines”) approved at the Company’s general meeting. The Incentive Guidelines form an integral part of the remuneration policy of B&O.

2. General principles

- 2.1. The overall objective of the Remuneration Policy of B&O is to attract, motivate and retain qualified members of the Board and the EMB as well as to align the interests of the Board and the EMB with the interests of the Company’s shareholders.
- 2.2. The remuneration of the Board and the EMB shall be designed to support the strategic goals of B&O and to promote value creation for the benefit of the shareholders of B&O.
- 2.3. The specific remuneration packages and incentive programs covering the members of the EMB shall comply with the following principles:
 - (a) limits shall apply on the variable components’ part of the total remuneration package,
 - (b) a reasonable balance shall be ensured between the remuneration and incentive pay offered, the expected risks and the value creation for shareholders in the short and long term,
 - (c) there shall be clarity about performance criteria and measurability for award of variable components, and

(d) there shall be criteria ensuring that the vesting periods for incentive pay that includes share based instruments are longer than one calendar year.

- 2.4. The Board may in extraordinary circumstances decide to deviate from the overall remuneration policy, hereunder the Incentive Guidelines, on an individual basis. In such case the Board is obliged to explain the reason for the deviation at the following annual general meeting.

3. Remuneration of the Board

- 3.1. The members of the Board shall be remunerated with fixed annual fees approved by the general meeting and shall not be covered by incentive programs or be entitled to variable remuneration.
- 3.2. All members of the Board whether elected by the general meeting or the employees of B&O or the B&O Group receive an annual base fee which shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board.
- 3.3. The Chairman of the Board shall receive 3 times the annual base fee and the Deputy Chairman shall receive 1.5 times the annual base fee for their extended duties.
- 3.4. All members of the Board who are also members of the committees established by the Board shall receive an additional fixed fee as remuneration for their committee work. The size of the fixed committee fee depends on the competencies, effort and scope of work required by the members of each committee.
- 3.5. In the event a member of the Board takes on specific ad hoc tasks outside the scope of ordinary tasks of the Board in accordance with the Rules of Procedure of the Board, the member may be offered a fixed fee for the work carried out related to such tasks.
- 3.6. With the purpose of aligning the interests of the Company's shareholders and the members of the Board in regard to the development of the share price, each member of the Board elected by the general meeting is obliged to invest in shares issued by the Company not later than 12 months after the date of the member's election to the Board for an amount at least corresponding to the annual base fee paid to an ordinary member of the Board according to the most recent annual report and to keep such shareholding for as long as the individual is member of the Board.

3.7. The Board's remuneration for the current financial year shall be approved by the general meeting of the Company.

4. Remuneration of the EMB

4.1. The total remuneration

4.1.1. The total remuneration of the EMB may consist of the following fixed and variable remuneration components:

- (a) a fixed base salary including pension contributions ("annual base salary")
- (b) variable remuneration consisting of (i) non-share based cash bonus, and/or (ii) share-based remuneration, and
- (c) termination and severance payment.

These remuneration components shall create a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the EMB in relation to established goals and targets, both in the short and the longer term, and (ii) the Company's overall performance.

4.2. Annual base salary

4.2.1. The annual base salary for the members of the EMB shall be in line with market practice and based on the individual member's responsibilities and performance.

4.2.2. The members of the EMB shall be entitled to customary non-monetary benefits such as company car, insurance, newspaper, telephony and internet access etc. as approved by the Board

4.2.3. If a member of the EMB need to relocate to another country in order to take up the position in the EMB, such EMB member may, at the Board's discretion, be entitled to certain other non-monetary benefits such as housing allowance and school tuition fee allowance.

4.2.4 The members of the EMB can also participate in the pension scheme of the Company.

4.3. Variable remuneration

4.3.1. In addition to the annual base salary, the members of the EMB may, in accordance with the Incentive Guidelines receive variable remuneration, which shall be based on the individual performance and responsibility of the members of the EMB in relation to established goals and targets, both in the short and the longer term, as well as the Company's overall performance.

5. Remuneration Committee

- 5.1. The Board has established a remuneration committee (the “Remuneration Committee”) to ensure that the Company maintains a remuneration policy for the members of the Board and the EMB as well as overall guidelines for incentive-based remuneration to the EMB. The remuneration policy, the overall guidelines for incentive-based remuneration to the EMB and any changes thereto shall be approved by the Board of Directors as well as the general meeting.
- 5.2. The Remuneration Committee shall evaluate and make recommendations for the remuneration of the members of the Board and the EMB.
- 5.3. The Remuneration Committee shall retain its own advisers separate from the external advisers engaged by the Company and/or the EMB.

6. Approval and publication of the remuneration policy

- 6.1. This remuneration policy has been reviewed and approved by the Board and this remuneration policy shall be posted on the Company’s website (www.bang-olufsen.com) specifying the date of adoption by the general meeting of the Company on 13 September 2017.
- 6.2. The remuneration policy shall be described in the Company’s annual report and the Chairman shall in connection with the report from the Board at the annual general meeting comment on the principles of the remuneration policy and compliance hereof.
- 6.3. Information on the total remuneration, in the aggregate for each of the management boards and on an individual basis, is disclosed in the Company’s annual report for the relevant financial year including a statement on compliance with the remuneration policy.
- 6.4. The remuneration policy shall be reviewed at least on an annual basis.

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This is an English translation. In case of discrepancy between the Danish version and the English translation of these guidelines, the Danish version will prevail.