

**Schedule for reporting regarding the recommendations from the Committee on Corporate Governance  
(Reporting regarding corporate governance in accordance with the Danish Financial Statement Act sec. 107b.)**

**Introduction/conclusion:  
Report regarding Bang & Olufsen a/s, reg. no. 41257911**

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b> According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<b>1. The role of the shareholders and their interaction with the management of the company</b>			
<i>1.1. Dialogue between the company and its shareholders</i>			
<p>1.1.1. The Committee <b>recommends</b> that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website</p>	X		<p>Bang &amp; Olufsen a/s participates regularly in, and facilitates, events with investors, potential investors, share analysts and stockbrokers. These events comprise of telephone conferences, participation in capital market days as well as other events.</p> <p>Furthermore, the at any given times responsible for Investor Relations , is being of assistance with answering questions, and is actively participating in various investor relations associations, e.g. DIRF (Danish Investor Relations Association).</p>

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<i>1.2. Capital and share structure</i>			
<p>1.2.1. The Committee <b>recommends</b> that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.</p>	X		<p>The board of directors of Bang &amp; Olufsen a/s is continuously evaluating the capital and share structure.</p>
<i>1.3. General Meeting</i>			
<p>1.3.1. The Committee <b>recommends</b> that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.</p>	X		<p>The Board of Directors of Bang &amp; Olufsen a/s tries, in accordance with the recommendation to promote active ownership. Bang &amp; Olufsen a/s are in this context trying to organize the annual general meeting in such a way that as many shareholders as possible have the opportunity to participate.</p>
<p>1.3.2. The Committee <b>recommends</b> that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.</p>	X		<p>This recommendation was discussed at the annual general meeting on 18<sup>th</sup> September 2009, where the Board received the following authority:</p> <p>"the general meeting has on September 18<sup>th</sup> 2009 decided to establish the possibility of electronic communication between the company and the shareholders and has authorized the Board to determine the time of introduction and to make necessary amendments to the statute. The Board informs shareholders about the time of introduction of electronic</p>

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			<p>communication.</p> <p>The company can provide all notices to the shareholders according to the Public Companies Act or these Articles of Association by electronic mail, and documents can be presented or sent out electronically.</p> <p>The Management Board will request shareholders of the company to provide an electronic mail address at which notices can be sent. All shareholders must continually make sure to update this.</p> <p>Information about system requirements and the use of electronic communication provided by the company directors directly to the shareholders or on the company's website <a href="http://www.bang-olufsen.dk">www.bang-olufsen.dk</a>."</p>
1.3.3 The Committee <b>recommends</b> that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	X		On the proxy form used by Bang & Olufsen a/s in connection with the holding of general meetings, it is possible to consider each item on the agenda.
1.3.4 The Committee <b>recommends</b> that all members of the supreme governing body and the executive board be present at the general meeting.	X		The Board of Directors and the Management Board of Bang & Olufsen a/s are, whenever possible, participating in the general meetings of the company.
<i>1.4. Takeover bids</i>			

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1.4.1 The Committee <b>recommends</b> that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.	X		The Board of Directors of Bang & Olufsen a/s agrees with the recommendation, and will seek to ensure compliance.
1.4.2. The Committee <b>recommends</b> that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	X		The Board of Directors of Bang & Olufsen a/s agrees with the recommendation, and will seek to ensure compliance.
<b>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</b>			
<i>2.1. The company's policy in relation to its stakeholders</i>			
2.1.1. The Committee <b>recommends</b> that the central governing body identify the company's key stakeholders and their main interests in relation to the company.	X		The Board of Directors has for many years been very attentive to its relationship with its stakeholders, which, among others, is reflected in the company's annual environmental reports, prepared since 1995/1996 LINK.. Furthermore, the Board of Directors of Bang & Olufsen a/s has approved a policy on Corporate Social Responsibility (CSR), in which identification of the company's stakeholders, and the stakeholders key interest are identified. LINK. Finally the Board of Directors has approved a stakeholder Policy. LINK.

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2.1.2. The Committee <b>recommends</b> that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.	X		The Board of Directors has identified and has clear guidelines for the company's main interest in relation to its key stakeholders (Investors, customers, suppliers, business partners, dealers, employees, media's, local authorities, communities and society). The Board of Directors has approved a Stakeholder Policy. <a href="#">LINK</a>
<i>2.2. Corporate social responsibility</i>			
2.2.1. The Committee <b>recommends</b> that the central governing body adopt a policy on corporate social responsibility.	X		The Board of Directors has approved a policy on Corporate Social Responsibility. <a href="#">LINK</a>
<b>3. Openness and transparency</b>			
<i>3.1. Disclosure of information to the market</i>			
3.1.1. The Committee <b>recommends</b> that the central governing body adopt a communication strategy.	X		The Board of Directors of Bang & Olufsen a/s has adopted the following communication policy: <a href="#">LINK</a>
3.1.2. The Committee <b>recommends</b> that information from the company to the market be	X		All company announcements, as well as press releases, are prepared in Danish and English.

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published in both Danish and English.			
3.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.	X		Bang & Olufsen a/s publishes quarterly reports.
<b>4. The tasks and responsibilities of the supreme and the central governing bodies</b>			
<i>4.1. Overall tasks and responsibilities</i>			
4.1.1. The Committee <b>recommends</b> that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	X		The Board of Directors is continuously aware of the company's overall strategy is right in relation to ensuring value creation. The strategy is adopted annually by the Board of Directors and its implementation is continuously followed.
4.1.2. The Committee <b>recommends</b> that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	X		The Board of Directors is continuously considering whether the necessary skills and financial resources are available in the company.
4.1.3. The Committee <b>recommends</b> that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company,	X		In connection with the annual audit of the rules of procedure for both the Board of Directors and the Management Board, it is considered how, and to which extend the Board of Directors wishes to exercise control of the work of the Management Board. See also below on the respective Audit, Nomination and

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including how to supervise the work of the executive board.			Compensation Committee.
<b>4.2. Procedures</b>			
4.2.1. The Committee <b>recommends</b> that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	X		The Board of Directors evaluate at least once a year its rules of procedure.
4.2.2. The Committee <b>recommends</b> that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	X		The Board of Directors evaluate at least once a year the rules of procedure for the Management Board. The rules of procedure contain, among other, requirements for the management reporting, and also for the communication between the Board of Directors and the Management Board.
<b>4.3. The chairman and deputy chairman of the supreme governing body</b>			
4.3.1. The Committee <b>recommends</b> that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective	X		The Board of Directors has elected a vice chairman.

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sounding board for the chairman.			
4.3.2. The Committee <b>recommends</b> the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	X		The rules of procedure for the Board of Directors contain a work and task description of the duties, obligations and responsibilities of the chairman and the vice chairman of the Board of Directors.
4.3.3. The Committee <b>recommends</b> that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	X		According to the rules of procedure for the Board of Directors, it is the chairman who ensures the convening of the board meetings and organizes and leads these.
4.3.4. The Committee <b>recommends</b> that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information	X		If the Board of Directors as an exception request the chairman to perform special tasks for the company, this recommendations will be complied with.

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<p>about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>			
<p><b>5. Composition and organisation of the supreme governing body</b></p>			
<p><i>5.1. Composition</i></p>			
<p>5.1.1. The Committee <b>recommends</b> that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>	X		<p>The recommended description of competences can be found at <a href="#">LINK</a>, and it has been taken into account in the recommendation to the general assembly of election of board members.</p>
<p>5.1.2. The Committee <b>recommends</b> that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and</p>	X		<p>In connection with the election of new Board members, the Board considers the qualifications of new candidates, taking into consideration their qualifications and whether they match the company's needs, and also taking into account the qualifications and diversity of the remaining Board members.</p>

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<p>nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</p>			
<p>5.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.</p>	X		<p>The notice convening a general meeting with election of directors of the Board, will encompass a detailed description of new candidates. For existing members standing for re-election, the notice will refer to the detailed descriptions of the relevant persons in the company's annual report.</p>
<p>5.1.4. The Committee <b>recommends</b> that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.</p>	X		<p>This is included in the management report.</p>
<p><i>5.2. Training of members of the supreme governing body</i></p>			

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5.2.1. The Committee <b>recommends</b> that new members joining the supreme governing body be given an introduction to the company.	X		In connection with the accession of new members, they receive a thorough introduction to the company. This introduction includes introductory meetings with all key executives, and any other information as the Board at the appropriate time would say is important in relation to providing the necessary insight into Bang & Olufsen a/s' affairs.
5.2.2. The Committee <b>recommends</b> that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	X		In the overall assessment of the composition of the Board of Directors, it is considered also whether there are areas where members' skills and expertise should be updated.
<i>5.3. Number of members of the supreme governing body</i>			
5.3.1. The Committee <b>recommends</b> that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	X		The number of members of the Board of Directors Bang & Olufsen a/s Board is determined taking into account the recommendation 5.3.1.
5.3.2. The Committee <b>recommends</b> that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is	X		The number of members of the Board of Directors Bang & Olufsen a/s Board is determined taking into account the recommendation 5.3.2.

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appropriate in relation to the requirements of the company.			
<i>5.4. The independence of the supreme governing body</i>			
<p>5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee <b>recommends</b> that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> <li>• be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company,</li> <li>• have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the last year, have had a material</li> </ul>	X		<p>The Company has of today, besides the staff-elected members of the Board, only one member who does not meet the requirement of independence. He has been a board member for more than 12 years. It is the opinion of the board, that the member who does not meet this requirement, still add value to the Company, and he will meet the retirement age by the AGM in 2012.</p>

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<p>business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company,</p> <ul style="list-style-type: none"> <li>• be, or have been within the last three years, an employee or partner of the external audit firm,</li> <li>• hold cross-memberships of governing bodies,</li> <li>• have been a member of the supreme governing body for more than 12 years, or</li> <li>• have close family ties with persons that are not regarded as independent persons.</li> </ul>			
<p>5.4.2. The Committee <b>recommends</b> that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	X		<p>In connection with the description of the qualifications of a candidate for the Board of Directors in the notice convening a general meeting, it is indicated if he/she should not be regarded as independent or not.</p>
<p><i>5.5. Members of the supreme governing body elected by the employees</i></p>			

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<p>5.5.1. The Committee <b>recommends</b> that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.</p>	X		<p>This description can be found in Bang &amp; Olufsen a/s' website <a href="#">LINK</a></p>
<p><b>5.6. Meeting frequency</b></p>			
<p>5.6.1. The Committee <b>recommends</b> that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.</p>	X		<p>The Board meets pursuant to an established and agreed meeting schedule, and it also meets whenever deemed necessary or expedient in relation to the company's needs. The number of meetings held is disclosed in the annual report. <a href="#">LINK</a></p>
<p><b>5.7. Expected time commitment and the number of other executive functions</b></p>			
<p>5.7.1. The Committee <b>recommends</b> that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory</p>	X		<p>This assessment is called for and the chairman of the Board ensures that members that are not performing their duties for the company in a satisfactory manner, are advised accordingly so that there is properly followed up on this.</p>

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way for the company.			
<p>5.7.2. The Committee <b>recommends</b> that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> <li>• the member's occupation,</li> <li>• the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</li> </ul>	X		Such information appears in the annual report. <a href="#">LINK</a>
<b>5.8. Retirement age</b>			
5.8.1. The Committee <b>recommends</b> that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on	X		Bang & Olufsen a/s has in the rules of procedure for the Board, established a retirement age of 70 years. This means that directors retire because of age, at the annual general meeting in the year they turn 70. Bang & Olufsen a/s provides information on age limit and on age of the individual directors in the

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such retirement age as well as the age of each member of the board of directors.			annual report. <a href="#">LINK</a>
<b>5.9. Election period</b>			
5.9.1. The Committee <b>recommends</b> that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.	X		<p>In the statutes of Bang &amp; Olufsen a/s, the following appears from § 8 subsection 2:</p> <p>"The elected Board members shall retire at each Annual General Meeting. Re-election can take place. "</p>
5.9.2. The Committee <b>recommends</b> that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	X		Such information appears in the annual report. <a href="#">LINK</a>
<b>5.10. Board committees</b>			
<p>5.10.1. The Committee <b>recommends</b> that the company publish the following information in the management commentary in its annual report or on the company's website:</p> <ul style="list-style-type: none"> <li>the terms of reference for the board committees,</li> </ul>			Such information appears in the annual report. <a href="#">LINK</a>

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<ul style="list-style-type: none"> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	X		
5.10.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent members.	X		The recommendation is followed.
5.10.3. The Committee <b>recommends</b> that the supreme governing body establish an actual <u>audit committee</u> .	X		The recommendation is followed.
5.10.4. The Committee <b>recommends</b> that the following be taken into account in composing the audit committee: <ul style="list-style-type: none"> <li>• the chairman of the supreme governing body should not be chairman of the audit committee, and</li> <li>• between them, the members should possess such an amount of expertise and experience as to provide an updated</li> </ul>	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.</p>			
<p>5.10.5. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook.</li> </ul>	X		The recommendation is followed.
<p>5.10.6. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually consider whether there is a need for an internal audit function, and if so,</li> <li>• formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of</li> </ul>	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b>  According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<ul style="list-style-type: none"> <li>the internal audit function.</li> </ul>			
<p>5.10.7. The Committee <b>recommends</b> that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies.</li> <li>annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</li> <li>annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,</li> <li>consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for</li> </ul>	X		Such a committee is established, with among other the tasks mentioned in the recommendation.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<ul style="list-style-type: none"> <li>• candidates for executive positions, and</li> <li>• identify and recommend to the supreme governing body candidates for the governing bodies.</li> </ul>			
<p>5.10.8. The Committee <b>recommends</b> that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,</li> <li>• make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body</li> </ul>	X		Such a committee is established, with among other the tasks mentioned in the recommendation.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> <li>oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient.</li> </ul>			
<p>5.10.9. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X		The recommendation is followed.
<p><b>5.11. Evaluation of the performance of the supreme governing body and the executive board</b></p>			
<p>5.11.1. The Committee <b>recommends</b> that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.</p>	X		The recommendation is followed.
<p>5.11.2. The Committee <b>recommends</b> that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and</p>	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
the outcome be disclosed in the annual report.			
5.11.3. The Committee <b>recommends</b> that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	X		The recommendation is followed.
5.11.4. The Committee <b>recommends</b> that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	X		The recommendation is followed.
<b>6. Remuneration of members of the governing bodies</b>			
<i>6.1. Content and form of the remuneration policy</i>			
6.1.1. The Committee <b>recommends</b> that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	X		Such a policy is adopted by the Board of Directors of Bang & Olufsen a/s, and that policy is adopted at Bang & Olufsen a/s' annual general meeting.

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
6.1.2. The Committee <b>recommends</b> that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	X		See 6.1.1.
6.1.3. Committee <b>recommends</b> that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	X		The recommendation is followed.
6.1.4. The Committee <b>recommends</b> that the remuneration policy include: <ul style="list-style-type: none"> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> <li>•</li> </ul>	X		The recommendation is followed.
6.1.5. The Committee <b>recommends</b> that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage be</li> </ul>			The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b>  According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,</p> <ul style="list-style-type: none"> <li>• there be clarity about performance criteria and measurability for award of variable components, and</li> <li>• there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.</li> </ul>	X		
<p>6.1.6. The Committee <b>recommends</b> that remuneration of members of the supreme governing body do not include share or warrant programmes.</p>	X		The recommendation is followed.
<p>6.1.7. The Committee <b>recommends</b> that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.</p>	X		The recommendation is followed in all material respect. However the share option program for the CEO approved by the General Meeting on 10 <sup>th</sup> of Marts 2011 was established with an up-front granting covering a four year period.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
6.1.8. The Committee <b>recommends</b> that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	X		The recommendation is followed.
6.1.9. The Committee <b>recommends</b> that termination payments should not amount to more than two years' annual remuneration.	X		Bang & Olufsen a/s is following this recommendation unless local legislation is imposing otherwise on the company.
<b>6.2. Disclosure of the remuneration policy</b>			
6.2.1. The Committee <b>recommends</b> that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	X		The recommendation is followed.
6.2.2. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
6.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	X		The recommendation is followed.
6.2.4. The Committee <b>recommends</b> that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	X		The recommendation is followed.
6.2.5. The Committee <b>recommends</b> that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	X		The recommendation is followed.
6.2.6. The Committee <b>recommends</b> that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<b>7. Financial reporting</b>			
<i>7.1. Other relevant information</i>			
7.1.1. The Committee <b>recommends</b> that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	X		The recommendation is followed.
<i>7.2. Going concern assumption</i>			
7.2.1. The Committee <b>recommends</b> that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	X		The recommendation is followed.
<b>8. Risk management and internal control</b>			
<i>8.1. Identification of risks</i>			

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
8.1.1. The Committee <b>recommends</b> that the central governing body at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	X		Bang & Olufsen's annual report shows the identification and assessment of business risks, and risks associated with financial reporting. <a href="#">LINK</a>
8.1.2. The Committee <b>recommends</b> that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	X		The recommendation is followed.
<b>8.2. Whistleblowing</b>			
8.2.1. The Committee <b>recommends</b> that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		The Board of Directors of Bang & Olufsen a/s, continuously assesses the need for establishing such a scheme. A scheme is not established yet.
<b>8.3. Openness about risk management</b>			

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
8.3.1. The Committee <b>recommends</b> that the management commentary in the annual report include information about the company's management of business risks.	X		Bang & Olufsen's annual report shows information about the company's risk management of business risks <a href="#">LINK</a>
<b>9. Audit</b>			
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee <b>recommends</b> that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	X		The recommendation is followed.
9.1.2. The Committee <b>recommends</b> that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	X		The recommendation is followed.
9.1.3. The Committee <b>recommends</b> that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	X		The recommendation is followed.

Recommendation	The company complies	The company does not comply	<p><b>The company complies/does not comply with the recommendation due to the following reason:</b></p> <p>According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<i>9.2. Internal audit</i>			
9.2.1. The Committee <b>recommends</b> that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	X		The recommendation is followed.