



BANG & OLUFSEN A/S
CHARTER FOR THE AUDIT COMMITTEE

1. Establishment and Purpose

- 1.1 Pursuant to the Rules of Procedure of the Board of Directors of Bang & Olufsen A/S (the “Company”) and applicable laws and regulations, the Board of Directors resolved to establish an audit committee (the “Audit Committee”) at the board meeting held on 12 April 2011.
- 1.2 The Audit Committee shall review accounting and audit matters, which by decision of the Board of Directors or the Audit Committee shall be subject to a more thorough evaluation, and assess the internal controls and risk management systems of the Company.
- 1.3 Where applicable based on the specific context, a reference to the “Company” shall be construed as referring to and including all companies in the Bang & Olufsen Group.

2. Members

- 2.1 The Audit Committee shall consist of two to four members of whom a majority, including the chairman of the Audit Committee, shall be independent and at least one member shall have accounting or audit qualifications. Between them, the members shall possess such expertise and experience to provide updated insight into and experience in the financial, accounting and audit conditions of companies with shares listed for trading on a regulated market. As a whole, the members shall have competences relevant to the sector in which the Company is operating. The members, including the chairman of the Audit Committee, shall be appointed by and among the members of the Board of Directors. The Chairman of the Board of Directors may not be appointed chairman of the Audit Committee.
- 2.2 The members of the Audit Committee shall be appointed for one year at a time.
- 2.3 The Audit Committee forms a quorum when at least two members are present at a meeting.

3. Assignments

Supervision of the Company’s financial reporting

- 3.1 The overall assignments of the Audit Committee in respect of the supervision of the Company’s financial reporting are to:
 - i. inform the Board of Directors of the outcome of the statutory audit, including the financial reporting process;
 - ii. monitor the financial reporting process and submit proposals to ensure its integrity;

- iii. evaluate the information contained in the external financial reporting (annual reports, interim reports, prospectuses etc.);
- iv. evaluate whether the “going-concern” principle is relevant and appropriate to assume, including any special assumptions, qualifications and/or uncertainties related thereto;
- v. evaluate the Company’s compliance with relevant company law as well as audit and accounting related laws and regulations;
- vi. evaluate the appropriateness of the main accounting policies and principles applied including making recommendations to the Board of Directors regarding whether these should be amended;
- vii. evaluate significant accounting estimates and judgements made and changes hereto;
- viii. review and evaluate transactions with related parties;
- ix. evaluate relevant risks and uncertainties, including in relation to the outlook in the financial reporting;
- x. evaluate the overall presentation of the financial reporting in order to ensure that it provides a true and fair view of the financial position as well as the development and performance of the Company;
- xi. evaluate the overall closing procedure of the Company; and
- xii. review and evaluate unusual transactions and all transactions with related parties. The Audit Committee shall review and approve related party transactions as required by applicable law. Furthermore, the Audit Committee shall submit related party transactions to the Board of Directors for approval prior to the Company or a subsidiary entering into the transaction, if such transaction is deemed material and out of the ordinary course of business of the Company, including, but not limited to, a transaction which is subject to mandatory public disclosure. Transactions that are subject to mandatory public disclosure include, but are not limited to, transactions entered into outside the ordinary course of business, if (i) the transaction has a fair value of 10% or more of the total assets of the Bang & Olufsen Group, (ii) the transaction has a fair value of 25% or more of the Bang & Olufsen Group’s operation profit as disclosed in the most recent annual report, or (iii) several transactions within a financial year entered into with the same related party in total exceeds the thresholds in (i) and (ii). Related Party shall be understood as the definition in IAS 24, however excluding subsidiaries of the Company.

Supervision of the Company’s internal control and risk procedures

3.2 The overall assignments of the Audit Committee in respect of the supervision of the Company’s internal control and risk procedures are to:

- i. ensure that such internal control and risk procedures are effective as regards to the financial reporting process of the Company;
- ii. at least once a year, discuss the internal control procedures with the external auditor as well as present the Board of Directors with potential areas of improvement;
- iii. assess and make recommendations to the Board of Directors regarding the Company’s

- finance (including accounting, budgeting and risk functions) and IT organisation;
- iv. review the procedures and guidelines for prevention and detection of fraud as well as evaluate management's possibilities of deviating from the internal control procedures and influencing the accounting;
 - v. evaluate the procedures for risk management including any violations hereof;
 - vi. evaluate the risk management report from the Company;
 - vii. evaluate and recommend to the Board of Directors whether the Company shall establish a whistleblower function, or, as applicable, evaluate any established whistleblower function;
 - viii. evaluate the Company's tax policy; and
 - ix. evaluate the Company's reporting on corporate social responsibility, corporate governance and target figures for diversity.

Supervision of the Company's external auditor

- 3.3 The overall assignments of the Audit Committee in respect of the supervision of the Company's external auditor are to:
- i. provide the Board of Directors with advice regarding the proposed external auditor from time to time;
 - ii. monitor and evaluate the independence and quality of work being performed by the external auditor and discuss any threats and applicable safeguards to the independence of the external auditor;
 - iii. examine and pre-approve the external auditor's provision of non-audit services (see also 3.4.i);
 - iv. review the Management Board's representation letters to the external auditor prior to the Management Board's signing thereof;
 - v. Ensure regular interaction between the external auditor and the Board of Directors, among others by at least one yearly meeting without the Management Board being present;
 - vi. evaluate the overall cooperation with the external auditor; and
 - vii. ensure that appropriate policies with regards to hiring employees from the external auditor are in place.
- 3.4 The Audit Committee shall establish appropriate policies or procedures to ensure:
- i. compliance with applicable requirements as to non-audit services (incl. monetary thresholds on fees for non-audit services and prohibition on certain types of non-audit services);
 - ii. compliance with applicable rotation requirements for audit firm and individual auditors; and
 - iii. confirmation of the external auditor's independence on an annual basis.

Supervision of the audit

- 3.5 The overall assignments of the Audit Committee in respect of the supervision of the audit, taking the result of the latest quality assurance of the external auditor into account, are to:
- i. review the strategy, plan, scope and approach of the external auditor's annual audit;
 - ii. review the external auditor's reports to the Management Board and the Board of Directors, including management letters and long form reports and discuss any reports with the Management Board and the external auditor;
 - iii. review and inform the Board of Directors about any material issues which the audit may give rise to including gathering answers/explanations to any significant uncorrected and/or corrected adjustments in the accounts;
 - iv. at least annually evaluate the need for establishing an Internal Audit function and make a recommendation to the Board of Directors;
 - v. ensure that if an Internal Audit function has been established, a description of its functions is approved by the Board of Directors;
 - vi. ensure that if an Internal Audit function has been established, adequate resources and competencies are allocated to carry out the work; and
 - vii. monitor the Management Board's follow-up on the conclusions and recommendations of the Internal Audit function.

Appointment of the external auditor

- 3.6 The overall assignments of the Audit Committee in respect of the appointment of the external auditor are to:
- i. be responsible for the procedure for the recommendation and appointment of the Company's external auditor (including the selection procedure set out in Article 16(3) of Regulation EU/537/2014, if applicable);
 - ii. submit a recommendation on the appointment of an external auditor to the Board of Directors in accordance with Regulation EU/537/2014; and
 - iii. review and advise the Board of Directors regarding (i) the terms of engagement of the external auditor review and (ii) the fees of the external auditor.

4. Meetings

- 4.1 Meetings shall be held when deemed necessary by the chairman of the Audit Committee, subject to a minimum of two meetings a year. The frequency of meetings shall be determined by the chairman of the Audit Committee who shall prepare an annual meeting schedule.
- 4.2 Any member of the Audit Committee and the Company's external auditor may request a meeting of the Audit Committee.
- 4.3 The chairman shall convene the meetings and determine the agenda which shall be sent to the members in advance of each meeting. Management shall through the CFO assist the Audit Committee in respect of secretarial functions.

- 4.4 Minutes of the meetings of the Audit Committee shall be prepared for each meeting and when the minutes have been approved, the minutes shall be forwarded to the members of the Board of Directors for review at the following board meeting in the Company and to the Company's external auditor.
- 4.5 The work of the Audit Committee is subject to the same confidentiality as the work of the Board of Directors.
- 4.6 Members of the Board of Directors and the Management Board, relevant employees and external parties (e.g. advisers) may participate in the meetings of the Audit Committee upon invitation.
- 4.7 The Management Board and the Company's external auditor shall attend the meetings of the Audit Committee if requested.
- 4.8 The Company's external auditor shall attend at least one meeting of the Audit Committee per year at which meeting (or relevant part thereof) the Management Board shall not be present.

5. Authorisation

- 5.1 The Audit Committee shall report and make recommendations to the Board of Directors.
- 5.2 The Audit Committee is authorised to examine all matters within the scope of its charter and has unlimited access to obtain (i) the necessary information and assistance from employees and officers of the Company, who are obliged to cooperate with the Audit Committee and provide any information and answer all questions from the Audit Committee, and (ii) independent advice and assistance from external advisers when deemed necessary for performing the duties of the Audit Committee. The fees of advisers shall be paid by the Company.

6. Review of charter

- 6.1 The Audit Committee shall review the charter once every year. Amendments shall be approved by the Board of Directors.

Approved by the Board of Directors of Bang & Olufsen a/s on 11 January 2021.