

## **Charter for the Remuneration Committee of Bang & Olufsen a/s**

### **1. Establishment and Purpose**

- 1.1 Pursuant to the Rules of Procedure of the Board of Directors of Bang & Olufsen a/s, CVR no. 41 25 79 11 (the "Company"), the Board of Directors has resolved to establish a remuneration committee (the "Remuneration Committee").
- 1.2 The Remuneration Committee works as a preparatory committee for the Board of Directors with respect to matters concerning remuneration with a special focus on incentive programmes and remuneration of members of the Board Directors and the Executive Management Board.
- 1.3 The overall purpose of the Remuneration Committee shall be to ensure that the Company maintains a remuneration policy for the members of the Board of Directors and the Executive Management Board as well as overall guidelines on incentive pays to the Executive Management Board. The remuneration policy, the overall guidelines on incentive pay to the Executive Management Board and any changes thereto shall be approved by the Board of Directors as well as the general meeting.

### **2. Members**

- 2.1 The Remuneration Committee shall consist of no less than three members. The members shall be appointed by and among the members of the Board of Directors. The majority of the members of the Remuneration Committee shall be independent. The Chairman of the Board of Directors shall be appointed chairman of the Remuneration Committee.
- 2.2 The members of the Remuneration Committee shall be appointed for one year at a time.
- 2.3 The Remuneration Committee forms a quorum when half of its members including the Chairman of the Committee are present at a meeting.
- 2.4 Resolutions by the Remuneration Committee shall be passed by simple majority. In case of equality of votes, the Chairman of the Remuneration Committee shall have a casting vote.

### **3. Assignments**

- 3.1 The Remuneration Committee shall ensure that the remuneration policy and practices as well as incentive programmes support the strategy of the Company and create value for the shareholders by enabling the Company to attract and retain the best qualified directors, executives and key employees, within the limits imposed by regulatory requirements.
- 3.2 The overall assignments of the Remuneration Committee are to:
  - 3.2.1 annually review and, if relevant, make recommendations to the Board of Directors for amendment of the remuneration policy, which shall take into consideration the recommendations made in the Danish Recommendations on Corporate Governance issued by the Committee on Corporate Governance (as amended from time to time) and also include an exhaustive description of the remuneration components for the members of the Board of Directors and the Executive Management Board;
  - 3.2.2 annually review and make recommendations to the Board of Directors for amendments to the overall guidelines on incentive pay to the Executive Management Board;
  - 3.2.3 ensuring that the remuneration policy is submitted for approval by the general meeting at least every four years and that the policy is available on the Company's webpage;
  - 3.2.4 make recommendations to the Board of Directors regarding the remuneration of the members of (a) the Board of Directors (which shall not include remuneration in the form of share and warrant programs) and (b) the Executive Management Board, including bonus elements, other incentive elements such as share, warrant and option programs, severance terms and other benefits;
  - 3.2.5 obtain information about the aggregate remuneration that each member of the Board of Directors and the Executive Management Board receives from companies in the Bang & Olufsen group other than the Company;

- 3.2.6 monitor and review the total compensation including the incentive schemes for the Director+ group (and others if they fall into top 30 high earners in the Company), including suggestions on participants for the following years LTI scheme and the aggregate sum of the annually proposed bonus and bonus pools for individual programmes;
- 3.2.7 continuously update itself on the compensation level of the Executive Management Board and compare it to the market level of management compensation among comparable companies;
- 3.2.8 continuously ensure that the remuneration of the members of the Board of Directors and the Executive Management Board is in accordance with the Company's remuneration policy and the overall guidelines on incentive pay to the Executive Management Board and is consistent with the performance of the relevant member;
- 3.2.9 ensure that agreements with the members of the Executive Management Board shall entitle the Company under special circumstances to reclaim in full or in part variable components of remuneration that is paid on the basis of information, which subsequently proves to be manifestly misstated and that termination/severance payments shall not exceed the aggregate remuneration for the last two years;
- 3.2.10 assist with the preparation of the annual remuneration report;
- 3.2.11 consider the need to include external consultants in relation to the preparation of the remuneration policy and its implementation; and
- 3.2.12 monitor that the information in the annual report regarding the remuneration of the Board of Directors and the Executive Management Board is correct, sufficient, and gives a true and fair view and that procedures are in place to ensure compliance with other disclosure requirements in relation to remuneration.

#### **4. Meetings and minutes**

- 4.1 Meetings shall be held when deemed necessary by the chairman of the Remuneration Committee, subject to a minimum of two meetings a year. Any member of the Remuneration Committee may request a meeting of the Remuneration Committee.

- 4.2 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 CEO and the Company Secretary, assist the Remuneration Committee in respect of secretarial functions.
- 4.3 The Company Secretary prepares and keeps minutes of the businesses transacted at meetings of the Remuneration Committee. The Committee will keep a record of its members' attendance in Committee meetings.
- 4.4 Copies of the minutes are sent to all members of the Board of Directors and, if practically possible, considered at the first meeting of the Board of Directors subsequent to the meeting of the Remuneration Committee. If the minutes are not yet available, the Chairman of the Remuneration Committee shall give a summary of the business transacted at the Remuneration Committee meeting and the minutes shall be submitted to the Board of Directors for information at the following meeting of the Board of Directors.
- 4.5 The work of the Remuneration Committee is subjected to the same confidentiality as the work of the Board of Directors.
- 4.6 Any member of the Board of Directors, the Executive Management Board, relevant employees and external parties (e.g. advisers) may participate in the meetings of the Remuneration Committee upon invitation. The CEO may be invited to participate in the meetings of the Remuneration Committee except when the CEO's own terms are discussed.
- 4.7 The Executive Management Board and the Head of Group HR shall attend meetings of the Remuneration Committee if requested.

## **5. Authorization**

- 5.1 The Remuneration Committee shall report and make recommendations to the Board of Directors.
- 5.2 The Remuneration Committee is authorized to examine all matters within the scope of its charter.
- 5.3 The Remuneration Committee shall avoid engaging the external advisers that assist the Company and/or the Executive Management Board and shall thus seek to retain separate advisers. The fees of the Remuneration Committee's external advisers shall be paid by the Company.

## 6. Review of charter

- 6.1 The Remuneration 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 on 14 January 2019.

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Ole Andersen  
Chairman

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Juha Christensen  
Deputy chairman

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Kai Lap Tong

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Albert Bensoussan

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Mads Nipper

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Jesper Jarlbæk

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Majken Schultz

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Søren Balling

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Brian Bjørn Hansen

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Geoffrey Glen Martin

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Anders Colding Friis