

BANG & OLUFSEN A/S

ANTI-CORRUPTION POLICY (ADOPTED AS OF 24 June 2016)

1. INTRODUCTION

- 1.1. Bang & Olufsen A/S, together with its subsidiaries and affiliates ("**Bang & Olufsen**"), is committed to conducting all of its business operations around the world in an honest, fair, transparent and ethical manner. Accordingly, Bang & Olufsen requires all Bang & Olufsen Personnel, any Joint Venture Entities and Third Party Associates (each as defined below) to read and comply with this Anti-Corruption Policy, as the same may be supplemented, expanded and updated from time to time (the "**Policy**").

2. GENERAL POLICY PRINCIPLE

- 2.1. Bang & Olufsen's policy is to comply with all applicable anti-corruption laws and not to engage in any corrupt activity. Bang & Olufsen does not accept any form of corruption and/or bribery in or in connection with its business activities, and has also contracted to comply with similar anti-corruption policies of certain customers. It is therefore vital to Bang & Olufsen's business interests that this Policy be adhered to at all times.

3. INTERPRETATION

- 3.1. When used in this Policy, the terms defined below shall have the following meanings:

"**Anything of Value**" should be broadly construed, and includes not only cash or cash equivalents, but also entertainment, meals, drinks, travel, lodging, gifts, discounts, use of materials, facilities or equipment, investment opportunities, insurance benefits, political or charitable contributions, promise of future employment and/or any other financial advantage.

In determining whether Anything of Value has been provided, the key consideration will be the subjective value of that being conveyed, together with the recipient's perception of it.

"**Commercial Party**" should be broadly construed, and includes a director, officer, employee, agent or broker of a customer, supplier, vendor or competitor, (or of potential customers, suppliers, vendors, or competitors) or any other person with whom Bang & Olufsen conducts, or may conduct business and who does not act on behalf of Bang & Olufsen.

"**Bang & Olufsen Personnel**" means the directors, officers and employees of Bang & Olufsen.

"**Joint Venture Entity**" means any joint venture or other jointly owned entity (whether a partnership, consortium) where Bang & Olufsen has either a majority ownership interest or effective managerial control.

"**Government Official**" should be broadly construed, and includes:

- (a) any employee or officer of:
 - (i) any government or government's department, agency or branch;
 - (ii) any public international organisation;
 - (iii) any government owned or controlled commercial enterprise;
- (b) members of royal families; and

- (c) any political party, party official or candidate for political office; and
- (d) any other person acting in an official capacity on behalf of any of the foregoing.

A person does not cease to be a Government Official by purporting to act in a private capacity or by the fact that they serve unpaid.

"Third Party Associate" means a person or entity engaged for the purposes of acting on Bang & Olufsen's behalf, and can include (but is not limited to) agents, sub-contractors, consultants, brokers, lawyers and accountants.

4. SCOPE AND IMPLEMENTATION

- 4.1. The Policy applies to Bang & Olufsen and to all Bang & Olufsen Personnel, who must ensure that they:
 - (a) read and understand this Policy, and request clarification on its contents if necessary;
 - (b) ensure compliance within their area of operation and understand what may constitute a breach of this Policy; and
 - (c) immediately report any suspected breach(es) of this Policy, regardless of whether such breach(es) occur within their area of operation.
- 4.2. The Policy also applies to each Joint Venture Entity, and their directors, officers and employees must comply with this Policy to the same extent as Bang & Olufsen Personnel. It is the responsibility of the General Counsel to ensure that each Joint Venture Entity adopts this Policy, or another anti-corruption policy on substantially similar terms.
- 4.3. Each joint venture where Bang & Olufsen participates but does not have the majority ownership or effective managerial control must be approved by the Bang & Olufsen Board of Directors. All such joint venture partners must certify their compliance with this Policy and all of Bang & Olufsen's anti-corruption procedures.
- 4.4. The primary responsibility for implementing this Policy has been given by Bang & Olufsen to its General Counsel, who has established the necessary procedures to do so in conjunction with the Bang & Olufsen Executive Management and Audit committee. General Counsel will monitor compliance with the Policy, ensure that anti-corruption training is provided to Bang & Olufsen Personnel and Joint Venture Entities, and may report matters relating to the Policy directly to Bang & Olufsen's Executive Management, Audit committee and/or Board of Directors.

5. PROHIBITED ACTIONS

- 5.1. No Bang & Olufsen Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment of Anything of Value or any other advantage to a Government Official, in order to influence any act or decision of the Government Official in their official capacity for the purpose of obtaining or retaining business for or with Bang & Olufsen, or securing any improper business advantage.
- 5.2. No Bang & Olufsen Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment of Anything of Value or any other advantage to a Commercial Party, in order to obtain or retain business for Bang & Olufsen or any improper commercial advantage or benefit for Bang & Olufsen.
- 5.3. No Bang & Olufsen Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment in circumstances where they have any reason to suspect that any portion of that payment will be used for any of the purposes described above.

- 5.4. No Bang & Olufsen Personnel or any Third Party Associate shall directly or indirectly, receive or agree to receive Anything of Value or other advantage that may reasonably be regarded as a bribe.

6. FACILITATING PAYMENTS

- 6.1. Facilitating payments are modest payments made for the purpose of expediting or facilitating the provision of services or routine non-discretionary government action which a Government Official is normally obliged to perform. Making facilitating payments of any kind are not permitted under this Policy.

7. BUSINESS HOSPITALITY, TRAVEL, MEALS AND GIFTS

- 7.1. This Policy allows certain exceptions to Bang & Olufsen's general anti-corruption principles in section 5, when paying for entertainment, meals, travel or a gift for a Government Official and/or a Commercial Party. Expenses of this kind are permitted if they are of modest value, reasonable, a matter of simple common courtesy under local custom, incidental to conducting legitimate and bona fide business, building business relationships or showing appreciation, and not used with the aim of exerting improper influence, or the expectation of reciprocity, and always provided that any such expenses payment does not contravene the anti-corruption policy of any Commercial Party involved.
- 7.2. Attached as Appendix 1 to this Policy is guidance intended to address most situations Bang & Olufsen believes that Bang & Olufsen Personnel may encounter in determining whether such payments to or for a Government Official and/or a Commercial Party are permissible under this Policy.
- 7.3. Notwithstanding the above, it is vital to avoid even the appearance of improper conduct with any Government Official and/or Commercial Party, and if in doubt, please seek guidance in accordance with section 17 of this Policy or avoid making any such payment.
- 7.4. All entertainment, meals, travel or gift expenses which are permitted by this Policy must be recorded accurately and transparently in the appropriate expense reimbursement form, accompanied by sufficiently detailed proof of payment, identifying each recipient's name and title, the name and title of each beneficiary of the payment, and the purpose of the expense.

8. POLITICAL AND CHARITABLE CONTRIBUTIONS

- 8.1. Contributions of Bang & Olufsen's funds to candidates for political office, political party officials or political parties are not permitted, save where the contribution has been approved in writing by both the General Counsel and the Chief Financial Officer of Bang & Olufsen. Any significant financial contributions will also require the approval of the Board of Bang & Olufsen, and everyone involved must comply with this Policy, Bang & Olufsen's Code of Conduct and all applicable laws.
- 8.2. Any charitable financial contributions by Bang & Olufsen must be reviewed by Bang & Olufsen's Audit committee in order to identify the legitimacy of the charity, the intent of the Bang & Olufsen Personnel requesting the charitable contribution to be made and any relationship they may have with the charity concerned. All charitable contributions by Bang & Olufsen must be approved in writing by both the General Counsel and the Chief Financial Officer of Bang & Olufsen. Any significant financial contributions also require the prior approval of the Bang & Olufsen Board of Directors, and everyone involved must comply with this Policy, Bang & Olufsen's Code of Conduct and all applicable laws.
- 8.3. Political and charitable financial contributions made on behalf of Bang & Olufsen can only be made directly by Bang & Olufsen, and cannot be reimbursed in retrospect to any Bang & Olufsen Personnel.

9. RECORD KEEPING / INTERNAL CONTROLS

- 9.1. All Bang & Olufsen's books and records must be accurate, and the accounts must fairly reflect the transactions and activities of Bang & Olufsen. Bang & Olufsen has a system of internal accounting controls that are designed and maintained to provide all requisite financial and accounting standards required for a Danish publicly traded company. Payment receipts and requests must be accurately recorded with sufficient detail to permit full transparency.
- 9.2. Notwithstanding Bang & Olufsen's existing accounting policies and standards, Bang & Olufsen's internal controls provide assurances that:
 - (a) company transactions are properly authorised by management; and
 - (b) access to company assets is restricted and requires appropriate management authorisation; and
 - (c) all transactions are recorded as required for Bang & Olufsen's financial statements, and in a way that Bang & Olufsen's assets can be accounted for.
- 9.3. None of the statements in this Section or Policy are intended to amend, vary or supersede Bang & Olufsen's existing accounting policies and standards effective from time to time.

10. THIRD PARTY ASSOCIATES

- 10.1. Prior to any contracts being entered into with, and/or any payments being made to a Third Party Associate, Bang & Olufsen shall perform appropriate due diligence and obtain their written agreement to act in accordance with this Policy.
- 10.2. A Third Party Associate must certify their compliance with the Policy and all Bang & Olufsen procedures in respect of anti-corruption. A Third Party Associate and their relevant personnel will be provided with appropriate anti-corruption compliance assistance, and may be required to undertake training as appropriate.
- 10.3. Appendix 2 of this Policy sets out guidance on the selection, retention and monitoring of a Third Party Associate by Bang & Olufsen.

11. TRAINING

- 11.1. The General Counsel will monitor the implementation of this Policy, and coordinate periodic training on this Policy for Bang & Olufsen Personnel and Third Party Associates, as appropriate to the risks faced by, and requirements of, such persons.

12. AUDIT

- 12.1. Bang & Olufsen's Audit committee will from time to time audit compliance with the Policy upon the request of the General Counsel and/or the Bang & Olufsen Board of Directors.

13. CERTIFICATIONS

- 13.1. Relevant Bang & Olufsen Personnel and any Third Party Associate must upon request from the General Counsel or their supervisor from time to time certify in writing that they have read and understood this Policy and Bang & Olufsen's procedures in respect of anti-corruption compliance; that they have complied with and will continue to comply with this Policy and such procedures; that they have no knowledge of any breaches of this Policy and/or such procedures, and that they will report any breaches or suspected breaches of this Policy and/or Bang & Olufsen's anti-corruption procedures to the General Counsel or their supervisor.

14. REQUESTS BY GOVERNMENT OFFICIALS OR COMMERCIAL PARTIES

- 14.1. Any request for Bang & Olufsen to transfer Anything of Value or any other advantage to a Government Official or Commercial Party must immediately be reported to the General Counsel.

15. REPORTING

- 15.1. Any Bang & Olufsen Personnel and Third Party Associate who obtains information about a breach (including a suspected breach) of this Policy and/or anti-corruption laws or Bang & Olufsen's anti-corruption procedures must report it through the Company's whistleblower system or to their supervisor who must in turn report it without delay to Executive Management or the General Counsel.
- 15.2. The report shall be investigated by the General Counsel or the Bang & Olufsen Audit committee, and all relevant Bang & Olufsen Personnel and Third Party Associate must cooperate fully with any such investigation. The report will be presented to Executive Management and the Audit committee. Bang & Olufsen does not permit any retaliation of any kind against any Bang & Olufsen Personnel and Third Party Associate who in good faith makes a report of a breach or suspected breach of this Policy.
- 15.3. Any failure to report a suspected or known breach of this Policy will in itself be considered a breach of this Policy.

16. PENALTIES AND DISCIPLINE

- 16.1. Bang & Olufsen is subject to serious criminal and civil penalties for breaches of applicable anti-corruption laws. Consequently, any Bang & Olufsen Personnel and Third Party Associate who breaches this Policy may be subject to criminal and/or civil penalties, including imprisonment and very substantial fines, which will not be reimbursed by Bang & Olufsen.
- 16.2. In addition, any Bang & Olufsen Personnel who breaches the Policy may be subject to disciplinary action by Bang & Olufsen, up to and including termination of their contract of employment.

17. ANY QUESTIONS

- 17.1. Bang & Olufsen encourages open communication, feedback and discussion on all matters concerning this Policy. Bang & Olufsen Personnel and Third Party Associates are expected to proactively seek clarification and advice on the best course of action when in doubt regarding matters referred to in this Policy. Any questions about the Policy or any related anti-corruption laws, policies and procedures, should be directed to the nearest supervisor, General Counsel or another member of Bang & Olufsen's Audit committee. No Bang & Olufsen Personnel will be reprimanded for raising legitimate questions or seeking advice in respect of any business transaction, but rather, this is encouraged in the best interest of Bang & Olufsen.

ANTI-CORRUPTION POLICY

APPENDIX 1

GUIDANCE ON BUSINESS HOSPITALITY, TRAVEL, MEALS AND GIFTS

	Allowed	Not allowed
Entertainment and meals	<p>Modest entertainment that is incidental to conducting legitimate business in which Bang & Olufsen's or services are being operated or in the course of performing services for a customer.</p> <p>Examples include:</p> <p>(1) engaging in business over a recreational sport such as golf or while at a spectator sporting event, where the value per individual is less than €200; and</p> <p>(2) modest meals necessary to conduct or continue legitimate business where the value of the meal per individual is less than €200.</p>	<p>Any form of lavish or inappropriate (including adult) entertainment regardless of the amount spent. Entertainment and meals that are not incidental to conducting legitimate business.</p> <p>Examples include:</p> <p>(1) theatre, sporting events or other spectator events, gambling or meals where the value per individual exceeds €200;</p> <p>(2) entertainment or meals at which a Bang & Olufsen Personnel is not present;</p> <p>(3) entertainment or meals for family members, friends, guests or Government Officials or Commercial Parties (even if Bang & Olufsen Personnel is also present). Entertainment or meals when the aggregate value of entertainment and meals for the same person in a year would exceed €2,000.</p>
Travel and Lodging	<p>Paying for reasonable travel and lodging (coach class travel, taxi cabs and business class hotels) in connection with conducting legitimate business on behalf of Bang & Olufsen.</p> <p>Providing a brief and inexpensive visit to a local tourist attraction (e.g. a visit to the Acropolis) if it is incidental to conducting legitimate business.</p>	<p>Paying for travel for family members or guests.</p> <p>Paying for first class travel, private aircraft, cruises, limousines or anything else that would be considered luxury travel and lodging.</p> <p>Paying for expensive or overnight "side trips" or sight-seeing trips or hotel stays longer than necessary to conduct legitimate business for Bang & Olufsen.</p> <p>Daily expenses allowance.</p>
Gifts	<p>Modest gifts that are common courtesies under local custom and incidental to promoting Bang & Olufsen's business where the value is less than €200 per recipient.</p> <p>Permissible gifts, for example, include modest value tobacco or alcohol products, corporate-branded items (e.g. commemorative coins, golf-shirts, pens, coffee mugs, bags),</p>	<p>Cash or cash equivalents (e.g. gift cards, discount coupons, traveler's checks, gift certificates, pre-paid telephone or shopping cards).</p> <p>Jewellery, electronics, art work, home furnishings, rare wine or alcoholic products or other items that are personal in nature and have no connection to Bang & Olufsen's business or a regional/local custom.</p>

	<p>small items representing the director's, officer's or employee's country (e.g. Swiss chocolate, Turkish coffee) and food products of nominal value on customary holidays (e.g. moon cakes) are generally permissible.</p> <p>Where possible, it is preferable to provide a gift that is shared among a group of employees such as, for example, a modest fruit basket or box of chocolates.</p> <p>All gifts should be presented openly with complete transparency.</p>	<p>Goods that are prohibited from importation to the country in which they are given or prohibited from distribution or sale under local law, such as alcohol or certain tobacco products or ivory in certain countries.</p> <p>Rewards to an individual for the purpose of obtaining services to which we are not otherwise entitled (e.g. favourable services not ordinarily provided from local police, law enforcement or Government Official or Commercial Party that give us a business advantage).</p> <p>Gifts with a value per recipient of more than €200 or where the aggregate value of all gifts to an individual in a one-year period would exceed €1,000, even if the cost to the gift-giver is less than €200 per item or €1,000 in the aggregate.</p>
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BANG & OLUFSEN A/S

ANTI-CORRUPTION POLICY

APPENDIX 2 GUIDANCE ON SELECTION, RETENTION AND MONITORING OF THIRD PARTY ASSOCIATES

1. Any situation in which Bang & Olufsen is considering using a Third Party Associate for business purposes, to the extent possible under the circumstances, the Bang & Olufsen Personnel responsible for retaining the Third Party Associate must seek to understand the Third Party Associate's reputation, any government and/or political connections, historical business practices, prior instances of misconduct and familiarity with anti-corruption laws.
2. In the case of an officer or employee of Bang & Olufsen, the use of a Third Party Associate requires the approval of the officer's or employee's supervisor and Bang & Olufsen's General Counsel. In the case of directors, the use of a Third Party Associate requires the approval of Bang & Olufsen's General Counsel. Under certain circumstances in which Bang & Olufsen has long-term relationships with a Third Party Associate, we may ask them to certify that they have and will continue to comply with the Policy and relevant anti-corruption laws and regulations when performing services for Bang & Olufsen. When using a Third Party Associate with whom Bang & Olufsen has a long-term relationship, Bang & Olufsen Personnel are required to check with the Bang & Olufsen's General Counsel to determine whether such renewed certification is necessary.
3. When a Third Party Associate is used to interact with a Government Official or Commercial Party on behalf of Bang & Olufsen, all payments to that Third Party Associate must be commensurate with the service being provided and before such payments are made, adequate details about the services provided must be supplied. Expenses incurred by a Third Party Associate on Bang & Olufsen's behalf when doing business with a Government Official or Commercial Party must conform to this Policy and be accompanied by the records and expenses forms required for Bang & Olufsen Personnel.
4. In the course of entering into an agreement with a Third Party Associate and over the period during which services are rendered, Bang & Olufsen Personnel are required to monitor the Third Party Associate's performance for any indication that the Third Party Associate may intend to act or has acted in a manner inconsistent with this Policy. If any Bang & Olufsen Personnel become aware of any circumstances giving rise to suspicion that a Third Party Associate may be in breach of this Policy, Bang & Olufsen Personnel are required to report such circumstances to their supervisor who will in turn report it to Bang & Olufsen's General Counsel.

Example circumstances that may give rise to such suspicions are as follows:

- Reluctance or unwillingness to comply with the Policy;
- Failure to submit detailed receipts or information supporting a request for payment;
- Family relationships with Government Officials or Commercial Parties;
- Escalating commission rates or above-market commission rates;
- A Government Official or Commercial Party has suggested or required that the Third Party Associate be used;
- Inability to identify the value added by use of the Third Party Associate;
- Requests for payment of fees to be made in an unusual country or to an unusual recipient or bank account; and
- Undisclosed associates or subcontractors with whom fees or commissions are shared.