PANDORA REMUNERATION POLICY

2021

CONTENTS

1. INTRODUCTION 3
2. THE POLICY DECISION MAKING PROCESS AND HANDLING OF CONFLICTS OF INTEREST 5
3. REMUNERATION OF THE BOARD OF DIRECTORS 6
4. REMUNERATION OF THE EXECUTIVE MANAGEMENT 7
5. SUSTAINABLE PERFORMANCE – ALIGNING EXECUTIVE MANAGEMENT WITH SHAREHOLDERS' LONG-TERM INTERESTS 13
6. SERVICE AGREEMENTS 15
7. OTHER TYPES OF REMUNERATION, TAXES & SOCIAL CHARGES 16
8. ADOPTION & PUBLICATION 16
9. APPENDIX – SUMMARY OF SIGNIFICANT CHANGES COMPARED TO PREVIOUS REMUNERATION POLICY 17

INTRODUCTION

This Remuneration Policy continues many of our existing policy principles. The changes for Executive Management are intended to promote a healthy performance culture through a transparent framework

This remuneration policy (the "Remuneration Policy") of Pandora A/S (the "Company" or "Pandora") has been prepared pursuant to sections 139 and 139a of the Danish Companies Act and based on the recommendations published by the Danish Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S. The Remuneration Policy comprises principles for provision of remuneration to the Board of Directors and to Executive Management. "Executive Management" consists of the members of executive management of the Company registered with the Danish Business Authority. "Group" refers to the Company as well as its subsidiaries and affiliates.

This Remuneration Policy continues many of our existing policy principles. Our regular engagement with major stakeholders, proxy agencies and other stakeholders confirms that there is a broad appreciation for many elements of the existing policy principles. Feedback was also received on the scope to improve (i) the practice and communication of the framework for rewarding short-term and long-term performance (ii) the operation of discretion with regard to sign-on and exit arrangements in particular.

Together with reviewing the results of the regular benchmark of fees for Board of Directors and remuneration for Executive Management, a number of changes are being proposed in this Remuneration Policy. The changes for Executive Management are intended to promote a healthy performance culture through a transparent framework for incentive remuneration, including appropriate incentives for out-performance over the short-term and long-term. A clarification on the Company's use of directors' and officers' liability insurance (D&O insurance) and introduction of indemnification of any additional liability not covered/insufficiently covered by the D&O insurance, is also introduced in order to be able to retain and attract qualified members of the Board of Directors and Executive Management. The significant changes, compared to the current Remuneration Policy, are set out in the Appendix in section 9.

The Company provides remuneration to the Board of Directors and Executive Management to align interests of the Board of Directors, Executive Management and shareholders, including the sustainability of the Company and its business for the future. This is achieved by ensuring that we attract and retain qualified members of the Board of Directors Executive Management and the best possible leadership talent. The motivation of Executive Management to achieve the Group's strategic long-term and short-term targets, while promoting sustainable value creation for the benefit of the shareholders, is maintained by offering appropriate incentives to encourage enhanced performance that, in a fair and responsible manner, rewards their individual contributions to the success of the Company.

When laying out the principles set out in this Policy, due care has been applied to ensure that the remuneration of the Board and Executive Management reflects the responsibilities and skills required of each role relative to international peers, as well as to other senior leadership positions in the Company. The Board also takes account of a variety of risks, including talent and operational risks, when making decisions on remuneration as well as environmental, social and governance matters, and the UN sustainability goals with focus on gender equality and decent working conditions and economic growth. These are the same principles that are applied when making remuneration decisions for all employees across the Company, although, for roles below the most senior levels, different labour market dynamics may lead to that local rather than international pay comparisons are more appropriate.

The actual remuneration paid to Executive Management in a financial year is decided by the Board of Directors based on recommendations from the Remuneration Committee. Remuneration of the Board of Directors is approved by the shareholders at the Annual General Meeting. A key task of the Remuneration Committee, and ultimately the Board of

Directors, is to ensure that this Policy at all times provides an appropriate framework for the remuneration of the Board of Directors and Executive Management that reflects the circumstances as well as domestic and international trends in society and the business environment as well as applicable legislation. Remuneration should not exceed what is considered usual taking into account the nature and extent of the work, and what is considered reasonable with regard to the Company's financial position.

For these purposes, external advice may be relied upon. Whenever it is deemed necessary or appropriate, the Remuneration Committee shall propose revisions and articulate suggestions to the framework within which, the Board of Directors and Executive Management are remunerated.

Derogation from this Remuneration Policy:
The Board of Directors may, in exceptional circumstances, decide to deviate from the specific requirements of the Remuneration Policy, where it assesses that such derogation is necessary to support the long-term interests of the Company. The process for deviating from the Remuneration Policy is that the Remuneration Committee will evaluate and submit a recommendation for the Board of Directors' consideration and approval, if deemed appropriate in order to meet the overall objectives of the Remuneration Policy. Any derogation is subject to disclosure in the Annual Remuneration Report for the financial year to which the derogation applies.

DECISION MAKING PROCESS

The Remuneration Committee submits its proposal for any amendments to the Board of Directors for its approval

The process of preparing, reviewing and implementing the Remuneration Policy is subject to effective measures to manage potential conflicts of interests, including the involvement of independent board members, external advisors and relevant market benchmarks. The Remuneration Committee submits its proposal for any amendments to the Board of Directors for its approval.

The Remuneration Policy is reviewed once a year by the Board of Directors based on recommendations from its Remuneration Committee, to make sure that there is a reasonable consistency between the remuneration for Executive Management and Board of Directors, the Company's short and long-term goals and shareholder interests on an overall level. In making its recommendations, the Remuneration Committee will among other things take into account Pandora's short-term and long-term strategic opportunities and challenges in the jewellery industry, the external corporate governance environment, feedback from Executive Management, insights from the talent market, engagement with shareholders and proxy advisory bodies as well as the general alignment with employee remuneration across the Group. Any material changes to the Remuneration Policy will be submitted for approval by the shareholders at a general meeting. The Remuneration Policy will in any case be submitted for approval at a general meeting every fourth year.

When reviewing the Policy, the Remuneration Committee may consult with Executive Management, but Executive Management has no decision-making power in that regard.

It is the Board of Directors' assessment that conflicts of interest in connection with the determination of the Policy are minimised and managed. This assessment is based on the fact that (i) the Policy primarily concerns the remuneration of Executive Management, (ii) the Remuneration Committee is a sub-committee of the Board of Directors and relies on national and international market precedent and practice on board remuneration, (iii) the Board of Directors' total remuneration is subject to vote by the Company's shareholders at a general meeting, and (iv) that any material changes to the Policy are subject to vote by the shareholders at a general meeting.

BOARD OF DIRECTORS

The key elements of the policy for remuneration of the Board of Directors are set out in the table opposite.

MAXIMUM MULTIPLES:	Board of Directors Multiplier	Audit Committee Multiplier	Other Committees Multiplier
Chair	3.0x	0.8x	0.5x
Deputy Chair	1.5x	N/A	N/A
Member	1.0x	0.4x	0.25x

[1] The Annual Fee for this purpose is the gross fixed annual base fee (including multiples thereof for the Chair and Deputy Chair) but not including any committee fees.

BOARD FEE

Purpose and Link to Strategy	• To provide compensation that reflects the experience and knowledge of high calibre individuals with the skills required to represent the shareholders' interests effectively in their oversight of the Company.
Operation	• Fee levels are reviewed periodically taking into account independent advice (on comparisons with other global companies of similar size and complexity based in Denmark and Europe) and the responsibilities and time commitment required of the board members. • Each ordinary member of the Board of Directors receives a fixed annual base fee, while the Chair and Deputy Chair receive fixed multiples thereof. Participation in a board committee entitles a board member to an additional fixed annual fee, depending on the committee and any committee chairmanship duties assumed by the board member in question. The Audit Committee fee is higher than other committee fees due to the increased responsibility and time commitment. • Should a board member, including the Chair or Deputy Chair, assume specific ad-hoc tasks beyond the normal work as member of the Board of Directors, the Board of Directors will decide on a fixed fee for such tasks (not exceeding 1.0x the fixed annual base fee). Any such fees will be disclosed in the Annual Remuneration Report and submitted for approval at the subsequent Annual General Meeting. • Expenses such as travel and accommodation relating to board and committee meetings and relevant training are reimbursed in accordance with the Group's travel policy applicable at executive level. Members of the Board are paid a fixed travel allowance in addition to the fees when attending any Company-related meetings outside their country of residence to reflect the additional time commitment required. • Social charges levied on the Company (as applicable) in respect of awards under this Policy are paid in addition.
Maximum opportunity	• Any increase in board fees may be above the level awarded in that particular year to employees of the Company, given that board fees may only be reviewed periodically and may need to reflect any changes to time commitments or responsibilities.
Performance measures and assessment	• Board members' fees are not performance related, and board members do not receive any variable remuneration element. • Board members are subject to re-election by the shareholders annually at the Annual General Meeting. The Chair and Deputy Chair are elected by the Board of Directors among its members.

SHARE OWNERSHIP REQUIREMENTS

Purpose and Link to Strategy	• Board members are required to hold a minimum level of Pandora shares to emphasise their connection and commitment to Pandora, and to align their interests with shareholders ("Share Ownership Requirement").
Operation	• Board members are required to purchase (if relevant) and hold Pandora shares to meet the Share Ownership Requirement as long as they serve on the Board of Directors. • The Share Ownership Requirement for each individual member of the Board of Directors is set at 100% x Annual Fee[1]. The Share Ownership Requirement must be fulfilled within 24 months from the day of appointment to the Board of Directors.

EXECUTIVE MANAGEMENT

The remuneration package for the Executive Management consists of Fixed Pay, a short-term cash incentive opportunity, long-term share-based incentive schemes, certain non-monetary benefits and severance pay. The key elements of the policy for remuneration of Executive Management are set out in the table opposite and on the following pages:

FIXED ANNUAL BASE SALARY

Purpose and Link to Strategy	• "Fixed Pay" consists of a fixed annual cash salary ("Fixed Annual Base Salary"), as a simple competitive alternative to the separate provision of salary and pension, and a separate cash car allowance. The Executive Management does not receive company-paid pension contributions in addition, as such amounts are considered to be included in the Fixed Pay.
	• Fixed Pay supports the recruitment and retention of Executive Management of the calibre required to implement our strategy, and thereby deliver long-term shareholder value.
	• Individual levels of Fixed Annual Base Salary reflect the individual's skills, experience, performance and role within the Group.
Operation	• Fixed Annual Base Salary is set by the Board of Directors on the recommendation of the Remuneration Committee and generally reviewed effective 1 March each year (although changes may be made at any other time if the Board of Directors considers it appropriate).
	• When determining the Fixed Annual Base Salary of Executive Management, the Remuneration Committee and the Board of Directors takes into consideration: - our policy generally to provide a total reward opportunity at around the median for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in Europe; - a perspective based on jewellery industry remuneration levels for industry-specific expertise; - the performance of the Group in the financial year just ended, including progress on sustainability objectives; - the performance, experience and responsibilities of the individual member of Executive Management; - any pay conditions (such as salary increases previously awarded that have been deferred) made at the start of the financial year just ended; and - pay and conditions throughout the organisation, including the level of salary increases awarded to other employees.
Maximum opportunity	• Annual percentage increases are generally consistent with the range of increases awarded to other employees in the Group.
	• Increases may be above this level or applied more frequently in certain circumstances, such as: - where there is a significant change in a member of Executive Management's scope or role, or in the Group's size or complexity; - where a new member of Executive Management has been appointed at a level of remuneration that is lower than the typical market level for such a role and becomes established in the role; and - where it is considered necessary to reflect significant changes in market practice.
Performance measures and assessment	• A broad assessment of individual and business performance, including progress on sustainability objectives, is used as part of the review.
	• No recovery provisions apply to Fixed Pay.

OTHER BENEFITS

Purpose and Link to Strategy	• Providing other "Benefits" on a cost-effective basis supports the recruitment and retention of Executive Management required to implement our strategy, and thereby delivers long-term shareholder value.
Operation	• Executive Management may receive benefits, such as phone, internet connection, insurance coverage, annual health check (on a zero net cost basis to the individual), newspaper subscriptions, training/education, and similar benefits that are generally made available to other employees. Non-monetary benefits may be converted to cash allowances at broadly equivalent cost to the Company.
	• The cash car allowance element of Fixed Pay may be exchanged for a company car at broadly equivalent cost to the Company.
	• Expenses incurred by Executive Management in the interest of the Company relating to travel, conferences, necessary training and similar are reimbursed in accordance with policies applicable from time to time.
	• Other Benefits may be provided in the future, where it is considered necessary by the Board of Directors and/or required by legislation and/or aligned to the benefits available to other staff.
	Relocation allowances: • In the event that a new or existing member of the Executive Management is to relocate, the Board of Directors may approve appropriate relocation allowances for a specified time period, which is generally 3 years or such longer period as may be considered appropriate for certain benefits (e.g. for education support). This may cover costs (on a zero or partial net cost basis to the individual), where appropriate such as (but not limited to) relocation, cost of living allowance, housing allowance, home leave allowances, tax and social security equalisation and education assistance.
Maximum opportunity	• Based on the cost to the Group of providing the Benefit and dependent on individual circumstances.
	• Benefits or awards under all-employee programmes may be up to tax-approved limits.
	• The only change in the value of the current Benefits (for disclosure purposes) will reflect changes in the costs of providing those Benefits.
	• The nature of the Benefits provided means that Benefits are not intended to constitute a significant proportion of the annual remuneration value, and therefore we do not include a Benefits value in the illustrative pay mix set out in section 5.
	Relocation allowances: • The level of such Benefits would be set at an appropriate level by the Board of Directors, taking into account the circumstances of the individual, the level of relocation support generally available to other senior employees relocating in similar circumstances and typical market practice.
Performance measures and assessment	• No performance or recovery provisions apply to Benefits.

Short-term Incentive

Purpose and Link to Strategy:

- The "Short-term Incentive Plan" ("STIP") is cash-based and designed to incentivise and encourage the members of Executive Management to high performance and promote achievement of the Group's short-term objectives on a basis that is overall consistent with sustainable delivery of long-term objectives.
- This promotes a pay-for-performance culture by incentivising year-on-year delivery of short-term financial, strategic and operational objectives selected to support our annual business strategy and the ongoing enhancement of shareholder value.
- The ability to recognise performance through an annual STIP enables us to manage our cost base flexibly and react to events and market circumstances.

SHORT-TERM INCENTIVE

Operation	• Each year, Executive Management has the opportunity to participate in the STIP. A target opportunity is set at the start of the "Performance Period" (being the financial year) and assessed at the end of the Performance Period.
	• The size of the annual STIP pay-out will be decided by the Board of Directors upon recommendation from the Remuneration Committee based on achievement against a range of performance indicators – the STIP Achievement. The STIP Achievement in the range 0-125% (0% being "Threshold"; 100% being "Target"; and 125% being "Maximum" performance) is applied to the target opportunity at the end of the Performance Period. The annual STIP pay-out will generally be made once a year following the Board of Directors' approval of the Annual Report.
	• As well as determining the performance indicators and targets, the Board of Directors will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant Performance Period. Except in circumstances where elements remain commercially sensitive, the performance indicators and weightings adopted for the Performance Period, as well as the actual targets and outcomes will be disclosed in the Annual Remuneration Report.
Maximum opportunity	• The maximum annual STIP opportunity is 100% x Fixed Annual Base Salary at the end of the Performance Period, being the maximum STIP Achievement (125%) times the Target annual STIP (80% x Fixed Annual Base Salary at the end of the Performance Period).
	• If performance does not meet Threshold, then the STIP Achievement will be 0%. The achievement of Target performance results in an STIP Achievement of 100% and a pay-out equal to the Target STIP opportunity (80% x Fixed Annual Base Salary at the end of the Performance Period). If performance meets or exceeds Maximum, the STIP Achievement is 125% and generates a pay-out equal to the maximum STIP opportunity (100% x Fixed Annual Base Salary at the end of the Performance Period).
Performance measures and assessment	• The STIP Achievement result is based on a range of financial business measures set by the Board of Directors on an annual basis to ensure that they are appropriately stretching and motivational for the delivery of Threshold, Target and Maximum performance.
	• The primary financial objectives are related to one or more growth metrics and/or one or more profit metrics that measure progress against strategy and contribute to the Company's sustainability as defined by the Board of Directors. The metrics are weighted according to importance for the Company's current short-term strategic objectives. • The Board of Directors may introduce further financial and non-financial measures in the future subject to the targets for the STIP overall being predominantly financial in nature.
	• Performance is measured over the Performance Period (normally the financial year)
	• The Board of Directors has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. The use of any discretion will be disclosed in the Annual Remuneration Report.
	• The actual payment each year depends on the degree to which the specific and measurable targets have been met by each member of Executive Management.
	• Claw-back and malus provisions apply to the STIP as set out in section 5.

Long-term Incentive

Purpose and Link to Strategy:

- The “Long-term Incentive Plan” (“LTIP”) is primarily designed to incentivise performance over an initial 3 year term, and sustain that performance through the link to shareholder returns over the subsequent 24 months holding period (total 5 years), to ensure the commitment and retention of Executive Management, as well as to promote alignment of their interests with those of the shareholders.

- The LTIP rewards Executive Management for dedicated and focused results intended to achieve and support the long-term interests of the Company, including its sustainability.

- The targets are selected to incentivise Executive Management to focus on strategic priorities that create value for the Company’s shareholders. The LTIP further aligns with shareholder interests by linking directly to the share price performance of the Company.

- The form of the LTIP avoids disproportionate windfall gains or rewards for short-term performance that is not sustained.

LONG-TERM INCENTIVE

Operation	• Long-term share-based incentives may be granted annually at the Board of Directors’ discretion and a full grant will not necessarily be made every year.
	• All Long-term Incentives shall have a vesting or maturity period determined by the Board of Directors prior to grant. The vesting or maturity period shall be at least three years from the relevant date of grant until the time the grant vests or matures. During a further two-year holding period after vesting, Executive Management cannot sell the vested shares – hence a total five year vesting and holding period.
	• The Company intends to use treasury shares to meet its obligations in relation to Long-term Incentives. The Board of Directors may decide to satisfy a grant in cash.
	• LTIP in the form of Performance Share Units (“PSUs”) is designed to further align Executive Management compensation with the long-term interests of our shareholders and the performance of the Company by linking a high proportion of annual pay to the share price development of the Company. The programme is revolving. The vesting (but not the grant) of PSUs depends on the achievement of specific performance goals.
	• After vesting, subject to the Share Ownership and Share Holding Period Requirements (as described below), the participant can sell the vested shares, subject to applicable laws and the Company’s internal rules for the trading in Pandora securities. The number of PSUs granted to members of Executive Management will be stated in the Company’s Annual Report and Annual Remuneration Report.
	• Except in circumstances where elements remain commercially sensitive, the performance indicators and weightings adopted for the Performance Period, along with the actual targets and outcomes will be disclosed in the Annual Remuneration Report.
Maximum opportunity	• The target grant of conditional shares (in the form of PSUs) each year is limited to 100% x Fixed Annual Base Salary at the grant date for the individual member of Executive Management. (The value of each conditional share will normally be determined prior to the grant date using the 5-day share price average following the publication of the most recent financial announcement (quarter, half or full year) preceding the grant date.)
	• The vesting range for grants of conditional shares is between 0 – 200% of the target grant level, as the actual number of PSUs that vest at the end of the performance period will vary with a multiplier of 0-200% based on performance against specific targets, aligned with the Group’s long-term strategy.
	• Accordingly, the maximum award of shares under the LTIP is 200% x Fixed Annual Base Salary at the grant date, being the maximum LTIP vesting (200%) times the target value of the annual LTIP grant (100% x Fixed Annual Base Salary at the grant date).
	• Any significant assumptions required for the fair valuation (in accordance with applicable International Financial Reporting Standards) at grant of the Long-term Incentives are described in the Company’s Annual Remuneration Report.

Long-term Incentive continues on p.11

LONG-TERM INCENTIVE (CONTINUED)	
Performance measures and assessment	• The vesting result (0-200%) is based on Remuneration Committee's recommendation of the achievement against a range of performance targets set by the Board of Directors and established at the time of grant.
	• The performance targets, metrics and/or weightings for each annual LTIP grant are determined annually by the Board of Directors taking into account market conditions, internal and external forecasts and developments in the Group's strategy. This review ensures that each annual LTIP grant has targets, metrics and/weightings that are appropriately stretching and motivational for the delivery of Threshold, Target and Maximum performance.
	• The primary performance targets are financial objectives related to one or more earnings metrics and/or one or more relative return metrics that measure progress against strategy and contribute to the Company's sustainability as defined by the Board of Directors. The metrics are weighted according to importance for the Company's current long-term strategic objectives.
	• The Board of Directors may introduce further financial and non-financial measures in the future, subject to the targets for the LTIP overall being predominantly financial in nature.
	• Performance is measured over the Performance Period (normally the three financial years from the beginning of the financial year in which the grant is made).
	• The Board of Directors has the discretion to adjust targets or performance measures for any exceptional events that may occur during the vesting period.
	• Claw-back and malus provisions apply to the LTIP as set out in section 5.

SHARE HOLDING PERIOD AND SHARE OWNERSHIP REQUIREMENTS

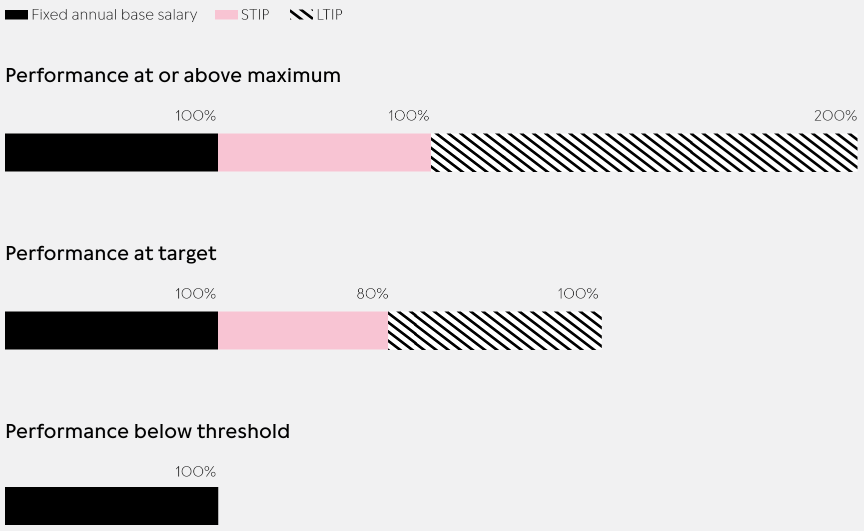
Purpose and Link to Strategy	• The “Share Holding Period Requirement” ensures that Executive Management’s interests are aligned with those of shareholders over a longer time period. • The “Share Ownership Requirement” requires that Executive Management builds up and maintains a significant amount of their personal wealth invested in the Company - ensuring that Executive Management acts in the long-term interests of shareholders. • Together with the design of the incentive arrangements overall, these mechanisms ensure that the value realised by Executive Management (from the incentive arrangements) is directly linked to long-term sustainable business performance, with appropriate regard to internal and external risk factors.
Operation	**Share Holding Period Requirement:** • Executive Management will not be able to sell any vested shares under the LTIP (except for sales for payment of taxes triggered by grants vested under the LTIP) until the total period from grant (inclusive of the vesting period) is at least five years, i.e. an additional holding period of two years in addition to the three-year vesting period that applies to the LTIP. • The holding period applies irrespective of termination of employment. **Share Ownership Requirement:** • Each member of Executive Management shall buy and hold a number of shares in the Company with a market value corresponding to the member's gross fixed annual base salary from time to time. • Executive Management is restricted from selling any vested shares (except for sales for payment of taxes triggered by grants vested under the LTIP) unless the Share Ownership Requirement continues to be met after the sale. • Executive Management is required to purchase additional shares to meet the Share Ownership Requirement. The purchase of the required number of shares must normally take place within 12 months from commencement of employment. In extraordinary circumstances, the Board of Directors may resolve to wholly or partly exempt a member of Executive Management from the obligation to acquire additional shares. • In the calculation of the value of the shareholding, the value of vested LTIP instruments allocated to each member under any applicable LTIP program, as well as any personal share portfolio, is included.

SUSTAINABLE PERFORMANCE

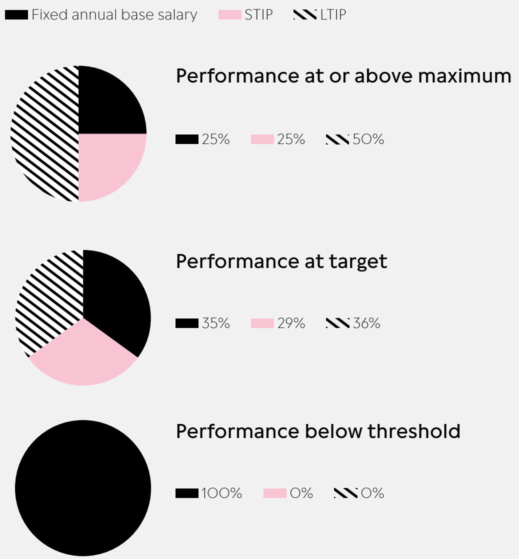
The Company uses incentive arrangements for Executive Management to secure a high degree of alignment of interests between Executive Management and shareholders, to strengthen attraction/retention and to promote and support sustainable value creation both in the short and long term.

The Board of Directors typically reviews, at least on an annual basis, the impact of different performance scenarios on the potential reward opportunity and pay-outs to be received by members of Executive Management and the alignment of these with the returns that might be received by shareholders. The Board of Directors believes that the level of remuneration that can be delivered in the various scenarios is appropriate for the level of performance delivered and the value that would be delivered to shareholders. The chart opposite shows the pay mix in the annual remuneration package (for a member of Executive Management receiving Short-term Incentive and Long-term Incentive awards at the target levels as per the grant date allowed under the Remuneration Policy) under three assumed performance scenarios for the Short-term Incentive and Long-term Incentive. A significant portion of the total opportunity is linked to the development of the share price over the long-term.

TOTAL REWARD – PAY ELEMENTS* AS % ANNUAL BASE SALARY



PAY MIX* AS % TOTAL REWARD



* In line with usual communication practice, and the level of benefits in proportion to total reward, these illustrations include fixed annual base salary, STIP and LTIP only.

The Long-term Incentive grant is not considered an award for work already performed, but is intended solely for rewarding Executive Management's anticipated future performance and their contribution to future share price increases to the benefit of the Company, its shareholders and other stakeholders during the vesting period. Therefore, the full value of the long-term incentive illustrated in the chart above will be earned out over the executive's service period – and the leaver terms and conditions set out in section 6 should be considered as an integral part of the design.

Adjustment and repayment of incentive-based remuneration

In case of extraordinary events, the Board of Directors may lay down or exercise specific terms for incentive-based remuneration governing the lapsing, repayment, capping of ultimate gains or other adjustments, including accelerated vesting or exercise and adjustment to the grant price or the performance targets. Such extraordinary event may include, but is not limited to, significant divestiture of activities, change in capital structure, demerger, merger or other business combination involving the Company or material parts of the Group, a member of Executive Management resigning/being dismissed or other material events that would otherwise influence positively or negatively the value or effect of the incentive-based remuneration. The adjustment mechanisms are designed to ensure that members of the Executive Management are treated fairly and in accordance with shareholder interests.

Claw-back and Malus

The Company has the option of reclaiming, in full or in part, granted incentive remuneration in certain situations ("claw-back"), including where incentive remuneration was granted, earned or paid based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.

Further, any variable components of remuneration under any incentive scheme – whether cash, share-based or otherwise – may lapse without compensation ("malus") and/or be subject to reclaim by the Company ("claw-back"), if, during employment or after the termination of the employment while there remains any unvested or deferred grants under any incentive scheme, the member of Executive Management (i) violates non-competition and/or non-solicitation clauses or otherwise breaches the duty of loyalty towards the Group, (ii) discloses or otherwise misuses any confidential information, (iii) wilfully violates the Group's compliance policies, (iv) wilfully violates the Group's accounting and finance rules, or (v) engages in other conduct which results in significant losses or serious reputation damage to the Group.

The Long-term Incentive grant rewards Executive Management's anticipated future performance and their contribution to future share price increases.

SERVICE AGREEMENTS

SHORT-TERM INCENTIVE

Cessation of employment	• Where an award is made, the payment may be delivered fully in cash. No award will be made in these circumstances in the event of gross misconduct.
	• If the participant is a good leaver (as described below) during the Performance Period (or after the Performance Period but before the STIP payment is made), a STIP award will normally be made at the end of the Performance Period pro-rated for length of service and the achievement of performance targets measured over the full Performance Period.
	• The Board of Directors has the discretion to determine that a STIP award may be paid in cash at the date of cessation, and/or in exceptional circumstances whether to pro-rate the award for time served in the Group.
	• By way of example, a member of Executive Management is a 'good leaver' if ceasing to be employed by reason of death, ill-health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or at the Board of Directors' discretion.
	• Anyone who is not a good leaver will be a bad leaver. For a bad leaver, there will be no bonus pay-out.
Change of control	• No specific change of control provisions.

LONG-TERM INCENTIVE

Cessation of employment	• For good leavers, unvested awards will vest on the normal vesting date subject to: (i) the extent any applicable performance targets have been satisfied at the end of the Performance Period; and (ii) pro-rating to reflect the period of time actively worked between grant and cessation of employment.
	• In exceptional circumstances, the Board of Directors has the discretion to determine that the end of the Performance Period is to be considered the date of cessation for pay-out purposes and whether to pro-rate the number of vested awards to reflect the vesting period completed.
	• A 'good leaver' is defined as above for the Short-term Incentive.
	• Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all unvested awards.
Change of control	• The Board of Directors has discretion to choose from a range of appropriate options, including: (i) continuing the programme with appropriate adjustments; (ii) accelerating vesting, including by cash settlement if considered appropriate, of the programme pro-rating to reflect the period of time between the grant date and the date of change in control; and (iii) replacing the unvested shares with entitlements under a new programme in the continuing entity.

Company notice period and severance pay

The Company may terminate the executive service agreement relating to any member of Executive Management with a notice of up to 18 months. Each member of Executive Management may terminate the employment by giving the Company a notice of up to 12 months. When assessed to be in the overall interests of the Company, e.g. for purposes of recruitment, retention or the like, the Board of Directors may decide to enter into other structures of employment in respect of notices of termination, including but not limited to fixed-term non-terminable agreements subject to such level of further detail as deemed appropriate by the Board of Directors from time to time. Likewise, in the event members of Executive Management leave the Company, they may be enrolled in outplacement programs paid for by the Company.

The total payment relating to the notice period shall in any event not exceed two years' total remuneration, including all remuneration components, in line with the recommendations on Corporate Governance. The notice period and severance pay granted is considered to be in line with market practice for larger listed companies in Denmark.

Loss of office – treatment under incentive programmes

Payments for loss of office under the Company's incentive programmes may be made in line with the respective programme rules as summarised in the table opposite.

Existing agreements

The terms set out in this Remuneration Policy do not apply to, overrule or supplement any terms of any executive service agreements entered into prior to, or any effective STIP and LTIP programs at the time of, the Policy entering into force. Any change of existing agreements will be subject to the principles set out in this Remuneration Policy.

OTHER REMUNERATION

Any and all personal taxes and duties, whether income related or not, in respect of fees, payments, grants and awards made pursuant to this Policy are for the account and expense of the individual recipient in question, except where otherwise stated in relation to the annual health check and elements of relocation support. Any and all social charges levied upon the Company by any Danish or foreign authority in respect of fees, payments, grants and awards made pursuant to this Policy are paid by the Company.

The Remuneration Committee may consider to recommend other types of remuneration to meet the overall aims and objectives of the Company, including remuneration of a one-off or extraordinary nature – for example when an individual is first hired or takes up an Executive Management position. In such circumstances, the Board of Directors may grant one-off bonuses or other extraordinary incentives, e.g. retention bonus, severance payment, sign-on bonus or other similar arrangements, provided that such one-off bonus or extraordinary incentive is deemed necessary in order to meet the overall objectives of the Remuneration Policy and Pandora's long-term interests.

The value of such one-off bonuses and extraordinary incentives (incentives in the form of STIP to be valued at the target award value and in the form of LTIP to be valued at the par award value) may not exceed an amount corresponding to 2x Fixed Annual Base Salary at the date of the extraordinary award, thereby possibly derogating from the maximum limits for the Short-term and Long-term Incentive set out in section 4 and the pay mix illustrated in section 5 of this Remuneration Policy. In any other regard such extraordinary awards shall be consistent with this Remuneration Policy, and, in particular, have regard to the overall alignment between the level of the annual Short-term Incentive, annual grant of Long-term Incentive, the Share Holding Period and Share Ownership Requirements.

Directors' and Officers' liability

To be able to attract and retain qualified members of the Board and Executive Management, it is the Company's policy to take out customary directors' and officers' liability insurance (D&O insurance), as appropriate. If the insurance does not provide any or only insufficient coverage, the Company may, to the furthest extent permitted by law, indemnify additional liability that a member of the Board or Executive Management may personally incur in the discharge of their duties. Regardless of paragraph 1 of section 7 of this Remuneration Policy, any indemnification paid by the Company shall cover any applicable personal taxes owed by any member of the Board of Directors or Executive Management having benefitted from the indemnification.
Any indemnification will be secondary to any D&O insurance taken out by the Company and will not include claims raised due to a member of the Board of Director's or the Executive Management's fraud, wilful misconduct or gross negligence.
The Board of Directors is authorised to determine the detailed terms of the indemnification scheme, including coverage, and to manage and administer the indemnification scheme, and to take any decisions under the scheme in respect of any claims.

ADOPTION & PUBLICATION

The Remuneration Policy has been adopted by the Board of Directors and approved by the Annual General Meeting on 11 March 2021. The Board of Directors has on 15 December 2022 adopted a minor change regarding the reference period for determining the value of grants of PSUs. The Board of Directors considers the change in reference period as immaterial, hence not warranting the adoption at a general meeting. The Remuneration Policy is available on the Company's website.

SIGNIFICANT CHANGES

Unless otherwise stated, definitions will have the same meaning as defined in the Remuneration Policy.

CURRENT REMUNERATION POLICY	NEW REMUNERATION POLICY[2]
An increase in the multiples paid to members and Chair of the board committees, (most significantly, for the Audit Committee) reflecting the level of professionalism in the work of the committees and its importance to the successful operation and governance of the Group.	Members of the Audit Committee may receive a committee fee up to 0.4 times (from 0.3 times) the annual fixed base fee, and the Chair of the Audit Committee up to 0.8 times (from 0.4 times) the annual fixed base fee Members of other committees may receive a committee fee up to 0.25 times (from 0.2 times) the annual fixed base fee, and the Chair up to 0.5 (from 0.3 times) the annual fixed base fee
A reduction in the level of STIP pay-out for target performance, while maintaining the maximum level of STIP pay-out for outstanding performance.	STIP pay-out for target performance is reduced from 100% to 80% of Fixed Annual Base Salary. STIP pay-out for maximum performance remains at 100% of Fixed Annual Base Salary.
Improvements in transparency on the framework for remuneration, including the operation of the STIP and the LTIP, the performance measures and assessment and the circumstances in which the Board of Directors expects to use its discretion to provide additional compensation on an one-off basis.	Improved transparency on current practice in relation to description of remuneration elements, e.g. description of (i) elements taken into considera-tion when describing the Fixed Annual Base Salary, (ii) description of offered benefits, including customary benefits, (iii) operation and performance measures and assessment of STIP and LTIP, (iv) exemplification of the use of discretion of Board of Directors to provide compensation on an one-off basis under a principle that it shall always be deemed necessary to meet the overall objectives of the Remuneration Policy and Pandora's long-term interests, and (v) exemplification of claw-back/malus events. Use of relocation as part of the overall benefit arrangements available for Executive Management.
A reduction of the maximum notice period of Pandora by 6 months, to ensure remuneration at Executive Management level is performance focused.	Pandora's notice period in relation to members of Executive Management is reduced from up to 24 months to up to 18 months.
Clarification on the Company's use of directors' and officers' liability insurance (D&O insurance) and introduction of indemnification of any additional liability not covered/insufficiently covered by the D&O insurance.	Pandora takes out customary D&O insurance. If the insurance does not provide any or provides insufficient coverage, Pandora may indemnify additional liability that a member of the Board of Directors or Executive Management may personally incur in the discharge of their duties, which shall also cover any applicable personal due to having benefitted from the indemnification.

[2] To be adopted by AGM on 11 March 2021

PANDORA A/S
Havneholmen 17-19
DK-1561 Copenhagen V
Denmark

Phone: +45 36720044
CVR no.: 28505116

www.pandoragroup.com

DESIGN:
Kontrapunkt