

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF PANDORA A/S, CENTRAL BUSINESS REGISTER (CVR) NO. 28 50 51 16

These terms of reference specify the powers of the audit committee and lay down the guidelines governing the audit committee's work.

1. OBJECTIVE

- 1.1 The audit committee is a committee of directors which shall assist the Board of Directors with the oversight of i) financial reporting process, ii) internal control, risk management system and internal audit, and iii) external audit.
- 1.2 The audit committee's function is preparatory only in connection with the transaction of business by the Board of Directors. Accordingly, the work of the audit committee does not limit or render superfluous any consideration by the Board of Directors, and important information required by all members of the Board of Directors must therefore be provided to all Board members and not only to the audit committee.
- 1.3 The Board of Directors has full responsibility for all resolutions that have been prepared by the audit committee.
- 1.4 The audit committee reviews these terms of reference on a yearly basis. Changes must be approved by the Board of Directors.

2. MEMBERS AND APPOINTMENT

- 2.1 The Board of Directors appoints committee members and the committee chair annually. The Board may remove any member from the committee at any time with or without cause.
- 2.2 The audit committee consists of three to four members of the Board of Directors.
- 2.3 A majority of the committee members must be independent.
- 2.4 The chairman of the Board of Directors cannot act as chairman of the audit committee.
- 2.5 At least one member must in judgment of the Board have sufficient qualifications within accounting or audit in order to have the ability to make an independent assessment of the below mentioned areas.
- 2.6 The committee will form a quorum when at least 2 members attend a meeting.
- 2.7 Resolutions are passed by simple majority.

3. MEETING STRUCTURE

- 3.1 Meetings are held when deemed necessary by the chairman, but at least 4 times a year.

- 3.2 The company's management handles the committee's secretariat function.
- 3.3 The chairman of the audit committee determines the agenda and the frequency of meetings to be held.
- 3.4 Meetings shall be convened at not less than 8 days' written notice to all members of the audit committee.
- 3.5 The CFO attends the committee's meeting.
- 3.6 At least one meeting per year or a part of a meeting per year shall be attended by the company's external auditors without presence of the CFO.

3.7 Duties related to the financial reporting process

- 3.7.1 Oversee the financial reporting process.
- 3.7.2 Meet with management and external auditors to review the audited annual report, the key accounting policies (including material changes to the accounting policy) and significant accounting estimates on a quarterly basis. This includes to making sure that the description of the internal control framework in the annual report is in compliance with article 107b in the Danish Financial Statements Act.
- 3.7.3 Meet with management to review quarterly financial statements. As part of the review of the quarterly reporting, the audit committee assesses going concern for the group.
- 3.7.4 The Board of Directors may delegate other tasks for the audit committee to solve.

3.8 Duties related to internal control, risk management system and internal audit

- 3.8.1 Review the adequacy and effectiveness of the company's internal controls and risk management systems.
- 3.8.2 Review the significant risks of the company (including fraud) and discuss mitigation possibilities.
- 3.8.3 Review internal control review reports prepared by the Management.
- 3.8.4 Discuss with management and, if necessary, the independent auditors, the adequacy and effectiveness of the company's internal controls over financial reporting and the quality of the accounting personnel and other personnel relevant for the internal control framework.
- 3.8.5 Consider whether management has appropriately dealt with recommendations made by the independent auditors.
- 3.8.6 Review the process of the whistleblower function and any reporting from the whistleblower function.
- 3.8.7 Assess the need for an internal audit function.

3.9 Duties related to tax

3.9.1 Review tax policy and governance including assessing the tax exposure.

3.10 Duties related to external audit

3.10.1 The audit committee recommends to the Board of Directors external auditors to be nominated by the board and elected at the annual general meeting by the shareholders.

3.10.2 Review the audit strategy, plan, scope and approach.

3.10.3 Approve compensation of the external auditor.

3.10.4 Monitor and approve level of additional services that the external auditors provide to the group.

3.10.5 Assess the performance and independence of the external auditor.

3.10.6 Review the result of the audit including the draft long form audit reports from the external auditor and significant management letters' items.

3.10.7 Resolve any disagreements between the company and the external auditor regarding financial reporting.

4. REPORTING

4.1 Minutes of the committee meetings will be approved by the committee members. The approved minutes are forwarded to the Board of Directors.

4.2 The chairman of the audit committee goes through the minutes at the subsequent board meeting.

4.3 The minutes are sent to the company's external auditors.

5. PUBLICATION OF INFORMATION ABOUT THE AUDIT COMMITTEE

5.1 The company must publish the following information on its website:

- i. that the company has established an audit committee;
- ii. the names of the members of the audit committee;
- iii. the name of the chairman of the audit committee;
- iv. which members of the audit committee are independent members;
- v. significant provisions in the audit committee's terms of reference;
- vi. the audit committee's main activities during the past year; and
- vii. the number of meetings held by the audit committee and the attendance rate.

5.2 The audit committee must ensure that the information about the committee as set out on the company's website is true and accurate.

5.3 The audit committee's terms of reference must be published on the company's website.

6. EVALUATION

6.1 The audit committee conducts a yearly self-assessment.

7. REMUNERATION

7.1 Each member of the audit committee shall receive an annual fee to be proposed by the Board of Directors and approved by the Annual General Meeting.

8. DUTY OF CONFIDENTIALITY

8.1 The audit committee is subject to the same duty of confidentiality and confidentiality undertakings as the Board of Directors.

As adopted at the board meeting held on 12 June 2018.

The Board of Directors:

Peder Tuborgh
Chairman

Christian Frigast
Deputy Chairman

Andrea Alvey

Ronica Wang

Bjørn Gulden

Per Bank

Birgitta Stymne Göransson

The Audit Committee:

Birgitta Stymne Goransson

Andrea Alvey

Christian Frigast