

## Remuneration Policy of Pandora A/S

*The current Remuneration Policy of Pandora A/S as adopted by the annual general meeting on 8 April 2011 is set out below:*

### 1.0 Introduction

Pandora A/S remuneration policy covers the Board of Directors and the Executive Board. Furthermore, it covers both fixed and incentive-based payment. It aims to attract, retain and motivate the Board Members and the Executives. Remuneration levels are designed to ensure:

- The attraction and retention of the Company's Executives
- Further to ensure that the Company's Executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for the individual contributions to the success of the company
- The alignment of the interest of the Company's Executives with the long-term interest of the Company's shareholders

The Remuneration policy has been approved by the Board of Directors at the meeting **March 14, 2011**.

Each Board Member is to receive a fixed base fee per year. The base fee is the same for all Board Members except for the Chairman of the Board. The Deputy Chairman of the Board will receive 1,5 times base the fee.

Furthermore, some Board Members are included in a

*The amendments to the Remuneration Policy of Pandora A/S proposed by the Board of Directors are set out below:*

### 1.0 Introduction

The remuneration policy of Pandora A/S ("the Company") covers the Board of Directors and the Executive Board. Furthermore, it covers both fixed and incentive-based remuneration. It aims to attract, retain and motivate the Board Members and the Executives. Remuneration levels are designed to ensure:

- The attraction and retention of the Company's Executives
- That the Company's Executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for the individual contributions to the success of the Company
- The alignment of the interest of the Company's Executives with the long-term interest of the Company's shareholders

The Remuneration policy has been approved by the Board of Directors on **18 December 2013**.

### 2.0 Board of Directors

Each Board Member is to receive a fixed base fee per year and the Remuneration Committee will on a consecutive basis follow any new international trends related to directors' fees and possible other remuneration structures. The base fee is the same for all Board Members except for the Chairman of the Board who receives up to 3 times the base fee. The Deputy Chairman of the Board will receive up to 1.5 times the base fee.

share program as described in the Incentive Policy. This is to be found on the pandoragroup.com website.

A number of committees have been established and the members of each committee will receive a fixed fee for their contribution. The chairman of the committee will receive 1,5 times this fee. The Chairman of the Board will not receive any fee for committee work.

**2.0 Executive Board**

The Remuneration Committee must review trends in the Company’s Executives’ compensation, and annually benchmark the total remuneration of the Company’s Executives versus a comparative national and international set and adjust accordingly if necessary.

The remuneration package consist of a fixed base salary, a short-term cash bonus, a long-term share based incentive and other benefits.

The short-term incentive cash program is designed to encourage enhanced performance and to ensure that the Company’s Executives are, in a fair and responsible manner, rewarded for the individual contributions to the success of the company.

The short-term incentive cash program may result in a maximum payout per year equal to 50% of the yearly base salary for the Executive Board. The targets for the short-term cash program are set by the Remuneration Committee and approved by the Board of Directors.

A number of committees have been established and the members of each committee will receive a fixed committee fee for their contribution. The chairman of the committee will receive 1.5 times the committee fee. The Chairman of the Board will not receive any committee fees.

Board Members residing abroad are paid a fixed travel allowance when attending board meetings in Denmark. No travel allowance is paid to board members when attending board meetings outside Denmark. The travel allowance will be disclosed in the Annual Report.

**3.0 Executive Board**

The Remuneration Committee must review trends in remuneration structures, and annually benchmark the total remuneration of the Company’s Executives against comparative national and international standards and implement adjustments if and when deemed necessary.

The remuneration package for the Executive Board consists of a fixed base salary, a short-term cash bonus, a long-term share based incentive and other benefits.

The short-term incentive cash program is designed to encourage enhanced performance and to ensure that the Company’s Executives are, in a fair and responsible manner, rewarded for the individual contributions to the success of the Company.

The short-term incentive cash program may result in a maximum payout per year equal to 100% of the yearly base salary for the individual member of the Executive Board. The targets for the short-term cash program are set by the Remuneration Committee and approved by the Board of Directors.

The long-term incentive program is designed to promote the collective performance of the Executive Board and to align the interest of the Company's Executives with the long-term interest of the Company's shareholders.

The long-term incentive program (LTIP) is designed to promote the collective performance of the Executive Board and to align the interest of the Company's Executives with the long-term interest of the Company's shareholders. The long-term incentive program may result in an option to buy shares in the Company at a total market price of up to 100% of each Executive's yearly base salary at the time of fixing the LTIP targets.

Both the short-term cash program and the long-term incentive program are described in detail in the Incentive Policy which is to be found on the pandoragroup.com website.

The short-term cash program, the long-term incentive program and the possibility to grant other additional incentive payments in exceptional situations are described in detail in the Incentive Policy which is to be found on the pandoragroup.com website.

Executives will receive non-monetary benefits, such as company car, phone etc. Such other benefits are approved by the Board of Directors. In addition the Executives may participate in programs that are offered to all Pandora employees.

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Pandora may terminate the employment contract by giving the employees a notice of up to 24 months. Executives may terminate the employment by giving Pandora a notice of 12 months. In the case of a termination from Pandora the Executive will have the right to be released from his/her duties after 3 months.

Pandora may terminate the employment contract by giving the Executive a notice of up to 24 months. Executives may terminate the employment by giving Pandora a notice of 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.

No person will be eligible for severance pay in case of termination for willful misconduct or gross negligence.

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Executive's contract will include non-competitive, non-customer and non-employment clauses.

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As adopted at the Annual General Meeting of Pandora A/S on 8 April 2011.