

# **PANDORA A/S**

## **NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of Pandora A/S (the "Company") is hereby convened to be held on

**Wednesday 14 March 2018 at 10:00 a.m. CET (doors will open at 9:00)**

The Annual General Meeting will be held at

**Tivoli Hotel & Congress Center, Arni Magnussons Gade 2, 1577 Copenhagen V, Denmark**

with the following agenda:

1. The Board of Directors' report on the Company's activities during the past financial year.
2. Adoption of the audited Annual Report 2017.
3. Resolution proposed by the Board of Directors on remuneration to the Board of Directors for 2017 and 2018.
  - 3.1 Approval of remuneration for 2017.
  - 3.2 Approval of remuneration for 2018.
4. Proposed distribution of profit as recorded in the adopted Annual Report, including the proposed amount of any dividend to be distributed or proposal to cover any loss.
5. Election of members to the Board of Directors.
6. Election of auditor.
7. Resolution on the discharge from liability of the Board of Directors and the Executive Management.
8. Any proposal by the shareholders and/or Board of Directors.

The Board of Directors has submitted the following proposals:

- 8.1 Reduction of the Company's share capital.
  - 8.2 Amendment of article 5.5 of the Articles of Association.
  - 8.3 Amendment of article 8.2 of the Articles of Association.
  - 8.4 Annulment of article 11.4 of the Articles of Association.
  - 8.5 Amendment of the Company's Guidelines on incentive payments.
  - 8.6 Authority to the Board of Directors to let the Company buy back treasury shares.
  - 8.7 Authority to the Board of Directors to distribute extraordinary dividend.
  - 8.8 Authority to the chairman of the Annual General Meeting.
9. Any other business.

## Complete proposals

### Re agenda item 2:

The Board of Directors proposes that the audited Annual Report 2017 be approved by the General Meeting.

### Re agenda item 3:

#### *Re agenda item 3.1*

The Board of Directors proposes that the actual remuneration of the Board of Directors for 2017 be approved by the General Meeting. Reference is made to the Annual Report 2017, note 2.3.

#### *Re agenda item 3.2*

The Board of Directors proposes the following remuneration for the financial year 2018 be approved by the General Meeting:

The Chairman of the Board of Directors will receive a fixed fee of DKK 1,500,000, each of the Deputy Chairmen will receive DKK 750,000, and other members of the Board of Directors will each receive DKK 500,000. Furthermore, a number of committees have been established. The chairman of a committee will receive a fixed fee of DKK 150,000 and a committee member will receive a fixed fee of DKK 100,000 for this work, regardless of how many committees a member is involved in. The chairman and members of the Audit Committee shall, however, each receive an additional fee of DKK 50,000. The Chairman of the Board of Directors will not receive any committee fee.

In future the Board of Directors shall only propose an approval of the remuneration of the Board of Directors for the current financial year as a separate item on the agenda at the Annual General Meeting. Reference is made to the statement under item 8.3 of the agenda.

### Re agenda item 4:

The Board of Directors proposes that a dividend of DKK 9.00 per share be paid on the profit for the year available for distribution according to the Annual Report 2017. No dividend will be paid on the Company's holding of treasury shares. The remaining amount will be transferred to the Company's reserves.

### Re agenda item 5:

All members of the Board of Directors elected by the General Meeting stand for election at the Annual General Meeting.

The Board of Directors currently consists of the following 9 board members elected by the General Meeting:

Name	Up for re-election?
Peder Tuborgh (Chairman)	Yes
Christian Frigast (Deputy Chairman)	Yes
Allan Leighton (Co-Deputy Chairman)	No
Andrea Dawn Alvey	Yes
Ronica Wang	Yes
Anders Boyer	No

Name	Up for re-election?
Bjørn Gulden	Yes
Per Bank	Yes
Birgitta Stymne Göransson	Yes

The composition of the Company's Board of Directors reflects the skills and experience which are deemed required to manage a public listed company. The Company aims at composing the Board of Directors to consist of persons who possess the professional skills and international experience required to serve as a board member.

A detailed description of each of the board candidates and information on their managerial posts are attached hereto as [Appendix 1](#). The description is also available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com).

**Re agenda item 6:**

The Board of Directors proposes re-election of Ernst & Young P/S in accordance with the Audit Committee's recommendation. The Audit Committee has not been influenced by third parties and has not been subject to any agreement with third parties, which limits the General Meeting to the election of certain auditors or audit firms.

**Re agenda item 7:**

The Board of Directors proposes that the General Meeting discharges the Board of Directors and the Executive Management from liability.

**Re agenda item 8:**

The Board of Directors has submitted the following proposals:

- 8.1 Reduction of the Company's share capital.
- 8.2 Amendment of article 5.5 of the Articles of Association.
- 8.3 Amendment of article 8.2 of the Articles of Association.
- 8.4 Annulment of article 11.4 of the Articles of Association.
- 8.5 Amendment of the Company's Guidelines on incentive payments
- 8.6 Authority to the Board of Directors to let the Company buy back treasury shares.
- 8.7 Authority to the Board of Directors to distribute extraordinary dividend.
- 8.8 Authority to the chairman of the Annual General Meeting.

*Re agenda item 8.1*

In 2017 the Company launched a share buyback programme of up to a maximum consideration of DKK 1,800 million. The purpose of the share buyback programme is to reduce the Company's share capital and to meet its obligations under the share option programmes for the Company's employees. The Board of Directors proposes to reduce the Company's share capital to the effect that a part of the total portfolio of treasury shares are cancelled while the remaining part are retained for the purpose of fulfilling the Company's obligations in connection with the incentive programmes for the Company's employees.

The share buyback programme was implemented in the period from 7 February 2017 to 6 February 2018. Reference is made to the company announcements available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com). As of 6 February 2018 the Company owned a total of 3,019,426 treasury shares.

Against that background, the Board of Directors proposes that the Company's share capital be reduced by a nominal amount of DKK 2,478,388 by cancellation of a nominal amount of 2,478,388 treasury shares of DKK 1,

equal to 2.2 % of the Company's total share capital. Under section 188 of the Danish Companies Act it is stated that the purpose of the reduction is to cancel a part of the Company's portfolio of treasury shares. According to the Danish Business Authority's practice, this purpose may be compared to a capital reduction to be distributed to the shareholders, see section 188(1)(ii) of the Danish Companies Act. In that connection, the Board of Directors states that the shares have been acquired at a total amount of DKK 1,705,676,189 to the effect that, in addition to the nominal reduction amount of DKK 2,478,388, an amount of DKK 1,703,197,801 has been distributed. Following the capital reduction, the Company's nominal share capital will be DKK 110,029,003.

As a result of the share capital reduction, it is proposed that article 4.1 of the Articles of Association should be amended to read as follows after expiry of the time period prescribed in section 192 of the Danish Companies Act:

*"The Company's share capital is nominally DKK 110,029,003, divided into shares of DKK 0.01 or any multiple thereof."*

Before the implementation of the capital reduction, the Company's creditors will be requested, through the Danish Business Authority's IT system, to file their claims within a time limit of 4 weeks, see section 192(1) of the Danish Companies Act. Under section 193(2) of the Danish Companies Act, the Danish Business Authority will automatically register the implementation of the capital reduction and the resulting amendment to the Articles of Association as being final 4 weeks after the expiry of the time limit for the creditors' filing of claims at the earliest or, at the request of the Board of Directors, on any date after the expiry of the time limit for the creditors' filing of claims unless the implementation at such time cannot take place under the provisions of the Danish Companies Act.

#### *Re agenda item 8.2*

The keeper of the Company's register of shareholders has in 2017 changed its address, which requires a clarification of article 5.5 of the Company's articles of association.

It is thus proposed to amend article 5.5 in the articles of association to:

*"The register of shareholders is kept by Computershare A/S, CVR-no. 27088899. It will not be accessible to shareholders".*

#### *Re agenda item 8.3*

The way article 8.2 of the articles of association is worded today the item on the shareholders' approval of the annual report and the remuneration of the board of directors is dealt with as a whole. As mentioned above under item 3.2 the Board will in the future propose approval of the board's remuneration at the Annual General Meeting for the current financial year as a separate item on the agenda. Through this division it will be clear that the Company complies with article 4.2.2 of the Recommendations for Corporate Governance to the effect that the shareholders approve the proposal regarding remuneration of the top governing body for the current financial year at the Annual General Meeting. As mentioned above under item 3.2 the approval of the shareholders of the board's remuneration for the previous year be implicit in the shareholders' approval of the Annual Report and thus shall not be treated as a separate item on the agenda.

Therefore, it is proposed to amend article 8.2 of the articles of association to:

*"At the annual general meeting the agenda is as follows:*

1. *The Board of Directors' report on the Company's activities during the past financial year.*
2. *Adoption of the audited annual report.*
3. *Adoption of proposal on the Board of Directors' remuneration for the current financial year.*
4. *Proposed distribution of profits as recorded in the adopted annual report, including the proposed amount of any dividend to be distributed or proposal to cover any loss.*
5. *Election of members to the Board of Directors.*
6. *Election of auditor.*
7. *Resolution on the discharge from liability of the Board of Directors and the Executive Management.*
8. *Any proposal by the Board of Directors and/or shareholders."*

*Re agenda item 8.4*

The committee for corporate governance has published revised Recommendations for Corporate Governance, which came into force on 1 January 2018 with effect for the Annual Report 2018. A part of this revision is that the previous recommendation regarding age limit is no longer considered to be good corporate governance. The Board of Directors approves of the lapse of this recommendation and proposes to annul the present provision on age limit in the Company's articles of association (item 11.4).

If the proposal is adopted the numbering of the remaining provisions in article 11 of the articles of association is amended consequentially.

*Re agenda item 8.5*

At the Company's Annual General Meeting on 19 March 2014, the General Meeting approved the Company's current general Guidelines on incentive payments. The Board of Directors proposes that the following amendments are made to the Company's Guidelines on incentive payments:

- Including definitions of the terms "Exercise Window" and "Extraordinary Exercise Window", and
- Amendment of the provisions on the long-term incentive programme (LTIP) in connection with an executive member leaving his/her position of the executive board, including the lapse of the current two-year vesting period following the three-year target period and advance dates of exercise (adding new exercise windows).

The Board of Directors finds that the reasons behind the two-year vesting period under the long-term incentive programme (LTIP) are not relevant to former members of the Executive Board who have left their positions as members of the Executive Board and/or the Board of Directors and no longer have an impact on the future value creation of the Company. The Board of Directors notes that even in the absence of the two-year vesting, the prior three-year target period still ensures that the long-term incentive programme (LTIP) remains compliant

with article 4.1.4 of the Recommendations for Corporate Governance, which recommends a minimum earning and maturity period of three years.

The Board of Directors intends to conduct a broader evaluation of the Company's Remuneration Policy and carry out a general benchmark exercise of current incentive models and analysis against the revised Recommendations for Corporate Governance. Based on the outcome of such evaluation the Board of Directors may present any relevant proposals at the Annual General Meeting in 2019.

The full wording of the proposed amendment to the Company's Guidelines on incentive payments is made available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com) simultaneously with the announcement of this notice.

*Re agenda item 8.6*

The Board of Directors proposes that the General Meeting authorises the Board of Directors to, in the period until 14 March 2023, allow the Company to acquire treasury shares up to an aggregate nominal value of 10 % of the Company's share capital, provided that the Company's holding of treasury shares does not at any time exceed 10 % of the Company's share capital. The purchase price paid in connection with acquisition of treasury shares must not diverge from the price quoted on NASDAQ Copenhagen at the time of acquisition by more than 10%.

*Re agenda item 8.7*

The Board of Directors proposes that the Company's Board of Directors is granted the authority, in accordance with sections 182-183 of the Danish Companies Act, to pass one or more resolutions to distribute extraordinary dividends of up to a total amount of DKK 9.00 per share of DKK 1 for the period until the next Annual General Meeting.

*Re agenda item 8.8*

The Board of Directors proposes that the chairman of the Annual General Meeting is authorised to make such amendments and additions to the resolutions passed by the Annual General Meeting and to the application for registration with the Danish Business Authority as the Authority may require for registration.

## **VOTING REQUIREMENTS**

The resolutions under agenda items 8.1-8.4 proposed by the Board of Directors require at least two-thirds of the votes cast and of the share capital represented at the Annual General Meeting; see section 106(1) of the Danish Companies Act. All other proposals may be passed by a simple majority of votes.

## **DATE OF REGISTRATION, ADMISSION, PROXY AND POSTAL VOTE**

### **Date of registration, right to attend and right to vote**

A shareholder's right to attend the Annual General Meeting and to vote is determined on the basis of the shares held by such shareholder at the date of registration.

The date of registration is **Wednesday 7 March 2018**. The shares held by each shareholder are determined at 11:59 p.m. at the date of registration on the basis of the shareholdings registered in the share register and in accordance with any notices on shareholdings received by the Company but not yet registered in the share register.

### **Notice of attendance and admission card**

An admission card is required for attending the Annual General Meeting. A shareholder, its proxy or advisor wishing to attend the Annual General Meeting and to receive an admission card must notify the Company of their attendance no later than on **Friday 9 March 2018 11:59 p.m. CET**.

**As a new feature admission cards will be sent electronically via e-mail to the e-mail address listed in the Company's Investor Portal at registration. The admission card must be brought along to the general meeting either electronically on a smart phone/tablet or in print.**

**Shareholders whose attendance has been notified on time but without entry of an e-mail address may collect the admission card at the entrance to the General Meeting upon presentation of ID.**

**Voting cards will be distributed at the access control at the general meeting.**

**Please note that admission cards will be sent out automatically via e-mail immediately after timely notification of attendance through the Investor Portal.**

#### **Proxy/postal vote**

Shareholders prevented from attending the Annual General Meeting may vote by proxy by authorising the Board of Directors or a named third party as proxy representative or by postal voting. A shareholder may either grant proxy or submit a postal vote, but not both.

- Electronic proxy forms or electronic postal votes may be submitted through the Investor Portal on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com) by using NemID or username and password.
- Physical proxy forms or physical postal votes may be submitted by using the Proxy and Postal Voting Form which can be printed from the Company's website [www.pandoragroup.com](http://www.pandoragroup.com). The duly completed, dated and signed Proxy and Postal Voting Form must be sent by letter to Computershare A/S, Lottenborgvej 26 D, 1. sal, DK-2800 Lyngby, Denmark, by email, scan-to-email to [gf@computershare.dk](mailto:gf@computershare.dk) or by fax +45 45 46 09 98.

Proxy forms/postal votes may be submitted for shares held at the date of registration as determined on the basis of the Company's share register as well as any information on shareholdings received by the Company but not yet registered in the share register; see article 9.5 of the Articles of Association.

Proxy forms (electronic or physical) must be received by Computershare A/S no later than on **Friday 9 March 2018 at 11:59 p.m. CET**, whereas postal voting forms (electronic or physical) must be received by Computershare A/S no later than on **Tuesday 13 March 2018 at 12:00 p.m. CET (noon)**.

Once received by the Company, a postal vote is binding on the shareholder and cannot be revoked.

#### **SHARE CAPITAL, VOTING RIGHTS AND CUSTODIAN BANK**

The Company's share capital is DKK 112,507,391, divided into shares of DKK 1.

#### **QUESTIONS**

At the Annual General Meeting, the Board of Directors and the Executive Management will answer questions from the shareholders on matters of relevance to the assessment of the Annual Report, the Company's position and any other questions to be addressed at the Annual General Meeting. Questions may be submitted in writing until **Tuesday 13 March 2018 12:00 p.m. CET (noon)** to Pandora A/S, Havneholmen 17-19, DK-1561 Copenhagen V, Denmark, addressed to Group Legal for the attention of VP, Group Legal & General Counsel Peter Ring or by email to [legal@pandora.net](mailto:legal@pandora.net). Questions from shareholders can be asked in both Danish and English. Such questions will be answered in English and may be answered in Danish if so requested by the shareholder.

#### **AGENDA, LANGUAGE, ETC.**

No later than 3 weeks before the Annual General Meeting, the complete, unabridged text of the documents to be submitted to the Annual General Meeting as well as the agenda with the complete proposals to be transacted

at the Annual General Meeting will be made available for inspection at the reception desk at the Company's registered office, Havneholmen 17-19, DK-1561 Copenhagen, Denmark, on all business days from 8:00 a.m. to 4:00 p.m. CET.

No later than 3 weeks before the Annual General Meeting, the following information will also be made available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com):

- 1) The notice convening the Annual General Meeting with appendices.
- 2) The total number of shares and voting rights at the date of the notice convening the Annual General Meeting.
- 3) The documents to be submitted to the Annual General Meeting, including the agenda and the complete proposals and the audited Annual Report 2017.
- 4) The forms to be used for voting by proxy and postal voting.

The financial highlights and a 5 year financial overview for the Company is included as [Appendix 2](#) to this notice.

The Annual General Meeting will be held in English. Irrespective of article 9.8 of the Articles of Association and as a service to the shareholders, the Company will offer simultaneous interpretation to or from Danish to any shareholder who so wishes during the Annual General Meeting.

#### **PRACTICAL INFORMATION**

Admission and registration at the Annual General Meeting will commence on Wednesday 14 March 2018 at 9:00 a.m. CET where coffee and tea will also be served.

Copenhagen, 15 February 2018

Pandora A/S

The Board of Directors

## **APPENDIX 1**

### **Description of the candidates proposed by the Board of Directors**

**Peder Tuborgh** was born in 1963 and holds a Danish citizenship.

Peder Tuborgh has been Chairman and member of the Board of Directors since October 2014 and is also Chairman of the Remuneration Committee and a member of the Nomination Committee. Peder Tuborgh is regarded as an independent board member.

The special skills possessed by Peder Tuborgh that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience in global manufacturing and logistics, global branding, sales and marketing as well as consumer sales and retail marketing.

Peder Tuborgh holds an MSc in Economics and Business Administration from Odense University, Denmark. Currently, he is CEO of Arla Foods a.m.b.a. In addition, Peder Tuborgh is vice chairman of Aarhus University and board member of Global Dairy Platform.

**Christian Frigast** was born in 1951 and holds a Danish citizenship.

Christian Frigast has been a member of the Board of Directors of PANDORA A/S since August 2010 and is also Deputy Chairman of the Board, Chairman of the Nomination Committee and member of the Remuneration Committee. Christian Frigast is regarded as an independent board member.

The special skills possessed by Christian Frigast that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience in general management and active involvement in a number of retail and other companies obtained through his numerous directorships.

Christian Frigast holds an MSc in Economics from Copenhagen University. He has been Managing Partner at Axcel Management A/S since the founding of the company in 1994 until October 2016, and continues as Executive Chairman at Axcel Management A/S.

Christian Frigast is Chairman of Danmarks Skibskredit Holding A/S and Eksportkreditrådet (Danish Export Credit Agency). Christian Frigast is Deputy Chairman of the Danish Venture Capital and Private Equity Association (DVCA), and he is a member of the management of AXII Holding ApS. He also sits on the boards of Frigast A/S, Nordic Waterproofing, Danmarks Skibskredit, Nissens A/S and Bestyrelsesforeningen (Board Leadership Society in Denmark). In addition, Christian Frigast chairs and co-founded Axcel's own think-tank, Axcelfuture, which is working to improve the investment climate in Denmark, and he is an associate professor at Copenhagen Business School.

**Andrea Dawn Alvey** was born in 1967 and holds a US citizenship.

Andrea Dawn Alvey has been a member of the Board of Directors of PANDORA A/S since August 2010 and is also a member of the Audit and Remuneration Committees. Andrea Dawn Alvey is regarded as an independent board member.

The special skills possessed by Andrea Dawn Alvey that are important for the performance of her duties as a member of the Board of Directors of PANDORA are her experience and insight in global supply chains, IT operations and retail financing.

Andrea Dawn Alvey holds a Bachelor of Science in Business Economics/Statistics from Southern Connecticut State University. Currently, Andrea Dawn Alvey is President of Kitabco Investments, Inc. and Regional Developer for Peak Franchising.

**Ronica Wang** was born in 1962 and holds a Hong Kong citizenship.

Ronica Wang has been a member of the Board of Directors of PANDORA A/S since March 2012 and is also member of the Nomination Committee. Ronica Wang is regarded as an independent board member.

The special skills possessed by Ronica Wang that are important for the performance of her duties as a member of the Board of Directors of PANDORA A/S include her international experience within general management in listed companies, consumer sales and retail marketing, global and cross platform branding, and the affordable goods industry, as well as digital and ecommerce.

Ronica Wang holds an MBA from The Wharton Business School, University of Pennsylvania, and a Bachelor Degree in Applied Science and Engineering (Industrial Engineering) from the University of Toronto. She has also studied multinational management at The London Business School. Currently, Ronica Wang is the Chairman and Managing Director of The InnoGrowth Group, Ltd., which she co-founded in 2007. She is member of the Board of Directors of GN Store Nord A/S\*, GN Hearing A/S, GN Audio A/S, as well as Hotelbeds Group.

**Bjørn Gulden** was born in 1965 in Switzerland and holds a Norwegian citizenship.

Bjørn Gulden has been a member of the Board of Directors of PANDORA A/S since August 2013 and is also a member of the Remuneration Committee. Bjørn Gulden is not regarded as an independent board member due to the fact that he served as CEO of PANDORA A/S during the period from 21 February 2011 until 1 July 2013.

The special skills possessed by Bjørn Gulden that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his substantial skills related to global sourcing, consumer sales and retail and comprehensive insight into the affordable goods industry.

Bjørn Gulden holds a BBA from the University of Rogaland and an MBA from Babson Graduate School of Business in Boston, USA. Currently, Bjørn Gulden is CEO of Puma SE\*. Furthermore, Bjørn Gulden serves on the boards of Tchibo GmbH, Borussia Dortmund (BVB) GmbH & Co. KGaA\*, Deichmann SE and Dansk Supermarked A/S.

**Per Bank** was born in 1967 and holds a Danish citizenship.

Per Bank has been a member of the Board of Directors of PANDORA A/S since March 2014 and is also member of the Nomination Committee. Per Bank is regarded as an independent board member.

The special skills possessed by Per Bank that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience within general management in listed companies, consumer sales and retail marketing and manufacturing.

Per Bank graduated as an industrial engineer from the University of Southern Denmark. Currently, Per Bank is the Managing Director of Dansk Supermarked A/S. Furthermore, Per Bank is currently Chairman of the boards of directors of F. Salling A/S and Købmand Ferdinand Sallings Mindefond. In addition, Per Bank is a member of Nationalbankens repræsentantskab (Central Bank of Denmark).

**Birgitta Stymne Göransson** was born in 1957 and holds a Swedish citizenship.

Birgitta Stymne Göransson has been a member of the Board of Directors of PANDORA A/S since March 2016 and is also Chairman of the Audit Committee. Birgitta Stymne Göransson is regarded as an independent board candidate.

The special skills possessed by Birgitta Stymne Göransson that are important for the performance of her duties as a member of the Board of Directors of PANDORA A/S is her experience from general management, financial management and business development in international listed and private companies covering retail, consumer services, IT and medical technology in addition to her experience as member of the board in several international listed companies.

Birgitta Stymne Göransson holds an MBA from Harvard Business School and a Master of Science in Chemical Engineering from the Royal Institute of Technology, Stockholm. Birgitta Stymne Göransson currently works as Senior Industrial Advisor. She is Chairman of the board of HL Display AB, and is member of the Board of Directors of Elekta AB\*, Capio AB\*, Midsona AB\*, Advania AB and Sportamore AB\*.

\* Publicly listed company.