Guidelines on Incentive Payment of Pandora A/S

The current Guidelines on Incentive Payment of Pandora A/S as adopted by the annual general meeting on 20 March 2012 are set out below:

GENERAL GUIDELINES ADOPTED PURSUANT TO SECTION 139 OF THE DANISH COMPANIES ACT GOVERNING INCENTIVE PAYMENT FOR PANDORA A/S

1. INTRODUCTION

Under section 139 of the Danish Companies Act, the supreme management body of a listed company is required, before the company enters into a specific incentive payment agreement with a member of its management, to lay down general guidelines governing the company's incentive payment to the board of directors and the executive board. The guidelines shall be considered and adopted at the company's general meeting.

These guidelines set out the general rules relating to incentive payment of the board of directors and the executive board of Pandora A/S.

2. GENERAL PRINCIPLES

With a view to balancing the interests of Pandora A/S's board of directors and executive board and the shareholders, and in order to promote both short-term and long-term objectives, Pandora A/S considers it appropriate to conclude agreements about incentive payment systems for the company's board of directors and executive board.

Agreements on incentive payment systems with the board of directors and executive management may include any kind of flexible remuneration, e.g. different share-based instruments such as share options, warrants and phantom shares as well as non-share-based bonus agreements, whether ongoing, isolated or event-based.

If Pandora A/S wishes to enter into a specific

The amendments to the Guidelines on Incentive Payment of Pandora A/S proposed by the Board of Directors are set out below:

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1. INTRODUCTION

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These guidelines set out the general rules relating to incentive payment of the board of directors and the executive board of Pandora A/S.

2. GENERAL PRINCIPLES

If Pandora A/S wishes to enter into a specific incentive payment agreement with members of the company's management, such agreement shall be subject to these guidelines.

The guidelines shall only cover agreements on incentive payment systems with Pandora A/S's board of directors and registered executive board. Incentive payment systems regarding other managerial employees or key employees are not covered by these guidelines.

Whether a member of the company's management is found eligible for an incentive programme - and the type of agreement(s) concluded in this respect - will depend on a specific assessment as to whether this is appropriate in order to balance the interests of Pandora A/S's management and its shareholders, and to promote both short-term and long-term objectives. To this end, the expected performance of the management, incentive and loyalty considerations and the company's position and development shall generally also be taken into account.

3. SHARE-BASED INSTRUMENTS

3.1 The board of directors

3.1.1 Share options

The board of directors may conclude an agreement with the chairman of the board of directors about one-off granting of share options to the extent that certain EBITDA performance results are attained (on an adjusted basis) as defined in Pandora A/S's business plan for the financial years 2013, 2014 or 2015.

In the event of a share grant, the chairman of the board of directors can receive share options granting a right to purchase shares in Pandora A/S at a market value of DKK 6.5 million at the time of granting.

The board of directors may resolve that share options shall vest and become exercisable two years after the

incentive payment agreement with members of the company's management, such agreement shall be subject to these incentive guidelines.

The guidelines shall only cover agreements on incentive payment systems with Pandora A/S's board of directors and registered executive board. Incentive payment systems regarding other managerial employees or key employees are not covered by these incentive guidelines.

Whether a member of the company's management is found eligible for an incentive programme - and the type of agreement(s) concluded in this respect - will depend on a specific assessment as to whether this is appropriate in order to balance the interests of Pandora A/S's management and its shareholders, and to promote both short-term and long-term objectives. To this end, the expected performance of the management, incentive and loyalty considerations and the company's position and development shall generally also be taken into account.

3. THE BOARD OF DIRECTORS

3.1 Share based instruments

The board of directors are not eligible for any share-based instruments.

date of grant. The exercise price of share options may be 1% of the shares' market value at the date of grant. The chairman of the board of directors shall pay no consideration for the share options.

The board of directors may also resolve that the share option scheme and the share options shall automatically lapse if Pandora A/S has not obtained the agreed target performance results before the financial year 2015.

The board of directors may resolve that the chairman of the board of directors may not sell shares which the chairman has purchased or acquired as a result of the exercise of share options, until the person resigns as chairman of the board of directors.

3.1.2 Obligation to invest in shares

In connection with the listing of Pandora A/S, an agreement may be concluded with the chairman of the board of directors and the other directors to the effect that they must buy a number of shares offered in connection with the listing corresponding to the gross amount of their fixed annual cash remuneration for one year.

Further, an agreement may be concluded with the chairman of the board of directors that for a three-year period after the listing the chairman must invest in Pandora A/S by buying shares on the market for an amount corresponding to half of the gross amount of the chairman's fixed annual cash remuneration for one year.

Altogether, the investment obligations of the chairman of the board of directors may represent an annual investment for each of the first three years of Pandora A/S's listing of approximately half of the gross amount of the chairman's fixed annual cash remuneration for the period.

However, the above obligations to investment in shares do not apply to the extent the directors already own shares in Pandora A/S.

3.2 Obligation to invest in shares

An agreement may be concluded with the chairman of the board of directors and the other directors to the effect that they must buy and hold a number of shares corresponding to the gross amount of their fixed annual cash remuneration for one year.

An agreement may be entered into with the chairman of the board of directors and the other directors to the effect that they must retain ownership of all purchased shares until they resign as chairman of the board of directors and directors, respectively.

3.2 Executive board

3.2.1 Share options

The board of directors may conclude agreements with the executive board for the granting of share options under Pandora A/S's long-term incentive programme (LTIP). The terms and conditions will be detailed in individual agreements with each participant.

The granting of share options will be based on attainment of EBITDA and consolidated revenue targets by the end of the second financial year after the year in which the targets are set.

The board of directors may resolve that no share options will be granted unless the EBITDA and consolidated revenue targets are exceeded by more than 10%. The board of directors may also resolve that the number of share options to be granted to the members of the executive board shall depend on how much more than 10% excess is attained. Granting of the maximum number of share options requires that both the EBITDA and consolidated revenue targets are exceeded by more than 20%.

The maximum number of share options available for granting will be such that the executive board will be able to buy shares in the company at a total market price (at the date of the fixing of LTIP targets) of up to 50% of each executive board member's current basic salary at the said time.

4. EXECUTIVE BOARD

4.1 Share based instruments

4.1.1 Share options (LTIP)

The board of directors may conclude agreements with the executive board for the granting of share options under Pandora A/S's long-term incentive programme (LTIP). The terms and conditions will be detailed in individual agreements with each participant.

The granting of share options will be based on attainment of EBITDA and consolidated revenue targets or such other targets as deemed appropriate by the board of directors by the end of the third financial year after the targets are set.

The board of directors may resolve that no share options will be granted unless the EBITDA and consolidated revenue (or other defined) targets are exceeded by more than 10%. The board of directors may also resolve that the number of share options to be granted to the members of the executive board shall depend on how much more than 10% excess is attained. Granting of the maximum number of share options requires that both the EBITDA and consolidated revenue (or other defined) targets are exceeded by more than 20%.

The maximum number of share options available for granting will be such that the executive board will be able to buy shares in the company at a total market price (at the date of the fixing of LTIP targets) of up to 100% of each executive board member's current basic salary at the said time.

The exercise price of granted share options is set at 1% of the shares' market value at the date of grant.

It may be resolved that granted share options shall vest and become exercisable during one exercise window of four weeks from the first weekday after publication of Pandora A/S's announcement of financial statements for the financial year ending two years after the financial year before the date in which the share options are granted, or any earlier publication of announcements after the end of the financial year in question, but before publication of the financial statements for that year. This will allow exercise in accordance with the company's rules on inside information. After that period the share options will lapse automatically without further notice and without compensation.

Share options for the executive board can only be granted under LTIP if at the date of grant the recipient is employed by Pandora A/S or has resigned their position in the company or a group company as a so-called "good leaver".

The board of directors may lay down special provisions on how to proceed in case of solvent liquidation, merger, demerger, delisting, change of ownership or changes to the company's capital.

3.2.2 Obligation to invest in shares

The board of directors may conclude agreements with the members of the executive board obliging them to remain at all times a - direct or indirect - owner of shares in Pandora A/S at a market value equal to five times their annual basic salary from time to time before tax. In the calculation of the value of the executive board members' shareholdings, the value of shares that the members are entitled to acquire under share options granted shall be included, vested or not.

If an executive board member is found at the beginning of a trade window to own shares (including potential shares to be acquired under share options

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Share options for the executive board can only be granted under LTIP if at the date of grant the recipient is employed by Pandora A/S or has resigned their position in the company or a group company as a so-called "good leaver".

The board of directors may lay down special provisions on how to proceed in case of solvent liquidation, merger, demerger, delisting, change of ownership or changes to the company's capital.

4.1.2 Obligation to invest in shares

The board of directors may conclude agreements with the members of the executive board obliging them to remain at all times a - direct or indirect - owner of shares in Pandora A/S at a market value equal to up to five times (typically one time) their annual base salary from time to time before tax. In the calculation of the value of the executive board members' shareholdings, the value of shares that the members are entitled to acquire under share options granted shall be included, vested or not.

If an executive board member is found at the beginning of a trade window to own shares (including potential shares to be acquired under share options granted) of a fair market value which is less than five times his or her annual salary before tax at that time, such member shall be obliged to immediately acquire additional shares in the company so as to bring his or her shareholding to an aggregate fair market value of at least five times his or her annual salary before tax.

In extraordinary circumstances, the board of directors may choose to exempt an executive board member from the obligation to acquire additional shares.

4. NON-SHARE BASED INSTRUMENTS

4.1 Executive board

The board of directors may agree to cash bonus schemes for members of the executive board. A cash bonus scheme will fix the annual maximum bonus available to the executive board subject to fulfillment of criteria based on the company's financial circumstances and general development. The terms of the bonus shall be fixed in a separate bonus agreement to be entered into in connection with the budgeting prior to the commencement of the financial year.

The cash bonus cannot exceed 50% of the annual base salary of each member of the executive board.

granted) of a fair market value which is less than the agreed times his or her annual salary before tax at that time, such member shall be obliged to immediately acquire additional shares in the company so as to bring his or her shareholding to an aggregate fair market value of the agreed level.

In extraordinary circumstances, the board of directors may choose to exempt an executive board member from the obligation to acquire additional shares.

4.2 Non share-based instruments (short-term bonus)

The board of directors may agree to cash bonus schemes for members of the executive board. A cash bonus scheme will fix the annual maximum bonus available to the executive board subject to fulfilment of criteria based on the company's financial circumstances and general development. The terms of the bonus shall be fixed in a separate bonus agreement to be entered into in connection with the budgeting prior to the commencement of the financial year.

The cash bonus cannot exceed 100% of the annual base salary of each member of the executive board.

4.3 Extraordinary incentive awards

In order to meet the overall objectives for the company’s incentive payment systems, the board of directors may in individual cases decide to award a one-off bonus or other extraordinary incentive remuneration, e.g. retention bonus, severance payment, sign-on bonus or other schemes in connection with appointment. Such extraordinary awards may be incentive-based and may consist of cash and/or share-based remuneration in addition to the schemes listed in clauses 4.1.1 and 4.2 above. Depending on the circumstances, the board of directors may decide whether award and/or vesting should be subject to the attainment of certain performance targets. The value of extraordinary

5. CHANGES TO AND TERMINATION OF INCENTIVE PROGRAMMES

The board of directors may change or terminate the share option scheme introduced under these guidelines. Among the criteria to be considered prior to any such decision are the development of the company, changes to statutes, foreign currency control, authority regulation, etc. Any such change, however, must be within the limits set by these guidelines. Anything beyond this will be subject to adoption by the general meeting.

6. PUBLICATION AND COMMENCEMENT OF CONCRETE INCENTIVE PAYMENT AGREEMENTS

A provision must be included in the company's articles of association stipulating that the general meeting has adopted guidelines on incentive remuneration, see section 139 of the Companies Act.

When adopted by the general meeting of Pandora A/S on 17 September 2010, the guidelines shall be published without undue delay on Pandora A/S's website (www.pandoragroup.com), specifying the date of adoption by the general meeting.
Likewise, if the general meeting subsequently amends the guidelines, the revised guidelines shall be published without undue delay on Pandora A/S's website (www.pandoragroup.com), specifying the date of such amendment.

Specific incentive payment agreements may be

awards cannot at the time of award exceed an amount corresponding to 200 % of the executive board member's annual base salary.

5. CLAW BACK

All payments made under the incentive payment systems outlined above are subject to claw back without compensation if granted on the basis of data or other grounds subsequently proven to be manifestly misstated.

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7. ADOPTION AND PUBLICATION OF GUIDELINES

A provision is included in the company's articles of association stipulating that the general meeting has adopted guidelines on incentive remuneration, see section 139 of the Companies Act.

Specific incentive payment agreements may be concluded on or after the day following publication of the adopted guidelines on Pandora A/S's website (www.pandoragroup.com).

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As adopted at the Annual General Meeting of Pandora A/S on 20 March 2012.

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