

## **PANDORA TAX POLICY**

### **INTRODUCTION**

Pandora Group designs, manufactures and markets hand-finished and contemporary jewellery made from high-quality materials at affordable prices and is the world's most well-known jewellery brand. Pandora's company purpose is that we give a voice to people's loves.

The Pandora Group is committed in doing things the right way – both in terms of integrity and compliance – this is embedded in all we do, and we are not willing to compromise.

Pandora's values expressed in our Code of Conduct is the foundation for our approach to tax management.

The purpose of this Tax Policy is to establish a clear and aligned tax approach to all transactional, reporting and compliance aspects of Pandora.

### **TAX APPROACH**

Pandora is committed to ensure compliance with the letter and spirit of tax law on the markets where we operate, while striving to maximise shareholders value in a responsible way.

### **TAX GOVERNANCE**

With delegation from the Audit Committee the tax policy and governance of taxes are under the responsibility of Pandora Group's CFO and is implemented by the Head of Group Tax. Key tax risks and issues are quarterly evaluated by the Audit Committee.

Pandora has established a Tax Control Framework (TCF) for corporate income taxes, customs, VAT and other indirect taxes, transfer pricing, tax accounting and withholding taxes. The TCF is a dynamic tool which will expand and improve as more insight is gained, as well as adapting to changes in the regulatory environment.

The TCF is governed by Pandora Group Tax. The TCF is implemented to ensure that processes, risks and controls are in place and that these are effective and being followed in practice. It is a requirement that Pandora Group Tax educates the Pandora Group in relation to its tax policy.

This tax policy is reviewed every year by Head of Group Tax and approved by the Audit Committee.

### **TAX RISK MANAGEMENT**

Pandora operates globally with a vertically integrated supply chain organisation and by nature therefore has a significant number of intercompany transactions, which are subject to tax legislation which is complex and open to interpretation.

Pandora is aiming at minimising the level of tax risks at all times and actively seek to identify, quantify, manage and monitor tax risks to ensure they remain in line with our tax policy.

Pandora is not willing to accept tax risks that can lead to reputational harm or which could adversely impact our relationship with tax authorities. Where the law is unclear or subject to interpretation we leverage on the expertise of external tax advisors when taking tax decisions. The tax position adopted is at least "more likely than not" to be allowable under applicable tax laws.

## **TAX PLANNING**

Pandora will not engage in aggressive tax planning and will only optimise the tax position in connection with the evolution of the groups operational, commercial and economic activities. Tax will be an outcome of the business strategy and will not drive business strategy.

Pandora will consider government sponsored tax incentives where appropriate and in line with our code of conduct to support economic development, transfer of knowledge, creation of employment and maintaining good corporate citizenship.

Group Tax will refrain from unnecessarily complex tax set ups, keeping a simple and business aligned model which is well understood and based on in-depth analysis of the tax and reputational impact.

External tax advisors may be consulted in respect of material transactions or when Pandora's in-house tax function do not have the expertise in a particular area or jurisdiction.

## **RELATIONSHIP WITH TAX AUTHORITIES**

Pandora provides constructive, transparent and relevant information to the tax authorities. We balance the necessary respect for confidential business information with our general aspiration to communicate openly with the tax authorities in all countries where we operate.

Pandora seeks dialogue and agreements with tax authorities in order to increase predictability and minimise the risk of double taxation and tax disputes.

Pandora is committed to maintain a good and constructive relationship with all relevant tax authorities.