

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF PANDORA A/S

CENTRAL BUSINESS REGISTER (CVR) NO. 28 50 51 16

January 2022

1. INTRODUCTION

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

The Audit Committee ("the Committee") is a committee of the Board of Directors ("the Board") of Pandora A/S, CVR no. 28 50 51 16 (the "Company") established in accordance with applicable rules and regulations, the Danish Corporate Governance Recommendations and the Rules of Procedure for the Board of Directors.

2. MEMBERS

- 2.1 The Board shall appoint the Committee and the chair of the Committee, following the general meeting for a period expiring at the subsequent general meeting.
- 2.2 The chair of the Board shall not be the chair of the Committee.
- 2.3 The majority of the members of the Committee, including the chair, shall be independent of the Company and all shall be non-executive directors of the Company.
- 2.4 The Committee shall consist of three to four members. The Committee will form a quorum when at least 2 members attend a meeting. Resolutions are passed with simple majority. If equality of votes occurs, the chair of the Committee shall have a casting vote.
- 2.5 The members of the Committee shall between them possess expertise and experience of relevance to the Company's sector. At least one member of the Committee shall have qualifications within accounting or audit.

3. MEETINGS

- 3.1 The chair of the Board, other non-executive directors, executive directors, head of internal audit, representatives of the external auditors and/or other persons shall attend all or part of any meetings at the invitation of the Committee.
- 3.2 The Committee shall meet upon request of a member of the Committee, the CEO, the CFO, the internal audit and/or the external auditors.
- 3.3 There should be at least one meeting a year, or part thereof, where the Committee meets the external auditors, respectively, without Management members present.
- 3.4 Meetings shall be held not less than four times a year and at least prior to external financial reporting. The Committee agrees annually a schedule of meetings and expected topics.
- 3.5 Minutes from the meeting shall be taken by the Management who functions as secretariat function for the Committee.

4. AUTHORITY

- 4.1 The Committee is under the supervision of the Board and is tasked with preparing decisions to be taken by the Board. The Board has full responsibility for all resolutions that have been prepared by the Committee.
- 4.2 The Committee is authorized by the Board to:
- i. the Committee shall be given full access to the Management, internal and external auditors
 - ii. investigate any activity within its terms of reference;
 - iii. seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request made by the Committee; and
 - iv. obtain outside legal or independent professional advice, at the Company's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

5. DUTIES

- 5.1 The duties of the Committee shall be:

- i. Monitoring the financial reporting process:
to monitor the financial reporting process, including reviewing, and challenging where necessary, the actions and judgements of Management, in relation to the Company's interim and annual reports before submission to, and approval by, the Board and to report to the Board on such matters.

Particular attention should be paid to:

- o policies, procedures, guidelines and accounting/reporting manuals related to the financial reporting process,
- o critical accounting policies/practices and significant accounting estimates, and any changes in them,
- o unusual transactions and related party transactions and that they are approved by the Board and disclosed if required pursuant to the Company's internal rules and applicable laws and regulation,
- o disclosures being fair, balanced and understandable,
- o significant adjustments resulting from the audit,
- o the going concern assumption,
- o uncertainties and risks,
- o compliance with accounting standards, stock exchange and other legal requirements, and
- o other topics, as defined by the Board.

Any disputes between the external auditors and the Management regarding accounting policies and principles shall be discussed with the Committee.

On a regular basis review the Company's tax governance to ensure competent, adequate and proper registration, documentation, preparation, monitoring and reporting of tax. Moreover, the Committee will on a regular basis review the Company's tax policy to ensure clarity about the Company's attitude to tax, significant tax strategies and handling of tax issues.

- ii. Monitoring that the internal control and risk management systems are effective:
 - a. to review the Company's procedures for detecting fraud and whistle-blower matters to ensure that arrangements are in place by which staff may, in confidence, raise concerns about conduct possibly in breach of the Company's ethics and values, possible improprieties in matters of financial reporting, financial control, or any other matters. The Committee reviews that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
 - b. to review an overview of the Company's relevant group wide policies and framework in relation to the internal control and risk management systems and the financial reporting process, and compliance with these and ensure that the Company establish any policies which the Committee may find appropriate;
 - c. to review Management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
 - d. to monitor the integrity of the Company's internal financial controls;
 - e. to review the statement in the annual report and accounts on the Company's internal controls and risk management framework; and
 - f. to assess the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non-financial risks and ensure that the Company adjust any such systems or establish new ones as the Committee may see appropriate for that purpose.

- iii. Monitoring the internal audit:
 - a. to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
 - b. to ensure that the internal auditor has direct access to the Committee chair and the Committee and is accountable to the Committee;
 - c. to receive a report on the results of the internal auditors' work on a periodic basis;
 - d. to review and monitor Management's responsiveness to the internal auditor's findings and recommendations;
 - e. to monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system;
 - f. to provide recommendations on appointment or dismissal of the Head of internal audit.
 - g. to conduct two yearly meetings with the Head of Internal audit function, without presence of the Management

- iv. Monitoring the external audit of financial reporting and the independence of the existing audit:
- a. ensure that the terms of engagement for the external auditor and the remuneration to be paid to the external auditor in respect of audit services provided adequately reflects all requirements including scope, quality, and independence and to monitor that the remuneration is appropriate to ensure a robust and effective audit;
 - b. to discuss with the external auditor the planning of the audit including the nature and scope of the audit and the expected materiality level;
 - c. to review with the external auditors, the work performed and their findings including:
 - o key accounting and audit judgements including special items and other significant accounting estimates,
 - o major resolved and unresolved issues that arose during the audit, and
 - o levels of errors identified during the audit, obtaining explanations from Management and, where necessary the external auditors, as to why certain errors might remain unadjusted;
 - d. to review the draft long form audit reports;
 - e. to monitor whether Management have acted upon recommendations by external audit and, if not, the reasons why they have not been acted upon;
 - f. to oversee the Company's relations with the external auditor including obtaining feedback about the conduct of the audit from key people involved;
 - g. to assess the qualification, expertise and resources, effectiveness and independence of the external auditors annually including compliance with requirement for rotation of audit partners and employment of former employees of the external auditor;
 - h. to assess the cooperation between the Company and the external auditor;
 - i. to develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor and to approve and monitor that the provision of such services does not impair the external auditor's independence or objectivity;
 - j. to consider and run the procedure for a potential tendering process and submit a recommendation to the Board for the appointment of statutory external auditor to be recommended by the Board for election by the general meeting. Unless an audit engagement is being renewed, the Committee's recommendation shall follow a selection procedure and the Committee shall recommend at least two choices for the audit engagement and express a duly justified preference for one of them. Such recommendation shall state that the recommendation has not been influenced by third parties nor has it been subject to any contractual obligation restricting the general meeting's choice of the external auditor;
 - k. to consider the result of the external auditors' latest quality control review;
 - l. to provide recommendations and suggestions to ensure the integrity of the reporting; and
 - m. to notify the Board of the result of the statutory audit including the financial reporting process.

- v. Compliance, regulatory and review of other potential risks to the Company:
- a. to oversee that the Company has an appropriate compliance programme to ensure the organisation's compliance with all applicable legal, regulatory, and ethical requirements;
 - b. to review and reassess regularly, as the Committee determines, the compliance programme including the policies, guidelines and practices;
 - c. to oversee that the Company handles its regulatory and legal risks appropriately; and
 - d. to conduct reviews at appropriate intervals of tax, treasury and financial risk management and other areas that may represent a risk to the business.

6. REPORTING

- 6.1 The secretary shall circulate the approved minutes of meetings of the Committee to all members of the Board, internal and external audit and Management. The minutes shall include significant points of view, conclusions and agreed actions.
- 6.2 The Committee shall annually review its terms of reference and its own effectiveness and recommend any necessary changes to the Board.
- 6.3 On a yearly basis, the Committee evaluates its own performance, both of individual members and collectively and assesses the achievement of the duties and responsibilities specified in the charter. The Committee shall review applicable independence, financial expertise and other legal requirements of each of member of the Committee to determine whether the Committee meets the applicable laws.
- 6.4 The Committee shall report to the Board on its role and responsibilities as agreed in its terms of reference and the actions it has taken to discharge those responsibilities and prepare a summary report hereof for inclusion in the annual report and on the Company's homepage. Such a report should specifically include:
- i. a summary of the role of the Committee and the way the Committee has discharged its responsibilities;
 - ii. the names and qualifications of all members of the Committee during the period, which members of the Committee are independent members and the chair of the Committee; and
 - iii. the number of Committee meetings and the attendance rate.

7. REMUNERATION

- 7.1 Each member of the Committee shall receive an annual fee to be proposed by the Board and approved by the general meeting.

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Approved and adopted by the Board of Directors of Pandora A/S on 8 February 2022