

**PANDORA
REMUNERATION
REPORT**

2020

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Due to rounding, numbers presented throughout this report may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

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2020 HIGHLIGHTS

Programme NOW initiatives are driving traffic and engagement with the brand

Brand momentum drives strong underlying performance in an uncertain environment

2020 was a year of continued progress on the Programme NOW transformation and the underlying turnaround of the business, in the difficult context of the disruption and uncertainty related to the COVID-19 pandemic. The performance across 2020 indicates the continued brand turnaround – demonstrating that the Programme NOW initiatives are driving traffic and engagement with the brand. The Remuneration Committee noted in particular the leadership achievements in:

- Protecting the income of our store staff by paying salary while stores were temporarily closed – leading to a highly-motivated sales team.
- Implementing the new organisational structure, including a global merchandising structure and best-practice sharing, that supported a material conversion rate improvement, both online and offline.
- Delivering significant improvement in sell-out growth in most of our key markets and the success of our digital initiatives.

- Demonstrating resilience and agility during the COVID-19 pandemic with the right platform for growth and the financial strength to sustain a prolonged period with lockdowns, including:

- acting quickly to freeze 2020 salary increases
- global 20% salary reduction during May – June at Vice President level and above (including the Board of Directors)
- revising the global Short-term Incentive programme to focus on delivering Sales and Profit as the relevant KPIs for the second half of 2020

In this context the Remuneration Committee has considered the appropriate reward outcomes – to ensure that the members of Pandora’s Executive Management are encouraged to enhance performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of Pandora in accordance with Pandora’s Remuneration Policy.

Leadership achievements 2020



Protecting the income of our store staff by paying salary while stores were temporarily closed



Resilience and agility during the COVID-19 pandemic



Implementing the new organisational structure

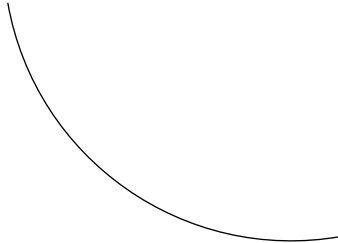


Delivering sell-out growth from most of our key markets and the success of our digital initiatives



Remuneration Committee focus 2020

The Board's Remuneration Committee met seven times in 2020 where the main activities consisted of:



Previous performance period	<ul style="list-style-type: none"> Reviewing the 2019 result and approving the achievement under the Short-term Incentive Plan ("STIP") for 2019 and the Long-term Incentive Plan ("LTIP") 2017 that vested with zero pay-out in early 2020.
Current performance period	<ul style="list-style-type: none"> Deciding on the proposed reward levels for 2020 – annual salary increase, STIP and LTIP metrics and Key Performance Indicators (KPIs) for 2020 – and continuing to review the appropriateness in the context of the strategic reorganisation announced 4 March 2020, and the impact of the COVID-19 pandemic. This included the considerations leading to decisions to: <ul style="list-style-type: none"> Freeze 2020 salary increases and implement the temporary 20% salary reduction. Delay communication of the agreed LTIP 2020 until the impact of the COVID-19 pandemic on the business outlook and the STIP 2020 was better understood, to ensure both incentive programmes could be communicated together to generate the appropriate motivation and impact. Evaluating the progress of the STIP and the LTIP 2020 in the context of the COVID-19 pandemic, business results and the contribution of Executive Management to the results. Reviewing market practice, trends and the contractual terms of the CEO's service agreement in relation to relocation, following his decision to relocate with his family to Denmark in August 2020.
Governance activities	<ul style="list-style-type: none"> Considering shareholder feedback received during engagement on the 2020 Remuneration Policy tabled at the AGM 2021. Reviewing and updating the Terms of Reference for the Remuneration Committee in the context of (i) the 2020 Remuneration Policy approved at the AGM and (ii) the strategic reorganisation announced 4 March 2020. Preparing the proposed 2021 Remuneration Policy and this Annual Remuneration Report 2020, in the context of the latest guidelines on Company Law requirements for listed company remuneration policy and remuneration report (implementing the EU Shareholder Rights Directive), shareholder feedback and general best practice trends in executive remuneration disclosures.
Future performance periods	<ul style="list-style-type: none"> Reviewing the operation of the STIP for 2021 to be more consistent with Pandora's approach to developing a healthy performance culture. This includes reducing the STIP pay-out to Executive Management for achieving target performance, while maintaining the level of the maximum pay-out for achieving outstanding performance. Benchmarking the remuneration level for the Executive Management and Board of Directors – including adjusting the fee multiples for Committee work to align more to market practice and the scale of activities for the Committees.



BOARD OF DIRECTORS' REMUNERATION

Board of Directors' 2020 Fee Structure:

The remuneration of the Board of Directors in 2020 was in accordance with the existing Remuneration Policy. Each ordinary member of the Board of Directors received a fixed annual base fee (DKK 500,000 for 2020), while the Chairman and Vice Chairman receive fixed multiples thereof. Each member of a board committee was entitled to an additional fixed annual fee (based on a proportion of the fixed annual base fee). The table below summarises the fees received by the members of the Board of Directors.

In case of a disproportionate workload or ad hoc tasks undertaken by members of the Board of Directors, a fixed ad hoc fee may be awarded by the Board of Directors, not exceeding an amount corresponding to 1.0 time the annual base fee. No such ad hoc fees were paid in 2020.

Fixed travel allowances are paid in addition to the annual base fee when attending Pandora related meetings outside the Board member's country of residence to reflect the additional

time commitment required – DKK 60,000 for each intercontinental travel and DKK 30,000 for each continental travel. The actual levels of remuneration received reflect the entitlements above as well as the actual levels of expenses and other costs incurred. Pandora pays social security contributions in respect of members of the Board of Directors not residing in Denmark.

2020 FEE STRUCTURE	Board of Directors		Audit Committee		Other Committees	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.0x	1,500,000	0.4x	200,000	0.3x	150,000
Deputy Chair	1.5x	750,000	N/A	N/A	N/A	N/A
Member	1.0x	500,000	0.3x	150,000	0.2x	100,000

**BOARD OF DIRECTORS' 2020 REMUNERATION**
DKK million

Board member	Role	Audit Committee	Remuneration Committee	Nomination Committee	Base fees	Committee fees	Total after 20% reduction in fees ¹	Other ²	Travel allowances	Total incl. other & travel
Peter A. Ruzicka	Chair		Chair	Member	1.5	0.2	1.6	0.3	0.5	2.4
Christian Frigast	Deputy Chair		Member	Chair	0.8	0.2	1.0	-	-	1.0
Andrea Dawn Alvey	Board member	Member	Member		0.5	0.2	0.7	-	0.1	0.8
Birgitta Stymne Göransson	Board member	Chair			0.5	0.2	0.7	-	0.1	0.8
Catherine Spindler	Board member				0.5	-	0.5	-	-	0.5
Isabelle Parize	Board member	Member			0.5	0.2	0.6	-	-	0.7
Marianne Kirkegaard ³	Board member			Member	0.5	0.1	0.6	-	0.1	0.6
Ronica Wang	Board member		Member		0.5	0.1	0.6	-	0.2	0.7
Per Bank	Former Board member				0.1	-	0.2	-	-	0.2
John Peace ⁴	Former Board member				0.1	-	0.2	-	-	0.2
Total Board Remuneration 2020					5.5	1.2	6.5	0.3	1.0	7.8
Total Board Remuneration 2019					5.5	1.0	6.5	-	0.9	7.4
Total Board Remuneration Annual Change, %							1%			6%

The overview above includes the remuneration paid to the board members in their capacity as such on the Board of Directors of Pandora. The level of Travel Allowances paid reflect attendance at Pandora-related meetings and the home residence of the members of the Board of Directors. Otherwise the slight increase in total Board Fees year on year is mainly explained

by the leaving and joining members of the Board of Directors receiving fees for Q1, partially offset by the 20% reduction in fees for May and June. The historic view of fees paid to the individual members of the Board of Directors is available in the comparison tables included in Appendix 4.

¹ For the months of May and June 2020 the Board agreed to a 20% reduction in fees resulting in a total reduction in fees for Board members of DKK 0.2m.

² Social security costs in Norway in respect of fees paid to the Chair.

³ Catherine Spindler and Marianne Kirkegaard were elected board members at the AGM in March 2020.

⁴ Per Bank and John Peace left the Board after the AGM in March 2020.



THE BOARD OF DIRECTORS

PANDORA SHARES

In 2020, the members of the Board of Directors were not remunerated in shares. Any member of the Board of Directors, elected at a general meeting, shall buy and continuously hold a number of shares corresponding to the value of the gross

annual fixed base fee received. The table below sets out the development of each individual board member's shareholding in Pandora over the financial year.

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

Board member	Role	Shares held at 31 December 2019	Purchases over 2020	Sales over 2020	Shares held at 31 December 2020	Market value ¹ DKK m	Holding as multiple of share ownership requirement
Peter A. Ruzicka	Chair	20,000	-	-	20,000	13.6	9X
Christian Frigast	Deputy Chair	48,500	-	-	48,500	33.0	44X
Andrea Dawn Alvey	Board member	6,107	-	-	6,107	4.2	8X
Birgitta Stymne Göransson	Board member	2,000	-	-	2,000	1.4	3X
Catherine Spindler	Board member	-	-	-	-	-	N/A
Isabelle Parize	Board member	1,500	-	-	1,500	1.0	2X
Marianne Kirkegaard ²	Board member	-	1,968	-	1,968	1.3	3X
Ronica Wang	Board member	5,999	-	-	5,999	4.1	8X
Total Board Fees 2020		84,106	1,968	-	86,074	58.6	11X

¹ Market value is based on the share price of DKK 681 as close of business December 30, 2020.

² As a new Board member joining at the AGM 2020 the share ownership requirement will apply within 24 months from the day of appointment to the Board of Directors.



EXECUTIVE MANAGEMENT REMUNERATION

Components of Executive Management remuneration

Members of Executive Management receive the following remuneration:



Fixed annual base salary, (members of Executive Management are not eligible for any Pandora-paid pension contribution as retirement contributions are taken into account when benchmarking to market practice).



Long-term share-based incentive plan ("LTIP"), based on Pandora performance during the three year performance period, and with a further two year holding period before shares awarded can be sold (total five year period).



Short-term cash incentive plan ("STIP"), based on Pandora performance during the current performance year.



Other customary benefits on terms generally aligned to those received by other employees – except for pension contributions which are not paid to Executive Management and are instead assessed as part of a competitive annual base salary.

The combination of fixed and incentive-based remuneration has been chosen to ensure that Pandora has the flexibility to recruit and retain key talent in a highly competitive, international talent market. The Board of Directors believes that incentive plans can be key drivers behind exceptional Pandora performance and that it is appropriate to strongly align the interests of the members of Executive Management with those of Pandora's shareholders.

Fixed annual base salary for Executive Management

Based on performance during 2019, and in the context of the relatively recent hiring of the CEO in 2019, the Board of Directors agreed revisions to the fixed annual base salary of +2% for the CEO and +4% for the CFO, effective 1 January 2020. As the impact of the COVID-19 pandemic emerged and Pandora acted quickly to freeze 2020 salary increases, the Executive Management voluntarily reversed the salary increase and repaid the increases to ensure the 2020 salary freeze applied to them also. The Executive Management also contributed to the global 20% salary reduction during May – June at Vice President level and above (including the Board of Directors).

The Remuneration Committee benchmarked the level of reward provided to Executive Management with its independent external advisor Willis Towers Watson over 2020. The fixed

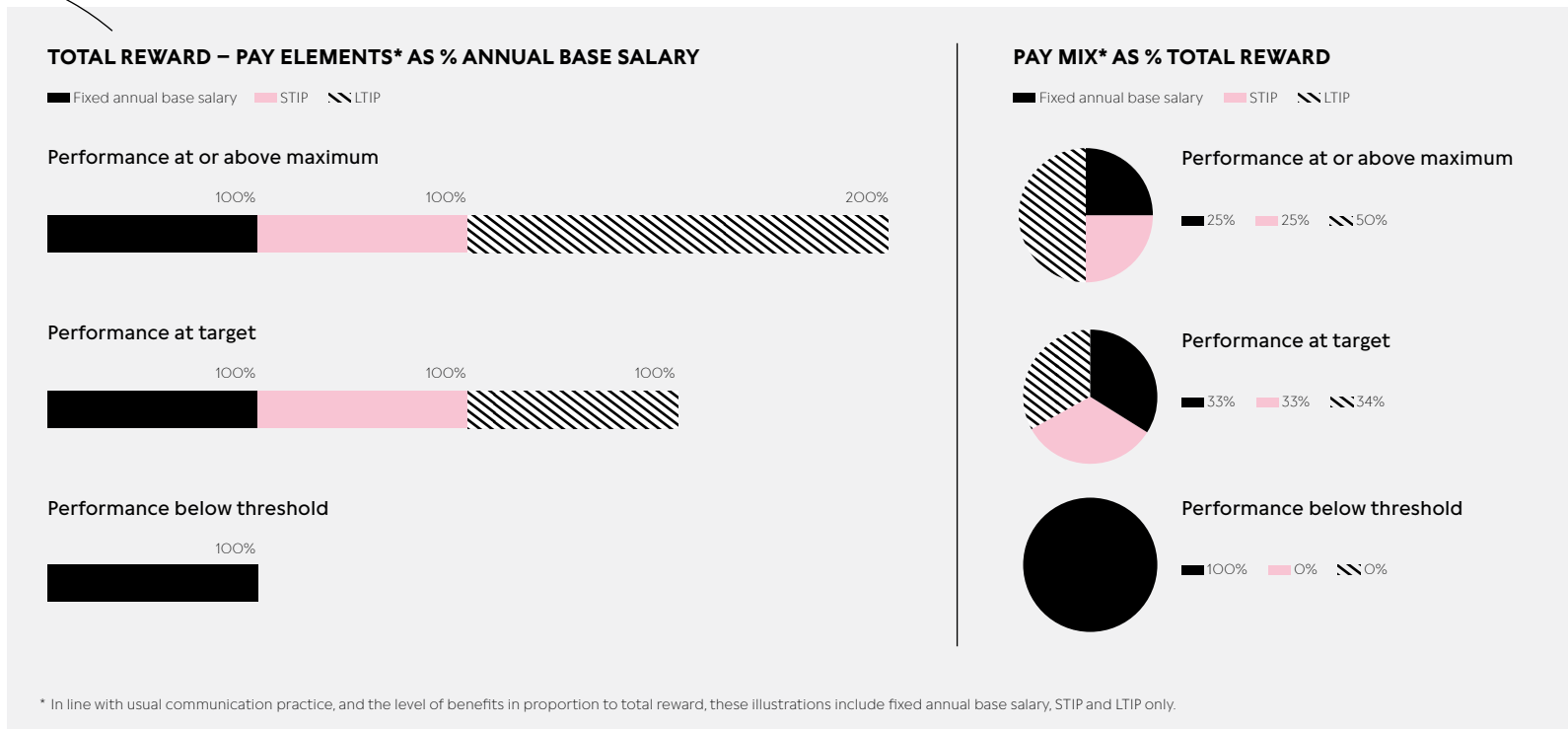
annual base salary is based on market level compensation (salary and pension contributions) and is reviewed by the Remuneration Committee against comparable positions at European and Danish peers. Although the fixed annual base salary provided to the CFO is competitive against both reference markets, the 2020 level of fixed annual base salary provided to the CEO is below the competitive level provided to CEOs of companies of similar size and complexity in the European consumer discretionary sector and Danish peers. Given the performance of Pandora and the importance of Executive Management to the turnaround, the Board of Directors intends to address the competitiveness of the fixed annual base salary of the CEO (subject to performance) with market adjustment increases over the three years 2021, 2022 and 2023.

Pay mix for Executive Management

The remuneration of Executive Management in 2020 was, in accordance with the existing Remuneration Policy, designed such that the fixed annual base salary, STIP at target opportunity and LTIP at par allocation each were intended to represent one third of the total pay mix. The LTIP is in the form of performance share units (PSUs) so the number of PSUs that are actually granted as shares (at the end of the vesting period, and subject to a further 24 months' holding period), may be in the range 0 – 200% of the par level of PSUs allocated. The performance conditions are such that the maximum allocation of PSUs to all participants under the LTIP in 2020 is only granted in shares if the performance conditions set by the Board are fully achieved. The pay mix varies depending on performance relative to maximum targets.

Remuneration of Executive Management for 2020

The remuneration of Executive Management in 2020 was in accordance with the existing Remuneration Policy. The table below provides an overview of the remuneration awards and outcomes for 2020, valued on the basis of remuneration awarded over the year (consistent with the way in which remuneration is determined in practice in accordance with the Remuneration Policy).



EXECUTIVE MANAGEMENT REMUNERATION AWARDED

DKK million

Name	Role	Fixed Pay and Benefits						Variable Pay		Total regular remuneration awarded
		Annual base salary	Salary increase	Cancel due to salary freeze	20% reduction in salary	Total salary received	Other Benefits	STIP pay-out	LTIP allocation ¹	
Alexander Lacik	CEO	9.0	0.2	-0.2	-0.3	8.7	1.5	9.0	9.0	28.2
Anders Boyer	CFO	5.5	0.2	-0.2	-0.2	5.3	0.3	5.5	5.5	16.6
Total 2020		14.5	0.4	-0.4	-0.5	14.0	1.7	14.5	14.5	44.7
Total 2019		11.7	N/A	N/A	N/A	11.7	0.6	7.3	11.7	31.3

¹ Allocation is shown at par value, which is the intended value at the time the LTIP KPI and metrics are prepared, based on the allocation share price (being the average closing price in the last 5 days of the 2019 trading year). The actual value of the grant at the eventual allocation date in accordance with IFRS2 principles may vary, as will the recognition of the LTIP expense over the period service is provided. This is explained further in Appendix 3.



EXECUTIVE MANAGEMENT REMUNERATION

The increase in 2020 compared to 2019 is 15%, adjusting for including the CEO for a full year's remuneration in 2020 compared to part year 2019, and mainly relates to the higher STIP pay-out for 2020 versus 2019, reflecting Pandora's outstanding performance over 2020. Taking into account the accounting standards for the disclosure of share-based remuneration, the table below provides an overview of the key remuneration outcomes for Executive Management for the financial year 2020:

The change in 2019 to 2020 is explained by the CEO joining part way through 2019

The proportion of total remuneration represented by share-based awards appears lower than the illustration of regular remuneration set out above. This is a consequence of expensing share-based awards pro-rata over the vesting period under the relevant accounting standard for disclosing share-based payments (International Financial Reporting Standard 2 (IFRS2)). The change in 2019 to 2020 is explained by the inclusion of the CEO for a full year 2020, compared to 2019, as well as the

one-time expenses in 2019 for sign-on awards. The historic view of Executive Management remuneration, including expense for former members of Executive Management is set out in Appendix 4.

EXECUTIVE MANAGEMENT REMUNERATION EXPENSED DKK million

Name	Role	Annual salary received	Other cash received	Other benefits	Expense for short-term incentive	IFRS 2 expense for long-term incentive				Total Remuneration
						LTIP 2018	LTIP 2019	LTIP 2020	LTIP Total	
Alexander Lacik	CEO	8.7	-	1.5	9.0	-	1.9	4.8	6.7	25.9
Anders Boyer	CFO	5.3	-	0.3	5.5	0.8	1.6	2.9	5.4	16.4
Total 2020 for current Executive Management		14.0	-	1.7	14.5	0.8	3.6	7.7	12.1	42.3
Total 2019 for current Executive Management		11.7	20.7	0.6	7.3	0.8	3.0	N/A	3.8	44.1
										-4%
Anders Colding Friis	former CEO	-	-	-	1.1	-	-0.3	1.3	1.0	2.1
Peter Vekslund	former CFO	-	-	-	0.1	-	-0.1	-	-0.1	-
Total 2020 for current and former Executive Management		14.0	-	1.7	15.7	0.8	3.2	9.0	13.1	44.5
Total 2019 for current and former Executive Management		16.4	25.3	0.6	8.0	0.8	2.6	N/A	3.4	53.7
										-17%

**Short-term Incentive Plan (STIP)**

The STIP provides Executive Management with annual variable remuneration that is dependent on performance of specific financial objectives of Pandora. The target and maximum STIP is 100% of fixed annual base salary.

STIP 2020

The initial targets for 2020 were based on (i) 60% EBIT margin excluding restructuring costs and (ii) 40% like-for-like revenue growth.

Revised STIP 2020

After Pandora decided to withdraw its financial guidance on 16 March 2020 because, due to COVID-19, it was no longer

REVISED STIP 2020

DKK billion

Metrics	Threshold 0% x Fixed annual base salary	Target 50% x Fixed annual base salary	Maximum 100% x Fixed annual base salary	Weight	Achievement		
					DKK billion	(0-100%)	
Performance conditions	Revenue	15.0	16.7	18.8	50%	19,5 ¹	100%
	EBIT excl. restructuring and one-offs	1.5	2.3	3.0	50%	3.9	100%
Total					100%		100%

The STIP award for 2020 will be paid in cash in March 2021

LTIP 2020 FOR EXECUTIVE MANAGEMENT

Metric	Weight	Vesting % for achievement of target				
		Below threshold	At threshold	At par	At maximum	
Performance conditions	EPS ²	50%	0%	0%	50%	100%
	TSR ³	50%	0%	25%	50%	100%
	Total	100%	0%	12.5%	50%	100%
Maximum number of PSUs allocated			0	12,583	50,331	100,661
Value at the allocation share price			0	DKK 3.6m	DKK 14.5m	DKK 29.0m

¹ Achievement of performance conditions under the Revised STIP 2020 is measured on an accounting and exchange rate basis that is consistent with the metrics originally adopted. Therefore the metrics achieved are not equivalent to the metrics reported, most significantly for Revenue.

² Pandora's earnings per share (EPS) for financial year 2022 will be assessed against objectives based on Pandora's internal financial projections.

³ Pandora's relative total shareholder return (TSR) will be ranked (over the period from December 2019 – December 2022) against a basket of 15 industry peer companies. The threshold for the vesting of 25% of the PSUs linked to the TSR objective is a TSR ranking at median; the maximum for the vesting of 100% of the PSUs is a TSR ranking at top quartile. If the final achievement on the TSR metric is in between the threshold and maximum the vesting is pro-rated accordingly.

considered to be meaningful, the Board of Directors decided to suspend the STIP 2020 for the same reason. For all employees other than Executive Management a revised STIP was put into place to incentivise the achievement of realistic revenue and earnings targets for the second half of 2020. Taking into account the extraordinary operating environment and the achievements of Executive Management over 2020 the Board of Directors at the end of 2020 decided to award Executive Management with a Revised STIP 2020 pay-out for the full year based on the same targets as were adopted in Q2 for all other STIP eligible employees, as follows:

Long-term Incentive Plan (LTIP)

The purpose of the LTIP is to reward Executive Management for delivery of long-term results aligning shareholder and management interests.

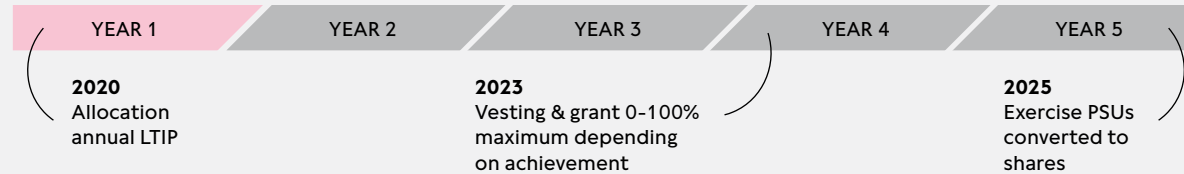
LTIP 2020

In line with the existing Remuneration Policy approved at the 2020 AGM the format of the LTIP awards was changed to PSUs for the 2020 awards.

The LTIP 2020 provides a maximum allocation of 100,661 PSUs to Pandora's Executive Management, based on the par level of 100% x Fixed annual base salary and the allocation share price of DKK 288.10 (the average price of Pandora's shares on Nasdaq Copenhagen over the last five trading days of 2019). The allocated PSUs will be granted in 2023 following the publication of Pandora's annual report for 2022, subject to fulfilment of the performance conditions in the range 0 – 100% of the maximum PSUs allocated. For Executive Management the performance conditions are set out in the table opposite.

As the grant of PSUs takes place after the end of the performance period, the PSUs allocated have a vesting period of three years. After vesting the PSUs are subject to a further 24 months' holding period after which they become exercisable for Executive Management. Upon exercise, one PSU entitles the eligible recipient to receive one share in Pandora free of charge. There are no further performance criteria tied to the two year holding period. In addition, Executive Management meet and continue to be subject to a share ownership requirement to maintain a shareholding of a value corresponding to the gross fixed annual base salary.

In accordance with the relevant International Financial Reporting Standards (IFRSs) the accounting expense for the LTIP will be recognised in the income statement over the 3-year vesting period.

**5 YEAR PERFORMANCE PERIOD FOR THE LTIP 2020 FOR EXECUTIVE MANAGEMENT****LTIP 2019**

In 2019, the Remuneration Committee granted members of Executive Management the option to purchase shares in the event certain performance conditions are achieved over a three year period. In addition to the three-year performance measures, there is a two year holding period after vesting, as for the LTIP 2020. Although technically structured as options for legacy Danish tax treatment reasons, the awards have the characteristics of PSUs because the option exercise price is 1% of the share price. This legal structure has been simplified in the LTIP 2020. The two performance conditions are (i) total shareholder return (TSR) performance relative to the same group of peer companies as was adopted for LTIP 2020 and (ii) 2019 performance as measured under the STIP.

Pandora is currently the top performer amongst the peer group as set out in Appendix 1, and, if this position is maintained to end 2021, 100% of the maximum number of PSUs linked to TSR will be vested. The STIP 2019 achievement has been measured at 62.2%, and, accordingly, 37.8% of the PSUs linked to the STIP 2019 achievement have been cancelled and the remaining portion will be vested at the end of 2021.

LTIP 2018

Performance for the LTIP 2018 was measured in 2020 and the minimum performance threshold of 34% EBITDA margin for 2020 was not met. Accordingly, none of the PSUs in the form of options allocated under the LTIP 2018 will vest in February

2021 and all were lapsed. None of the current members of the Executive Management received options in the form of PSUs, although Anders Boyer (CFO) did receive, as part of his sign-on conditions, an award of restricted share units (RSUs) which will vest in Q1 2021 and are subject to the usual two year holding period for Executive Management.

LTIP 2017

As previously advised, performance for the LTIP 2017 was measured in 2019 and the minimum performance threshold of 35% EBITDA margin for 2019 was not met. Accordingly, none of the PSUs in the form of options allocated under the LTIP 2017 vested in February 2020 and all were lapsed.

Other customary benefits

Members of Executive Management are not eligible to any Pandora-paid pension contribution as it is included in the Fixed Annual Base Salary and taken into account when benchmarking total remuneration. Other benefits – such as car allowance, annual health check and lifestyle coaching, company canteen, company paid health insurance, internet and phone allowance are provided on the same basis as is available to other senior employees based in Denmark.

CEO relocation

During 2020, the Remuneration Committee considered the appropriate level of relocation support to be provided to the CEO

Pandora is the top performer amongst the peer group for both LTIP 2019 & LTIP 2020 as set out in Appendix 1

in the context of his decision to relocate with his family from Sweden to Denmark. The Remuneration Committee noted the CEO's decision as a very positive signal of his ongoing commitment in the context of Pandora's performance and status of the turnaround. In deciding on the level of support provided for the relocation the Remuneration Committee took into account:

- The provisions of the CEO's Service Agreement (predating the 2020 Remuneration Policy) stipulating that Pandora would support his relocation to Denmark, if he so elected at a later date.
- The current level of support provided for commuting and temporary accommodation.
- The CEO's input on the level of additional expense associated with the relocation.
- Typical market practice for CEO relocation to Denmark.
- Pandora's usual approach to executive relocation and settlement as applied for other senior leaders moving to Denmark.

After careful consideration, the Remuneration Committee recommended, and the Board of Directors agreed, that Pandora's usual executive relocation and settlement approach should be the basis for the CEO's relocation terms. Accordingly, the CEO received support with:

- Removal of household items and transport from Sweden to Denmark.
- Settlement support in Denmark including tax filing, reimbursement of education fees and mobility allowances for housing, transport and living expenses.

Continued eligibility for ongoing settlement support is reviewed on the second anniversary of the date of relocation to Denmark, and annually thereafter. Any changes are applied with 12 months' notice (i.e. 3 year initial commitment period). Support for ongoing relocation is discontinued, unless otherwise agreed by the Board, if the CEO tenders notice of resignation.



EXECUTIVE MANAGEMENT

PANDORA SHARES

Executive Management are encouraged to become shareholders and, in order to align interest with Pandora's shareholders, are subject to a share-holding requirement to buy and maintain a shareholding with a market value corresponding to the member's gross fixed annual base salary. The table below sets out the development of Executive Management's shareholding in Pandora over the financial year.

In 2020, the members of the Executive Management received allocations of performance share units under the LTIP 2020. Together with allocations received in previous years, the remuneration approach and significant shareholding of Executive Management ensures alignment with shareholders' short-term and long-term interests through both shares held and conditional shares dependent on the performance of Pandora over subsequent periods, as set out in the shareholding tables opposite.

SHARES HELD BY EXECUTIVE MANAGEMENT

Name	Role	Shares held at 31 December 2019	Purchases over 2020	Vested shares over 2020	Sales over 2020	Shares held at 31 December 2020	Market value ¹ DKK m	Holding as multiple share ownership requirement
Alexander Lacik	CEO	60,068	101,560	-	-	161,628	110.1	12X
Anders Boyer	CFO	48,471	54,000	-	-	102,471	69.8	13X
Total		108,539	155,560	-	-	264,099	179.9	12X

UNVESTED SHARES ALLOCATED TO EXECUTIVE MANAGEMENT

Name	Role	Unvested shares at 31 December 2019			Movements over 2020			Unvested shares at 31 December 2020			
		Maximum number of PSUs	Maximum number of RSUs	Conditional value DKK m	New allocations of PSUs	PSUs cancelled ²	PSUs vested	RSUs vested	Maximum number of PSUs	Maximum number of RSUs	Conditional value ¹ DKK m
Alexander Lacik	CEO	36,384	-	10.5	62,479	-	-	-	98,863	-	67.3
Anders Boyer	CFO	32,233	7,865	11.6	38,182	-	-	-	70,415	7,865	53.3
Total		68,617	7,865	22.1	100,661	-	-	-	169,278	7,865	120.6

¹ Market value is based on the share price of DKK 681 as close of business December 30, 2020.

² Executive Management did not receive any grants of PSUs under the LTIP 2018 that was vested with 0% achievement at the end of 2020. Performance conditions under the LTIP 2019 and LTIP 2020 will be measured at the end of the performance period (2021 and 2022 respectively) so there is no assessment at the end of 2020 and consequently no PSUs cancelled.



GROUP PAY STRUCTURES

Pay structures and salary budgets are managed on an organisation wide basis – ensuring that reward structures and processes in Pandora continue to be fit for purpose.

The table opposite summaries the key elements of the remuneration structure for Executive Management and how these currently flow through to the rest of the organisation.

Given the relationship between the principles for Executive Management and the wider workforce, reward movements for the wider workforce are generally expected to be comparable to that for Executive Management. The actual movement in pay

levels for Executive Management – as set out in Appendices 4 & 5 – has been significantly more variable in practice due to (i) exceptional items linked to severance and sign-on arrangements (ii) the higher proportion of pay that is variable (i.e. linked to Pandora Performance) at Executive Management level and (iii) changes in the mix of employees (including movements in the proportions of the workforce employed in different geographies with different underlying pay levels).

GROUP PAY STRUCTURES

Reward element	Alignment with the wider workforce
Fixed pay <ul style="list-style-type: none"> Fixed annual base salary 	✓ The broad principles of this Remuneration Policy also apply when making remuneration decisions for all employees across Pandora, although, for roles below the most senior levels, different labour market dynamics may lead to that local rather than international pay comparisons are more appropriate.
<ul style="list-style-type: none"> Retirement benefit 	For roles below Executive Management, Company contributions are provided in line with the local market level.
<ul style="list-style-type: none"> Car benefit 	✓
Other benefits	✓
Short-term incentive <ul style="list-style-type: none"> Link to Pandora performance 	✓ Employees at director level and above are eligible for a group bonus linked to business performance. In roles in our retail or production environments the incentive outcome will relate more to the local achievement.
Long-term incentive <ul style="list-style-type: none"> Form of award 	Performance share units are awarded at vice president level and above. Only the EPS metric was applied for the 2020 award below the most senior leadership level.
<ul style="list-style-type: none"> Holding period requirement 	There is no holding period applied below Executive Management level.
<ul style="list-style-type: none"> Share ownership requirement 	There is no share ownership requirement below Executive Management level.



OTHER DISCLOSURES

Share price performance

Pandora has significantly outperformed peers on total shareholder return over 2020 and 2019, as set out in Appendix 1. The direct impact of the share price growth on the value of Executive Management's invested shares and total shareholding as set out in Section 5, illustrates how the Remuneration Policy ensures alignment of interests between Executive Management and shareholders.

Shareholder engagement

As in previous years, throughout 2020, we continued to discuss our Remuneration Policy and approach with larger shareholders as well as investor representative bodies. The simplification of LTIP 2020 allocations, as well as the KPIs adopted, was done taking into account the feedback of major shareholders. The views of major shareholders on the importance of rewarding Executive Management for their contribution over 2020 (in order to ensure continuous motivation and retention for the future) was a factor in the decision taken on the level of STIP pay-out for Executive Management. We plan to continue this dialogue in 2021. Based on feedback received after the 2020 AGM, and experience over 2020, we will table changes to the Remuneration Policy for 2021 AGM that further improve the alignment of interests between Executive Management and shareholders, including:

- A reduction in the level of STIP pay-out for target performance, while maintaining the maximum level of STIP pay-out for outstanding performance.
- Further improvements in transparency on the framework for the STIP and the LTIP.
- Review of the Board fee multipliers paid for Committee work, to reflect the increasing workload and importance of the work.

Annual Remuneration Reports will be submitted for a guiding vote at our AGM in 2021 and going forward.

Remuneration from group companies

No member of the Board of Directors or Executive Management has received any other remuneration from other group companies.

Claw-back

During 2020, Pandora has not exercised any claw-back provisions related to the STIP or LTIP.

Deviations from the Remuneration Policy

During 2020, Pandora has not found any reason to deviate from the framework set out by its current Remuneration Policy or the process of preparing, reviewing and implementing the Remuneration Policy.





CONCLUSION

This annual remuneration report (the “Annual Remuneration Report”) of Pandora A/S, CVR no. 28505116, (the “Company” or “Pandora”) has been prepared considering the requirements of section 139b of the Danish Companies Act and the recommendations published by the Danish Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S applicable for the financial year 2020. The Annual Remuneration Report provides an overview of the total remuneration received by each member of the Board of Directors (the “Board”) and of the Executive Management (“Executive Management”) for the financial year 2020 with comparative figures for prior years. In line with the guidelines issued by the Danish Business Authority, five-year historical comparative figures have been provided. The Executive Management includes the members of the executive management of Pandora registered as such with the Danish Business Authority.

The information included in the Report has been derived from the audited annual reports of Pandora for the financial years 2019 and 2020 available on Pandora’s website, www.pandoragroup.com. All amounts are included in DKK, gross.

The Report has been submitted to Pandora’s auditors with a view to examining that information pursuant to section 139 b (3) of the Danish Companies Act appears in Pandora’s Report for the financial year 2020. Pandora’s auditors have not reported any deficiencies in the Report for the financial year 2020 pursuant to section 139 b (3) of the Danish Companies Act. Accordingly, the Board of Directors has on the date hereof approved Pandora’s Report for the financial year 2020.

Our approach to remuneration

The remuneration of the Board and Executive Management during the past financial year has been provided in accordance with the remuneration policy (the “Remuneration Policy”) of Pandora approved by the annual general meeting on 2020, which is available on the www.pandoragroup.com/investor. The overall purpose of the Remuneration Policy is to attract, retain and motivate Pandora’s Executive Management and members of the Board while supporting the long-term interests of Pandora, including its sustainability. The Remuneration Committee notes the support received from the shareholders in favour of the Remuneration Policy at Pandora’s annual general meeting

(“AGM”) held in 2020. Our engagements with shareholders in 2020 helped us understand the voting outcome and expectations for further clarity around certain aspects of the Remuneration Policy. The Remuneration Policy to be tabled for approval at Pandora’s 2021 AGM together with this Remuneration Report illustrates how we have promoted and will continue to promote a healthy performance culture in a transparent remuneration framework that aligns the interest of Pandora’s Executive Management and the long-term interests of the shareholders.

The information included in the Report has been derived from the audited annual reports of the Company for the financial years 2019 and 2020 available on the Company’s website

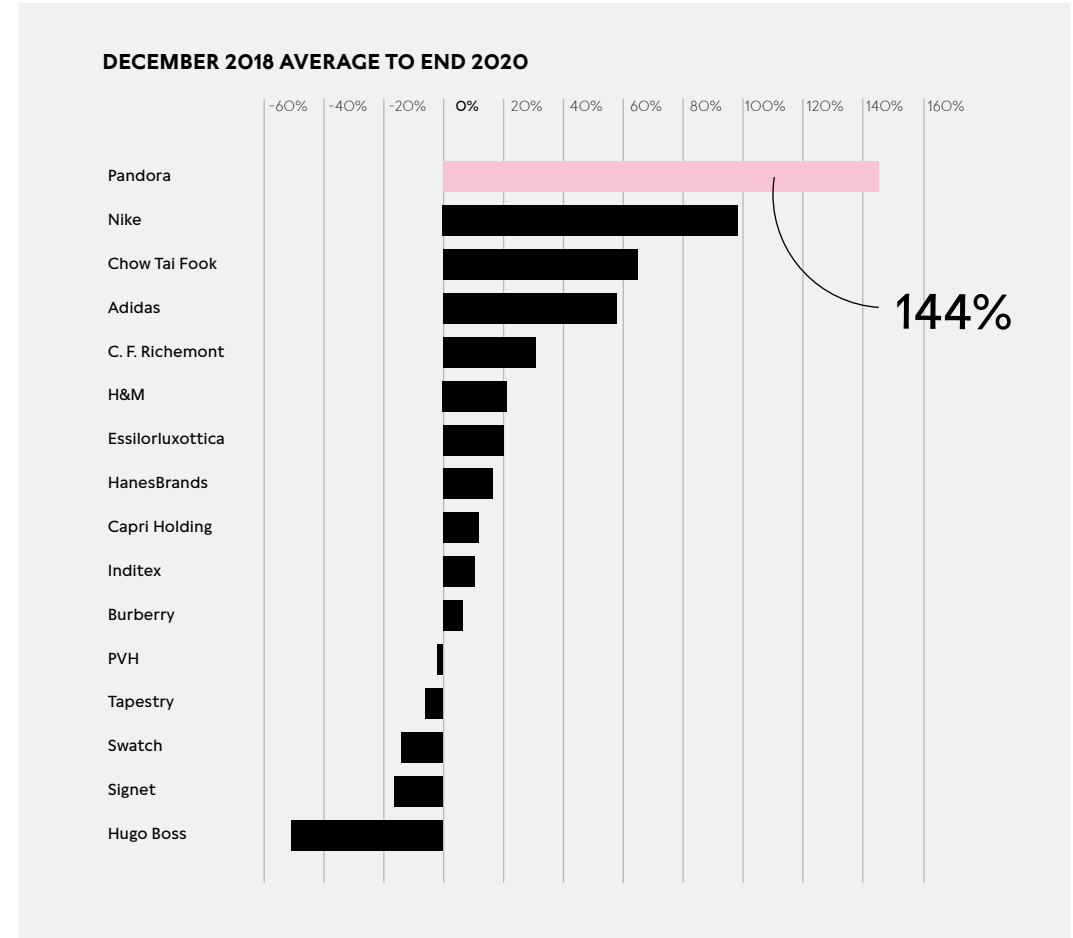
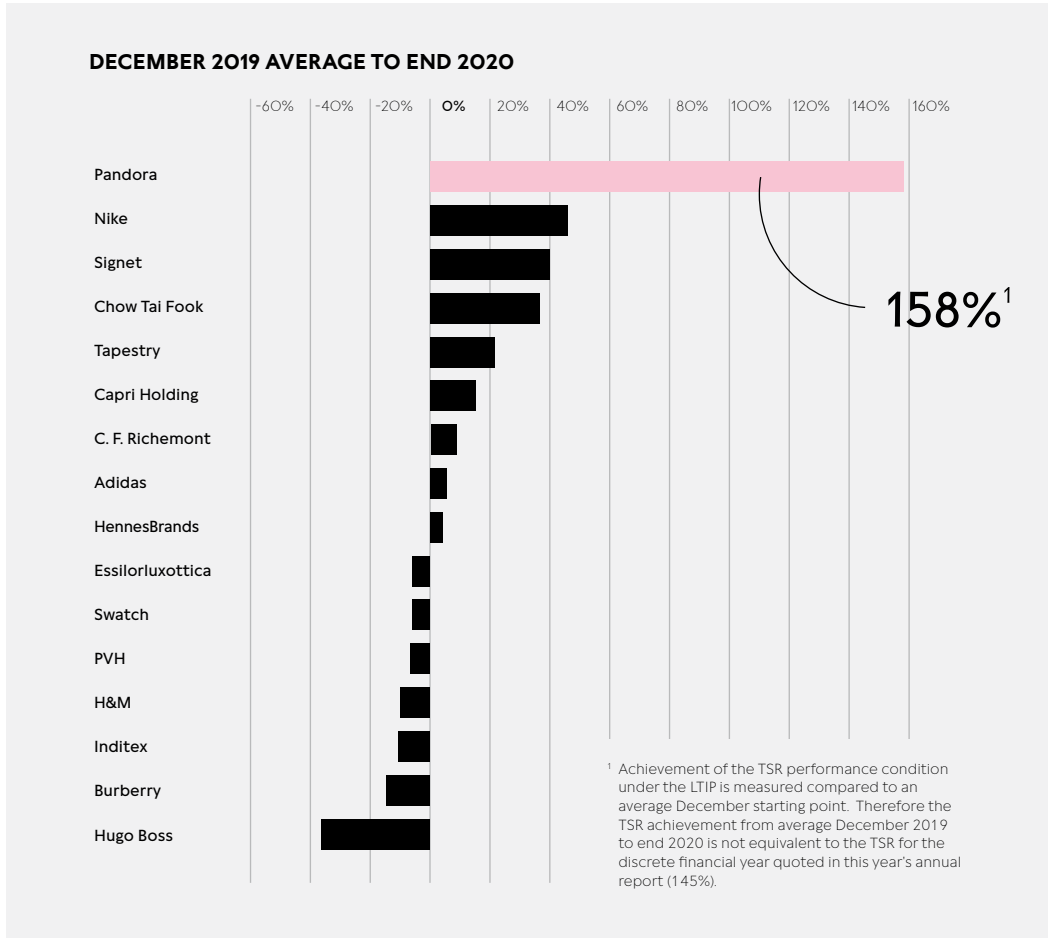
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APPENDIX 1

PANDORA'S TOTAL SHAREHOLDER RETURN RELATIVE TO PEERS





APPENDIX 2

STIP FOR EXECUTIVE MANAGEMENT

STIP ACHIEVEMENT HISTORY

Programme	Performance period	Metrics	Weights	Achievement as % maximum
Revised 2020	1 January 2020 – 31 December 2020	Revenue	50%	100%
		Adjusted EBIT (excl. restructuring)	50%	100%
		Total	100%	100%
Cancelled 2020	1 January 2020 – 31 December 2020	Like-for-like revenue growth	40%	100%
		EBIT margin (excl. restructuring)	60%	0%
		Total (before cancellation)	100%	40%
2019	1 January 2019 – 31 December 2019	Like-for-like revenue growth	30%	25%
		EBIT margin (excl. restructuring)	70%	78%
		Total	100%	62.2%
Interim 2018	1 January 2018 – 31 December 2018	New EBITDA guidance	Trigger	Met
		Total	100%	100%
2018	1 January 2018 – 31 December 2018	Revenue growth in local currency	80%	N/A
		Like-for-like revenue growth	20%	N/A
		EBITDA %	Trigger	Not met
		Total	100%	0%
2017	1 January 2017 – 31 December 2017	Revenue	100%	83.7%
		EBITDA %	Trigger	Met
		Total	100%	83.7%
2016	1 January 2016 – 31 December 2016	Revenue	100%	100%
		EBITDA %	Trigger	Met
		Total	100%	100%

STIP PAY-OUT HISTORY

Name	Position	Programme	Achievement	Pay-out (DKK m)
Alexander Lacik	CEO	Revised 2020	100%	9.0
		2019	62.2%	3.9
Anders Boyer	CFO	Revised 2020	100%	5.5
		2019	62.2%	3.4
		Interim 2018 STIP	100%	2.1
Jeremy Schwartz	Former COO	2019	62.2%	2.9
		Interim 2018 STIP	100%	2.3
Anders Colding Friis	Former CEO	Revised 2020	100%	5.8
		2019	62.2%	5.4
		2018	0%	0.0
		2017	83.7%	7.3
		2016	100%	8.5
Peter Vekslund	Former CFO	Revised 2020	100%	0.3
		2019	62.2%	2.6
		2018	0%	0.0
		2017	83.7%	3.4
		2016	100%	4.0



APPENDIX 3

LTIP FOR EXECUTIVE MANAGEMENT

LTIP ACHIEVEMENT HISTORY

Pro-gramme	Performance period	Performance period	Metrics	Weights	Achievement as % maximum
2020	1 January 2020 – 31 December 2022	After publication of FY 2024 Annual Report – expected February 2025	Relative TSR	50%	100% ¹
			EPS FY2022	50%	TBD
			Total	100%	TBD
2019	1 January 2020 – 31 December 2021	After publication of FY 2023 Annual Report – expected February 2024	Relative TSR	71.3%	100% ²
			STIP 2019 result	28.7%	62.2%
			Total	100%	TBD
2018	1 January 2018 – 31 December 2020	After publication of FY 2022 Annual Report – expected February 2023	Revenue FY2020 (CAGR)	50%	0%
			Accumulated EBITDA (FY2018-FY2020)	50%	0%
			Total	100%	0%
2017	1 January 2017 – 31 December 2019	After publication of FY 2021 Annual Report – expected February 2022	Revenue FY2019 (CAGR)	100%	N/A
			EBITDA margin FY2019	Trigger	Not Met
			Total	100%	0%
2016	1 January 2016 – 31 December 2018	After publication of FY 2020 Annual Report – expected February 2021	Revenue FY2018 (CAGR)	100%	N/A
			EBITDA margin FY2018	Trigger	Not Met
			Total	100%	0%

¹ Currently #1, which would generate 100%² Currently #1, which would generate 100%

LTIP ALLOCATION HISTORY

Name	Position	Pro-gramme	Maximum number of PSUs allocated	Par value of allocation (at allocation date) DKK m	Total IFRS2 expense expected (at allocation date) DKK m	PSUs cancelled	PSUs vested	PSUs exercised in shares	Share price at exercise DKK	Exercise price DKK	Value realised DKK m
Alexander Lacik	CEO	2020	62,479	9.0	14.3	-	TBD	-	-	-	-
		2019	40,813	6.2	6.5	-4,429	TBD	-	-	-	-
Anders Boyer	CFO	2020	38,182	5.5	8.7	-	TBD	-	-	-	-
		2019	36,157	5.5	5.7	-3,924	TBD	-	-	-	-
		2018 RSU	7,865	2.1	1.8	-	TBD	-	-	-	-
Anders Colding Friis	Former CEO	2020	14,039	2.0	3.2	-	TBD	-	-	-	-
		2019	31,820	4.8	5.0	-3,453	TBD	-	-	-	-
		2018	11,594	8.0	6.7	-11,594	-	-	N/A	N/A	-
		2017	9,605	8.8	7.3	-9,605	-	-	N/A	N/A	-
Peter Vekslund	Former CFO	2020	791	0.1	0.2	-	TBD	-	-	-	-
		2019	9,734	1.5	1.5	-1,056	TBD	-	-	-	-
		2018	4,263	2.9	2.5	-4,263	-	-	N/A	N/A	-
		2017	4,501	4.1	3.4	-4,501	-	-	N/A	N/A	-
Allan Leighton	Former CEO	2016	4,711	4.0	3.9	-4,711	-	-	N/A	N/A	-
		2016	3,141	2.7	2.6	-3,141	-	-	N/A	N/A	-



APPENDIX 3

LTIP FOR EXECUTIVE MANAGEMENT (CONTINUED)

As noted in Section 4, the accounting expense of the share-based grants over the period reflects only a proportion of the total grant value. The table below reconciles the par value of the share units allocated at the allocation date to the IFRS2 expense, to give a fuller illustration of the alignment of interests between Executive Management and the shareholders.

RECONCILIATION OF LTIP ALLOCATIONS TO LTIP EXPENSE FOR EXECUTIVE MANAGEMENT

Name & position	Programme	LTIP allocation					IFRS2 expense (DKK million)				
		Par value of allocation (DKK million)	Maximum PSUs allocated	PSUs cancelled	PSUs vested	Maximum unvested PSUs end 2020	Total expected, effective as of the date of allocation	Total expected, effective as of year end 2020	Total recognised as of year end 2019	Total not recognised as of year end 2020	2020 expense recognised
Alexander Lacik (CEO)	LTIP 2020	9.0	62,479	-	-	62,479	14.3	14.3	N/A	9.5	4.8
	LTIP 2019	6.2	40,813	-4,429	-	36,384	6.5	5.5	1.5	2.0	1.9
	Total	15.2	103,292	-4,429	-	98,863	20.8	19.8	1.5	11.5	6.7
Anders Boyer (CFO)	LTIP 2020	5.5	38,182	-	-	38,182	8.7	8.7	N/A	5.8	2.9
	LTIP 2019	5.5	36,157	-3,924	-	32,233	5.7	4.9	1.5	1.7	1.6
	RSUs 2018 ¹	2.1	7,865	-	-	7,865	1.8	1.8	1.0	-	0.8
Total	13.1	82,204	-3,924	-	78,280	16.3	15.4	2.5	7.5	5.4	
Total for current Executive Management		28.3	185,496	-8,353	-	177,143	37.1	35.2	4.0	19.1	12.1

¹ Restricted share units (RSUs) were provided to the CFO as an interim LTIP 2018 in lieu of the main allocation.

APPENDIX 4

FIVE YEAR COMPARISON OF REMUNERATION

FIVE YEAR HISTORY OF REMUNERATION FOR EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

Name	Position	2020			2019			2018			2017			2016		
		DKK million	Annual change, %	Variable proportion ¹	DKK million	Annual change, %	Variable proportion	DKK million	Annual change, %	Variable proportion	DKK million	Annual change, %	Variable proportion	DKK million	Annual change, %	Variable proportion
Alexander Lacik	CEO	25.9	-14%	61%	29.9	-	18%	-	-	-	-	-	-	-	-	-
Anders Boyer	CFO	16.4	16%	66%	14.2	82%	41%	7.8	-	29%	-	-	-	-	-	-
Jeremy Schwartz	Former COO	-	-	-	12.3	78%	24%	6.9	-	33%	-	-	-	-	-	-
Anders Colding Friis	Former CEO ²	2.1	-	100%	-1.8	-	100%	42.8	97%	42%	21.7	-12%	58%	24.7	32%	64%
Peter Vekslund	Former CFO ²	-	-	100%	-0.8	-	100%	15.6	61%	43%	9.7	-13%	56%	11.1	54%	63%
Total for Executive Management		44.5	-17%	65%	53.7	-26%	21%	73.1	133%	40%	31.4	-12%	57%	35.8	-7%	64%
Peter A. Ruzicka	Chair	2.4	- ³	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Christian Frigast	Deputy Chair	1.0	1%	-	0.9	0%	-	0.9	5%	-	0.9	0%	-	0.9	0%	-
Andrea Dawn Alvey	Board member	0.8	-4%	-	0.8	-8%	-	0.9	-4%	-	1.0	31%	-	0.7	23%	-
Birgitta Stymne Göransson	Board member	0.8	-7%	-	0.8	-2%	-	0.8	1%	-	0.8	51%	-	0.6	-	-
Catherine Spindler	Board member	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Isabelle Parize	Board member	0.7	-9%	-	0.8	-	-	-	-	-	-	-	-	-	-	-
Marianne Kirkegaard	Board member	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ronica Wang	Board member	0.7	-16%	-	0.9	3%	-	0.9	-7%	-	0.9	24%	-	0.7	23%	-
Peder Tuborgh ⁴	Former Chair	-	-	-	1.5	0%	-	1.5	3%	-	1.5	0%	-	1.5	0%	-
Allan Leighton ⁵	Former Deputy Chair	-	-	-	-	-	-	0.2	-76%	-	0.9	6%	-	0.9	27%	-
Per Bank ⁶	Former Board member	0.2	-77%	-	0.6	0%	-	0.7	8%	-	0.6	0%	-	0.6	0%	-
John Peace ⁶	Former Board member	0.2	-73%	-	0.6	-	-	-	-	-	-	-	-	-	-	-
Bjørn Gulden ⁷	Former Board member	-	-	-	0.2	-75%	-	0.7	-7%	-	0.7	15%	-	0.6	6%	-
Anders Boyer ⁵	Former Board member	-	-	-	-	-	-	0.2	-75%	-	0.7	6%	-	0.6	-13%	-
Michael Hauge Sørensen ⁸	Former Board member	-	-	-	-	-	-	-	-	-	0.4	-54%	-	0.7	23%	-
Total for Board of Directors		7.8	6%	-	7.4	8%	-	6.8	-19%	-	8.4	6%	-	7.8	13%	-

¹ This is the proportion of the remuneration expense for the year that relates to STIP and LTIP – the remainder relates to remuneration elements that are not linked to Pandora performance, such as fixed salary and other benefits.

² Accounting expense for 2019 and 2020 in relation to Anders Colding Friis (released effective 1 September 2018 and expiry of employment on 31 August 2020) and Peter Vekslund (released effective 1 August 2018 and expiry of employment on 31 January 2020) reflects actual incidence of expense for incentive programmes compared to the amounts anticipated in prior years – no service was provided over the period. The annual change in remuneration for these years is therefore not meaningful and has not been included in the tables above.

³ Peter A. Ruzicka was first appointed to the Board in December 2019 and was appointed to the Chair effective 1 January 2020. The annual change in remuneration for these years is therefore not meaningful and has not been included in the tables above.

⁴ Peder Tuborgh left the Board of Directors at the end of December 2019.

⁵ Allan Leighton and Anders Boyer left the Board of Directors after the AGM in March 2018.

⁶ Per Bank and John Peace left the Board of Directors after the AGM in March 2020.

⁷ Bjørn Gulden left the Board of Directors after the AGM in March 2019.

⁸ Michael Hauge Sørensen left the Board of Directors after the AGM in March 2017.



APPENDIX 5

FIVE YEAR COMPARISON OF PANDORA PERFORMANCE INCLUDING CHANGES IN THE LEVEL OF REWARD IN THE WIDER WORKFORCE

FIVE YEAR HISTORY OF FINANCIAL PERFORMANCE AND AVERAGE STAFF COST

Financial performance	2020	2019	2018	2017	2016
Organic growth, %	-11%	-8%	-2%	11%	-
Total like-for-like sales out, %	1%	-8%	-4%	-	8%
EBIT margin excl. restructuring costs, %	20.4%	26.8%	28.2%	34.2%	36.5%
Earnings per share, basic, DKK	20.0	30.3	47.2	52.0	52.8
Earnings per share, diluted, DKK	19.9	30.1	47.0	51.8	52.5
Annual change in earnings per share, diluted, %	-33%	-36%	-9%	-1%	71%
Average remuneration of group employees	2020	2019	2018	2017	2016
Average number of full-time employees during the year	22,336	23,736	24,030	20,904	17,770
Average staff costs (DKK)	198,217	202,797	188,792	191,494	201,913
Annual change in average staff cost of a group employee, %	-2%	7%	-1%	-5%	-3%

PANDORA A/S

Havneholmen 17-19
DK-1561 Copenhagen V
Denmark

Phone: +45 36720044
CVR no.: 28505116

www.pandoragroup.com

DESIGN:

Kontrapunkt

PHOTOGRAPHY:

Kristian Holm