

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF PANDORA A/S, CENTRAL BUSINESS REGISTER (CVR) NO. 28 50 51 16**

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

### **1. OBJECTIVE**

- 1.1 The Remuneration Committee (the "Committee") is a committee of directors which has as its objective to improve the quality of the work of the Board of Directors ("the Board") by contributing to the preparation of the basis for the Board's resolutions in connection with establishing, implementing and executing the Remuneration Policy for members of the Board and Executive Management.
- 1.2 The Committee's function is preparatory only to the transaction of business by the Board. Accordingly, the work of the Committee does not limit or render superfluous any consideration by the Board, and important information required by all members of the Board must therefore be provided to all its members and not only to the Committee.
- 1.3 The Board has full responsibility for all resolutions that have been prepared by the Committee.
- 1.4 The Committee reviews these terms of reference on a yearly basis. Changes must be approved by the Board.

### **2. MEMBERS AND COMPOSITION**

- 2.1 The Committee consists of at least three members who are appointed by the Board from among its members.
- 2.2 Appointments to the Committee are for one-year terms. Members may be removed by the Board at any time. Any member of the Committee who resigns from the Board must also resign from the Committee.
- 2.3 The Committee elects a chair. However, the chair of the Board may not be the chair of the Committee when a new chair of the Board is to be nominated.
- 2.4 The majority of the Committee members must be independent members of the Board.
- 2.5 The Board will determine whether any member of the Committee can be deemed independent or not.

### **3. DUTIES**

#### **3.1 Remuneration Policy**

3.1.1 The Committee submits recommendations to the Board on Remuneration Policy applicable to the Board and the Executive Management. This includes the Remuneration Policy to be approved by the Board before adoption at the Company's general meeting.

3.1.2 In determining the Remuneration Policy the Committee must ensure it:

- o Supports the long-term interests of the Company, including the sustainability of the Company and its business;
- o Supports the attraction, retention and motivation of the Company's Executive Management and members of the Board;
- o Offers Executive Management appropriate incentives to encourage enhanced performance and, in a fair and responsible manner, rewards their individual contributions to the success of the Company;
- o Supports the alignment of interest between the Company's Executive Management and the long-term interests of the shareholders, including the sustainability of the Company and its business; and

3.1.3 The Remuneration Policy must provide a transparent framework through which the shareholders can easily assess how Executive Management and the Board are remunerated.

3.1.4 The Remuneration Policy must include a detailed description of the components that are included in the remuneration to the Board and Executive Management, and the appropriate mix of Fixed Pay and Variable Pay components.

3.1.5 The Committee must review the ongoing appropriateness and relevance of the Remuneration Policy and adjust accordingly if necessary.

3.1.6 The Committee must review trends in Executive Management remuneration, and annually benchmark the total remuneration of Executive Management against comparable positions in both domestically and internationally domiciled peer companies adjust accordingly if necessary.

#### **3.2 Proposals for remuneration**

3.2.1 The Committee must submit proposals to the Board for the total individual remuneration package of the members of the Board and Executive Management. In this context the Committee will review and take into account the anticipated average level of salary increase in the annual Pandora Budget for employees across the Group generally, and in Denmark where Executive Management are employed.

3.2.2 The Committee must ensure that the remuneration of the members of the Board and Executive Management is in accordance with the Company's Remuneration Policy and the evaluation of the performance.

3.2.3 The Committee must be informed about the aggregate remuneration received by the members of the Board from other consolidated enterprises.

### **3.3 Verify the information in the annual report about remuneration.**

3.3.1 The Committee must ensure that the information in the Company's annual report about remuneration (including, if separate, the annual remuneration report) for the members of the Board and Executive Management is true, accurate and adequate.

### **3.4 Other duties**

3.4.1 The Committee must also monitor any other matters relating to the duties referred to in clauses 3.1. to 3.3 that it deems necessary, in its discretion, and perform any other duties that the Board delegates to it.

3.4.2 The Committee must annually review the remuneration levels awarded to the Executive Leadership Team (the "ELT") of the Company.

3.4.3 The Committee must set the targets, monitor progress and agree payments for the Company's global Short-term Incentive Plan (STIP) and Long-term Incentive Plan (LTIP).

## **4. POWERS**

4.1 The Board authorises the Committee to:

- i. Examine, investigate and assess all matters that fall within the guidelines set out in these terms of reference for the Committee .
- ii. Obtain all necessary information from Executive Management and employees who are under an obligation to cooperate with the Committee and to answer questions of relevance to the Committee's work.
- iii. Obtain information from the Company's auditor elected by the general meeting and from the Company's internal auditors, if any.
- iv. Obtain the advice, guidance and assistance from external advisers that the Committee deems to be necessary or appropriate for performing its duties. The Company will provide the funds required for such purpose.

## **5. RESOURCES**

5.1 The Company must make available to the Committee the resources required for the performance of the Committee's duties, including outside legal and other professional advice and assistance.

5.2 The Committee must avoid using the same external advisers as Executive Management.

5.3 The Company must make meeting facilities and secretarial assistance available to the Committee.

5.4 The chair of the Committee must prepare an annual budget for the Committee, which must be approved by the Board. The chair must control the Committee's budget on an ongoing basis.

## **6. NOTICE OF MEETINGS**

6.1 The Committee must meet as and when it deems appropriate, but not less than two times a year.

6.2 The chair of the Committee must convene the Committee's meetings. In the chair's absence, meetings must be convened by an independent member of the Committee .

6.3 The chair must convene meetings on request from a member of the Committee.

6.4 Before the beginning of every financial year, the Committee must prepare a meeting schedule for the next financial year. The Committee's meeting schedule must be adapted to the Boards' annual meeting schedule so as to allow the members of the Board reasonable time to prepare for the consideration of the recommendations for resolutions that the Committee has submitted to the Board following Committee meetings.

6.5 Notice of Committee meetings must be given no later than one week (five business days) before the date of the meeting. The notice must specify the meeting place, date and time as well as the agenda for the meeting with related documents.

6.6 All proposals made by members of the Committee must be considered by the Committee. Proposals must be submitted in writing to the chair of the Committee.

6.7 Copies all meeting agendas must be sent to the Company's Board for information.

## **7. MEETINGS**

7.1 The Chair of the Committee presides over the Committee's meetings.

7.2 The Committee constitutes a quorum when two members are present.

7.3 The Committee only passes resolutions where recommendations are to be made to the Board. The Committee has no independent decision making power. All resolutions by the Committee must be passed by a simple majority of votes.

7.4 The Committee must keep a minute book.

## **8. PARTICIPATION IN MEETINGS**

- 8.1 Only members of the Committee are entitled and required to attend the Committee's meetings.
- 8.2 To ensure the Committee's independence and autonomy, members of Executive Management, other members of the Board and the external auditor may only attend the Committee's meetings on request from the Committee.
- 8.3 The Committee may invite or summon managers, employees and/or experts to attend its meetings.

## **9. REPORTING TO THE BOARD**

- 9.1 Minutes of all meetings of the Committee must be prepared as soon as possible and not later than two weeks after each meeting.
- 9.2 The Committee's recommendations to the Board must be set out clearly in the minutes, including reasons.
- 9.3 Minutes of meetings must be approved by the chair first and then forwarded to the other committee members for their approval. When all members of the Committee have approved the minutes, the minutes, with any appendices, etc. examined at the meeting and any other documents used for the Committee's work, must be forwarded to all members of the Board no later than three weeks after the date of the meeting.
- 9.4 At least every six months, the Committee must report its activities, etc. to the Board, including in connection with the Committee's duties under clause 3 of these terms of reference on recommendations for the Company's Remuneration Policy, among other things.
- 9.5 Meetings of the Board to consider the Committee's recommendations must be organised so as to enable the chair of the committee or an independent member of the Committee appointed by the chair to attend the meeting.

## **10. PUBLICATION OF INFORMATION ABOUT THE COMMITTEE**

- 10.1 The Company must publish the following information in either its annual report or on its website:
- i. that the Company has established a Committee;
  - ii. the names of the members of the Committee;
  - iii. the name of the chair of the Committee;
  - iv. which members of the Committee are independent members;
  - v. significant provisions in the Committee's terms of reference;
  - vi. the Committee's main activities during the past year; and
  - vii. the number of meetings held by the Committee and the attendance rate.
- 10.2 The Committee must ensure that the information about the Committee as set out in the Company's annual report or on the Company's website is true and accurate.

- 10.3 The Committee's terms of reference must be published in the company's annual report or on the company's website.
- 10.4 The contents of the Company's Remuneration Policy must be described in the management's review, which forms part of the annual report.
- 10.5 The Company's Remuneration Policy must be announced on the Company's website

## **11. GENERAL MEETINGS**

- 11.1 Being members of the Board, all members of the Committee will attend the company's general meetings.
- 11.2 The Company's Policy must be explained and justified in the chair's statement at the Company's general meeting.
- 11.3 At the Company's general meetings, the chair of the Committee must be available for answering questions about the Committee's terms of reference and activities.

## **12. REMUNERATION**

- 12.1 The Board will determine the remuneration to be paid to the members of the Committee. The remuneration will reflect the time spent by the members on work in the Committee and their professional qualifications.

## **13. DUTY OF CONFIDENTIALITY**

- 13.1 The Committee is subject to the same duty of confidentiality and confidentiality undertakings as the Board.

As adopted at the board meeting held on 2 November 2020.