WE GIVE A VOICE TO PEOPLE'S LOVES

PANDÖRA

CONTENTS

INTRODUCTION

ABOUT PANDORA

THE WORLD'S LARGEST JEWELLERY BRAND

Pandora is the world's largest jewellery brand. Known by more people and crafting more jewellery than any other brand in our industry, we provide affordable luxury to consumers in more than 100 countries.

Pandora A/S (or the "Company") designs, manufactures and markets contemporary jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries on six continents through more than 6,500 points of sale, including more than 2,500 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, Pandora employs more than 32,000 people worldwide with more than 13,500 employees located in Thailand, where the Company manufactures its jewellery. Pandora is publicly listed on the Nasdaq Copenhagen stock exchange in Denmark. In 2022, Pandora's total revenue was DKK 26.5 billion (EUR 3.6 billion).

Our company at a glance

26.5	**32,000**	**103**	**6,500**
DKK billion revenue	employees on average	million pieces of jewellery sold, corresponding to three pieces every second	points of sale in more than 100 countries

OUR SUSTAINABILITY CONTRIBUTION

We believe high-quality jewellery, strong business performance and high ethical standards go hand in hand, and we craft our jewellery with respect for resources, environment, and people.

Our three strategic priorities

Low-carbon business

Circular innovation

Inclusive, diverse and fair culture

Pandora's sustainability strategy

Sustainability and responsible business practices have been part of Pandora's way of doing business since the very beginning. We are transforming our business to help shape the future of luxury. Pandora's business strategy, Phoenix, counts sustainability as one of five foundational pillars that will support the company's long-term growth ambitions. Placing

Our sustainability strategy has three overarching priorities: low-carbon business, circular innovation, and an inclusive, diverse and fair culture. These are all highly material, and drivers of future growth and opportunities for positive impact. We have set ambitious long-term targets and developed detailed roadmaps for each of the three priorities.

To learn more about our work to ensure an inclusive, diverse and fair culture see page 21 in our Sustainability Report 2022.

sustainability at the core of our business reflects that we strive to be a responsible and leading global brand.

The overall ambition is for Pandora to be a sustainability leader in the jewellery industry and beyond. We wish to lead by example to contribute to the sustainable transformation of the industry. We want to significantly lower our impact on the planet and create positive outcomes for people and communities touched by our business. This is not only good corporate citizenship, it also serves to future-proof our company as we foresee an array of new demands on companies from regulators, investors, consumers and other stakeholders, and we wish to stay ahead of the curve.

Material issues for Pandora

In 2022, we conducted a materiality assessment based on the principle of double materiality. The revised materiality approach aligns with the adopted EU Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards requirements.

The areas of the Framework KPIs were all ranked as material topics within the area of Environment and climate.

Pandora's material issues

The results of our 2022 double materiality assessment will be used to make relevant updates to our list of material issues, found below. This calibration will take place in 2023.

- Business ethics and compliance
- Circular approach to business
- Climate change
- Conflict minerals
- Data security and privacy
- Employee health, safety and labour rights
- Inclusion and diversity
- Packaging
- Product quality and safety
- Responsible marketing
- Responsible sourcing
- Sustainable materials

Low-carbon business

Our low-carbon ambition is about reaching the point where our combined activities are conducted in a way that meaningfully limits our climate impact.

In 2021, we announced targets for reducing carbon emissions:

- We will reduce our Scope 1, 2 and 3 greenhouse gas emissions by a total of 50% by 2030 from a 2019 baseline, across our own operations and entire value chain of suppliers and business partners, verified by the Science Based Targets initiative (SBTi). To achieve this target we will:

  - Become carbon neutral in our own operations by 2025, reducing emissions by at least 90% from a 2019 baseline (Scope 2 market-based). Carbon removal mechanisms and offsets will balance out any remaining emissions.

  - Reduce value chain emissions by 42% by 2030 from a 2019 baseline (Scope 3).

- We will achieve net zero emissions by 2040.

These targets are among the most ambitious in the jewellery industry to date.

Of our total emissions in 2022, 6% occurred in our own operations (Scopes 1 and 2), driven by electricity and heating. The remaining 94% were created outside our own operations (Scope 3)[1].

We assess our climate-related risks and report our footprint on an annual basis to achieve our targets and ensure our business is prepared for a low-carbon future.
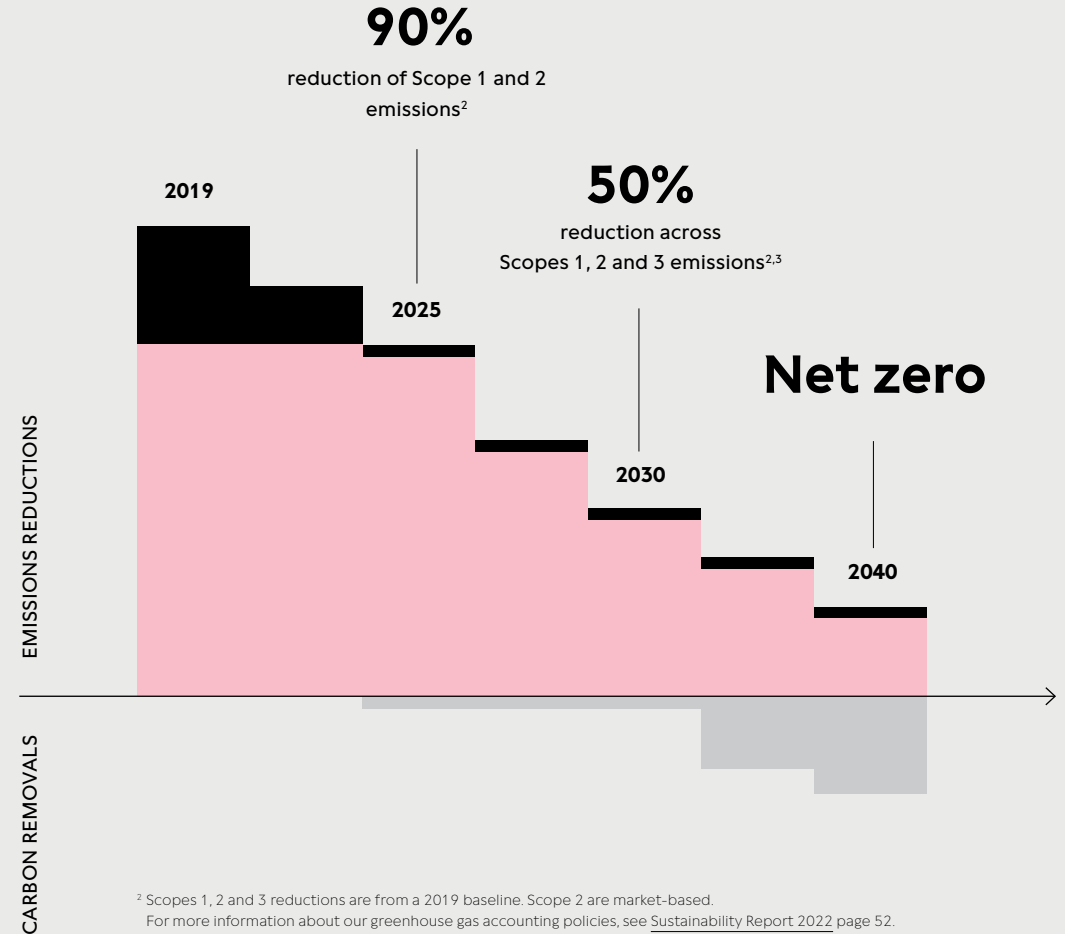
[1] 2022 numbers. See the Pandora 2022 Sustainability Report page 52 for more details.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

EMISSIONS REDUCTIONS
Reductions roadmap to reach net zero target

■ Scopes 1 and 2 emissions[2]
■ Scope 3 emissions
■ Carbon removals

90% reduction of Scope 1 and 2 emissions[2]

50% reduction across Scopes 1, 2 and 3 emissions[2,3]

Net zero

2019

2025

2030

2040

EMISSIONS REDUCTIONS

CARBON REMOVALS

[2] Scopes 1, 2 and 3 reductions are from a 2019 baseline. Scope 2 are market-based. For more information about our greenhouse gas accounting policies, see Sustainability Report 2022 page 52.
[3] Reduce value chain emissions by 42% by 2030 from a 2019 baseline.

GREENHOUSE GAS EMISSIONS IN 2022

0.4%
Scope 1

5.6%
Scope 2
(market-based)
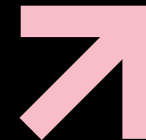
94%
Scope 3
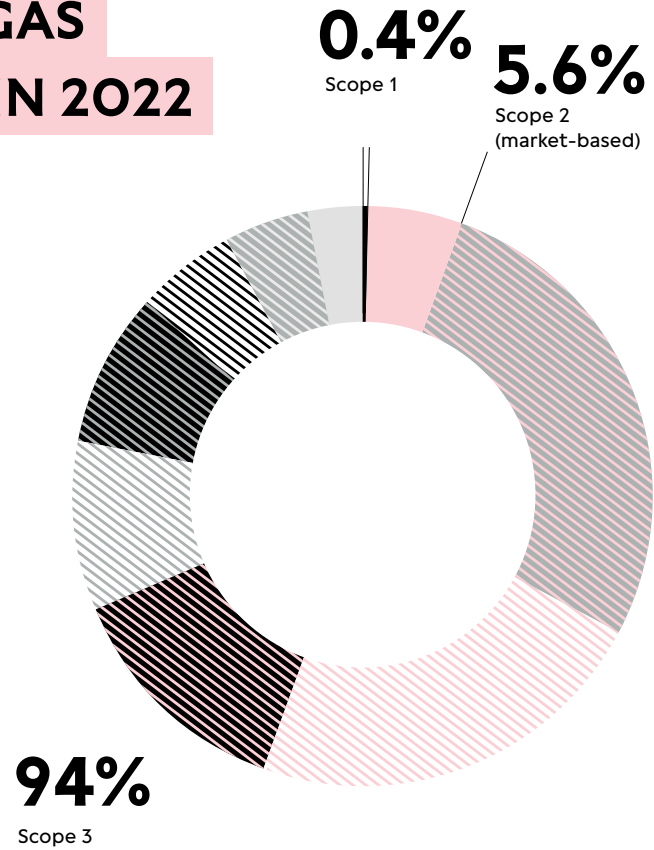
■ **0.4% Scope 1**
Emissions from refrigerants and fossil fuels used at Pandora's facilities.

■ **5.6% Scope 2 (market-based)**
Emissions from electricity and heating used at Pandora's facilities.

94% Scope 3
Emissions from other sources outside of Pandora's own operations:

▨ **29% Crafting materials**
Raw materials such as silver, gold, copper, cubic zirconia and other metal alloys, and production materials like gypsum and enamel.

▨ **24% Other**
Fuel and energy-related activities, business travel, employee commuting, water supply, waste generated in operations, consultancy services, and facilities management.

▨ **14% Media & marketing**
Media spend across all channels ranging from TV campaigns to digital ads and email marketing.

▨ **10% Packaging and point-of-sale materials**
Bags, boxes, printed materials, campaign items, displays and trays, and other types of packaging.

▨ **9% Transportation**
Transportation and distribution of Pandora jewellery, including inbound and outbound logistics and third-party distribution.

▨ **6% IT**
Outsourcing services, hardware, telecom data, and IT consultants.

▨ **5% Franchises**
Pandora franchises, wholesale and other points of sale not directly owned by Pandora.

▢ **3% Capital goods**
Various machines, crafting equipment and furniture in stores.

Read more about our emissions in our Sustainability Report 2022 page 52.
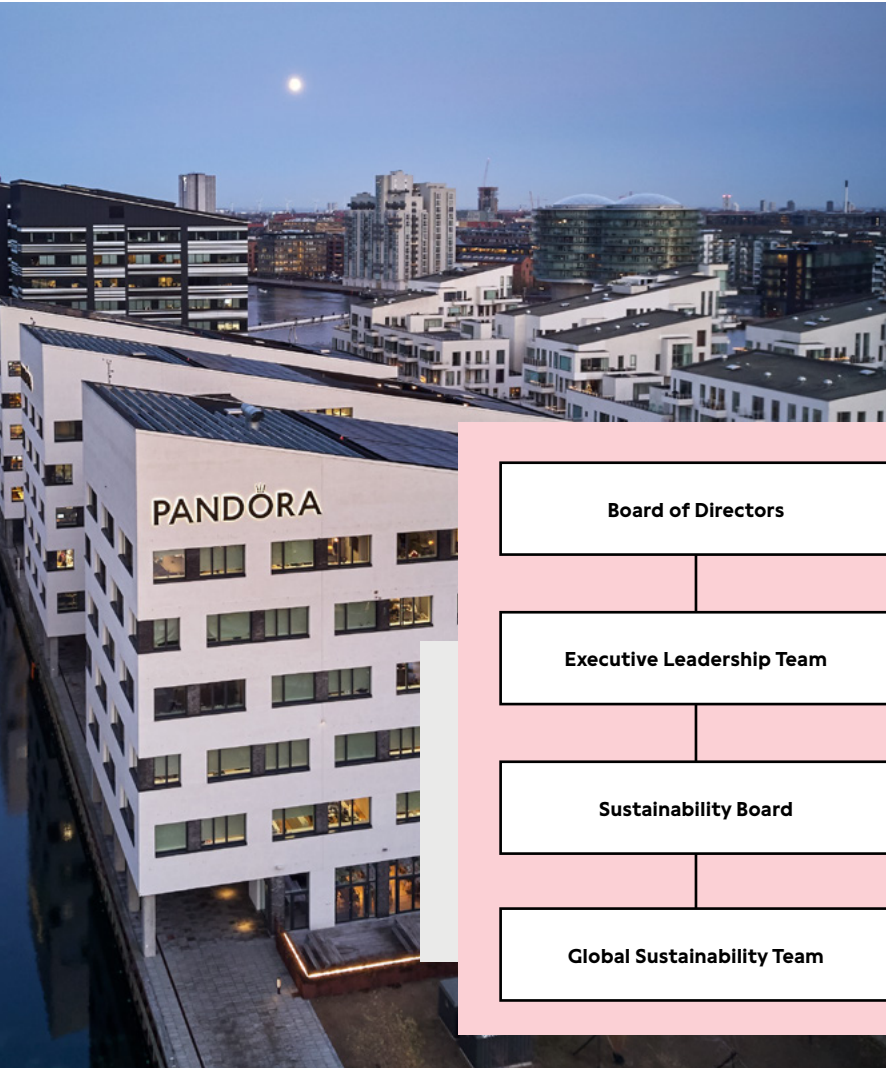
Circular innovation

At Pandora, we strive to ensure that our use of raw materials in both the crafting and sales of our jewellery has the lowest impact possible on the environment, people and communities.

We continue to identify and assess circular solutions, with the aim of integrating these into the relevant stages of our value chain. More than half of the world's economic value generation depends on natural resources, including the materials used in our products. A tripling of the global middle class over recent decades has increased global consumption, including in the lifestyle and luxury industries, increasing the pressure on natural systems.

We have an opportunity and responsibility to accelerate the transformation towards circular production and consumption models for our industry.

We currently have the following target and will add more as we work towards this transformation:

• Purchase 100% recycled silver and gold for crafting our jewellery by 2025.

Learn more

about our responsible sourcing practices on page 31 of our Sustainability Report 2022.

GOVERNANCE

Pandora's Board of Directors has oversight duties for all the company's activities, including those related to sustainability, while responsibility for the execution of the sustainability strategy lies with the Executive Leadership Team.

Pandora's Sustainability Board, which reports to the Executive Leadership Team, oversees the corporate sustainability strategy, which is implemented by the Global Sustainability Team. The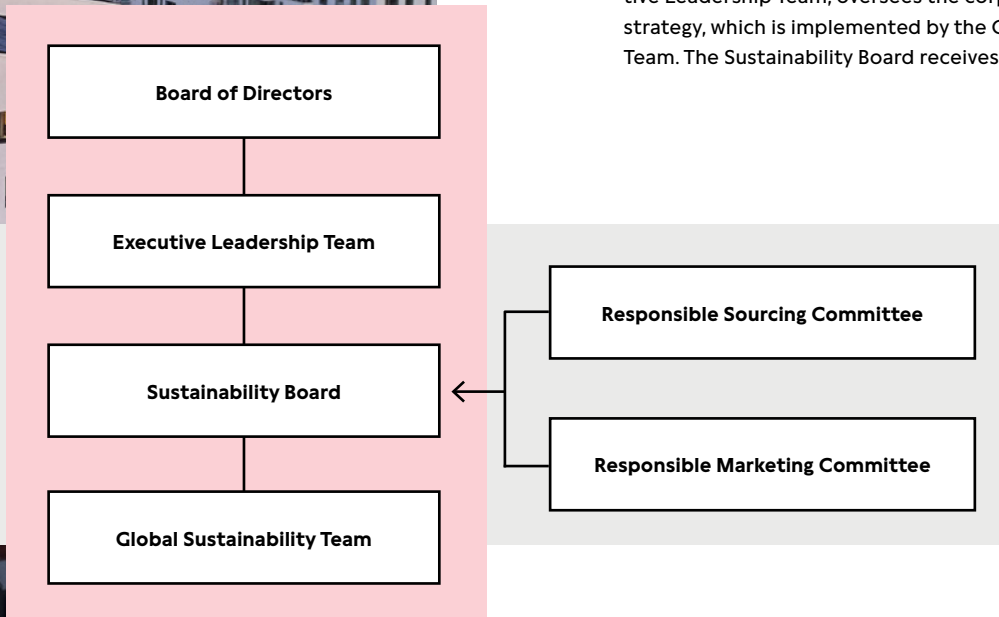 Sustainability Board receives regular updates from the Global Sustainability Team on strategy implementation, progress towards achieving our sustainability targets and identified risks and opportunities.

Five of the nine Sustainability Board members have a seat on Pandora's Executive Leadership Team, including the CFO, who chairs the Sustainability Board. The following corporate functions are currently represented on the Sustainability Board: Supply Chain, Product, Retail, Human Resources, Marketing, Finance, and Corporate Communications and Sustainability.

Sustainability Board members are responsible for integrating sustainability into the operations of their respective functions with support provided by the Global Sustainability Team.

Pandora's Responsible Sourcing Committee oversees sustainability-related supply chain governance, including the implementation of the Responsible Sourcing Policy and Programme. The committee's seven members review and recommend approaches for new policies, strategies and supplier engagement.

Pandora's Responsible Marketing Committee is responsible for updates to and implementation of the Responsible Marketing Standard. It is headed by a representative from the Marketing Leadership team and includes representatives from various functions within the business.

Board of Directors

Executive Leadership Team

Sustainability Board

Global Sustainability Team

Responsible Sourcing Committee

Responsible Marketing Committee

INTERNATIONAL INITIATIVES AND STANDARDS

PANDORA for unicef

UNICEF partnership

Since 2019, Pandora has partnered with UNICEF to support the world's most vulnerable children and provide opportunities for young people to lead healthier, safer lives and fulfil their potential. To date, Pandora has donated a total of USD 10 million, helping more than 1.2 million children through the partnership. Our donation supports UNICEF's programmes to fund learning and skills development, personal empowerment, and gender equality activities. Pandora is a flexible funding champion, allowing UNICEF to allocate resources where they are needed the most to help children around the world to survive and thrive.

To demonstrate our commitment to sustainability we report our sustainability information in accordance with selected international initiatives and standards.

Science Based Target

In 2021, the Science Based Targets Initiative (SBTi) validated Pandora's target to reduce absolute greenhouse gas emissions (Scope 1, 2, and 3) 50% by 2030 from a 2019 baseline.

Task Force on Climate-Related Financial Disclosures (TCFD)

Pandora monitors both physical and transitional-related climate risk. We are committed to transparent climate reporting and submit an annual survey response to CDP according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

EU Taxonomy

In 2022, we initiated our EU Taxonomy ("Taxonomy") assessment focusing on assessing the applicability of the economic activities listed in the environmental objectives on climate change mitigation and climate change adaptation to Pandora's core business.

Our core jewellery industry economic activities are not covered by the Climate Delegated Act and consequently are Taxonomy non-eligible; hence, we have no eligible Revenue. For the reporting of 2021, our assessment on eligibility was based on the interpretation that eligibility should be considered for our crafting of jewellery economic activities only, hence no eligible activities were identified. For the reporting of 2022, the interpretation has changed, and the eligibility assessment has broadened to consider other economic activities in terms of CAPEX and OPEX. Based on this interpretation, we have identified CAPEX and OPEX related eligible economic activities that meet the Taxonomy's definition.

UN Global Compact

We are committed signatories to the United Nations Global Compact (UNGC) since 2011 and acknowledge our responsibilities in the areas of human rights, labour, environment and anti-corruption.

UN Sustainable Development Goals (UN SDGs)

We have assessed Pandora's opportunities to support the Sustainable Development Goals and have concluded that our business aligns most closely with five of the goals - SDG5 Gender equality, SDG7 Affordable and clean energy, SDG8 Decent work and economic growth, SDG12 Responsible consumption and production and SDG 13 Climate action.

KEY ESG RATINGS

Being recognised as a sustainability leader in our industry demonstrates that we have managed to continuously improve our sustainability performance.

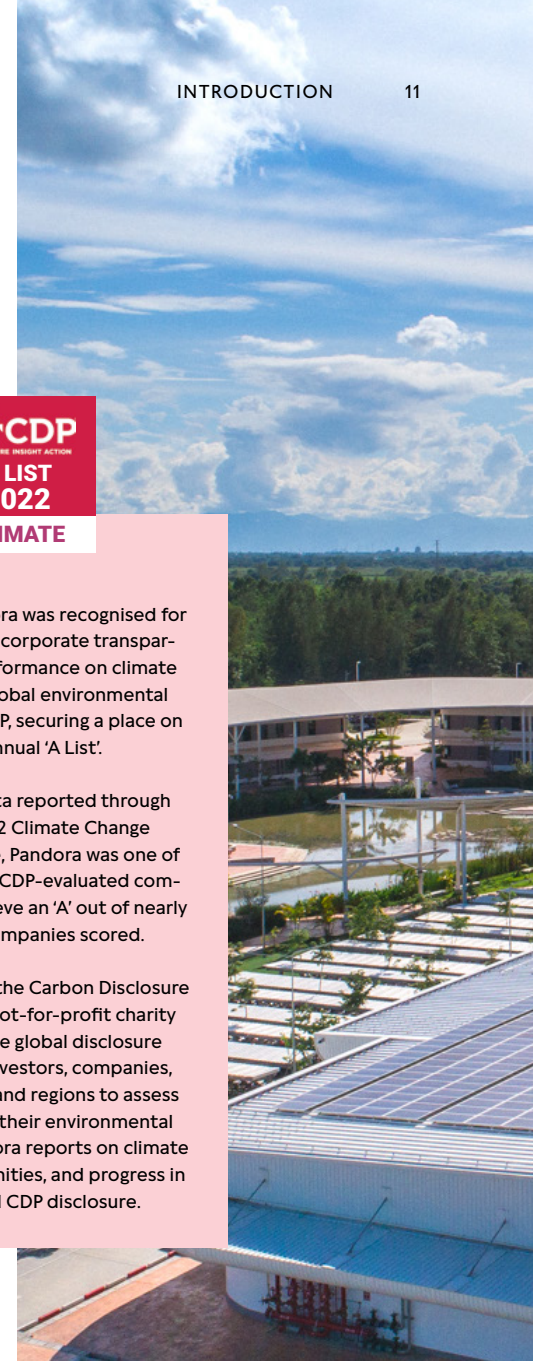| RATING	PERFORMANCE
SUSTAINALYTICS	Methodology note, low score = good **12/100** - Pandora ranked 10th (out of 177 companies) in the Textiles & Apparel sector
MSCI	Methodology note, AAA = top score **Top 'AAA' rating** - 7th straight year
ISS ESG▷	Methodology note, A = top score **C rating** - Top 20% of Industry, B rating is highest industry score
Bloomberg®	Methodology note, 100 = top score **43/100**
REFINITIV	Methodology note, 100 = top score **71/100** - Pandora ranked 17th (out of 118 companies) in the Textiles & Apparel sector
CDP	Methodology note, A = top score **A list** - Leadership level
S&P Global Ratings	Methodology note, 100 = top score **52/100** - Pandora above industry average in all disclosure categories

CDP
A LIST 2022
CLIMATE

In 2022, Pandora was recognised for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP, securing a place on its annual 'A List'.

Based on data reported through CDP's 2022 Climate Change questionnaire, Pandora was one of around 2% of CDP-evaluated companies to achieve an 'A' out of nearly 15,000 companies scored.

CDP (formerly the Carbon Disclosure Project) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to assess and disclose their environmental impacts. Pandora reports on climate risks, opportunities, and progress in its annual CDP disclosure.

THE FRAMEWORK

SUSTAINABILITY-LINKED FINANCE FRAMEWORK

The Sustainability-Linked Finance Framework (the "Framework") is aligned with market expectations, voluntary standards and recent regulatory developments. In relation to sustainability-linked financing, this Framework has been developed in alignment with the June 2020 Sustainability-Linked Bond Principles (SLBP)[4] and the March 2022 Sustainability-Linked Loan Principles (SLLP)[5], as well as current market practice.

[4] Sustainability-Linked Bond Principles published in June 2020 are voluntary guidelines for issuing Sustainability-Linked Bonds established by the International Capital Markets Association (ICMA): www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf

[5] Sustainability-Linked Loan Principles published in March 2022 are voluntary process guidelines for issuing green loans established by Loan Markets Association ("LMA"), Asia Pacific Loan Market Association ("APLMA") and the Loan Syndications and Trading Association ("LSTA"): www.lsta.org/content/sustainability-linked-loan-principles-sllp/

The five core components

The five core components of the Sustainability-Linked Bond and Loan Principles are:

• Selection of Key Performance Indicators (KPIs)
• Calibration of Sustainability Performance Targets (SPTs)
• Bond/Loan characteristics
• Reporting
• Verification

The establishment of this Sustainability-Linked Finance Framework serves as a stronger communication of Pandora's sustainability strategy and leadership within these objectives. As our sustainability contribution overarches all the elements of ESG, the focus of this Framework is similarly focused on addressing two of our key strategic priorities: low-carbon business and circular innovation.

SUMMARY OF KEY PERFORMANCE INDICATORS AND SUSTAINABILITY PERFORMANCE TARGETS

The selected KPIs have been included for the purpose of this Sustainability-Linked Finance Framework and its Sustainability-Linked Financing section to reflect Pandora's ability to further align our climate commitments and values to our financing.

KPIs	KPI 1 Reduce absolute Scope 1 and 2 GHG emissions 90% by 2025 from a 2019 baseline.	KPI 2 Reduce absolute Scope 3 emissions 42% by 2030 from a 2019 baseline.	KPI 3 Purchase 100% recycled silver and gold for crafting our jewellery by 2025.
SPTs	31 December 2025: –90%	31 December 2027: –14% 31 December 2028: –23% 31 December 2029: –31% 31 December 2030: –42%	31 December 2025: 100%
Bond characteristics	Margin adjustments, coupon step-ups or increased redemption price		
Reporting and post issuance verification	Annually in Sustainability Report		

SELECTION OF KPIs

LOW-CARBON BUSINESS

KPI 1	**Reduce absolute Scope 1 and 2 GHG emissions 90% by 2025 from a 2019 baseline.**
Definition	Absolute reduction in total Scope 1 and 2 market-based emissions as verified by the Science Based Targets initiative in alignment with a 1.5°C scenario.
Scope	Scope 1: emissions include on-site fuels used to craft jewellery, refrigerants to cool the crafting facilities and fuel used in employee trams.
	Scope 2: emissions include the purchase of electricity and district heating for offices, distribution centres, crafting facilities and Pandora's owned and operated stores.
Calculation method	Scope 1 and 2 GHG emissions are identified and calculated in accordance with the Greenhouse Gas Protocol Corporate Standard. Unit of weight used is metric tonnes CO_2e*.
	For Scope 1, fossil fuel volumes and refrigerant leakage volumes are multiplied by emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA). All CO_2e emission factors used for fossil fuels and electricity are in accordance with the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.
	For Scope 2, emissions are calculated using the market-based emissions methodology and include the purchase of Renewable Energy Certificates (RECs)[6]. Consumption from Retail owned and operated stores are estimated using a spend-based method. The electricity and district heating consumption is multiplied by International Energy Agency (IEA) emission factors for their respective countries to calculate the emissions.

Historical performance

	2019	2020	2021	2022
Scope 1, mtCO$_2$e	1,252	1,250	1,163	**1,118**
Scope 2, mtCO$_2$e	49,862	22,409	20,997	**15,028**
Scope 1 and 2, mtCO$_2$e	51,114	23,659	22,160	**16,146**

Contribution to SDGs

7 AFFORDABLE AND CLEAN ENERGY   13 CLIMATE ACTION

[6] In accordance with the GHG Protocol Corporate Standard, Pandora discloses both market- and location-based Scope 2 emissions. See the Pandora Sustainability Report 2022 page 52.
* tonnes CO_2 equivalent - all emissions are in metric tonnes, as aligned with the Greenhouse Gas Protocol.

LOW-CARBON BUSINESS (CONTINUED)

KPI 2	**Reduce absolute Scope 3 emissions 42% by 2030 from a 2019 baseline.**				
Definition	Absolute reduction in Scope 3 emissions as verified by the Science Based Targets initiative in alignment with the 1.5°C scenario.				
Scope	Scope 3 emissions are identified and calculated based on the Greenhouse Gas Protocol, which divides the Scope 3 inventory into 15 subcategories (C1-C15). Pandora incorporates the following categories: C1, C2, C3, C4, C5, C6, C7, C8 and C14[7]. The remaining categories C9-C13 and C15 are not relevant for Pandora.				
Calculation method	Scope 3 GHG emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Standard.				

Historical performance

	2019	2020	2021	2022
Scope 3, mtCO$_2$e*	245,663	242,416	255,290	**264,224**

Contribution to SDGs

13 CLIMATE ACTION

[7] See the Pandora Sustainability Report 2022 page 52 for further details on Scope 3 categories.
* tonnes CO$_2$ equivalent - all emissions are in metric tonnes, as aligned with the Greenhouse Gas Protocol.

CIRCULAR INNOVATION

KPI 3	**Purchase 100% recycled silver and gold for crafting our jewellery by 2025.**	
Definition	The total purchased silver and gold consists of grains, components, plating solutions for Pandora in-house production, and finished goods from external production (Original Design Manufacturers and Original Equipment Manufacturers). It excludes refinery from scrap and rework metals from Pandora in-house production, production material, tooling and machinery.	
Scope	All Pandora jewellery.	
Calculation method	The percentage of recycled silver and gold is calculated as the share of total purchased silver and gold. Recycled silver and gold are from verifiable recycled sources, including RJC-COC, similar certified sources and various recycled definitions, with the aim to transition to 100% verifiable sources by 2025.	

Historical performance

	2019	2020	2021	2022
Recycled silver and gold total	60%	57%	54%	**61%**

Contribution to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION   13 CLIMATE ACTION

CALIBRATION OF SPTs

LOW-CARBON BUSINESS

SPT 1 – Reduce absolute Scope 1 and 2 GHG emissions 90% by 2025 from a 2019 baseline.
Pandora's GHG emissions in Scopes 1 and 2 represented approximately 6% of total emissions in 2022 and the majority of these came from purchased energy for the company's crafting facilities and owned and operated retail stores.

Recognising that our Science Based Target gives us until 2030 to achieve emissions reductions, we wish to take action as quickly as possible and believe the target to be carbon neutral in our own operations by 2025 is feasible. Carbon removal mechanisms and offsets will balance out any remaining emissions but will, in line with the SBTi Net Zero recommendations, not exceed 10%.

HISTORICAL PERFORMANCE AND BASELINE*	2019	2020	2021	2022
Scope 1, mtCO$_2$e	1,252	1,250	1,163	**1,118**
Scope 2, mtCO$_2$e	49,862	22,409	20,997	**15,028**
Scope 1 and 2, mtCO$_2$e	51,114	23,659	22,160	**16,146**

SPT 1 TRAJECTORY*		2023	2024	2025
Scope 1 and 2, mtCO$_2$e		11,000	2,000	0
Percent reduction against 2019 baseline		-78%	-84%	-90%

* Market-based

Strategy to achieve the target
To reduce Scope 1 and 2 emissions, Pandora will implement energy-saving measures and significantly expand its use of renewable energy through increased installation of solar panels at its crafting facilities and increased sourcing of renewable electricity. Our preference is to increase the amount of new renewable energy through Power Purchase Agreements (PPAs), and over time we aim to replace RECs with PPAs where feasible and available.

Understanding that the most important goal is to reduce the amount of energy used, we aim for operational efficiency across retail, crafting facilities, offices and distribution centres. At our crafting facilities this includes improving the efficiency of our heating, ventilation, air conditioning (HVAC), air filtration systems and burnout processes, which are the main components of our energy consumption. Our crafting facility in Lamphun and our main crafting facility in Bangkok maintain Leadership in Energy and Environmental Design (LEED) Gold building certification. Sourcing renewable electricity will deliver the main contribution towards achieving the target and the current expansion of on-site solar is expected to increase the on-site electricity production to around 6%.

It is our assessment that these actions are realistic and feasible. The main share of our Scope 1 and 2 emissions comes from Scope 2, and the main risk to achieving the SPT would stem from the reduced availability or affordability of renewable energy options in our key locations. It is considered low risk.

Benchmarking SPT 1
Our commitment to reduce Scope 1 and 2 emissions 90% from a 2019 baseline by 2025 will require a 15% reduction annually, which is about three times the annual reductions required by the SBTi methodology for a 1.5C ambition level.

LOW-CARBON BUSINESS

SPT 2 – 42% absolute reduction in Scope 3 emissions by 2030 from a 2019 baseline.

94% of Pandora's greenhouse emissions come from its value chain. This makes value chain reductions particularly central to reducing our climate impact.

HISTORICAL PERFORMANCE AND BASELINE	2019	2020	2021	2022
Scope 3, mtCO$_2$e	245,663	242,416	255,290	**264,224**

SPT 2 TRAJECTORY	2023	2024	2025	2026	2027	2028	2029	2030
Scope 3, mtCO$_2$e	282,964	281,549	266,064	237,462	211,935	189,152	168,818	142,485
Percent reduction against 2019 baseline	15%	15%	8%	-3%	-14%	-23%	-31%	-42%

Strategy to achieve the target

We plan to take the following steps towards this goal:

- Reaching our target of purchasing 100% recycled silver and gold by 2025.
- Switching to low-carbon point-of-sale materials such as packaging, for example reducing plastics and increasing recycled content.
- Partnering with our franchisees to have them source renewable energy for their stores.
- Increasing the use of low-carbon transportation and working with logistics providers to identify solutions with a lower carbon footprint.
- Supplier engagement outreach to lead the way for suppliers to shift to renewable energy, increase energy efficiency savings and increase the reporting of supplier-specific climate impact data to Pandora.

It is our assessment that these actions are realistic and feasible. Similar to KPI 1, we assess the main risk to achieving the SPT as the potentially reduced availability or affordability of renewable energy options available to our suppliers. However, it is considered low risk.

Benchmarking SPT 2

Our commitment to reduce Scope 3 emissions 42% from 2019 to 2030 will require 3.8% reductions annually, which we consider to be well beyond the SBTi methodology for a 1.5C ambition level.

CIRCULAR INNOVATION

SPT 3 – Purchase 100% recycled silver and gold for crafting our jewellery by 2025.

We have set a target to purchase 100% recycled silver and gold for crafting our jewellery by 2025. As the largest jewellery brand in the world, reaching this target will not only have a large impact on our environmental footprint, it will hopefully also contribute to a positive sustainable development of our industry.

In 2022, the share of silver and gold purchase for the crafting of our products was 61%, compared to 54% in 2021.

With silver accounting for 76% of our raw material carbon emissions, we commit to purchasing 100% recycled silver and gold for use in our jewellery by 2025.

Historical performance and baseline

In 2022, silver made up approximately 77% of purchased product materials by weight, and due to our increasing production volumes, the demand for recycled silver is growing. At the same time, the market and supply chain for recycled silver are only now being established at scale.

In 2021, we saw a small decrease in the share of recycled silver and gold purchased from 57% in 2020 to 54% in 2021. As our production volumes grew by 17%, lead times required for sourcing recycled metals were unable to keep pace with our increased demand. We are still on track to reach our target of purchasing only recycled silver and gold by 2025.

HISTORICAL PERFORMANCE AND BASELINE	2019	2020	2021	2022
Recycled silver and gold (%)	60%	57%	54%	**61%**

SPT 3 TRAJECTORY	2023	2024	2025
Recycled silver and gold (%)	80%	90%	100%

Strategy to achieve the target

For jewellery parts that are sourced from partners, in 2022 we further tightened our criteria for when metals can be considered "recycled" and rolled out a third-party audit mechanism to assess supplier practices. These audits are carried out against a set of Pandora requirements inspired by the Responsible Jewellery Council's Chain of Custody Certification and provenance claims. We audited 69% of our silver and gold supplier base in 2022, ensuring that more than 96% of the total volume of silver and gold used came from certified or audited suppliers.

A key challenge we have faced is the lack of a common standard on recycled materials. Definitions, traceability requirements and certification standards are still new and not widely adopted across industries working with recycled materials. By being among the frontrunners, we hope our efforts will help pave the way for the industry to develop a common set of standards.

From a historical perspective, our updated definitions and increased criteria led to a slight decrease in the proportion of recycled silver and gold in 2021 as compared to 2020, but we are on track to reach our target by 2025.

The main risk to achieving the target would be reduced availability or affordability of recycled silver and gold. However, no short-term sourcing issues have been identified as part of the ongoing long-term sourcing strategy development.

Benchmarking SPT 3

As we work towards achieving 100% recycled silver and gold, the achievement of KPI 3 will be measured against our historic performance.

BOND CHARACTERISTICS

Characteristics outlined in this Framework are applicable to all Sustainability-Linked Securities issued under it. The financial characteristics of the security issued under this Framework will be impacted depending on the achievement of the SPTs indicated in this Framework. Pandora may choose to include one or more KPIs and respective SPTs for each security to be issued.

Specific financial characteristics for each security will be detailed in the final terms of the respective security. Furthermore, characteristics specific to any single Sustainability-Linked Security issued under this Framework, such as the Target Observation Date(s)[8], and the corresponding SPT(s) based on the SPT Trajectory, will be included in its security-specific documentation.

Fallback Mechanism

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to Pandora's sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards.

Any significant or structural changes to Pandora and/or company structure, methodology for calculating the Group's absolute greenhouse gas emissions, material acquisitions or disposals or any discovery of significant errors, which results in an increase or decrease to the value of the Scope emissions amount by at least 5 percent, may result in a

recalculation of the baseline of Scope emissions and the targets set for the absolute greenhouse gas emissions for the Scope emissions. Any recalculations of baseline of Scope emissions and the targets set for the absolute greenhouse gas emissions for the Scope emissions should be reported in the Company's sustainability report and be verified by a qualified independent third party, with relevant expertise as described in section "Verification" (p. 23). Recalculated levels of CO_2e emissions for [KPI 1 and 2] shall be submitted to Science Based Targets initiative. If Pandora recalculates its Science Based Target during the bond maturity, any validated reduction commitments shall replace KPI 1 and KPI 2 and their corresponding SPT 1 and SPT 2.

Any new or updated Sustainability-Linked Bond Framework, in relation with any subsequent securities issuance, shall not have any implications on the Sustainability-Linked Securities issued under this Framework.

Bond Trigger Events

The financial characteristics of any bond issued under this Framework will be specified in its related bond documentation. For any bond issued under this Framework, there will only be one possible Step Up Date which would impact the financial characteristics of the bond. Depending on the KPI performance in relation to the SPTs (as outlined below), a Trigger Event may occur which will result in an increase in coupon, applying to the relevant bond from the first day of the next interest period following immediately after the Trigger Event until maturity.

Should Pandora fail to provide due support for it having achieved the applicable SPT(s) (referring to sections "Reporting" (p. 22) and "Verification" (p. 23) for details) for the applicable Target Observation Date(s) as set out in the security specific documentation ("Trigger Event"), the financial characteristics of the Sustainability-Linked Security will change as outlined in the security specific documentation. This may include, but is not limited to, a pre-determined coupon adjustment or re-payment amount adjustment as will always be stated in security-specific documentation for each Sustainability-Linked Security.

For the avoidance of doubt, the Trigger Event is the result of an observation as to whether, or not, each of the selected KPIs individually have achieved their respective SPTs and is defined as any of the following events:

• A KPI included in a security issued under this Framework has not achieved the SPT on the Target Observation Date as stipulated by the security specific documentation, or

• The reporting for an individual Sustainability-Linked Security issued under this Framework does not meet the requirements as set out in the section "Reporting" (p. 22) of this Framework and security specific documentation, or

• The verification (as per the section "Verification" (p. 23) of this Framework and security specific documentation) of the SPTs has not been provided and made publicly available within the timeframe described in the section "Verification" (p. 23).

[8] Target Observation Date(s) being the dates on which progress versus the SPT(s) will be measured and further specified in the security specific documentation.

REPORTING

Learn more

about our Policies and Standard on our corporate website or Sustainability Report 2022.

Reporting of the Sustainability-Linked Securities will be published publicly at least on an annual basis. Pandora will ensure that it will publish, keep readily available and easily accessible up-to-date information on the performance of the selected KPI(s), including baselines. The actual KPI performance will be reported in our annual Sustainability Report. KPI and SPT data, among other non-financial information in the Sustainability Report, will be reviewed by a qualified independent third party, with relevant expertise as described in section "Verification" (p. 23). The Report will be published on Pandora's web page no later than 90 days after the end of each financial year to ensure investors and other stakeholders have updated and adequate information about Pandora's sustainability strategy and the progress on the KPIs towards the respective SPTs.

The Report, together with the external verification, will form the basis for evaluating the impact on respective security characteristics as outlined in the section "Bond Characteristics" (p. 21) as well as in the respective security specific documentation. These reports together will include relevant information needed to assess the potential need for variation of the security characteristics.

The Sustainability Report may include the following items:
• The performance of the KPI, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines when relevant,

• Information about potential recalculations of baselines and respective SPT levels, alongside circumstances leading to any such recalculation,

• External verification related to the KPIs and SPTs,

• Information on any updates to Pandora's sustainability strategy and/or governance with an impact on the KPI and SPT.

Where feasible and possible, Pandora's Sustainability Report will also include:
• Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPI on an annual basis,

• Illustration of the positive sustainability impacts of the performance improvement,

• Any re-assessments of the KPI and/or restatement of the SPT and/or proforma adjustments of baselines or KPI scope,

• Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

Notwithstanding the above, in situations where the financial characteristics of Pandora's outstanding Sustainability-Linked Securities may need to be amended in less than 90 days from the end of the relevant financial year related to the Target Observation Date, Pandora will undertake to make the Reporting related to the period including the Target Observation Date available in a shorter timeline, as shall be described in the security specific documentation. This can include, but is not limited to, a separate reporting outside of the Sustainability Report to be delivered to the holders of the Sustainability-Linked Security in question.
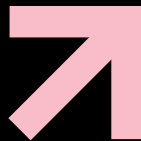
VERIFICATION

Pandora will ensure an external and independent verification, in the form of a limited assurance, of the performance of the KPIs listed in this Framework, in their progression towards the respective SPTs, on an annual basis ("Verification Assurance Report"). The Verification Assurance Report shall be conducted by an external, independent third-party reviewer with relevant expertise and qualifications, such as an auditor or an environmental consultant. The Verification Assurance Report, either as part of Pandora's Sustainability Report or being provided as a separate report, shall be made public no later than 90 days after the end of each of its financial year as outlined in section "Bond Characteristics" (p. 21) as well as specified in the security specific documentation. The Verification Assurance Report may, at the discretion of Pandora, also include review of other non-financial information as may be subject to the agreed scope of work with the independent third-party performing the task.

Failure to provide the above-mentioned ex-post verification before the Reporting End Date shall result in an automatic adjustment in the financial characteristics as outlined in the security specific documentation.

EXTERNAL REVIEW

To confirm the transparency and robustness of this Framework, Pandora has engaged Moody's to act as an external reviewer of this Sustainability-Linked Finance Framework. Amongst other things, it confirms the alignment of this Framework with the latest Sustainability-Linked Bond Principles set out in 2020 and the Sustainability-Linked Loan Principles set out in 2022. Moody's, assessed the Framework to be Aligned with the Sustainability-Linked Principles and have a High contribution to sustainability.

This Framework and the Second Party Opinion will both be publicly available on Pandora's website www.pandoragroup.com ↗