Annual General Meeting Pandora 14 March 2018

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Thank you for the floor. My name is Claus Wiinblad, and I am representing ATP.

First of all, thank you to the chairman and the CEO for their reports and the presentation of the results for 2017.

2017 has not been a good year for Pandora. The results came in just below the guided range and the share price have dropped 34 per cent since the beginning of 2017.

There is no doubt that after several years of very high growth rates, Pandora is in a transition phase, both in terms of distribution, product portfolio and of adapting to a tough retail environment in the US. And not the least the level of growth.

In my opinion, the board of directors have made several mistakes in this transition phase.

Pandora has been too slow to react to the depressed US-retail environment and to the swift towards e-commerce in general.

Further, the company has been too slow in terms of renewing their product portfolio.

Pandora maintained the guidance after the Q2-result despite DKK 700m in currency head wind. With hindsight, the too high guidance had the effect that management - and excuse me my Danish – "hoppede fra tue til tue" in order to reach the guidance. This created the impression from the outside of a management taking short term decisions to reach the guidance with the risk of long term negative effect on the brand.

Further, the communication from the company has once again been completely inadequate, in order to comfort the investors that the company was on the right track during 2017.

In connection with the CMD in January, Pandora announced a new set of long term financial targets, which are absolutely appreciated. However, in order to regain investor confidence, we must be convinced that over the coming period these new targets are reasonably conservative and within reach on a consistent basis.

Despite this criticism we have kept our shares in Pandora. There are several reasons for this:

- With the production setup in Thailand, Pandora continues to have a strong competitive advantage in the jewellery industry

- There is potential for further expansion of the distribution and potential for forward integration

- And not the least - Pandora continues to generate a very strong cash flow, which is reflected in a high payout to shareholders. And we appreciate the adjusted payout policy.

Of course, now Pandora must prove that the renewed product portfolio is sufficiently successful in order to drive like-for-like sales growth and to reach the new financial targets. And we need to see positive development in both Pandora’s own retail and very importantly also in the wholesale business.

I also have a question for the chairman regarding the management incentive program. Could you please elaborate on the following?

- How has the KPI for the allocations in the remuneration program been set for 2017?

- Given the poor results for 2017, it is difficult from the outside to see that these KPI’s have been set in a way, which is in alignment with the interest of the shareholders, since the very high realization of max limit in the program given the results seems very generous indeed.

Further, the LTI program is based on allocation of options. We have in general a preference for share-based programs. In particular for stocks like Pandora with very high volatility, there is a risk that allocation of option rewards the high volatility rather than the creation of long term shareholder value. Consequently, I would ask the board of directors to consider shifting to a share based program going forward.

Lastly, I would like to take this opportunity to thank Alain Leighton, who is stepping down from the board today. I have appreciated the very good dialogue with you – both during your time as CEO as well as chairman. More importantly I would like to thank you for the very significant contribution to the turnaround of Pandora back in 2012.

Thank you

The question was commented on by the Chairman of the Board/The CEO.

At Pensions & Investments, we are around 100 employees who almost all have a university-level education in the field of economics or the natural sciences. Together, we are responsible for managing over DKK 769bn that we invest in, among other things, bonds, equities, real estate and infrastructure. Our goal is to generate the highest possible returns for our members.

ATP actively participates in the companies’ annual general meetings and has an ongoing dialogue with the individual companies in order to discuss strategy and results and to assess the management’s focus on shareholder interests.