

**TRANSPARENCY IN SUPPLY  
CHAINS STATEMENT**

**2021**

**PANDÖRA**

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**We give a voice to people's loves.**  
**As a leading global jewellery company, this purpose ties closely to our commitment to respect the dignity and rights of all people and communities.**

Pandora's mission is to give a voice to people's loves, and as a leading global jewellery company, this purpose ties closely to our commitment to respect the dignity and rights of all people and communities. As we head into 2022, we have seen a growing humanitarian crisis as war continues in Ukraine and the COVID-19 pandemic continues to create new challenges for society. This has challenged us to be agile and has underscored the importance of demonstrating supply chain traceability and transparency.

Our commitment to respect human rights applies to Pandora's own operations and value chain worldwide. We expect our employees, suppliers and other third parties including franchisees to assist Pandora in its efforts to respect human rights and address modern slavery risks. We are committed to continuous improvement of processes that will address emerging challenges across our business.

In 2021, we continued to focus on laying the foundations for a human rights programme

across our business. We increased resources with new hires in our offices in Copenhagen and Thailand and made significant updates to our Human Rights Policy, while also introducing additional guidance on responsible marketing and materials. In our supply chain, we monitored suppliers through our audit programme and continued to find ways to support suppliers through training activities.

# ABOUT PANDORA

Pandora is the world's largest jewellery brand. We design, manufacture and market hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through 6,800 points of sale, including more than 2,600 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 27,000 people worldwide and crafts its jewellery at two LEED-certified facilities in Thailand. In 2021, Pandora



completed its turnaround and announced a new business strategy, called Phoenix. Sustainability serves as a foundational element of the Phoenix strategy, supporting our growth ambitions and aligning our actions with our values.

Our sustainability strategy is comprised of three priorities for which we have set long-term targets. Our priorities are to become a low-carbon business, drive circularity into the core of how our products are designed to their end of life, and act as an example of what it means to be inclusive, diverse and fair.



## Our company at a glance

**23.4**  
DKK billion revenue

**27,000**  
employees on average

**6,800**  
points of sale in more than 100 countries

**94**  
million pieces of jewellery produced at our two crafting facilities in Thailand

<sup>1</sup> Excludes pearls.

## Our product supply chain at a glance

**96**  
Tier 1 product suppliers

**11%**  
outsourced finished goods production (89% produced at our two crafting facilities in Thailand)

**54%**  
recycled silver and gold

**100%**  
man-made stones used in Pandora products<sup>1</sup>

# OUR PRODUCT SUPPLY CHAIN

Our sustainability ambitions are central to how we approach each segment of the value chain, from design, sourcing and crafting through to the marketing and sale of our jewellery. We own and operate the vast majority of our value chain and most of our jewellery is produced in-house at our two crafting facilities in Thailand. Our supply chain is categorised according to direct product suppliers, or



the materials that we use in our jewellery, and indirect suppliers, which are goods and services not for resale.

Pandora's business model mitigates human rights risks in its upstream supply chain. By operating a lean supply chain with relatively few suppliers compared to similarly sized manufacturing and retail businesses, we can build long-term relationships with our suppliers and focus on minimising risks.

The materials sourced by Pandora are first and foremost silver, gold, copper, palladium and man-made<sup>1</sup> stones such as nanocrystals and cubic zirconia. In 2021, we announced we will no longer use mined diamonds in Pandora products and 100% of the stones used in Pandora's products in 2021 were man-made. We also use leather, polyester and glass, although in significantly smaller volumes, and wood-based materials and plastic for our point-of-sale materials. In 2021, silver continued to make up approximately 81% of purchased product materials, measured by weight. We work with a total of 96 Tier 1 product suppliers. On our corporate website, we list our key silver and gold grain suppliers.

We work to continuously improve the social and environmental footprint of our supply chain, primarily by choosing suppliers that comply with category-specific internationally

recognised standards. Pandora supports and aligns its approach with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. All the silver and gold used in making our jewellery comes from certified responsible refiners according to the Responsible Jewellery Council Code of Practices or the London Bullion Market Association Good Delivery Rules. This is confirmed by due diligence on our suppliers. By sourcing our core jewellery materials from certified responsible suppliers, we seek to mitigate the risk of Pandora being complicit in adverse human rights impacts. Our supply chain is and will remain a key focus area of our human rights and modern slavery risk mitigation efforts.

We recognise that although we produce the majority of our jewellery in-house, there are human rights risks in our manufacturing supply chain, including risks associated with modern slavery. For example, there are human rights risks associated with our decision to only source recycled gold and silver by 2025 and only source man-made stones. In the recycled metals supply chain, risks are primarily associated with the informal recycling of electronic and industrial waste from the extraction of gold and silver. Going forward, we will explore opportunities to further assess these risks in greater detail.



We continuously monitor areas of our operations, supply chain, and franchises where there are high-risk business models, sectors and/or geographies.

<sup>1</sup> Excludes pearls.



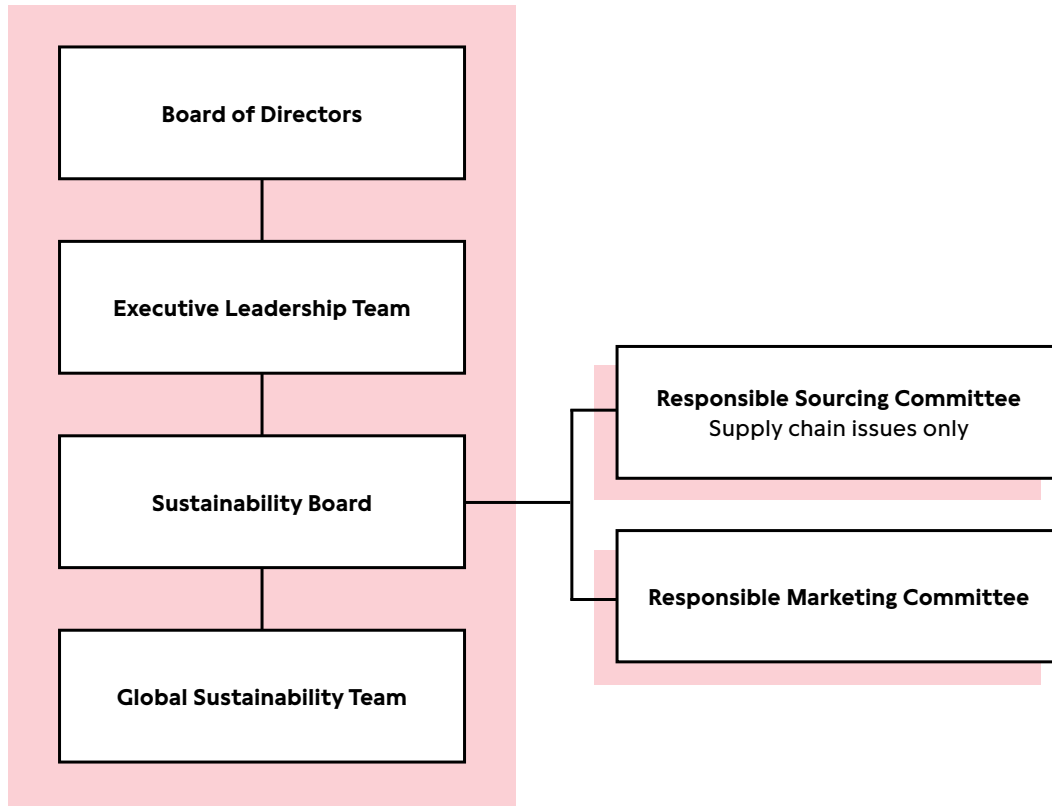
## Manufacturing and refinery locations

- Pandora crafting facilities
- Finished goods suppliers
- Silver grain refineries
- ▨ Gold grain refineries
- ▨ Man-made stones<sup>1</sup> and lab-created diamonds



<sup>1</sup> Excludes pearls.

# SUSTAINABILITY GOVERNANCE



## Governance structure

Sound governance structures provide accountability and transparency in decision-making and ensure that our business activities fulfil our social and environmental ambitions.

Pandora's Sustainability Board oversees the corporate sustainability strategy, which is implemented by Pandora's 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 our CFO, who chairs the Sustainability Board. The following corporate functions are currently represented on the Sustainability Board: Supply Chain, Product, Retail, Human Resources, Marketing, and Corporate Communications & Sustainability.

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

Our Responsible Sourcing Committee oversees sustainability-related supply chain governance, including the implementation of the Responsible Sourcing Policy and Programme. Its seven members review and recommend approaches for new policies, strategies and supplier engagement. The Responsible Sourcing Committee is co-chaired by the VP, Supply Chain & Sustainability and the Director, Global Sustainability, and reports to the Sustainability Board.

The Board of Directors receives an update on human rights twice a year. The Board of Directors is ultimately responsible for assessing the nature and extent of risks associated with Pandora's strategic direction and for the implementation of effective risk identification, assessment and mitigation.



## Policies and standards

We recognise that human rights due diligence is a continuous process, and we have policies, processes, training and monitoring systems in place to embed human rights considerations into all relevant business decisions. By establishing a comprehensive policy framework, we ensure that all employees understand the importance of exercising sound judgement and that maintaining the integrity of our operations is a collaborative effort.

Read more about our [policies and standards](#) ↗ on our corporate website.



### Human Rights Policy

The Human Rights Policy outlines our commitment to respect human rights throughout our own operations and value chain worldwide. The updated 2021 policy aligns with international human rights standards and expectations as outlined in the UN Guiding Principles on Business and Human Rights and other internationally recognised standards, including:

- Universal Declaration of Human Rights
- International Covenants on Civil and Political Rights and Economic, Social and Cultural Rights
- International Labour Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work
- Convention on the Elimination of All Forms of Discrimination Against Women
- Convention on the Rights of the Child



### Global Code Of Conduct

Pandora's Code of Conduct sets out the company's commitment to ethical business practices and standards of behaviour, to which we expect the entire Pandora organisation to adhere. In 2021, we rolled out an e-learning module on the Code of Conduct, which includes a scenario on working conditions.



### Responsible Sourcing Programme:

#### 1. Supplier Code of Conduct

The Supplier Code of Conduct outlines our basic expectations of suppliers on environmental, social and legal compliance criteria. We updated this in 2021 to align with international standards, including the Ethical Trading Initiative Base Code and International Labour Organization conventions, and included more detailed provisions on compliance and environmental factors. It includes 28 clauses across key areas including legal and compliance, human rights and labour rights, working conditions and the environment. Key clauses relevant to modern slavery include the prohibition of forced labour, the prohibition of

child and young labour, freely chosen employment, living wages, working hours, and no harsh or inhumane treatment.

#### 2. Responsible Sourcing Policy

Through our Responsible Sourcing Programme, we set out the principles and standards that we apply when selecting and working with our business partners. The Responsible Sourcing Policy outlines how we implement our Supplier Code of Conduct through risk assessment, management systems, traceability, audits, reporting and disclosure. We updated this in 2021 with more detailed descriptions of our procedures.

#### 3. Materials Standard

The Materials Standard was launched in 2021. It outlines general sustainability principles and guidance for materials sourcing and selection.



### Responsible Marketing Standard

The Responsible Marketing Standard outlines principles to ensure we market our products in a responsible way in line with human rights guidelines.



# OUR APPROACH TO HUMAN RIGHTS

We respect the human rights of our employees, franchisees, consumers, suppliers and their workers and local communities. We do not tolerate any form of slavery or human trafficking in our own operations or value chain and acknowledge our responsibility to prevent it, including but not limited to child and forced labour.

Through proactive due diligence, we seek to avoid causing or contributing to adverse human rights impacts through our own activities and complicity in the adverse impacts caused by others. We integrate human rights due diligence across relevant business functions and prioritise appropriate actions to identify, prevent or mitigate those impacts in our operations and value chain.

## Identified salient human rights issues

Pandora has taken steps to better understand the human rights risks and impacts across its own operations and entire value chain to guide our risk mitigation efforts. We worked with an independent third party to conduct

a human rights risk saliency mapping and we will continue to conduct human rights impact assessments on an as-needed basis. Based on our latest assessment, we identified the following priority issues:

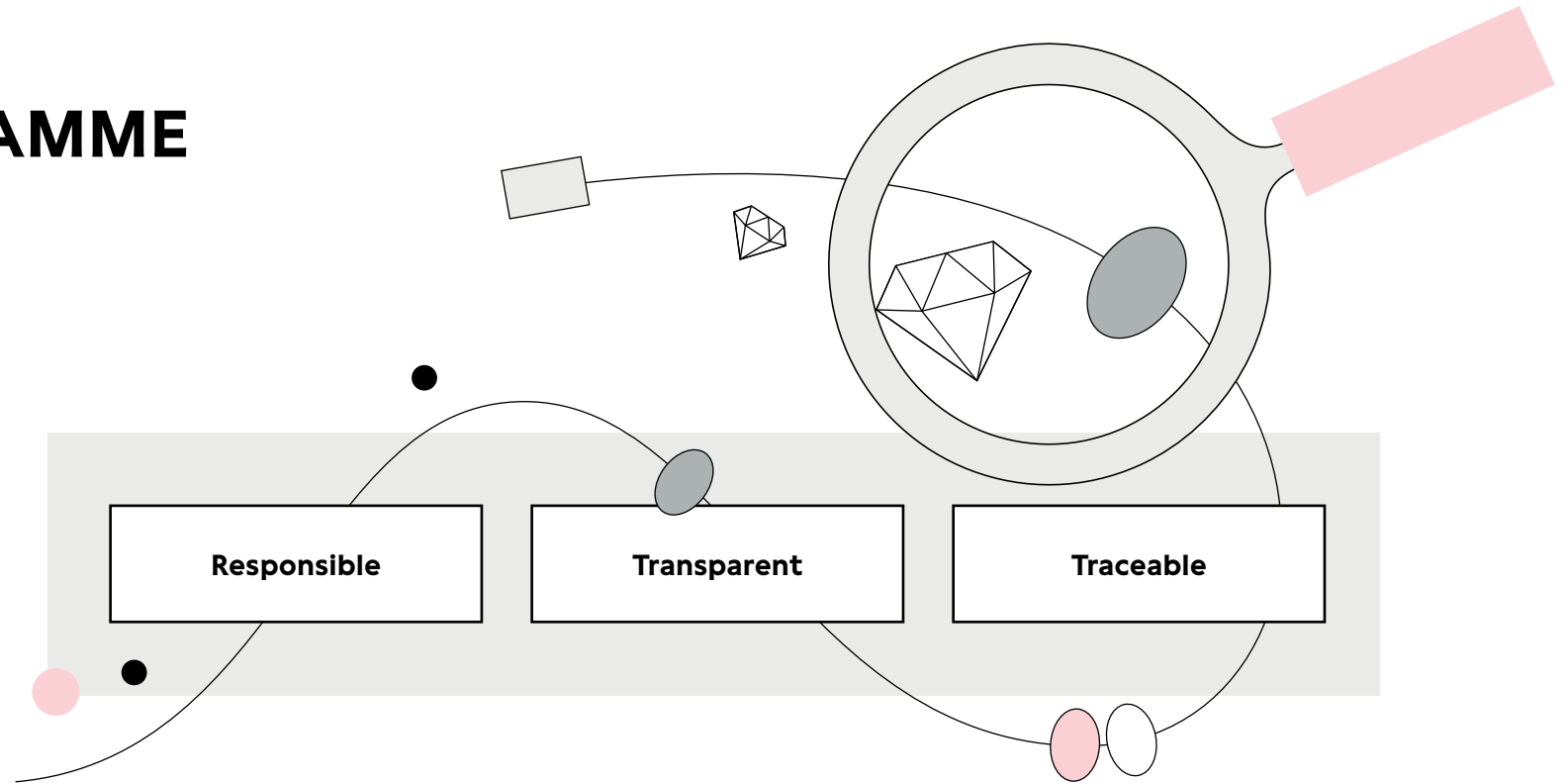
<b>Access to grievance mechanisms</b>	<b>Child labour and juvenile work</b>	<b>Discrimination and equality</b>
<b>Freedom of association and collective bargaining</b>	<b>Harassment and gendered impacts</b>	<b>Modern slavery and forced labour</b>
<b>Online advertising</b>	<b>Privacy</b>	<b>Working hours, wages and benefits</b>

# OUR RESPONSIBLE SOURCING PROGRAMME

Human rights risks in our supply chain are primarily mitigated through our Responsible Sourcing Programme. The programme is supported by the following three policies: Pandora's Supplier Code of Conduct, Responsible Sourcing Policy, and Materials Standard.

The Responsible Sourcing Programme outlines three core objectives:

- **Responsible** – we continuously aim to improve the social and environmental footprint of our suppliers
- **Transparent** – we commit to improving the information we provide about the raw materials we use and where they come from
- **Traceable** – we always seek more information about where our raw materials come from and expect our suppliers to map their supply chains and share that information with us



## Due diligence and verification

We monitor how well suppliers adhere to our Supplier Code of Conduct through our audit programme. All product and high-risk indirect suppliers, such as point-of-sale and fixtures and furniture suppliers, are screened

according to identified risk criteria. Suppliers considered high risk are required to either:

1. Confirm they already have an audit or certification from our approved list as outlined in our Responsible Sourcing Policy, or

2. Undertake an announced biannual third-party audit covering all aspects of responsible business practices including labour, health and safety, environmental management and business ethics standards. We use the internationally recognised SMETA (Sedex Members Ethical Trade Audit) 4-pillar audit

methodology for all third-party audits commissioned by Pandora. These audits include desktop research, on-site reviews and interviews with workers. The results are shared with suppliers.

In case of non-conformance, we collaborate with our suppliers to agree on an improvement plan and aim to resolve any identified issues. By signing Pandora's

Supplier Code of Conduct, existing and new suppliers acknowledge and accept Pandora's zero tolerance issues, as outlined in the Responsible Sourcing Policy.

### Supplier performance and remedy

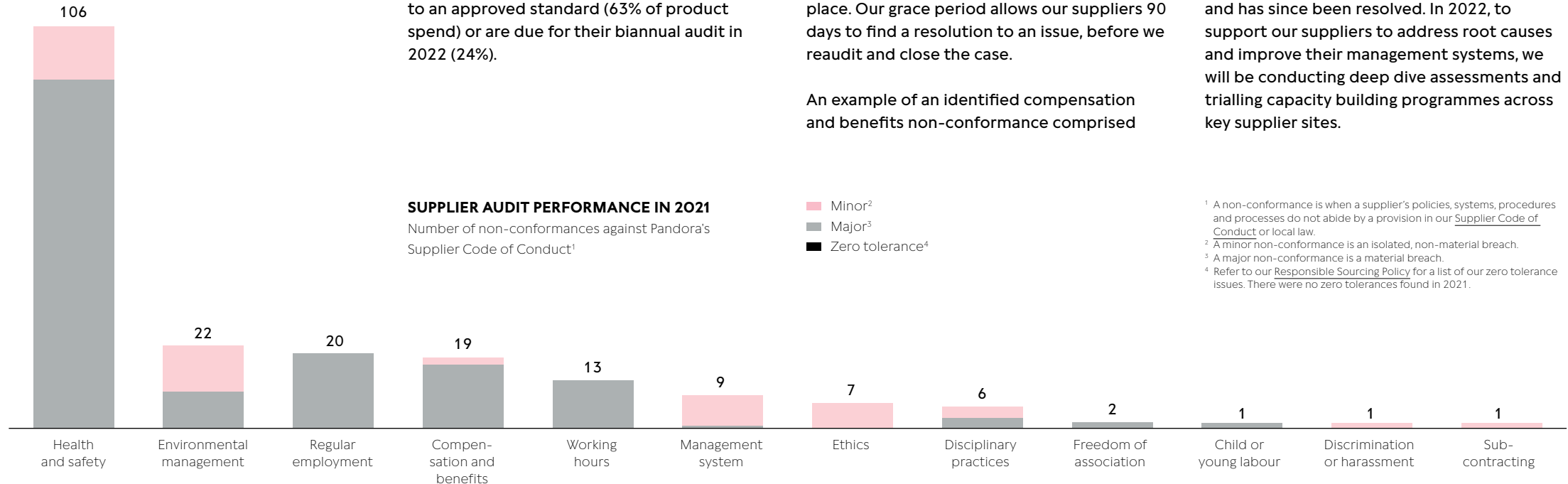
In 2021, Pandora commissioned 16 SMETA audits at product supplier sites, representing 13% of our total product spend. The remaining product suppliers were either already certified to an approved standard (63% of product spend) or are due for their biannual audit in 2022 (24%).

The audits performed throughout the year identified 207 non-conformances, of which 48 were categorised as minor, 159 as major and no zero tolerance non-conformances were identified. The majority of non-conformances in 2021 related to areas such as health and safety, environmental management, and compensation and benefits. Within the 159 major issues, 67 have been resolved and closed, 80 are expected to be closed within the grace period and 12 remain outstanding with a time bound corrective action plan in place. Our grace period allows our suppliers 90 days to find a resolution to an issue, before we reaudit and close the case.

An example of an identified compensation and benefits non-conformance comprised

of employee payslips being issued in English when the majority of the workforce did not speak English. After highlighting this with the supplier, payslips were updated to include a translation into the workers' local language.

A single child labour non-conformance case was found and related to contractor personnel file documentation. In order to prevent child labour, a copy of a worker's identity document is required to verify age. In November 2021, this was found to be missing at one contractor and has since been resolved. In 2022, to support our suppliers to address root causes and improve their management systems, we will be conducting deep dive assessments and trialling capacity building programmes across key supplier sites.



<sup>1</sup> A non-conformance is when a supplier's policies, systems, procedures and processes do not abide by a provision in our [Supplier Code of Conduct](#) or local law.  
<sup>2</sup> A minor non-conformance is an isolated, non-material breach.  
<sup>3</sup> A major non-conformance is a material breach.  
<sup>4</sup> Refer to our [Responsible Sourcing Policy](#) for a list of our zero tolerance issues. There were no zero tolerances found in 2021.



CASE STUDY

## Remediating recruitment fees

Through an on-site audit in 2021, we learned of a recruitment fees non-conformance at one of our supplier sites in Asia. The non-conformance was against our Supplier Code of Conduct but in compliance with local law.

Our Supplier Code of Conduct states that employees should not be required to pay any fees as part of the recruitment process and that remediation should be immediately provided to the affected workers. We recognised the difficulty of this issue and worked with the supplier to comply with Pandora's requirements which included fully reimbursing all fees and expenses to impacted workers. Pandora's risk mitigation efforts empowered the supplier to

implement corrective actions while strengthening efforts to prevent adverse human rights impacts.

These actions included:

- Establishing a written policy, with senior management oversight, prohibiting the practice of requiring workers to pay recruitment fees
- Implementing a robust due diligence process to screen potential recruitment agencies
- Providing training to staff responsible for recruiting and ensure that contract terms are made clear to workers

- Establishing a confidential grievance mechanism to allow for anonymous reporting of issues

- Agreeing to conduct a root cause analysis of any issues discovered during monitoring and audits

An audit will be conducted in 2022 to review progress on the corrective actions and to ensure that the updated governance mechanisms are advancing ethical recruitment practices.

# ASSESSING EFFECTIVENESS

Pandora regularly reviews the effectiveness of its policies and processes to prevent the risk of forced labour and modern slavery across its business. In 2021, we conducted an extensive review of our audit programme to better understand what works well and what could be improved. In 2022, we will focus on updating our systems and processes for greater efficiency so we can increase the scope of our Responsible Sourcing Programme to include more suppliers. We will also continue to participate in peer learning groups to share knowledge and continuously improve how we identify and address modern slavery risks.

# TRAINING AND COLLABORATION

The Supplier Development team in Thailand works with suppliers to implement responsible business practices throughout our supply chain. The team enables suppliers to fully understand our requirements and supports them in embedding strong management systems. We provide our suppliers with



informal training, often in connection to audits, on issues such as safety, health and environmental management as well as human and workers' rights, underscoring our zero tolerance against any form of modern slavery.

In 2021, we organised training for Pandora staff and key suppliers on our updated Responsible Sourcing Programme policies. We will continue to offer training to all employees and plan to roll-out a global modern slavery training in 2022.

Collaboration with external partners is an important part of our human rights approach. Pandora is a member of the Nordic Business Network for Human Rights, which facilitates peer learning, BSR (Business for Social Responsibility), and the UN Global Compact.

# GRIEVANCE MECHANISM

Pandora provides an externally managed whistleblower hotline. This allows both employees and external stakeholders to raise concerns anonymously in their local language if they witness violations of legislation or the Pandora Code of Conduct. Relevant information regarding the Whistleblower Policy is promoted to all employees and it can be accessed via our corporate website or intranet.

We require our suppliers to raise and report serious or sensitive concerns including misconduct, unethical behaviour, violations of the Pandora Code of Conduct, or applicable laws, rules, or regulations in their operations. Suppliers can raise concerns and reports confidentially and without the risk of retaliation through our whistleblower hotline.

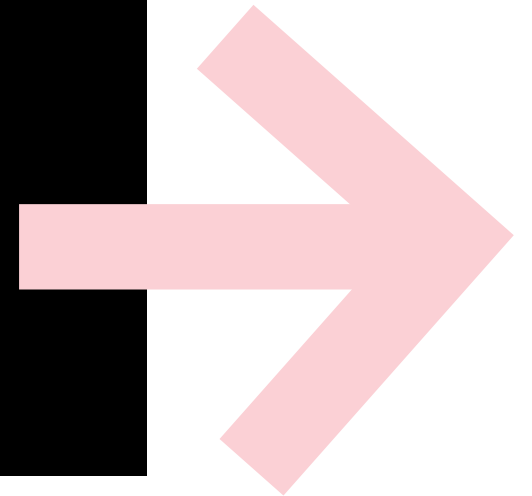
In addition, suppliers are required to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. Suppliers are also expected to take action to prevent, detect, and correct any retaliatory actions. These requirements also extend to sub-suppliers involved in the delivery or production of raw materials, intermediate products, or services to Pandora. During supplier audits we assess the presence and quality of feedback mechanisms available to workers.

In 2021, 71 cases were raised through the hotline. Most cases related to store staff and involved reports of potential harassment, unfair treatment, conflicts of interest and other unethical behaviour. A few cases related to office and production staff, involving reports of potential bribery and inappropriate or unethical behaviour. Some cases resulted in disciplinary action. Not all cases were substantiated with evidence, but all cases were investigated, providing anonymity where possible, and non-retaliation measures.



**Looking ahead to 2022,  
we will take the following  
steps to ensure that we  
continue to safeguard  
human rights:**

- Finalise Pandora's human rights strategy, which will focus on key areas of our business – including own operations such as stores, offices and manufacturing, supply chain and franchise operations; the strategy will include an approach to tackling modern slavery
- Continue to scale up sustainability resourcing across the business
- Pilot capacity building at selected supplier sites to improve management systems
- Conduct deep dive COVID-19 recovery and working conditions assessments at selected supplier sites
- Expand Pandora's franchisee due diligence framework





# ABOUT THIS STATEMENT

This Statement is made on behalf of Pandora A/S, Denmark and all other companies in the Pandora Group (collectively referred to as “Pandora”). It sets out the steps Pandora has taken during the financial year 2021 to address modern slavery within its own business operations and supply chain.

Pandora provides this joint Statement for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions. Pandora engaged with and consulted each of these foreign subsidiaries. For the UK, this obligation includes Pandora Jewellery UK Limited and Pandora UK Hub Limited pursuant to section 54(1) of the UK Modern Slavery Act 2015. For Australia, pursuant to the

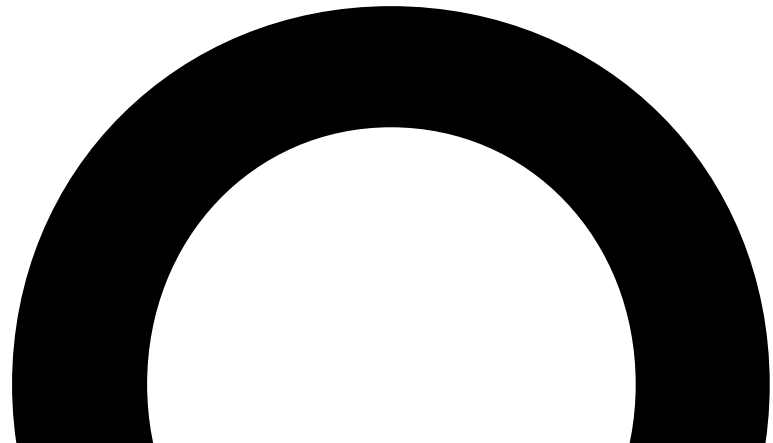
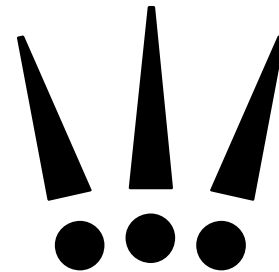
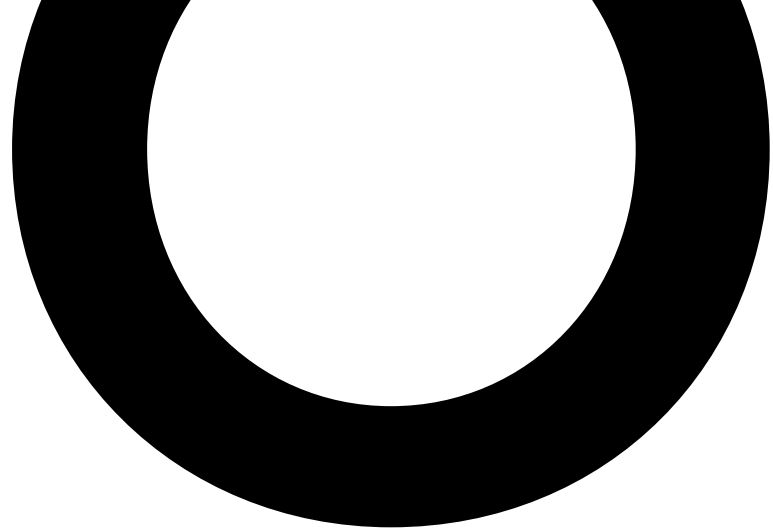
Australian Modern Slavery Act 2018, the Statement includes Pandora Jewelry Pty Limited, Pandora Retail Pty Limited and AD Astra Holdings Pty Limited. Through this Statement, Pandora also satisfies the disclosure obligations and requirements in accordance with the California Transparency in Supply Chains Act 2010.

## Approval

This statement has been approved by the Board of Directors and signed by the CEO on 30 June 2022.

**ALEXANDER LACIK**  
President & CEO





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