

**TRANSPARENCY IN SUPPLY
CHAINS STATEMENT**

2022

PANDÖRA

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We give a voice to people's loves. We respect the human rights of everyone touched by our business, ensuring they are treated fairly and have an empowered voice.

We believe that everyone has the right to work freely and with dignity, and we are committed to ensuring that everyone associated with our business is treated fairly and with respect. We are dedicated to responsible and ethical business practices and to eliminating and preventing modern slavery, including human trafficking and forced labour, in our operations and supply chain. This Transparency in Supply Chains Statement sets out our approach to addressing modern slavery and demonstrates our commitment to transparency and accountability.

In 2022, Pandora continued to operate in a business climate marked by geopolitical and economic turbulence, but its priorities for sustainable business remained unchanged. The aftermath of the COVID-19 pandemic and the war in Ukraine put a strain on global supply chains, heightening the risk of adverse human rights impacts while necessitating a balance between economic recovery, social responsibility, and environmental sustainability. Despite this difficult operating environment, we made significant strides to advance human rights at Pandora. We formalised our approach

to human rights by launching a dedicated programme in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and conducted a Human Rights Impact Assessment (HRIA) on our operations in Thailand. We also allocated sustainability resources to critical business areas, including Supply Chain, Indirect Procurement, Retail, and Finance.

Ensuring the sustainability of our supply chain is fundamental to the success of our business. As part of our Responsible Sourcing Programme, we continued to monitor suppliers through

audits and conducted deep dive visits to better understand the impacts of the pandemic on working conditions. Furthermore, we interviewed select suppliers as part of our HRIA in Thailand, to understand our potential impact on working conditions in the supply chain.

Our efforts to advance human rights received recognition from the Danish Institute for Human Rights.¹

¹ Danish Institute for Human Rights, 2022, [Documenting respect for human rights](#).

ABOUT PANDORA AND ITS SUPPLY CHAIN

Pandora is the world's largest jewellery brand. The company designs, manufactures and markets hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through more than 6,500 points of sale, including more than 2,500 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 32,000 people worldwide and crafts its jewellery at two LEED-certified facilities in Thailand using predominately recycled silver and gold. Pandora is committed to leadership in sustainability and has set science-based targets to reduce greenhouse gas emissions by 50% across its own operations and value chain by 2030. The company is listed on the Nasdaq Copenhagen stock exchange and generated revenue of DKK 26.5 billion in 2022.

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

26.5

DKK billion revenue

32,000

employees¹

6,500

points of sale in more than 100 countries

103

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



Our product supply chain at a glance

100+

direct product suppliers

61%

recycled silver and gold purchased

100%

man-made stones used in Pandora products²

25+

indirect product suppliers of point-of-sales materials and furniture and fixtures

¹ Average headcount through the year.

² Excluding pearls.



We operate a lean product supply chain.

We craft 89% of our jewellery at our two facilities in Thailand. This means we can operate a lean product supply chain, allowing us to build relationships with our suppliers and focus on minimising risks. In total, we work with more than 100 direct product suppliers, the majority of which are based in and around Thailand.

The materials sourced by Pandora are primarily silver, gold, copper, palladium and man-made stones, such as nanocrystals and cubic zirconia. In 2022, silver made up approximately 77% of purchased product materials, measured by weight. We no longer use mined diamonds in Pandora products and 100% of the stones used in Pandora's products in 2022 were man-made.

Our indirect supply base is made up of suppliers from four service sectors (media and marketing, logistics, digital, and professional services) and two product sectors (point-of-sale materials and furniture and fixtures for our stores). We work with more than 25 suppliers of point-of-sales materials and furniture and fixtures, mainly located in China and Southeast Asia.



Mexico

US

Colombia

Brazil

Netherlands

UK

Switzerland

Denmark

Germany

Poland

Austria

Lithuania

Italy

Romania

India

Vietnam

Thailand

Indonesia

China

Japan



GOVERNANCE

Pandora's Board of Directors has oversight responsibilities for all of the company's activities, including those related to sustainability, while the Executive Leadership Team is responsible for executing the sustainability strategy.

Pandora's Sustainability Board oversees the sustainability strategy, which is implemented by Pandora's Global Sustainability Team. The Sustainability Board engages on a quarterly basis and acts as a decision-making and strategy-setting body on sustainability. It also 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 hold 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.

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. The Responsible Sourcing Committee is co-chaired by the VP, Supply Chain and Sustainability, and the VP, Global Sustainability, and reports to the Sustainability Board. In 2022, one meeting was held with the Responsible Sourcing Committee to approve our responsible sourcing roadmap and provide an update on our newly developed Materials Scorecard for colleagues and suppliers.

As of 2022, the Board of Directors receives biannual updates on sustainability at Pandora and conducts a formal Board review of the Sustainability Report. From 2023 onwards, an Audit Committee focused on assessing governance, controls, and processes related to sustainability data will be established. Furthermore, ongoing education on sustainability matters is being developed for the Board of Directors.





Policies and standards

We have policies and standards in place to embed human rights considerations into relevant business decisions. This ensures that all employees and other stakeholders understand the importance of following the guidelines outlined in our governing documents and that maintaining the integrity of our operations is a collaborative effort.

Our approach to human rights is governed by our Human Rights Policy, which outlines our commitments and raises awareness of how human rights affect different areas of our business including our supply chain. Human rights risks in our supply chain are primarily mitigated through our Responsible Sourcing Programme. Our Responsible Sourcing Programme is governed by three documents: our Supplier Code of Conduct, our Responsible Sourcing Policy and our Materials Standard. We also consider downstream human rights issues in our approach, for example through our Responsible Marketing Standard.

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 and prevent modern slavery and forced labour throughout our own operations and value chain worldwide. Our 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. We have 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. This aligns with international standards, including the Ethical Trading Initiative Base Code and International Labour Organization conventions, and includes 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.

3. Materials Standard

The Materials Standard 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.

RISK ASSESSMENT AND MANAGEMENT

Human rights programme

In 2022, we formalised our human rights programme based on the third-party HRIA completed the year before. This included broad internal engagement to develop roadmaps for human rights due diligence across the company to identify, mitigate and remediate impacts in our business and value chain. In 2023, we will work towards making progress against each business area's roadmap in line with the UNGPs.

Risk management

We recognise that although we produce the majority of our jewellery in-house, and can therefore closely monitor our internal human rights risks, there are also human rights risks in our supply chain. Our Human Rights Policy lists our salient human rights issues, which constitute the most significant risks to our business and value chain.¹ Salient risks specific to our supply chain include working condi-

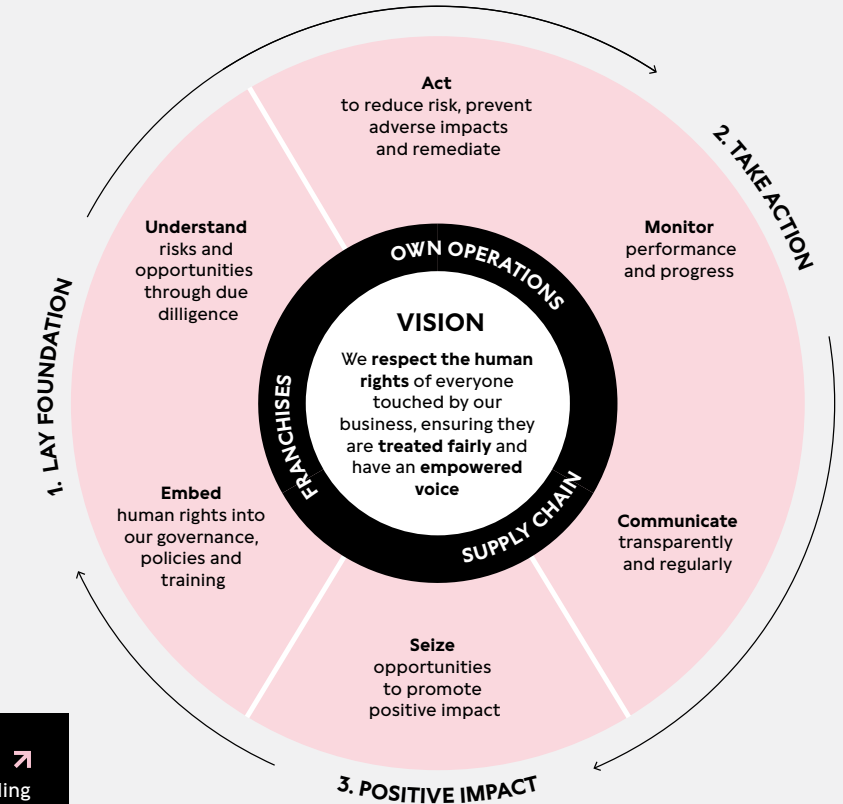
tions, forced labour, child labour and freedom of association.

Pandora has established a system for enterprise risk management, which involves various management teams that are responsible for the continuous identification, assessment, mitigation and reporting of risks across our value chain. Pandora also has a dedicated Risk Management Policy and a business continuity function.

We monitor areas of our operations, supply chain, and franchises where there are high-risk business models, sectors and geographies. All relevant areas of our business are required to report their most significant risks to the Global Insurance and Risk Office, along with assessments of those risks and an overview of planned and implemented mitigating actions, on a quarterly basis. Risk assessments take into account the likelihood of an event and its potential financial impact on the business.

Our approach

Address most severe human rights risks across our business, working to promote positive impact.



Aligns with UN Guiding Principles on Business and Human Rights.

¹ Our salient human rights risks are: access to grievance mechanisms, child labour and young labour, discrimination and equality, freedom of association and collective bargaining, harassment and gendered impacts, modern slavery and forced labour, online advertising, privacy, working hours, wages and benefits.



Our sustainability risks are included at a high level in the top risk profile in the [Annual Report 2022, page 30](#). Each of these risks are mitigated through the programmes and projects related to our sustainability strategy and human rights programme.

Due diligence processes

Pandora has established a human rights due diligence process following the guidance in the UNGPs and OECD Guidelines for Multinational Enterprises. Our approach to due diligence is regularly reviewed and updated to reflect changing circumstances and emerging human rights risks. This includes conducting HRIAs, engaging with stakeholders and monitoring human rights conditions in our supply chain. We do this in order to ensure we continuously focus on identifying, preventing, mitigating, tracking and remediating actual and potential adverse impacts in our own operations, in our supply chains and in our business relationships. By taking these steps, we seek to prevent human rights abuses in our operations and demonstrate our commitment to responsible business practices. Our supply chain is and will remain a key focus area of our human rights and modern slavery risk mitigation efforts.

Human Rights Impact Assessment in Thailand

In 2022, we collaborated with an expert third party to assess our human rights impacts in Thailand, where about 40% of our employees and most of our direct product suppliers are based.

The assessment focused on the labour rights of workers in our crafting facilities, distribution centre and franchisee business, impact of our purchasing practices on select suppliers and the social, economic and environmental rights of the local communities surrounding our crafting facilities to better understand the human rights impacts caused or contributed to by Pandora's operations. The study drew on Pandora's human rights obligations under Thai law, relevant international standards, and Pandora's own policies.

We have identified specific areas for improvement based on the assessment results. Our primary focus is to ensure the consistent implementation of our policies, ensure our management systems do not have unintended negative impacts, and prioritise employee training on human rights. To progress our efforts, we have hired a dedicated resource for human rights in Thailand and are currently developing an action plan. The assessment will also inform the launch a wider purchasing practices workstream in 2023.



HRIA Thailand figures at a glance

1,270
worker survey responses

142
workers interviewed in 26 focus group discussions

29
community member and leader interviews

10
franchise store worker interviews

13
supplier interviews

OUR RESPONSIBLE SOURCING PROGRAMME

We work continuously to improve the social and environmental footprint of our supply chain, primarily by selecting 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. Our 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

Social audits form part of our Responsible Sourcing Programme to help us monitor how

well our suppliers adhere to our Supplier Code of Conduct. We view them as a starting point for engaging suppliers on the importance of decent working conditions. We recognise industry-accepted standards so we do not create an additional audit burden on our suppliers.

All product and high-risk indirect product suppliers, such as point-of-sale and furniture and fixtures suppliers, are screened according to 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.

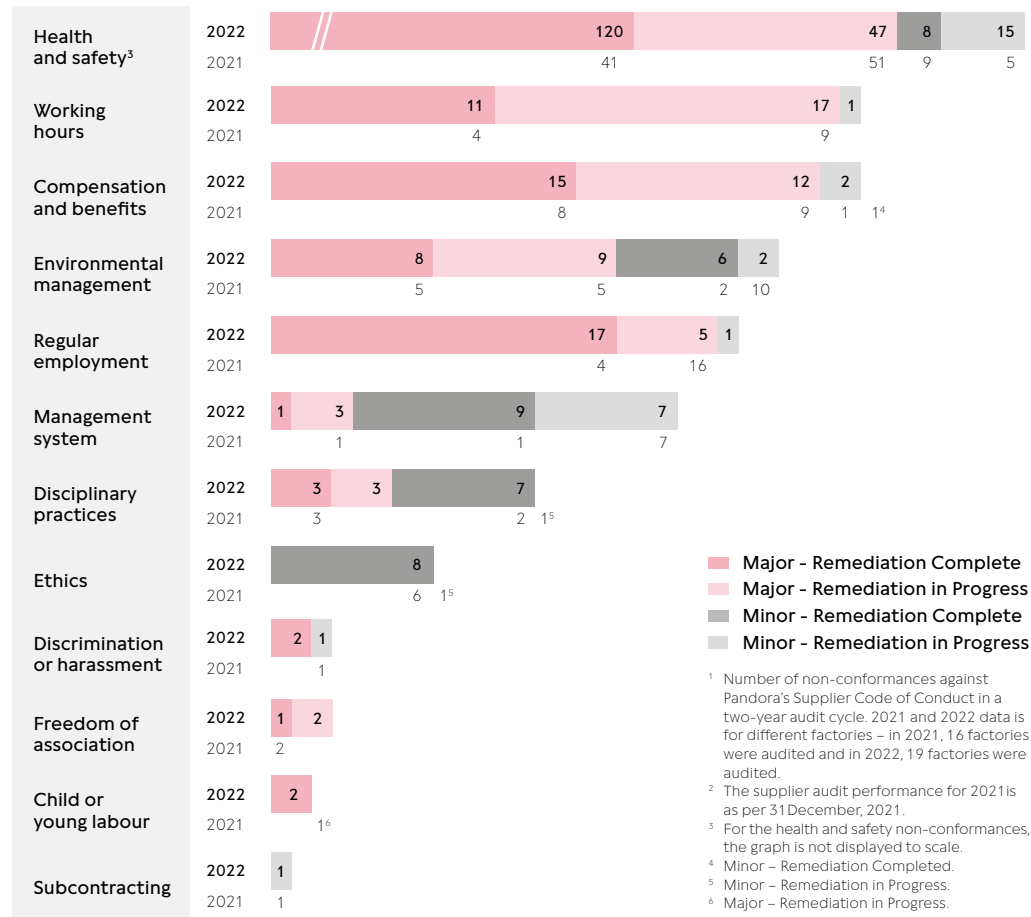
In cases of non-conformance, we collaborate with our suppliers to agree on an improvement plan and aim to resolve any identified issues.

We also verify that 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. By sourcing our core jewellery materials from certified responsible suppliers, we seek to limit the risk of Pandora being complicit in adverse human rights impacts.



Supplier audit performance in 2021 and 2022

Number of non-conformances against Pandora's Supplier Code of Conduct¹ during a two-year audit cycle²



Supplier performance and remedy

We audit our product suppliers over a two-year audit cycle using third-party auditors. We audited 11 direct product suppliers in 2021 and 15 in 2022, covering 16 factories in 2021 and 19 in 2022. The 15 suppliers audited in 2022 represented 15% of our total product spend. Other product suppliers are either due for their biannual audit in 2023 (13% of product spend) or were already certified to an approved standard (72% of product spend).

We audit indirect suppliers based on risk and therefore focus on indirect product sectors (point-of-sale materials and furniture and fixtures for our stores). In 2022, 18 indirect product suppliers with 36 factories were in scope of our audit programme. From 2023, we will report on non-conformances for Pandora-commissioned audits on indirect suppliers.

In 2022, 346 non-conformances were identified in direct product supplier audits: 68 categorised as minor issues and 278 as major issues. No zero tolerance non-conformances were identified. The majority of non-conformances in 2022 related to areas such as health and safety, working hours and compensation and benefits. Within the 278 major issues, 180 have been resolved and closed, 66 are expected to be closed within the grace period, and 32 remain outstanding with a time-bound corrective action plan in place.

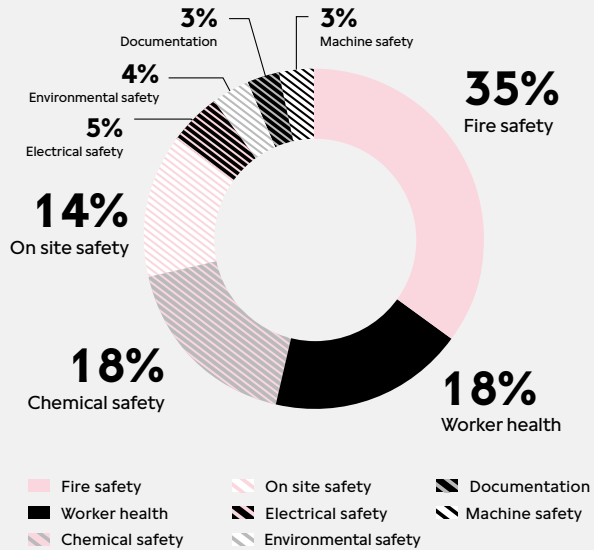
Two young labour non-conformances were found at one factory relating to a juvenile employee. Although the employment was legal, regular physical examinations were not provided and they were not registered with the local authorities. Both non-conformances were closed.

In our Sustainability Report 2021, we reported 207 non-conformances. By the end of 2022, 17 of these issues were still open (14 major and 3 minor), bringing the total number of open issues in 2022 by year end to 144. These issues are taking longer than the grace period to close due to challenges in local operating contexts and loss of documents. We will continue working with suppliers to complete remediation in 2023. No non-conformances remain open from our 2020 audits.

For further detail, please refer to pandora-group.com/sustainability/data

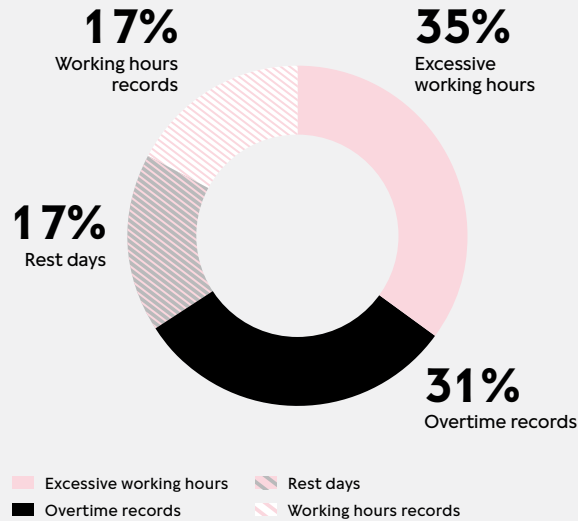
In our 2021 Transparency in Supply Chains Statement, we reported that recruitment fees were refunded to workers following a non-conformance discovered during an on-site audit of one of our supplier sites. In 2022, we visited the supplier to support the implementation of corrective actions and commissioned an independent third-party audit to review their policies and procedures. We will continue to monitor the supplier and their recruitment practices.

HEALTH AND SAFETY



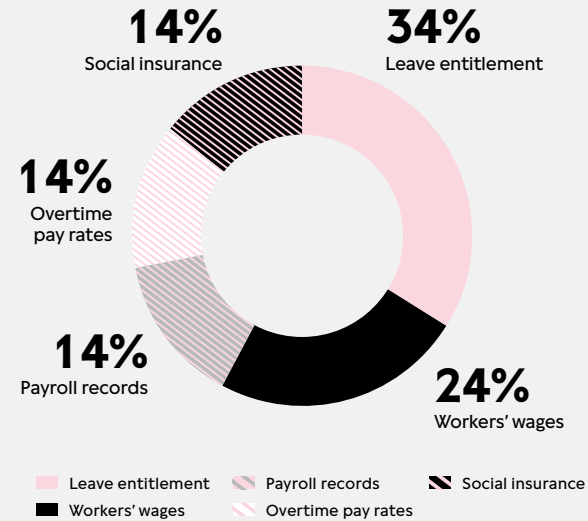
A prevalent non-conformance within the health and safety category is fire safety. For example, some emergency exit doors did not comply with local law nor our standards. To correct this, one supplier rearranged their evacuation map to ensure at least two emergency doors remained in the same area, another supplier installed equipment to ensure the door remained open during working hours, and two suppliers changed their doors to open outwards rather than inwards. Another common non-conformance in this category is chemical safety, including chemical storage and other safety controls. In one case a supplier corrected a chemical storage issue by providing secondary containments for all liquid chemicals, another supplier corrected a health and safety non-conformance by providing environmental inspections covering noise, light, heat and chemicals.

WORKING HOURS



An example of a working hours non-conformance was overtime hours exceeding the legal limit of 36 hours per month in China, where overtime laws are stricter than international standards. Remediation was monitored over a period of seven months to gradually reduce worker overtime through our supplier upgrading its production method to include automation and comply with local legal limits. In another case, a supplier was unable to verify working hours at a production site. To address this non-conformance, the supplier updated their systems to record time attendance, break time, overtime and Sunday work.

COMPENSATION AND BENEFITS



For compensation and benefits, an example of a non-conformance was not providing the legal amount of leave time. To comply with local law, the facility remediated this by providing staff with the required leave days per year. Another example of a compensation and benefits non-conformance was a security services contractor mistakenly undercalculating total hours worked. After this was highlighted with the supplier and security contractor, the contractor updated to a more accurate payroll system and all underpayments were reimbursed to workers for the previous year.

Prevalent non-conformances

In 2022, most non-conformances occurred in the categories health and safety, working hours, and compensation and benefits. Most issues were linked to a lack of adequate processes and policies. The pie charts detail the types of issues found for each category, followed by a few examples of how specific non-conformances were remediated.



COVID-19 recovery visits

In 2022, we conducted COVID-19 recovery visits at a range of Chinese, Thai and Indian direct product and indirect suppliers to understand the impact of the pandemic on working conditions. We contracted a third-party to conduct interviews with management and workers, as well as documentation reviews. By placing more emphasis on worker interviews and using an interpreter to facilitate interviews with migrant workers in their own language, we uncovered issues that were not highlighted in our standard audits. This assessment underscored the importance of identifying the root causes of issues by conducting a more in-depth investigation compared to traditional audits.

To follow up on the assessments, we will focus our efforts on a supplier engagement plan and schedule onsite visits with our responsible sourcing team. We are also examining ways to use the results to improve our audit methodology, such as ensuring that migrant workers are always interviewed in their own language and providing additional supplier training to address gaps that have been identified.

COVID-19 recovery visit figures at a glance

197

workers interviewed
(10% of workers per factory on average)

7

suppliers assessed

3

focus countries
(China, Thailand, India)

MEASURING EFFECTIVENESS

In accordance with the UNGPs, we assess the effectiveness of our human rights approach through a variety of measures, which focus on affected rightsholders.

We regularly conduct impact assessments to identify the extent to which our human rights

programme has achieved its intended outcomes. Our impact assessments are designed to collect data from various sources, including affected communities, colleagues and other relevant stakeholders which we use to identify areas of positive impact and uncover areas that require improvement.

Grievance mechanism

Pandora maintains an externally managed whistleblower hotline which allows employees and external stakeholders to raise concerns anonymously in their local language if they witness violations of legislation or the Pandora Code of Conduct. The hotline can be accessed via our corporate website and intranet.

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

In addition, suppliers are required to provide their employees with avenues for raising legal or ethical 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 grievance mechanisms available to workers.

In 2022, there were a total of 71 cases reported to the whistleblower 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 of the cases related to potential harassment, unfair treatment, conflicts of interest and other unethical behaviour, which resulted in disciplinary action. Not all cases reported were substantiated with evidence, but we investigated all cases, providing anonymity where possible, and implemented non-retaliation measures.

In 2022, we conducted a review of our whistleblower hotline against the UNGP's grievance mechanism effectiveness criteria and prepared a large, internal campaign to raise awareness of the hotline and encourage a speak-up culture. We expect to launch the campaign in 2023.



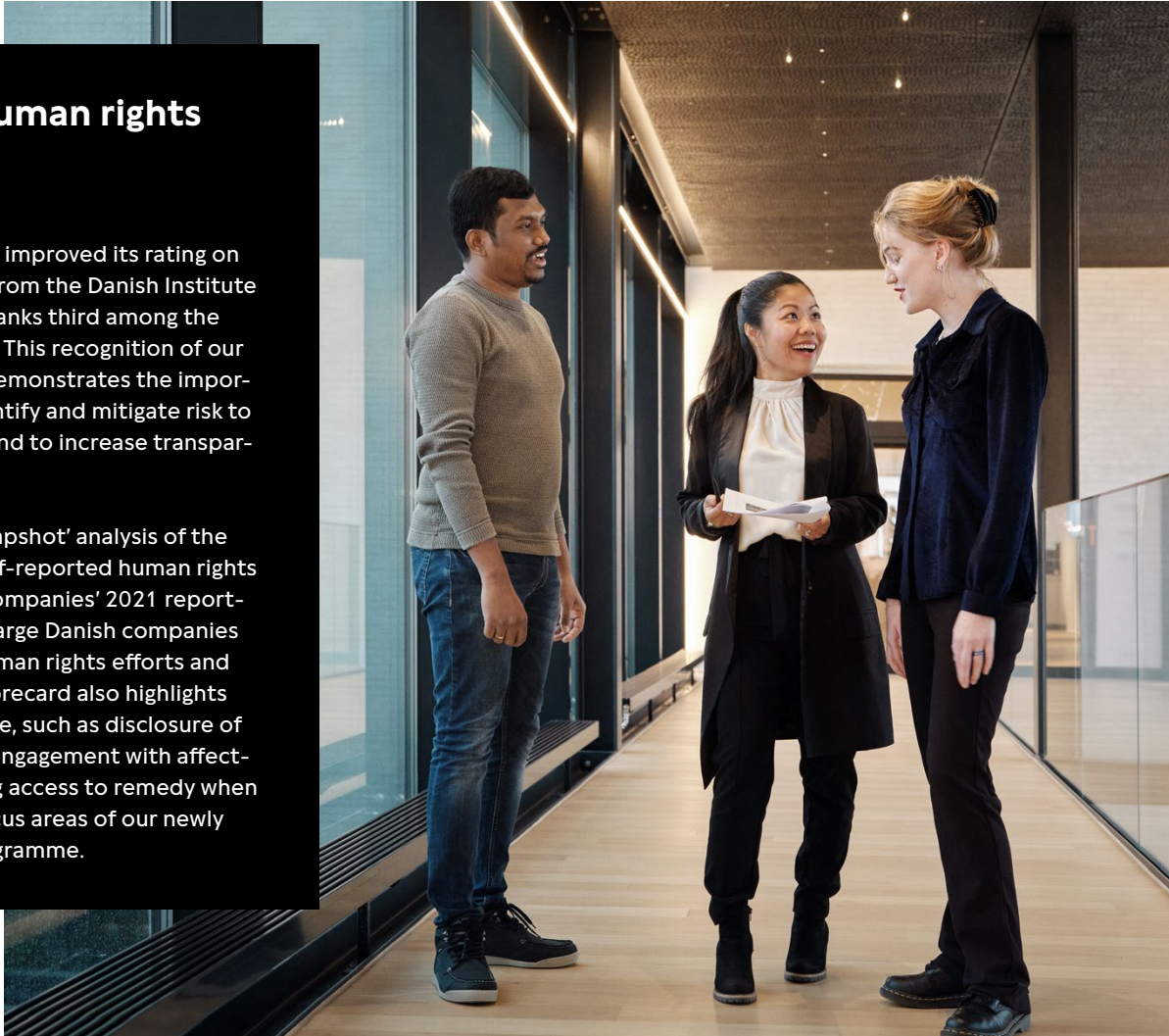


Recognition for human rights performance

In 2022, Pandora significantly improved its rating on the human rights scorecard from the Danish Institute for Human Rights¹, and now ranks third among the 30 largest Danish companies. This recognition of our human rights performance demonstrates the important strides underway to identify and mitigate risk to people across our business and to increase transparency around our efforts.

The scorecard provides a 'snapshot' analysis of the human rights policies and self-reported human rights due diligence practices for companies' 2021 reporting period. It measures how large Danish companies communicate about their human rights efforts and align with the UNGPs. The scorecard also highlights areas where we could improve, such as disclosure of our due diligence practices, engagement with affected stakeholders and ensuring access to remedy when harm occurs, which are all focus areas of our newly formalised human rights programme.

¹ Danish Institute for Human Rights, 2022, Documenting respect for human rights.



TRAINING AND CAPACITY BUILDING

In 2022, we developed an e-learning module to educate colleagues on how human rights can impact our business across our own operations and value chain. It includes an example of how forced labour can occur in supply chains and how to prevent it. The e-learning will be rolled out to all colleagues in 2023.

We will also launch capacity-building pilots for selected Thai suppliers with on-the-ground support beginning in early 2023. At each site, an external provider that is contracted and paid for by Pandora will engage with cross-functional teams to conduct root cause analysis and support the site to improve management systems.



LOOKING AHEAD

In 2023, we will take the following steps to ensure that we continue to prevent modern slavery in our operations and supply chain:

- Roll out human rights e-learning to all Pandora employees
- Provide select suppliers with capacity building
- Launch a purchasing practices workstream as part of our Responsible Sourcing Programme
- Create a prioritised action plan to follow-up on findings from the Thailand HRIA





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 2022 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 2023.

ALEXANDER LACIK
President & CEO



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