




PANDORA

SUSTAINABILITY REPORT 2021

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Sustainability Report

Our Sustainability Report provides detailed information and data on sustainability and our responsible business behaviour. The Sustainability Report serves as our annual Communication on Progress to the United Nations Global Compact and as such is our disclosure in accordance with sections 99(a), 99(b) and 107(d) of the Danish Financial Statements Act.

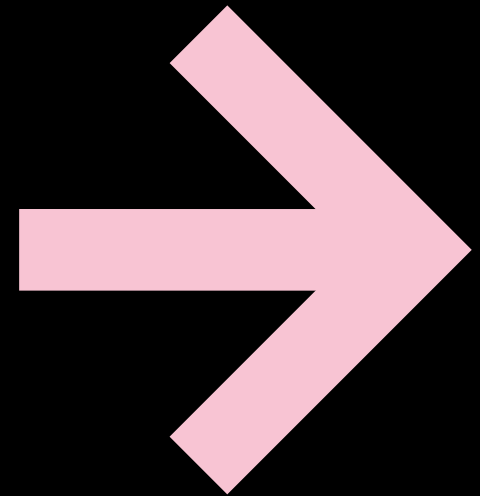
Annual Report

Our Annual Report is our detailed annual disclosure relating to company performance, strategy, corporate governance and financial results. It can be downloaded at: pandoragroup.com/investor/news-and-reports/annual-reports

Remuneration Report

Our Remuneration Report includes full disclosure of Board and Executive Management remuneration. The report is available at pandoragroup.com/investor/corporate-governance/remuneration-reports.

SUSTAINABILITY AT PANDORA



A MESSAGE FROM OUR CEO

SUSTAINABILITY LEADERSHIP FOR A NEW CHAPTER OF GROWTH

In 2021, Pandora completed its turnaround and embarked on a new chapter of growth. Our new business strategy, called Phoenix, aims to realise Pandora's untapped growth potential in the years ahead.

Sustainability is a foundational element of Phoenix. We aspire to be a truly low-carbon business, drive circularity into the core of how our products are designed to their end of life, and to be an example of what it means to be inclusive, diverse and fair. Assuming a leadership role on these issues is critical to future-proofing Pandora in a world where materials are becoming scarcer and regulation and stakeholder expectations are increasing, so it is without a doubt the right thing to do.

The escalation of the climate crisis towards emergency status is a call for all of us to act and contribute to transforming the ways in which we live, produce and consume.

At Pandora, we want to be a net zero business by 2040. We have taken important new steps in 2021 by announcing climate targets, approved by the Science Based Targets initiative, providing

a guarantee that our objectives match our share of the reductions needed to keep global warming below 1.5°C.

Our targets address not only all of our own activities but also those of our suppliers, franchise partners and other parts of our value chain as we look at raw materials, energy supply, transportation, warehousing, packaging and more. Our solid commitment to these targets is embedded in financing instruments, with a 2021 agreement that links borrowing costs to progress on two of our sustainability targets.

Applying circularity principles to the different stages of our business model is resulting in reductions to our carbon footprint as well as exciting new products. In 2021, we launched our first collection using only lab-created diamonds and continued our quest to use only recycled silver and gold in our jewellery by 2025.

Working on our priority of an inclusive, diverse and fair culture, we established a comprehensive strategy for inclusion and diversity, focusing on gender and underrepresented groups. I am proud to say that we will not only be working within our

own organisation, but also the way we portray and market our products, and who we ask to help us bring Pandora's value and brand to the final customer. We continued our partnership with UNICEF, helping children and adolescents access opportunities to learn, express themselves and find work in the future. Since 2019, we have raised USD 5.8 million towards UNICEF's work to support vulnerable children.

With our significantly expanded work on sustainability, we are building this important part of the foundation for Pandora's growth journey. This work is about understanding the impacts our business has obtained the data, establishing policies and guidelines, setting targets, and designing strategies in order for us to take meaningful action and track progress. Our work continues to be guided by, and we remain committed to, the principles of the United Nations Global Compact.

Entering 2022, Pandora stands strong and is prepared to not only deliver on its ambitions for growth, but also to continue to live up to the highest sustainability standards in the jewellery industry.



ALEXANDER LACIK
President & CEO



ABOUT PANDORA

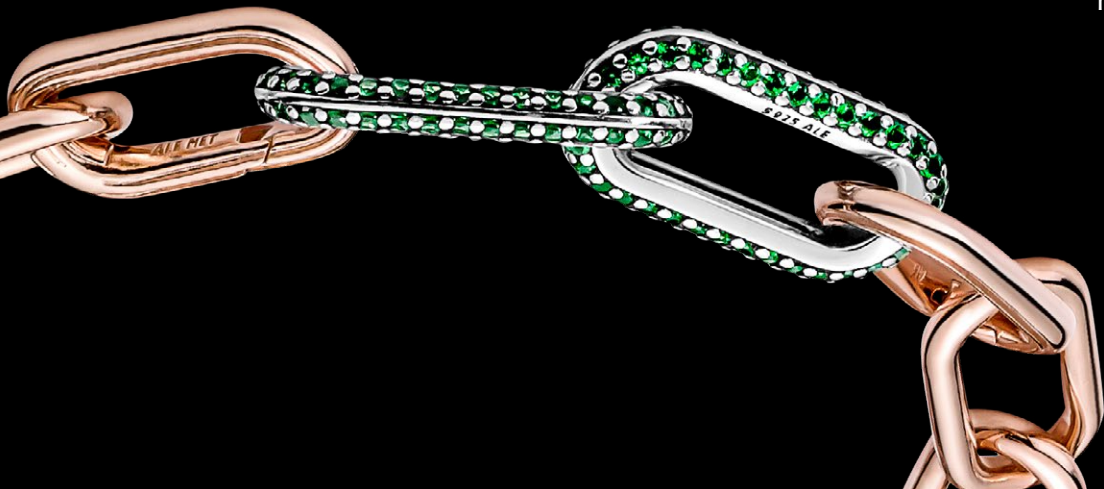
WORLD'S LARGEST JEWELLERY BRAND

102

million pieces of
jewellery sold

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

Made from high-quality materials and with endless possibilities for personalisation, millions of people around the world cherish and collect Pandora to express who they are and what matters to them.



HIGHLIGHTS 2021

97%

of waste recycled at our
crafting facilities

100%

man-made stones used
in Pandora products¹

670+

million visits to
our physical and
online stores

26%

online share
of revenue

54%

recycled silver
and gold

AAA

MSCI ranking

5.8

USD million raised for
UNICEF since 2019

27,000

employees on average²

6,800

points of sale in more
than 100 countries

23.4

DKK billion revenue

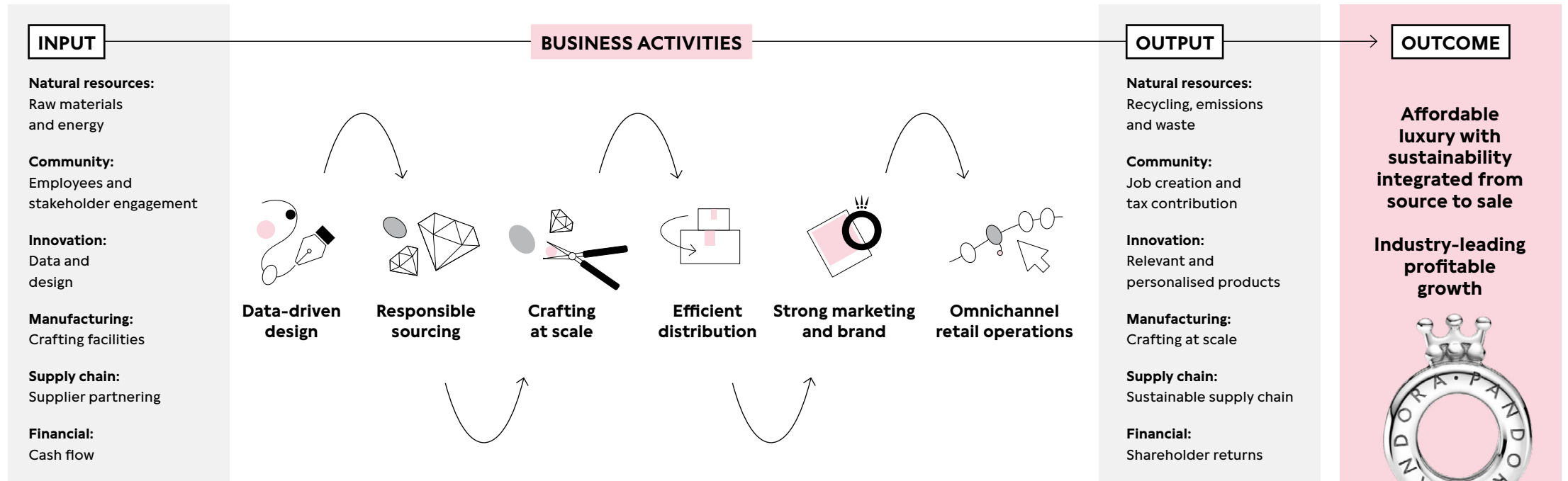


¹ Excludes pearls.

² The full headcount end-year, including all seasonal employees, can be found in the Annex 'Workplace and society' on [page 50](#) of this report.

OUR BUSINESS MODEL

Every day, millions of people express who they are and what matters to them with their Pandora jewellery. Whether it is a display of friendship or romance, or a love for art, gardening or our planet. Our jewellery is a way to show these loves. That is our purpose: **We give a voice to people's loves.**



SUSTAINABILITY STRATEGY AND MATERIALITY



Our sustainability priorities are integrated into our Phoenix strategy, where sustainability serves as a foundational element, supporting our growth ambitions and aligning our actions with our values.

Placing sustainability at the core of our business operations is a natural path for us as a responsible and leading global brand and as a means of future-proofing our company.


Our sustainability strategy is comprised of three priorities, which are simultaneously highly material and potential drivers of the future growth of our business: low-carbon business, circular innovation, and an inclusive, diverse and fair culture. We have announced long-term targets for each of these priorities.

The strategy also establishes responsible business operations as the starting point, in line with what has quickly become expected of leading global businesses. It is a commitment that requires us to take steps such as limiting the impact of our activities on the natural environment, sourcing responsibly and keeping our employees safe while they work for us.

Our targets

In line with our leadership aspiration, we are ramping up our sustainability work on all fronts. We are implementing a comprehensive, research-based programme covering all material issues as defined in a stakeholder engagement process carried out in 2020. We have set measurable targets and are investing in sustainability capabilities across the company to embed our strategic priorities and other material issues into our processes and operations.

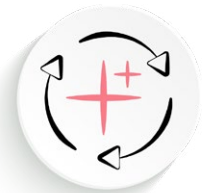
We are adding sustainability resources across the organisation. This includes expanding the sustainability team at our crafting facilities in Thailand and a step-up in dedicated team members for key corporate functions.

Read more about sustainability governance on [page 38](#). 

Our strategic priorities



Low-carbon business






Circular innovation



Inclusive, diverse and fair culture



TOPIC	TARGET	PROGRESS TO DATE	STATUS
 Low-carbon business	Use 100% renewable energy at our crafting facilities.	Achieved via the purchase of Renewable Energy Certificates and onsite solar generation.	✔ Achieved
	Set a science-based 1.5°C aligned target to reduce carbon emissions across our full value chain by 2021.	Target was approved by the Science Based Targets initiative ↗ in 2021.	✔ Achieved
	Reduce our greenhouse gas emissions by 50% by 2030 from a 2019 baseline (Scopes 1, 2 and 3). To achieve this, we will: <ul style="list-style-type: none"> • become carbon neutral in our own operations by 2025, reducing emissions by at least 90% from a 2019 baseline (Scopes 1 and 2). 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). 	In 2021, we continued to purchase Renewable Energy Certificates, reducing the Scope 2 market-based emissions of our crafting facilities and part of our retail operations by 58% since our baseline year of 2019. Informed suppliers about upcoming Supplier Engagement Programme on climate change.	➔ On track
	Achieve net zero emissions by 2040.	Roadmap under development. Read more about our net zero target on page 12 . ↗	⊕ Target set
 Circular innovation	Use only recycled silver and gold in our jewellery by 2025.	In 2021, 54% of silver and gold in our products came from recycled sources. We secured increased certified volumes and began piloting a third-party audit mechanism for end-to-end traceability.	➔ On track
 Inclusive, diverse and fair culture	Create an inclusive workplace and increase the share of underrepresented groups by 2025.	Roadmap under development. Read more about the sub-targets on page 21 . ↗	⊕ Target set
	Achieve gender parity in leadership by 2030.	Roadmap under development. Read more about the sub-targets on page 21 . ↗	⊕ Target set
	Reflect societal diversity in our market communications by 2025.	Roadmap under development. Read more about the sub-targets on page 21 . ↗	⊕ Target set



We continuously engage with stakeholders as part of our daily operations.

Materiality

Our priorities and reporting continue to be guided by the materiality mapping we completed in 2020. Through research and stakeholder engagement, we determined the importance of a wide range of sustainability issues to stakeholders and Pandora's business success.

The three strategic priorities reflect where Pandora can act to contribute to the mitigation of and maximise its positive impact on pressing global issues. We also conducted a human rights impact assessment in 2021, considering where our greatest potential adverse impacts on stakeholders lie.

In combination, these activities constitute both perspectives when considering double materiality.

We continuously engage with stakeholders as part of our daily operations and when we develop new strategies, policies and guidance documents. No new issues of concern or perceived importance were flagged during these processes in 2021.

Certified responsible

A major component in managing sustainability in our operations is compliance with the Responsible Jewellery Council's Code of Practices.

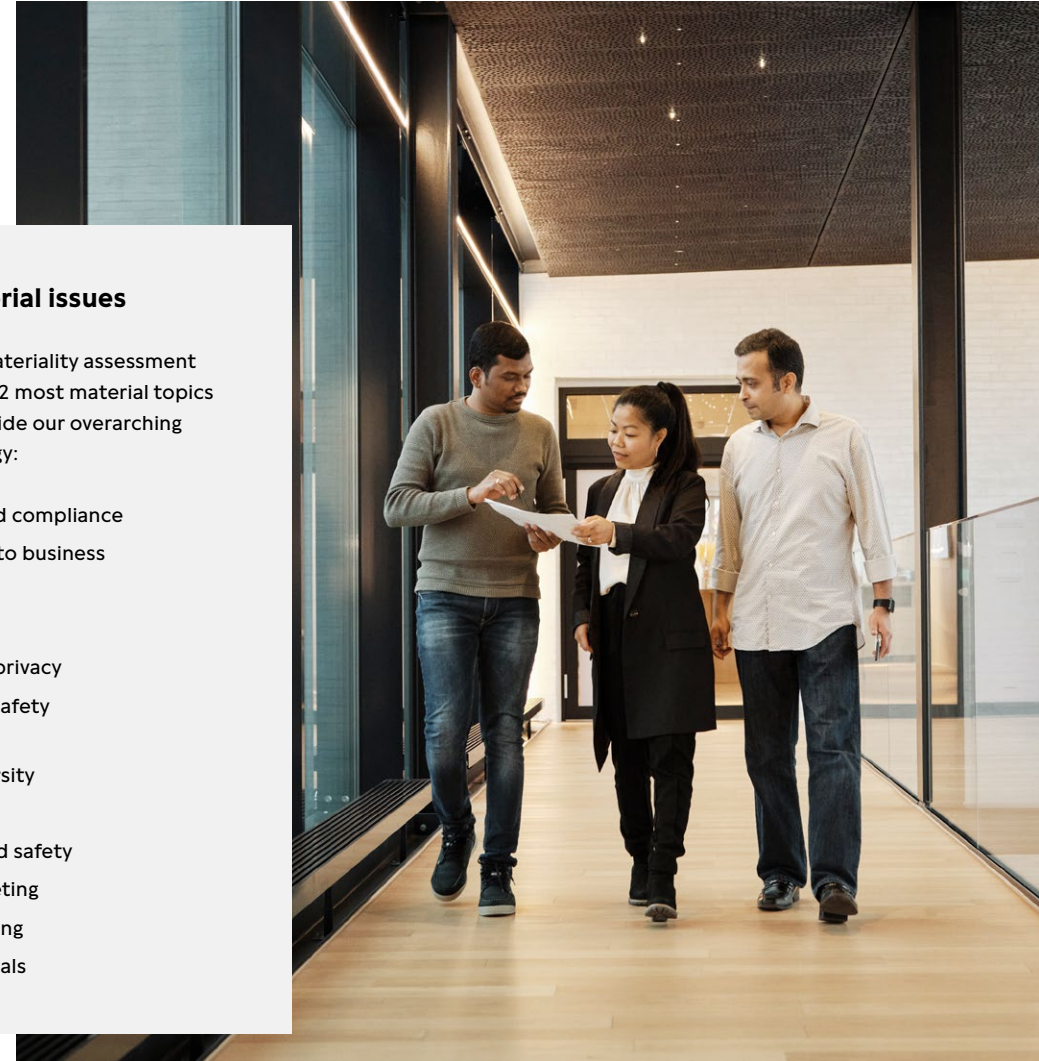
In 2021, we were recertified against the latest edition of this standard, which defines requirements for responsible business practices throughout the jewellery supply chain.

The Responsible Jewellery Council's Code of Practices 2019 is aligned with the OECD Due Diligence Guidance and the United Nations Guiding Principles on Business and Human Rights and furthers contributions towards the 17 United Nations Sustainable Development Goals.

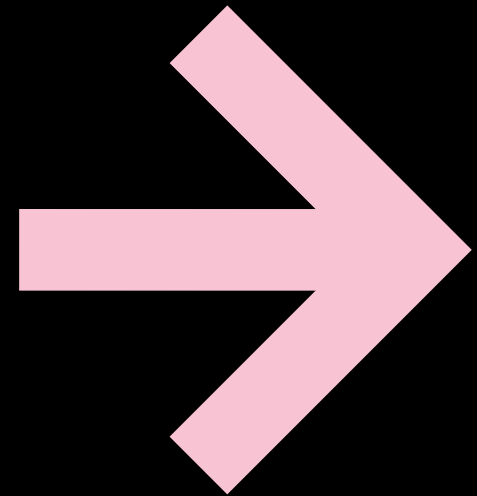
Pandora's material issues

The results of our materiality assessment show the following 12 most material topics at Pandora, which guide our overarching sustainability strategy:

- 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



OUR STRATEGIC PRIORITIES




LOW-CARBON BUSINESS

Our low-carbon ambition is about reaching the point where our combined activities – making a product, visiting a store, holding an office meeting – are conducted in a way that meaningfully limits our climate impact.



In 2021, we announced new targets on carbon emissions:

We will reduce our 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 (Scopes 1, 2 and 3).

This target was approved by the [Science Based Targets initiative](#) , which ensures alignment with the Paris Agreement's ambition to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C compared to pre-industrial levels.

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 (Scopes 1 and 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 the most ambitious in the jewellery industry to date.

Of Pandora's total emissions, 8% occurred in our own operations (Scopes 1 and 2), driven by electricity and heating. The remaining 92% were created outside our own operations (Scope 3).

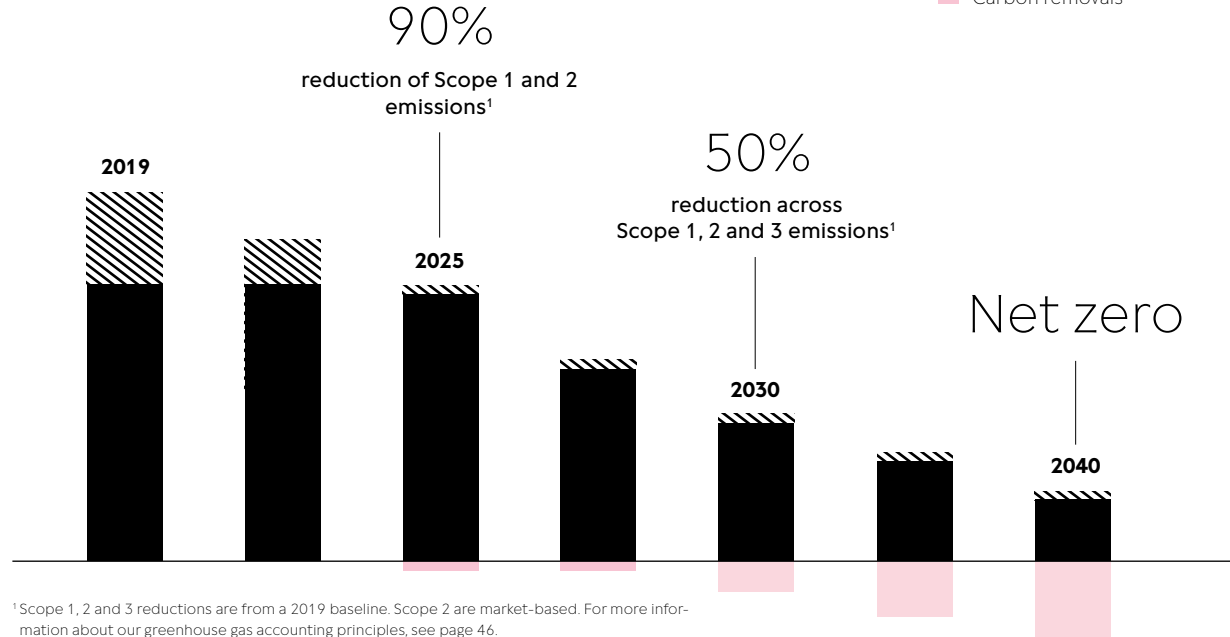


"We congratulate Pandora on setting science-based targets consistent with limiting warming to 1.5°C, the most ambitious goal of the Paris Agreement. By setting ambitious science-based targets grounded in climate science, Pandora is taking action to prevent the most damaging effects of climate change."

ALBERTO CARRILLO PINEDA
Managing Director,
Science Based Targets at CDP

EMISSIONS REDUCTIONS

Emissions reductions by 2040 to reach net zero target



¹ Scope 1, 2 and 3 reductions are from a 2019 baseline. Scope 2 are market-based. For more information about our greenhouse gas accounting principles, see [page 46](#).

For more details about Pandora's greenhouse gas emissions, see [page 14](#).

Carbon neutral in our own operations

To reduce Scope 1 and 2 emissions, Pandora will implement energy-saving measures and significantly expand its use of renewable energy.

Energy saving measures

In 2021, total electricity and heat consumption grew by 3% as a result of increased production at our crafting facilities.

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.

Renewable energy

We continue to source only renewable energy at our crafting facilities in Thailand through a mix of on-site production of solar power and purchased Renewable Energy Certificates (RECs).

In 2021, we produced 1,347 MWh of renewable energy on-site via solar panels. This covered 2% of total energy consumption at our crafting facilities; for the remaining energy we purchased RECs. We sourced RECs through the Siam Solar Energy 1 project, which operates ten solar photovoltaic (PV) power plants across central Thailand. These RECs are certified under the International REC Standard and the GoldPower label. Buying high-quality RECs ensures that Pandora's renewable energy purchases provide additional reductions in carbon emissions and deliver benefits to the local community.

In 2022, we will continue to investigate how we can both increase the installed solar capacity and maximise the onsite capacity for renewable energy at our crafting facilities.

Moreover, we are currently engaging with local stakeholders, including regulators, to explore solutions for developers to add renewable energy capacity to the Thai grid. Through such opportunities, Pandora would look to guarantee the future demand for the renewable energy produced by these projects.

Emissions from Pandora's crafting facilities in 2019 were 54% of our total Scope 1 and 2 emissions. To become carbon

Our climate targets are the most ambitious in the jewellery industry.

For our supplier engagement programme, we will begin by engaging with suppliers with the highest emissions.

neutral in our own operations by 2025, we will expand our use of renewable energy to include our more than 1,400 owned and operated stores, our offices and our distribution centres.

Reducing emissions across Pandora's value chain

Emissions from raw materials, packaging, transportation, franchise stores and other sources outside of Pandora's own operations account for more than 92% of our total greenhouse gas footprint. Pandora will reduce these emissions by 42% by 2030.

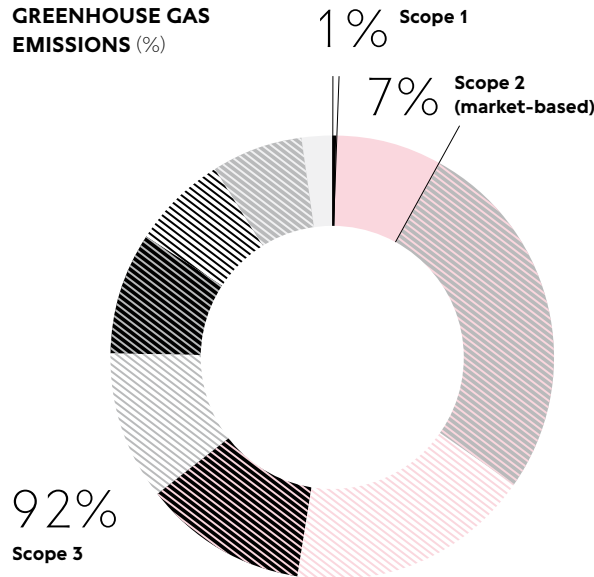
We plan to take the following steps towards this goal:

- Reaching our target of using 100% recycled silver and gold by 2025 will reduce emissions by up to 37,000 tCO₂e.
- 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 supply chain solutions that result in a lower footprint.
- Creating a dedicated supplier engagement programme to help suppliers report their climate impact to Pandora, switch to renewable energy and increase savings related to energy efficiency measures.

The supplier engagement programme will require extensive efforts on our part, as we need to affect change in decisions

GREENHOUSE GAS EMISSIONS (%)



- **1% Scope 1**
Emissions from refrigerants and fossil fuels used at Pandora's facilities.
- **7% Scope 2 (market-based)**
Emissions from electricity and heating used at Pandora's facilities.
- **92% Scope 3**
Emissions from other sources outside of Pandora's own operations:
 - **26% Crafting materials**
Raw materials such as silver, gold, copper, cubic zirconia and other metal alloys, and production materials like gypsum and enamel.
 - **18% Media & marketing**
Media spend across all channels ranging from TV campaigns to digital ads and e-mail marketing.
 - **12% Other**
Fuel- and energy-related activities, business travel, employee commuting, water supply, waste generated in operations, consultancy services, and facilities management.

- **11% Transportation**
Transportation and distribution of Pandora jewellery, including inbound and outbound logistics and third-party distribution.
- **9% Franchises**
Pandora franchises, wholesale and other points of sale not directly owned by Pandora.
- **7% IT**
Outsourcing services, hardware, telecom data, and IT consultants.
- **7% Packaging and point-of-sale materials**
Bags, boxes, printed materials, campaign items, displays and trays, and other types of packaging.
- **2% Capital goods**
Various machines, crafting equipment and furniture in stores.

For more information about the actual emissions, see [page 46](#).



First green financing instrument in place

In 2021, Pandora secured a new EUR 950 million sustainability-linked revolving credit facility with an initial five-year term, which may be extended by two years. The new facility has a pricing mechanism that links borrowing costs to progress on two of our sustainability goals: becoming carbon neutral in our own operations by 2025 and using only recycled silver and gold in our jewellery by 2025. Depending on the degree to which we meet these targets, our borrowing costs could rise or fall.

and strategies that are outside of our operational control. We will begin by engaging suppliers with the highest potential impact and expand the programme over time. Requirements will gradually be embedded into procurement processes.

We recognise that some suppliers are more mature than others on this topic, so another key aspect of the programme will be to support our suppliers in this transition.

In 2021, all procurement managers at Pandora were introduced to the roadmap for our supplier engagement programme and we notified all key and high-impact suppliers of our intention to increase engagement with them regarding climate change. Training and implementation of the engagement programme will begin in 2022.

Going forward, carbon impact will increasingly be factored into key business decisions such as the selection and exclusion of suppliers and partners.

Reaching net zero by 2040

We also aim to become net zero by 2040, ten years ahead of the date set in the Paris Agreement. Our 2040 net zero goal covers both our own operations and entire value chain.

Getting to net zero is complex and challenging to achieve. For example, renewable energy supply and low-carbon transport options are not yet available in all markets. Reaching our 2030 target will take us halfway, and in the coming years we will investigate opportunities to eliminate the remaining 50% of our greenhouse gas emissions. Among these will be a closer look at how to further scale benefits discovered as part of our circular innovation efforts.

Keeping track of climate risks and opportunities

Many companies face climate-related risks. Companies that harness the impact of their business also have the potential to create climate-related opportunities. Climate-related risks include physical disruptions resulting from the changing climate and potential costs and opportunities associated with the market and regulatory transition required to prevent the worst impacts of climate change, either directly or indirectly.

We assess climate-related risks to Pandora's business and we monitor:

- Increases in the intensity and frequency of extreme weather events like hurricanes and droughts and changes in precipitation patterns affecting the availability of water and access to some raw materials.
- Environmental and carbon taxes or import and export licensing requirements and regulations related to climate, which can impact energy prices, compliance, transportation and operational costs, and sourcing availability as well as the ability to operate in certain markets. We monitor local regulations in each of our markets.
- Growing consumer expectations and preferences for transparency on the carbon footprint of our products, including both our own operations and our supply chain.

The last two risks present potential opportunities for Pandora as companies with lower carbon emissions will have a comparatively lower cost base and a better response to consumer expectations than competitors with higher emissions.

Read more about our climate risks on [page 43](#). ↗

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.

>50%

of the world's economic value generation depends on natural resources, including the materials used in our products.

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 and will begin development of a comprehensive circularity strategy in 2022. With silver accounting for 76% of our raw material carbon emissions, we

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

- Use 100% recycled silver and gold in our jewellery by 2025

Building a foundation for recycled silver and gold

To alleviate the draw on natural resources, Pandora is committed to using only recycled silver and gold for its jewellery by 2025. For this, we need to establish a supply chain that will deliver the volumes we need of each of these metals.

Silver makes up approximately 81% of the materials in our products, 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.

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

- Use only recycled silver and gold in our jewellery by 2025

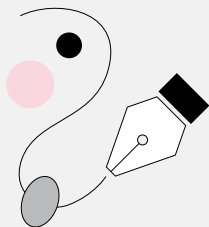


We want to further accelerate this process. This will include engaging the recycled silver supply chain to improve environmental and social standards, formalise the value chain and positively impact market supply.

Some of these challenges are reflected in our performance on recycled metals for 2021, where we saw a small decrease in the share of recycled silver and gold used from 57%¹ 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 using only recycled silver and gold by 2025.

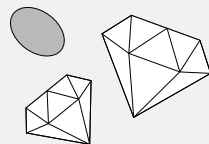
¹ As a requirement of our sustainability-linked credit facility, we have decided to report the actual percentage of our recycled silver and gold total.

We work to identify innovation opportunities and assess the feasibility of these to build circularity into every stage of our value chain.





1. Design

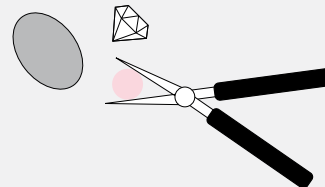
Launched Brilliance, our first collection using lab-created diamonds.



2. Sourcing


Share of recycled silver and gold² used in 2021 was 54%. Lab-created diamond supplier selected based on sustainability credentials. Only man-made stones³ used. Adopted a new [Materials Standard](#)  to establish a framework for the selection of materials in the design process.

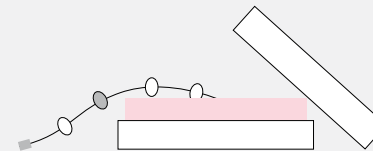
Read more about our Materials Standard on [page 18](#). 



3. Crafting


Recycled 97% of all waste and 100% of our four primary waste streams.

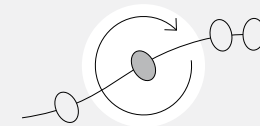
Read more about waste management on [page 30](#). 



4. Retail


Launched new packaging materials.

Read more about packaging on [page 18](#). 



5. End of life

Expanded in-store repair services. Surplus and faulty products returned to crafting facilities.

Read more about in-store repair on [page 19](#). 

We will use the Responsible Jewellery Council's Chain of Custody standard to source recycled silver and gold. The standard adheres to a strict definition of what recycled means. This will ensure our approach is verifiable, certified and traceable. We established sourcing criteria for suppliers through a supporting document of our new Materials Standard and designed a new audit mechanism. We successfully piloted this audit mechanism using third-party auditors with several suppliers to ensure they meet our strict requirements and to establish end-to-end traceability. In 2022, we will further roll out these audits to remaining suppliers and explore opportunities to include recycled silver and gold within specific product collections.

We will no longer use mined diamonds in Pandora products.

Shining bright with lower impact

In line with previous years, we purchased close to 1.5 billion stones in 2021. 100% of these were man-made³, primarily cubic zirconia and nanocrystals. Stones created in a laboratory have a significantly lower environmental impact than their mined counterparts.⁴

Our use of man-made stones considers both the climate crisis, the increasing constraints on natural resources and changing consumer expectations. The flipside of this can be the negative impact on livelihoods and local communities that rely on local, artisanal mining. Moreover, the production of man-made stones is energy-intensive, which is why it should, whenever possible, utilise renewable energy sources

and why supplementary off setting measures for remaining emissions may be required. We will be investigating these issues in the years to come.

In 2021, we launched Pandora Brilliance, our first sustainably lab-created diamond collection. The new collection was first tested in the UK market with a sequential global roll-out set for 2022 onwards.

We know the origin of every diamond in the collection. They are all CarbonNeutral® certified, in accordance with the

² See recycled silver and gold accounting principle on [page 48](#).

³ Excludes pearls.

⁴ <https://pandoragroup.com/-/media/files/policies-and-statements/material-analysis-trucost.pdf>

CarbonNeutral Protocol, a leading global framework for carbon neutrality. In 2021, the lab-created diamonds in the Pandora Brilliance collection were created using more than 60% renewable energy on average. Remaining emissions were offset through carbon finance projects. Going forward, the diamonds will be created using 100% renewable energy.

Along with our launch of lab-created diamonds, we also decided to cease the use of mined diamonds in other Pandora products. Prior to 2021, we used mined diamonds in a small part of our assortment. In recent years, approximately 50,000 pieces contained diamonds on average per annum.

A new Materials Standard ↗

In 2021, we launched our first Materials Standard to outline our principles and prioritisation for sourcing materials more sustainably. We prioritise renewable or recycled materials followed by sustainable materials:

- **Renewable** – a natural resource that is not depleted by use.
- **Recycled** – material that has been reprocessed from recovered [reclaimed] material by means of a manufacturing

process and made into a final product or a component for incorporation into a product.

- **Sustainable** – material that is neither renewable nor recycled yet sourced responsibly in accordance with internationally recognised certifiable social and environmental standards or in accordance with Pandora standards, representing a more sustainable alternative to the prevailing market choices.

The Materials Standard sets out an aspiration, while targets and metrics will be developed after thorough due diligence. As a next step, we are creating detailed guidance for colleagues on how to implement the Standard's requirements.

The importance of packaging

Developing our packaging and other point-of-sale materials is an important part of our move towards circularity and in reducing greenhouse gas emissions. In 2021, packaging and point-of-sale materials accounted for 7% of our carbon emissions. Furthermore, the EU regulation on extended producer responsibility for packaging enters into force in 2024, which will increase costs for unsustainable packaging.

CIRCULAR AND SUSTAINABLE JEWELLERY

	Unit	2021	2020	2019
Recycled silver and gold total ⁵	%	54	57 ⁷	60 ⁷
Man-made stones	%	100 ⁶	>99	>99

⁵ Recycled silver and gold are precious metals that have been previously refined. Our products may contain a fraction of silver or gold coming from certified but non-recycled sources due to difficulties in separating sources in the refining process. At Pandora, we continuously work with our suppliers to fully remove the fraction of non-recycled sources.

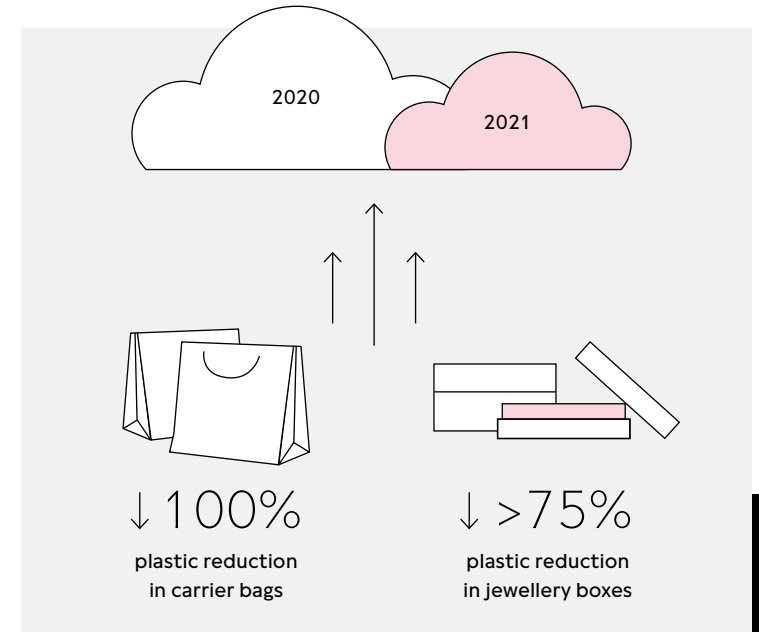
⁶ Excludes pearls.

⁷ As a requirement of our sustainability-linked credit facility, we have decided to report the actual percentage of our recycled silver and gold total.

⁸ FSC license code FSC™ N003610.

Our new jewellery boxes reduce greenhouse gas emissions by over 60%

per box compared to previous packaging.



Advantages:

- Fewer materials, which increases recyclability
- Packaging is FSC™-certified⁸, meaning that it comes from well-managed forests and recycled sources



We help consumers prolong the life of their Pandora jewellery through product care, repair and refurbishment.

In 2021, we began to establish a comprehensive packaging strategy. In a first phase, we targeted customer packaging and in-store materials as these areas have the largest environmental impact of the categories that make up our total point-of-sale materials category.

We began introducing new jewellery packaging across our stores and online in 2021. In this new range of packaging, Pandora carrier bags no longer contain plastic, and the plastic content in jewellery boxes has been reduced by more than 75%. The jewellery box improvements have brought greenhouse gas emissions savings of over 60% compared to the retail boxes previously used, as they are made with fewer materials, increasing their recyclability. All paper used in the packaging is FSC™-certified⁹, and comes from well-managed forests and recycled sources. As a result of this, we expect total carbon footprint reductions of 3,600 tonnes CO₂e per year from our jewellery boxes alone, or around 1% of our total emissions. This helped drive a 12% decrease in packaging emissions from 2020 to 2021.

The new bags and boxes were available in the US and in most stores in Europe and Asia from the second half of 2021. Roll-out in other geographies will be completed when current inventory has been sold to minimise waste.

Providing light retail service

As part of our efforts to increase circularity, we help consumers prolong the life of their Pandora jewellery through product care, repair and refurbishment. In 2021, we expanded the in-store services introduced in 2020. These in-store repair services reduce the need to ship products for polishing, adjustment and other repairs, thereby reducing emissions from transport while extending the longevity of our products.

⁹ FSC license code FSC™ N003610.



INCLUSIVE, DIVERSE AND FAIR CULTURE

We want everyone – from our customers, employees and suppliers to our business partners and franchisees – to find themselves reflected in and respected by the Pandora brand.

Pandora sees ensuring a positive working environment for our employees across crafting, retail, distribution and in our offices as a top priority and one of our fundamental responsibilities as an employer. Our commitment to equal rights and opportunities for all is reflected in our policies and programmes.

In 2021, we established an inclusion and diversity strategy and a [Responsible Marketing Standard](#) [↗](#). We also updated our [Human Rights Policy](#) [↗](#), [Supplier Code of Conduct](#) [↗](#) and [Responsible Sourcing Policy](#) [↗](#), and made progress in the area of human rights, with proactive due diligence in line with the United Nations Guiding Principles on Business and Human Rights.

The latter also forms part of preparing Pandora for regulatory developments on mandatory due diligence for human rights and for reporting requirements on gender representation.

Inclusive and diverse

Ensuring diversity across our leadership teams will remain an area of particular focus. At Pandora, we base all hiring, promoting and rewarding on merit, qualifications and behaviour only, and we do not accept discrimination. This is specified in our [Diversity Policy](#) [↗](#) and our [Code of Conduct](#). [↗](#)

In 2021, we established a new global inclusion and diversity strategy. It is informed by an anonymous survey carried out in 2020, and roadmaps for implementation will be delivered in



2022. The strategy addresses inclusion and diversity internally, in our marketing supply chain and in our consumer communication. It defines our ambitions and establishes metrics and actions to create a more inclusive and diverse Pandora. The strategy includes a focus on gender and underrepresented groups and we will be working to gain a more detailed understanding of what the latter term means in a Pandora context in 2022.

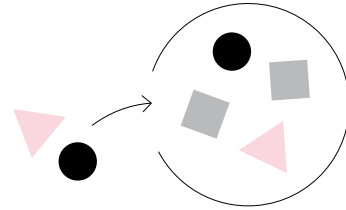
We will establish an Inclusion and Diversity Council, which will oversee implementation of the strategy. It will include a plan for making inclusion upskilling part of the onboarding and development journey. We will integrate this into how we hire and how we conduct talent reviews, and into our leadership and talent programmes.

In 2021, we launched a global inclusion and diversity strategy.

Pandora's inclusion and diversity strategy

Our ambition:

We believe that inclusion, diversity and fairness are core tenets of a responsible growing business, and we encourage all voices to pursue and share their loves.



WORKPLACE

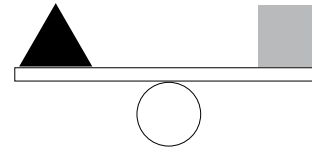
Goal

Create an inclusive workplace and increase the share of under-represented groups

Targets

- >85% score on inclusivity in employee listening survey. Compared to our current score, we have a gap of around 10% to close
- Annual reporting for transparency on equal pay for equal work
- Industry-leading global parental leave programme
- Workforce with proportionate share of underrepresented groups¹

¹ For geographies that allow recording of diversity data.



LEADERSHIP

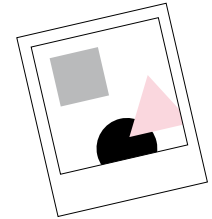
Goal

Achieve gender parity in leadership

Targets

- Achieve 1/3 women in leadership by 2025, and reach full gender parity no later than 2030²
- Company-wide ESG targets in our Long-Term Incentive Programme, and individual inclusion and diversity targets for all leaders
- All hiring and succession shortlists for Directors and above to have at least 1/3 women, 1/3 males and a proportionate share of candidates from underrepresented groups²

² Vice President level to Board of Directors.



CUSTOMER ENGAGEMENT

Goal

Reflect societal diversity in our market communications

Targets

- 30% of our brand ambassadors in our global communication will come from underrepresented groups by 2025
- 30% of our branding content budget will be spent with suppliers owned by women or underrepresented groups by 2025

In 2021, we focused on laying the foundations for a human rights programme across our business.

Gender distribution in leadership

In 2021, we set new targets for gender distribution in senior leadership (Vice President and above). We aim to achieve 1/3 women in leadership (VP and above) by 2025 and reach gender parity no later than 2030.

The gender distribution for senior leadership in 2021 was 23% women and 77% men. This was on par with the average for companies in Denmark. As we work towards gender parity, we will ensure that all hiring and succession shortlists for positions from Directors and above will have gender balance and a proportionate share of candidates from underrepresented groups for geographies that allow recording of diversity data. For underrepresented groups, work remains on establishing a baseline as there are regulatory challenges in obtaining relevant data in several countries. In addition, ESG targets will be added to the Long-Term Incentive Programme for leaders, and we will introduce individual inclusion and diversity goals for leaders in 2022.

At the end of the year, 43% of the members of our Board of Directors were women and 57% men (three out of seven board members were women). This was in line with our

GENDER RATIO (FEMALE / MALE) ¹	Unit	2021	2020	2019
Total global office ¹	%	66 / 34	52 / 48	-
Total crafting facilities	%	59 / 41	56 / 44	-
Total distribution	%	56 / 44	-	-
Total retail	%	95 / 5	-	-
Executive Leadership Team	%	12.5 / 87.5	12.5 / 87.5	9 / 91
Board of Directors	%	43 / 57	75 / 25	50 / 50
Leadership team (Vice President and above, including Board of Directors)	%	23 / 77	-	-

¹ For 2020, only Global Office was part of reporting scope for office category.

ongoing target of 40% of board members being from the underrepresented gender. This target has not changed. In 2020, 75% of board members were women and 25% men. Additional information on the board's composition can be found in the [Annual Report 2021](#).

Our Executive Leadership Team had 12.5% women and 87.5% men (one woman out of eight members). This was the same in 2020, as no changes were made to the composition of the Executive Leadership Team. When such a change becomes relevant, our strategy will ensure that recruitment for positions at this level also considers our target of gender balance.

Fair: respecting human rights

At Pandora, 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 uphold the values and commitments outlined in our Human Rights Policy and assist Pandora in its efforts to respect human rights.

In 2021, we focused on laying the foundations for a human rights programme across our business. We increased resources this year with new hires in our global office and in Thailand and made significant updates to our [Human Rights Policy](#). We also updated our [Supplier Code of Conduct](#) and [Responsible Sourcing Policy](#), engaged suppliers on these updates, and adopted a [Responsible Marketing Standard](#) which outlines principles to ensure we market our products in a responsible way in line with human rights guidelines. In addition, we are identifying ways to further strengthen and implement pilot projects to embed human rights considerations into our procurement and sourcing processes and how to approach high-risk or conflict-affected areas.



Pandora's salient human rights issues:

- 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

In 2022, we will finalise our strategy to ensure a robust approach to human rights due diligence, taking into consideration the priority salient issues identified through our human rights impact assessment. The strategy will outline our approach to human rights governance, risk and impact assessment, prevention and mitigation, training and awareness, grievance mechanisms, remedies, and reporting our performance.

Dialogue with employee representatives

Our crafting facilities in Thailand have a long-established model for social dialogue, with quarterly meetings between management and trade union committees to find solutions to day-to-day working environment and welfare issues should they arise. In 2021, the design and implementation of COVID-19 measures was prominent on the agenda for these meetings.

The same forum is in charge of annual negotiations on the collective bargaining agreement for workers at our facilities. The negotiations were successfully concluded after appropriate consultations.

This system of constructive social dialogue has received a Thailand Labour Management Excellence Award from the Thai government several years in a row.

Empowering youth

Championing young people is another important aspect of our work as an inclusive, diverse and fair company. As part of our partnership with UNICEF, in 2021 we donated USD 2.4 million, raised primarily through the proceeds from two campaigns under the concept of ‘Charms for Change’, where a portion of the purchase price from each charm sold is

donated to UNICEF. Since 2019, Pandora has donated a total of USD 5.8 million to UNICEF.

Our donation supports UNICEF’s programmes to fund learning and skills development, rights awareness and gender equality activities in Burundi, China, Nepal, Guatemala and Serbia. In addition, 50% of our overall donation is allocated to supporting UNICEF’s ongoing work with children affected by humanitarian crises.

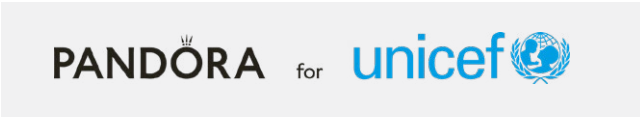
Pandora is the only corporate sponsor of UNICEF’s programme to develop a data collection tool that will help assess the extent to which young people are empowered, civically engaged and able to participate in decision-making. The tool will capture gender-related barriers and could be used to measure the impact of interventions aimed at fostering soft skills development.

By partnering with UNICEF, we hope to have a positive impact on the opportunities available to the world’s 600 million adolescent girls aged 10-19. Equipped with the right resources, opportunities and an enabling environment, these girls have the potential to become the largest generation of female leaders, entrepreneurs and change-makers worldwide.

Community development and local initiatives

Related to our crafting facilities in Thailand, we run the “My School Project”. For the past 16 years, we have built, refurbished or provided educational materials to primary schools in rural areas in Thailand. The schools are nominated by our Thai colleagues. This project has so far touched the lives of thousands of children in Thai communities.

Also in Thailand, we run a local charity programme that organises various charitable events to give back to local communities. The funds raised from these events are directed towards supporting organisations such as hospitals and temples that work with the disabled, the elderly and other community members. During 2021, a secondary focus was to help communities get through the COVID-19 crisis by donating protective masks and disinfectant gel through community visits.



©UNICEF, Willocq Guatemala



Manufacturing through COVID-19 challenges

Approximately 13,700 people at two facilities in Thailand produced 94 million pieces of jewellery in 2021.

Thailand was hard hit by the impact of COVID-19 in 2021, and as a result up to 20% of our workforce were in quarantine at the same time at certain stages.

Throughout the pandemic, we have followed guidelines and taken precautions, for example: work from home for all support functions, COVID-19 health screening for all individuals before entering the work area, separation of all buildings with separate bus transportation based on work area, routine deep cleaning of all work areas, and enforced distancing, mask wearing, hand washing and testing according to local guidelines. In 2021, we also upgraded our HVAC

systems (Heating, Ventilation and Air Conditioning) with ultraviolet-c light, which kills virus and bacteria and is circulated throughout the factory.

We offered extended leave for pregnant employees and workers with chronic illnesses. Since February 2021, 3.6% of our workers have stayed at home while receiving 75% pay.

In addition, since July 2021, we have organised weekly testing for all crafting facility employees, helped identify close contacts, established a system for mandatory 14-day quarantine to observe symptoms, and worked with government authorities and private hospitals to obtain vaccines for our employees.

We explored all options to ensure business continuity at this difficult time but found our only viable option was to increase working hours. We did this according to these principles:

- Working with welfare committees and unions to find a solution that works for all
- Communicating with employees regularly
- Ensuring overtime is voluntary
- Ensuring overtime is paid at a premium
- Extending hours as permitted by Thai law
- Ensuring a plan is in place to reduce working hours to normal levels
- Ensuring that health and safety safeguards are in place, including rest breaks after 4-5 hours and before starting overtime

13,700

approximate number of people working at our two facilities in Thailand.

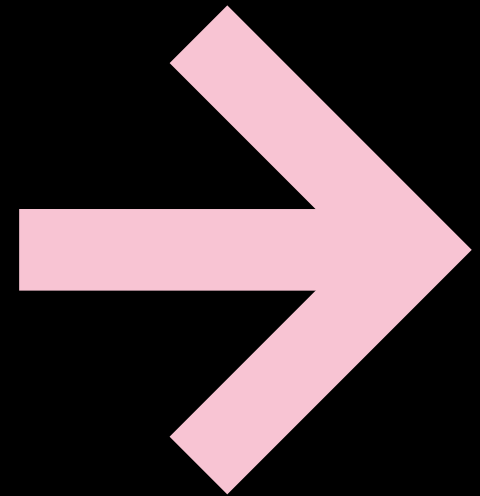
20%

of our workforce were in quarantine at the same time at certain stages.

3.6%

of our workers have stayed at home while receiving 75% pay.

SUSTAINABILITY FROM SOURCE TO SALE



RESPONSIBLE SOURCING

Pandora is committed to ensuring that suppliers and sub-suppliers of raw materials, product components, and semi-finished and finished products comply with high social and environmental standards.

We pursue this commitment through our Responsible Sourcing Programme, which we base on three core objectives for our supply chain:

- **Responsible** - which means we continuously aim to improve the social and environmental footprint of our suppliers
- **Transparent** - which means we commit to improving the information we provide about the raw materials we use and where they come from
- **Traceable** - which means 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

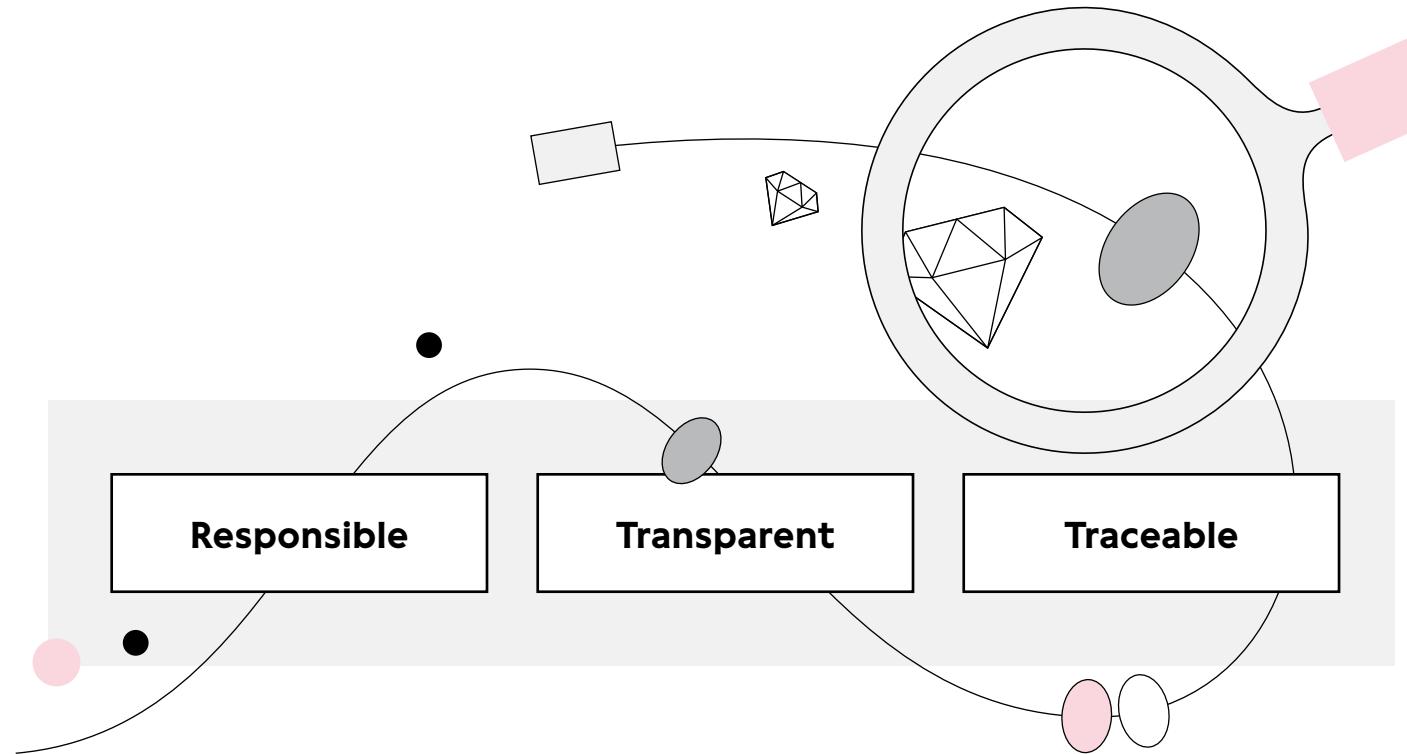
To support our Responsible Sourcing Programme, we have three policies:

- **Our 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.

- **Our Responsible Sourcing Policy** [↗](#) outlines how we implement our Supplier Code of Conduct through risk assessment, management systems, traceability, audits, reporting

In 2021, we updated our Supplier Code of Conduct.





RESPONSIBLY SOURCED JEWELLERY

	Unit	2021	2020	2019
Total direct supplier spend audited by a third party	%	>99	>99	>95
Silver and gold grain suppliers certified by RJC COP/LBMA	%	100	100	100
New product suppliers screened using social criteria	%	100	-	-

and disclosure. We updated this in 2021 with more detailed descriptions of our procedures and included the three principles above.

- **Our Materials Standard** [↗](#) was launched in 2021. It outlines the general principles we want to adhere to when sourcing materials more sustainably.

Read more about our Materials Standard on [page 18](#). [↗](#)

Following the launch of the new and updated Responsible Sourcing Programme policies, we organised training for Pandora staff and supplier webinars. For suppliers, we took the opportunity to send a strong message of collaborating on sustainability. We updated them on our new business strategy, highlighted the importance of working together on global issues and demonstrated how sustainability initiatives at Pandora had positively impacted our bottom line.

The items sourced by Pandora are first and foremost silver, gold, copper, palladium and man-made stones such as nano-crystals and cubic zirconia. We also use leather, polyester and glass, although in significantly smaller volumes, and wood-based materials and plastic for our point-of-sale materials, such as packaging. In 2021, silver continued to make up approximately 81% of purchased product materials, measured by weight.

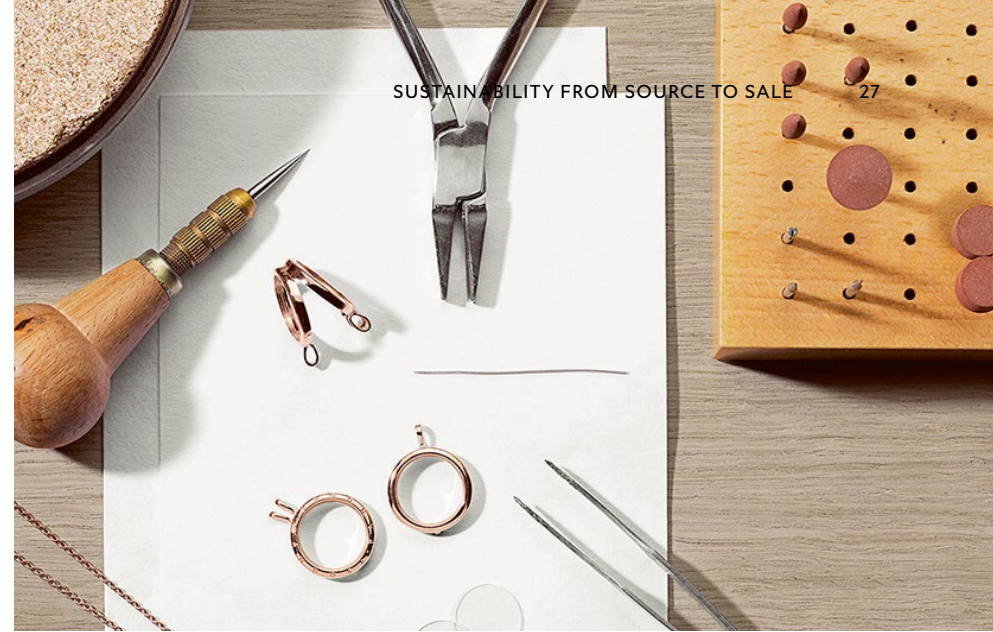
We have a relatively small number of direct product suppliers compared to similarly sized manufacturing and retail businesses. The vast majority of our product suppliers are based in and around Thailand, while our largest suppliers of point-of-sale materials are located in China and Southeast Asia.

Our Responsible Sourcing Programme is aligned 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. To supplement the due diligence process, we will be establishing a validation process for recycled sources of supplied metals.

How we monitor suppliers

We monitor how well suppliers adhere to our Supplier Code of Conduct through our audit programme. All product and some 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 a biannual third-party audit covering all aspects of responsible business practices: labour, health and safety, environmental management and business ethics standards. These audits include desktop research, on-site reviews and interviews with workers.

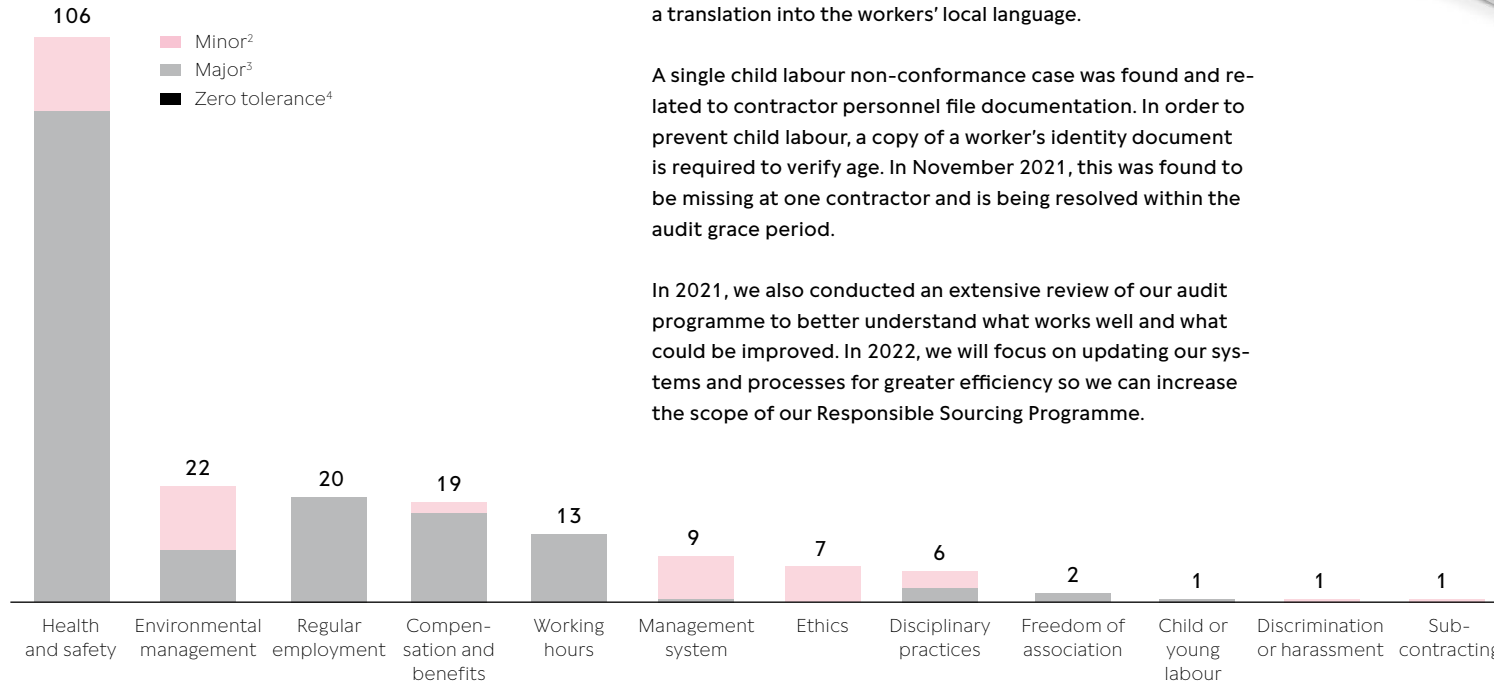
Our current audit programme focuses on suppliers of raw materials, and contracted manufacturers, which covers outsourced production. In 2021, we commissioned 16 SMETA (Sedex Members Ethical Trade Audit) audits at product supplier sites, representing 13% of our total product spend. The remaining product suppliers were either already certified to an approved standard (63% of product spend) or are due for their biannual audit in 2022 (24%). Audits are performed by a third-party accredited auditor and the results are shared with our suppliers. In case of non-conformance, we collaborate with our suppliers to agree an improvement plan and resolve any issues found.

All the silver and gold used in making our jewellery comes from certified responsible refiners.

In 2021, the audits identified 207 non-conformances: 48 categorised as minor issues and 159 as major issues. 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

SUPPLIER AUDIT PERFORMANCE IN 2021

Number of non-conformances against Pandora's Supplier Code of Conduct¹



¹ 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.
² A minor non-conformance is an isolated, non-material breach.

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 a compensation and benefits non-conformance identified was 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 is being resolved within the audit grace period.

In 2021, we also 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.

³ A major non-conformance is a material breach.
⁴ Refer to our [Responsible Sourcing Policy](#) for a list of our zero tolerance issues. There were no zero tolerances found in 2021.

Recertified by the Responsible Jewellery Council

In 2021, we obtained our fourth certification by the Responsible Jewellery Council (RJC).

RJC is the leading standards authority in the global watch and jewellery industry and works with members worldwide to create a more sustainable supply chain. It has more than 1,000 member companies that span the jewellery supply chain from mine to retail.

The RJC Code of Practices is made up of 42 provisions for ethical, social, human rights and environmental practices. It is the only industry standard covering the entire jewellery and watch supply chain.

During 2021, Pandora was recertified according to the RJC Code of Practices following review of over 100 aspects ranging from the sourcing of raw materials through to the sale of finished jewellery to customers.

The recertification was based on visits to retail stores, offices, distribution centres and crafting sites, many of which were recognised for good examples of excellent COVID-19 precautions for staff and visitors. In addition, the audits identified potential for improvements in employee communication around standards, including training and local health and safety risk assessments.




ADDRESSING IMPACTS FROM CRAFTING AND DISTRIBUTION

More than 89% of all Pandora products are crafted at two facilities owned and operated by the company. This setup provides us with a high level of control over the impacts from crafting.

To deliver on our growth ambitions and secure business continuity, we are in the process of establishing a new facility in Vietnam and an additional facility in Thailand. In 2021, we analysed viable locations and options for sustainability certification for these new facilities. We will continue the planning and design in 2022 and will integrate sustainability into these processes. Construction for our Thailand facility is set to begin in 2022 and construction for our Vietnam facility will begin in early 2023.

The main impacts from our crafting facilities are related to energy usage and waste streams as well as employee safety and working conditions. In 2021, our facilities received two energy awards from the Ministry of Energy of Thailand in appreciation of our work on energy-efficient buildings.

Read more about our energy consumption on [page 13](#). 

Product safety and quality

Pandora's products are made with materials deemed safe for consumers, workers and the environment. Our jewellery does not contain hazardous chemicals and we communicate to suppliers about which substances they are restricted from using when working with us. This also applies to our consumer packaging. Suppliers must provide proper records as proof, and test certificates are required as compliance evidence. There were no reported incidents of non-compliance concerning the health and safety impacts of products in 2021. Pandora's crafting facilities have an active ISO 9001 (Quality Management) certification.

Workplace safety

Employee safety is a key responsibility for Pandora. We have a Health and Safety Policy for our crafting facilities to ensure that we always act responsibly.

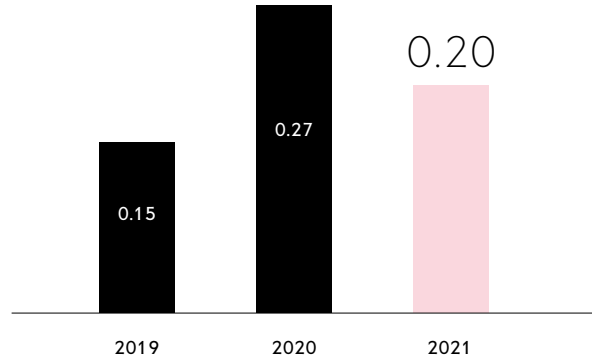
Our Health and Safety policy covers all workers, including contractors and visitors, training is provided to all staff, and we monitor performance closely. Moreover, a Safety, Health and



94 million pieces of jewellery produced at our crafting facilities

LOST TIME INJURY FREQUENCY RATE AT OUR CRAFTING FACILITIES

per one million hours worked



Environment (SHE) Committee comprising senior management and elected employee representatives is responsible for continuously improving standards and correcting cases of non-compliance.

An ISO 45001 management review is conducted annually to drive the safety culture towards zero injuries. In addition, our RJC Code of Practices certification ensures that we assess our own operations against the jewellery industry's highest safety standard.

We continue to work towards the ambitions of the "Together Towards Zero" campaign, designed and run by SHE employees at our crafting facilities in Thailand. The campaign focuses on four areas: zero accidents culture, zero health risks, zero waste, and zero non-compliance, as determined by internal and external standards.

Examples of activities to create and maintain our culture of high health and safety standards include improving our machinery safety guards, using signage that goes above legal requirements and optimising our waste disposal methods and water drainage to avoid safety hazards from slippage.

To engage employees and receive feedback and early indications of improvement opportunities, we have suggestion boxes, online reporting forms, daily safety observation by area owners, QR codes in all areas of the factory leading to opportunities for feedback on facilities, and a hotline call centre.

Finally, emergency plans are in place for fire, chemical spills, gas release and medical emergencies. Employees participate in annual drills and training on basic fire-fighting, chemical spill response and other emergency situations.

In 2021, there were six work-related lost time injuries, compared with seven work-related lost time injuries in 2020, and the lost time injury frequency rate (LTIFR) was 0.20. We achieved a 25% reduction in lost time due to work-related injuries from last year due to our awareness-raising activities under the Together Towards Zero campaign. All work-related incidents are investigated thoroughly and tracked.

Making health services available

We also focus on ensuring that employees have access to proper health services at our crafting facilities. This includes health promotion activities, wellbeing programmes, 24-hour nurse coverage, occupational physicians' support twice a week, and medical doctors' support three times a week. All of these are provided free of charge in accordance with Thai legislation.

For information on how we protected employees at our crafting facilities during the pandemic, see [page 24](#).

Waste

Waste management is an integral part of our strategic priority to build a fully circular business.

We continuously reduce and recycle waste from our crafting facilities. The main waste categories are raw materials, waste from production processes, and wastewater. After efforts to reduce and reuse waste in its own processes, Pandora selects third-party waste contractors based on their ability to recycle waste as the first priority. If no contractor is able to recycle it, incineration is the next option, with landfill disposal as a last resort.

In 2021, we generated 8,982 tonnes of waste at our crafting facilities, 29% more than in 2020. COVID-19 safety measures led to an increase in the volume of single-use items, such as

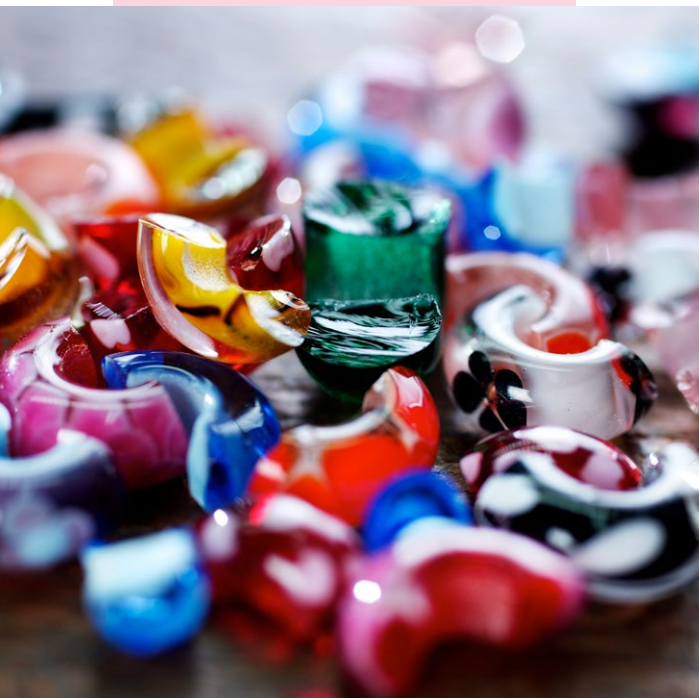
We reduce and recycle waste materials from our crafting facilities.

INCREASED WASTE RECYCLING AT CRAFTING FACILITIES



2020

2021



personal protective equipment being used at our crafting facilities. In addition, production volumes increased by over 17% and our new plating facility was running at full capacity.

We continue to have a very high overall waste recycling rate. In 2021, this was 97%, a 7% improvement on 2020. We have a total of 110 waste fractions from our crafting processes.

Of these, 104 are currently recycled. In 2022, we will explore solutions for the remaining six. When we succeed, we will have eliminated all waste to landfill. Also in 2022, we will conduct a study on waste identification at the category level to ensure compliance with new regulation from the Thai government on hazardous waste. Appropriate solutions will be implemented in line with our Together Towards Zero ambition.

Gypsum accounts for over 50% of the waste at our facilities. It is recycled at a nearby construction centre. Glass waste is recycled into various glass products, wax waste is used to make candles or as a moulding material for other manufacturers, and rubber waste is made into plastic products or used as fuel by the cement industry.

Read more about our circularity priority on [page 16](#). ↗

Pandora's [Environmental Policy](#) ↗ requires all Pandora employees to exhibit environmental thoughtfulness and sound practices, including on waste, in daily operations. It requires employees to actively participate in relevant environmental training and campaigns.

Distribution

We operate three distribution centres, located in Germany, Thailand, and the US.¹ The key sustainability impacts related to distribution are the health and safety of our people, the environmental impacts of our activities, the carbon footprint from transportation, and the working conditions of contracted workers such as truck drivers hired by our trucking suppliers.

All distribution centres follow local occupational health and safety laws. In addition, our centre in Thailand has achieved ISO14001 and ISO 45001 certification covering environmental and occupational health and safety respectively.

Employees at our distribution centres receive training on occupational health and safety. Training content is determined by each centre from a range of subjects, including first aid, fire protection, evacuation, hazards when working at warehouses, working with forklift trucks, working with electric and hydraulic presses, and emergency preparedness.

We are working to convert the energy supply for our distribution centres into renewable sources. Our European distribution centre in Hamburg switched to 100% green energy on 1 November 2021, and we will be exploring options for our other main distribution centres in 2022.

Transportation

Transportation constitutes 11% of Pandora's total emissions, originating from inbound and outbound logistics and third-party distribution. This includes emissions associated with:

- Transport from supplier to Pandora for purchased goods
- Third-party logistics provider storing and packing products and delivering e-commerce orders to customers
- Third-party logistics providers who transport our jewellery from our crafting facility to our distribution centres and from our distribution centres to our retail stores
- Shipments directly to customers' homes from Pandora owned and operated warehouses

¹ During Q2 2021, we outsourced operation of our Brazil distribution centre to a third-party logistics company.

100%

green energy used at our distribution centre in Hamburg since November 2021.

SUSTAINABILITY IN RETAIL AND SALES

6,800
points of sale

Pandora's products are sold at more than 6,800 points of sale in over 100 countries. In 2021, we recorded more than 670 million visits to our physical and online stores. We market our products through physical and digital campaigns and advertising.

100+
countries where Pandora's products are available

The largest potential sustainability impacts related to retail and sales include working conditions for our store staff and franchisees, responsible marketing, data protection, and the environmental impact of stores.

670+
million visits to our physical and online stores

Pandora has a well-developed online training programme for its retail colleagues, which spans from general product knowledge and new collections training to shopper experience, selling approach and operations training. In addition, we have modules dedicated to our strategic sustainability priorities, in which we explain our sustainability approach and how to communicate it to consumers. For the test launch of the Pandora Brilliance collection in the UK, Pandora rolled out comprehensive training on the key aspects of the collection, diamond grading and sustainability claims.

We saw large increases in employee turnover in stores, most notably in the US market, where turnover grew by approximately 50% from 2020 to 2021. This is attributed to a high proportion of part-time and seasonal workers hired in 2021 and the impacts of COVID-19 on employees both at work and at home.

Owned and operated stores as well as franchises were included in our human rights impact assessment in 2020, and salient issues were identified that are being incorporated into our human rights strategy. Employees and franchises are identified as key stakeholders in our updated [Human Rights Policy](#). ↗

Read more about human rights on [page 22](#). ↗

Some of the reports received through our whistleblower hotline in 2021 included issues such as harassment in stores, all of which were investigated and handled in accordance with our [Whistleblower Policy](#). ↗

Read more about business ethics on [page 35](#). ↗





In 2021, we launched Pandora's Responsible Marketing Standard.

Responsible marketing

In 2021, we established Pandora's Responsible Marketing Standard, which sets out the applicable principles and standards for Pandora, suppliers and third parties when marketing Pandora jewellery towards consumers. It details our approach to managing and designing global and local marketing campaigns across platforms to ensure responsible and inclusive practices.

When building the standard, we were guided by the International Chamber of Commerce's (ICC) Advertising and Marketing Communications Code (2018 version).

The standard and corresponding governance structure respond particularly to two issues that are increasingly raised by our stakeholders:

- **Inclusive marketing practices** – We seek to have diversity throughout the campaign process and work with creatives such as agencies and photographers that tell stories about underrepresented groups. We strive not to contribute to negative prejudice, discrimination or stereotyping in campaigns. We aim to cast models who portray our jewellery in a positive and healthy manner, and we ensure that special care is taken with respect to marketing communications directed at or involving children, just to name a few principles. These commitments will further contribute to the targets we have set for our inclusive, diverse and fair priority.

Read more about our inclusion and diversity targets on [page 21](#). ↗

- **Clear and prominent substantiation of claims** – where we specifically state environmental claims about products, these must be qualified and substantiated or avoided. The



purpose is to make sure that all our claims are true and to mitigate the risk of greenwashing.

The standard also states that Pandora must not market its jewellery to children under the age of 13.

In 2022, we will begin training on and implementation of the standard and the governance structure. This will include setting up a Responsible Marketing Committee with oversight obligations.

In 2021, we did not identify any non-compliance issues related to marketing, labelling regulations or voluntary codes.

Environmental footprint of our stores

We are working towards establishing a centralised approach to managing the environmental impacts of our stores and expect this plan to commence in 2022.

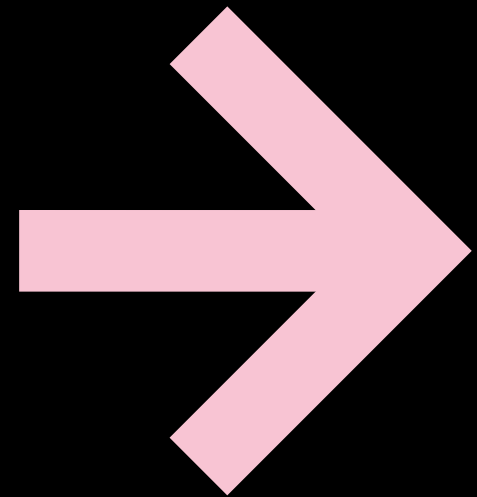
In line with our Environmental Policy, all store staff are encouraged to sort and dispose of in-store waste and adhere to local disposal and recycling requirements.

In 2022, we are planning to assess global waste management systems for our key waste materials as Pandora expands its circular ambitions.

We reuse fixtures and furniture whenever possible when restoring or building Pandora stores and will develop a companywide overview and guidance on this over the next couple of years.

We will switch owned and operated stores as well as franchises to renewable energy as part of our decarbonisation efforts. In 2021, we began the transition to renewable energy for our stores in Europe and in 2023, we will transition our stores in North America.

BUSINESS ETHICS



ENSURING SOUND BUSINESS PRACTICES

Our commitment to ethical business practices means that we aim to conduct business lawfully, appropriately and with honesty and integrity. We strive to adhere to applicable laws and regulations, exercise sound judgment and take actions to minimise our environmental impact on the planet.

Pandora's [Code of Conduct](#) sets out our commitment to ethical business practices and standards of behaviour, to which we expect the entire Pandora organisation to adhere. During 2021, we rolled out training on the new Code of Conduct established late in 2020.

In order to educate staff on our Code of Conduct, we created separate e-learning modules for different areas of the organisation, each available in eight languages. In addition, we organised several live training sessions, which all office colleagues were invited to participate in, under the name "Code & Coffee" and organised our first "Compliance Week". The purpose of Compliance Week was a designated week to create awareness and to engage office colleagues on subjects and dilemmas relating to compliance and the Code of Conduct.

Whistleblower hotline

Our [Whistleblower Policy](#) outlines our process for dealing with issues raised through our whistleblower hotline.

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. None of the cases had a severe impact on our business operations or a material financial impact.

Protecting personal data

At Pandora, we regularly handle the personal data of our consumers and employees. We use personal data only when we have a legitimate purpose for doing so. The data is used, stored, shared and protected in accordance with the



relevant legal basis upon collecting the data, and in accordance with applicable privacy legislation.

We perform relevant and regular privacy training and awareness-raising initiatives for all employees. Complaints are investigated and resolved in line with applicable legislation. Pandora had one reported incident in 2021, a stuffing attack affecting 1,061 US customer accounts. The incident was reported to the relevant authorities and customers according to local state

5+
DKK billion tax contribution in 2021

legislation. No other substantiated issues related to Pandora's handling of personal data were reported in 2021.

In 2021, we updated our [Data Privacy Policy](#), which will be publicly available in 2022.

Tax

Pandora's tax strategy aims to pay a fair tax in all markets where we operate. Pandora is committed to ensure compliance with the letter and spirit of tax law in the markets where we operate, while striving to maximise shareholder value in a responsible way.

Pandora's total global tax contribution amounted to more than DKK 5 billion (2020: around DKK 4 billion). Of the DKK 5 billion, around 30% was incurred by Pandora for corporate income taxes and duties and the remaining share was collected and withheld by Pandora as VAT, sales taxes and from dividends and wages. We follow what is known as a principal tax model, where profit follows risk and value creation throughout the value chain. This means our income-generating entities are taxed in local markets, and all residual profit or loss is taxed in Denmark.

We charge service fees internally for distribution centres, our shared services centre and cluster offices. The majority of internal transfers are related to commercial activity.

Every year, the EU publishes a list of non-EU countries that the EU finds encourage abusive tax practices that erode member states' corporate tax revenues. In 2021, the list consisted of nine countries. Of these, Pandora has activities in one, Panama, which is the cluster office for Latin America. The cluster receives a service fee that is taxed in Panama.

The Board of Directors is responsible for the [Tax Policy](#).

The responsibility for tax risk management lies with the Group CFO and is overseen by the Audit Committee, which reviews the Tax Policy annually.

To learn more about Pandora's tax principles and practices, please consult our Tax Policy.

Breaches

In July 2021, the U.S. Fish and Wildlife Service issued Pandora a notice of violation alleging that, during the period from January 2015 to April 2020, Pandora failed to complete certain required export documentation and failed to pay certain export fees for the export of jewellery products made with oyster shell (Pinctada Maxima). Pandora and the Fish and Wildlife Service are in the process of resolving the matter. Pandora has agreed to pay USD 640,233 in fines for the violations.

Mitigating the risk of bribery and corruption

Pandora has a zero tolerance policy towards bribery and corruption. As part of this commitment, we have a dedicated risk-based compliance programme that applies globally.

During 2021, Pandora performed a global risk mapping to reassess the nature and extent of its exposure to potential risks related to anti-bribery and corruption, among other regulations. The risk mapping resulted in updated versions of the Anti-Bribery & Corruption Policy and the Conflicts of Interest Policy, both of which were approved by the Board of Directors.

Using Pandora's Code of Conduct as the foundation, both policies provide further details on how Pandora and its employees can prevent and combat bribery and corruption to protect our brand. Role-based training was created as

part of the roll-out of the Code of Conduct, including rules on providing and receiving gifts and entertainment and on prohibiting facilitation payments. Through various in-person and virtual initiatives, we raised awareness of how corruption and bribery affect equality by limiting access to business opportunities, are instrumental in driving human rights abuse, and hinder transparent decision-making.

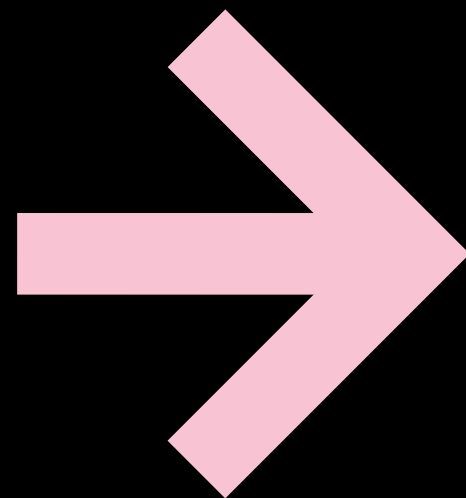
In 2022, we will be revising the anti-bribery and corruption provisions in our Supplier Code of Conduct from a risk-based approach and will offer training for employees who face a higher risk of corruption and bribery due to their roles and physical work locations.

Combatting money laundering and compliance with sanctions

Pandora recognises the importance of complying with applicable regulations on anti-money laundering, terrorist financing, due diligence, economic sanctions and embargoes, and is committed to conduct its business in full compliance with applicable laws. Pandora implemented a new Anti-Money Laundering Programme in 2021 that was designed utilising a risk-based approach in accordance with all applicable laws and approved by the Board of Directors.

The Anti-Money Laundering Programme sets the global minimum standards to which all Pandora subsidiaries and affiliates must comply. It includes written policies and procedures, third-party due diligence and screening, and a designated Money Laundering Reporting Officer; provides regular training for relevant employees; and requires periodic testing of the programme. Pandora has also taken reasonable steps to comply with applicable economic sanctions and embargoes by embedding these requirements into the Anti-Money Laundering Programme.

ANNEX



SUSTAINABILITY GOVERNANCE

Sound governance structures provide accountability and transparency in decision-making, ensure that our sustainability strategy and activities fulfil Pandora's social and environmental ambitions, and support the business.

Our positions, ambitions and strategies are built on a portfolio of corporate policies based on internationally recognised conventions, agreements and standards.

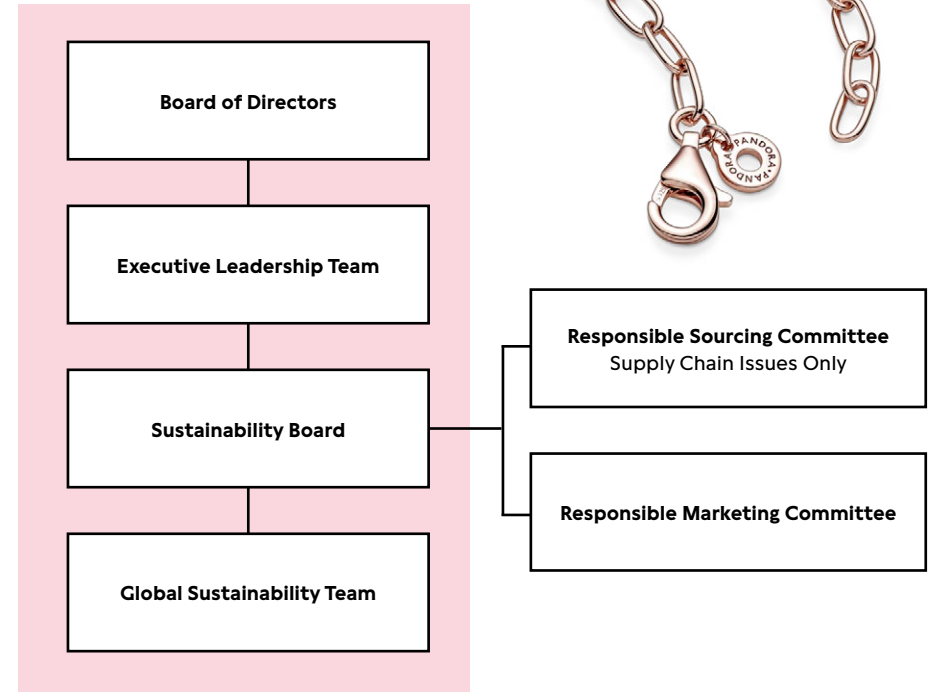
Our governance structure

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 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.

A 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, Corporate Sustainability, and reports to the Sustainability Board.

In 2022, we will build out our Responsible Marketing Committee and establish an Inclusion and Diversity Committee to oversee the implementation of new policies and plans.

In 2021, we decided to expand our dedicated sustainability resources.



Pandora has a dedicated Risk Management Policy.

Pandora's Global Sustainability Team reports to Pandora's VP of Corporate Communications and Sustainability, manages the company's global environmental, social and governance portfolio, and is based out of Pandora's Global Office in Copenhagen, Denmark. The team reports to the Chief Human Resources Officer, who is a member of the Executive Leadership Team. Dedicated sustainability resources have also been embedded across relevant areas of the business, including Supply Chain, Indirect Procurement, Retail, and Finance. In addition, we also have dedicated Environment, Health, Safety and Security teams at our crafting facilities in Thailand.

How we implement strategies and policies

We implement processes to integrate and activate our strategies and corporate policies. These include:

- Laying the foundation with updated policies and strategies
- Training relevant employees on these policies and strategies and how they can contribute to their implementation
- Scaling up sustainability resources to guide specific areas of the business
- Embedding sustainability considerations early on in business decision-making

- Advising across the business through regular check-ins with our Global Sustainability Team
- Using formalised governance structures to review implementation
- Reporting annually on our progress through our Annual Report and Sustainability Report

Identifying sustainability risks

At Pandora, risk management is a company-wide effort, with management teams across our value chain responsible for the continuous identification, assessment, mitigation and reporting of current and emerging risks. Pandora also has a dedicated [Risk Management Policy](#). ↗

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 actions, on a quarterly basis. All risk assessments take into account the likelihood of an event and its potential financial impact on the business. Risks are assessed in terms of both gross and net risk. The Global Sustainability Team participates in this process by assessing relevant risks, and has identified two main sustainability-related risks:

- Customer backlash over sustainability targets and claims
- Environmental, social and governance compliance

Each of these risks is mitigated through the programmes and projects related to our sustainability strategy.

Pandora's Chief Financial Officer heads up the company's Risk Management Board, which consists of senior management representatives from across our value chain. The Risk Management Board is assisted in its work by the Global Insurance and Risk Office, which serves as its secretariat. The Global Insurance and Risk Office's role is to review risks, support and challenge management on risk information, and consolidate the reported risks into a corporate risk profile containing the company's key risks every quarter. The final risk profile is reviewed by the Executive Leadership Team and the Board of Directors.

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.



STAKEHOLDER ENGAGEMENT



We engage with key stakeholder groups as part of our daily operations.

We include stakeholder feedback in our work on materiality, strategy, target setting and reporting. This results in increased disclosure and transparency in our sustainability reporting, new assessments and risk mitigation activities, enhanced grievance mechanisms, new memberships, participation in ratings and rankings, updated policies and programmes, and new targets.

We engage with key stakeholder groups, including suppliers, customers, employees, franchises, governments, multilateral institutions, NGOs, industry organisations and investors. We do this as part of our daily operations and in formalised settings, for example meetings to prepare new targets or public-private partnerships to reach targets set.

In 2021, the main topics of engagement were:

- Climate change, where, in the process of setting our science-based target, we interviewed major suppliers and key departments from across the organisation to identify

	ENGAGEMENT TYPE	ENGAGEMENT SUBJECT(S)
External stakeholders	Suppliers Meetings Audits and training	Circular approach to business, Responsible sourcing, Sustainable materials, Conflict minerals, Product quality and safety
	Communities UNICEF partnership Interviews	Inclusion and diversity, Human rights, Socio-economic development in communities
	Governments Regulatory reporting and compliance Meetings on emerging initiatives and regulation	Climate change, Conflict minerals, Responsible sourcing, Data security and privacy, Waste and water in operations, Chemicals and hazardous materials
	Multilateral institutions Reporting Conferences Meetings	Responsible sourcing, Climate change Conflict minerals
	NGOs Meetings Conferences Interviews	Circular approach to business, Responsible sourcing, Sustainable materials, Conflict minerals
	Industry organisations Conferences Meetings	Responsible sourcing, Employee health, safety and labour rights
	Investors Investor surveys and reports Meetings	Circular approach to business, Responsible sourcing, Sustainable materials, Conflict minerals, Climate change, Product quality and safety, Corporate governance, Business ethics and compliance
	Customers Surveys and focus groups Social media Customer support feedback In-store feedback	Inclusion and diversity, Responsible marketing, Climate change, Circular approach to business
Internal stakeholders	Franchises Meetings Audits	Human rights, Product displays
	Employees Surveys and focus groups Social media Customer support feedback In-store feedback	Circular approach to business, Responsible sourcing, Sustainable materials, Climate change, Corporate governance, Business ethics and compliance, Talent and development

emissions reduction opportunities and understand how key business considerations would affect future performance

- Children and adolescents’ rights as part of our engagement with UNICEF
- Recertification of responsible business practices with Responsible Jewellery Council representatives
- COVID-19-related queries with authorities and employees
- Human Rights Policy and Responsible Marketing Standard development by requesting input and feedback from third-party experts
- Human rights legislation updates, intersection between human rights and climate change and grievance mechanisms through the Nordic Business Network for Human Rights
- Environmental footprint analysis of our point-of-sale through a third-party expert to help inform our upcoming packaging strategy

Partnerships and collaborations

We also engage actively in partnerships on key sustainability topics and are active members of business networks that allow us to have open dialogues with cross-industry players on specific issues.

UN Sustainable Development Goals

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, with our activities supporting specific sub-targets.

Notable partnerships and collaborations



United Nations Global Compact

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



Task Force on Climate-related Financial Disclosures

We are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and their recommendations to increase transparency of climate-related risks and opportunities on financial markets.



CDP

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



BSR

BSR™ is an organisation of sustainable business experts that works with its global network of the world’s leading companies to build a just and sustainable world. Pandora has been a member of BSR since 2018. We use our membership to advance our understanding of best practice in corporate sustainability management and to collaborate with peers.



Responsible Jewellery Council

Pandora has been a certified member of the Responsible Jewellery Council since 2012. The Responsible Jewellery Council is an international not-for-profit standards and certification organisation with more than 1,000 member companies spanning the jewellery supply chain from mine to retail.



UNICEF

Pandora and UNICEF have been partnering since 2019 to give young people the tools and opportunities they need to pursue their passions and fulfil their potential. The funds raised support UNICEF’s education, gender equality, rights awareness, personal empowerment and civic engagement programmes. The partnership is also raising funds for UNICEF’s core work across the world to ensure that every child survives and thrives.



Nordic Business Network for Human Rights

The Nordic Business Network for Human Rights is a professional network for global companies who work with human rights impacts in their organisations or supply chains. Moderated by the Danish Institute for Human Rights, member companies also include Arla, BioMar, Danfoss, Hempel, IKEA, Lego, Lundbeck, Neste, Norsk Hydro, Novo Nordisk, Statkraft, Vestas and Yara.

UN Sustainable Development Goals



Gender equality

5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Our commitment

We are committed to advancing inclusion and diversity through our efforts to fulfil the targets in our inclusion and diversity strategy, our Responsible Sourcing Programme, our integration of human rights in company processes, and our partnership with UNICEF to support girls' education and empowerment.



Affordable and clean energy

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

Our commitment

We are committed to using 100% renewable electricity at our crafting facilities and are exploring options to build additional onsite solar capacity. We are also committed to transitioning energy consumption in retail stores and distribution centres to renewable sources.



Decent work and economic growth

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Our commitment

Across offices, stores and crafting facilities, we strive to provide safe and healthy working conditions for our employees. Through our Responsible Sourcing Programme, we monitor working conditions at our supplier locations.



Responsible consumption and production

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Our commitment

We continuously work to reduce our wider environmental footprint, focusing on water usage and waste at our crafting facilities, using recycled raw materials and other circular practices. We are accountable for our actions and publish an annual sustainability report detailing our work towards becoming a low-carbon, circular, inclusive, diverse and fair business.



Climate action

13.2 Integrate climate change measures into national policies, strategies and planning.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Our commitment

We are aligning our activities with the Paris Agreement by setting a science-based target in line with a 1.5°C trajectory and by setting a net zero emissions goal for 2040. We disclose our emissions footprint and help to educate stakeholders on how to reduce our shared footprint.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING



We focus on reducing the emissions across all three scopes.

We respond to regulators' and the financial sector's requests for transparency on financially material climate change impacts for Pandora. We do this in accordance with the Task Force on Climate-related Financial Disclosure's recommendations, reporting on the four categories below.

Governance

Climate-related risks and opportunities are part of Pandora's Enterprise Risk Management reporting. Pandora's climate and renewable energy targets are governed by the Sustainability Board, which has five members from the Executive Leadership Team.

Strategy

Pandora's strategy is to meet stakeholder expectations by becoming a low-carbon business with circular practices where possible.

We set new climate targets in 2021, including a science-based target and a net zero target, for which more detail and planned actions are described on [page 12](#) of this report.

Risk management

Pandora monitors both physical and transitional-related climate risk. In 2021, we provided details on climate risks and opportunities in our publicly available [CDP report](#).

Specific risks identified include reputation, emerging regulation, changing consumer preferences and an increase in extreme weather events disrupting our production or supply chain. Based on the likelihood and magnitude of occurrence, certain risks are brought to the attention of and discussed with the Board of Directors.

Metrics and targets

Pandora measures its carbon footprint across all three greenhouse gas scopes. Approximately 1% of CO₂ emissions are related to Scope 1, 7% to Scope 2, and 92% to Scope 3. We focus on reducing the emissions of all three scopes through our climate targets.



THE EU TAXONOMY FOR SUSTAINABLE FINANCE

Pandora is the world's largest jewellery brand, crafting more jewellery than any other brand in the industry. We strive to embed sustainability considerations across our business by reducing what we take from the planet, protecting the environment and respecting those touched by our business.

In accordance with EU Taxonomy requirements, Pandora has assessed which of its business activities can be classified as 'taxonomy-eligible', in terms of climate change adaptation and mitigation, which are the areas currently covered by the eligibility assessment. The manufacturing of jewellery¹ is not included in the EU list of taxonomy-eligible activities. As

¹ NACE code 32.12 'Manufacture of jewellery and related articles'.

such, Pandora's targets and work on climate change, including its Science Based Targets initiative-approved target for carbon emissions reductions across business activities, are not part of the assessment of taxonomy eligibility, because Pandora's business activities are not considered taxonomy-eligible.

In 2022, we expect that criteria for assessment of eligibility for the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems will be published by the EU. In addition, the construction of a taxonomy for social sustainability has been initiated.



ABOUT THIS REPORT

This report covers Pandora's global operations for the fiscal year 2021, which runs from 1 January to 31 December 2021. Our last report, published in May 2021, covered the 2020 fiscal year and is available with previous sustainability reports at pandoragroup.com. ↗

The content and scope of this report were defined based on the significance of topics to both stakeholders and the sustainable growth of the company as determined by our sustainability materiality assessment. The scope covers our crafting facilities, supply chain, distribution centres, retail stores operated by Pandora and our offices. All data boundaries are specified alongside reported metrics. We are not able to provide historical data for metrics reported for the first time in 2021.

This report has been prepared in accordance with the Global Reporting Initiative Standards' "Core" option. A GRI Index Table is available at pandoragroup.com, ↗ specifying each of the GRI Standards and listing all disclosures included in

the report. We have also provided information on alignment with Sustainability Accounting Standards Board (Apparel, Accessories & Footwear), and Task Force on Climate-related Financial Disclosures standards. We have assessed activities according to the EU Taxonomy for sustainable activities. This report has also been prepared in accordance with sections 99(a), 99(b) and 107(d) of the Danish Financial Statements Act. Pandora is committed to the Ten Principles of the United Nations Global Compact and this report serves as our Communication on Progress.

We have obtained independent external assurance for specific data points included in this report, specifically for our Scope 1, 2 and 3 greenhouse gas emissions and our percentage of recycled silver and gold. For the independent auditor's report, see [page 51](#). ↗

Please contact sustainability@pandora.net if you have any questions or feedback on sustainability at Pandora.

SUSTAINABILITY DATA

ENVIRONMENT

GREENHOUSE GAS EMISSIONS	Unit	2021	2020	2019
Scope 1				
	mtCO ₂ e	1,163	1,250	1,252
Scope 2				
Location-based	mtCO ₂ e	48,053	47,949	48,072
Market-based	mtCO ₂ e	20,997	22,409	49,862
Scope 3				
C1: Purchased goods and services	mtCO ₂ e	185,862	157,908	176,895
C2: Capital goods	mtCO ₂ e	5,487	9,121	10,222
C3: Fuel- and-energy related activities	mtCO ₂ e	3,785	3,685	3,628
C4: Upstream transportation	mtCO ₂ e	31,218	40,637	21,586
C5: Waste generated in operations	mtCO ₂ e	2,752	2,654	2,513
C6: Business travel	mtCO ₂ e	36	350	920
C7: Employee commuting	mtCO ₂ e	606	606	918
C8: Upstream leased assets	mtCO ₂ e	1,557	1,298	1,421
C14: Franchises	mtCO ₂ e	23,987	26,158	27,559
Total Scope 3	mtCO ₂ e	255,290	242,416	245,663
Total emissions (marked-based)	mtCO₂e	277,450	266,075	296,777
Emissions intensity	mtCO₂e/revenue in DKK million	11.86	14.00	13.57

¹ Scopes 1, 2 and 3 are within the audit assurance scope. See the Independent auditor's report on [page 51](#).

§ ACCOUNTING PRINCIPLES

All emissions are accounted in accordance with the methodology set out in the Greenhouse Gas Protocol Corporate Standard. All CO₂e 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.

SCOPE 1 emissions include on-site fuels used to craft jewellery, refrigerants to cool the crafting facilities, and fuel used in employee trams. Fossil fuel volumes and refrigerant leakage volumes are multiplied by emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA).

SCOPE 2 emissions include the purchase of electricity and district heating for offices, distribution centre, crafting facilities and Pandora owned stores. The emissions are calculated using both the market-based approach, which includes the purchase of Renewable Energy Certificates, and the location-based approach. Where available, the electricity and district heating consumption from meter readings and invoices is used for crafting facilities, stores, distribution centres, and offices. Where meter readings and invoices are not available, consumption is estimated based off spend or size of location. The electricity and district heating consumption is multiplied by International Energy Agency (IEA) emission factors for their respective countries to calculate the emissions. Emissions from satellite offices with less than 30 people are omitted.

SCOPE 3 emissions are reported based on the Greenhouse Gas Protocol, which divides the Scope 3 inventory into 15 subcategories (C1-C15):

- C1 – Includes materials and services. Where available, material volumes are multiplied by the Life Cycle Assessment (LCA) emission factors. If not available, spend amounts are used and multiplied by DEFRA supply chain emission factors for spending on products. Key LCAs include: Mined and recycled silver CO₂e/kg: GaBi database, 2019; Mined gold CO₂e/kg: World Gold Council, 2018; Recycled gold CO₂e/kg: C. Hafner, 2019. C1 also includes categorised spend amounts on services (e.g. media and marketing) multiplied by relevant supply chain emission factors for spending on products from DEFRA.

- C2 – Includes categorised spend data for machinery, fixtures and furniture, and other capital goods multiplied by relevant LCA and supply chain emission factors for spending on products from DEFRA.

- C3 – Includes upstream greenhouse gas emissions emissions from fossil fuels, heating, and electricity based on invoices used in our crafting facilities, stores, offices, and distribution centres. Emission factors from DEFRA are used for fossil fuels and the IEA for transmission and distribution losses.

- C4 – Includes inbound and outbound logistics, and transportation and distribution services conducted by third-party logistics providers. A combination of supplier-specific and supply chain emission factors for spending on products from DEFRA is used to calculate the emissions. Emissions from other transport types are included in the emission factors used for purchased goods and services.

- C5 – Includes waste volumes and spend amounts on waste services, multiplied by relevant emission factors from DEFRA.

- C6 – Includes spend amounts on car rental and travel expenses, multiplied by relevant emission factors from DEFRA.

- C7 – Includes Pandora employees' commute from home to work. It is based on a Trucost estimate from 2018 and the figure was revised in 2020 based on an updated estimation of employees working from home.

- C8 – Includes spend amounts on upstream leased cars, multiplied by relevant emission factors from DEFRA.

- C14 – Electricity consumption for franchises is estimated based on the number of franchise stores and the kWh/square metre average across Pandora owned stores. The estimated electricity consumption is then multiplied by the corresponding IEA country emission factor.

The subcategories C9-C13 and C15 are not relevant for Pandora.

ENVIRONMENT

ELECTRICITY AND HEATING CONSUMPTION	Unit	2021	2020	2019
Total electricity and heating consumption	MWh	114,489	110,876	111,029
Energy intensity	MWh/revenue in DKK million	4.89	5.83	5.08
Electricity and heating consumption, crafting facilities	MWh	62,883	56,909	56,265
Solar energy generated	MWh	1,347	1,141	1,307
Renewable energy certificates	MWh	61,536	55,768	-
Renewable energy at crafting facilities	%	100	100	2.4
WATER CONSUMPTION AT CRAFTING FACILITIES	Unit	2021	2020	2019
Water consumption	m ³	1,052,700	973,481	931,072
Water recycled	%	19	16	14

WASTE AT CRAFTING FACILITIES	Unit	2021	2020	2019
Total waste	tonnes	8,982	6,970	6,248
Hazardous waste (not recycled)	tonnes	78	22	17
Industrial waste to landfill	tonnes	10	44	23
Municipal waste to landfill	tonnes	174	618	685
Recycled waste	tonnes	8,720	6,287	5,523
Total recycled	recycled %	97	90	88
Gypsum	recycled %	100	100	100
Glass	recycled %	100	100	100
Wax	recycled %	100	100	100
Rubber	recycled %	100	100	100

CIRCULAR AND SUSTAINABLE JEWELLERY

CIRCULAR AND SUSTAINABLE JEWELLERY	Unit	2021	2020	2019
Recycled silver and gold total ¹	%	54	57 ³	60 ³
Man-made stones	%	100 ²	>99	>99
Total direct supplier spend audited by a third-party	%	>99	>99	>95
Silver and gold grain suppliers certified by RJC/LBMA	%	100	100	100
New product suppliers screened using social criteria	%	100	-	-

¹ Recycled silver and gold are precious metals that have been previously refined. Our products may contain a fraction of silver or gold coming from certified but non-recycled sources due to difficulties in separating sources in the refining process. At Pandora, we continuously work with our suppliers to fully remove the fraction of non-recycled sources.

² Excludes pearls.

³ As a requirement of our sustainability-linked credit facility, we have decided to report the actual percentage of our recycled silver and gold total.

§ ACCOUNTING PRINCIPLE

The percentage of recycled silver and gold is calculated as the share of total purchased silver and gold. Recycled silver and gold are precious metals, which have been previously refined. Our products may contain fractions of silver and gold coming from non-recycled sources due to difficulties in separating sources in the refining process. The recycled percentage is self-declared by the suppliers. Pandora has not validated the self-declarations.

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.

THIRD-PARTY AUDIT SUMMARY (SMETA)	2021	2020
Number of factories assessed	16	15
Number of factories with social issues identified	11	13
Number of factories with environmental issues identified	8	9
Total issues found	207	274
Total issues closed	88	203
Total issues open	119 ¹	71

Social issues identified through third-party audits

Total social issues found	185	232
Minor social issues closed	19	92
Minor social issues open	17	32
Major social issues closed	62	80
Major social issues open	87	26
Zero tolerance social issues closed	0	1
Zero tolerance social issues open	0	1

Environmental issues identified through third-party audits

Total environmental issues found	22	42
Minor environmental issues closed	2	18
Minor environmental issues open	10	7
Major environmental issues closed	5	12
Major environmental issues open	5	5
Zero tolerance environmental issues closed	0	0
Zero tolerance environmental issues open	0	0

¹ Of the 119 open issues, 12 have been delayed with a timebound corrective action plan in place and the remaining 107 issues are in the process of being closed.

WORKPLACE AND SOCIETY

LOST TIME INJURY FREQUENCY RATE (LTIFR)

	Unit	2021	2020	2019
Crafting facilities	Rate	0.20	0.27	0.15

GENDER RATIO (FEMALE / MALE)

	Unit	2021	2020	2019
Total global office ¹	%	66 / 34	52 / 48	-
Total crafting facilities	%	59 / 41	56 / 44	-
Total distribution	%	56 / 44	-	-
Total retail	%	95 / 5	-	-
Executive Leadership Team	%	12.5 / 87.5	12.5 / 87.5	9 / 91
Board of Directors	%	43 / 57	75 / 25	50 / 50
Leadership team (Vice President and above, including Board of Directors)	%	23 / 77	-	-

¹ For 2020, only global office was part of reporting scope for office category.

AGE SPLIT

	Unit	2021		2020		2019
		Total	Part-time	Total	Part-time	
Global Office						
Below 20 years	%	0.3	0.6	0.4	2.4	-
20-29 years	%	19.7	20.6	16.8	82.9	-
30-39 years	%	47.3	44.9	47.2	7.3	-
40-49 years	%	23.8	25.0	26.3	2.4	-
50-59 years	%	7.7	8.2	8.7	2.4	-
60-69 years	%	1.2	0.7	0.6	2.4	-
Above 70 years	%	0	0.1	0	0	-

AGE SPLIT

	Unit	2021		2020		2019
		Total	Part-time	Total	Part-time	
Crafting facilities						
Below 20 years	%	0.6	0	0	0	-
20-29 years	%	33.8	31.9	31.9	0	-
30-39 years	%	61.4	63.4	63.4	0	-
40-49 years	%	4.0	4.3	4.3	0	-
50-59 years	%	0.2	0.3	0.3	0	-
60-69 years	%	0	0	0	0	-
Above 70 years	%	0	0	0	0	-

Distribution

Below 20 years	%	0	-	-	-	-
20-29 years	%	26.5	-	-	-	-
30-39 years	%	28.5	-	-	-	-
40-49 years	%	24.5	-	-	-	-
50-59 years	%	15.8	-	-	-	-
60-69 years	%	4.3	-	-	-	-
Above 70 years	%	0.4	-	-	-	-

Retail

Below 20 years	%	12.2	-	-	-	-
20-29 years	%	49.2	-	-	-	-
30-39 years	%	25.7	-	-	-	-
40-49 years	%	7.9	-	-	-	-
50-59 years	%	3.7	-	-	-	-
60-69 years	%	1.2	-	-	-	-
Above 70 years	%	0.2	-	-	-	-

WORKPLACE AND SOCIETY

EMPLOYEE TURNOVER BY STAFF CATEGORY	Unit	2021	2020	2019
Total	%	29.3	-	-
Global office	%	22.7	-	-
Crafting facilities	%	7.3	-	-
Distribution	%	25.8	-	-
Retail	%	52.9	-	-

EMPLOYEE TURNOVER BY REGION	2021 ¹		2020 ^{1,2}		2019 ^{1,3}
	Rate in %	Number	Rate in %	Number	Rate in %
Total	29.3	7,954	26.0	5,589	-
Global office	22.3	176	20.5	109	-
Crafting facilities	7.2	912	2.5	256	21.5
North America	89.3	2,780	58.1	1,416	-
Latin America	41.6	485	29.0	301	-
Pacific	42.9	282	43.5	207	-
Rest of Asia	30.5	135	39.0	165	-
China	33.6	427	45.9	548	-
Southern Europe and MEA	38.4	569	65.3	775	-
Western Europe	38.8	441	61.7	578	-
Eastern Europe	26.1	144	37.8	183	-
Northern Europe	19.0	289	36.7	545	-
British Isles	64.7	1,314	38.0	506	-

¹ Some categories (European Distribution Centre, Thailand Distribution Centre, Global Business Services) have been included in relevant clusters (Western Europe, Rest of Asia, Eastern Europe), and 2020 data has been recalculated accordingly.

² The reporting period was from March to December 2020.

³ Turnover rate for crafting facilities in 2019 includes number from the voluntary resignation programme.

COLLECTIVE BARGAINING AGREEMENTS GLOBALLY	Unit	2021	2020	2019
Employees covered	%	46	56	-

NEW EMPLOYEE HIRES GLOBALLY	Unit	2021	2020	2019
Total	Number	12,003	7,763	-

EMPLOYEES BY REGION	Unit	2021	2020	2019
Total^{1,2}	No.	30,533	26,003	-
Global office	No.	812	715	-
Crafting facilities	No.	13,996	11,384	-
North America	No.	4,589	3,565	-
Latin America	No.	1,069	1,334	-
Pacific	No.	825	662	-
Rest of Asia	No.	421	504	-
China	No.	1,186	1,385	-
Southern Europe and MEA	No.	1,451	1,709	-
Western Europe	No.	1,263	1,552	-
Eastern Europe	No.	734	777	-
Northern Europe	No.	1,428	653	-
British Isles	No.	2,759	1,763	-

¹ The headcount number is the full headcount end-year, which includes all seasonal employees. The number reported in the Annual Report 2021 is the total average headcount 27,000.

² Previous categories (European Distribution Centre, Thailand Distribution Centre, Global Business Services) have been included in relevant clusters (Western Europe, Rest of Asia, Eastern Europe), and 2020 data has been recalculated accordingly.

INDEPENDENT AUDITOR'S REPORT

To the stakeholders of Pandora A/S

We have been engaged by Pandora A/S to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, to report on Pandora A/S consolidated Scope 1 emissions (page 46), Scope 2 emissions (page 46), Scope 3 emissions (page 46) and recycled silver and gold total (page 48) (the "Subject Matter") as of 9 February 2022 for the period from 1 January 2021 to 31 December 2021. The consolidated Scope 1, 2 and 3 emissions and recycled silver and gold total are included in the Sustainability Report (the "Report") prepared by Management.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

In preparing the Scope 1, 2 and 3 emissions and recycled silver and gold total, Pandora A/S applied the accounting principles (the "Criteria") described on pages 46 and 48.

Management's responsibilities

Pandora's management is responsible for selecting the Criteria, and for presenting the Scope 1, 2 and 3 emissions and recycled silver and gold total in accordance with those Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on our procedures and the evidence we have obtained. We conducted our

engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and additional requirements under Danish audit legislation. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria.

We have maintained our independence and confirm that we have met the requirements of the ethical standards under International Ethics Standards Board for Accountants' international guidelines for Professional Accountants (IESBA), which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality, and professional conduct, and have the required competencies and experience to conduct this assurance engagement. EY Godkendt Revisionspartnerselskab also applies International Standard on Quality Control 1, and accordingly maintains a

comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Scope 1, 2 and 3 emissions and recycled metals and related information and applying analytical and other appropriate procedures.

Our procedures included:


- Interviews with personnel to understand the business and reporting process
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period

- Checked, on a sample basis, that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Additional procedures, where this was assessed necessary

We believe our procedures provide an adequate basis for our conclusion.

Conclusion

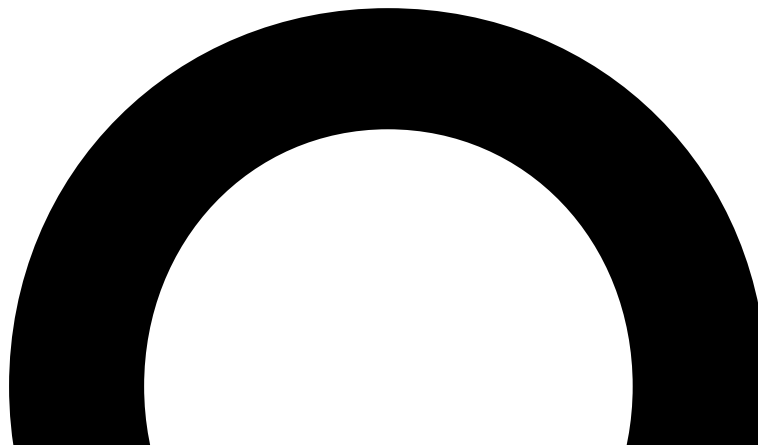
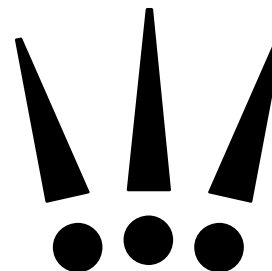
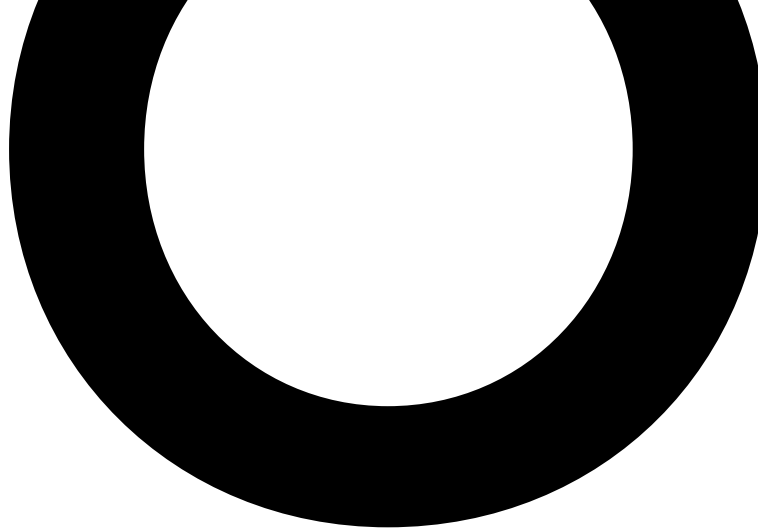
Based on our procedures and the evidence obtained, nothing came our attention that causes us to believe that the consolidated Scope 1, 2 and 3 emissions and recycled silver and gold total for the period from 1 January 2021 to 31 December 2021 have not been prepared, in all material respects, in accordance with the Criteria described on pages 46 and 48.


Copenhagen, 9 February 2022,
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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