



PANDORA

SUSTAINABILITY REPORT 2020

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OVERVIEW

01



A MESSAGE FROM OUR CEO

BECOMING LOW-CARBON, CIRCULAR, INCLUSIVE AND FAIR

2020 was a year of both isolation and connection. As societies shut down, we missed out on social interaction, but the global population has probably never been more connected by common circumstance. We all faced the pandemic and its consequences.

At Pandora, we had to cancel or postpone many of our commercial plans as focus shifted to protecting customers and employees. We implemented rigorous cleaning routines and other precautions in our stores and warehouses, and we launched digital innovations such as virtual try-on and remote assistants – all of which helped ensure a safe shopping experience. We maintained salaries for all our 11,600 store colleagues throughout lockdowns.

2020 also united us around sustainability discussions. The urgent need for decarbonisation continued, and we witnessed widespread global movements to promote race and gender equality.

While the pandemic and our business turnaround have demanded most of our attention, sustainability remains at the top of Pandora's agenda. We continued to deepen our

commitment to the principles of the UN Global Compact, and we made great progress on our three strategic priorities: becoming a low-carbon, circular, and inclusive and fair business. Pandora is on course to become a carbon-neutral company by 2025. Our crafting facilities in Thailand account for half of our global energy consumption, and in 2020 we switched to 100% renewable energy, which was sourced from local solar projects. We also completed our first greenhouse gas profile for our full value chain, and in 2021 we will announce a goal for these efforts in line with the [Science Based Targets initiative](#). ↗

To become a circular business, our goal is to use only materials that are renewable, recycled or otherwise sustainable. We took a significant step by committing to use 100% recycled silver and gold in our jewellery by 2025, and we are now engaging with our suppliers to develop a roadmap.

We also made progress on our third strategic priority – being an inclusive and fair business. Inclusivity and diversity are essential values at Pandora, and we conducted a company-wide survey to gauge employees' views on what is going well and where we need to improve. Together with consumer data, the survey results will inform a new inclusion and diversity strategy, to be rolled out in 2021. We also extended our collaboration with UNICEF after having raised USD 3.4 million for vulnerable children in the first year of the partnership. Some of the funds were directed to COVID-19 relief.

Pandora will continue to lead on important sustainability issues. We believe it is the right thing to do, and we can see that many key stakeholders agree. Employees are proud to work for companies that take sustainability seriously, investors increasingly consider Environmental, Social and Governance (ESG) performance alongside traditional financial metrics, and consumers prefer brands with strong social and environmental profiles.

In 2021, we are launching our new growth strategy, and sustainability will be an important foundational element. We are also introducing new company values that reflect our strong belief in responsible business practices. Combined, the new strategy and values set direction for our actions and behaviours as Pandora continue to fulfil its purpose of "giving a voice to people's loves".

As we look back upon an extremely challenging year, I wish to express my sincere gratitude to all our employees. Thanks to your commitment and innovation Pandora advanced in 2020, not just as a business but also as a catalyst for more sustainable development.



ALEXANDER LACIK
President & CEO



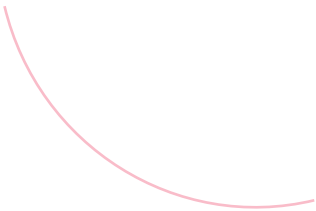
This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



ABOUT PANDORA

Pandora is the **number one** jewellery brand in the world by volume. Known by more consumers and crafting more jewellery than any other brand, we provide **affordable luxury** to customers in more than **100 countries** through more than 7,000 points of sale. Pandora's largest markets are the US, Italy, the UK and China.



In 2020, Pandora sold more than 85 million pieces of jewellery. Headquartered in Copenhagen, Denmark, Pandora employs 26,000 people worldwide and crafts its jewellery at two LEED-certified facilities in Thailand. Pandora is certified to the Responsible Jewellery Council Code of Practices, the leading supply chain initiative in the jewellery supply chain.

Pandora is listed on the Nasdaq Copenhagen stock exchange and generated sales of DKK 19.0 billion in 2020.



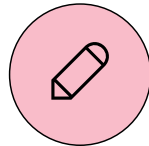


Sustainability in our value chain

Sustainability is central to how we approach each segment of the value chain. We own and operate the vast majority of our value chain, from design, sourcing and crafting through to the marketing and sale of our jewellery. This gives us increased influence and leverage to embed sustainability standards across the business.

01

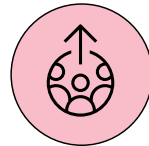
DESIGN



Building on consumer insights and trend research, we create new innovative product designs at affordable prices. We choose sustainable materials where possible. For example, Pandora uses predominantly man-made stones, as they have a significantly lower environmental impact than mined stones.

02

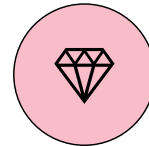
SOURCING



Our suppliers must adhere to high social, environmental, and business ethics standards, as outlined in the Pandora Supplier Code of Conduct. We are also embedding circularity considerations into our sourcing decisions, as we are committed to using only recycled silver and gold in our products by 2025.

03

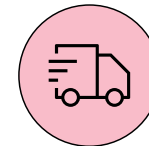
CRAFTING



Every piece of jewellery is hand-finished, and we provide safe and healthy working conditions for more than 11,000 craftspeople at our two modern crafting facilities in Thailand. We source 100% renewable energy for the facilities and we recycle more than 90% of all crafting waste.

04

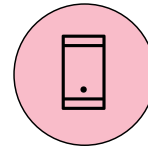
DISTRIBUTION



Our jewellery is available in more than 100 countries. We continuously optimise our distribution network and work to deliver our products in environmentally conscious packaging, for example by reducing box sizes to help us to lower our transportation footprint.

05

MARKETING AND SALES



We market our products responsibly and protect the privacy of our customers and employees.



GLOBAL EVENTS AND TRENDS



Climate change

According to a new NASA study, 2020 tied with 2016 was the hottest year ever on record, with the ongoing climate crisis having left a lasting mark on the year with rising temperatures, destructive hurricanes and unprecedented wildfires. It was also a year in which renewable energy costs continued to fall rapidly, paving the way for governments and companies to scale more sustainable ways of powering societies and business operations. Pandora seized this moment to set ambitious targets for increasing its use of renewable energy, reducing its carbon impact, and ultimately mitigating climate change impacts.

In 2020, we took steps to understand employee viewpoints on inclusion and diversity.

[Read more about our Inclusive and fair culture on page 24.](#)



Race and gender equality

In 2020, we witnessed a global watershed moment around inclusion and diversity topics, notably through the Black Lives Matter movement and continued #MeToo discussions. These discussions are important for all aspects of society, including businesses like Pandora. Inclusion and diversity are essential values in our company, and in 2020 we took steps to understand employee viewpoints for the first time so that they will be more profoundly reflected in the everyday practices and behaviours at Pandora.



ESG investing

Sustainability moved even further into the mainstream investing arena in 2020. Blackrock made clear that companies with high sustainability-related risk will be deprioritised and to urge companies to adopt net zero climate targets. In addition, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations have pushed companies to enhance climate risk disclosure and to increase their climate resilience. At Pandora, we finalised our Scope 3 greenhouse gas accounting in 2020, taking the company one step closer to setting its science-based target. Our report has also been informed by a number of global ESG reporting frameworks. We have prepared this report in accordance with the GRI Standards: Core option. In addition, we have provided an overview of alignment with Sustainability Accounting Standards Board (SASB) within Apparel, Accessories & Footwear and TCFD guidance.



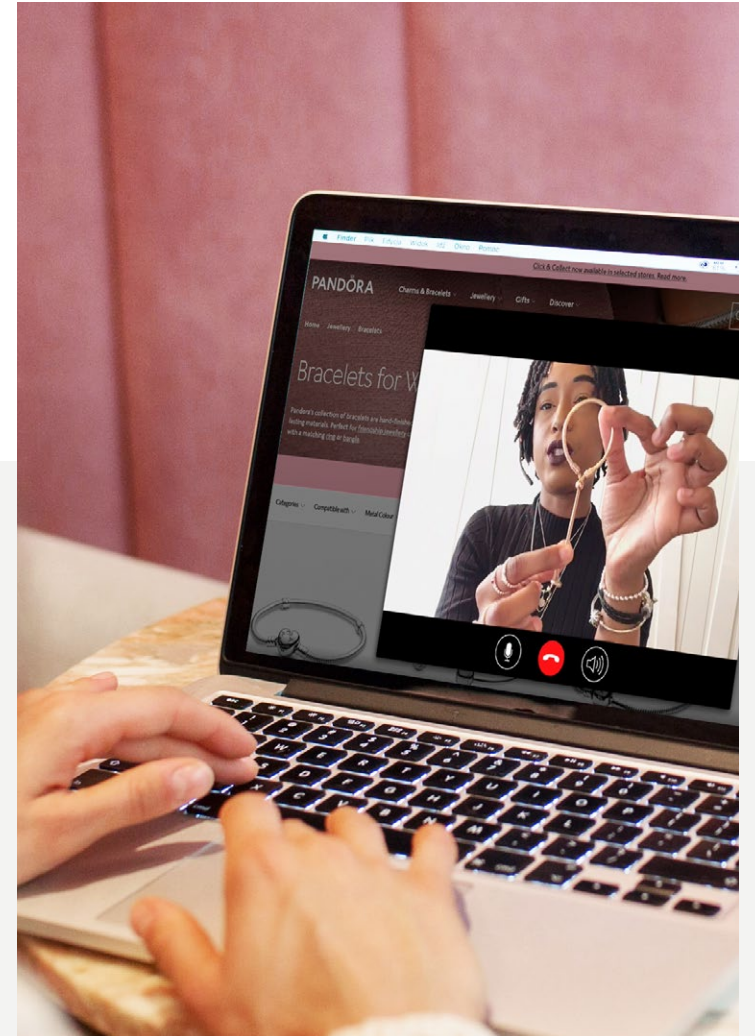
PANDORA'S RESPONSE TO THE PANDEMIC

2020 was a very challenging year, with COVID-19 impacting the way that all of us lead our daily lives. The pandemic threatened the health of the global population, and the effects on economies and many businesses were profound. At Pandora, the health, safety and livelihoods of those touched by our business were and continue to be a priority when navigating the challenges posed by the pandemic.

CUSTOMERS

In 2020, we went to great lengths to ensure that shopping remained a safe experience for all of our customers. In our stores, we have implemented rigorous cleaning routines and adopted precautionary guidelines for trying on jewellery and maintaining social distancing.

The pandemic also triggered digital innovation and creativity in the retail space. From virtual queuing, in-store appointment booking, click and collect, find in store, endless aisle, and faster checkout to virtual try-on and remote shopping assistants, Pandora was able to introduce customer-centric digital solutions designed with safety as a top priority.





EMPLOYEES

The pandemic forced us to temporarily close most of our stores during the year. In order to protect the livelihoods of our store employees, we continued normal scheduled base pay during lockdowns. For online sales, we took steps to ensure that warehouse staff did not directly touch products, that deliveries were contact-free and that returns were quarantined for 72 hours before being processed. We took comparable safety precautions at our crafting facilities and have continued to operate without notable disruption from the virus outbreak.

In addition to following local government directives, we developed and implemented global standard operating procedures at our crafting facilities, stores and offices. These describe how Pandora employees and managers should handle situations in the event that an employee tests positive, has been in close contact with an infected person, or shows possible COVID-19 symptoms. We also developed online training to keep retail staff informed on best practices during the pandemic.

SUPPLIERS

We have worked closely with suppliers in adapting payments and deferring planned projects in light of COVID-19. We have done so in close collaboration with our suppliers, balancing our business needs while preserving the viability of our suppliers' operations.



SOCIETY

Pandora supported the community in various ways during 2020:

- **UNICEF donation** – In addition to our long-term partnership with UNICEF, we donated USD 1 million to their COVID-19 response, which aims to prevent the pandemic from becoming a lasting crisis for the world's most vulnerable children.
- **Raising funds in the UK, the US and China** – In the UK, Pandora partnered with NHS Charities Together to create an exclusive "heroes" charm. For two months, all profits from sales of the charm went to its COVID-19 Urgent Appeal. Similarly, in the US, sales of an exclusive "nurse dangle charm" helped to raise funds for the American Nurses Foundation's Coronavirus Response Fund for Nurses. Pandora in China also contributed to the cause by donating RMB 1 million to the Novel Coronavirus Prevention and Control Fund of Wuhan Charity Federation.





OVERVIEW

HIGHLIGHTS

2020



>85

MILLION PIECES OF
JEWELLERY SOLD

19.0

DKK BILLION
REVENUE

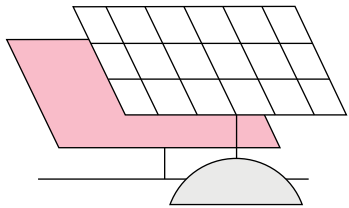
AAA

TOP RANKING IN ANNUAL MSCI
SUSTAINABILITY RATING
FIFTH CONSECUTIVE YEAR



>99%

MAN-MADE STONES USED
IN PANDORA PRODUCTS



100%

RENEWABLE ENERGY
SOURCED AT OUR
CRAFTING FACILITIES

90%

OF ALL WASTE AT
CRAFTING FACILITIES
WAS RECYCLED



~60%

RECYCLED SILVER
AND GOLD USED IN
OUR PRODUCTS



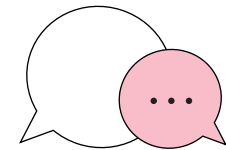
Pandora
earned “strong”
ranking from
Human Rights
Watch for our
responsible
sourcing
practices

THE HIGHEST RATING
AMONG JEWELLERY
COMPANIES



USD 3.4

MILLION RAISED BY PANDORA
FOR UNICEF DURING THE FIRST
YEAR OF THE PARTNERSHIP



COMPANY-WIDE
HUMAN RIGHTS ASSESSMENT
UNDERTAKEN



SUSTAINABILITY STRATEGY AND MATERIALITY

12

material topics guide our overarching sustainability strategy.

We consider sustainability across our business, from how we craft our jewellery to the workplace we offer employees. Reducing what we take from the planet, protecting the environment and treating all stakeholders well is key to Pandora's business success.

We continue to align our strategy with the United Nations (UN) Sustainable Development Goals (see more on page 47 [7](#)), the UN Guiding Principles on Business and Human Rights, and the Paris Agreement. Using these pillars of the global sustainability agenda to guide us, we regularly review sustainability issues and completed a materiality assessment¹ to ensure that we build a sustainable business and meet stakeholder expectations.

Guided by the Global Reporting Initiative's Reporting (GRI) Principles, we conducted our first annual sustainability materiality assessment in September 2020 in order to ensure that we are addressing issues that are relevant to both our business and key stakeholders, including investors,

government, employees, suppliers, consumers and society in general. In addition, the assessment has enabled us to:

- Identify opportunities for innovation and improvement;
- Understand how sustainability and key business issues intersect;
- Inform future sustainability commitments and required resources; and
- Support our proactive stakeholder engagement.

¹ The Global Reporting Initiative defines material issues as "topics that reflect an organisation's significant economic, environmental and social impacts, or that substantively influence the organisation's assessments and decisions of stakeholders."

The materiality assessment consisted of three key steps:

- A Developing a universe of sustainability issues
- B Assessing internal and external viewpoints on each issue
- C Ranking and prioritising issues

Pandora's material issues

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

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

OUR STRATEGIC PRIORITIES

02



Pandora's sustainability strategy is multifaceted and seeks to address the company's material issues.

We adopt strategies that will minimise our carbon footprint. We innovate to minimise the resources that we use in our products and recycle manufacturing materials where possible to "close the loop". And we strive to ensure that our employees and suppliers work in safe and fair conditions. These commitments form the basis for our three strategic priorities:



LOW-CARBON
BUSINESS



CIRCULAR
INNOVATION



INCLUSIVE AND
FAIR CULTURE











OUR STRATEGIC PRIORITIES

We believe that these strategic priorities offer us the best opportunity to improve our sustainability performance and do the right thing, while also increasing our resilience and making us more attractive in the marketplace. We also hope that they will enable broader dialogue on what greater sustainability performance in the jewellery industry can and should look like.

We also continue to make progress in other fundamental areas of responsible business operations, such as water and waste management, responsible sourcing, health and safety, customer privacy, responsible marketing and business ethics.

Summary of our sustainability targets and progress made in 2020

TOPIC	TARGET	PROGRESS TO DATE	STATUS
 LOW-CARBON BUSINESS	Use 100% renewable energy at our crafting facilities by 2020.	Achieved via the purchase of renewable energy certificates and onsite solar generation.	 Achieved
	Be carbon neutral in our operations by 2025.	In 2020, we purchased Renewable Energy Certificates, reducing our Scope 2 market-based emissions of our crafting facilities by more than 25,000 tCO ₂ e.	 On track
	Set a science-based target to reduce carbon emissions across our full value chain by 2021.	Completed 2019 baseline and 2020 accounting of Scope 1, 2 and 3 greenhouse gas emissions and received independent auditor's limited assurance.	 On track
 CIRCULAR INNOVATION	Use only recycled silver and gold in our jewellery by 2025.	Engaged with key suppliers and developed roadmap.	 On track
 INCLUSIVE AND FAIR CULTURE	Develop a strategy for inclusion and diversity to further advance equality in and beyond our company.	Conducted global inclusion and diversity assessment of company practices vis-à-vis employees and consumers.	 On track



OUR STRATEGIC PRIORITIES

LOW-CARBON BUSINESS

Pandora is committed to reducing its climate footprint and helping to advance this development for the jewellery industry as a whole.

We assess our climate-related risks and report our footprint on an annual basis to achieve our targets and ensure our business is prepared for a low-carbon future.

On our way to meeting our targets

Pandora's operations emissions are driven by electricity consumption. We are constantly working to implement new energy-saving measures across our stores, offices, crafting facilities and distribution centres.

We made great progress in 2020, as we significantly reduced Pandora's carbon footprint by sourcing 100% renewable energy at our crafting facilities in Thailand¹. The crafting facilities

account for approximately half of our global energy consumption. The switch to renewable energy lowered our Scope 1 and 2 emissions by more than 25,000 tCO₂e since 2019, equivalent to taking over 5,400 cars off the road².

We will continue to use three approaches in prioritised order:

- ① Decrease emissions
- ② Source renewable energy
- ③ Offset unavoidable emissions

¹ Sourced from 2% onsite solar and 98% Renewable Energy Certificates

² Based on EPA GHG equivalencies calculator: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

PANDORA'S COMMITMENTS



Be carbon neutral in our operations by 2025.



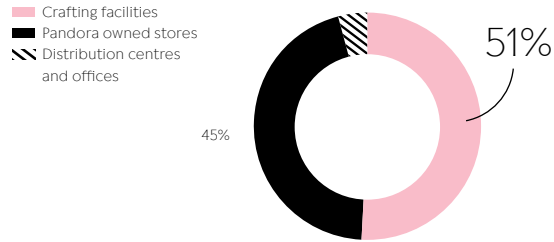
Set a science-based target to reduce carbon emissions across our full value chain by 2021.



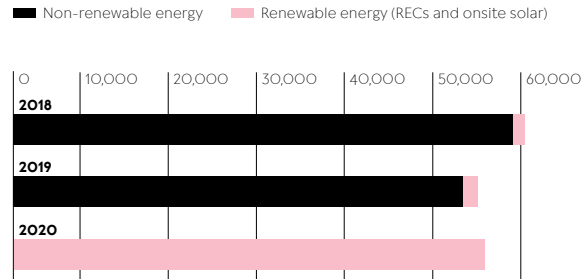


OUR STRATEGIC PRIORITIES

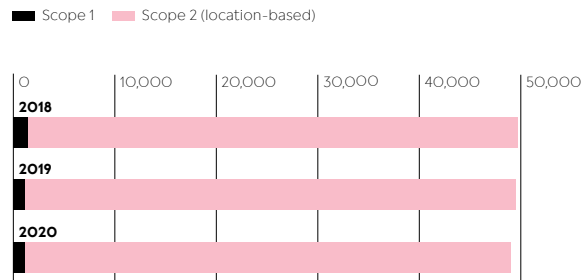
ENERGY CONSUMPTION (%)



RENEWABLE ENERGY CONSUMPTION, CRAFTING FACILITIES (MWh)



SCOPE 1 AND 2 (mtCO₂e)



1 Decrease emissions

Pandora's crafting facilities in Thailand are among the most modern and energy-efficient in the industry. In 2020, we improved the ventilation and air conditioning systems at our crafting facility in Bangkok. Three key renovations will save 244,000 kWh per year.

Our distribution centres have energy management systems in place to ensure we minimise our consumption. Among other initiatives, we ensure that equipment is turned off when not in use, and we have installed motion sensors to limit consumption when employees are not present. We reduced energy use at both of our main distribution centres in Asia and Europe by 3% from 2019 to 2020. In 2021, we will consider more options for sourcing renewable energy as part of our carbon neutral strategy.

At our stores, we focus on using low-carbon packaging and increasing the efficiency of our lighting systems, as these are our main sources of energy consumption in retail. In 2021, we will work on integrating low-carbon options in our store design as part of our Science Based Target work.

2 Source renewable energy

In 2020, we sourced 100% renewable energy at our crafting facilities in Thailand. We produced over 1,100 MWh of renewable energy on-site via solar panels. This covered 2% of Pandora's total energy consumption at our crafting facilities. For the crafting facilities' remaining energy needs, Pandora purchased verified Renewable Energy Certificates (RECs) through the Siam Solar Energy 1 project. This project operates ten solar photovoltaic (PV) power plants across central

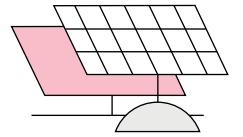
Thailand, reducing Thailand's dependence on imported energy, driving economic growth, improving local infrastructure and creating jobs.

At Pandora, we aim to buy RECs of the highest quality, so the RECs we purchase in Thailand are certified under the International REC Standard and the GoldPower label. Pursuing high-quality RECs ensures Pandora's renewable energy purchases provide additional reductions in carbon emissions and deliver verified social and environmental benefits to the local community. We will continue to engage with local stakeholders in Thailand to see how Pandora can further support the country's transition to a low-carbon economy.

In 2021, we will continue to source 100% renewable energy for our crafting facilities, and we will evaluate renewable energy sources, such as power purchase agreements, for our stores, offices and distribution centres to support the ongoing development of new renewable energy solutions.

3 Offset unavoidable emissions

For all remaining unavoidable Scope 1 and 2 emissions, we will purchase carbon offsets to become carbon neutral by 2025. We will only use offsets when all other options have been exhausted and we will ensure that they will only make up a marginal part of our efforts to reduce emissions.

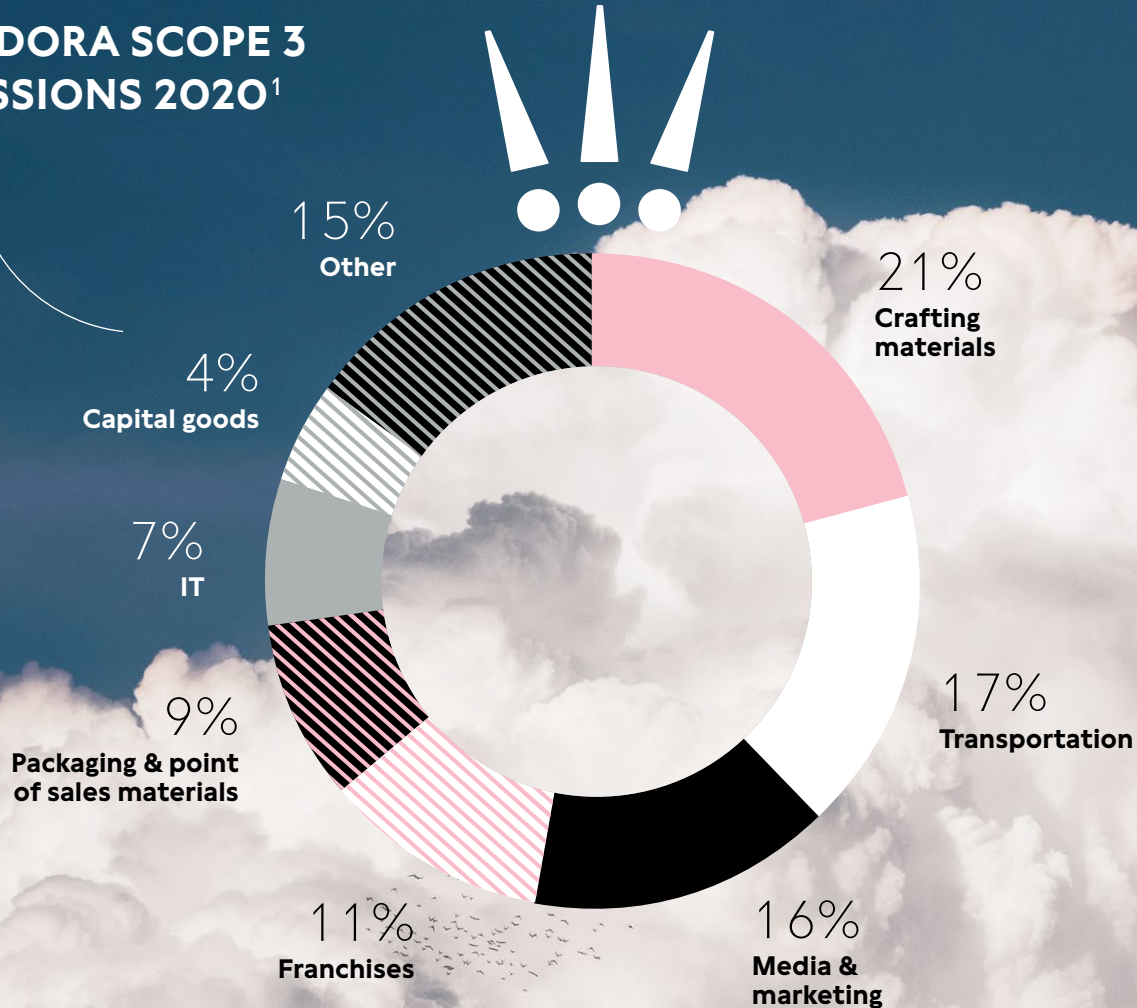


100%

of the energy at our crafting facilities came from renewable energy sources in 2020.



PANDORA SCOPE 3 EMISSIONS 2020¹



Crafting materials

Raw materials metals such as gold, silver, cubic zirconia, and other metal alloys as well as production materials like gypsum and enamel.

Franchises

Pandora franchises, wholesales, and other points of sale which are not directly owned by Pandora.

Capital goods

Various machines, crafting equipment and furniture in stores.

Transportation

Transportation and distribution of Pandora jewellery, including inbound logistics, outbound logistics and thirds-party distribution.

Packaging and point of sales materials

Bags, boxes, printed materials, campaign items, displays and trays, and other types of packaging.

Other

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

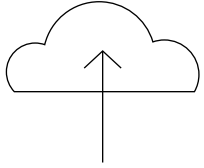
Media and marketing

Media spend across all channels ranging from TV campaigns to digital ads and e-mail marketing.

IT

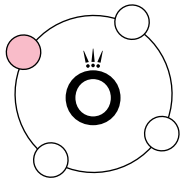
Outsourcing services, hardware, telecom data, and IT consultants.

¹ See Scope 3 Greenhouse Gas Protocol categories in the Annex on page 50.



242,416 tCO₂e

IN SCOPE 3
EMISSIONS IN 2020



TCFD AND CDP
REPORTING

In 2020, we expanded collaborations and partnerships for even higher commitments to transparent climate reporting.

See more on [page 48.](#)



One step closer to setting a science-based target: Scope 3 emissions mapping

In 2020, we successfully mapped our Scope 3 emissions for both 2019 and 2020. We engaged industry experts and suppliers to build a detailed understanding of our footprint and ensure our methodology is rooted in best available science.

Pandora's Scope 3 emissions came to 245,663 tCO₂e in 2019 and 242,416 tCO₂e in 2020. The Scope 3 mapping shows that in 2020 83% of our total emissions occurred upstream or downstream in the supply chain while 17% came from our own operations. Approximately 75% of our Scope 3 footprint is generated by five activities: crafting materials, point-of-sales materials, transportation, media and marketing, and franchises. We analyse each of these activities to identify opportunities for reducing emissions as a basis for finalising our science-based target commitment in line with the Paris Agreement.

Enhancing our climate disclosure and reporting

At Pandora, we are committed to transparent reporting to enable our investors and other stakeholders to make informed decisions. Pandora's emissions calculations are subject to annual limited assurance by a third party to ensure they are accurate and robust. Read our [independent auditor's limited assurance report on page 55.](#) In addition, we provided climate disclosures to the CDP (formerly the Carbon Disclosure Project) for the first time in 2020 and also joined over 1,700 organisations to support the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Read about our progress towards implementing the recommendations in the [TCFD reporting section on page 48.](#)



In 2020, we established a new LEED-certified building to our crafting facility in Bangkok. The building was built using low impact, often recycled, materials and the majority of the on-site construction waste was either reused or recycled. Almost 60% of the materials were sourced from within 500 miles of the project site. Today the building houses our various office functions.



WOULD YOU LIKE A BAG?

Many customers do not require a bag when they purchase jewellery, so in 2020 Pandora tested how customers in the UK and the US reacted when asked: "Do you want to contribute to our sustainability goal by saying no to a bag today?".

The test showed that 32% of customers say "no" to a bag when asked, and 95% had a positive or neutral reaction to being asked.

"Our customers are happy that Pandora is taking big steps to become a more sustainable company, and they appreciate being asked whether they require a bag.

We use more than 18 million bags per year in our stores, so if around one-third of customers say no, this represents significant carbon savings," says Hilary New, VP Global Retail Excellence.

Based on these encouraging results, the initiative has now been introduced at Pandora owned stores in key markets. It is expected to reduce Pandora's carbon footprint by more than 200,000 kgCO₂e per year.



32%

OF CUSTOMERS
SAY "NO" TO A BAG
WHEN OFFERED ONE



OUR STRATEGIC PRIORITIES

CIRCULAR INNOVATION



~60%

RECYCLED SILVER AND GOLD USED IN OUR PRODUCTS

Pandora strives to ensure that raw materials used in both the crafting of its jewellery and in the development of point-of-sales materials and other in-store fixtures have the lowest impact possible on the environment, people and communities.

This commitment is in line with our vision to adopt a circular approach to how we design, craft, source, and offer our products. We are conscious that jewellery must be provided in a way that supports a better balance when it comes to the use of natural materials, waste, greenhouse gases and pollutants. Our goal is to use only materials that are renewable, recycled or otherwise sustainable¹. At Pandora, we are working to identify innovative solutions, assess their feasibility and build circularity into every stage of our value chain – from how we manage waste at our crafting facilities to the packaging we use in our stores.

Towards recycled silver and gold

Silver and gold are the most used metals in our jewellery and therefore the most impactful place to start our journey towards circularity. In 2020, we took a significant step by committing to use only recycled silver and gold in our products by 2025.

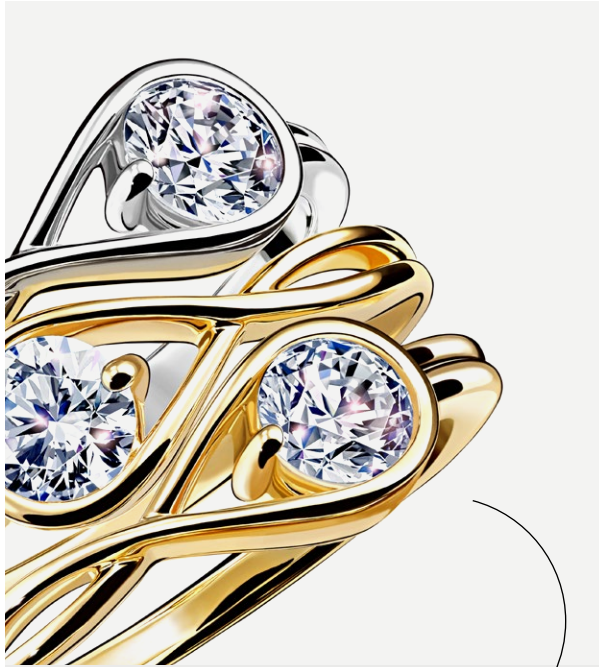
In 2020, around 60%² of our gold and silver was recycled, which is consistent with our 2019 number. Increased transparency and engagement with our suppliers during the past year have helped us to better understand our recycled metals



PANDORA'S COMMITMENT



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



Moving to lab-created diamonds

In 2021, Pandora is launching its first collection with sustainably lab-created diamonds, Pandora Brilliance, in the UK. The collection marks the introduction of Pandora's first CarbonNeutral® certified product¹ and signals our journey towards offering more low-carbon products to conscious consumers.

Going forward, mined diamonds will no longer be used in Pandora's products.

supply chain, resulting in a revised 2019 recycling percentage of around 60%, down from around 70%.

A complete shift to recycled silver and gold will reduce CO₂ emissions, water usage and other environmental and social impacts, as metals recycling requires fewer resources than mining new metals and reduces our dependence on hazardous mining. By making this shift, Pandora can save 37,000 tCO₂e a year. This equates to more than the annual electricity use of 6,000 homes or driving 145 million kilometers in a car.

Since 2014, the percentage of recycled silver in the global silver supply has remained relatively flat, currently making up approximately 17% of the global supply. Pandora is engaging its supplier base to increase the overall availability of recycled metals. In 2020, we conducted an in-depth survey of all of our key gold and silver suppliers to better understand their current and future ability to provide recycled metals.

Our stones shine bright with a lower impact

Pandora uses predominantly man-made stones. Stones created in a laboratory have a significantly lower environmental impact than their mined counterparts.

According to a study by the environmental consultancy, Trucost, the environmental cost of cubic zirconia is less than 0.01% of that of a mined diamond, largely due to the vastly smaller quantity of energy required to produce cubic zirconia. More specifically, cubic zirconia uses 5,000 times less CO₂ and 3,000 times less water per carat than a mined diamond. Less than 1% of Pandora's stones are mined stones, used in very few collections.

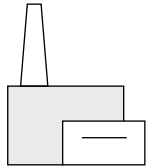
In line with previous years, Pandora purchased 1.2 billion stones in 2020. More than 99% of these were man-made, primarily cubic zirconia and nanocrystals.

Packaging and store materials

Another key focus area is how we design our packaging to ensure it adheres to the same circularity principles as our products. We believe that a beautiful piece of jewellery should come in sustainable packaging.

We are testing boxes and bags that use less plastic and less material overall. In 2020, we initiated a detailed review of our point-of-sales materials and of all our primary, secondary and tertiary packaging. We are exploring how we can use more circular materials that can be easily reused or recycled as well as how new approaches to design can reduce the amount of material used and the size of the packaging. Making progress on our packaging impact will also help to lower our transportation footprint.

We are also looking into how we can make our stores more sustainable by using circular materials for our display counters and through more efficient lighting. In 2021, we will further develop our approach to packaging, display materials and in-store furniture and fixtures.



Waste in crafting and distribution

Achieving full circularity is not only about sourcing renewable materials, it also includes reusing and minimising waste so that resources stay in use for as long as possible. Pandora seeks a circular future where waste is eliminated.

Learn more about our efforts in this key area in the [Minimising impacts in crafting and distribution section on page 35.](#)



¹ Pandora's definition of 'sustainable materials' is based on certification standards and lifecycle assessments.

² Based on self-declared supplier data.

³ World Silver Survey, The Silver Institute 2020.

⁴ Pandora has achieved CarbonNeutral® product certification for Pandora Brilliance in accordance with The CarbonNeutral Protocol, a leading global framework for carbon.



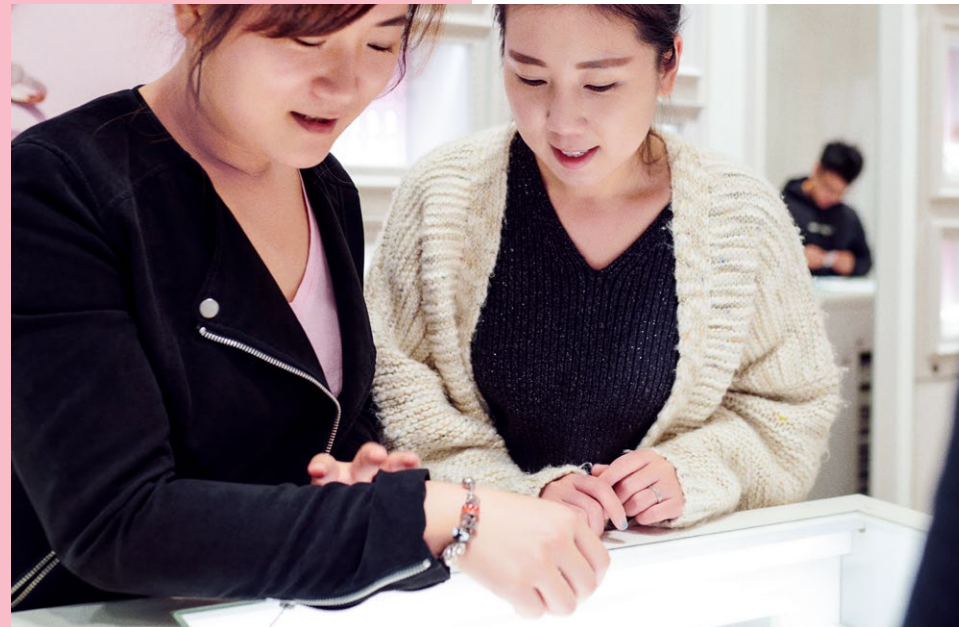
GEARING UP ON IN-STORE REPAIR

An important aspect of circularity is to enable longer use of Pandora jewellery through repair and refurbishment.

In 2020, Pandora introduced three new global services globally that contribute to the longevity and sustainability of its products:

- 1 Polishing of tarnished silver, rose, and shine products
- 2 Adjustment of clip locks
- 3 Adjustment of earring posts

Previously, products had to be shipped to a repair shop, but now a faster and easier repair process results in fewer replacements and remelts. This means fewer emissions associated with transport of products to be repaired and a more environmentally friendly way to repair customers' jewellery.



“By handling these minor adjustments in-house, we do not only reduce waste, but we also deliver a much greater customer experience.”

**MARTINO PESSINA,
CHIEF COMMERCIAL OFFICER**



OUR STRATEGIC PRIORITIES

INCLUSIVE AND FAIR CULTURE

Inclusivity and diversity are essential parts of the Pandora brand.

Ensuring a positive working environment for our employees across manufacturing, retail, distribution, and in our offices is a top priority and one of our fundamental responsibilities as an employer.


Our commitment to equal rights and opportunities for all employees is reflected in our policies and programmes. Our responsibility also extends to respecting the dignity and human rights of those touched by our business.

Fostering an inclusive and diverse workplace

Globally, 2020 was a year of intense discussions around inclusion and diversity. Black Lives Matter and the continued #MeToo movement brought these topics to the forefront like never before, and many businesses had to consider their roles and ask themselves if they could do more to promote equality and respect.

Inclusivity and diversity are essential parts of the Pandora brand, and we conducted a company-wide anonymous survey

to gauge employees' views on what is going well and where we collectively need to improve. The survey results will inform a new inclusion and diversity strategy, which will be unrolled in the coming year.

Our [Diversity Policy](#)  lays out gender diversity targets for the Board of Directors and for Senior Management, requiring no less than 40% representation for each gender. In 2020, Pandora's gender split was as follows:

- On our Board of Directors, 75% of the members were women and 25% were men (six out of eight members were women). This is an increase of female representation since 2019 and above average for large publicly-listed Danish companies.
- Our Executive Leadership Team had 12.5% women and 87.5% men (one woman out of eight members).

With a clear majority of women on the Board of Directors and men on the Executive Leadership Team, our 40% targets were thus not met in 2020. Our primary focus during the

PANDORA'S COMMITMENT



Develop a strategy for inclusion and diversity to further advance equality in and beyond our company.

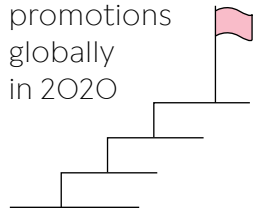




PROMOTIONS

>350

promotions globally in 2020



EMPLOYEES BY EMPLOYMENT TYPE

73% Full-time employees

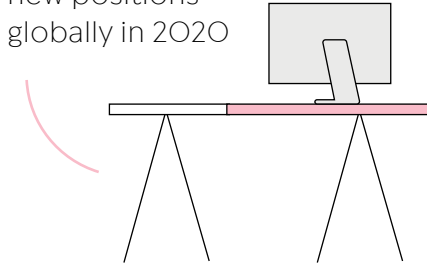


In 2020, Pandora had more than 26,000 employees globally

15% Part-time employees

TALENT ATTRACTION

>800 new positions globally in 2020



>200 people from over 40 different countries joined our Global Office in Copenhagen

20 nationalities represented at our Digital Hub in Copenhagen



turnaround of our business has been to ensure the necessary management capacity, irrespective of gender, to rapidly improve our growth trajectory. Ensuring diversity, in all shapes and forms, across our leadership teams will remain an area of particular focus going forward.

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.

Attracting and developing talent at Pandora

With products sold on six continents, Pandora offers a wide range of career opportunities for its employees.

In 2020, Pandora added more than 800 new positions to its global workforce in order to support growth. Among these positions, more than 200 people from over 40 different countries were new hires in the Global Office. More than 200

employees were promoted as part of the strategic reorganisation. In addition, as part of our turnaround efforts and to drive a better customer experience, we strengthened our digital capabilities in Copenhagen by opening a new Digital Hub with almost 100 employees of 20 different nationalities.

Guided in part by feedback from employees, we introduced new career bands to promote career development and mobility and to set a common language for talent management and recruitment across all employee groups worldwide.

Another way in which we develop our talent is through Pandora's training and development programmes. The programmes span online learning tools and in-house workshops, and they are offered to employees across the globe and in different roles.

In total, Pandora offers more than 500 different courses. They include development for managers to make them better leaders, retail training, product launches, our jewellery crafting



OUR STRATEGIC PRIORITIES

TRAINING	Number of employees with learning activity (per year)	Total hours (per year)	Average hours per employee (per year)
All retail	29,252	720,174	24.6
All office	3,744	30,064	8
All manufacturing	3,701	18,688	5



skills, approach to sustainability, health and safety, in-store after services, project management, data privacy, and coaching. We also have mandatory Code of Conduct training for all Pandora employees.

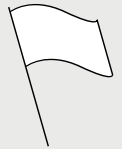
At our crafting facilities in Thailand we offer training and development that go beyond technical skills and cover safety, health and life skills, such as parenthood and personal finances. This approach benefits our own workforce and has a positive effect in the surrounding communities. In 2020, the average training hours per employee in Thailand decreased due to social distancing requirements and COVID-19.

Building up our human rights programme

At Pandora, we respect the human rights of our employees, customers and business partners, the workers in our supply chain and the communities in which we operate. Our commitment is aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) and is expressed in our [Human Rights Policy](#) and our [Supplier Code of Conduct](#). A central pillar of our approach is the commitment to proactive due diligence in line with the UNGPs.

Pandora's first human rights impact assessment

In 2020, we conducted a human rights impact assessment covering 100% of our operations to better understand the human rights risks and impacts in our entire value chain. The assessment highlighted a set of salient human rights issues for Pandora and reinforced the need for increased standardisation of processes and clear governance of human rights across the entire company, not just the supply chain. While some issues were familiar, such as the risks of forced labour and child labour in our supply chains, others highlighted newer challenges. These include the need to assess our impact in digital advertising and marketing, be more conscious of risks



Pandora's primary salient human rights risks

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



Relevant information regarding the Whistleblower Policy is promoted to all new hires and it can be accessed via our corporate website or intranet.

to specific employee groups such as women, and engage business partners, particularly franchisees, in human rights and labour issues.

The impact assessment will be used as the basis for our human rights risk mitigation efforts and to ensure proper risk governance across the company. [Find more information about supply chain-specific human rights risks and management in the Sourcing the responsible way section on page 32.](#)

Grievance mechanism

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

In 2020, 37 cases were raised through our whistleblower hotline. Most cases related to store staff and involved reports of potential harassment, unfair treatment, conflicts of interest and other unethical behaviour. A few cases related to office 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.

Empowering vulnerable youth

In 2019, Pandora entered a long-term partnership with UNICEF to help reach more than 10 million children and young people and provide them with opportunities to learn, express themselves and find work in the future. Throughout the first



year of the partnership, Pandora designed and marketed a series of jewellery in support of UNICEF. We also engaged employees across our global organisation in our work with UNICEF. As a result, Pandora raised USD 3.4 million for UNICEF, including a USD 1 million donation to UNICEF’s COVID-19 response. [Read more about some of the projects we support to empower the next generation on page 28.](#)

Since 2006, Pandora’s local charity project, the “My School Project”, has allowed our Thai colleagues to nominate their old primary schools for refurbishment or rebuilding. So far, 15 schools have benefited from this support, which has positively impacted thousands of children in rural Thai communities. In addition, every year our local offices and Thai facilities organise various charitable events under the “Big Heart Spirit Project” to give back to the local communities.

Working with the union in Thailand

At Pandora, we support our employees’ right to associate freely and to engage in collective bargaining. Collective bargaining agreements are predominantly present in our manufacturing locations.

We started to collaborate with the union at our crafting facilities in Thailand as soon as it was established in 2018. The local HR team holds monthly meetings with the union to discuss current matters and follow up on concerns. We ensure that the notice period and provisions for consultation and negotiation are specified in the collective agreement. The company also organises training on labour law and labour relations for union committees to enable them to gain an understanding of their rights and responsibilities under the law and to work with the company in building good labour relations.



PANDORA for 

SUPPORTING THE NEXT GENERATION

The world is home to 1.8 billion young people. They represent our future and have the potential to become the next generation of great leaders, entrepreneurs and innovators.

Young people have the potential to change the world for the better. However, without the right resources and opportunities, these achievements will remain a distant dream for the vast majority of young people, especially girls. Globally, 22% of young people aged 15–24 years are neither in employment, education or training. 68% of whom are girls and young women. [➔](#)



In continued support of our partnership with UNICEF, Pandora hosted a creative workshop in 2020, driven by a wish to inspire young minds to envision their future. As captured in a short film voiced by actor and Pandora ambassador Millie Bobby Brown, the Copenhagen-based event brought together a group of children to get creative, dream big and show what they could create with a simple cardboard box.



OUR STRATEGIC PRIORITIES



GUATEMALA

The purpose of the UPSHIFT programme in Guatemala is to empower marginalised adolescents and youth (indigenous and rural areas) to become social innovators and social entrepreneurs.

BURUNDI

Socially excluded adolescent girls in (peri-) urban areas are supported to become social entrepreneurs and access gender-transformative socio-economic opportunities.

SERBIA

The objective of the programme is to identify and empower young people with skills, opportunities and internship placements - creating the largest young people's movement to support private sector enterprises, central and local level institutions and young people.

NEPAL

The UPSHIFT programme in Nepal will seek to empower and build transferable skills among vulnerable adolescent girls, while supporting social dialogue around gender roles and amplifying the voices of marginalised youth.

CHINA

The programme supports adolescent girls and boys to develop 21st century skills and build resilience and employability skills.

➔ By combining strengths, Pandora and UNICEF work to improve access to quality learning opportunities for young people through programmes that support skills development, social innovation and entrepreneurship, like UNICEF's UPSHIFT approach.

These programmes are designed to support the development of skills for life and livelihood, and support young people to positively engage with their local communities as change-makers. As part of a long-term partnership, Pandora will help raise funds for UNICEF programmes in Burundi, China, Guatemala, Nepal and Serbia.

To increase knowledge on how to engage and empower adolescents in the best possible way, Pandora also supports UNICEF research in this area. Every year Pandora allocates 50% of its funding to UNICEF's regular resources to accommodate potential funding needs for unforeseen humanitarian crises and support its every day vital work to ensure that every child survives and thrives. Each year Pandora launches two new products under the concept of "Charms for change", where a proportion of the purchase price of each charm is donated to UNICEF.

Charms
for change
in 2020



SUSTAINABILITY FROM SOURCE TO SALE

03



Our **strategic priorities**, described in the previous section, have touchpoints across our value chain, but there are many other sustainability impacts that Pandora considers **fundamental** for **responsible business operations**.

This next section details **our approach** to ensuring sustainable practices across these other relevant issues, from source to sale.





SOURCING THE RESPONSIBLE WAY



In 2020, silver represented 50% of all purchased product materials when measured by weight.

Pandora predominantly uses gold, silver, palladium, copper and man-made stones such as nanocrystals and cubic zirconia in its jewellery. We also use materials such as natural gemstones, leather, polyester and glass, although in significantly smaller volumes.

Our point-of-sales materials are mainly wood-based products but also include plastics and other materials. In 2020, silver accounted for over half of all purchased product materials, measured by weight.

Pandora's supply chain is comprised of a relatively small number of 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-sales materials are located in China and South East Asia. On www.pandoragroup.com , we list our primary precious metal and diamond suppliers.

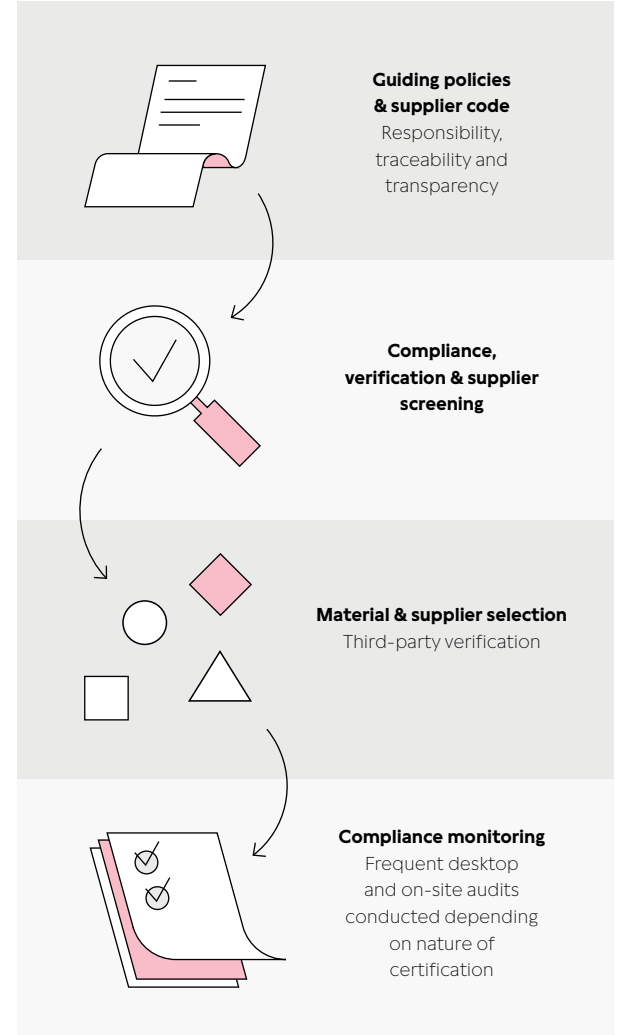
We work to continuously improve the social and environmental footprint of our supply chain, primarily by choosing suppliers that comply with category-specific internationally recognised standards.

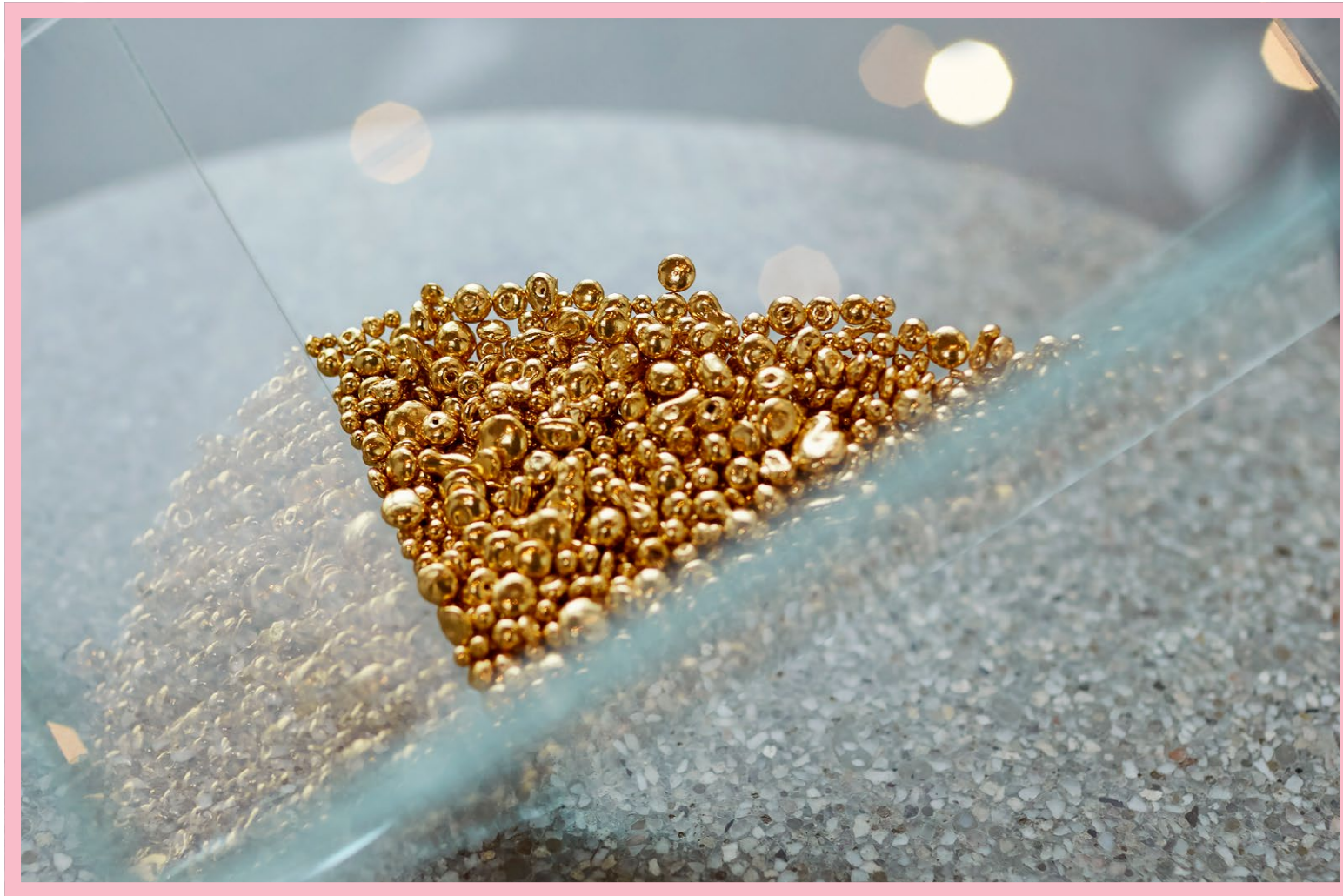
Pandora supports and aligns its approach with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. All the gold and silver grains we buy is certified according to the London Bullion Market Association (LBMA) "Good Delivery List" or the Responsible Jewellery Council (RJC) Chain-of-Custody Standard. We only accept diamond suppliers who are members of the RJC and can certify compliance with the System of Warranties for diamond sourcing established by the World Diamond Council.

Pandora's Responsible Sourcing Programme

We mitigate sustainability risks in our supply chain through our Responsible Sourcing Programme (RSP). The programme was created as a means of implementing two foundational policies:

RESPONSIBLE SOURCING PROGRAMME





- **Supplier Code of Conduct** – This policy outlines Pandora's requirements to supplier performance on business ethics, human rights, working conditions and the environment. It is embedded in all product supplier contracts, and most indirect supplier contracts. Exceptions are rare and managed using pre-established screening criteria and if required, on a case-by-case basis. The newly updated Supplier Code of Conduct aligns with the Ethical Trading Initiative (ETI) Base Code and will be rolled out to suppliers in 2021.
- **Responsible Sourcing Policy** – This policy describes how we ensure that our suppliers adhere to the Supplier Code of Conduct, and clarifies Pandora's underlying ambitions to have a responsible, transparent and traceable supply chain.

Monitoring our suppliers

To ensure that our suppliers adhere to our Supplier Code of Conduct, they are subject to regular monitoring as part of the Responsible Sourcing Programme. In 2020, we adopted the internationally recognised SMETA 4-pillar audit methodology for all third-party audits commissioned by Pandora. The SMETA methodology covers all aspects of responsible business practices, namely labour, health and safety, environmental management and business ethics standards. Audits include desktop research and on-site reviews, including interviews with workers. We are currently in the process of updating the RSP approach with a roll-out taking place over the next two years.

All product suppliers are screened according to identified risk criteria. Suppliers that are considered high-risk, are required to undertake a biannual third-party audit or confirm Pandora-accepted certifications that verify compliance with our standards.

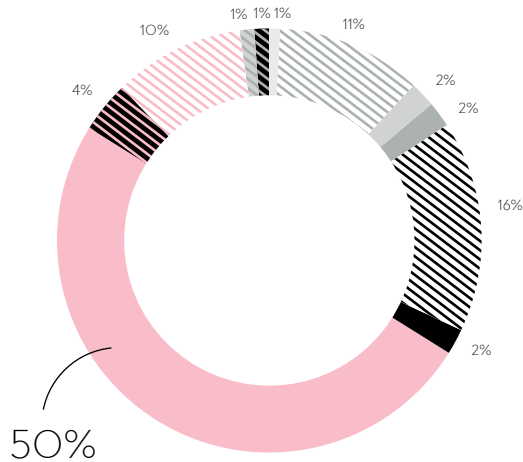
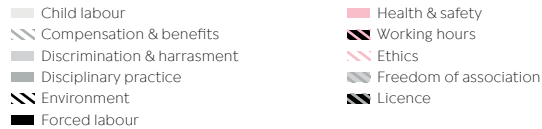


This also applies to:

- Certain high-risk categories in our indirect supply base, including point-of-sales and fixtures and furniture suppliers.
- Suppliers that are required to comply with materials traceability requirements.

We prepare corrective action plans for all suppliers with identified non-conformances, and our Supplier Development team ensures that all issues are resolved within the

NON-CONFORMANCES IDENTIFIED AT THIRD-PARTY AUDITS (DIRECT SUPPLIERS) (%)



pre-determined timeframes. While rare, zero-tolerance cases may result in contract termination.

2020 product supplier performance

Pandora ordered a total of 15 independent third-party factory audits in 2020. The audits covered 13 direct suppliers, representing 30% of the product supplier spending. The remaining amount of product suppliers are certified against other internationally recognised standards accepted by Pandora (60%), are due for their bi-annual third-party audit in 2021 (9%), or are considered low-risk under the RSP screening process (1%).

The audits performed in 2020 identified 274 non-conformances, of which 149 were categorised as minor, 123 as major and 2 as zero tolerance.

The majority of non-conformance cases in 2020 touched on issues such as health and safety, environmental management, and compensation and benefits. However, some instances of forced labour and child labour were identified. Forced labour non-conformances involved the signing of contracts too long after initiation of performed work, as well as shortcomings on documentation, training and communication. Some audits also revealed that facilities lacked proper child labour policies.

The two zero-tolerance breaches involved a missing license at a supplier facility and two young workers operating unauthorised equipment. The case of equipment usage by young workers was resolved and factory policy awareness-raising was performed. In the case of the missing factory license, the case is still pending but has a closely followed corrective action plan in place.

For more information on our approach to managing forced and child labour, please see our annual [Transparency in Supply Chains Statement](#). ↗

Respecting human rights in our supply chain

Our supply chain is and will remain a key focus area of our human rights risk mitigation efforts.

Historically, human rights violations in the jewellery supply chain have primarily been associated with the upstream extraction of product raw materials, mainly in mining of metals such as gold, silver, copper and palladium, and minerals such as natural gemstones. There are also human rights risks in the recycled metals supply chain, primarily related to the informal recycling of electronic and industrial waste from the extraction of gold and silver. Lastly, Pandora recognises human rights risks in its manufacturing supply chain, including risks associated with modern slavery, largely assessed by third-party audits.

Pandora's business model effectively reduces human rights risks in its upstream supply chain. Because we operate a lean supply chain with relatively few suppliers, we can build long-term relationships and minimise risks.

Pandora's decision to source only recycled gold and silver by 2025 will further reduce its risk exposure as risks are greater in mining than in the recycled metals supply chain. The fact that we predominantly use man-made stones also significantly reduces risks related to mining. As we continuously move towards becoming a more circular business, we expect to further reduce the risk profile of our upstream supply chains, conducting due diligence and risk mitigation as necessary.

Our supply chain is and will remain a key focus area of our human rights risk mitigation efforts.



MINIMISING IMPACTS IN CRAFTING AND DISTRIBUTION

We aim to run our crafting facilities and distribution centres in a fully circular way.

Pandora is committed to minimising its environmental impact.

We do this by adopting internationally recognised and certifiable environmental management systems, tracking and reporting progress on key environmental indicators, pursuing the principles of circularity, and actively engaging with stakeholders. Our actions are governed by the company's [Environmental Policy](#). ↗

Product safety and quality

Pandora is committed to producing jewellery with materials deemed safe for its consumers, workers and environment. Pandora products contain no hazardous chemicals and we maintain a list of restricted substances which all suppliers are required to adhere to. This also applies to our consumer

packaging. Suppliers must provide proper records as proof, and test certificates are required as compliance evidence. Pandora's crafting facilities have an active ISO 9001 (Quality Management) certification.

Waste

We aim to run our crafting facilities and distribution centres in a fully circular way. We pursue this aim by reducing and recycling waste materials. In 2020, we generated 6,970 tonnes of waste at our crafting facilities, 12% more than in 2019. This increase is due to newly implemented COVID-19 protocols, which resulted in an increased amount of single-use items being disposed of at our crafting facilities. Our facilities generate waste from raw materials, production processes, deteriorated products and wastewater.



MAINTAINING THE HIGHEST STANDARDS AT OUR CRAFTING FACILITIES

Pandora owns and operates two large crafting facilities in Bangkok and Lamphun in Thailand. We maintain a number of certifications at each location.

In 2021, we have plans to conduct ISO 50001 and LEED operations certification at both sites.

Bangkok

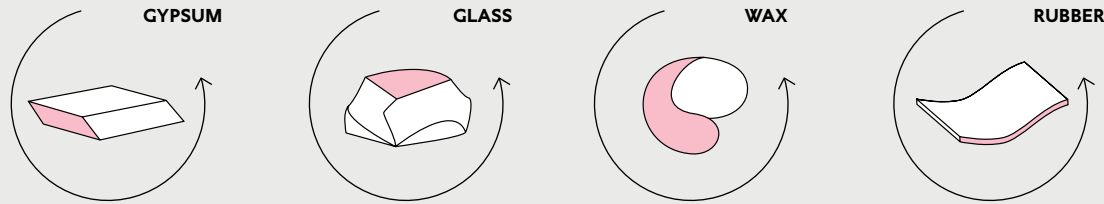
- ISO 9001, 14001 and 45001
- LEED (Leadership in Energy and Environmental Design) Gold building certification at our main crafting facility
- RJC-compliant

Lamphun

- ISO 9001, 14001 and 45001
- LEED (Leadership in Energy and Environmental Design) Gold building certification
- RJC-compliant



In 2020, we recycled 100% of our four primary waste streams



In 2020, we succeeded in maintaining a very high overall waste recycling rate of 90%, a 2% improvement on 2019. We achieved this by recycling 100% of our four primary waste streams: gypsum, glass, wax and rubber. As we are not able to repurpose these waste streams within our own operations, we have partnered with other industries to give them a second life and contribute to the circular economy.

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. Pandora selects third-party waste managers and 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, followed by landfill disposal.

We communicate our waste policy to all employees to raise awareness and reduce waste. We also set quarterly and annual objectives and goals to reduce, reuse, and recycle. The policy includes a description of how waste should be segregated and controlled.

At our distribution centres, we have a multi-stream recycling programme. Dedicated bins at our facilities allow us to properly dispose of recyclable materials and ensure we follow local guidelines. Most of the waste comes from packaging, such as plastic zip bags, labels and cardboard boxes. Each distribution centre has its own policy with a strong focus on recycling.

Some distribution centres produce small amounts of hazardous waste in the form of batteries and light tubes. These are disposed of according to local legislation.

Water consumption

We have two main objectives with regards to water consumption: reduce use and increase recycling. Water consumption at our crafting facilities increased 5% from 931,072 m³ in 2019 to 973,481 m³ in 2020. The water consumption was greater in 2020 due to increased production volumes and the launch of our new end-to-end plating jewellery facility. We increased the water recycling rate from 14% in 2019 to 16% in 2020 as a result of various investments in recycling capacity. The recycled water quality is measured with parameters to maintain equipment integrity and reduce breakdown using external ISO17025 standard lab. Our Lamphun facility is most advanced in this area and recycled 50% of water in 2020.

Our Bangkok facility sources water from the local Metropolitan Waterworks Authority. Water-related impacts are assessed and managed in accordance with ISO 14001. Fresh water is used for drinking water and processes like tumbling and plating, while recycled water is used for industrial processes like mortar injection. To reduce water consumption, we use automatic taps and efficient measurement systems, and we routinely inspect our systems. We are exploring ways of further increasing our water recycling by utilising it for processes like drainage and mortar mixing.

Wastewater and chemicals management

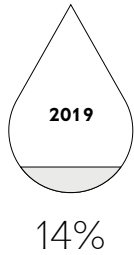
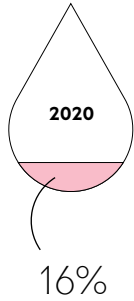
We maintain strict control over the use of chemicals in our manufacturing processes. Wastewater and chemicals-related impacts are controlled and addressed in accordance with the international ISO 14001 standard. This includes regular recording of water consumption data and limiting the use of



90%
OF ALL WASTE AT CRAFTING FACILITIES WAS RECYCLED



Water recycled



reservoir water resources by recycling. We train employees at our crafting facilities in hazardous chemical spill response and wastewater and hazardous waste control. All wastewater at our crafting facilities is measured for quality and treated through the buildings' wastewater treatment system as well as the treatment system of the industrial estate before it is released back into the local water supply.

Biodiversity

We have conducted an environmental impact assessment at our crafting facilities that included a biodiversity assessment in accordance with the standards required by law. Local third-party agencies inspect the facilities on an annual basis. Our distribution centres also conduct a biodiversity assessment when required by law and currently none are located near protected areas.

Safety

Occupational health and safety is an important concern for Pandora across the value chain, and we are committed to creating a healthy and safe workplace for all of our employees and customers.

Crafting facilities

The Health and Safety Policy at Pandora's crafting facilities ensures that we always act responsibly. Our policy covers all workers, including contractors, and visitors. Training is provided to all staff and we monitor performance closely. In 2020, there were zero high-consequence injuries and seven work-related lost time injuries, compared with four in 2019, among more than 11,000 employees at our crafting facilities in Thailand. The lost time injury frequency rate (LTIFR) remains low at 0.27. In 2021 we kicked off a dedicated "Together Towards Zero" campaign to reach zero accidents at our crafting facilities. The

campaign focusses on four areas on zero accidents culture, zero health risks, zero waste and zero non-compliance.

In order to ensure strong governance over the implementation of our standards and policies, we have a Safety, Health and Environment (SHE) committee comprising senior management and elected employee representatives. Together with external experts, the committee is responsible for continuously improving standards and correcting cases of

non-compliance. In addition to the safety committee, we have suggestion boxes, daily safety observation by area owners, and a hotline call centre.

An ISO 45001 management review is conducted annually to drive the safety culture towards zero injuries. All work-related incidents are investigated thoroughly and tracked. We have emergency plans for fire, chemical spills, gas release and medical emergencies. Employees participate in annual





drills and related training in, for example, basic fire-fighting and chemical spill response. Lastly, our RJC Code of Practices certification ensures that we conduct labour audits against the jewellery industry's highest safety standards.

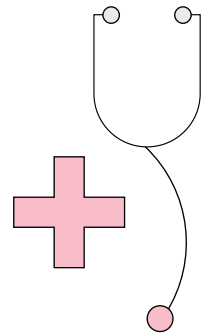
At Pandora, we are focused on ensuring our employees have access to proper health services at our crafting facilities. This includes health promotion activities, wellbeing programmes, 24-hour nurse cover, occupational physicians' support twice a week, and medical doctors three times a week. Pandora supports people with disabilities in the workplace and local community. Relevant training, tools, support systems and accessibility are crucial for creating a safe, healthy, and welcoming environment for the more than 100 colleagues with special needs who work at our crafting facilities. We also support local programmes focusing on people with disabilities, for example by supporting the construction of a sustainable agriculture learning centre for people with disabilities near our crafting facility in Lamphun.

Distribution Centres

Pandora provides occupational health and safety training for all employees. Training varies by distribution centre and includes first aid, fire protection, evacuation, dangers when working at the warehouse, working with forklift trucks, working with electric and hydraulic presses, and emergency preparedness.

All distribution centres follow local occupational health and safety laws. In addition, our facility in Thailand has implemented the international ISO 45001 standard. Our facility in the US has a safety and wellness committee at our logistics centre that meets monthly.

At Pandora,
we are
focused on



ensuring our
employees
have the
proper
health
services at
our crafting
facilities.



UPHOLDING SUSTAINABILITY IN RETAIL AND SALES

Consumers can find our jewellery at more than 7,000 points of sale in over 100 countries. During 2020, we had more than 650 million visits to our physical and online stores. Interacting with millions of people every day comes with a responsibility, and we ensure sustainable business practices in this part of our value chain through strong governance, policies, and practice.

Responsible marketing

Pandora does not market its jewellery to children, nor has it identified any non-compliance issues with marketing or labeling regulations or voluntary codes.

All Pandora jewellery is marked with a hallmark indicating the type of metal core. A hallmark is one or a series of marks stamped into items made of precious metals to guarantee a certain purity, fineness and origin. Our product disclosures and hallmarking practices are audited as part of our RJC Code of Practices certification, and our product disclosure guide ensures uniform disclosure practices across all our products.

To better understand how we impact consumers and in order to improve our responsible marketing efforts, we performed an inclusion and diversity review of our marketing practices in 2020. The review will serve as the basis for updates to our responsible marketing practices in 2021.

Customer privacy and data protection

Pandora regularly handles personal data relating to customers. Personal data is only used for legitimate business purposes and is protected, used, stored and shared in accordance with the manner agreed upon collection and in accordance with applicable data protection laws. We offer relevant training and guidelines for our staff. Complaints are investigated and resolved in line with applicable data protection legislation, and for 2020 no substantiated issues related to Pandora's handling of customer data were reported.

Environmental footprint of our stores

In addition to minimising waste at our crafting facilities, we encourage all store staff to sort and dispose of in-store

All Pandora jewellery is marked with a hallmark indicating the type of metal core.



Brand protection

Pandora has a dedicated Brand Protection team whose main work involves the enforcement of its intellectual property rights. Their overall goal is to protect Pandora's revenue and brand – for example aim at ensuring that Pandora jewellery is only sold through authorised points of sale, so customers can have a safe shopping experience.

waste and adhere to local disposal and recycling requirements. Our employees are expected to exhibit environmental thoughtfulness and sound practices in daily operations. They actively participate in required environmental training and campaigns. Whenever national law differs from our [Environmental Policy](#), Pandora employees must adhere to the stricter of the two. In 2020, we rolled out sustainability training modules for our staff on our commitments and three strategic pillars. In 2021, we are planning to assess global waste management systems for our key waste materials as Pandora expands its circular ambitions.

BUSINESS ETHICS

04



ENSURING SOUND BUSINESS PRACTICES

Pandora's commitment to ethical business practices means that we conduct business lawfully, appropriately and with honesty and integrity by adhering to applicable laws and regulations, exercising sound judgment and taking actions to minimise our environmental impact on the planet.

Pandora Code of Conduct

The Pandora Code of Conduct provides our employees and business partners with a framework to guide them through Pandora's core values. The Code covers topics such as workplace culture, sustainability, conflicts of interest, financial crime detection and prevention, fair competition, and privacy and personal data protection. We work to ensure a culture of honest and ethical conduct and Pandora requires all individuals within the organisation to adhere to both the letter and spirit of the Code, as well as all underlying applicable policies, standards and procedures. We also expect those

who we conduct business with to share and observe these same values.

In 2020, we launched an updated Code of Conduct with extensive mandatory training being planned for roll-out in early 2021.

Responsible tax

Pandora's tax strategy supports a positive tax contribution to society and governments, and it aims at paying a fair tax in all markets where Pandora operates.

Pandora will only implement structures that are driven by commercial strategy and we will refrain from unnecessarily complex tax set-ups. This results in a simple and business-aligned model which is well understood and based on in-depth analysis of the tax impact.

Pandora understands the need for more transparency by both taxpayers and tax administrations to ensure trust in the global corporate tax system and to provide more clarity about Pandora's position on tax. We provide regular tax information to our stakeholders, including investors, policy makers, employees and the general public. Pandora communicates openly about its tax payments and effective tax rates in its key markets. In 2020, Pandora paid DKK 192 million in corporate income tax. The significant decrease in tax paid compared with previous years (DKK 1,233 million in 2019) is caused by lower profit in general compared with 2019 as a result of COVID-19.

The Board of Directors are responsible for the [Tax Policy](#) as we believe tax is a core part of corporate responsibility. The responsibility for tax risk management lies with the Group CFO and is overseen by the Audit Committee.

Breaches

No significant fines or sanctions for violation of environmental and socioeconomic laws or regulations were issued to Pandora in 2020. Pandora did not receive any fines nor cases filed with authorities related to anti-competitive or anti-corruption behaviour in 2020. For more information on the reported whistle-blower hotline cases, see the [Inclusive and fair culture section on page 27](#) and for more information on supplier non-conformances, see the [Sourcing the responsible way section on page 34](#).

In 2020, we launched an updated global Code of Conduct, with extensive mandatory training being planned for roll-out in early 2021.

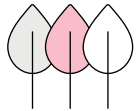
Learn more about our Pandora Code of Conduct on pandoragroup.com/sustainability.



ANNEX

05

SUSTAINABILITY GOVERNANCE



Sustainability Board members are responsible for integrating sustainability into the operations of their respective functions.

Our sustainability governance structure ensures that our sustainability programme meets Pandora's social and environmental ambitions and supports the business.

Pandora's Sustainability Board, which reports to the Board of Directors¹, sets the corporate sustainability strategy and roadmap, which is implemented by the Corporate Sustainability team. The Sustainability Board receives three to four updates per year from the Corporate Sustainability team on strategy implementation, progress towards achieving our sustainability targets and identified risks and opportunities.

The nine-member Sustainability Board is chaired by our CFO and includes four other members of Pandora's Executive Leadership Team. The following corporate functions are currently represented on the Sustainability Board: Supply Chain, Product, Retail, Human Resources, Marketing, and Corporate Communications and Sustainability. Sustainability Board members are responsible for integrating sustainability into the operations of their respective functions with support provided by the Corporate Sustainability team.

For sustainability-related supply chain governance, we established a new cross-functional Responsible Sourcing Committee (RSC) in 2020. This seven-member committee oversees the implementation of the Responsible Sourcing Policy and Programme, reviews and recommends approaches for the use of new materials, and advises on specific supplier relationships on a case-by-case basis. The RSC is co-chaired by the VP Supply Chain and Director Corporate Sustainability, meets twice a year and reports to the Sustainability Board.

Pandora's Corporate Sustainability team, led by the VP Corporate Communications and Sustainability, manages the company's global environmental, social and governance portfolio and is based at Pandora's Global Office in Copenhagen. The team reports to the Chief Human Resources Officer, who is a member of the Executive Leadership Team.

¹ All eight members of the Board of Directors are regarded as independent.



A team of Pandora auditors and responsible sourcing experts is based at our local offices in Thailand.

Managing risk

Pandora's enterprise risk management is focused on identifying risks early, assessing them thoroughly, and taking actions to mitigate them so they will not prevent the company from achieving its business and sustainability objectives. We see a well-functioning risk management process, which includes sustainability risk, as key to maintaining and building Pandora's position as the number one jewellery brand in the world.

At Pandora, risk management is an enterprise-wide effort, with management teams across our value chain being responsible for the continuous identification, assessment, mitigation and reporting of current and emerging risks. The Corporate Sustainability team participates in this exercise and assesses relevant risks quarterly.

Pandora also has a dedicated Risk Management Policy. Pandora's CFO heads the company's Risk Management Board, which consists of senior management representatives from across our value chain.

Management teams are required to report their most significant risks to the Global Risk Office, along with assessments of those risks and an overview of implemented mitigation and next milestones. All risk assessments take into account the likelihood of an event and its potential impact on the business. The impact is quantified and assessed in terms of potential financial loss or reputational damage. The Risk Management Board is assisted in its work by the Global Risk Office, which serves as secretariat to the Board. The Global Risk Office's role is to review, support management on risk information and consolidate the corporate risk profile containing

the company's key risks. The final risk profile is reviewed by Executive Management, the Audit Committee and the Board of Directors.

The Board of Directors is ultimately responsible for assessing the nature and extent of risk associated with Pandora's strategic direction and the implementation of effective risk identification, assessment and mitigation.

In addition to company-wide risk management, we will plan to regularly update our sustainability materiality assessment to ensure that we are capturing the full range of sustainability risks that may affect our business and that we are focusing on priority issues for our key stakeholders. For more information on climate-specific risk management, see the [TCFD reporting section on page 48](#). ↗



All risk assessments take into account the likelihood of an event and its potential impact on the business.



STAKEHOLDER ENGAGEMENT

To understand sustainability issues related to our industry and our company more clearly as well as improve our programmes, we proactively engage stakeholders and establish partnerships with a diverse set of experts and organisations.

	EXTERNAL STAKEHOLDERS							INTERNAL STAKEHOLDERS	
Engagement type	Suppliers	Communities	Governments	Multilateral Institutions	NGOs	Industry Organisations	Investors	Customers	Employees
	Meetings Audits and trainings	UNICEF partnership Interviews	Regulatory reporting and compliance Meetings on emerging initiatives and regulation	Reporting Conferences Meetings	Meetings Conferences Interviews	Conferences Meetings	Investor surveys and reports Meetings	Surveys and focus groups Social media Customer support feedback In-store feedback	Surveys Events Training Intranet and blogs Meetings
Engagement subject(s)	Circular approach to business Responsible sourcing Sustainable materials Conflict minerals Product quality and safety	Inclusion and diversity Human rights Socio-economic development in communities	Climate Change Conflict minerals Responsible Sourcing Data security and privacy Waste and water in operations Chemicals and hazardous materials	Responsible Sourcing Climate change Conflict minerals	Circular approach to business Responsible sourcing Sustainable materials Conflict minerals	Responsible Sourcing Employee health, safety and labour rights	Circular approach to business Responsible sourcing Sustainable materials Conflict minerals Climate Change Product quality and safety Corporate governance Business ethics and compliance	Inclusion and diversity Responsible marketing Climate change Circular approach to business	Circular approach to business Responsible sourcing Sustainable materials Climate change Corporate governance Business ethics and compliance Talent and development



Our key stakeholder groups include suppliers, customers, employees, governments, multilateral institutions, NGOs, industry organisations and investors. We also participate in business networks that allow us to have open dialogues with cross-industry players on specific issues.

Our methods of engagement range from regularly scheduled meetings to spontaneous interactions. The results of our engagement take the form of 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, to name a few.

Since 2018, Pandora has been a proud sponsor of the "Next Gen Voices" initiative at Copenhagen Fashion Summit – the industry recognised summit within sustainable fashion.



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 on climate-related risks and opportunities on financial markets.

CDP

Carbon Disclosure Project (CDP) 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

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 (RJC) since 2012. RJC 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 are supporting 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 (NBNHR) 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 (DIHR), member companies also include Arla, BioMar, Danfoss, Hempel, IKEA, Lego, Lundbeck, Neste, Norsk Hydro, Novo Nordisk, Statkraft, Vestas and Yara.



UN SUSTAINABLE DEVELOPMENT GOALS

We have assessed Pandora's opportunities to support the Sustainable Development Goals (SDGs) and have concluded that our business aligns most closely with four of the goals.

In particular, we support SDG 12, Responsible Consumption and Production, by committing to use only recycled gold and silver in our jewellery by 2025.



Gender equality

We are an inclusive brand committed to advancing equality and diversity, for example through our partnership with UNICEF to fund programmes that support girls' education and empowerment.



Decent work and economic growth

Across offices, stores and crafting, we strive to provide safe and healthy working conditions for more than 26,000 employees.



Responsible consumption and production

Circularity is central to how we design, craft, source and offer our products. For example, we use recycled metals in our products and the majority of our crafting waste is reused.



Climate action

We are intensifying our climate efforts by committing to set an emission reduction target in line with the Paris Agreement and best available science recommendations.



TCFD REPORTING

An overview of our reporting in line with recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD) is provided below.



Governance

Climate-related risks and opportunities are part of Pandora's Enterprise Risk Management system reporting to the Executive Leadership Team and the Board of Directors. 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. We will affect the transition of our own operations to carbon neutral by 2025 by focusing on increasing our use of renewable energy and increasing the energy efficiency of our crafting facilities and stores. Furthermore, it is a key part of our strategy to engage with our supply chain to find opportunities to use less carbon intensive materials and to support their transition to a low-carbon future. We aim to elaborate further on our Scope 3 strategy once we have finalised our Science Based Target in 2021. Pandora intends to conduct a scenario analysis in support of the TCFD recommendations within two years.

For more information on our approach, see the [Low-carbon business section on page 16](#). ➔

Risk management

Pandora closely monitors both physical and transitional-related climate risk. In 2020, an overall analysis of climate risks and opportunities was performed as detailed in our publicly available CDP report. Specific risks that were identified include reputation, emerging regulation, changing consumer preferences and an increase in extreme weather events disrupting production or our 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. This new lens will give Pandora an additional perspective on climate-related risks, how they could evolve in the future and how we can best prepare for them.

Metrics and targets

Pandora measures its carbon footprint across all three greenhouse gas scopes. Approximately 1% of CO₂ emissions are related to Scope 1, 8% to Scope 2 and 91% to Scope 3. We focus on reducing all three scopes through our climate targets:

- 1) become carbon neutral in our own operations by 2025, and
- 2) set a Science Based Target by the end of 2021.



ABOUT THIS REPORT

This Sustainability Report serves to provide an annual update to key stakeholders on Pandora's sustainability ambitions, strategy, key programmes and progress towards our corporate sustainability commitments.

The report covers Pandora's global operations for the fiscal year 2020, including 1 January to 31 December 2020.

Our last report, published in June 2020, covered the 2019 fiscal year and is available with previous sustainability reports at www.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 the first time in 2020.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards' "Core" option. A GRI Index Table is available at www.pandoragroup.com ↗, specifying each of the GRI Standards and listing all disclosures included in the report. We have also provided information on alignment with SASB (Apparel, Accessories & Footwear) and TCFD standards ↗. Pandora is committed to the United Nations Global Compact Ten Principles and this report serves as our Communication on Progress. We have obtained independent external assurance for specific data points included in this report, specifically our Scope 1, 2 and 3 greenhouse gas emissions. [Find the independent auditor's limited assurance report on page 55.](#) ↗

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





SUSTAINABILITY DATA

ENVIRONMENT

GREENHOUSE GAS EMISSIONS	Unit	2020	2019	2018
Scope 1¹	mtCO₂e	1,250	1,252²	1,305²
Scope 2¹ (location-based)	mtCO₂e	47,949	48,072²	48,202²
Scope 2, crafting facilities (location-based)	mtCO ₂ e	26,618	26,232	28,227
Scope 2, crafting facilities (market-based)	mtCO ₂ e	0 ³	- ⁴	- ⁴
Scope 3¹	mtCO₂e	242,416	245,663	-
C1: Purchased goods and services	mtCO ₂ e	157,908	176,895	-
C2: Capital goods	mtCO ₂ e	9,121	10,222	-
C3: Fuel-and-energy related activities	mtCO ₂ e	3,685	3,628	-
C4: Upstream transportation	mtCO ₂ e	40,637	21,586	-
C5: Waste generated in operations	mtCO ₂ e	2,654	2,513	-
C6: Business travel	mtCO ₂ e	350	920	-
C7: Employee commuting	mtCO ₂ e	606	918	-
C8: Upstream leased assets	mtCO ₂ e	1,298	1,421	-
C14: Franchises	mtCO ₂ e	26,158	27,559	-
Emissions intensity	mtCO ₂ e/revenue in DKK million	13.94	13.49	-

¹ Within audit's assurance scope (see the Independent auditors' limited assurance report on page 55).

² Scope 1 and 2 GHG emissions have been restated for 2019 and 2018 (see the restatement on page 54).

³ A market-based approach is used in 2020 to take into account the purchase of renewable energy certificates

⁴ Not calculated because residual mix emission factors are not available for Thailand.

§ 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 emissions 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, warehouses, crafting facilities and Pandora owned stores. The emissions are calculated using the location-based approach. Additionally, at the crafting facilities, a market-based approach is used in 2020 to take into account the purchase of renewable energy certificates to source all energy consumption that is not from renewable sources. Where available, the electricity and district heating consumption from meter readings and invoices is used for crafting facilities, stores, distribution centers, and offices. Where meter readings and invoices are not available, the consumption is estimated based off spend or size of the location. The electricity and district heating consumption is multiplied by 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 were used and multiplied by DEFRA supply chain emission factors for spending on products. Key LCA's 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 supply chain emission factors for spending on products from DEFRA.
- **C3** – Includes upstream GHG emissions from fossil fuels, heating, and electricity based on invoices used in our crafting facilities, stores, offices, and distribution centers. 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 are used to calculate the emissions. Emissions from other transport types are included in the emission factors used for purchased goods and services. The increase from 2019 to 2020 is a result of growth in e-commerce business.
- **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 square meters of the franchises and the kWh/square meter 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

ENERGY CONSUMPTION	Unit	2020	2019	2018
Total energy consumption	MWh	110,876	111,029	110,942
Energy intensity	MWh/revenue in DKK million	5.83	5.08	4.86
Energy consumption, crafting facilities	MWh	56,909	56,265	60,454
Solar energy generated	MWh	1,141	1,307	1,316
Renewable energy certificates	MWh	55,768	-	-
Renewable energy at crafting facilities	%	100%	2.4%	2.2%
WATER CONSUMPTION AT CRAFTING FACILITIES	Unit	2020	2019	2018
Water consumption	m ³	973,481	931,072	953,175
Water recycled	%	16%	14%	10%
WASTE AT CRAFTING FACILITIES	Unit	2020	2019	2018
Total waste	tonnes	6,970	6,248	7,071
Hazardous waste (not recycled)	tonnes	22	17	9
Industrial waste to landfill	tonnes	44	23	95
Municipal waste to landfill	tonnes	618	685	837
Recycled waste	tonnes	6,287	5,523	6,130
Total recycled	recycled %	90%	88%	87%
Gypsum	recycled %	100%	100%	99%
Glass	recycled %	100%	100%	100%
Wax	recycled %	100%	100%	100%
Rubber	recycled %	100%	100%	100%

CIRCULAR AND SUSTAINABLE JEWELLERY

CIRCULAR AND SUSTAINABLE JEWELLERY	Unit	2020	2019	2018
Recycled silver and gold total	% ¹	~60%	~60%	n/a
Man-made stones	%	>99%	>99%	>99%
Total direct supplier spend audited by a third-party	%	>99%	>95%	>85%
Silver and gold grain suppliers certified by RJC/LBMA	%	100%	100%	100%

Product suppliers identified as having significant actual and potential negative social/environmental impacts with which improvements were agreed upon as a result of assessment.

Social impact issues were found in 13 out of 15 factory locations, with a total of 108 issues. 81 issues have been closed, 27 are in the process of being closed.

Environmental issues were found in 9 out of 15 factory locations, with a total of 17 issues. 12 have been closed, 5 are in the process of being closed.

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.



WORKPLACE AND SOCIETY

LOST TIME INJURY FREQUENCY RATE (LTIFR)	Unit	2020	2019	2018
Crafting facilities		0.27	0.15	-

GENDER RATIOS (FEMALE / MALE)	Unit	2020	2019	2018
Total Global Office¹	%	52% / 48%	-	-
Full-time	%	51% / 49%	-	-
Part-time	%	76% / 24%	-	-
Total crafting facilities¹	%	56% / 44%	-	-
Full-time	%	56% / 44%	-	-
Part-time	%	0% / 0%	-	-
Executive Leadership Team	%	12.5% / 87.5%	9% / 91%	0% / 100%
Board of Directors	%	75% / 25%	50% / 50%	43% / 57%

¹ Sufficient gender data is not available for the global organisation. Pandora expects to deliver more transparent reporting on these parameters in the following year(s).

AGE SPLIT	Unit	2020			2019	2018
		Total	Full-time	Part-time		
Total Global Office						
Below 20 years	%	0.6%	0.4%	2.4%	-	-
20-29 years	%	20.6%	16.8%	82.9%	-	-
30-39 years	%	44.9%	47.2%	7.3%	-	-
40-49 years	%	25.0%	26.3%	2.4%	-	-
50-59 years	%	8.2%	8.7%	2.4%	-	-
60-69 years	%	0.7%	0.6%	2.4%	-	-
Above 70 years	%	0.1%	0%	0%	-	-
Total crafting facilities						
Below 20 years	%	0%	0%	0%	-	-
20-29 years	%	31.9%	31.9%	0%	-	-
30-39 years	%	63.4%	63.4%	0%	-	-
40-49 years	%	4.3%	4.3%	0%	-	-
50-59 years	%	0.3%	0.3%	0%	-	-
60-69 years	%	0%	0%	0%	-	-
Above 70 years	%	0%	0%	0%	-	-



WORKPLACE & SOCIETY

EMPLOYEE TURNOVER DURING THE REPORTING PERIOD ^{1,2,3}	2020		2019	2018
	Rate in %	No.		
Total	26.0%	5,589	-	-
Global Office	20.5%	109	-	-
Crafting facilities	2.5%	256	21.5%	7.5%
Europe Distribution Centre	30.0%	41	-	-
Thailand Distribution Centre	7.6%	2	-	-
Global Business Services	16.3%	27	-	-
North America	58.1%	1,416	-	-
Latin America	29.0%	301	-	-
Pacific	43.5%	207	-	-
Rest of Asia	38.5%	163	-	-
China	45.9%	548	-	-
Southern Europe and MEA	65.3%	775	-	-
Western Europe	57.3%	537	-	-
Eastern Europe	32.2%	156	-	-
Northern Europe	36.7%	545	-	-
British Isles	38.0%	506	-	-

¹ The reporting period is from March to December 2020.

² The scope of data reporting includes retail, distribution, crafting and office employees.

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

COLLECTIVE BARGAINING AGREEMENTS GLOBALLY	Unit	2020	2019	2018
Employees covered	%	56%	-	-

EMPLOYEES BY EMPLOYMENT CONTRACT	Unit	2020	2019	2018
Total	No.	26,003	-	-
Full-time	No.	19,097	-	-
Part-time	No.	3,834	-	-
Temporary	No.	3,102	-	-
Global Office¹	No.	715	-	-
Full-time	No.	674	-	-
Part-time	No.	41	-	-
Temporary	No.	-	-	-
Crafting facilities¹	No.	11,384	-	-
Full-time	No.	11,384	-	-
Part-time	No.	0	-	-
Temporary	No.	-	-	-
Europe Distribution Centre	No.	195	-	-
Full-time	No.	134	-	-
Part-time	No.	12	-	-
Temporary	No.	49	-	-
Thailand Distribution Centre	No.	36	-	-
Full-time	No.	36	-	-
Part-time	No.	0	-	-
Temporary	No.	0	-	-
Global Business Services	No.	203	-	-
Full-time	No.	193	-	-
Part-time	No.	0	-	-
Temporary	No.	10	-	-

¹ Data on temporary employment contract is not available for Global Office and crafting facilities.



WORKPLACE & SOCIETY

EMPLOYEES BY EMPLOYMENT CONTRACT	Unit	2020	2019	2018
North America	No.	3,565	-	-
Full-time	No.	808	-	-
Part-time	No.	1,575	-	-
Temporary	No.	1,182	-	-
Latin America	No.	1,334	-	-
Full-time	No.	1,295	-	-
Part-time	No.	39	-	-
Temporary	No.	0	-	-
Pacific	No.	662	-	-
Full-time	No.	209	-	-
Part-time	No.	87	-	-
Temporary	No.	366	-	-
Rest of Asia	No.	468	-	-
Full-time	No.	441	-	-
Part-time	No.	4	-	-
Temporary	No.	23	-	-
China	No.	1,385	-	-
Full-time	No.	1,385	-	-
Part-time	No.	0	-	-
Temporary	No.	0	-	-
Southern Europe and MEA	No.	1,709	-	-
Full-time	No.	620	-	-
Part-time	No.	480	-	-
Temporary	No.	609	-	-
Western Europe	No.	1,357	-	-
Full-time	No.	629	-	-
Part-time	No.	385	-	-
Temporary	No.	343	-	-

EMPLOYEES BY EMPLOYMENT CONTRACT	Unit	2020	2019	2018
Eastern Europe	No.	604	-	-
Full-time	No.	524	-	-
Part-time	No.	61	-	-
Temporary	No.	19	-	-
Northern Europe	No.	653	-	-
Full-time	No.	232	-	-
Part-time	No.	213	-	-
Temporary	No.	208	-	-
British Isles	No.	1,763	-	-
Full-time	No.	533	-	-
Part-time	No.	937	-	-
Temporary	No.	293	-	-

WE ARE RESTATING THE FOLLOWING KPIS:

Scope 1 CO₂ emissions: Restatement due to an underreporting of approximately 1000 tCO₂e in 2018 and 2019, respectively. From 2020 actual leakage data was obtained. Since this was significantly higher than the IPCC estimate used in 2018 and 2019, we have reassessed those leakage estimates and assumed that they were in line with 2020.

Scope 2 CO₂ emissions: Restatement due to an over-reporting of approximately 25,000 tCO₂e and 23,000 tCO₂e in 2018 and 2019, respectively, due to use of wrong emission factors in the retail footprint

and switch to IEA emission factors for our crafting facilities.

Water recycling rate: including additional buildings in Bangkok.

Waste at crafting facilities: improved data validation process.


Water consumption at crafting facilities: improved data validation process.

Recycled metals %: we have revised this percentage downwards as a result of our increased supplier engagement and detailed supplier survey conducted in 2020.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

To the stakeholders of Pandora

As agreed, we have examined selected environmental information in Pandora's Sustainability Report 2020 (the Sustainability Report) for the period 1 January 2020 to 31 December 2020.

We are to conclude on whether the following information has been prepared in accordance with the reporting approach and criteria described on [page 50](#) :

- 'Scope 1' for the reporting period 1 January to 31 December 2020, as stated in section 'Greenhouse Gas Emissions' on page 50.
- 'Scope 2' for the reporting period 1 January to 31 December 2020, as stated in section 'Greenhouse Gas Emissions' on page 50.
- 'Scope 3' for the reporting period 1 January to 31 December 2020 with comparative information for the period 1 January to 31 December 2019, as stated in section 'Greenhouse Gas Emissions' on page 50.

The degree of assurance expressed in the conclusion is limited.

Management's responsibility

Pandora's Management is responsible for the preparation of the 'Scope 1, 2 and 3 greenhouse gas emissions' information in accordance with the Global Reporting Initiative (GRI) Standards and Pandora's reporting approach and criteria (hereafter the reporting approach and criteria) described on page 50. Pandora's

Management is also responsible for such internal control, as the Management considers necessary to enable the preparation of such information free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on Pandora's 'Scope 1, 2 and 3 greenhouse gas emissions' information on the basis of our procedures. We performed our procedures in accordance with ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit legislation to obtain limited assurance for our conclusion.

EY Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.


We complied with independence requirements and other ethical standards under FSR - Danish Auditors' Code of Ethics for Professional Accountants, which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

As part of our examination, we performed the below procedures:

- Interviews of relevant company professional responsible for the selected information located at Pandora's headquarter in Copenhagen
- Analytical reviews procedures, including trend analyses, of data supplied by Pandora compared to prior period
- Review of the appropriateness of accounting policies applied by Management

We believe that our procedures provide a reasonable basis for our conclusion. The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance, which would be obtained, had we performed a reasonable assurance engagement.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected environmental information regarding 'Scope 1, 2 and 3 greenhouse gas emissions' for Pandora for the period 1 January 2020 to 31 December 2020 have not been prepared, in all material respects, in accordance with the reporting approach and criteria described on [page 50](#) .

Copenhagen, 28 April 2021
EY GODKENDT REVISIONS-
PARTNERSELSKAB
CVR-nr. 30 70 02 28

Mikkel Sthyr
State Authorised
Public Accountant
MNE no.: mne26693

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