

WE GIVE A VOICE TO PEOPLE'S LOVES



PANDORA



OUR PURPOSE

WE GIVE A VOICE TO PEOPLE'S LOVES

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

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



CONTENTS

4 SUSTAINABILITY AT PANDORA

- 5 Letter from our CEO and our Chair of the Board
- 6 Sustainability at a glance
- 7 Our business model
- 8 Materiality and sustainability strategy

11 ENVIRONMENT

- 12 Low-carbon business
- 17 Circular innovation

20 SOCIAL

- 21 Inclusion and diversity
- 24 Responsible marketing
- 26 Human rights
- 31 Responsible sourcing
- 34 Health and safety

35 GOVERNANCE

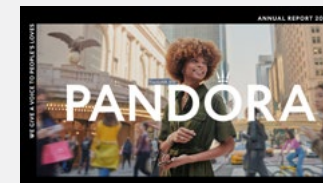
- 36 Sustainability governance
- 39 Business ethics

42 ANNEX

- 43 Task Force on Climate-Related Financial Disclosures
- 45 EU Taxonomy
- 48 Stakeholder engagement
- 50 United Nations Sustainable Development Goals
- 51 About this report
- 52 Sustainability data
- 61 Statement by Executive Management
- 62 Independent auditor's report

Sustainability Report

Our Sustainability Report provides detailed information on sustainability and our responsible business behaviour. The Sustainability Report serves as a supplementary document to the United Nations Global Compact Communication on Progress, which will be submitted later in 2023 using the new CoP digital platform, and as such is our disclosure in accordance with sections 99(a), 99(b) and 107(d) of the Danish Financial Statements Act. The report is available at pandoragroup.com/sustainability/resources/sustainability-reports following approval by the Board of Directors.



Annual Report

Our Annual Report is our detailed annual disclosure relating to company performance, strategy, corporate governance and financial results. The report is available at pandoragroup.com/investor/news-and-reports/annual-reports and at cvr.dk following approval at the Annual General Meeting.



Remuneration Report

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

- 5 Letter from our CEO and our Chair of the Board
- 6 Sustainability at a glance
- 7 Our business model
- 8 Materiality and sustainability strategy

SUSTAINABILITY AT PANDORA



LETTER FROM OUR CEO AND OUR CHAIR OF THE BOARD

SUSTAINABILITY MORE IMPORTANT THAN EVER

We wish to lead the transformation of our industry and show that beautiful, crafted jewellery goes hand in hand with sustainable business practices.

It has been no small endeavour to navigate through 2022. The business climate has been marked by geopolitical and economic turbulence, but Pandora's priorities for sustainable business remain unchanged. We wish to lead the way.

Leadership in sustainability is a key foundational pillar of our Phoenix business strategy because it supports our long-term growth and helps us future-proof the company. Our performance in this area makes us more resilient and positions us well to meet the changing demands from regulators, consumers, and investors.

In 2022, we made significant progress on our three strategic priorities to become a low-carbon, circular, and inclusive, diverse and fair business.

We are on track to halve emissions across our full value-chain by 2030 as part of our ambitious science-based target. Since 2019, we have cut total emissions by 6%.

Raw materials are the largest contributor to our value chain emissions, and we are working with our suppliers to reach our goal of using 100% recycled silver and gold by 2025. This will be central to fulfilling our climate ambition and is also key to our circularity agenda.

In 2022, we were proud to be recognised by the leading climate organisation, CDP, with an A-rating for our climate action and disclosure.

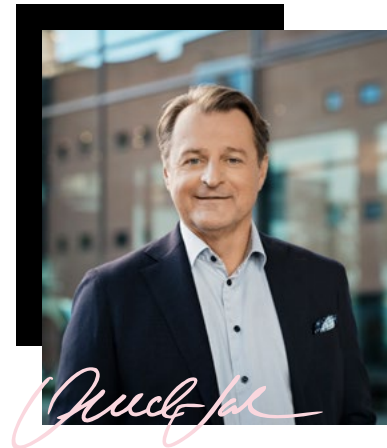
The introduction of Diamonds by Pandora in North America is an example of how we can bring high-quality jewellery with a reduced climate impact to more consumers. The transformative collection uses lab-created diamonds that are grown, cut and polished with 100% renewable energy and set in 100% recycled silver and gold – a first for Pandora.



In 2022, we advanced on our strategic priority of achieving more diversity in our senior leadership. 29% of our senior leaders (VP+) are women, good progress from 23% in 2021. We launched a comprehensive human rights programme and continued our support of vulnerable children through our partnership with UNICEF. Pandora has raised a total of USD 10 million for UNICEF since 2019.

Lastly, we anchored sustainability firmly in the way we manage Pandora. We have formalised sustainability oversight at the Board level, introduced sustainability targets as part of the remuneration package for our senior leaders, and elevated the leadership of our sustainability teams to reflect their strategic importance. We continue our commitment to the United Nations Global Compact.

As we close the year, we are pleased to see sustainability embedded in our everyday business practices. With the current global instability, it is easy to lose focus, but concern and consideration for our surroundings are more important than ever. This mindset has always been part of Pandora's culture and will continue to guide us as we look ahead.



ALEXANDER LACIK
President & Chief Executive Officer



PETER A. RUZICKA
Chair of the Board of Directors

SUSTAINABILITY AT A GLANCE

A

Pandora recognised with 'A' score for transparency and performance on climate change by CDP

100%

renewable energy and 100% recycled silver and gold used in our Diamonds by Pandora collection

#3

Pandora ranked #3 out of 30 companies in Denmark on documenting respect for human rights¹

6%

reduction in total greenhouse gas emissions compared to our 2019 baseline

100%

man-made stones used in Pandora products²

99.6%

of waste recycled at our crafting facilities

61%

recycled silver and gold purchased in 2022

AAA

MSCI ranking for the seventh consecutive year

10M

USD donated to UNICEF since 2019

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

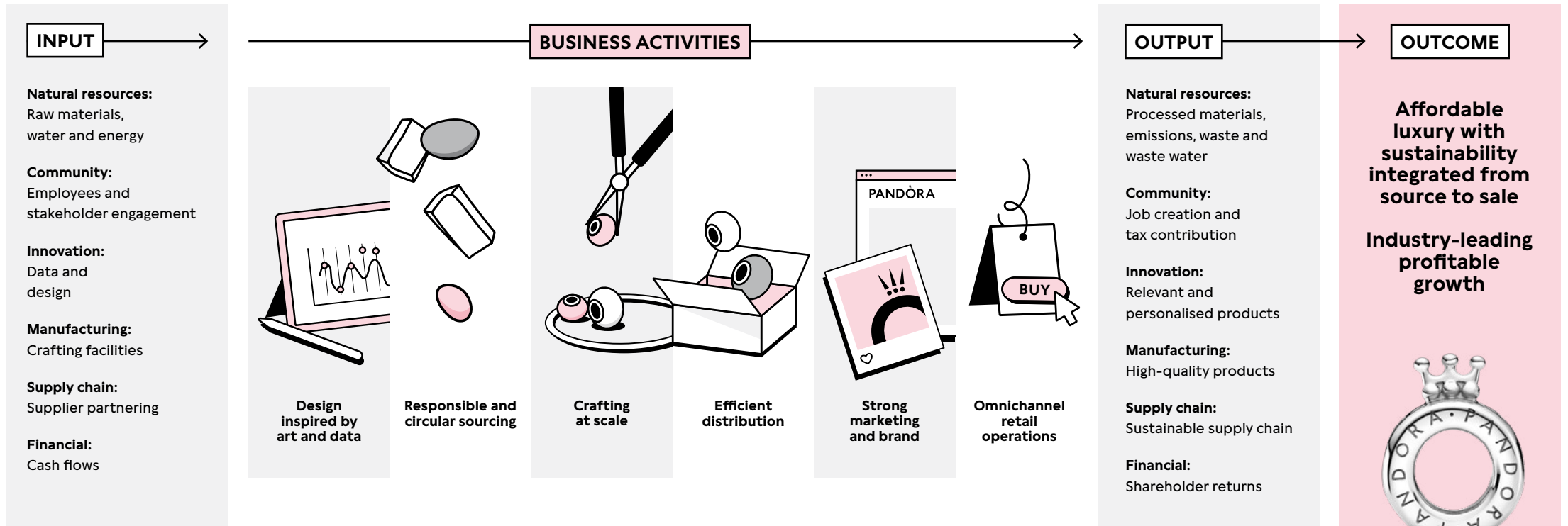
² Excluding pearls.



Read more about
Diamonds by Pandora
on [page 16](#). ↗

OUR BUSINESS MODEL

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



MATERIALITY AND SUSTAINABILITY STRATEGY

In 2022, we conducted a materiality assessment based on the principle of double materiality.

Materiality

In 2022, through research, stakeholder engagement, and assisted by a third party, we explored how Pandora's activities impact the environment and people and conversely how sustainability-related factors and external events may impact Pandora's business. We consulted external experts, Pandora's leadership and specialists from key functions across Pandora to validate the impact ranking and discuss the implications of the assessment.

Specifically, we identified and described the material sustainability topics we need to address and report on across our own operations and value chain. By performing this exercise, we are moving towards a more structured, documentable and insights-driven approach to ensure that our work on sustainability adds as much value as possible to our business and reduces our impact on people and the environment.

Moreover, the revised materiality approach aligns with the adopted EU Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards requirements.

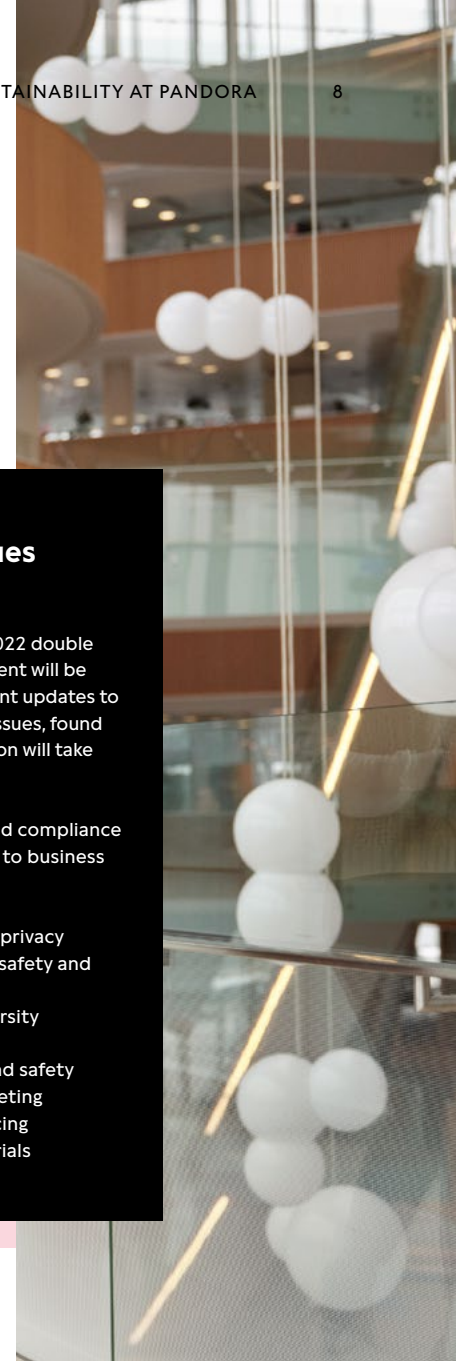
Materiality assessment stakeholder engagement

	STAKEHOLDER	ENGAGEMENT TYPE
EXTERNAL STAKEHOLDERS	Investors	3 interviews
	Civil society	
	Authority/regulator	
	Customers	Desktop research
INTERNAL STAKEHOLDERS	Communications	Workshops with subject matter experts and senior management to identify and rank risks and opportunities and to validate the findings of the double materiality analysis
	Crafting	
	Finance	
	Global Legal, Risk & Compliance	
	Global Sustainability	
	Human Resources	
	Innovation & Product Development	
	Marketing	
	Omni Operations & Logistics	
	Retail	
Supply Chain		

Pandora's material issues

The results of our 2022 double materiality assessment will be used to make relevant updates to our list of material issues, found below. This calibration will take place in 2023.

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



Sustainability is not only good corporate citizenship, it also serves to future-proof our company.

Going forward, we will investigate how to implement and disclose the results of the double materiality approach. This includes exploring how to integrate emerging issues in our strategy and planning, including relevant models of stakeholder engagement and governance.

Our sustainability strategy


We are transforming our business to help shape the future of luxury.

Pandora's growth strategy, Phoenix, counts sustainability as one of five foundational pillars that will support the company's long-term growth ambitions. Placing sustainability at the core of our business reflects that we strive to be a responsible and leading global brand.


The overall ambition is for Pandora to be a sustainability leader in the jewellery industry and beyond. We wish to lead by example to contribute to the sustainable transformation of the industry. We want to significantly lower our impact on the planet and create positive outcomes for people and communities touched by our business.

This is not only good corporate citizenship, it also serves to future-proof our company as we foresee an array of new demands on companies from regulators, investors, consumers and other stakeholders, and we wish to stay ahead of the curve.

Our sustainability strategy has three overarching priorities: low-carbon business, circular innovation, and an inclusive, diverse and fair culture. These are all highly material, and drivers of future growth and opportunities for positive impact. We have set ambitious long-term targets and developed detailed roadmaps for each of the three priorities.

Read more about our sustainability targets on [page 10](#). 

Our sustainability strategy builds on high standards for responsible business operations, including our approach to responsible sourcing, waste management and corporate giving, and we continue to expand the implementation of good practices at Pandora.

To deliver on our ambition and targets, in 2022 we continued to increase the number of people involved in this work, building strong teams at our head office in Copenhagen, Denmark and in our crafting and supply organisation in Thailand, as well as other strategic locations. In addition, we have elevated the leadership of our sustainability function and anchored it more firmly in the top tiers of our organisation. Read more about our sustainability governance on [pages 36-38](#). 



Our strategic priorities



Low-carbon business



Circular innovation



Inclusive, diverse and fair culture

OUR SUSTAINABILITY TARGETS

LOW-CARBON BUSINESS



→ **BY 2030** – Reduce total greenhouse gas emissions by 50% from a 2019 baseline (Scopes 1, 2 and 3) by:

- Reducing emissions in own operations by at least 90% to become carbon neutral (Scopes 1 and 2 market-based).
- Reducing value chain emissions by 42% (Scope 3).

→ **BY 2040** – Achieve net zero emissions.

CIRCULAR INNOVATION



→ **BY 2025** – Use only recycled silver and gold in the crafting of our jewellery.

INCLUSIVE, DIVERSE AND FAIR CULTURE



→ **BY 2025** – Create an inclusive workplace and increase the share of underrepresented groups.

→ **BY 2030** – Achieve full gender parity¹, reaching 1/3 women in leadership by 2025.

→ **BY 2025** – Reflect societal diversity in our customer engagement.

PROGRESS AND STATUS

SCOPES 1, 2 AND 3



SCOPES 1 AND 2 (tonnes CO₂e)



SCOPE 3 (tonnes CO₂e)



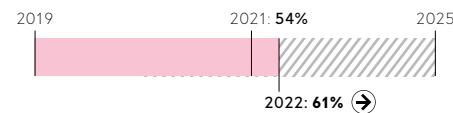
- Achieved progress against target
- ▨ Increase in emissions compared to baseline
- ▨ Yet to be achieved

We have decreased our total greenhouse gas emissions by 6% compared to our 2019 baseline.

In 2022, we reduced emissions from own operations by 27% compared to 2021. This was achieved primarily through the purchase of Renewable Energy Certificates to cover most of our owned and operated stores and offices in Europe and 100% of electricity consumption at our crafting facilities in Thailand.

In 2022, our Scope 3 emissions increased by 4% since 2021, largely due to a higher level of purchased goods and services. We saw reductions in other areas thanks to increased supplier-specific data. The overall Scope 3 increase was expected and reductions will materialise in the coming years.

RECYCLED SILVER AND GOLD



The share of recycled silver and gold purchased in 2022 was 61%. Over the course of 2022, we transitioned procured silver and gold for in-house production to recycled sources, and we completed third-party audits for most of our component suppliers and contract manufacturers to strengthen end-to-end traceability.

INCLUSION



WOMEN IN LEADERSHIP



We achieved an inclusion score of 86% in our latest employee survey. The resulting score ranks us in the top quartile within our global benchmark, and has us on track for our 85% target by 2025.

We made good progress in 2022 by improving gender parity in leadership by 6 percentage points to 29%.

OUR NEXT STEPS

- Scopes 1 and 2: We will continue the geographic roll-out of purchasing Renewable Energy Certificates to cover more markets in the short term, while also exploring other opportunities to source renewable energy (for example, Power Purchase Agreements).

- Scope 3: In 2023 and beyond, we will continue the development and implementation of our supplier engagement programme and scale our outreach to suppliers on collection of carbon footprint data and dialogue on carbon reduction initiatives.

- In 2023, we will focus on transitioning our component and contract manufacturers and suppliers to recycled sources, expanding our options for recycled sources, and begin phasing out any non-recycled stock in our inventory.

- We have achieved our inclusion score target, so our focus will be on maintaining and improving our score. For example, we are analysing survey data to have a better understanding of how we can best support underrepresented groups.

- We have developed and designed an additional learning module to address the importance of inclusive leadership. We are working to integrate the module as part of our global leadership programme, Pandora RISE.

- We will be reviewing inclusion within our recruitment process and succession planning to ensure a sustainable approach towards achieving gender parity.

- We will continue to build guidelines and reporting systems to track progress on our customer engagement targets.

UN SDGs³



¹ Gender parity in leadership refers to an equal number (50/50) of men and women in leadership positions from Vice President and up (including the Board) with a +/- 5 percentage point variation.

² We use '-' to indicate that data for the data point has not previously been disclosed.

³ Read more about our commitment and targets to the United Nations' Sustainable Development Goals on [page 50](#).

12 Low-carbon business

17 Circular innovation

ENVIRONMENT

NEXT STEPS IN DECARBONISATION AND CIRCULARITY





LOW-CARBON BUSINESS



In 2022, Pandora was recognised for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP, securing a place on its annual 'A List'.

Based on data reported through CDP's 2022 Climate Change questionnaire, Pandora was one of around 2% of CDP-evaluated companies to achieve an 'A' out of nearly 15,000 companies scored.

In 2022, we made important progress on our journey to become a low-carbon business, both within our own operations, and across our suppliers. We are firmly committed to supporting global efforts to curb the effects of climate change.

Transitioning Pandora to a low-carbon business in support of the global community's climate efforts is front and centre of our sustainability strategy. Our integrated business model and continued focus on renewable materials allow us to move fast, and we are committed to climate targets that remain among the most ambitious in the jewellery industry.

Pandora is working towards two long-term targets on carbon emissions, approved by the Science Based Target initiative¹:

- **To cut greenhouse gas emissions by 50%** across own operations and entire value chain of suppliers and business partners by 2030 (Scopes 1, 2 and 3) from a 2019 baseline.
- **To achieve net zero emissions by 2040** by further reducing our climate footprint and removing or offsetting any remaining emissions.

To halve emissions by 2030 we will:

- **Become carbon neutral²** in our own operations by 2025, reducing emissions by at least 90% from a 2019 baseline (Scopes 1 and 2 market-based). Carbon removal mechanisms and offsets will balance out any remaining emissions.
- **Reduce value chain emissions by 42%** by 2030 from a 2019 baseline (Scope 3).

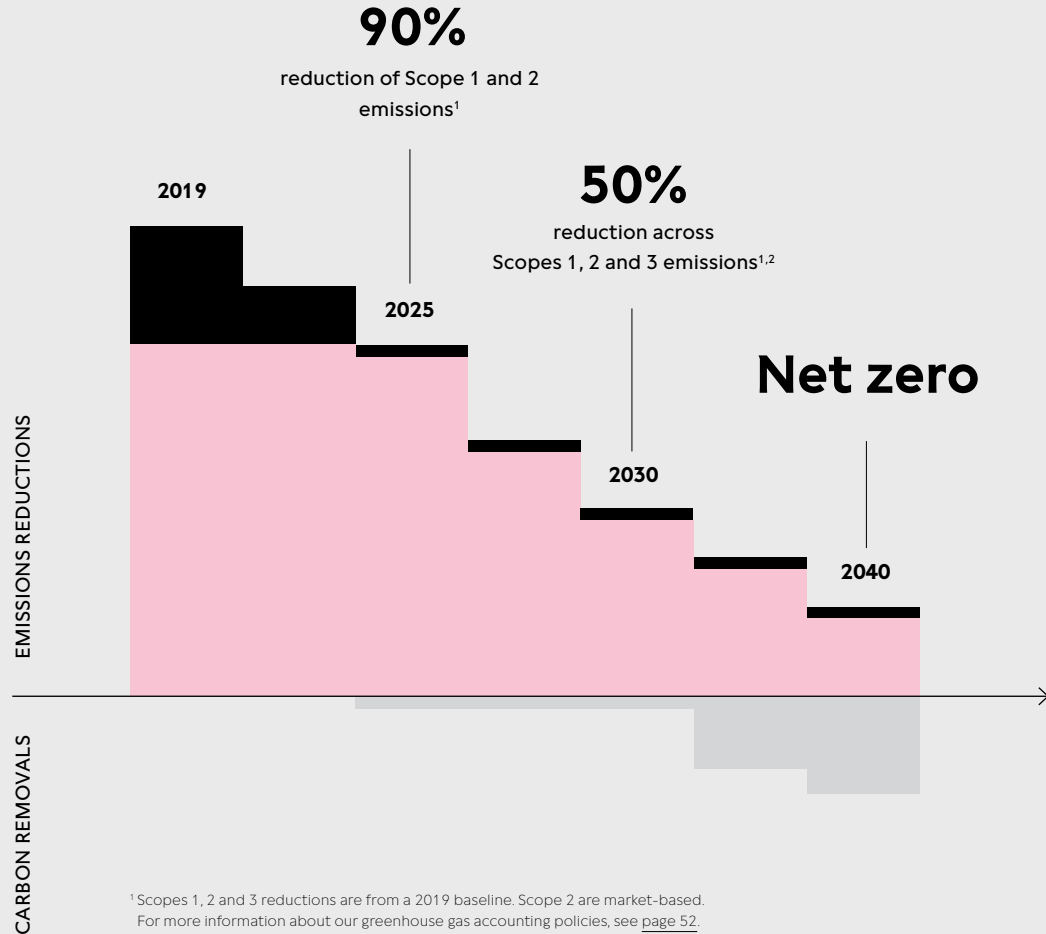
We have achieved a 6% reduction in total emissions compared to our 2019 baseline - this has us on track against our target to halve our emissions by 2030.

¹ Approval by the Science Based Target initiative ensures that a company's target is aligned with the Paris Agreement's ambition to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C compared to pre-industrial levels.
² Carbon neutral is defined as net zero CO₂ emissions. This can be achieved by eliminating emissions through efficiency measures, shifting to renewable energy sources and balancing any remaining emissions of CO₂ with its carbon removal.



EMISSIONS REDUCTIONS
Reductions roadmap to reach net zero target

- Scopes 1 and 2 emissions¹
- Scope 3 emissions
- Carbon removals



¹ Scopes 1, 2 and 3 reductions are from a 2019 baseline. Scope 2 are market-based. For more information about our greenhouse gas accounting policies, see [page 52](#).

² Reduce value chain emissions by 42% by 2030 from a 2019 baseline.

Reductions in own operations well under way

We are on track to become carbon neutral in own operations by 2025 through energy-saving measures in our crafting facilities and by sourcing more renewable energy.

Of Pandora's total emissions in 2022, 6% occurred in our own operations (Scopes 1 and 2), driven by electricity and heating. Total energy consumption grew by 4%, mainly due to increased production volumes and return to normal ways of working after COVID-19 restrictions were lifted. However, energy efficiency increased thanks to energy reduction initiatives in our crafting facilities. In 2022, we won the "Induction Soldering Machine for Jewellery Industries" award, as part of ASEAN Energy Awards 2022 by ASEAN Centre for Energy.

In 2022, we reduced our emissions¹ by 27%. Reductions were mainly the result of increased sourcing of Renewable Energy Certificates (RECs).

Continued use of renewable energy at our crafting facilities

At our crafting facilities in Thailand, we continue to cover our electricity consumption using 100% renewable energy through on-site production of solar power and RECs. The solar panels installed on the roofs of our facilities produced 1,369 MWh of renewable electricity in 2022, equal to around 2% of our total energy consumption in crafting. In 2022, we decided to increase the number of solar panels and will begin installation in 2023. This will increase on-site electricity production to around 6%.

¹ Scopes 1 and 2 (market-based).

We are on track to become carbon neutral in own operations by 2025.

11%
reduction in emissions intensity compared to 2021.

We have achieved a 6% reduction in total emissions² - on track to halving our emissions by 2030.

In addition, we are working with public and private partners on a small-scale pilot project to develop the necessary policies, legislation and financial mechanisms in Thailand to establish virtual Power Purchase Agreements (PPAs) for renewable energy. This is an important step for the needed development of new renewable energy capacity in Thailand's energy grid, and we are pleased to contribute to the growth of the sustainable energy supply.

Moving ahead in retail, offices and distribution

Energy consumption in our owned and operated stores increased by 4%, primarily due to an increase in the numbers of stores. In 2022, our emissions¹ decreased by 27%, as we sourced renewable energy for almost all our owned and operated stores in Europe through the purchase of wind and solar RECs. We will expand the purchase of RECs to cover more markets, while exploring other opportunities to source renewable energy, such as PPAs for the longer term.

Pandora operates its own distribution centres in Germany, Thailand and the United States. All centres are in the process of converting to renewable energy by 2025.


Progress on Scope 3 reductions

Scope 3 emissions represent 94% of Pandora's total greenhouse gas emissions and relate to activities such as raw materials, packaging, transportation, and franchise stores. To reduce these emissions, we have initiated a supplier engagement programme. The first step is to understand data availability and climate action preparedness, secondly to support suppliers on energy efficiency measures and a switch to renewable energy.

¹ Scopes 1 and 2 (market-based).

² Compared to 2019 baseline, see [page 52](#).

In 2022, our Scope 3 emissions increased by 4%. This was expected and reductions will materialise in the coming years. The increase was largely due to a higher level of purchased goods and services. As part of our work on circular innovation, we continued progress on the sourcing of recycled silver and gold, which will contribute to reducing overall Scope 3 emissions. We are also continuing to increase recyclability of our point-of-sale materials, which will drive progress towards both our low-carbon and circularity ambitions.

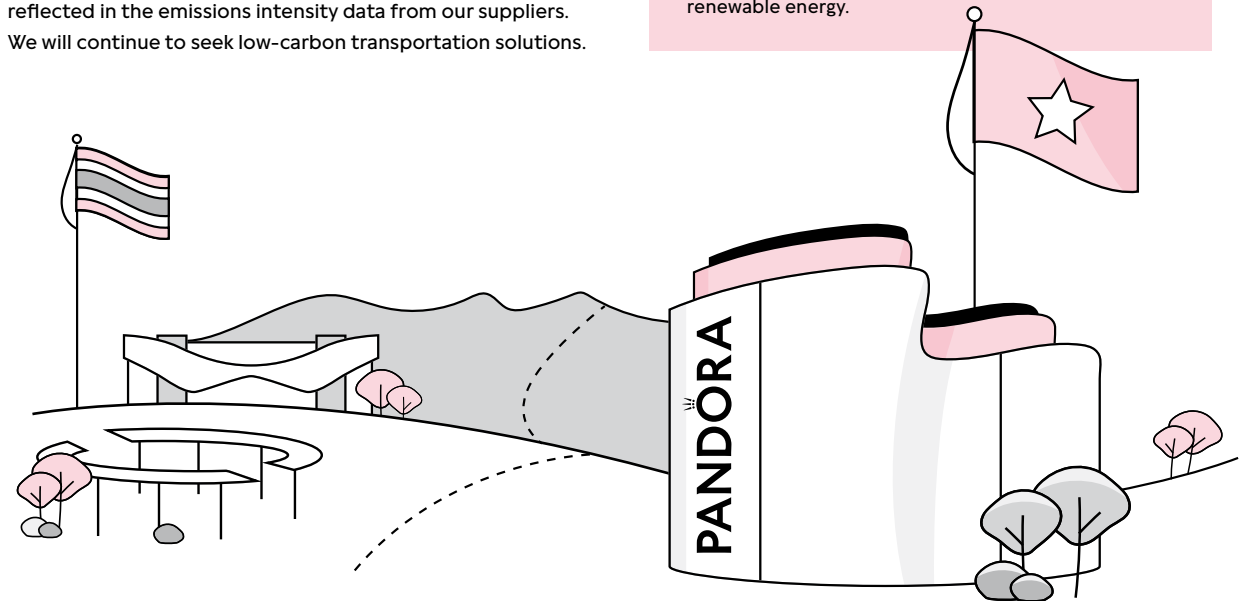
Read more about Circular innovation on [pages 17-19](#). 

Further, we gained access to more supplier-specific data in 2022, and this will help us reduce emissions from important categories including media, marketing and transportation. The shipping industry is decreasing its emissions and we see this reflected in the emissions intensity data from our suppliers. We will continue to seek low-carbon transportation solutions.

Franchise emissions decreased in 2022, driven by the reduced number of franchise stores. We converted a number of franchise stores to Pandora owned-and-operated stores, and we also closed franchise stores in some markets, for example in Russia.

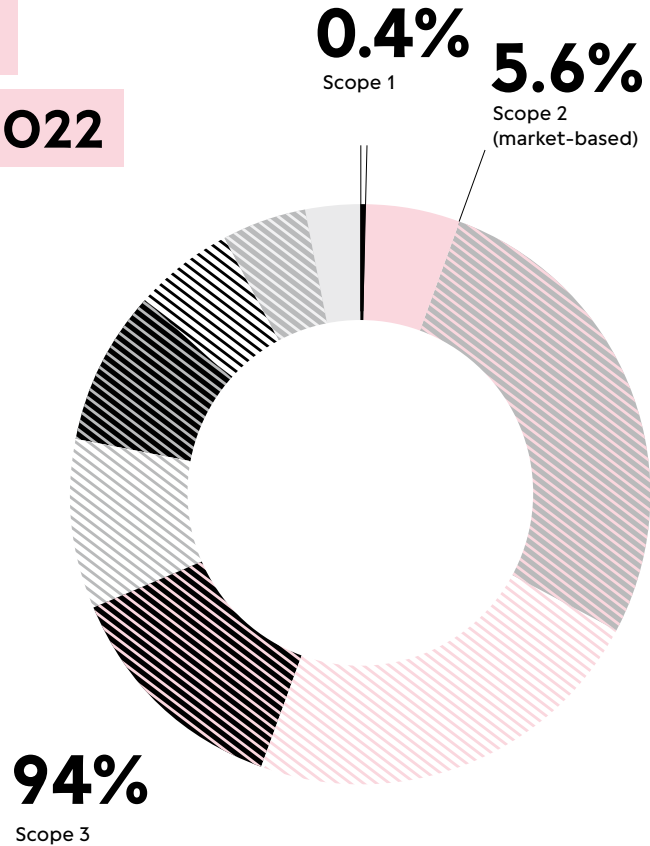
Building for long-term growth

In 2022, we announced that we will build a new crafting facility in Vietnam, our first outside of Thailand. The new facility is planned to be built according to the LEED Gold standard, a leading green building certification, and using 100% renewable energy.





GREENHOUSE GAS EMISSIONS IN 2022



- 0.4% Scope 1**
 Emissions from refrigerants and fossil fuels used at Pandora's facilities.
 - 5.6% Scope 2 (market-based)**
 Emissions from electricity and heating used at Pandora's facilities.
 - 94% Scope 3**
 Emissions from other sources outside of Pandora's own operations:
 - 29% Crafting materials**
 Raw materials such as silver, gold, copper, cubic zirconia and other metal alloys, and production materials like gypsum and enamel.
 - 24% Other**
 Fuel and energy-related activities, business travel, employee commuting, water supply, waste generated in operations, consultancy services, and facilities management.
 - 14% Media & marketing**
 Media spend across all channels ranging from TV campaigns to digital ads and email marketing.
 - 10% Packaging and point-of-sale materials**
 Bags, boxes, printed materials, campaign items, displays and trays, and other types of packaging.
 - 9% Transportation**
 Transportation and distribution of Pandora jewellery, including inbound and outbound logistics and third-party distribution.
 - 6% IT**
 Outsourcing services, hardware, telecom data, and IT consultants.
 - 5% Franchises**
 Pandora franchises, wholesale and other points of sale not directly owned by Pandora.
 - 3% Capital goods**
 Various machines, crafting equipment and furniture in stores.
- Read more information about our actual emissions on [page 52](#). ↗

STORY

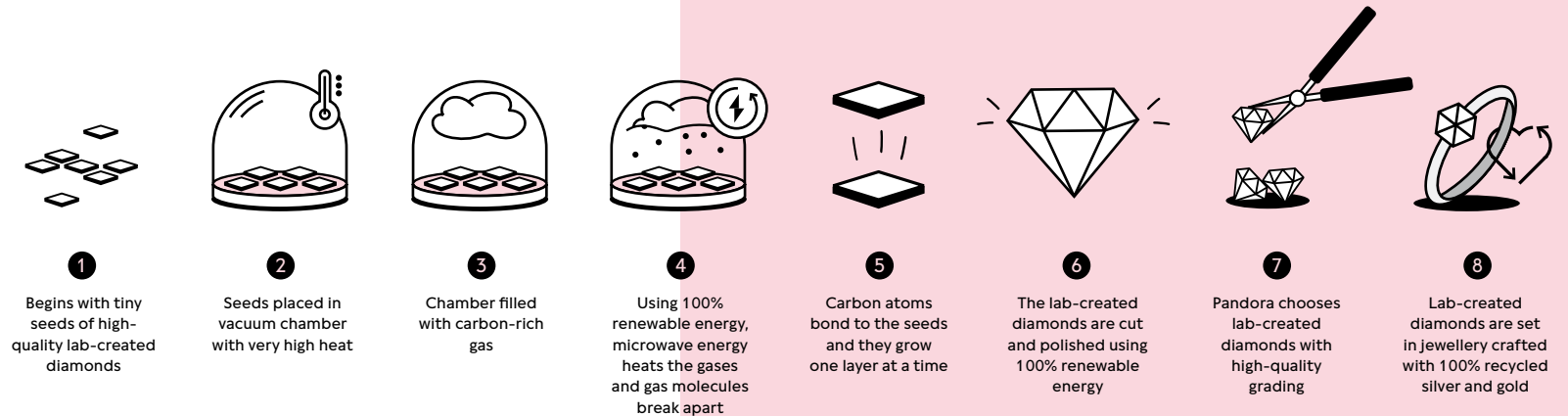
LESS CO₂ WITH LAB-CREATED DIAMONDS AND RECYCLED SILVER AND GOLD

In 2022, we launched the Diamonds by Pandora collection, featuring lab-created diamonds that are grown, cut and polished using 100% renewable energy and set in 100% recycled silver and gold.

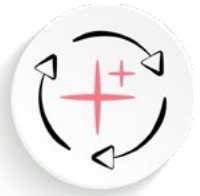
The lab-created diamonds point to a future with low-carbon jewellery. Thanks to the use of renewable energy, the carbon footprint of these diamonds is 95% lower¹ than that of mined diamonds.

For perspective, if all diamonds were mined with the same low-carbon footprint as Pandora's lab-created diamonds, it would save more than 6 million tonnes of CO₂e emissions annually.

Even though the diamonds in the Diamonds by Pandora collection are grown in a laboratory, they are exactly the same as mined diamonds as they have the same optical, chemical, thermal and physical characteristics and are graded by the same standards known as the 4Cs – cut, colour, clarity and carat.



¹ S&P Global, 2019, [The socioeconomic and environmental impact of large-scale diamond mining](#).



CIRCULAR INNOVATION

In 2022, we took further steps towards becoming a circular business. We reached 61% purchased recycled silver and gold in 2022, and are on track to reach our target of 100% by 2025. The launch of lab-created diamonds marked a milestone in the industry and creates a path for the future of the luxury.

By driving our business towards circularity, we believe we can fundamentally change our impact on the planet and inspire the rest of the industry to follow. We have shifted entirely away from mined gemstones and are working to increase our use of recycled metals. We are also investigating new products and services, in tune with new regulatory demands and consumer interest for updated business models.

Our key activities in this area include circular design and the use of recycled materials, most importantly the switch from virgin to recycled silver and gold. This is of major importance as the materials we use to craft our jewellery represent our largest impact on the planet and natural resources. We also put efforts into prolonging the life of each piece of jewellery and reducing production waste through reuse and recycling materials. We also continue to provide light repair services to customers to extend the lives of their Pandora purchases,

through product care and repair in many of our owned and operated stores.

Towards recycled silver and gold

Reaching our target to use 100% recycled silver and gold in the crafting of all our jewellery by 2025 will not only have a positive impact on our environmental footprint, but it also has the potential to contribute to the positive development of our industry.

The share of recycled silver and gold purchased in 2022 was 61%, compared to 54% in 2021. In 2022, silver made up approximately 77% of purchased product materials, measured by weight. We are well on our way to transitioning the silver and gold purchased for our in-house crafting to certified recycled silver and gold.



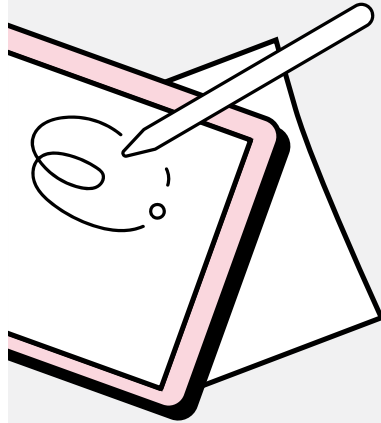
The share of recycled silver and gold purchased in 2022 was 61%.





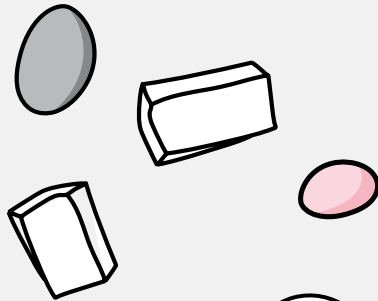
1 DESIGN

Diamonds by Pandora collection, launched in 2022, is made with 100% renewable energy, crafted using 100% recycled silver and gold. Read more on [page 16](#). ↗



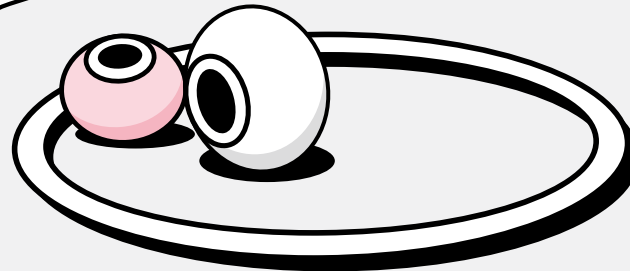
2 SOURCING

The share of recycled silver and gold purchased in 2022 was 61%. We engage with suppliers to ensure traceability and verify the credibility of recycled metal claims.

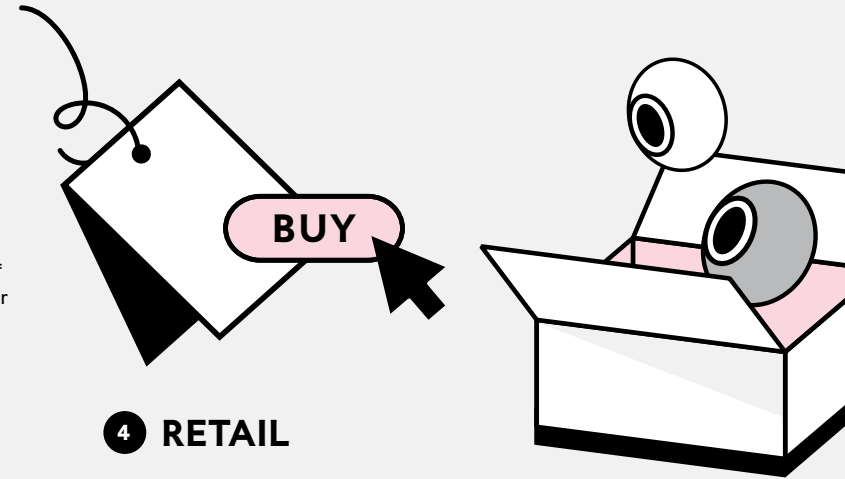


3 CRAFTING

In 2022, we recycled 99.6% of all waste and 100% of our four primary waste streams. Read more about waste management on [page 19](#). ↗



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



4 RETAIL

In 2022, we continued to optimise our transport and consumer packaging in accordance with circularity principles and regulatory trends around the world.

5 END OF LIFE

We provide light repair services in many of our owned and operated stores to extend product life time. Surplus and faulty products are returned to crafting facilities.

Safe products above all

Our jewellery does not contain any hazardous substances and we communicate to suppliers about which substances they are restricted from using when working with us. This also applies to our consumer packaging.

Suppliers must provide proper records as proof, and test certificates are required as compliance evidence. There were no reported major incidents of non-compliance concerning the health and safety impacts of products in 2022. The health and safety impacts of our products are governed by the active ISO 9001 (Quality Management) certification of our crafting facilities.



99.6%

of waste was recycled in 2022.

For jewellery parts that are sourced from partners, we further tightened our criteria for when metals can be considered “recycled” and rolled out a third-party audit mechanism to assess supplier practices. These audits are carried out against a set of Pandora requirements inspired by the Responsible Jewellery Council’s Chain of Custody Certification and provenance claims. We audited 69% of our silver and gold supplier base in 2022, ensuring that more than 96% of the total volume of silver and gold used came from certified or audited suppliers.

A key challenge we have faced is the lack of a common standard on recycled materials. Definitions, traceability requirements and certification standards are still new and

not widely adopted across industries working with recycled materials. By being among the frontrunners, we hope our efforts will help pave the way for the industry to develop a common set of standards.

Designing for circularity

Circularity goes beyond recycling, it also covers the quality of materials, including their composition, durability and reusability and the environmental impact across their entire life cycle. To choose the best possible materials, we have developed and implemented a Materials Standard that outlines our sourcing principles. The Standard prioritises renewable and recycled materials followed by sustainable materials (for example FSC-certified paper in packaging).

In addition, we have developed a materials scorecard, providing a tool for colleagues to better understand the properties and sustainability credentials of different materials and to make informed decisions with sustainability as a key criterion.

We continue to monitor the increasing regulatory demands for circular business practices and will update our Materials Standard accordingly.

Read more about our Materials Standard on [page 38](#). ↗

Identifying more opportunities in waste management

A central component of working towards circular practices is understanding how waste streams are managed and directed towards reuse or recycling of materials.

The majority of the waste produced by Pandora comes from its crafting facilities. The main waste categories are raw materials, waste from production processes, and waste water.

After efforts to reduce and reuse waste in its own processes, Pandora prioritises the ability to recycle waste in the selection of third-party waste contractors. If no contractor can recycle it, incineration is the next option, with landfill disposal as a last resort. In 2022, we did not send any waste to landfill.

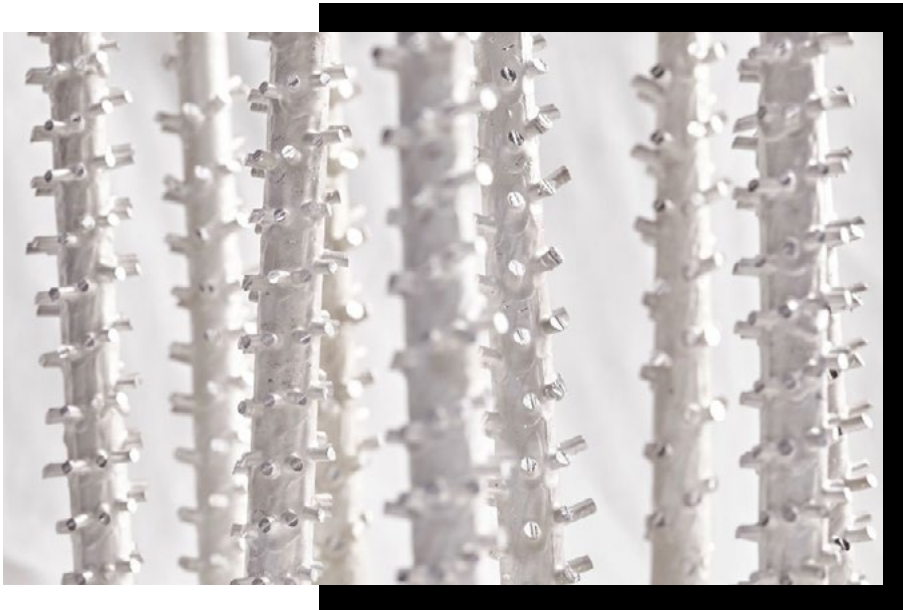
In 2022, we produced 1% more waste at our crafting facilities. One initiative that has been key in securing the low increase in total waste, is our reduction in gypsum waste sludge filter press system. As such, we have achieved a very high recycling rate of this waste stream and now recycle 99.6% of waste, which is above our target of 98%.

New regulation in Thailand regarding the disposal of hazardous waste came into force in 2022. To ensure compliance, we changed the disposal methods for some waste categories by switching from landfill to incineration or by finding waste disposal suppliers that were able to reuse waste.

We have five recycled waste types, which are gypsum, rubber, murano, wax and other recycled waste. Some examples of how we recycled our waste are:

- A nearby construction centre uses and recycles our gypsum waste, which accounted for over 50% of the waste at our crafting facilities in 2022;
- Other manufacturers use our wax waste to make candles or as a moulding material; and
- The cement industry converts our rubber waste into plastic products.

We will continue dialogue with waste disposal suppliers to find solutions for the remaining waste that is still being sent for incineration. This is the case for 20 of the total of 92 waste fractions from our crafting processes.



- 21 Inclusion and diversity
- 24 Responsible marketing
- 26 Human rights
- 31 Responsible sourcing
- 34 Health and safety

SOCIAL

A RESPONSIBLE GROWING BUSINESS





INCLUSION AND DIVERSITY

Pandora signs the Women's Empowerment Principles

In February 2022, we signed the Women's Empowerment Principles (WEPs), established by the UN Global Compact and UN Women. We are pleased to stand behind the WEPs as a common language of commitment and to initiate dialogue and measure progress on inclusion, diversity and fairness.




In 2022, we made important progress on our inclusion and diversity agenda. A higher share of women are now in leadership, we received a top rating on inclusion in an employee listening survey and we set new Employee Resource Groups into motion.

We believe that inclusion, diversity and fairness are core tenets of sustainable business growth. Advancing progress on inclusion and diversity helps us attract and retain customers and drives a new generation of younger consumers to our brand.

Inclusion and diversity are rooted in our values and strategy. It is important that our stakeholders feel included and respected by the Pandora brand, regardless of gender, age, nationality and other identity characteristics.

Pandora's inclusion and diversity goals

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

	GOAL	TARGETS
	WORKPLACE Create an inclusive workplace and increase the share of underrepresented groups	<ul style="list-style-type: none"> • 85% score on inclusion in employee listening survey • Annual reporting for transparency on equal pay for equal work • Industry-leading global parental leave programme • Workforce with proportionate share of underrepresented groups¹
	LEADERSHIP Achieve gender parity in leadership	<ul style="list-style-type: none"> • Achieve 1/3 women in leadership by 2025, and reach full gender parity no later than 2030² • Company-wide sustainability targets in our Long-Term Incentive Programme, and individual inclusion and diversity targets for all leaders • All hiring and succession shortlists for Directors and above to have at least 1/3 of underrepresented gender and a proportionate share of candidates from other underrepresented groups²
	CUSTOMER ENGAGEMENT Reflect societal diversity in our customer engagement	<ul style="list-style-type: none"> • 30% of our brand ambassadors in our global communication to come from underrepresented groups by 2025 • 30% of our branding content budget to be spent with suppliers owned by women and other underrepresented groups by 2025

¹ For geographies that allow recording of diversity data.

² Vice President level to Board of Directors.



Employee Resource Groups promote an inclusive culture

In March 2022, employees at Pandora launched the Women & Allies Network, an Employee Resource Group that supports regular initiatives to promote a culture of inclusion and belonging for women at work.

Similarly, a group of employees in Pandora UK launched a Pride Network to create awareness around inclusion for LGBTQ+ communities.

We have created a plan to enable all employees across locations to set up Employee Resource Groups in 2023.

We have set ambitious targets to not only increase diverse representation among employees, and suppliers, but also to create an inclusive environment in our workplace.

We are committed to equal rights and opportunities for all, and this is reflected in our policies and standards, including: our Inclusion and Diversity Policy, our Human Rights Policy, our Code of Conduct, our Supplier Code of Conduct, and our Responsible Marketing Standard.



WORKPLACE

Bringing inclusion to life

We aim to provide an inclusive and diverse working environment for our employees across crafting, retail, distribution and in our offices.

In 2022, we introduced a biannual inclusion and diversity employee survey. The survey measures how good we are at accepting people of all backgrounds, employees' sense of belonging, and whether employees feel valued at Pandora. The resulting score was 86%, which ranks us in the top quartile of our consumer benchmark.

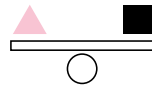
We will work to maintain a score above 85% towards 2025, as we proceed with raising awareness and education on inclusion and diversity. The survey has helped set direction for this work. A special focus is to gain a better understanding of how we can support underrepresented groups. We are working towards a data collection structure that provides us with relevant information, complies with regulation on data collection, and is sensitive to different cultural contexts.

To create an inclusive environment for our diverse customer base, we are planning to provide training for all retail employees on this topic in 2023.



33%

women in leadership to be achieved by 2025, and gender parity to be reached no later than 2030.



LEADERSHIP

Creating a better gender balance

We have set out to achieve one-third women in senior leadership by 2025 and reach gender parity no later than 2030. For this target, we define senior leadership as positions at Vice President level and above, including the Board of Directors.

We made good progress towards our target in 2022. The gender distribution for senior leadership was 29% women and 71% men in 2022 and 23% and 77% in 2021. The increase in 2022 for women in senior leadership was driven by external hiring, promotions and efforts to improve gender representation in our succession processes.

In 2022, we invested in the development of our people leaders. We provided regular performance coaching and created an inclusive environment through Pandora's new global leadership programme, called Pandora RISE. Additionally, we designed a module to further address the importance of inclusive leadership for integration into Pandora RISE. We also analysed promotion structures and succession planning and will integrate inclusion and diversity factors in these activities in 2023. At year end, our Board of Directors was composed of 43% women and 57% men, the same composition as in 2021.

Read more about the Board of Directors' composition in the [Annual Report 2022](#).

In order to comply with new provisions on gender diversity targets for leadership in the Danish Companies Act, Pandora has set the following additional target: by 2027, we will achieve representation of 40% women in the two tiers of leadership below the Board of Directors³.

GENDER RATIO (FEMALE / MALE)

%	2022	2021	2020
Crafting	59/41	59/41	56/44
Retail	94/6	95/5	-
Office	67/33	66/34	52/48 ¹
Distribution	60/40	56/44	-
Total gender ratio	77/23²	-	-
Leadership Team	29/71	23/77	-
Leadership Team Pandora A/S	20/80	-	-
Executive Leadership Team	12.5/87.5	12.5/87.5	12.5/87.5
Board of Directors	43/57	43/57	75/25

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

² 193 employees have chosen not to have a binary gender associated with their employee registration for a number of reasons and are therefore not included in the ratio.

³ This target is applicable only for Pandora A/S.



CUSTOMER ENGAGEMENT

Reflecting societal diversity in our customer engagement

As a leading global company, we look closely at how we bring our jewellery to consumers in a responsible way. Inclusion and diversity are key aspects of bringing responsible marketing to life. This gives us an opportunity to reflect the diverse society in which we operate and project the inclusive behaviors that we should all live up to.

Read more about our customer engagement on [pages 24-25](#).



RESPONSIBLE MARKETING

In 2022, we made important strides towards a documented and collaborative approach to responsible marketing of Pandora products. We began implementing our newly published Responsible Marketing Standard, and started to track progress on our targets for diversity in customer engagement.

100+

countries where Pandora's products are available.

6,500

points of sale.

As a global company, we look closely at how we bring our jewellery to consumers in a responsible way. They can purchase Pandora's products at 6,500 points of sale in over 100 countries, and we market our products through various mediums and platforms. Our reach is significant, and in 2022, we registered more than 600 million visits to our stores and online platforms.

Because we are present in approximately half the world's countries, our customer base is highly diverse, and our opportunity to influence consumer perception is evident. As a brand, we must constantly evolve and change in step with the world around us, and communicate to our consumers thoughtfully and responsibly.





>600

million customer visits to our stores and online.

Our work and how we make progress

Our Responsible Marketing Standard sets out principles and standards for our employees, suppliers and third parties when marketing Pandora products towards consumers. An online training module on the Standard is expected in 2023.

We also embedded processes to ensure that our sustainability data and legal teams are consulted in the development of marketing campaigns to ensure compliance with our Standard.

No major non-compliance issues related to marketing, labeling regulations or voluntary codes were identified in 2022.



CUSTOMER ENGAGEMENT

Reflect societal diversity in our customer engagement

To drive our focus on reflecting societal diversity in our customer engagement, we have set two targets:

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

In 2022, we began building the relevant guidelines and reporting system to track progress on these two targets.

Observant of data protection legislation, we expect to report on progress for financial year 2023, including how we will take further steps to reflect the diverse and global nature of our audience in our marketing content.



HUMAN RIGHTS

In 2022, we made important progress on our work to ensure respect for human rights. We launched a company-wide human rights programme, and developed policies for new risk areas such as artificial intelligence. We received recognition from the Danish Institute for Human Rights and continued our efforts to embed processes to safeguard human rights across our business and value chain.

As a global company, we are exposed to human rights risks and impacts across our business. We are committed to respecting human rights across our own operations and value chain worldwide.

Our Human Rights Policy is based on the UN Guiding Principles on Business and Human Rights (UNGPs) and other relevant, international human rights standards and regulations, and we expect employees, suppliers and partners to assist Pandora in its efforts to operate in line with this commitment. The policy also lists our salient human rights issues, which constitute the most significant risks to our business and value chain.¹

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

¹ Our salient human rights risks, as reported in our Sustainability Report 2021, are: access to grievance mechanisms, child labour and young labour, discrimination and equality, freedom of association and collective bargaining, harassment and gendered impacts, modern slavery and forced labour, online advertising, privacy, working hours, wages and benefits.

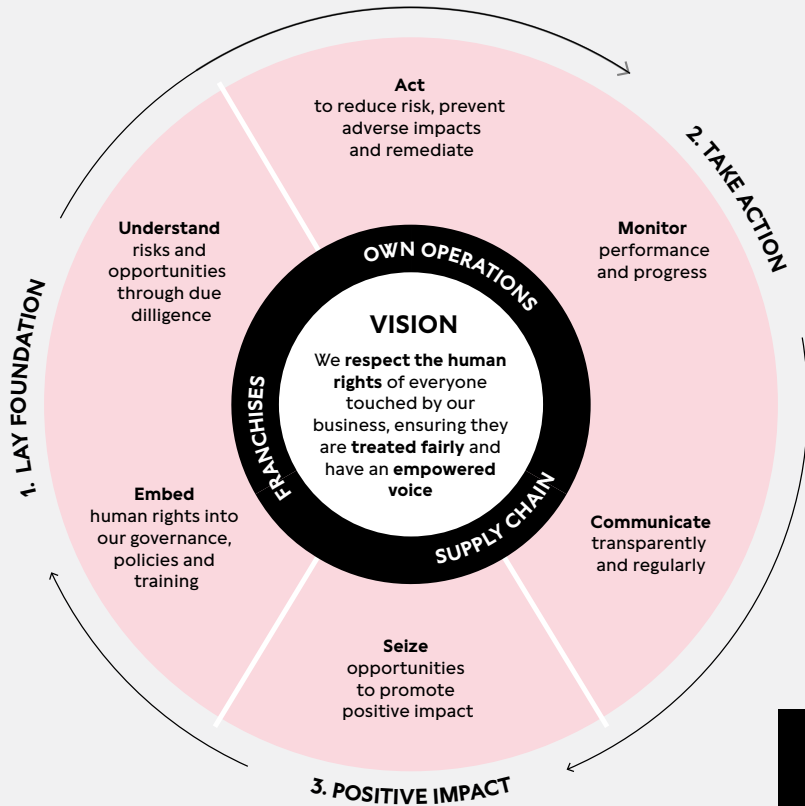
In 2022, Pandora significantly improved its rating on the human rights scorecard from the Danish Institute for Human Rights, and now ranks third among 30 Danish companies.

Whilst we are pleased with this recognition, we will continue our efforts to fully manage our human rights impact.



Our approach

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



↖ Aligns with UN Guiding Principles on Business and Human Rights.

Our presence in Thailand is significant, with 39% of our employees and the majority of our suppliers based there. Both these factors, and the variation in suppliers' business models and experience in working with human rights, add complexity to the task of fully implementing our policies and processes.

To gain a deeper understanding of our salient human rights risks, in 2022 we collaborated with an expert third party to conduct a deep-dive assessment of our human rights impacts in Thailand. We will identify areas of improvement based on the results of the assessment, which we will receive at the start of 2023.

Read more about our management of human rights in the value chain in the Responsible sourcing section on [pages 31-33](#). ↗

Recognised for labour relations in our crafting facilities

The employees' right to organise and negotiate with management is a core part of our work on human rights. By listening to employees' experience of the workplace, and enabling consistent and constructive dialogue between management and employees, we support continuous improvement of working conditions.

At our crafting facilities in Thailand, management and employee representatives meet quarterly to discuss and provide solutions for working environment and welfare issues. In 2022, the design and implementation of COVID-19 measures was prominent on the agenda for these meetings. The same forum is in charge of annual negotiations on the collective bargaining agreement for workers at our facilities. In 2022, the negotiations were successfully concluded after appropriate consultations.

This system of constructive social dialogue has led to Pandora receiving a Thailand Labour Management Excellence Award from the Thai Government every year since 2019. The award is presented to companies based on performance in three categories: labour protection, employee benefits meeting labour law requirements, and good labour relations between employers and employees.



STORY

EMBEDDING ETHICAL ARTIFICIAL INTELLIGENCE AT PANDORA

We are conscious of how certain uses of technology or data can impact human rights negatively, particularly the right to non-discrimination. For example, it is known that the use of algorithms in data processing can unintentionally reinforce conscious and unconscious bias, and we strive to actively address potential issues and work towards reducing these.

When applying technology in our use of data, we aim to ensure that we have procedures that govern, control and document the development of algorithmic models. This is embedded in Pandora's Data Ethics Policy.

The policy outlines how we seek to apply non-discriminatory measures in terms of the segmentation, personalisation and use of algorithms. It also states that we do not conduct activities or apply existing, new technology or use data in a way that results in unintended consequences for our consumers or employees.

Read more about [Pandora's Data Ethics Policy in the Annual Report 2022](#). ↗

We also recognise the importance of artificial intelligence safety. For this purpose, we have created a Global AI Safety Standard, which sets out principles for the safe use of AI. We will begin implementation of the Standard in 2023.



Helping children in partnership with UNICEF

Since 2019, Pandora has partnered with UNICEF to support the world's most vulnerable children and provide opportunities for young people to lead healthier, safer lives and fulfil their potential.

To date, Pandora has donated a total of USD 10 million, helping more than 1.2 million children through the partnership. Pandora is a flexible funding champion, allowing UNICEF to allocate resources where they are needed the most to help children around the world to survive and thrive.

Our donation supports UNICEF's programmes to fund learning and skills development, personal empowerment, and gender equality activities. In 2022, our support helped more than 129,000 children and a further 260,000 children indirectly benefited from these activities.

Following Russia's invasion of Ukraine, Pandora was the first corporate partner to answer UNICEF's call to support its relief efforts in the war-torn country. With a swift donation of USD 1 million, the funds were directed towards the provision of essential health care to 4.5 million children and women, as well as mental health and psychosocial support to 2.2 million children and caregivers in and around Ukraine.



© UNICEF/UN0599682/Cātu

PANDORA for 



Pandora's donation is not only timely but also significant in size. Responding quickly to our humanitarian appeal helps us to act swiftly and provide assistance for those that need it most. In crises, timing is everything.

CARLA HADDAD MARDINI

Director of Private Fundraising and Partnerships Division, UNICEF



© UNICEF/Nepal2021/LPNgathusi

STORY

EMPOWERING GIRLS IN NEPAL THROUGH TRAINING AND LIFE SKILLS

In Nepal, people between 10-24 years old account for one-third of the population. Challenges faced by this younger generation are often unaddressed, leaving many in exploitative situations – especially in the aftermath of the COVID-19 pandemic. In response to these risks, UNICEF and local counterparts are working to identify, access and provide skills to girls who are working in the most dangerous forms of child labour, namely in the adult entertainment industry. So far, Pandora's financial contributions to the project have helped fund the provision of vocational training and life skills for more than 300 vulnerable girls in and around Kathmandu and Pokhara.



STORY

ACTIVELY ENGAGING OUR LOCAL COMMUNITY IN THAILAND

Our crafting facilities in Thailand employ 13,509 people and have close ties to the surrounding communities. For many years, we have been raising funds through charitable events and employee engagement initiatives and directing these towards supporting organisations such as hospitals, local NGOs and temples that work with the disabled, the elderly and other community members. For example, in 2022, we planted community gardens, donated fire extinguishers to fight forest fires, donated COVID-19 protective kits, and much more.

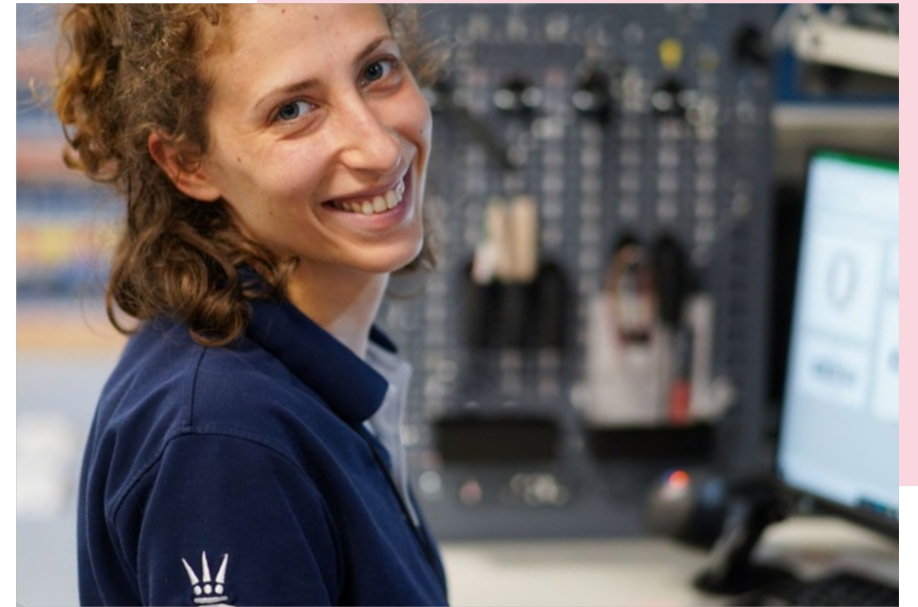
A mainstay of our community outreach in Thailand is the “My School Project”, where for the past 17 years we have built, refurbished or provided educational materials to primary schools in rural areas in Thailand. The schools are nominated by our Thai colleagues, and the project has so far touched the lives of thousands of children in Thai communities. The school selected in 2022 now has a new building built by local workers and construction companies, thus also supporting the area’s business community.





RESPONSIBLE SOURCING

In 2022, we took stock of our Responsible Sourcing Programme and launched new initiatives. We created a roadmap to manage our supply chain in line with our ambitions for the environment and human rights, and gained a better understanding of our suppliers.



89%

of our jewellery is crafted at our facilities in Thailand.

Ensuring the sustainability of our suppliers is fundamental to our success as a business. As well as reducing the environmental impact in our supply chain, we have a responsibility to ensure that our activities do not adversely impact the human rights of the workers in our supply chains.

With our extensive procurement of materials and services, our role is to set high environmental and social standards and support our suppliers to meet our expectations. We acknowledge that suppliers are at different points in their sustainability journey and operate in different contexts, and we therefore tailor our approach to ensure progress is made.

Increasing regulation in sustainable supply chain management also means that we need to know more about the provenance of our products and services and the conditions in which they are made. This requires innovative approaches to ensure the information we receive and report on is accurate.

We craft 89% of our jewellery at our two facilities in Thailand. This means we can operate a lean product supply chain that allows us to build long-term relationships with our suppliers and focus on minimising risks. In total, we work with 105 direct product suppliers, the majority of which are based in and around Thailand.

Meanwhile, our indirect supply base is more extensive and our audit programme to date has focused on high-risk areas. These include point-of-sale materials and furniture and fixtures. These suppliers are largely located in China and Southeast Asia.

Our Responsible Sourcing Programme is governed by three documents: our Supplier Code of Conduct, our Responsible Sourcing Policy and our Materials Standard. Read more about these on [page 38](#), in our [Transparency in Supply Chains \(TISC\) Statement](#) and on [our corporate website](#).



Towards more engagement for impact

We are evolving our Responsible Sourcing Programme to deliver continued improvements on both social and environmental topics:

- 1 **Capacity-building pilots** launched for selected Thai suppliers with on-the-ground support beginning early 2023. At each site, an external provider contracted and paid for by Pandora is engaging with cross-functional teams to conduct root cause analysis and support the site to improve management systems.
- 2 **COVID-19 recovery visits** conducted at a range of Chinese, Thai and Indian direct product and indirect suppliers to understand the effects of the pandemic on working conditions. We contracted a third party to conduct interviews with management and workers as well as documentation reviews. By increasing focus on worker interviews and having an interpreter present to facilitate migrant worker interviews in their own language, we uncovered issues that were not highlighted in previous audits. We are working closely with suppliers to address the findings.
- 3 **Purchasing practices** - Thirteen of our suppliers were invited for interviews as part of our Human Rights Impact Assessment in Thailand to understand how our internal processes and practices may impact human rights in our supply chain. Using the feedback shared by suppliers, we will launch a wider purchasing practices workstream as part of our Responsible Sourcing Programme in 2023.
- 4 **Scope 3 pilot** – Read more on [page 14](#). ↗

Sourcing silver and gold

We are well on our way to using only recycled silver and gold in our products by 2025. Until then, we rely partly on mined silver and gold, which are purchased.

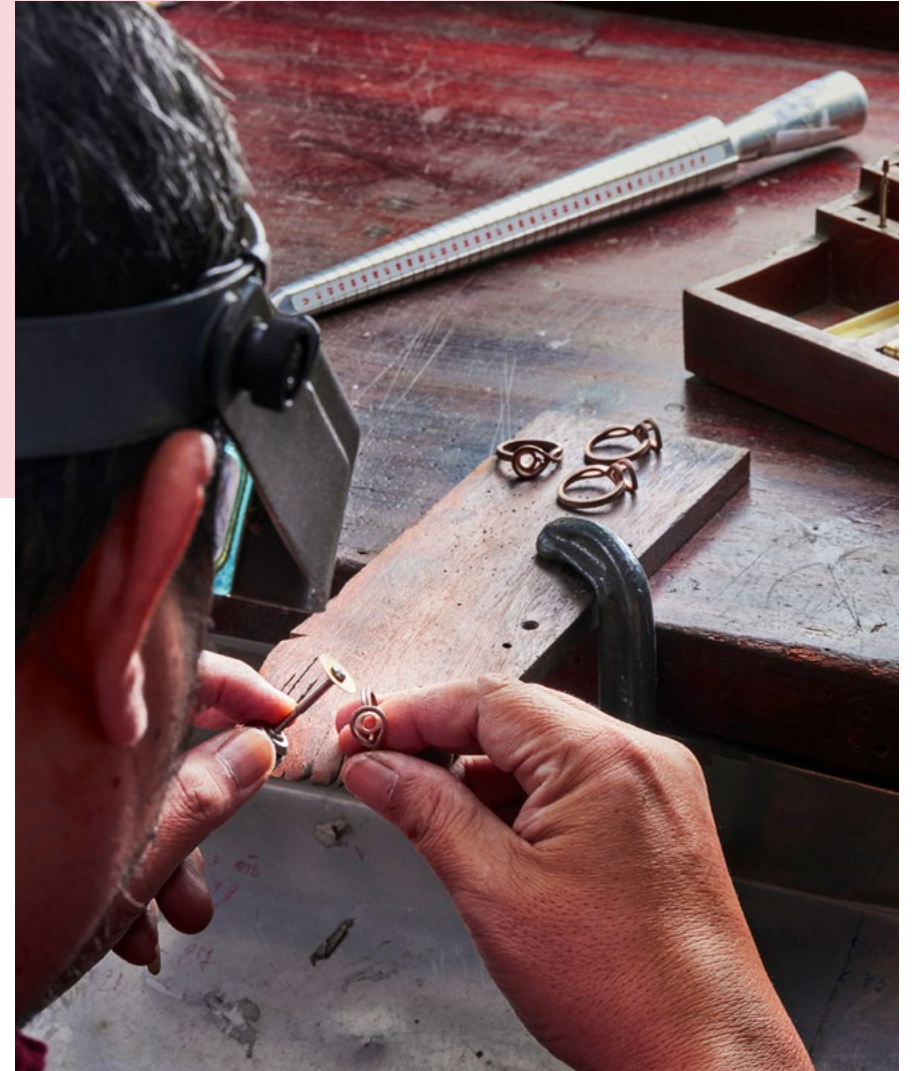
Mining activities are associated with known social and environmental risks. We strive to avoid contributing to these by ensuring that all the silver and gold used in making our jewellery comes from certified responsible refiners according to the Responsible Jewellery Council Code of Practices or the London Bullion Market Association Good Delivery Rules. This is confirmed by due diligence on our suppliers.

A list of our key silver and gold grain suppliers can be found on [our corporate website](#). ↗

Supplier performance for 2022

Social audits form a part of our Responsible Sourcing Programme to help us monitor how well our suppliers adhere to our Supplier Code of Conduct. Although we recognise that audits alone do not lead to holistic supply chain risk management, we view them as a minimum starting point for engaging suppliers on the importance of decent working conditions. All direct product and high-risk indirect suppliers, such as point-of-sale and furniture and fixtures suppliers, are screened according to identified risk criteria. Our TISC Statement provides further information on our approach to auditing suppliers.

We audit our direct product suppliers over a two-year audit cycle using third-party auditors. We audited 11 and 15 suppliers in 2021 and 2022 respectively, covering 16 factories in 2021 and 19 in 2022. The results of these audits can be seen in the graphic on [page 33](#). ↗



The 15 suppliers audited in 2022 represented 15% of our total product spend. Other product suppliers are either due for their biannual audit in 2023 (13%) or were already certified to an approved standard (72% of product spend). Our Responsible Sourcing Policy outlines our approved standards, and we do not want to create an additional audit burden on our suppliers. When non-conformances are identified, we collaborate with our suppliers to agree an improvement plan and resolve any issues found.

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

A prevalent non-conformance within the health and safety category is fire safety. For example, some emergency exit doors did not comply with local law nor our standards. To correct this, one supplier rearranged their evacuation map to ensure at least two emergency doors remained in the same area, another installed equipment to ensure the door remained open during working hours and two others changed their doors to open outwards rather than inwards.

An example of a working hours non-conformance identified was overtime hours exceeding the legal limit of 36 hours per month in China, where overtime laws are stricter than international standards. Remediation was monitored over a period of seven months to gradually reduce worker overtime

through our supplier upgrading its production method to include automation and comply with local legal limits.

For compensation and benefits, an example of a non-conformance identified was a security services contractor mistakenly undercalculating total hours worked. After this was highlighted with the supplier and security contractor, the contractor updated to a more accurate payroll system and all underpayments were reimbursed to workers for the previous year.

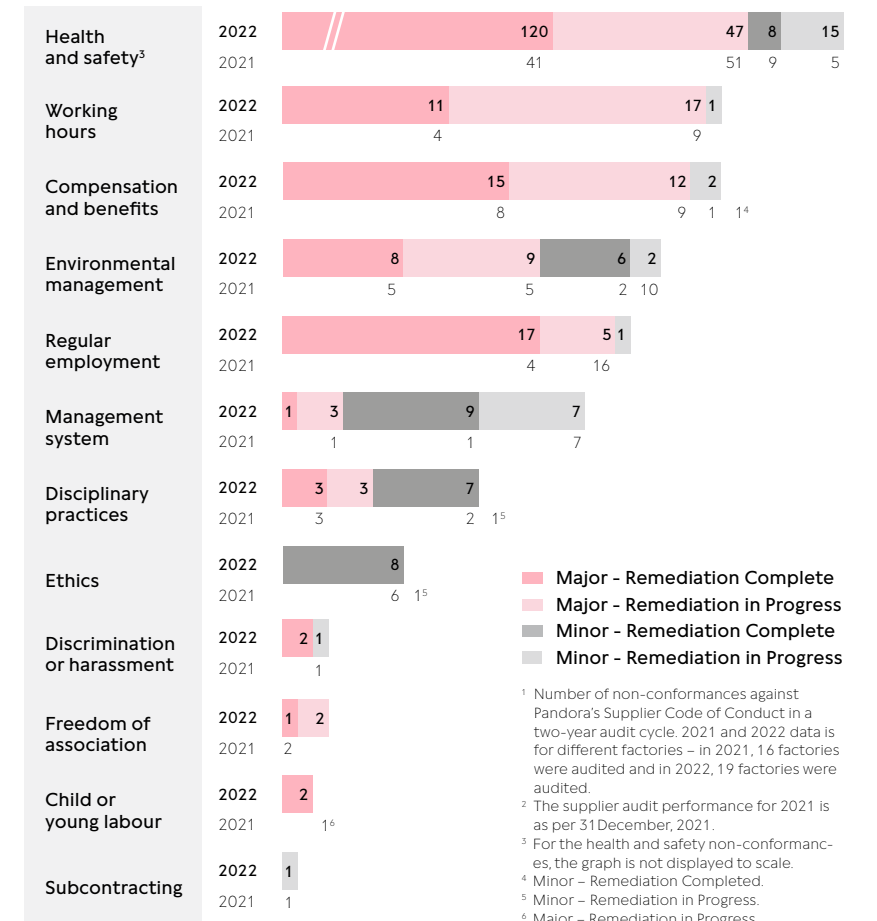
Two young labour non-conformances were found at one factory relating to a juvenile employee. Although the employment was legal, regular physical examinations were not provided and they were not registered with the local authorities. Both non-conformances were closed.

In our Sustainability Report 2021, we reported 207 non-conformances. By the end of 2022, 17 of these issues were still open (14 major and 3 minor), bringing the total number of open issues by year end to 144. These issues are taking longer than the grace period to close out due to challenges in local operating contexts and loss of documents that cannot be replaced. We will continue working with suppliers to complete remediation in 2023. No non-conformances remain open from our 2020 audits.

We value the insights gained from our third-party social audits and will continue to seek open and honest dialogue with our suppliers on the challenges they face. However, the deeper-dive COVID-19 recovery visits demonstrated that we can do more to ensure all serious issues are discovered. In 2023, we will adjust the design and requirements of our audit programme to allow for greater transparency and support for suppliers.

Supplier audit performance in 2021 and 2022

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



HEALTH AND SAFETY



In October 2022, a fire broke out at our European Distribution Centre in Hamburg. Our first priority was the health and safety of employees, and fortunately no one was injured in the fire. Business continuity plans were successfully activated to secure back up flows, relying on temporary increased capacity at our distribution centre in Thailand. This incident brought into sharp focus our supply chain resilience and ability to swiftly protect both our people and our business.

In 2022, our overall health and safety performance remained strong, and our efforts to keep people safe at our crafting facilities were recognised by the Thai government.

Pandora wishes to maintain healthy and safe working conditions that at a minimum comply with local laws. Our Health and Safety Policy covers workers, including contractors and visitors to our sites. We provide training to all staff, monitor performance closely and engage management and elected employee representatives in dialogue where relevant. Health and safety has not been assessed as a material risk to Pandora.

Top priority at our crafting facilities

At our crafting facilities we improved our performance in 2022, as measured by the number of work-related lost-time injuries, of which there were none. This compares with six work-related lost-time injuries in 2021. Consequently, the lost-time injury frequency rate (LTIFR) was zero, which was better than our target of 0.14 for the year. All work-related incidents are thoroughly investigated and tracked.

To engage employees and ensure early indications of improvement opportunities, we provide a range of feedback opportunities. Emergency plans are in place and in our crafting facilities we have established an internal award for safety at work.

In addition, we focus on ensuring that employees have access to proper health services at our crafting facilities. This includes health promotion activities, wellbeing programmes, 24-hour

nurse coverage, occupational physicians' support four hours per week, medical doctors' support four hours per week, and regular health checks for new and existing employees. All of these services are provided free of charge to all new employees in accordance with Thai legislation. COVID-19 measures were in place in 2022, including temperature screening on entry, and mask requirements for all people that entered the facilities on a daily basis.

Our crafting facilities are certified against the ISO 45001 Standard on occupational health and safety. This ensures that a management system driving continuous improvement is in place, with annual reviews and discussions of our safety culture and how to drive performance towards zero injuries.

In 2022, we were recognised by the Thai Government's White Flag Green Star Programme for our work on employee health and safety. In our crafting facilities, we continue to work towards our three targets: zero injuries culture, zero health risks, and zero non-compliance, as determined by internal and external standards.

Performance in retail, distribution and offices

In 2022, 76 injuries occurred in our owned and operated stores, resulting in a LTIFR of 2.74. Our distribution centres' LTIFR for 2022 was 16.45 and for offices it was 0.76.

From 2023, we will look to improve our performance across these areas through strengthened health and safety awareness, trainings and management guidance.

36 Sustainability governance

39 Business ethics

GOVERNANCE



STEPPING UP SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE

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

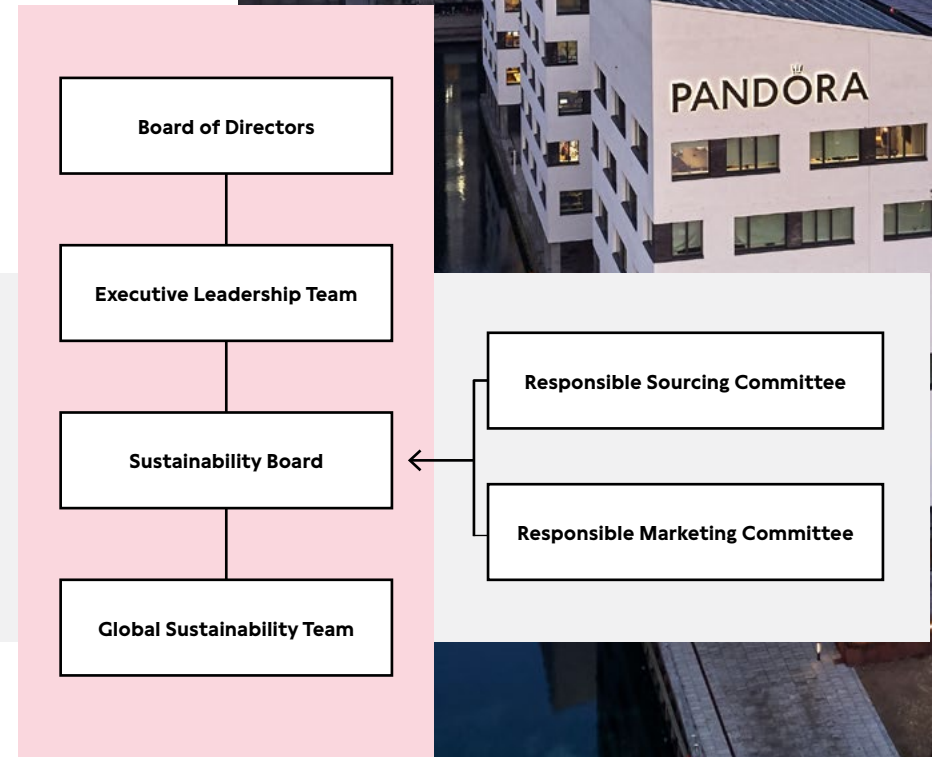
Our governance structure

Pandora's Board of Directors has oversight duties for all the company's activities, including those related to the management of sustainability subjects and plans, while responsibility for the execution of the sustainability strategy lies with the Executive Leadership Team.

Responsibility to execute on strategy is delegated to Pandora's Sustainability Board, while the Global Sustainability Team is tasked with overseeing the day-to-day implementation of the strategy. The Sustainability Board engages on a quarterly basis, and acts as a decision-making and strategy-setting body on sustainability. In addition, it receives regular updates from the Global Sustainability Team on strategy implementation, progress towards achieving our sustainability targets, and identified risks and opportunities.

Five of the nine Sustainability Board members have a seat on Pandora's Executive Leadership Team, including the CFO, who chairs the Sustainability Board. The following corporate functions are currently represented on the Sustainability Board: Supply Chain, Product, Retail, Human Resources, Marketing, Finance, and Corporate Communications and Sustainability. Sustainability Board members are responsible for integrating sustainability into the operations of their respective functions with support provided by the Global Sustainability Team.

Pandora's sustainability leadership was elevated within the organisation in 2022, with the Global Sustainability Team reporting to the SVP of Global Communications and Sustainability. The team manages the company's global sustainability strategy, and is based out of Pandora's Global Office in Copenhagen, Denmark.



The team is anchored within the Chief Human Resources Officer's organisation, meaning that sustainability has direct oversight from a member of the Executive Leadership Team. Also in 2022, dedicated sustainability resources were embedded across relevant areas of the business, including Supply Chain, Indirect Procurement, Retail, and Finance. We also have a dedicated sustainability team in place at our crafting facilities in Thailand.

Pandora's Responsible Sourcing Committee oversees sustainability-related supply chain governance, including the implementation of the Responsible Sourcing Policy and Programme. The committee's seven members review and recommend approaches for new policies, strategies and supplier engagement. The Responsible Sourcing Committee is co-chaired by the VP, Supply Chain and Sustainability, and the VP, Global Sustainability, and reports to the Sustainability Board. In 2022, one meeting was held with the Responsible Sourcing Committee to approve our responsible sourcing roadmap and provide an update on our newly developed Materials Scorecard for colleagues and suppliers.

Pandora's Responsible Marketing Committee (RMC) is responsible for updates to and implementation of the Responsible Marketing Standard. It is headed by a representative from the Marketing Leadership team and includes representatives from various functions within the business. In 2022, the RMC held two meetings and guided the development of training activities as well as the work to build a robust system around ensuring inclusion and diversity in our marketing activities. In addition, the RMC discussed the evolving regulatory landscape around responsible marketing and how to ensure that the business follows best practices.

Deeper integration of sustainability at the top

As of 2022, the Board of Directors receives biannual updates on sustainability at Pandora and conducts a formal Board review of the Sustainability Report. From 2023 onwards, the Audit Committee on governance, controls and processes related to sustainability data will be introduced. Furthermore, ongoing education of the Board of Directors on sustainability matters is being developed. The company's Long-Term Incentive Programme (LTIP) for senior leadership includes sustainability performance.

The sustainability component of the LTIP for senior leadership consists of three targets: our Science Based Target to reduce our greenhouse gas emissions, our target to use only recycled silver and gold in our jewellery, as well as our target to achieve gender parity in leadership. These targets hold a weight of 25% of the total LTIP.

Read more about LTIP in [Pandora's Remuneration report 2022](#). ↗

How we implement strategies and policies

Pandora's approach to implementation consists of:

- Training relevant employees on strategies and policies and how they can contribute to their implementation.
- Scaling up sustainability resources to guide specific areas of the business.
- Embedding sustainability considerations early on in business decision-making.
- Advising across the business through regular check-ins with our Global Sustainability Team.
- Using formalised governance structures to review implementation.

- Reporting annually on our progress through our Annual Report and Sustainability Report.

Identifying sustainability risk

Pandora has an enterprise risk management process in place with management teams across our value chain responsible for the continuous identification, assessment, mitigation and reporting of current and emerging risks. Pandora also has a dedicated Risk Management Policy and a business continuity function.

For information specifically related to climate risks, read more on [pages 43-44](#). ↗

All relevant areas of our business are required to report their most significant risks to the Global Insurance and Risk Office, along with assessments of those risks and an overview of planned and implemented mitigating actions, on a quarterly basis. Risk assessments take into account the likelihood of an event and its potential financial impact on the business. Risks are assessed in terms of both gross and net risk. The Global Sustainability Team participates in this process by assessing relevant risks, and has identified two main sustainability-related risks:

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

Each of these risks are mitigated through the programmes and projects related to our sustainability strategy and these risks are not assessed as being among Pandora's 10 significant risks. As science and global consensus continue to evolve, we are actively reviewing our sustainability risks to further advance this agenda. The sustainability risks are included at a high level in the top risk profile in the [Annual Report 2022, page 33](#). ↗

In 2022, Pandora's sustainability leadership was elevated within the organisation.

Policies and Standards

Pandora Code of Conduct

Our Code of Conduct sets out our ethical commitment, and the standards of behaviour and conduct to which we expect the entire Pandora organisation to adhere. It provides a basic compliance framework to guide employees through Pandora's core values. It is also the foundation to our Anti-Bribery and Corruption Policy, Gifts and Entertainment Standard and Conflicts of Interest Policy.

Responsible Sourcing Policy

This document outlines how we implement our Supplier Code of Conduct through risk assessment, management systems, traceability, audits, reporting and disclosure. It outlines our three core objectives for our Responsible Sourcing Programme: responsible, transparent and traceable.

Environmental Policy

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

Materials Standard

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

Privacy Policy

Our Privacy Policy determines the principles we apply when handling personal data submitted to us by consumers or employees.

Global Human Rights Policy

We are committed to respecting human rights and this Policy details our commitment to follow international standards, including the United Nations Guiding Principles on Business and Human Rights. It also outlines our salient human rights issues, key stakeholder groups and how we implement human rights across the business.

Inclusion and Diversity Policy

The Inclusion and Diversity Policy outlines Pandora's ambitions and commitments to create an equitable, inclusive and diverse workplace. It provides an insight into the collective responsibilities within the company to ensure all employees understand how they can effect change to create a culture of inclusion.

Supplier Code of Conduct

This outlines our basic expectations of suppliers on environmental, social and legal compliance criteria. It aligns with international standards, including the Ethical Trading Initiative Base Code and International Labour Organisation conventions.

Responsible Marketing Standard

This standard sets out applicable principles and standards for the company and its partners when marketing Pandora's jewellery towards consumers.

Tax Policy

The purpose of our tax policy is to establish a clear and aligned tax approach to all transactional, reporting and compliance aspects of Pandora.

Pandora Whistleblower Policy

Our Whistleblower Policy describes the process for all employees, Board members, business partners and other stakeholders of Pandora to report any serious and sensitive concerns. It includes information on how to access our third-party Whistleblower Hotline.

Global Data Ethics Policy

This policy describes our approach to data ethics and the principles we apply to our processing of data. It includes our data ethical principles: applying equality and fairness, respecting the person behind the data and focusing on sustainable data practices.

Global Donation Standard

The Global Donation Standard outlines the rules for how and when it is acceptable for our employees and subsidiaries to provide charitable donations on behalf of Pandora.

Health and Safety Policy

Pandora's Health and Safety policy sets out the commitment to maintaining safe and healthy working conditions for all employees.

Read more

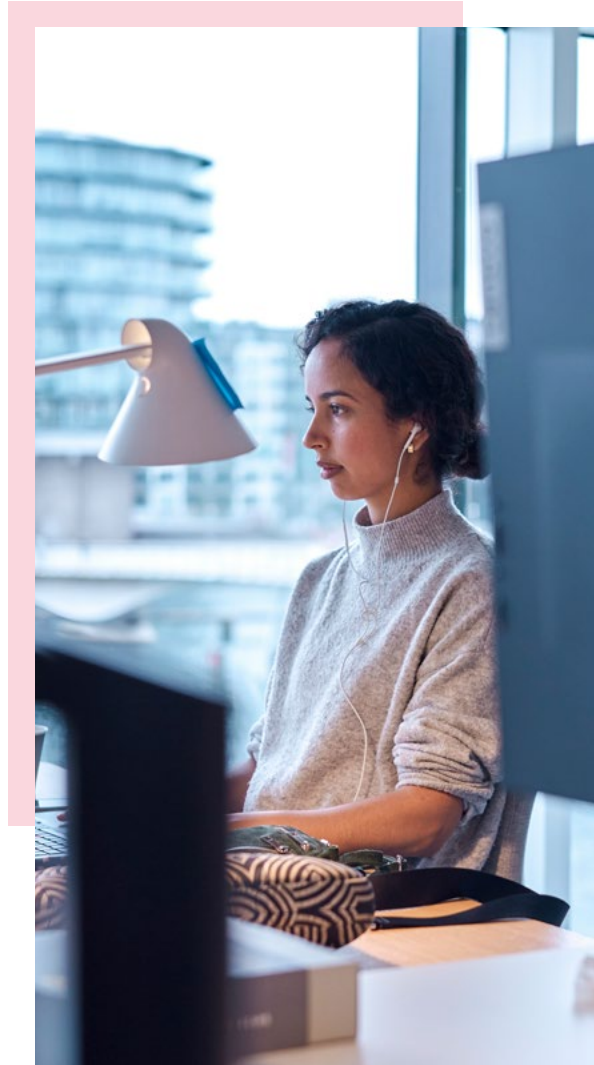
about the Policies and Standards on our [corporate website](#).





BUSINESS ETHICS

In 2022, we expanded training across a range of business ethics topics, developed a new Global Donation Standard and investigated all whistleblowing reports.



71

cases were raised through the whistleblower hotline.

Pandora is fully committed to ethical business practices, and we aim to conduct business lawfully, appropriately and with honesty and integrity. We strive to adhere to applicable laws and regulations, exercise sound judgment and take actions to minimise negative impacts from our activities on people and the planet.

A dedicated function, Global Compliance, is charged with operationalising all commitments to regulatory compliance and internal policies concerning anti-bribery and corruption, privacy, anti-money laundering and fair competition.

Our Code of Conduct sets out the ethical business practices and standards of behaviour that we expect the entire Pandora organisation to adhere to.

During 2022, we continued training activities related to the Code of Conduct by developing e-learning modules, with particular focus on providing training to employees working in our crafting facilities and stores (made available in relevant languages).

Whistleblower hotline

Our Whistleblower Policy outlines our process for dealing with issues raised through our whistleblower hotline.

In 2022, there were a total of 71 cases reported to the whistleblower hotline. Most cases related to store staff and involved reports of potential harassment, unfair treatment, conflicts of interest and other unethical behaviour. A few cases related to office and production staff, involving reports of potential bribery and inappropriate or unethical behaviour. Some of the cases related to potential harassment, unfair treatment, conflicts of interest and other unethical behaviour, which resulted in disciplinary action.

Not all cases reported were substantiated with evidence, but we investigated all cases, providing anonymity where possible, and non-retaliation measures. None of the cases had a severe impact on our business operations or a material financial impact.



We also conducted a review of our whistleblower hotline against the UNGP’s Grievance Mechanism effectiveness criteria and prepared a large, internal campaign to raise awareness of the whistleblower hotline which we expect to launch in 2023, encouraging a speak-up culture.

Mitigating the risk of bribery and corruption

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

Using Pandora’s Code of Conduct as the foundation, the Anti-Bribery and Corruption Policy, the Gifts and Entertainment Standard and the Conflicts of Interest Policy provide further details on how Pandora and its employees can prevent and combat bribery and corruption to protect our brand. In 2022, we also introduced a Global Donation Standard, which outlines the rules for how and when it is acceptable for our employees and subsidiaries to provide charitable donations on behalf of Pandora. Standardising our approach to charitable giving has helped guide our local community outreach while ensuring that all charitable donations undergo proper due diligence, benefit the intended stakeholders, and reflect the values of Pandora.

In 2022, we began live, online training for employees who face a higher risk of corruption and bribery due to their roles and physical work locations. A series of e-awareness videos will be released on anti-bribery and corruption topics in 2023, and we will review internal policies.

There were no reported cases of corruption and bribery related to Pandora’s business in 2022.

Protecting personal data to respect the right to privacy

Our Privacy Policy determines the principles we apply when handling personal data from our consumers or employees.

Pandora uses personal data only when we have a legitimate purpose for doing so. The data is used, stored, shared and protected in accordance with the relevant legal basis upon collecting the data, and in accordance with applicable privacy legislation.

Privacy training and awareness raising initiatives for all employees are carried out regularly. In 2022, we provided face-to-face training for office employees at our headquarters and in regional offices that are most likely to work with personal consumer and employee data. We also launched a film on privacy awareness for office employees in selected regions and organised a “Deletion Day” to educate employees at our head office on handling and storage of personal data.

The general purpose of all training sessions is to help employees identify situations where they work with personal data so they can reach out to the Privacy team for further guidance on how to safely process the data.

Complaints are investigated and resolved in line with applicable legislation. In 2022, there were no substantiated claims concerning breaches of consumer privacy or losses of consumer data. One incident related to employee data was reported by Pandora to the Information Commissioner’s Office in the UK in accordance with local legislation. The incident involved internal data only and has been rectified. The authorities did not consider it necessary to take any action. No other substantiated issues related to Pandora’s handling of personal data were reported in 2022.



Tax

Pandora’s tax strategy is to pay a fair tax in all markets where we operate. Pandora is committed to ensure compliance with the letter and spirit of tax law in these locations, while striving to maximise shareholder value in a responsible way. Pandora follows what is known as a principal tax model, where profit follows risk and value creation throughout the value chain.

Pandora has a zero-tolerance policy towards bribery and corruption.

Pandora's tax strategy is to pay a fair tax in all markets where we operate.


This means that Pandora allocates a profit margin, based on benchmark studies, to entities in the Group and this profit margin is taxed in local markets, and the residual profit (or loss) remains in Denmark, where it is taxed. The majority of internal transfers are related to commercial activity.

Pandora does not avoid taxes or exploit the lack of transparency and information exchange by operating in tax havens. We use the OECD definition of tax havens, and as of 31 December 2022 we had two companies in the Pandora Group located in a tax haven (Panama). One of the companies acts as the regional office for all of Latin America and receives a standard arm's length service fee for this activity. The other

company holds the retail business in Panama and operates two Pandora stores.

Pandora's total global tax contribution amounted to more than DKK 6.5 billion compared to DKK 5 billion in 2021. Around 40%, compared to around 30% for 2021, was incurred by Pandora for corporate income taxes and duties and the remaining part was collected by Pandora as VAT, sales taxes, tax on wages and dividends. The Board of Directors is responsible for the Tax Policy. The responsibility for tax risk management lies with the Group CFO and is overseen by the Audit Committee, which reviews the Tax Policy annually.

In 2022, Pandora was recognised by both PwC and Økonomisk Ugebrev for its Tax Governance. We were ranked no. 1 among all Danish companies when it comes to tax transparency and standing out from other companies by publishing tax information for all the countries where we operate – the so-called Country-by-Country reporting.

To learn more about Pandora's tax principles and practices, see our [Tax Policy](#). 

Combating money laundering and ensuring compliance with sanctions

Pandora recognises the importance of complying with applicable regulations on anti-money laundering, terrorist financing, due diligence, economic sanctions and embargoes, and is committed to conduct its business in full compliance with applicable laws.

We have an Anti-Money Laundering Programme in place, setting the global minimum standards with which all Pandora subsidiaries and affiliates must comply. It includes written policies and procedures for third-party due diligence and screening, and ensures that Pandora complies with applicable economic sanctions and embargoes. The programme is tested on a regular basis.

In 2022, Pandora paid a fine of USD 758,394.69 (declaration fees and civil penalties) and executed a settlement agreement with U.S. Fish and Wildlife Service for a notice of violation issued in 2021 for failure to complete certain required export documentation as well as failure to pay certain export fees for the export of jewellery products made with oyster shell (*Pinctada Maxima*).



43	Task Force on Climate-Related Financial Disclosures
45	EU Taxonomy
48	Stakeholder engagement
50	United Nations Sustainable Development Goals
51	About this report
52	Sustainability data
61	Statement by Executive Management
62	Independent auditor's report



ANNEX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We respond to requests for transparency from regulators and the financial sector on financially material climate change impacts for Pandora, as recommended by the Task Force on Climate-Related Financial Disclosures (TCFD)¹.


Governance

Pandora's climate and renewable energy targets are governed by the Sustainability Board, which has five members from the Executive Leadership Team. Climate-related risks and opportunities are part of Pandora's Enterprise Risk Management reporting. Pandora's Global Sustainability Team works with the Global Insurance and Risk Office and other key stakeholders across the organisation to identify and assess climate-related physical risks, transition risks and opportunities.

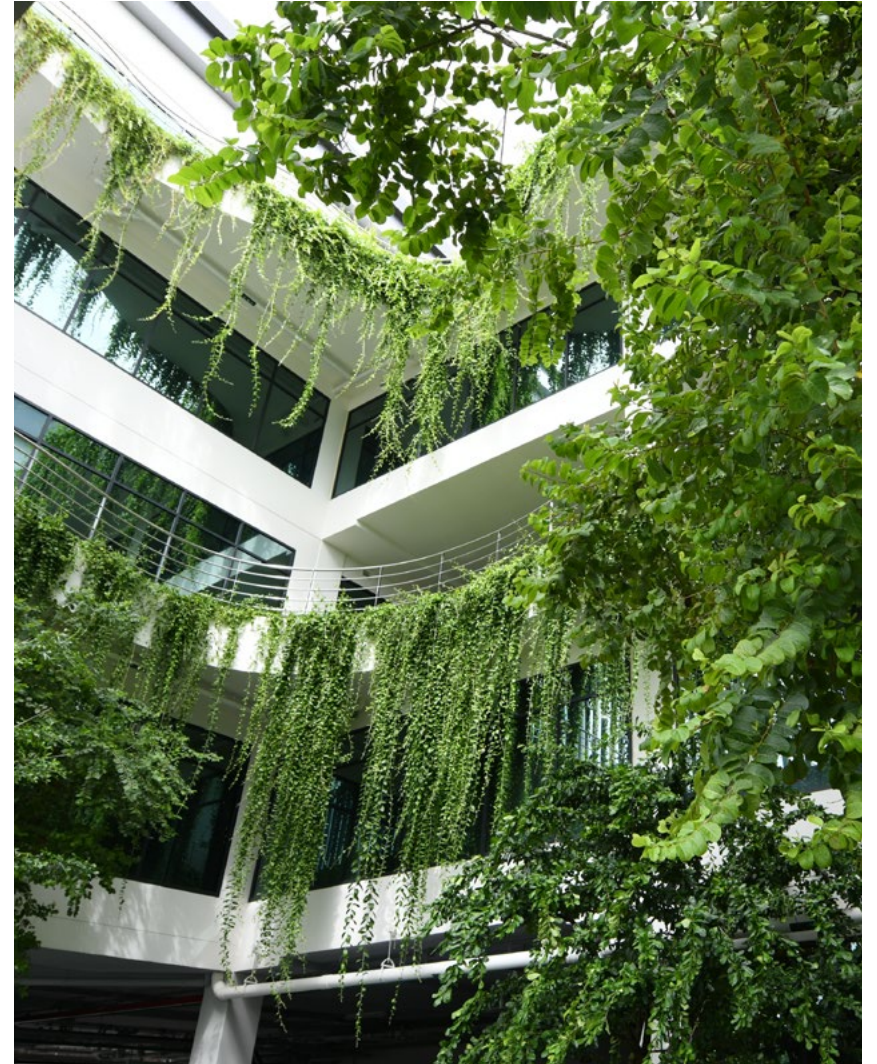
The Board of Directors receives and assesses the sustainability risks associated with Pandora's business and operations once a year. The Executive Leadership Team is responsible for risk management execution, and managers at all levels are responsible for identifying and managing risks related to their areas.

Strategy

Pandora's sustainability strategy focuses on meeting stakeholder expectations and future-proofing the company by becoming a low-carbon business with circular practices integrated wherever possible.

We have set ambitious climate targets, see [page 12](#).  One of these targets is approved by the Science Based Target initiative. Our progress to date has us on the right track towards meeting this target.

¹ To promote consistency in reporting, the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, created the Task Force on Climate-Related Financial Disclosures (TCFD), which released a disclosure framework in 2017.





To increase our business resilience against future impacts of climate change, in 2022 we performed a qualitative climate scenario analysis. It assessed the likelihood and impact of various climate-related risks and opportunities relevant to Pandora's direct operations and value chain from three different climate scenarios, including a 1.5°C scenario, as recommended by the TCFD.

As part of the assessment, 13 internal stakeholders from a range of functions were interviewed, including the CFO and representatives from operations, supply chain, risk, sustainability, and logistics. The climate-related risks and opportunities assessed were the ones considered most material to the business by the stakeholders.

The main conclusion was that Pandora is likely to face both climate change mitigation and physical risks in all three scenarios.

Risk management

Actions taken in line with our sustainability strategy serve to mitigate many of the risks established in both our risk management processes and scenario analysis. These actions include changing our energy supply and our sourcing of raw materials, and securing our operations against extreme weather events. Other mitigating actions are under consideration following the scenario analysis.

Through our risk management reporting process, we monitor and review climate-related risks, for example:

- Environmental and carbon taxes or import and export licensing requirements and regulations related to climate, which can impact energy prices, compliance, transportation and operational costs, and sourcing availability as well as the ability to operate in certain markets.
- Growing consumer expectations and preferences for transparency on the carbon footprint of our products, including both our own operations and our supply chain.

As part of this process, we also consider if any of these risks could present Pandora with opportunities due to its status as a relatively low-emitting company.

We recognise that there is further work to be done to integrate and disclose climate risks and opportunities, and to use insights to inform strategic planning across our business. We will continue our work on this in 2023.

Metrics and targets

We focus on reducing our climate impact through low-carbon targets and related initiatives, which can be seen on [page 10](#). ↗

Read more about Pandora's climate progress and data on [page 52](#). ↗

EU TAXONOMY

In 2022, we initiated our EU Taxonomy (“Taxonomy”) assessment focusing on assessing the applicability of the economic activities listed in the environmental objectives on climate change mitigation and climate change adaptation to Pandora’s core business.

Given the relatively new nature of the Taxonomy, we note that the requirements for Taxonomy-alignment are still evolving.

The EU Taxonomy is an EU classification system identifying environmentally sustainable economic activities. In 2022, we initiated our Taxonomy assessment focusing on assessing the applicability of the economic activities listed in the environmental objectives on climate change mitigation and climate change adaptation to Pandora’s core business. We did so noting that the crafting of jewellery is not in scope for these two environmental objectives. To report on the Taxonomy, we have identified and determined which economic activities are eligible under the Taxonomy definition and subsequently allocated financial numbers to these economic activities.

The process for assessing compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 has been conducted in three stages:

- **Screening of eligible economic activities:** We performed a screening of the technical annexes of the Climate Delegated Act to identify any potentially eligible economic

activities for the Revenue KPI and for both category (a) and (c) of the CAPEX and OPEX KPIs. We identified areas where we had any eligible economic activities in the reporting period, which were subject to further assessment of eligibility.

- **Assessment of eligible economic activities:** Each of the identified economic activities was assessed with regard to how the description of the economic activity in the Annex corresponds to how Pandora performs the economic activity.
- **Assessment of the alignment of economic activities:** For each of the eligible economic activities we identified key internal stakeholders to help locate and collate documentation that would fulfill the alignment criteria.

Taxonomy-eligibility

Our core jewellery industry economic activities are not covered by the Climate Delegated Act and consequently are Taxonomy non-eligible; hence, we have no eligible Revenue. For the reporting of 2021, our assessment on eligibility was based on the interpretation that eligibility should be considered for our crafting of jewellery economic activities only, hence no eligible activities were identified. For the reporting of 2022, the interpretation has changed, and the eligibility assessment has broadened to consider other economic activities in terms of CAPEX and OPEX. Based on this interpretation, we have identified CAPEX and OPEX related eligible economic activities that meet the Taxonomy’s definition.

Taxonomy-alignment

Given the relatively new nature of the Taxonomy, we note that the requirements for Taxonomy-alignment are still evolving. Having reviewed the extensive substantial contribution and ‘do no significant harm’ criteria for the identified eligible economic activities, it has become apparent that we currently do not have all required detailed documentation readily available in the same place. Hence, we chose to adopt a conservative approach

and disclose no Taxonomy-alignment for the identified economic activities for the reporting period.

Accounting policies

The share of Taxonomy-eligible economic activities is expressed as the proportion of revenue, total investments (CAPEX) and operational expenditures (OPEX) related to assets or processes listed in the Taxonomy.

- **Revenue:** Total revenue is aligned with the revenue reported in the Annual Report 2022. The revenue KPI is defined as Taxonomy-eligible revenue (numerator) divided by total revenue (denominator).
- **CAPEX:** Total CAPEX is aligned with additions reported in Note 3.1 Intangible assets (IAS 38), Note 3.2 Property, plant and equipment (IAS 16) and Note 3.3 Right-of-use assets (IFRS 16) of the Annual Report. Goodwill is not included in CAPEX because it is not defined as an intangible asset in accordance with IAS 38. The CAPEX KPI is defined as Taxonomy-eligible CAPEX (numerator) divided by total CAPEX (denominator).
- **OPEX:** According to the Taxonomy, OPEX is defined as direct non-capitalised costs that relate to research and development, building renovation, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of PPE. The OPEX KPI is defined as Taxonomy-eligible OPEX (numerator) divided by total OPEX (denominator).
- **Double counting:** For the calculation of the denominator of the Revenue, CAPEX and OPEX KPIs we have extracted the figures directly from the ERP system and therefore ensure that the figures are only counted once in each KPI. For the allocation of the numerator for CAPEX, we have first identified

the relevant figures and then we have allocated the primary related economic activity in the Climate Delegated Act. In this way, we ensure that no CAPEX is considered more than once.

Changes in calculations compared to previous period

This is our first year of reporting on the Taxonomy alignment, i.e., no changes in calculations have occurred.

Contribution to multiple objectives

Regarding our identified economic activities, we note that none of these contribute to multiple objectives.

Disaggregation of KPIs

There has been no disaggregation of KPIs for any economic activity assessed.


Contextual information about KPIs

The numerator of the CAPEX KPI for economic activity 7.1 is driven by new leases of DKK 1.7 billion, which makes up 73 % of the total for this economic activity. The remaining 27% can be attributed to activity 8.2 regarding investments in our digital innovation and capabilities, which are reported under

CAPEX or OPEX, respectively, depending on whether the requirements for capitalization are met. There are no CAPEX plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-eligible economic activity (“category b” according to Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act). The numerator of the OPEX KPI is, in addition to activity 8.2 as described above, driven by activity 6.5 regarding vehicles used by Pandora and activity 7.2 renovation of stores and buildings.

Minimum safeguards

Pandora has established a human rights due diligence (HRDD) process following the guidance in the UN Guiding Principles and OECD Guidelines for Multinational Enterprises (MNEs). More precisely, our business conduct is guided by the following policies: Human Rights Policy, Responsible Sourcing Policy, Materials Standard, Responsible Marketing Standard, Data Ethics Policy and Privacy Policy. We do this in order to ensure we continuously focus on identifying, preventing, mitigating, tracking and remediating actual and potential adverse impacts in our own operations, in our supply chains or in our business relationships.

Read more about our Policies and Standards on [page 38](#). 

In 2022, there have not been any incidents where Pandora was found to be in breach of human rights laws, guilty of breaching tax laws, finally convicted of corruption or bribery or found in breach of competition laws. Likewise, Pandora has not been subject to complaints of alleged breaches of the OECD guidelines or been non-compliant with the OECD MNE guidelines and has therefore not collaborated with any OECD National Contact Points to resolve these in 2022. Finally, Pandora has not been approached by the Business and Human Rights Resource Centre, and therefore has not been non-responsive to the Centre nor found to be responding inadequately to affected stakeholders or their representatives’ concerns in 2022. The KPIs indicate that Pandora might have potential to contribute to the green transition with our CAPEX and OPEX activities reported as taxonomy-eligible. As Pandora is at the beginning of our EU taxonomy journey, it is likely that a lower share of activities will comply with the substantial contribution criteria outlined in the taxonomy. This total overview will be built during 2023, when we will continue the assessment of the alignment with the EU Taxonomy.

TURNOVER ¹ DKK million	Code	Absolute turnover	Proportion of turnover	Substantial contributions (%)					Do no significant harm (Y/N)					Minimum safeguards	Taxonomy aligned turnover	Category	
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy				Pollution
Taxonomy aligned activities																	
None		0	0 %														0 %
Taxonomy eligible but not aligned activities																	
None		0	0 %														0 %
Taxonomy non-eligible activities		26,463	0 %														
Total		26,463	100 %														

¹ Turnover is used in the table to be in compliance with the EU Directive.

CAPEX DKK million	Code	Absolute CAPEX	Proportion of CAPEX	Substantial contributions (%)					Do no significant harm (Y/N)									Taxonomy aligned CAPEX	Category	
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio- diversity and eco- systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio- diversity and eco- systems	Minimum safeguards				
Taxonomy aligned activities																				
None		0	0 %																	
Taxonomy eligible but not aligned activities																				
7.1 Construction of new buildings		2,341	77 %																	
8.2 Computer programming, consultancy and related activities		361	12 %																	
Taxonomy non-eligible activities																				
		335	11 %																	
Total		3,037	100 %																	

OPEX ¹ DKK million	Code	Absolute OPEX	Proportion of OPEX	Substantial contributions (%)					Do no significant harm (Y/N)									Taxonomy aligned OPEX	Category	
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio- diversity and eco- systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio- diversity and eco- systems	Minimum safeguards				
Taxonomy aligned activities																				
None		0	0 %																	
Taxonomy eligible but not aligned activities																				
6.5 Transport by motorbikes, passenger cars and light commercial vehicles		11	2 %																	
7.2. Renovation of existing buildings		84	16 %																	
8.2. Computer programming, consultancy and related activities		264	49 %																	
Taxonomy non-eligible activities																				
		178	33 %																	
Total		537	100 %																	

¹ The total OPEX base cannot be reconciled to the Annual Report 2022 due to a narrow OPEX definition in the Taxonomy.

STAKEHOLDER ENGAGEMENT

We joined the Watch & Jewellery Initiative 2030 to make a positive impact in the jewellery industry.

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

We engage with key stakeholder groups, including employees, consumers, franchisees, governments, multilateral institutions, NGOs, industry organisations, investors, suppliers and their workers and local communities. We do this as part of our daily operations and in formalised settings, for example meetings to assess performance against targets or partnerships to expand our sustainability programme.

In 2022, we engaged stakeholders across the following key areas:

- We joined the Watch & Jewellery Initiative 2030 – an industry alliance bringing brands together to drive sustainability and make a positive impact in the jewellery industry.
- Conducted a double materiality assessment by consulting external experts and internal colleagues across the business to better understand the sustainability impacts, risks, and opportunities across Pandora’s own operations and value chain.

	ENGAGEMENT TYPE	ENGAGEMENT SUBJECT(S)
EXTERNAL STAKEHOLDERS	Suppliers Meetings, Audits, Site visits, Deep dive assessments, Impact assessments	Circularity, Human rights, Responsible sourcing, Sustainable materials, Conflict minerals, Product quality and safety
	Communities UNICEF partnership, Philanthropic outreach, Impact assessments	Inclusion and diversity, Human rights, Biodiversity, Socioeconomic development in communities
	Governments Regulatory mapping, Reporting compliance, Consultation, Impact assessments	Climate change, Conflict minerals, Responsible sourcing, Data security and privacy, Biodiversity, Sustainable materials, Chemicals and hazardous materials
	Multilateral institutions Reporting, Conferences, Meetings, Impact assessments	Responsible sourcing, Human rights, Climate change, Conflict minerals
	NGOs Meetings, Conferences, Workshops, Impact assessments	Circularity, Human rights, Responsible sourcing, Sustainable materials, Conflict minerals, Children’s rights
	Industry organisations Conferences, Meetings	Responsible sourcing, Employee health, Safety and labour rights, Inclusion and diversity, Sustainable materials, Circularity
	Investors Surveys and reports, Meetings, Research projects, Impact assessments	Circularity, Responsible sourcing, Human rights, Modern slavery, Sustainable materials, Conflict minerals, Climate change, Product quality and safety, Corporate governance, Business ethics and compliance
	Customers Surveys and focus groups, Social media, Customer support feedback, In-store feedback	Inclusion and diversity, Responsible marketing, Human rights, Climate change, Circularity
	Franchisees Meetings, Audits, Site visits	Human rights, Employee health, Safety and labour rights
INTERNAL STAKEHOLDERS	Employees Listening surveys, Workshops, Social media, Internal communication channels, Customer feedback, In-store feedback, Impact assessments	Circularity, Human rights, Responsible sourcing, Sustainable materials, Climate change, Corporate governance, Business ethics and compliance, Talent and development, Employee health, Safety and labour rights

- Matured our approach to climate change by engaging suppliers on carbon emissions, improving our understanding of our retail carbon footprint and working with public and private partners to develop the necessary policies, legislation and financial mechanisms in Thailand to establish virtual PPAs for renewable energy.
- Engaged with UNICEF on our approach to children, and adolescents' rights.
- As a follow-on to our Global Materials Standard, we worked with key functions across the business to develop a Materials Scorecard to provide guidance for colleagues to better understand the properties and sustainability credentials of materials.
- Analysed packaging legislation in key markets and its implications on Pandora's operations with a third-party expert.
- Engaged suppliers and business partners to stop sourcing raw materials, products or services supplied to Pandora directly or indirectly from Russia or Belarus. We have also provided ongoing support to our Ukrainian franchisee during the war.
- Formalised our human rights programme with broad internal engagement to develop roadmaps across the business and collaborated with an expert third party to conduct a deep-dive assessment of our human rights impact in Thailand, which included interviews with local communities.
- Engaged suppliers to understand how their recovery from COVID-19 has impacted workers through expert third-party site visits.
- Partnered with internal stakeholders to advance progress on our inclusion and diversity targets.

Partnerships and collaborations

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

Notable partnerships and collaborations



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



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



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



Task Force on Climate-related Financial Disclosures
Pandora is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and their recommendations to increase transparency of climate-related risks and opportunities on financial markets.



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 donated support UNICEF's education, gender equality, rights awareness, personal empowerment and civic engagement programmes. The partnership is also raising funds for UNICEF's core work across the world to ensure that every child survives and thrives.



United Nations Global Compact
Pandora is a signatory to the United Nations Global Compact (UNGC) and acknowledges its responsibilities in the areas of human rights, labour, environment and anti-corruption.



Watch and Jewellery Initiative 2030
Pandora is a member of the Watch and Jewellery Initiative (WJI) 2030. WJI 2030 is guided by the Ten Principles of the United Nations Global Compact and the 17 SDGs. It aims to accelerate positive impact in three areas: building climate resilience, preserving resources, and fostering inclusion.

United Nations Sustainable Development Goals



Gender equality

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

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

Our commitment

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



Affordable and clean energy

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

Our commitment

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



Decent work and economic growth

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

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

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

Our commitment

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



Responsible consumption and production

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

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

Our commitment

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



Climate action

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

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

Our commitment

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

ABOUT THIS REPORT


This report covers Pandora's global operations for the fiscal year 2022, which runs from 1 January to 31 December 2022. Our last report, published in February 2021, covered the 2021 fiscal year and is available with previous sustainability reports at pandoragroup.com.

The content and scope of this report were defined based on the significance of topics to both stakeholders and the sustainable growth of the company as determined by our sustainability materiality assessment. The double materiality principle will be applied going forward.

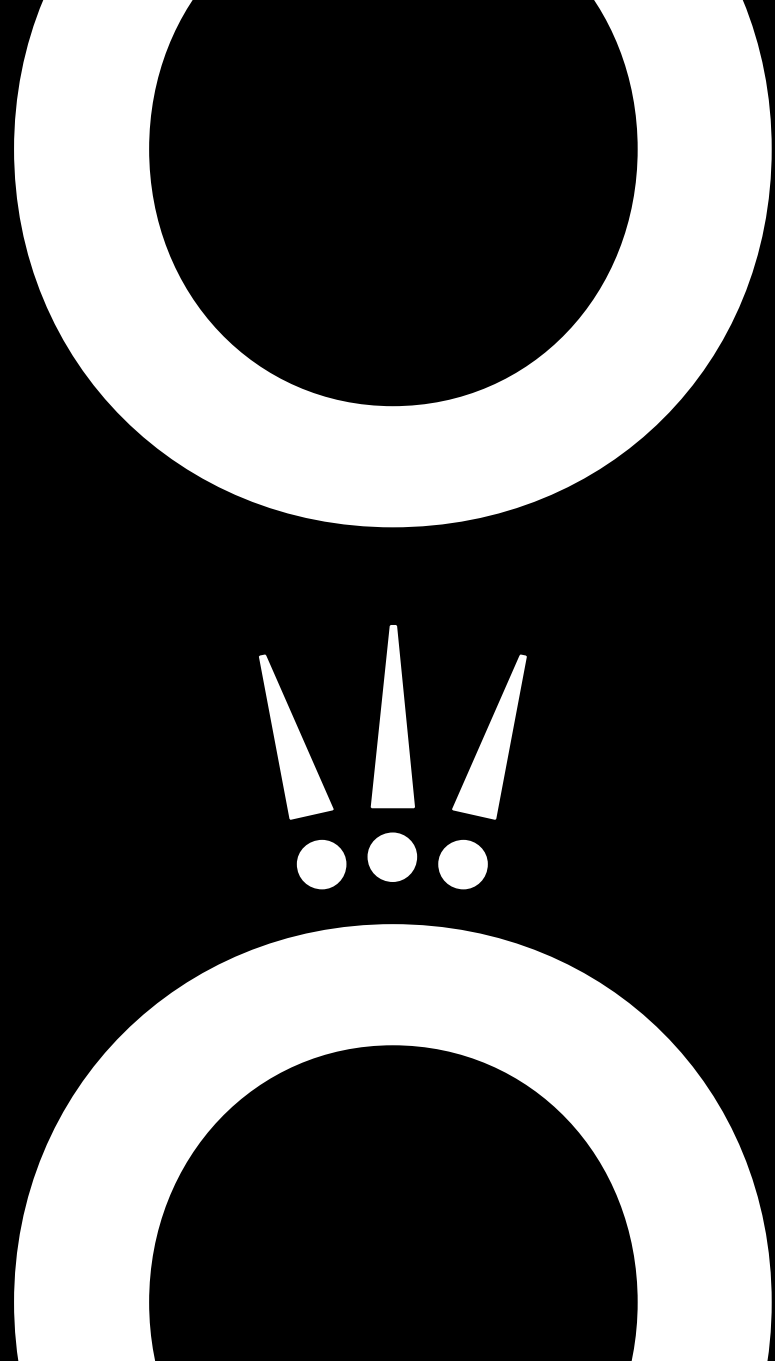
The scope covers our crafting facilities, distribution centres, retail stores operated by Pandora and our offices. It also includes our value chain. All data boundaries are specified alongside reported metrics. We are not able to provide historical data for metrics reported for the first time in 2022.

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

report. We have also provided information on alignment with Sustainability Accounting Standards Board (Apparel, Accessories & Footwear), and Task Force on Climate-related Financial Disclosures standards. We have assessed activities according to the EU Taxonomy for sustainable activities. This report has also been prepared in accordance with sections 99(a), 99(b) and 107(d) of the Danish Financial Statements Act. Pandora is committed to the Ten Principles of the United Nations Global Compact and this report serves as our Communication on Progress. We use '!' to indicate that data for the data point has not previously been disclosed.

We have obtained independent external limited assurance on selected sustainability data disclosed in this report, specifically for our Scopes 1, 2 and 3 emissions and recycled silver and gold total (%). For the independent auditor's assurance report, see [pages 62-63](#). 

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



SUSTAINABILITY DATA

ENVIRONMENT

GREENHOUSE GAS EMISSIONS¹

tonnes CO ₂ equivalent ²	2022	2021	2020
Scope 1	1,118	1,163	1,250
Scope 2			
Location-based	48,590	48,053	47,949
Market-based	15,028	20,997	22,409
Scope 3			
C1: Purchased goods and services	207,138	185,862	157,908
C2: Capital goods	7,650	5,487	9,121
C3: Fuel- and-energy related activities	3,941	3,785	3,685
C4: Upstream transportation	25,023	31,218	40,637
C5: Waste generated in operations	3,757	2,752	2,654
C6: Business travel	105	36	350
C7: Employee commuting	947	606	606
C8: Upstream leased assets	1,499	1,557	1,298
C14: Franchises	14,164	23,987	26,158
Total Scope 3	264,224	255,290	242,416
Total emissions (market-based)	280,370	277,450	266,075
Emissions intensity, tonnes CO ₂ equivalent/revenue in DKK million	10.59	11.86	14.00

Pandora's total emissions have increased by 1% from 277,450 mtCO₂e in 2021 to 280,370 mtCO₂e in 2022. The 1% increase can mainly be explained by a reduction in our Scope 2 market-based emissions and an increase in our Scope 3 emissions. The Scope 2 emissions have decreased by 28% due to the introduction of more renewable energy through the purchased of RECs. The Scope 3 emissions increased by 4%, largely due to an increase in purchased goods and services. In 2022, we introduced more supplier data, which impacts our Scope 3 emissions in a positive direction. As a result, our emissions intensity has improved by 11% from 2021 to 10.59 in 2022, as the total emissions have increased less than our revenue has increased.

2019 BASELINE YEAR (SCOPES 1, 2 AND 3)

The total greenhouse gas emissions for 2019 baseline year was 296,777 tonnes CO₂e.

§ ACCOUNTING POLICIES

All emissions are accounted for in accordance with the methodology set out in the Greenhouse Gas Protocol Corporate Standard. All CO₂e emission factors used for fossil fuels and electricity are in accordance with the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.

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

SCOPE 2 emissions include the purchase of electricity and district heating for offices, distribution centres, crafting facilities and Pandora owned stores. The emissions are calculated using both the market-based approach, which includes the purchase of Renewable Energy Certificates, and the location-based approach. Where available, the electricity and district heating consumption from meter readings and invoices is used for crafting facilities, stores, distribution centres, and offices.

Continued on next page →

¹ Scopes 1, 2 and 3 are included in the scope of the external limited assurance. See the Independent auditor's report on [pages 62-63](#).

² All emissions are in metric tonnes, as aligned with the Greenhouse Gas Protocol.



§ ACCOUNTING POLICIES (CONTINUED)

Where meter readings and invoices are not available, consumption is estimated based off spend or size on location. The electricity and district heating consumption is multiplied by emission factors (IEA) for their respective countries to calculate the emissions. Emissions from satellite offices with less than 30 people is omitted. These correspond to emissions from 5% of employees in our offices.

SCOPE 3 emissions are reported based on the Greenhouse Gas Protocol, which divides the Scope 3 inventory into 15 subcategories (C1 - C15) of which the nine listed below are relevant to Pandora. Emission factors from DEFRA (incl. VAT) are used to calculate emissions based on spend (excl. VAT), unless otherwise specified. We have corrected the emissions factors to represent the monetary value and energy intensity of 2022, considering the general inflation and improvement of energy intensity between 2011 and 2022:

- C1 – Includes materials and services. Where available, material volumes are multiplied by the Life Cycle Assessment (LCA) emission factors. If not available, spend amounts are used and multiplied by DEFRA supply chain emission factors for spending on products. Key LCAs include: Mined and recycled silver CO₂e/kg: GaBi database, 2019; Mined gold CO₂e/kg: World Gold Council, 2018; Recycled gold CO₂e/kg: C. Hafner, 2019. C1 also includes categorised spend amounts on services (for example, media and marketing). For a few emission factors, we have collected supplier specific emission factors.
- C2 – Includes categorised spend data for machinery, fixtures and furniture, and other capital goods multiplied by relevant LCA and supply chain emission factors (DEFRA).

- C3 – Includes upstream greenhouse gas emissions from fossil fuels, heating, and electricity based on invoices used in our crafting facilities, stores, offices, and distribution centres. Emission factors from IEA for transmission and distribution losses and DEFRA for fuels.
- C4 – Includes inbound and outbound logistics, and transportation and distribution services conducted by third-party logistics providers. A combination of supplier-specific and supply chain emission factors for spending on products from DEFRA is used to calculate the emissions. Emissions from other transport types are included in the emission factors used for purchased goods and services.
- C5 – Includes waste volumes and spend amounts on waste services
- C6 – Includes spend amounts on car rental and travel expenses.
- C7 – Includes Pandora employees' commute from home to work. It is based on a Trucost estimate from 2018 and the figure was revised in 2022 based on an updated estimation of employees working from home and the increase in number of employees.
- C8 – Includes spend amounts on upstream leased cars.
- C14 – Electricity consumption for franchises is estimated based on the number of franchise stores and the kWh/square metre average across Pandora owned stores. The estimated electricity consumption is then multiplied by the corresponding IEA country emission factor.

! SIGNIFICANT ACCOUNTING ESTIMATES

The calculation of greenhouse gas emissions is to a large degree based on generic secondary emission factors and estimated data. Pandora continues to engage suppliers to obtain actual data and primary emission factors in order to increase the accuracy of the emissions reported.

ENVIRONMENT

ENERGY				RENEWABLE ENERGY CERTIFICATES			
MWh	2022	2021	2020		2022	2021	2020
Crafting	61,966	62,883	56,909	Total Renewable Energy Certificates, MWh	82,117	62,838	55,768
Own solar energy generated	1,369	1,347	1,141	Share of renewable energy, %	70	56	51
Retail	50,425	-	-	Energy intensity, MWh/revenue in DKK million	4.52	4.89	5.83
Office	3,708	-	-				
Distribution	2,226	-	-				
Total energy	119,694	114,489	110,876				

Pandora's total energy consumption increased by 4%, which was expected due to growth and an increase in the number of stores operated by Pandora. Our energy intensity in the same period improved from 4.89 MWh/revenue in DKK million in 2021 to 4.52 in 2022, mainly driven

by the increase in revenue. The share of renewable energy increased from 56% in 2021 to 70% in 2022, which can also be seen in the decrease of CO₂e emissions in the market-based Scope 2 emissions.

§ ACCOUNTING POLICIES

Energy consumed consists of the purchased and generated quantities of electricity and district heating for crafting, retail (Pandora's owned and operated stores), offices (with more than 30 employees) and distribution centres. RECs correspond to the MWh covered by the purchased. The share of renewable energy is the total MWh covered by RECs and own solar energy generated divided by total energy. The energy intensity is calculated as the total energy divided by revenue in DKK million.

ENVIRONMENT

WATER

m ³	2022	2021	2020
Crafting	1,138,524	1,052,700	973,481
– Water recycled, %	21	19	16
Distribution	4,608	-	-
Total water	1,143,132	-	-

In 2022, water consumption increased by 8% in our crafting facilities due to increased production and an increased use of automated washing of the jewellery. Our ability to recycle and reuse water improved in 2022. In 2022, we initiated several water recycling and conservation projects aiming to reduce city water consumption. This entailed both investments in actual recycling initiatives and a more stringent monitoring and managing of water consumption in general. 2022 was the first year in which we collected and reported on water usage for our distribution activities. Water consumption at our European Distribution Centre increased towards the end of 2022, due to the washing of smoke-damaged jewellery as a result of a fire.

§ ACCOUNTING POLICIES

Water consumed consists of the purchased volumes of water for crafting and distribution centres. Water used in the distribution centre in Thailand, our owned and operated stores, and offices, has not been included, as it has been assessed as insignificant compared to the water consumption in our crafting and distribution. Water recycled is the volume of water that has been looped back into crafting processes before being sent to wastewater treatment.

WASTE, CRAFTING FACILITIES

tonnes	2022	2021	2020
Recycled waste	8,995	8,720	6,287
Waste for landfill	0	174	662
Hazardous waste	38	78	22
Total waste	9,033	8,982	6,970
Recycling percentage, %	99.6	97	90

An important part of our commitment to a more environmentally sustainable business is our waste management. In 2022, we increased our total recycled percentage from 97% in 2021 to 99.6% in 2022. This improvement was mainly driven by crafting's ability to recycle more of the waste fractions and completely eliminating waste to landfill.

§ ACCOUNTING POLICIES

Waste generated consists of the total waste generated in tonnes at our crafting facilities. The waste is either recycled or if this is not possible, sent to landfill or disposed of as hazardous waste. Recycled waste primarily consists of gypsum, glass, wax and rubber. Waste to landfill consists of industrial waste, which is collected and treated by municipalities. Hazardous waste consists primarily of chemical waste and jewellery ceramic casting flasks. The recycling percentage is calculated as the share of recycled waste divided by total waste. Waste generated in our owned and operated stores (Retail), offices and distribution has not been included, as it has been assessed as insignificant compared to the waste in our crafting.

CIRCULAR AND SUSTAINABLE JEWELLERY

CIRCULAR AND SUSTAINABLE JEWELLERY

%	2022	2021	2020
Recycled silver and gold total¹	61	54	57
Share of recycled silver and gold audited or certified suppliers by a third party	69	-	-
Man-made stones ²	100	100	>99

¹ Total recycled silver and gold is within the audit assurance scope. See the Independent auditor's report on [pages 62-63](#).

² Excluding pearls.

We have increased the share of recycled silver and gold purchased in 2022 to 61%, up from 54% in 2021. In order to support the goal of 100% recycled silver and gold by 2025, in 2022 we have been auditing most of our silver and gold

suppliers' chain of custody processes. In total, 69% of our suppliers were audited or had an existing certification of their chain-of-custody processes, covering more than 96% of the total volume.

RESPONSIBLE SOURCING

%	2022	2021	2020
Total direct supplier spend audited by a third party	>99	>99	>99
New product suppliers screened using social criteria	100	100	-

Both the total direct supplier spend audited by a third-party and the number of new suppliers screened using social criteria performance stayed strong at respectively more than 99% and 100% in 2022.

§ ACCOUNTING POLICIES

The percentage of recycled silver and gold is calculated as the share of total purchased silver and gold. Recycled silver and gold are precious metals that have been previously refined. Our products may contain fractions of silver and gold coming from non-recycled sources due to difficulties in separating sources in the refining process. Total purchased silver and gold consists of grains, components, plating solutions for Pandora in-house production, and finished goods from external production (Original Design Manufacturers and Original Equipment Manufacturers). It excludes refinery from scrap and rework metals from Pandora in-house production, production material, tooling, and machinery.

The share of recycled silver and gold audited or certified suppliers by a third party is calculated as the share of suppliers audited. The percentage of man-made stones is calculated as the share of procured man-made stones. Pearls are excluded.

! SIGNIFICANT ACCOUNTING ESTIMATES

A significant part of the recycling percentages used to calculate the recycled silver and gold total is based on self-declared percentages by the suppliers. Pandora has not validated the self-declarations. A significant share of the suppliers delivering recycled silver and gold has had their chain of custody processes audited by an external third party. The aim is to use only silver and gold from suppliers that have been audited. To mitigate the risk of manual errors when dealing with the self-declared percentages, the reported self-declared recycling percentages go through thorough local and central internal checks.

§ ACCOUNTING POLICIES

Total direct spend audited by a third party is calculated as the share of spend audited by a third party. New product suppliers screened is calculated as the share of new product suppliers screened.

CIRCULAR AND SUSTAINABLE JEWELLERY

THIRD-PARTY AUDIT SUMMARY

Number	2022	2021	2020
Number of factories assessed	19	16	15
Number of factories with social issues identified	18	11	13
Number of factories with environmental issues identified	13	8	9
Total issues found	346	207	274
Total issues closed	219	88	203
Total issues open	127 ¹	119	71
Accumulated open issues	144	-	-
Minor social issues closed	33	19	92
Minor social issues open	27	17	32
Major social issues closed	172	62	80
Major social issues open	89	87	26
Zero tolerance social issues closed	0	0	1
Zero tolerance social issues open	0	0	1
Total social issues found	321	185	232
Minor environmental issues closed	6	2	18
Minor environmental issues open	2	10	7
Major environmental issues closed	8	5	12
Major environmental issues open	9	5	5
Zero tolerance environmental issues closed	0	0	0
Zero tolerance environmental issues open	0	0	0
Total environmental issues found	25	22	42

¹ Of the 127 open issues, 38 have been delayed with a time-bound corrective action plan in place and the remaining 89 issues are in the process of being closed.

In 2022, 346 non-conformances were identified in the direct product supplier audits. This is an increase of 40%, which is a result of the onboarding of new suppliers to Pandora. Most of the non-conformances, 55% are related to non-conformances on health and safety. 63% of the total non-conformances had been closed at the end of 2022. The remaining 27% are in the process of being closed.

§ ACCOUNTING POLICIES

Pandora audits its direct spend suppliers on a regular basis against our Supplier Code of Conduct based on robust external protocols. Audits are planned in two-year cycles. The number of issues reported relates to the year the audit was conducted. Pandora classifies findings in three categories: minor, major and zero tolerance. Open issues are defined as non-conformances that were not closed by the agreed deadline. The issues within a grace period are issues that were not closed by year end, but are still within the agreed timeframe for closing out. The accumulated number of open issues is calculated as the accumulated number of open issues by year end, covering the period from 2020 until 2022, excluding the number of non-conformances that have been closed.

WORKPLACE AND SOCIETY

EMPLOYEES

Number	2022	2021	2020
Crafting	13,509	13,996	11,384
Retail	17,318	-	-
Office	3,282	-	-
Distribution	190	-	-
Total employees	34,299	30,533	26,003

Note: The regional headcount split can be found in [Pandora's GRI and SASB tables 2022](#).

The total number of employees in Pandora increased by 12% in 2022 compared to the year before, reflecting our growing business. The vast majority of our workforce works in either crafting or retail, constituting almost 90% of our total number of employees.

§ ACCOUNTING POLICIES

The number of employees accounts for all recorded individuals, except external contractors, at the end of the year.

GENDER RATIO (FEMALE / MALE)

%	2022	2021	2020
Crafting	59/41	59/41	56/44
Retail	94/6	95/5	-
Office	67/33	66/34	52/48 ¹
Distribution	60/40	56/44	-
Total gender ratio	77/23²	-	-
Leadership Team	29/71	23/27	-
Leadership Team Pandora A/S	20/80	-	-
Executive Leadership Team	12.5/87.5	12.5/87.5	12.5/87.5
Board of Directors	43/57	43/57	75/25

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

² 193 employees have chosen not to have a binary gender associated with their employee registration for a number of reasons and are therefore not included in the ratio.

The total gender ratio in Pandora is 77/23, with the majority being female. The same trend is seen in all areas of business. In retail, the vast majority – 94% – of our colleagues are female and in crafting, 59% of our workforce is female. The number of females in the Leadership Team for the Group increased from 23% in 2021 to 29% in 2022. As of 31

§ ACCOUNTING POLICIES

The gender ratio is based on the total number of employees year end attributed to binary gender of either female or male. The Leadership Team comprises of Vice Presidents, Senior Vice Presidents, members of the Executive Leadership Team and the Board of Directors. Leadership Team Pandora A/S comprises of the members of the Executive Leadership Team and their direct reports, who have employee responsibility in Pandora A/S.

December 2022, our Executive Leadership Team consisted of one female and seven males. Three of our Board members are female and four are male. We will continue focusing on increasing gender diversity in leadership in the coming years, to achieve gender parity in leadership by 2030.

WORKPLACE AND SOCIETY

AGE SPLIT

%	2022	2021	2020
Below 20 years	7	-	-
20-29 years	38	-	-
30-39 years	43	-	-
40-49 years	8	-	-
50-59 years	3	-	-
60-69 years	0.7	-	-
Above 70 years	0.1	-	-
Total employees, Number	34,299	30,533	26,003

Note: The regional headcount split can be found in [Pandora's GRI and SASB tables 2022](#).

The majority of Pandora's employees are aged between 20 and 39 years with 38% in the age group from 20-29 and 43% in the age group from 30-39. 1% of our workforce is age 60 or above.

EMPLOYEE TURNOVER

%	2022	2021	2020
Crafting	6.0	7.3	-
Retail	58.8	52.9	-
Office	25.6	22.7	-
Distribution	26.0	25.8	-
Total employee turnover	31.1	29.3	26.0

Note: The regional headcount split can be found in [Pandora's GRI and SASB tables 2022](#).

In terms of employee turnover, we saw an increase from 29.3% in 2021 to 31.1% in 2022. The rate can largely be explained by a high turnover in retail. In both distribution and in our offices, turnover rate was around 26%, which is a slight increase compared to the previous year. Our employee turnover in crafting remains low and decrease from 7.3% in 2021 to 6% in 2022.

NEW EMPLOYEE HIRES

%	2022	2021	2020
Crafting	13	-	-
Retail	78	-	-
Office	8	-	-
Distribution	1	-	-
Total employee hires, Number	14,565	12,003	7,763

In 2022, we increased the number of new hires to 14,565 from 12,003 in 2021, which is an increase of 21%. 78% of the new employee hires joined the retail part of our business, which was expected due to the volatility of retail.

§ ACCOUNTING POLICIES

The age split is based on the full number of employees year end attributed to an age split based on their recorded date of birth.

§ ACCOUNTING POLICIES

Employee turnover is calculated as the number of employees, excluding temporary and seasonal employees, who left Pandora in the reporting year divided by the average number of employees, excluding temporary and seasonal employees, during the reporting year.

§ ACCOUNTING POLICIES

The number of new employee hires covers all new employees, who joined Pandora in the reporting year, from outside the organisation, including employees joining Pandora through acquisitions.

WORKPLACE AND SOCIETY

LOST-TIME INJURY FREQUENCY RATE

Rate	2022	2021	2020
Crafting	0.00	0.20	0.27
Retail	2.74	-	-
Office	0.76	-	-
Distribution	16.45	-	-
Total lost-time injury frequency rate	1.55	-	-

In 2022, the overall Lost Time Injury Frequency Rate (LTIFR) for Pandora amounted to 1.55. 2022 was the first year that we reported this number for the entire organisation. Previously, we have only reported it for our crafting facilities. At our crafting facilities, we managed to bring the LTIFR rate down to zero in 2022, which of course is a rate that we are extremely satisfied with and will strive to sustain in 2023. The part of our business with the highest LTIFR rate was distribution, where there were five injuries with absence. In retail, the most common injuries are caused by falling from ladders and fingers getting stuck in safety deposit boxes.

§ ACCOUNTING POLICIES

The lost-time injury frequency rate (LTIFR) is calculated as the reported number of occupational injuries with absence per million nominal working hours. Contractors, visitors, employees on unpaid leave and interns are not included. An occupational injury with absence is any work-related injury causing at least one day of absence in addition to the day of the accident.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

%	2022	2021	2020
Crafting	41	-	-
Retail	10	-	-
Office	6	-	-
Distribution	0	-	-
Total employees covered	57¹	46	56

¹ The countries where employees are covered by collective bargaining agreements are Argentina, Austria, Belgium, Brazil, Denmark, France, Italy, Luxembourg, Mexico, Netherlands, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, Thailand and Turkey.

The number of employees covered by collective bargaining agreements (CBAs) increased from 46% in 2021 to 57% in 2022, mainly due to an increase in the number of employees in crafting.

§ ACCOUNTING POLICIES


Employees covered by collective bargaining agreements are employees included in the full headcount who are covered by at least one collective bargaining agreement. Collective bargaining refers to all negotiations that take place between one or more employers or employers' organisations, on the one hand, and one or more workers' organisations (trade unions), on the other, to determine working conditions and terms of employment or to regulate relations between employers and workers.

STATEMENT BY EXECUTIVE MANAGEMENT

The Executive Management have considered and adopted the Sustainability Report 2022 of Pandora A/S for the period 1 January to 31 December 2022.

The Sustainability Report 2022 has been prepared in accordance with the accounting policies described on [pages 52-60](#). ↗

In our opinion, the accounting policies are appropriate, and the Sustainability Report 2022 provides a true and fair view of Pandora's sustainability activities and the results of our sustainability efforts for the period 1 January to 31 December 2022. Further, in our opinion, the information given in the Sustainability Report is consistent with the accounting policies applied.


Copenhagen, 8 February 2023

Executive Management


Alexander Lacik
President & Chief Executive
Officer


Anders Boyer
EVP and Chief Financial
Officer



INDEPENDENT AUDITOR'S REPORT

To the stakeholder of Pandora A/S

As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on Pandora A/S Group's ('Pandora') Scopes 1, 2 and 3 emissions and recycled silver and gold total (%) (the 'selected sustainability data') on [pages 52 and 56](#)  for the period from 1 January to 31 December 2022.

In preparing the selected sustainability data, Pandora applied the accounting policies described on [pages 52, 53 and 56](#).  The selected sustainability data needs to be read and understood together with the accounting policies which Management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate and measure the selected sustainability data allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Report 2022, and accordingly, we do not express an opinion on this information.

Management's responsibilities

Pandora's Management is responsible for selecting the accounting policies and for presenting the selected sustainability data in accordance with the accounting policies in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the selected sustainability data, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the selected sustainability data in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab is subject to 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 have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed

In obtaining limited assurance over the selected sustainability data on pages 52 and 56, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.



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.


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

- Interviewed those in charge of the selected sustainability data to develop an understanding of the process for the preparation of the the Sustainability Report 2022 and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the selected sustainability data with a higher risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- Based on inquiries, we evaluated the appropriateness of accounting policies used, their consistent application and related disclosures of the selected sustainability data. This includes the reasonableness of estimates made by management.
- In connection with our procedures, we read the other sustainability information in the Sustainability Report 2022 of Pandora and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected sustainability data or our knowledge obtained in the review or otherwise appear to be materially misstated.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion

Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that Pandora's Scopes 1, 2 and 3 emissions, and recycled silver and gold total (%) (the 'selected sustainability data') on [pages 52 and 56](#)  for the period from 1 January to 31 December 2022 have not been prepared, in all material respects, in accordance with accounting policies described on [pages 52, 53 and 56](#). 


Copenhagen, 8 February 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr
State Authorised
Public Accountant
mne32212

Lars Fermann
State Authorised
Public Accountant
mne45879



Pandora A/S
Havneholmen 17-19
1561 Copenhagen V
Denmark
CVR no. 28505116
Phone +45 3672 0044
www.pandoragroup.com