

PANDORA



Sustainability Report 2023

Pandora A/S · Havneholmen 17-19 · 1561 Copenhagen V · Denmark · CVR no. 28505116

OUR PURPOSE

WE GIVE A VOICE TO PEOPLE'S LOVES

As the world's largest jewellery brand, we empower people to express their stories and passions through jewellery. We offer accessible luxury, hand-finished by craftspeople from high-quality materials and available in more than 100 countries. Our range of styles provides endless opportunities for personalisation, allowing people to show who they are and what holds a special place in their hearts. As the leader in our industry, we embrace sustainable business practices to protect people and the environment for generations to come.



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Sustainability Report

Our Sustainability Report provides detailed information on sustainability and our responsible business practices. The Sustainability Report serves as our supplementary document to the United Nations Global Compact Communication on Progress, which will be submitted later in 2024 using the new digital platform, Communication on Progress. This report constitutes Pandora A/S' statutory report in accordance with section 99a and section 107d of the Danish Financial Statements Act and forms part of the management's review. The report is available at pandoragroup.com/sustainability/resources/sustainability-reports. ↗



↑ Annual Report

Our Annual Report is our detailed annual disclosure relating to company performance, strategy, corporate governance and financial results. The report constitutes Pandora A/S' statutory report in accordance with section 99b of the Danish Financial Statements Act and forms part of the management's review. 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 2023 includes full disclosure of Board and Executive Management remuneration. The report is available at pandoragroup.com/investor/corporate-governance/remuneration-reports. ↗



SUSTAINABILITY AT PANDORA

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LETTER TO THE SHAREHOLDERS

LEADING THE JEWELLERY INDUSTRY ON SUSTAINABILITY

As we embark on the next chapter of Pandora’s growth journey, we will continue to reduce our negative impact on the planet and create positive outcomes for the people and communities touched by our business. As of December 2023, we have shifted our sourcing to 100% recycled silver and gold for all our jewellery, well ahead of our 2025 target, and have lowered our CO₂ emissions by 27% since 2019 across the full value chain.



Alexander Lacik
President & Chief Executive Officer

Peter A. Ruzicka
Chair of the Board of Directors

Pandora has established one of the most ambitious sustainability agendas in the jewellery industry. In 2023, we made significant progress on our three strategic priorities to become a low-carbon, circular and inclusive, diverse and fair business.

We are committed to reducing CO₂ emissions across our full value chain by 50% by 2030. Reaching this target will not be an easy or linear journey, as we are growing our business, adding new manufacturing capacity, and expanding the retail network at the same time. It will require innovation, collaboration, and strong leadership, and we are learning as we go. Since 2019, we have cut total emissions by 27%, and we were proud to once again be recognised by leading climate organisation CDP with an “A” score in 2023 for our climate action and disclosure.

Our main focus is to increase the use of renewable energy in our own operations. We use 100% renewable energy at our crafting facilities, and we are making the same change in our stores, distribution centres, and offices. We are also working closely with our suppliers to ensure their low-carbon transition.

In December 2023, we completed our shift to source 100% recycled silver and gold in both our own crafting and in components from suppliers. This is well ahead of our 2025 target. By sourcing recycled instead of newly-mined silver and gold, Pandora avoids emitting around 58,000 tonnes of CO₂ per year. This is similar to the emissions from the annual electricity use of 11,000 homes or driving 6,000 cars around the world.

In 2023, we also expanded our portfolio of Pandora Lab-Grown Diamond jewellery with three new collections and kicked off the “Diamonds for All” campaign. Since August 2022, our diamonds have been grown, cut and polished

with 100% renewable energy to reach a carbon footprint that is only around 5% of that of a mined diamond. To further reduce impact, the diamonds are set in jewellery crafted with 100% recycled silver or gold. We believe our lab-grown diamonds point to the future of luxury, and we no longer use any mined gemstones.

As part of our ambition to be a diverse, inclusive and fair company, we are working to reach full gender parity in senior leadership at VP-level and above. We ended 2023 with 34% women in leadership positions, up from 29% in 2022. This means we have achieved our interim 2025 target of 33% women in leadership ahead of schedule. We will continue our work with succession plans and promotion processes to reach full gender parity by 2030.

Since 2019, Pandora has raised more than USD 11 million for UNICEF, and in 2023 we streamlined our corporate giving approach under the theme of “Empower through learning”. Together with UNICEF and other local charity partners, we are dedicated to supporting women and girls reach their full potential. So far, our donations have benefitted more than 1.2 million children around the world.

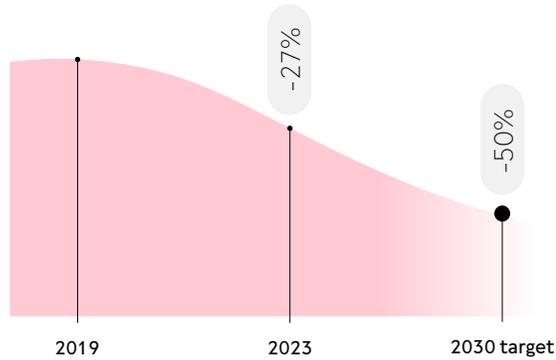
We remain committed to the principles of the United Nations Global Compact and will continue to take responsibility for embedding sustainability into our business activities. With strong focus and a concerted effort, we will do our part to meet the global challenges of our time.



SUSTAINABILITY AT A GLANCE

2023 HIGHLIGHTS

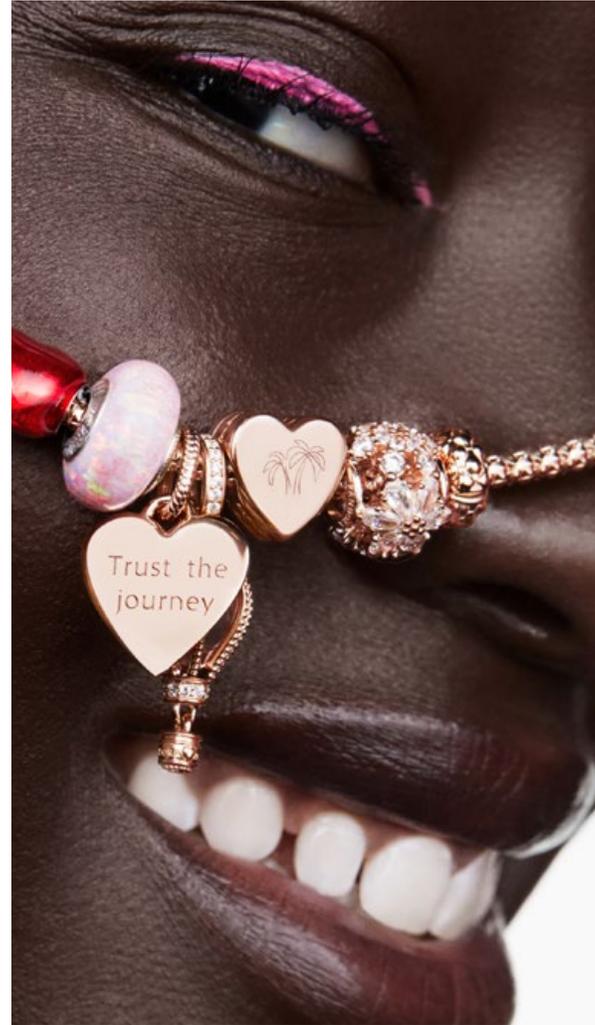
-27% reduction in total greenhouse gas emissions compared to our 2019 baseline



100% recycled silver and gold purchased as of December 2023 (2023 average: 97%)
2025 target:
 100% ✓

34% women in leadership, up from 29% in 2022
2025 target: 33% ✓ **2030 target:** 50%

99.8% waste recycled at our crafting facilities



A  For the second year in a row, Pandora was recognised with an "A" score for transparency and performance on climate change by CDP

#21 Pandora ranked #21 on sustainability out of 750 companies on TIME Magazine's World's Best Companies 2023; Pandora is among 1 of 8 Danish companies featured

100% renewable energy and 100% recycled silver and gold used in our Pandora Lab-Grown Diamonds collection from August 2022

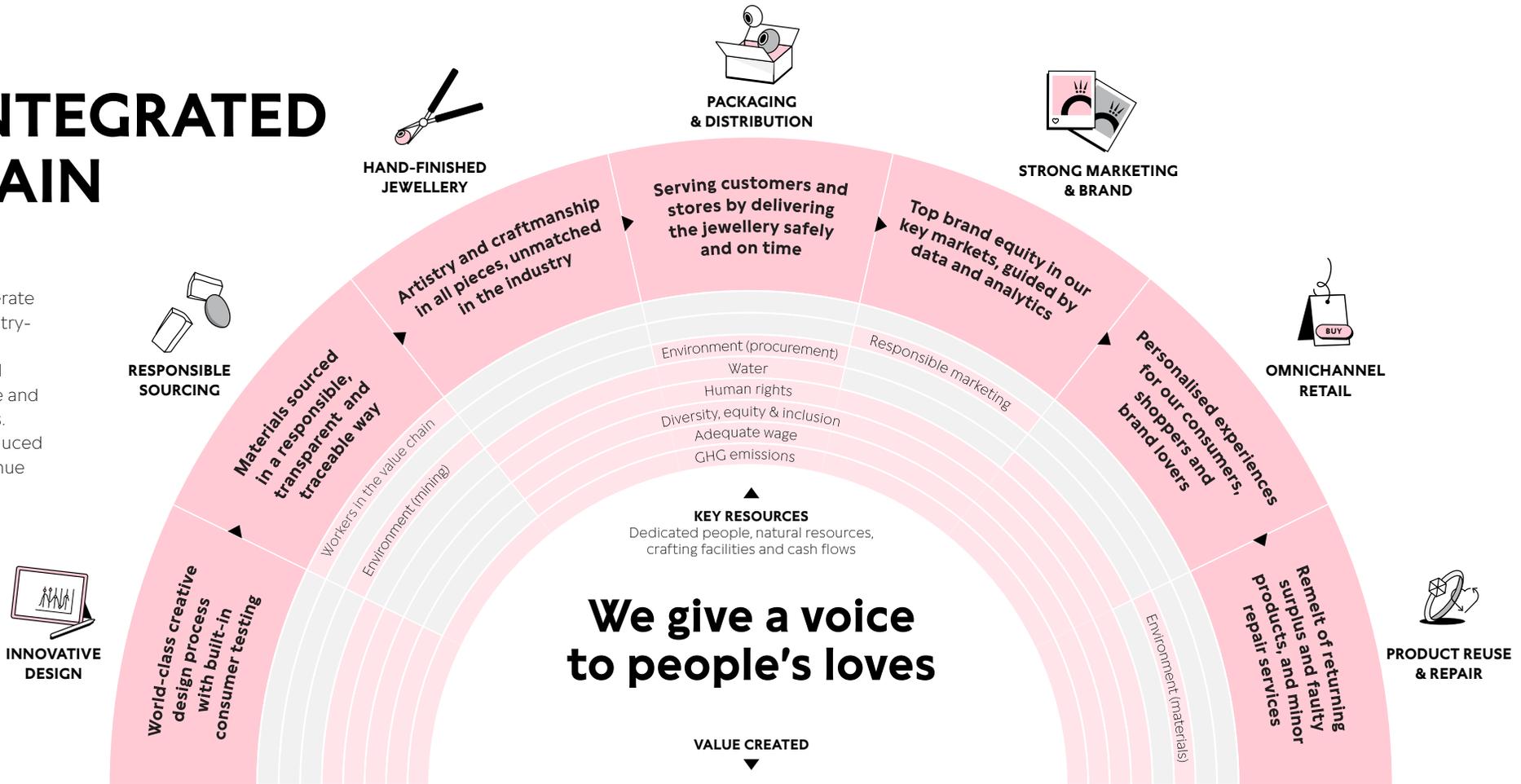
25% weighting for sustainability performance in the company's long-term incentive plan for senior leaders

11M USD donated to UNICEF since 2019

OUR BUSINESS MODEL

A FULLY INTEGRATED VALUE CHAIN

At Pandora, our commitment is to operate as a sustainable business driving industry-leading growth and profitability, while lowering our impact on the planet and creating positive outcomes for people and communities touched by our business. With almost 95% of our jewellery produced in-house and around 80% of our revenue coming through our own direct-to-consumer channels, our fully integrated value chain enables scale advantages, speed and agility as well as a coherent brand experience.



- Business activities
- Material sustainability matters (abbreviated)
- Not applicable

- Customers & markets**
- ~750 million customer visits to our stores and online.
 - More than 107 million pieces of high-quality jewellery sold.
 - Presence in more than 100 countries.

- Employees & community**
- An average of 33,000 employees globally.
 - Social causes supported with UNICEF.

- Climate & environment**
- 96,026 tonnes CO₂e reduced compared to 2019 baseline.
 - Sourcing 100% recycled silver and gold as of December 2023.

- Shareholders & society**
- DKK 6.4 billion in dividends and share buybacks paid back to our shareholders.
 - DKK 1.8 billion total corporate tax contribution.

OUR STRATEGY AND DOUBLE MATERIALITY

A LEADING SUSTAINABILITY STRATEGY SUPPORTED BY DOUBLE MATERIALITY

In 2023, we continued to integrate sustainability across the business as we progressed our strategic priorities and further developed our double materiality assessment.

Our sustainability strategy

Sustainability is a cornerstone of our corporate strategy, Phoenix. We are pursuing ambitious targets to lower our impact on the planet and create positive outcomes for people and communities touched by our business through our approach to inclusion and diversity, responsible sourcing and corporate giving. This aspiration also enables us to seize opportunities to further execute on our long-term targets, while we continue to grow our business.

Pandora's sustainability strategy has three key priorities: low-carbon business, circular innovation and an inclusive, diverse and fair culture. These priorities continue to be highly material to the business and have the potential to drive opportunities for positive impact – both for our business and in the communities where we operate. They are rooted in our commitment to always strive for responsible business operations based on internationally recognised standards and they serve to future-proof the company.

For each of the three priorities, we have set ambitious targets and developed roadmaps for how to reach them. Read more about our strategic priorities and corresponding targets and performance on [page 11](#). ↗

To ensure the targets receive the focus they require, they are included in the Long-Term Incentive Plan (LTIP) for senior leaders, and the interest rate of all company financing is now tied to sustainability performance.

In addition, we have assessed Pandora's opportunities to support the Sustainable Development Goals (SDGs) and

have concluded that our business aligns most closely with five of the goals, with our activities supporting specific sub-targets.

More information on our commitment to the SDGs is available on our [corporate website](#). ↗

We have also assessed the potential alignment of our eligible activities with the EU Taxonomy. Given the nature of our activities and their location, it has become apparent that our activities do not yet align with the EU Taxonomy, see [pages 54-58](#). ↗

Pandora's double materiality assessment

In 2023, we further developed our initial double materiality assessment in line with the EU Corporate Sustainability Reporting Directive (CSRD), including a preliminary review of the process methodology by an independent third party a year ahead of the CSRD requirements. Pandora's Sustainability Board has approved the double materiality assessment outcome, which was also presented to the Board of Directors.

OUR STRATEGIC PRIORITIES



Low-carbon business



Circular innovation



Inclusive, diverse and fair culture



The double materiality assessment helps us gain a deeper understanding of the impact of our business activities and how our business is influenced by the external environment. We view this assessment as a strategic tool that allows us to improve our strategy and respond to growing stakeholder expectations and regulatory demands.

The assessment involved research and in-depth interviews with stakeholders most likely to be affected by our operations, and included investor, civil society and government perspectives. This engagement revealed a range of sustainability topics that were ranked by level of importance and integrated into the scoring criteria. We aligned our approach with Pandora's enterprise risk management system, and used its disclosure requirements to scope the top 10 material sustainability matters. We will report in alignment with these material sustainability matters next year.

In addition to this, we have placed five matters on a "watchlist" (occupational health and safety, affected communities, business ethics, data ethics and pollution and biodiversity). We plan to revisit the double materiality assessment on an annual basis, depending on changes to the initial scope and assumptions made, which may lead to reprioritisation of matters. In 2023, for example, we carried out assessments on biodiversity and water (see page 21). These assessments will contribute to an update of our Environmental Policy in 2024.

The results of the double materiality assessment further solidified our sustainability data collection and governance in compliance with CSRD requirements. We established a CSRD Task Force, engaging key functions across the organisation. The Task Force provides quarterly updates to the Sustainability Board. Additionally, the CSRD plan and the responsibilities of the Board of Directors on CSRD were formally presented to both the Board of Directors and the Audit Committee.

ALIGNING FINANCING WITH OUR SUSTAINABILITY TARGETS

At Pandora, strong financial performance and sustainability go hand in hand. Pandora's financing is therefore linked to our greenhouse gas emission reductions and procurement of recycled silver and gold. In 2023, we successfully placed an aggregate principal amount of EUR 500 million sustainability-linked Eurobond. In 2023, we also launched a share buy-back programme with a fee structure that includes a discount for Pandora. The portion of the discount is earmarked to accelerate Pandora's low-carbon strategy by investing in renewable energy and in energy efficiency projects at our crafting facilities in Thailand.



SOURCES

- Desktop research
- Human rights impact assessment and TCFD analysis
- Internal and external stakeholders

PANDORA'S TOP 10 MATERIAL SUSTAINABILITY MATTERS

REFERENCE

Adequate wage	Inclusion and diversity	pages 23-25 ↗
Diversity, equity and inclusion	Inclusion and diversity	pages 23-25 ↗
Environmental impact of indirect procurement	Circular innovation	pages 18-20 ↗
Environmental impact of materials	Circular innovation	pages 18-20 ↗
Environmental impact of mining	Circular innovation	pages 18-20 ↗
Greenhouse gas emissions (Scopes 1, 2 and 3)	Low-carbon business	pages 13-16 ↗
Human rights in own operations	Human rights	pages 28-30 ↗
Responsible marketing	Responsible marketing	pages 26-27 ↗
Water management	Biodiversity and water	page 21 ↗
Workers in the value chain	Responsible sourcing	pages 33-35 ↗

STAKEHOLDER ENGAGEMENT

HOW WE ENGAGE STAKEHOLDERS

Stakeholder engagement and feedback are key to our sustainability efforts

We engage with key stakeholder groups, including employees, consumers, franchisees, governments, multilateral institutions, NGOs, industry organisations, investors, suppliers and their workforce 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 2023, we engaged stakeholders across the following key areas:

- Shared our experience on human rights and low-carbon initiatives with members of the Watch & Jewellery Initiative 2030 for mutual learning.
- Participated in an assessment of the watch and jewellery industry's sustainability performance and initiatives launched by WWF and received a score higher than the average rating of all companies¹.
- Participated in the Business & Human Rights Accelerator, a six-month programme that activates participating companies of the UN Global Compact across industries and regions to move from commitment to action on human rights and labour rights.
- Fostered meaningful community engagement by supporting charitable initiatives within our local markets, aiming to contribute positively to the communities in which we operate.
- Renewed our longstanding partnership with UNICEF and engaged them on our approach to support children and young people around the globe.

¹ Time for Change, Demanding more transparency and responsibility in the watch and jewellery sector, Sustainability Rating and Industry Report 2023, WWF, 2023

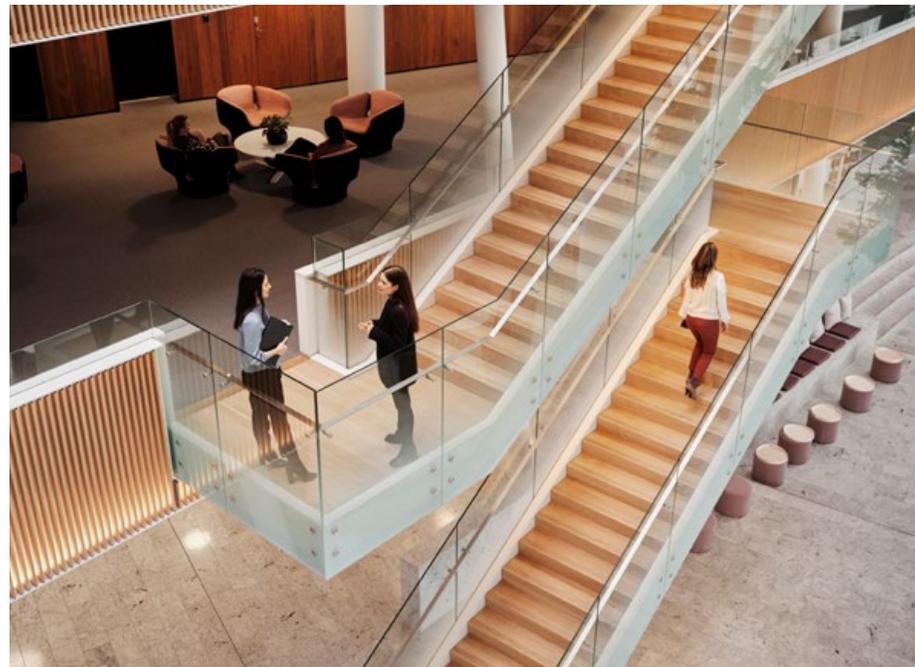
- Discussed Pandora's sustainability and craftsmanship excellence with investors at our Capital Markets Day in London.
- Matured our approach to climate change by engaging suppliers on carbon emissions and improving our understanding of our retail carbon footprint.
- Amplified the voices of colleagues within the LGBTQ+ community by launching a series of short videos with some of our LGBTQ+ employees sharing their personal stories. Our employees also participated in Pride month.
- Continued engagement with employees following our human rights impact assessment for our crafting facilities and distribution centre in Thailand.
- Conducted interviews with stakeholders most likely to be directly affected by our operations during the double materiality assessment.

Read more about Pandora's stakeholder engagement on Pandora's [corporate website](#). 

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:



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 Purchase 100% recycled silver and gold in the crafting of our jewellery.

INCLUSIVE, DIVERSE AND FAIR CULTURE



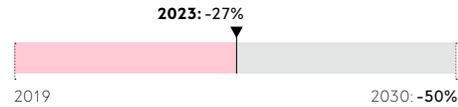
BY 2030 Achieve full gender parity¹.

BY 2025

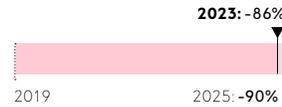
- Reach 1/3 women in leadership.
- Create an inclusive workplace and increase the share of underrepresented groups.
- 30% of our brand ambassadors in our global communication to come from underrepresented groups.
- 30% of our branding content budget to be spent with suppliers owned by women or other underrepresented groups.

PROGRESS AND STATUS

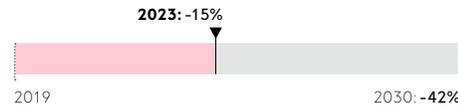
SCOPES 1, 2 & 3 (%)



SCOPES 1 & 2 (%)



SCOPE 3 (%)



We decreased our total emissions by 27% compared to our 2019 baseline. In 2023, we reduced Scopes 1 and 2 emissions by 56% versus 2022 and 86% versus baseline. This was achieved primarily by continued sourcing of 100% renewable energy for our crafting facilities in Thailand. We also continued the roll-out of Renewable Energy Certificates for other owned and operated activities.

In 2023, we reduced Scope 3 emissions by 21% versus 2022 and 15% compared to baseline. Key drivers include the shift to 100% recycled silver and gold, lower crafting material volumes and more supplier-specific data.

Reaching our climate target will not be a linear journey, and we expect an increase in our 2024 emissions compared to 2023, notably as a result of the Vietnam crafting facility construction, retail network expansion, store refurbishments, increased supplier-specific data and overall growth.

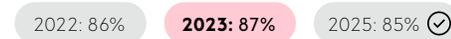
RECYCLED SILVER AND GOLD (%)



In 2023, we transitioned all our recycled silver and gold suppliers to certified sources.

As of December 2023, we are only purchasing recycled silver and gold – both in our own crafting, and in components, and the average for the year ended at 97%.

INCLUSION



We achieved an inclusion score of 87% in our latest engagement survey, and will work to maintain this score in the coming years and in line with our 2025 target.

WOMEN IN LEADERSHIP



We ended 2023 with 34% women in leadership positions, up from 29% in 2022. This means we have achieved our interim 2025 target of 33% women in leadership ahead of schedule. We will continue our work with succession plans and promotion processes to reach full gender parity by 2030.

OUR NEXT STEPS

SCOPES 1 & 2

In 2024, we plan to finalise the geographical roll-out of our renewable energy scale-up via the purchase of Renewable Energy Certificates. We will continue to explore new opportunities to source renewable energy to cover our retail volumes and support new energy projects in Thailand.

SCOPE 3

We will continue to focus on key impact areas, such as low-impact materials and services and transport-related reductions, along with scaled supplier engagement activities.

In 2024, we will continue our purchase of 100% recycled silver and gold and phase out leftover stock of non-recycled sources.

We have achieved our inclusion score target, so our focus will be on maintaining and improving our score.

We plan to integrate a learning module into the recruitment process to highlight the responsibility of all hiring managers in taking a fair and balanced approach during hiring decisions.

We will deliver inclusive training to the Executive Leadership Team and VP-level and above, with a focus on raising awareness of our responsibility as leaders to create an inclusive environment for colleagues.

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

It has proven challenging to obtain the data we need while complying with data collection restrictions. We will continue to refine our approach in 2024 and aim to have it available for the next year.

¹ Gender parity in leadership refers to an equal number (50/50) of men and women in leadership positions from VP-level and above (including the Board of Directors) with a +/- 5 percentage points variation.

 Achieved progress against target
 Yet to be achieved



ENVIRONMENT

- 13 **Low-carbon business**
- 17 **Task Force on Climate-Related Financial Disclosures**
- 18 **Circular innovation**
- 21 **Biodiversity and water**

COMMITMENT AND PERFORMANCE OVERVIEW



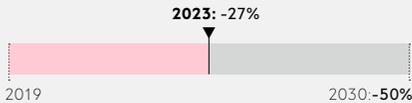
OUR COMMITMENT

Our low-carbon ambition is to limit climate impact in all activities across our entire value chain and achieve net-zero emissions by 2040.

TARGETS

Reduce our Scopes 1, 2 and 3 greenhouse gas emissions by a total of 50% by 2030 from a 2019 baseline, across our own operations and value chain of suppliers and business partners, and achieve net-zero emissions by 2040.

PROGRESS



■ Achieved progress against target
■ Yet to be achieved



POLICY

· [Environmental Policy](#)

SDGs



LOW-CARBON BUSINESS

Reducing environmental impact in our activities is a key pillar of our sustainability strategy. Our climate targets remain among the most ambitious in the jewellery industry, and in 2023, we lowered our CO₂ emissions by 27% across the full value chain as compared to 2019. This has us on track to reach a 50% reduction by 2030.

In 2023, we continued our decarbonisation efforts. We have also fully transitioned to sourcing only recycled silver and gold as of December 2023 and increased engagement with suppliers on emissions reductions.

Reaching our climate target will not be a linear journey, and we actually expect an increase in our 2024 emissions compared to 2023, notably as a result of constructing and setting up the crafting facility in Vietnam, expanding our retail network, updating our stores, receiving more supplier-specific data and overall growth.



On track to become carbon neutral in own operations

Approximately 3% of our total emissions come from our own operations (Scopes 1 and 2), primarily related to the use of fuels, electricity and heating. In 2023, the total emissions from our own operations fell by 56% compared to 2022, primarily due to an increase of renewable energy from 70% in 2022 to 86% in 2023.

We focused on energy efficiency projects in Pandora's crafting facilities. In 2023, we saved more than 6,600 MWh by implementing lighting and air compressor solutions.

Increase in local renewable energy supply at crafting facilities

Our crafting facilities are now covered by 100% renewable energy through the purchase of Renewable Energy Certificates (RECs)¹ and on-site production of solar power.

We are keeping a focus on opportunities for direct local energy supply. Solar panels installed on the roofs of our crafting facilities produced 1,352 MWh of renewable electricity in 2023, equal to around 2% of our total energy consumption in crafting. The expansion of on-site solar panels is progressing as planned. Upon completion, we expect that on-site electricity production from solar energy will cover up to 6% of total electricity consumption.

In 2023, we have further increased our commitment to support local renewable energy. We are pursuing a new opportunity to source energy directly from a biomass power plant near our crafting facilities in Lamphun. We will allocate the savings achieved through our newly

launched share buy-back programme to fund this project. We expect to complete this project in 2024. This will reduce our dependency on RECs, once our Lamphun plant operates on nearly 100% direct renewable electricity. Upon completion, we expect our total share of on-site and directly-supplied renewable energy to increase by approximately one third.

As part of our ambition to support the important expansion of renewable energy capacity in Thailand, we continued our engagement on a virtual Power Purchase Agreement (vPPA) pilot in Thailand. As it is a new project, we have engaged with stakeholders extensively. In 2023, Pandora's project was selected by the Thai government amongst other companies to conduct a thorough business case study in preparation for next steps in 2024.

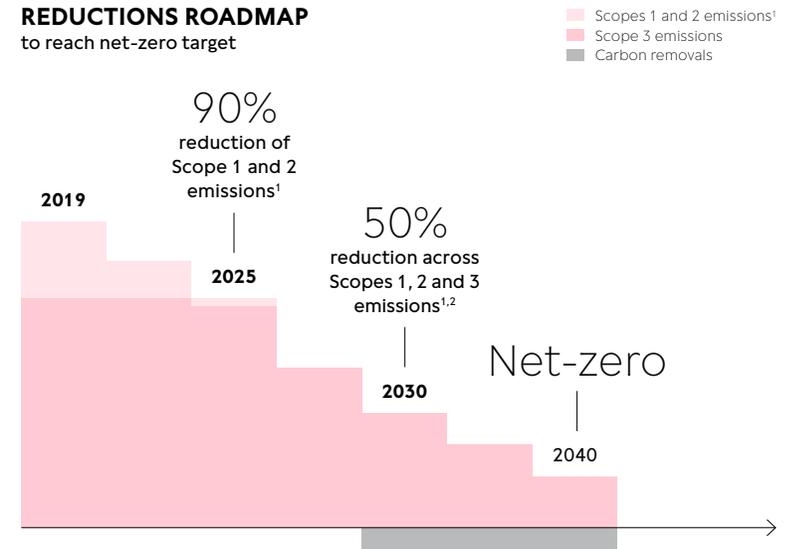
Finally, we are integrating energy efficiency measures and renewable energy supply into the plans for our new crafting facility in Vietnam, where we will be breaking ground in 2024. The facility will be built in accordance with the requirements of the LEED Gold standard, a leading green building certification.

BEING RECOGNISED FOR OUR SUSTAINABILITY EFFORTS

For its dedicated work on sustainability, Pandora's crafting facilities in Thailand received a Green Star Award in 2023 for the second year in a row. The award is given to companies that demonstrate progress in renewable energy, energy efficiency and water conservation. In addition, our crafting facilities also received a Corporate Social Impact Award by the American Chamber of Commerce in Thailand and Excellence Conservation Energy Award at the Thailand Energy Awards. These recognitions are a testament to Pandora's commitment to long-term sustainable value creation.



REDUCTIONS ROADMAP to reach net-zero target



¹ Pandora's sourcing of Renewable Energy Certificates for our own operations includes; Renewable Energy Guarantees of Origin (REGOs) for UK, Guarantees of Origin (GOs) for European markets, Renewable Electricity Certificates (RECs) for North America, International Renewable Electricity Certificates (I-RECs) for other international operations – e.g. for Thailand and China.

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 47.

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

In the coming years, we will continue to explore new opportunities to source renewable energy for our crafting facilities from projects supporting the build-out of renewable energy capacity in Thailand.

Expanded scope of renewable energy supply for retail, distribution and offices

We further increased the share of renewable energy for our owned and operated stores and offices to include all European markets, China and the United States.

In 2024, we plan to finalise the geographical roll-out of purchasing RECs for all markets and will continue to assess other relevant opportunities for sourcing renewable energy. We operate our own distribution centres in Germany, Thailand and the United States. In 2023, we expanded the coverage of renewable energy through the purchase of RECs for the US and Germany and will include Thailand by end of 2024.

Moving ahead on Scope 3 reductions

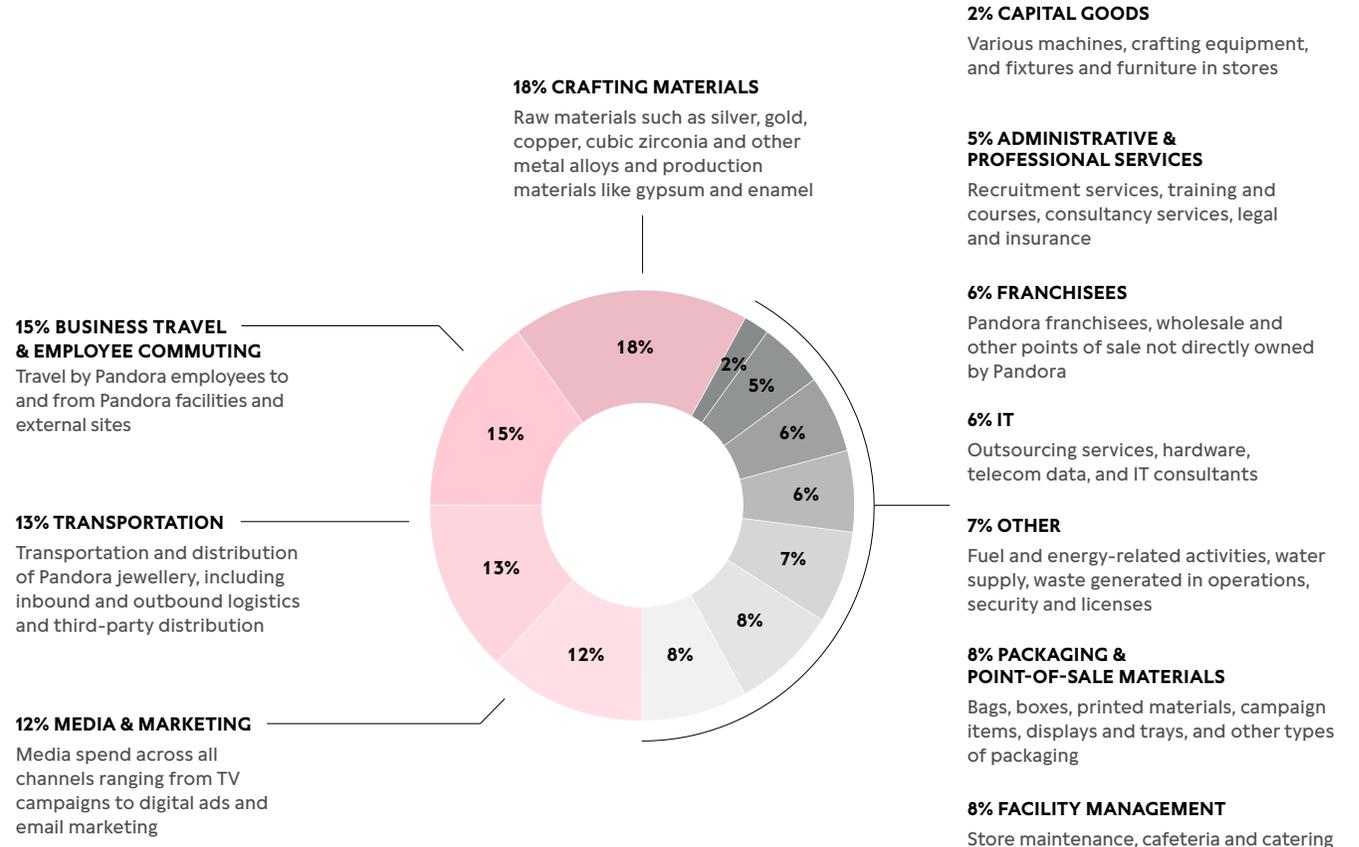
Scope 3 emissions represent 97% of Pandora's total greenhouse gas emissions and cover categories including crafting materials, business travel and employee commuting, transportation, media and marketing, packaging and franchisee stores.

In 2023, our Scope 3 emissions decreased by 21%. The reductions are a result of the shift to recycled silver and gold, lower volumes in crafting materials and other supply categories and a notable increase in supplier-specific data.

Crafting materials have the largest Scope 3 impact, and the near completion of our shift to recycled silver and gold (see [page 20](#)) along with lower volumes in 2023 contributed to almost half of our 21% reduction since 2022.

BREAKDOWN OF OUR SCOPE 3 GREENHOUSE GAS EMISSIONS

In 2023, we updated our Scope 3 emissions categories to shed new light on key impacts.



Key reductions associated with supplier-specific data came from our media and marketing and transport categories, representing another 9 percentage points reduction. Other main categories such as business travel and employee commuting resulted in an increase in emissions, due to a rise in the number of employees in retail.

In 2023, we obtained supplier-specific data from more key suppliers. While the shift to supplier-specific data improves the accuracy of our Scope 3 emissions, we are working to establish a full overview with supplier-specific data dating back to our baseline year. This may result in future corrections of historic emissions.

We continued our direct and indirect supplier engagement activities to reduce greenhouse gas emissions in our value chain.

Based on analysis of supplier spend and maturity levels, we initiated collaboration with high-priority suppliers, beginning with our direct product suppliers (see [page 34](#))  that have the largest potential for a significant decrease of emissions. In 2024, we will continue mapping the carbon maturity of suppliers in our crafting facilities in Thailand to identify key strategic suppliers and prioritise our efforts in the supplier engagement programme. For Pandora Lab-Grown Diamonds suppliers it is a requirement to use 100% renewable energy for all stages of diamond production.

We expanded our collaboration with key indirect suppliers (see [page 34](#)),  increasing the share of spend covered by supplier-specific emissions data. Engagement activities included an environmental management overview for our 10 largest supplier sites by volume in China and working closely with them to ensure successful anchoring of their environmental management systems.

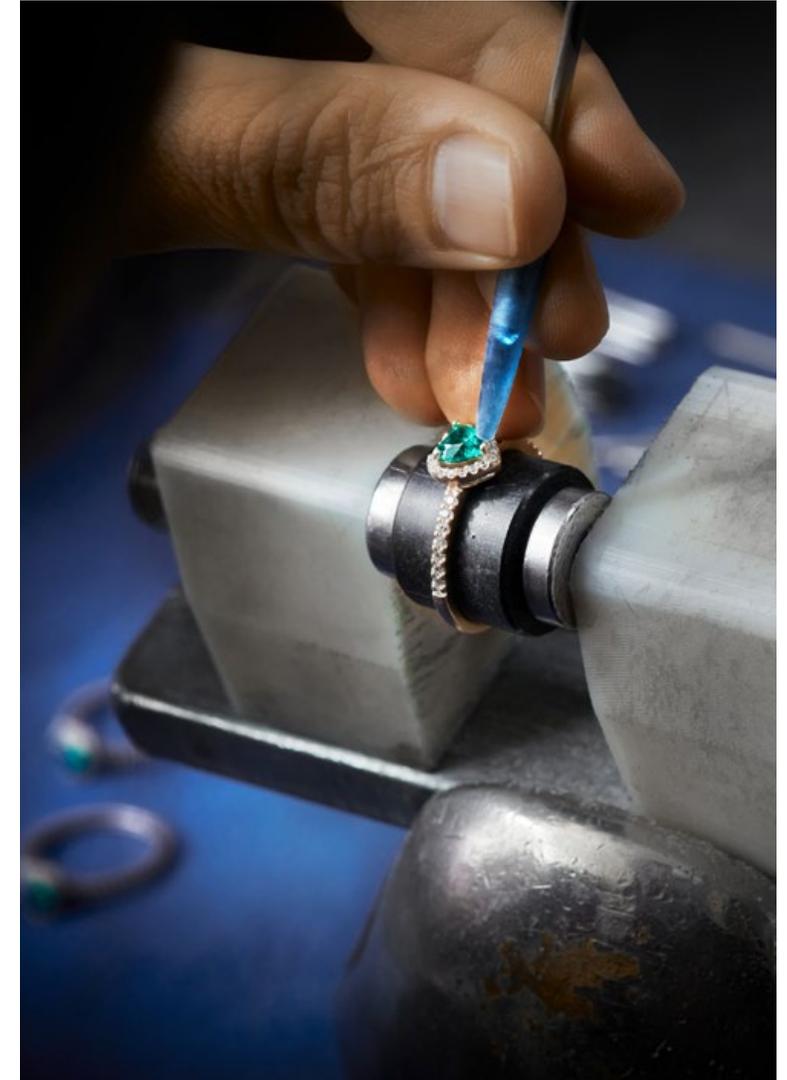
We also started a dialogue with a large media agency partner to quantify the environmental impact of our media campaigns, as well as discussions with warehousing suppliers to ensure the availability of data.

In the coming years, we will continue working closely with our indirect suppliers to gain access to more supplier-specific data.

We have initiated updated assessments of key emission reduction opportunities within select impact areas. These opportunities will bring us to a 50% reduction by 2030 and have us on a net-zero path, while taking into account Pandora's growth strategy. Key opportunity areas include the use of recycled or low-impact crafting and packaging materials, changing modes of transportation, switching to more sustainable transportation fuels and encouraging our franchisees to use renewable energy. We will also assess our approach to business travel and employee commuting.

While working to reduce emissions, Pandora is facing challenges similar to other companies when it comes to transportation – a sector which is in the midst of a green transition. Low-carbon solutions are not widely available, with biofuels needing further development to ensure widespread supply and affordability. Pandora has near-term reduction opportunities related to optimising modes of transport and processes, and is following long-term development closely.

In addition, as we grow our business, consumer packaging emissions require continued focus. We have already made improvements to the materials used, but we will explore how volumes and supplier selection can help to further lower emissions. We are also conscious of the need to bring stakeholders and consumers along on our journey.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

As we grow our business, we need to maintain our focus on potential and actual climate-related risks. We use the Task Force on Climate-Related Financial Disclosures (TCFD) to support us in this endeavour and respond to requests for transparency from regulators and the financial sector on financially material climate change impacts for Pandora.

GOVERNANCE

Disclosure of the Board's oversight of climate-related risks and opportunities.

Pandora's Board of Directors has oversight duties for all the company's activities, including those related to the management of sustainability subjects. It plans and reviews sustainability performance and reporting, while responsibility for the execution of the sustainability strategy and climate commitments lies with Pandora's Sustainability Board, consisting of five Executive Leadership Team members and chaired by the Chief Human Resource Officer.

The Board of Directors is also involved in assessing our climate strategy and targets, and how we achieve them. Bi-annually, the Board of Directors receives updates on Pandora's climate strategy and progress relative to targets.

For further details about Pandora's Board of Directors and Sustainability Board's roles in climate and sustainability matters, please refer to [Pandora's Annual Report 2023](#), page 39  and [Pandora's Sustainability Report 2023](#), pages 11 and 39. 

STRATEGY

Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

At Pandora, we aspire to be a low-carbon business, and assuming a leadership role in this issue is critical to future-proofing Pandora in a world where materials are becoming scarcer and regulations and stakeholder expectations are increasing.

Low-carbon business is a material and strategic priority, and as such, we have set ambitious climate targets, in order to further increase business resilience against future impacts of climate change.

For further details about Pandora's climate targets and performance, please refer to [Pandora's Sustainability Report 2023](#), pages 11 and 46  and for Pandora's transitional and physical risks, please refer to [Pandora A/S 2023 Climate Change response to CDP](#). 

RISK MANAGEMENT

Disclosure of how the organisation identifies, assesses and manages climate-related risks.

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.

All relevant areas of the business are required to report material risks to Risk & Insurance. Global Sustainability follows this process and reports sustainability risks bi-annually. Each of these risks are mitigated through the programmes and projects related to our sustainability strategy, and they are not assessed to be among Pandora's 10 most material risks.

For further details about Pandora's risk management on climate matters, please refer to [Pandora A/S 2023 Climate Change response to CDP](#). 

METRICS AND TARGETS

Disclosure of how metrics and targets are used to assess and manage relevant climate-related risks and opportunities where such information is material.

Pandora focuses on reducing our climate impacts through low-carbon targets and related initiatives.

Our LTIP for senior leadership includes sustainability performance, tied to our science-based target to reduce our greenhouse gas emissions, as one of three sustainability priorities.

For further details about climate targets and performance, please refer to [Pandora's Sustainability Report 2023](#), pages 11 and 46. 

COMMITMENT AND PERFORMANCE OVERVIEW



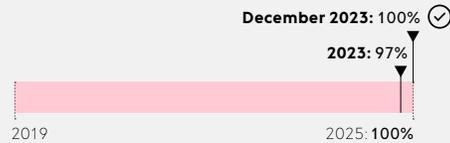
OUR COMMITMENT

By driving our business towards circularity, we believe we can fundamentally change our impact on the planet and inspire the rest of our industry to follow. We have shifted entirely away from mined gemstones, use only lab-grown stones and as of December 2023, purchase 100% recycled silver and gold.

TARGETS

Purchase 100% recycled silver and gold in the crafting of our jewellery by 2025.

PROGRESS



As of December 2023, we are only purchasing recycled silver and gold – both in our own crafting, and in components, and the average for the year ended at 97%.

■ Achieved progress against target

POLICY

- [Materials Standard](#)

SDGs



CIRCULAR INNOVATION

We continue to spearhead our industry within circular innovation. As of December 2023, we were able to complete our shift to only source 100% recycled silver and gold. This was ahead of our 2025 target – a major component in reducing our CO₂ emissions. We also expanded our Pandora Lab-Grown Diamonds collections, which is transforming the diamond market with products that have a significantly lower impact and carbon footprint compared to mined diamonds.

Since 2021, Pandora has ceased the use of mined gemstones and as of December 2023, shifted its sourcing of silver and gold to 100% recycled sources.

Pandora's transition away from mined silver, gold and gemstones significantly reduces the negative environmental and social impacts associated with mining.



Our approach to circularity



1. Circularity begins with design

In the design of new jewellery and collections, we aim to apply a circularity perspective and use our Materials Scorecard to assess materials across a range of indicators in order to inform materials decisions. An example of this is the Pandora Lab-Grown Diamonds collection, where the lab-grown diamonds have been made using only renewable energy and set in 100% recycled silver and gold since August 2022.



2. Sourcing

To be able to source and trace our purchase and use of recycled silver and gold, we request that relevant suppliers be externally audited according to recognised Chain of Custody (CoC) standards. A CoC is a traceability-focused materials management system, helping both suppliers and Pandora document that the certified recycled silver and gold grains purchased are also the grains delivered to and used in our crafting.



3. Crafting

We engage with third-party waste contractors to ensure the waste from our crafting facilities in Thailand is recycled. If no contractor can recycle it, incineration is the next option, with landfill disposal as a last resort.



4. Retail

In line with circularity principles and aligning with our low-carbon business strategy, we continue to explore opportunities to optimise our consumer packaging and switch to low-carbon point-of-sale materials.



5. Product reuse and repair

We put effort into prolonging the life of each piece of jewellery and reducing production waste through reusing and recycling materials. Throughout 2023, we continued to help customers extend the lives of their Pandora purchases through product care and repair in many of our owned and operated stores.

Keeping up performance on waste management in crafting

Most of the identified waste produced by Pandora stems from its crafting facilities in Thailand. After years of local engagement and collaboration, 99.8% of our crafting waste was recycled in 2023.

We continue our dialogue with waste disposal suppliers to find solutions for the few remaining waste fractions that are sent for incineration.

The main waste categories from crafting are raw materials, waste from production processes and wastewater. We engage with third-party waste contractors to ensure our waste is recycled. If no contractor can recycle it, incineration is the next option, with landfill disposal as a last resort.

In 2023, for the second year in a row, we did not send any waste to landfill.

In 2023, we produced 11% less waste at our crafting facilities compared to 2022, due to improved waste management systems and a decrease in production volume.

In 2023, our crafting facilities in Thailand received the Environmental, Social and Governance (ESG) 2023 Award for their Circular Economy achievements by the Asian Business Review magazine.

STORY TOWARDS 100% RECYCLED SILVER AND GOLD

The materials we use to craft our jewellery have an impact on the environment. To limit this impact and preserve natural resources, we have changed our supply of silver and gold. Pandora no longer purchases newly mined silver and gold, it only sources recycled silver and gold.



Silver is our most used raw material and made up approximately 68% of the product materials we sourced in 2023, measured by weight.

From December 2023, we have been able to purchase 100% recycled silver and gold for all our jewellery, which is well ahead of our 2025 target. We now only source certified recycled silver and gold. During the course of 2024, crafting will gradually run entirely on recycled silver and gold as non-recycled inventory is depleted. The purchase of certified recycled silver and gold also includes ready-made parts from partners.

Considering the scale of Pandora's business, this is a notable achievement in the global jewellery industry, and the result of several years' intensive work to define the right

operating model, engage closely with all our metal suppliers and audit more than 50 supplier sites.

Silver and gold can be recycled from old jewellery, silverware and coins and from a wide range of industrial applications such as electronics, medical equipment and chemical processing. The metals can be recycled without losing their quality, and the sustainability benefits are significant. Carbon emissions for recycled silver are one third¹ compared to mined silver, while recycling of gold emits approximately 600 times¹ less carbon than mining new gold. By sourcing recycled instead of newly-mined silver and gold, Pandora avoids emitting around 58,000 tonnes of CO₂ per year. This is similar to the emissions from the annual electricity use of 11,000

homes or driving 6,000 cars around the world. Recycling also limits other negative environmental and social impacts stemming from mining.

Pandora has secured a supply of recycled silver for the coming years through supplier agreements, and will maintain its efforts to ensure that the overall recycling of industrial waste, old jewellery and silverware continue to advance.

We recognise that full circularity includes not just design and material choices, but also consumer-led end-of-life opportunities such as product take-back or resale. We are investigating such options, but also see challenges associated with, for example, counterfeits and transportation emission trade-offs.

¹ The following sources were used to calculate the difference in carbon footprint between recycled and mined sources: mined and recycled silver (GaBi database 2019), mined gold (World Gold Council, 2018) and recycled gold (C. Hafner, 2019).

BIODIVERSITY AND WATER

While our current environmental targets are focused on decarbonisation and circularity, we also address other key environmental aspects in our sustainability work. Our first biodiversity assessment indicates that our main negative impacts are related to the extraction or cultivation stage in the supply chains of the raw materials we use. We also continued our focus on recycling water at our crafting facilities.

We conducted a high-level assessment of our biodiversity risks across our own sites and key supplier manufacturing locations using the WWF Biodiversity Risk Filter. Furthermore, we started to assess key raw materials from a biodiversity perspective.

The results show that our highest biodiversity-related risks at site-level are in our supply chain in Thailand, India and China. Key risks for these sites include tropical cyclones, air pollution and water scarcity.

However, Pandora's greatest biodiversity impact is likely to be at the extraction or cultivation stage in the supply chain of the raw materials we use.

This includes the mining of materials that go into our products. Impacts associated with mining include deforestation and water and soil pollution among others. Switching to recycled silver and gold helps avoid some of our exposure to mining risks. There can still be biodiversity impacts associated with recycled silver and gold, such as toxic chemicals that can be released when the metals are separated for processing.

As biodiversity is very location-specific, it is important to establish strong traceability of raw materials, which can be a challenge. Although we have an established Chain of Custody audit process for our recycled silver and gold (see [page 19](#)),  we know we have other materials to focus on. We are identifying next steps for biodiversity risks at site- and raw material-level, which includes further supply chain mapping.

In 2024, we aim to continue expanding and maturing our knowledge of the negative impacts on biodiversity from our business and value chain.

We have initiatives in place at our crafting facilities in Thailand to recycle water. In 2023, 22% of water was recycled across our crafting facilities.



In 2023, we conducted a high-level water risk assessment, using the WWF Water Risk Filter tool. Water quality and flooding are some of the potential key risks that will be explored further.

To address some of the water risks at our crafting facilities in Thailand, we already have a dedicated risk team who determine and evaluate any hazards related to water shortages, floods and power outages on a weekly basis. These evaluations inform relevant actions such as: receiving advance notifications from water and energy utility companies in case of flooding, water shortages or power outages; weekly monitoring of weather forecasts for flooding risk; preparing external parties and supplier contact lists to provide pumps and water trucks for emergencies.



SOCIAL

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COMMITMENT AND PERFORMANCE OVERVIEW



OUR COMMITMENT

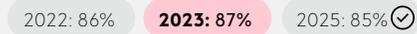
We want to create an inclusive workplace and increase the share of underrepresented groups in our workforce, achieve full gender parity in leadership and reflect societal diversity in our customer engagement.

TARGETS

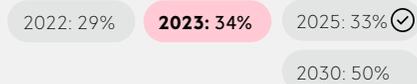
Read more about Pandora's goals and targets on Inclusion and Diversity on [page 24](#).

PROGRESS

Inclusion



Women in leadership



POLICY

[Inclusion and Diversity Policy](#)

SDGs



INCLUSION AND DIVERSITY

Diversity, equity and inclusion are core tenets of a responsible business. That is why we have ambitious targets focusing on inclusion and gender parity in leadership positions. We ended 2023 with 34% women in leadership positions, up from 29% in 2022, strengthened our hiring and promotion processes and offered training on unconscious bias in customer relations to all retail employees globally.

As a brand dedicated to inclusivity, everyone, including our customers, employees, suppliers, partners and others, should feel respected and embraced by our business, no matter who they are or where they are from.

We are committed to creating an inclusive environment where differences are celebrated and our employees are provided with access to opportunities on an equal basis.





Pandora's inclusion and diversity goals and targets

	GOAL	TARGETS
WORKPLACE	Create an inclusive workplace and increase the share of under-represented 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 LTIP, 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 social 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.

We have designed a global approach to Diversity, Equity and Inclusion (DEI) representing the values and priorities of Pandora globally. However, operating in more than 100 countries, we recognise that the challenges related to DEI do not manifest in the same way everywhere. Therefore, through our DEI approach, we also ensure implementation of locally appropriate engagement.

Workplace

A shared feeling of inclusion and a diverse Pandora
 Pandora's strength lies in its people. It is our unique experiences and knowledge that make Pandora a creative, innovative and resilient company. That is why it is important that everyone in Pandora feels included and are given fair opportunities, regardless of their background.

In 2023, we continued to survey employees on how inclusive and accepting Pandora's workplace is, employees' sense of belonging, and whether employees feel valued at Pandora. The resulting score was 87%, a slight improvement on the 86% score we recorded in 2022. This ranks us in the top quartile of our benchmark group and keeps us in line with our target of maintaining a score of 85% towards 2025.

In addition, we continue our efforts to promote an inclusive culture through Pandora's Employee Resource Groups. In 2023, The Women & Allies Network organised several events, focused on supporting female talents, where external speakers shared their knowledge with employees on how to navigate invisible gender roles and how to recognise and combat biases at the workplace.

One challenge that we face, alongside other companies, is the restriction in data collection across different geographies on DEI parameters that would help us better track how we are progressing. The restrictions exist for good reasons, notably for privacy and to prevent

PANDORA UK HONOURED BLACK HISTORY MONTH

In 2023, we further expanded our DEI work at Pandora Jewellery UK by focusing on race and ethnicity and recognising Black History Month. Our employees volunteered to create and launch a series of awareness raising activities in the office and across our stores in the UK. To ensure this becomes a regular event every year, the Race, Ethnicity and Culture Committee was created to support future activities on this topic in our UK market.

discrimination. But it can also make it difficult to drive relevant employee trainings and programmes, tailored to specific employees' backgrounds, and measure advances in this important area.

Equal pay for equal work

At Pandora, we believe in equal pay for equal work. We are committed to ensuring that differences in pay not otherwise justified by performance, depth of role and/or experience are immediately addressed. We work towards enforcing equitable pay decisions during salary reviews as well as during hiring and promotions. In 2023, as part of our focus on the gender parity target in leadership, we ensured through coaching of leaders that our 2024 compensation review enabled adjustments targeted at achieving internal fairness in pay between men and women in leadership.

In compliance with applicable regulations, we also report on our gender pay gap (and equivalent requirements depending on the country). Read more about this in [Pandora's UK Gender Pay Gap report](#).

Leadership

Working towards gender parity

We continued to progress towards our target of at least 33% women in senior leadership by 2025 and full gender parity no later than 2030.

¹ For geographies that allow recording of diversity data.

² Vice President level to Board of Directors.

We ended 2023 at 34% women in leadership, up from 29% in 2022. This means that we have achieved our interim 2025 target of 33% women in leadership ahead of schedule. We will continue to prioritise and focus on gender balance among our senior leaders to reach full gender parity by 2030.

In 2023, the share of women at Director level was 51%, providing a solid foundation to help us reach our gender parity target.

During the year, we launched unconscious bias training to enhance awareness and understanding of how diversity and inclusion are present, or lacking, in different parts of the business.

In 2024, we will be working to raise awareness and responsibility among leaders in attracting and developing senior female leaders with a particular focus on providing balanced shortlisted candidates for senior roles and enhancing our talent and succession plans.

While we are making good progress on our journey towards gender parity in leadership, we also acknowledge that a full DEI agenda goes beyond gender and addresses other underrepresented groups. We are working to build a broader portfolio of initiatives to drive a more complete DEI agenda.

As required by Danish legislation, we have set targets to achieve gender diversity of 40% female representation by 2027. One target is set for the Board of Directors, and one for the two highest management levels below the Board of Directors (Executive Management and Direct Reports) at Pandora A/S. Read more about the Board of Directors' and Pandora A/S' gender composition at the two highest management levels and our disclosure on compliance with



section 99b of the Danish Financial Statements Act in our [Annual Report 2023](#), page 29. 

The above targets are in addition to Pandora's existing gender parity target (see [page 24](#)).  Although Pandora is a Danish company, it has a global presence and operates in more than 100 countries. It is therefore important for us to achieve full gender parity across our whole company and set a gender parity target, covering VP-level and above, that is applicable to Pandora globally.

Customer engagement

We have set targets for increased diversity and inclusion in our interactions with customers. As the world's largest jewellery brand, we feel a deep obligation to bring our jewellery to consumers in a responsible and inclusive way.

Read more about our commitment and targets in the chapter on Responsible marketing, see [pages 26 and 27](#). 

STORY TAKING PRIDE IN CREATING ALLYSHIP

Employees are Pandora's greatest asset. Our commitment extends beyond fostering their professional growth; we aim to create an environment where individuals can be themselves and love whomever they choose, irrespective of their sexual orientation or gender identity.

We organised several activities during International Pride Month in June 2023, including sharing videos featuring colleagues within the LGBTQ+ community and offering a short handbook on allyship. As part of these initiatives, three colleagues shared their impactful stories globally, shedding light on the challenges they faced in expressing their identity, the impact of hurtful words and the insecurities they experienced during their upbringing.

We are committed to fostering an inclusive and accepting community, and this starts with a willingness to listen, learn and consciously choose respectful words and active allyship. We appreciate that these three colleagues felt supported, welcomed and accepted in sharing their stories. Their narratives serve as a powerful reminder to encourage self-reflection and recognise the power of our differences.



COMMITMENT AND PERFORMANCE OVERVIEW



OUR COMMITMENT

We have an opportunity to use the marketing of our products to consumers globally to reflect the diverse society in which we operate and project the inclusive behaviours that we believe we should all live up to.

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 and other underrepresented groups by 2025.

PROGRESS

- Launched responsible marketing training and training on unconscious bias for retail employees.
- Continued working towards building the relevant guidelines and reporting system to track progress on our two customer engagement targets.

POLICY

- [Responsible Marketing Standard](#) 

SDGs

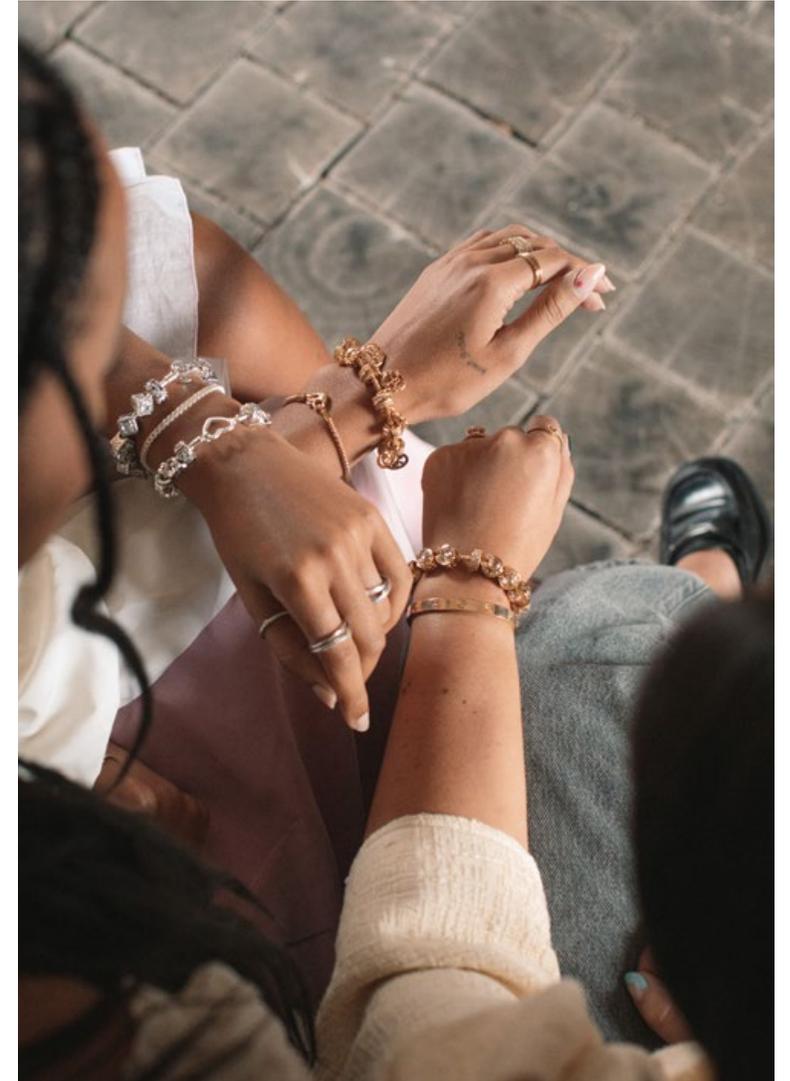


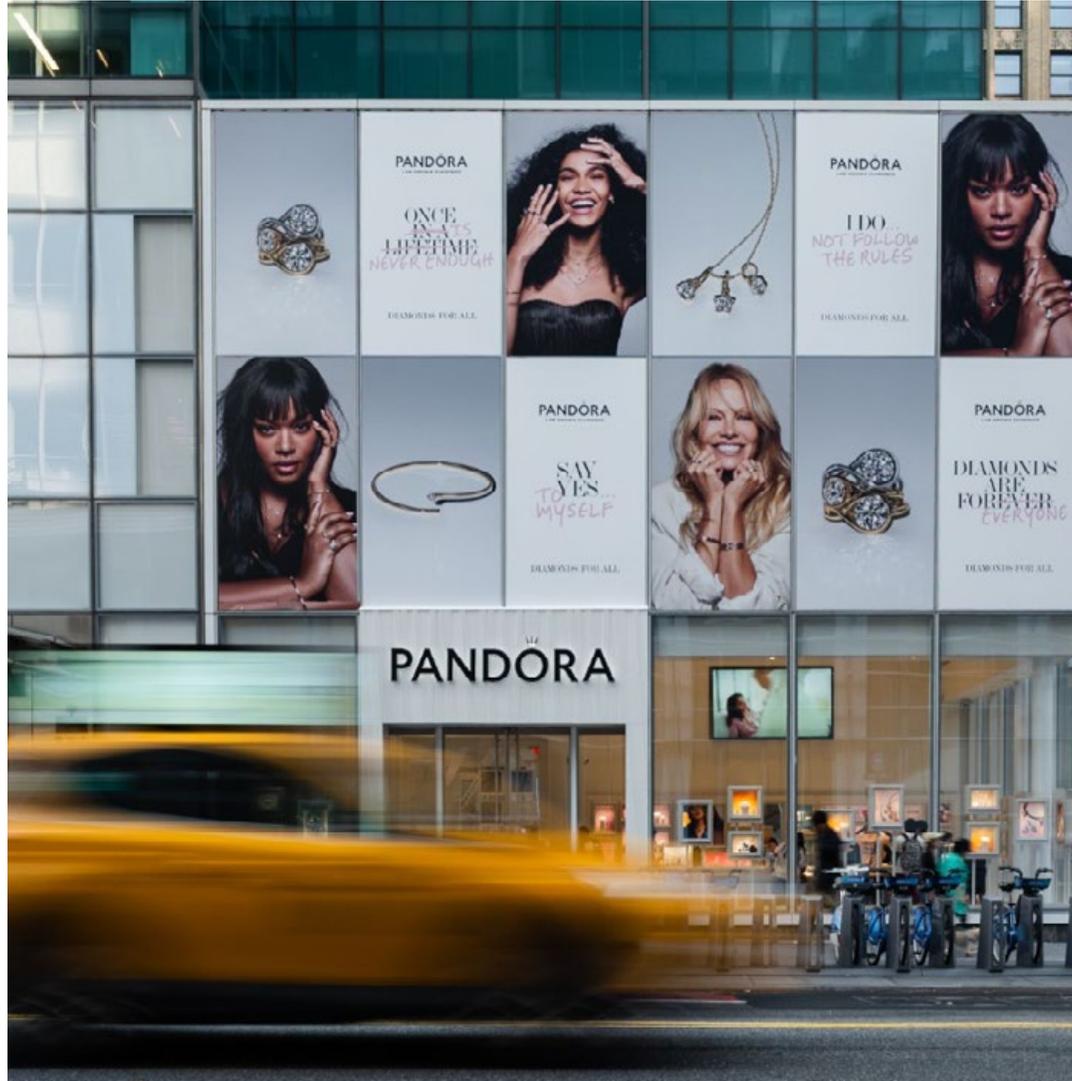
RESPONSIBLE MARKETING

In 2023, we continued our efforts to ensure responsible marketing practices, offering all employees training on our Responsible Marketing Standard and introducing unconscious bias training for our retail employees.

As the largest jewellery brand in the world, Pandora's reach is significant. Consumers can purchase Pandora's jewellery at 6,700 points of sale in over 100 countries, as well as through online stores. In 2023, we registered around 750 million visits to our stores and online platforms.

Diversity, equity and inclusion are key aspects of bringing responsible marketing to life, giving us an opportunity to both reflect the diverse society in which we operate and project the inclusive behaviours that we should all strive to live up to. We work to improve representation in front of and behind the camera, promote diversity in our assets and campaigns, respect children's rights and ensure we can substantiate our claims.





Furthermore, to reflect societal diversity in our customer engagement, we have developed the following 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.

It has proven challenging to obtain the data we need while complying with data collection restrictions. We will continue to refine our approach in 2024 and aim to have it available for the next year.

No major non-compliance issues related to marketing, labelling regulations or voluntary codes were identified in 2023.

TRAINING OUR RETAIL EMPLOYEES

In 2023, to create an inclusive shopping experience for our diverse customer base, we introduced training on unconscious bias in customer relations for our retail employees. This online training, available in 18 languages, equips our employees with tools to address unconscious bias in each store throughout our retail network.

In addition, we also launched a new e-learning module that will introduce employees to the topic of responsible marketing, focusing on Pandora's Responsible Marketing Standard's core principles and its integration into employees' daily work.

COMMITMENT AND PERFORMANCE OVERVIEW



OUR COMMITMENT

We respect the human rights of everyone touched by our business, ensuring they are treated fairly and have an empowered voice.

PROGRESS

- Launched global mandatory training on human rights.
- Followed-up on human rights roadmaps across business areas, strengthening our maturity and focusing actions on Thailand.
- Implemented Board-approved Franchisee and Distributor Code of Conduct.

POLICY

- [Global Human Rights Policy](#)
- [Global Data Ethics Policy](#)

SDGs



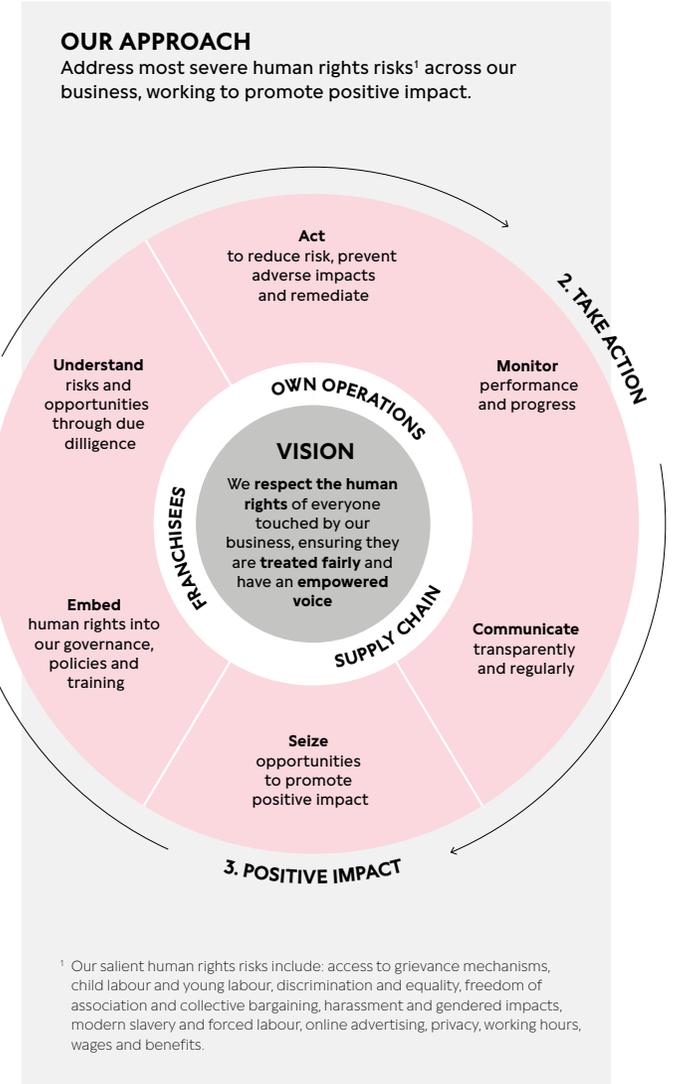
HUMAN RIGHTS

Respecting human rights is a fundamental element of our sustainability strategy. In 2023, we focused on our activities in Thailand and launched company-wide training on human rights. We continue to strengthen our human rights management and have targeted efforts in specific areas of the company.

Human rights are part of our sustainability strategy and serve as a foundational element that enable our targets to be realised in a way that is fair to people involved in or affected by our activities.

There are human rights risks across our business, and we work to mitigate and remedy these 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.



STORY
A DEDICATED FOLLOW-UP



Following the human rights impact assessment for Thailand in 2022, our distribution centre in Bangkok, employing 40 people, worked diligently during 2023 to address the issues found.

The assessment looked at potential issues across 11 labour rights categories¹, and management have since engaged with employees to implement changes.

Among these are strengthening the dialogue between management and employees such as in the workers' council, through the use of a worker dialogue app and ensuring that privacy is taken into account when choosing where to locate suggestion boxes. Longer breaks were implemented, the Sick Leave Policy was clarified for employees, and the overtime plan began to be communicated well in advance and on a quarterly basis. In addition, the layout of the warehouse was rearranged to support optimal workplace ergonomics.

¹ Free and fair recruitment, freedom of association and collective bargaining, harassment at work, living wage, access to breaks and leave, working hours and voluntary overtime, health and safety, access to remedy and grievance mechanisms, equality and non-discrimination, secure, regular employment and social protection.

As part of the formalisation of our human rights programme, in 2023 we launched and rolled-out mandatory training. It is available in 20 languages and accessible to employees in different functions across the business including retail, office, crafting facilities and distribution centres.

Advocacy and engagement in Thailand

Based on the results of the human rights impact assessment across our activities in Thailand conducted in 2022, we identified specific areas for improvement. These include consistent implementation of our policies, ensuring our grievance mechanisms are understood and trusted by employees and prioritising training and awareness raising.

In 2023, we started a tailored training programme for our crafting facilities and trained nearly 600 people on discrimination and harassment. We are also finalising action plans for key priorities, and we conducted internal focus groups to gain a deeper understanding of the impact of our expectations on employees, starting with employees with a disability.

For a fifth consecutive year, our site in Lamphun received the Excellent Practices Establishment on Labour Relations and Welfare Award, which our production site in Bangkok also received for a fourth consecutive year.



Taking next steps in our retail community

We advanced human rights awareness and knowledge in retail, particularly focusing on communicating our Franchisee and Distributor Code of Conduct as part of our ongoing effort to foster and strengthen our partnership with the franchisee community.

In addition, the trainings on human rights and unconscious bias that launched in 2023 are available for retail staff employed by both Pandora and franchisees.



STORY KEEPING TRACK OF ARTIFICIAL INTELLIGENCE DEVELOPMENTS

Human rights considerations concerning the utilisation of artificial intelligence (AI) applications are swiftly evolving together with the continuous introduction of innovative tools and technologies.

We acknowledge the potential for technology and data usage to yield adverse effects, particularly in relation to the right of freedom from unfair discrimination. Consequently, we are steadfast in our commitment to address any issues associated with unconscious bias within our AI applications. As an example, we exercise caution when incorporating demographic information into our marketing tools to mitigate the risks associated with customer profiling.

In 2023, we introduced our Global AI Standard through a series of initiatives, and presented an overview of generative AI risks to our Executive Leadership Team. Moreover, we enlisted the expertise of external experts to review and assess our policies and facilitate a dedicated workshop to explore the human rights implications of AI. Concurrently, we are in the process of updating Pandora's AI Safety guidelines to integrate the valuable insights gathered from these efforts, with completion expected in 2024.

CORPORATE GIVING

Pandora gives a voice to people's loves. Together with our global partner, UNICEF¹, and other local charitable partners, we are dedicated to supporting women and girls in finding and using their voices to unlock their full potential. In 2023, we established a global approach to corporate giving, which also informs the next phase of our longstanding partnership with UNICEF.

We want to empower people, especially women and girls, to create meaningful impact. To achieve this, we will channel our resources and efforts toward a single cause that can be adapted to local needs.

Our new corporate giving approach, "Empower through learning," places women and girls at its core, leveraging education to help them find and use their voices, unlock their potential and forge brighter futures.

In 2023, Pandora renewed its longstanding support as a global UNICEF partner. The Pandora for UNICEF partnership is built on dedicating half of the funds to educational programming, with a focus on girls, in Vietnam, Thailand and China. The other half is given without restriction. This critical unrestricted funding underscores Pandora's trust in UNICEF to direct resources wherever and whenever the need is greatest and help ensure that UNICEF can be there for children before, during and after emergencies.

We also step up to offer support during global crises. In 2023, Pandora was the first corporate partner to provide relief funds for UNICEF's earthquake response in Türkiye and Syria with a USD 220,000 emergency donation.

Pandora for UNICEF has helped more than 1.2 million children around the world and supports children and young people, especially girls, with educational programmes.

¹ UNICEF does not endorse any company, brand, product, or service.

STORY SUPPORTING REFUGEE CHILDREN IN UKRAINE

UNICEF, along with other international and local partners and authorities, has established 40 "Blue Dots" and "Play, Learning and Parenting Centres" in the region around Ukraine to support refugee children from Ukraine. Pandora's donation helps support these centres which have played a role in the efforts to provide essential healthcare 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.

In 2023, Pandora's General Manager of Eastern Europe was invited to visit "Blue Dots" and "Play, Learning and Parenting Centres".

"It was a humbling experience to witness first-hand the work UNICEF does for refugee children and their families. They offer comfort and assistance to the children and families who need it most along the major transit routes taken to escape the war and its consequences. Our donation supports this important work, and I am proud of our partnership with UNICEF," shares General Manager for Eastern Europe, Thomas Knudsen.



¹ The Blue Dots are support hubs that bring together critical protection services as well as reliable multi-language and multi-format information for persons fleeing the war in Ukraine and other persons of concern.



Serving local needs

The vast majority of Pandora's products are brought to life in our crafting facilities in Thailand, where there is a strong tradition for private enterprise community engagement.

This is evident in the many ways our employees in Thailand interact with local causes and events.

Another inspiration for future community engagement is the human rights impact assessment carried out for Pandora's activities in Thailand last year, which provided us with new local contacts to engage with.

One of the key activities in the crafting organisation's community engagement is the "My School Project", which is an early example of empowering through learning. For 18 years, Pandora has financed the construction or refurbishment of school buildings in rural Thailand, with recipient schools being nominated by our employees in Thailand. This was also the case in 2023, where we added a focus on sustainability to the building process to be implemented in the 2024 building project, such as planning to use the waste gypsum blocks from our crafting facilities as building materials.



COMMITMENT AND PERFORMANCE OVERVIEW

OUR COMMITMENT

We seek to have a positive impact on supply chain workers, their environment and communities through building partnerships with our suppliers.

PROGRESS

- Strengthened supplier relationships through enhanced focus on dialogue and capacity building.
- Assessed our purchasing practices through a series of colleague and supplier interviews.
- Increased transparency by including indirect product supplier audits in our reporting.

POLICY

- [Supplier Code of Conduct](#) ↗
- [Responsible Sourcing Policy](#) ↗
- [Materials Standard](#) ↗

SDGs



RESPONSIBLE SOURCING

Ensuring the sustainability of our suppliers creates a more resilient value chain, which is fundamental to our success as a business and our sustainability ambitions. In 2023, we upgraded our responsible sourcing activities and focused on supplier engagement and capacity building. Taking responsibility for our own actions, we also worked with a third party to assess our purchasing practices.

With our extensive procurement of materials and services, our role is to set high environmental and social standards and support our suppliers in meeting our expectations.

Our aim is to create responsible, transparent and traceable supply chains. Additionally, increasing regulation of sustainability in supply chains means that we need to know more about the provenance of our products and services and the conditions in which they are made.



STORY CAPACITY-BUILDING WITH A NEW SUPPLIER

In 2023, in close collaboration with our procurement teams, we launched a supplier capacity-building pilot project with a new Thai supplier of gypsum¹.

Based on the preliminary on-site risk assessment, it was concluded that the supplier had insufficient management systems to be onboarded. In addition, during the baseline assessment by a third-party auditor, 49 non-conformances were found.

The majority of the non-conformances were health and safety-related, giving our responsible sourcing team in Bangkok a chance to utilise their expertise and provide on-site training and development to the supplier, and now, through close collaboration, all issues have been remediated and the supplier has successfully achieved ISO9001:2015 quality accreditation before year-end 2023. The remaining issues required revisions of the supplier's policies and procedures, such as grievance mechanisms and



employment contracts and for this, we contracted an experienced third party to help resolve these issues. Both Pandora and the supplier were pleased with the pilot and look forward to a continued, collaborative relationship.

Several other programmes are in progress to help us further define our approach to capacity building.

Responsible sourcing is implemented in two aligned but separate procurement streams at Pandora:

- Direct procurement, for items used directly in the crafting of our products. The majority of our direct product suppliers are based in and around Thailand.
- Indirect procurement, for all products and services outside of the crafting of our products. Most suppliers in scope of our responsible sourcing programme provide point-of-sale materials, fixtures and furniture for our owned and operated stores and are based in China and Southeast Asia.

Improving our approach and capabilities

In 2023, we kicked off an in-depth analysis of our purchasing practices to better understand how our internal processes and practices may impact human rights in our supply chain. We assessed our end-to-end buying process with input from sixteen internal teams and nine suppliers. This built on the 13 supplier interviews conducted in 2022 as part of our human rights impact assessment in Thailand. The analysis focused on our procurement of jewellery, point-of-sale materials (POSM) and fixtures and furniture.

A key conclusion was to continue prioritising supplier relationships and ensure that our internal processes allow for two-way collaboration. We are working on sharing the results internally with the aim of creating a roadmap in 2024.

Another reason we focused on strengthening supplier relationships is the learnings from the COVID-19 recovery visits conducted in 2022. These visits provided us with a deeper understanding of the human rights issues and their root causes in our supply chain beyond the findings identified by our regular audits.

¹ Gypsum is a type of powder used during the jewellery casting process.

We have worked closely with suppliers to ensure policies are fully implemented and management systems are updated. In 2023 we took the following actions:

- Held a four-day in-person training with our responsible sourcing teams, focusing on conducting comprehensive insight visits with suppliers and conducting root cause analyses of issues.
- Established more holistic supplier engagement before and after audits to ensure suppliers know what to expect and to explain how we can support them on remediation. In this way, we aim to embed a continuous improvement culture.
- Changed our primary audit provider to ensure a more thorough approach, including a focus on root cause analysis.
- Increased our focus on higher risks, for example spending more time interviewing vulnerable workers such as migrants, where appropriate.

Supplier performance in 2023

We want to drive change towards better practices across our supply chain and aim to achieve this through consistent follow-up on supplier audits. To improve the consistency of our audit approach, in 2023 we started aligning our processes with Sedex guidance, a technology platform which hosts and develops the SMETA audit methodology. In this way, we can create a common language for risk assessments and audit methodologies across the different sectors our suppliers operate in.

The scope of our responsible sourcing programme includes all direct and indirect product supplier spend (in-scope spend). Increasing transparency in 2023, our audit reporting also includes results from indirect product suppliers that provide us with point-of-sale materials, fixtures and furniture. This explains the increase in

non-conformances reported this year compared to previous years. For a consistent approach to reporting, the non-conformances reported in the graphic on this page are from supplier SMETA audits.

Our suppliers in scope of SMETA are audited over a two-year audit cycle using third-party auditors. We audited 36 suppliers in 2023, covering 50 factories. The results of these audits can be seen in the graphic on this page. These suppliers represented 32% of our in-scope spend. The remainder of in-scope spend covers suppliers either due for an audit in 2024 (7% spend) or who already have an accepted standard (61% spend) as outlined in our Responsible Sourcing Policy.

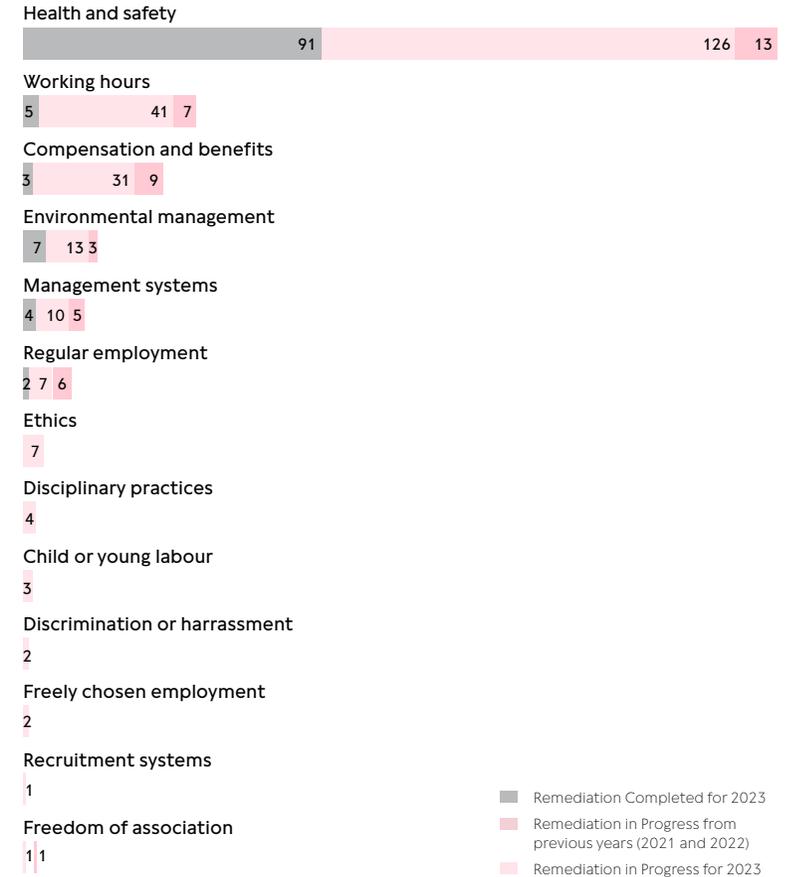
In 2023, SMETA audits identified 360 non-conformances. No business-critical non-conformances were identified. The majority of non-conformances related to areas such as health and safety, working hours and compensation and benefits. We will continue working with suppliers to complete remediation in 2024.

While we strive to use all available tools to improve supplier performance, we recognise the limitations of social audits. For example, a list of non-conformances to fix can lead to suppliers addressing issues without sufficient attention to root causes. We seek to address such challenges by supporting suppliers before and after audits and engaging suppliers through other initiatives such as capacity building and requesting feedback on our buying practices.

Further information on our responsible sourcing programme and supply chain can be found in our annual Transparency in Supply Chains Statement on our [corporate website](#). ⁷

SUPPLIER AUDIT PERFORMANCE ^{1,2}

Number of non-conformances against Pandora's Supplier Code of Conduct³.



¹ Supplier audit data as per 31 December 2023.

² Includes non-conformances remaining in progress from previous years: 2021 and 2022.

³ A non-conformance is when a supplier's policies, systems, procedures or processes do not abide by a provision in our Supplier Code of Conduct or local law.

COMMITMENT AND PERFORMANCE OVERVIEW

OUR COMMITMENT

Pandora wishes to maintain healthy and safe working conditions that at a minimum comply with local laws.

PROGRESS

In 2023, the lost time injury frequency rate (LTIFR) across the business was:

- Crafting facilities in Thailand: LTIFR of 0.10.
- Retail: LTIFR of 2.26.
- Distribution centres: LTIFR of 3.13.
- Offices: LTIFR of 0.51.

POLICY

- [Health and Safety Policy](#) 

SDGs



HEALTH AND SAFETY

Pandora's greatest asset is its employees. It is a fundamental responsibility for us to provide healthy and safe working conditions for all, and it is key to meeting our sustainability goals.

We care about our people, and as a result, we are committed to creating a safe environment where everyone feels supported and empowered to take ownership of their physical, mental and spiritual health, ensuring a holistic sense of wellbeing.

To ensure the health and safety of all our employees, we provide training and track performance management on safety-related issues, including routines for management and elected employee representatives in our crafting facilities to engage in dialogue when relevant. Emergency plans are in place for all Pandora premises.





Steady and high performance in crafting

12,226 highly skilled people work to craft Pandora's dreams into reality. With each piece being hand-finished, our jewellery requires an incredible amount of detail. Therefore, ensuring the health and safety of Pandora's craftspeople is paramount.

We continue to work towards three aspirational targets: zero-injuries culture, zero health risks and zero non-compliance, as determined by internal and external standards.

In 2023, we registered two lost-time injuries, compared to zero in 2022. The lost-time injury frequency rate (LTIFR) for 2023 was 0.10, which was well within our target of 0.14 for the year. All work-related incidents are thoroughly investigated and recorded, with any required corrections made.

Our crafting facilities in Thailand are certified against the ISO 45001 standard on occupational health and safety. This ensures that a management system driving continuous improvement and annual reviews is in place. To engage employees and ensure early indications of improvement opportunities, we provide a range of feedback opportunities, and we carry out different awareness-creation, improvement and training activities.

Furthermore, in accordance with Thai law, we provide access for employees to quality health services, among these health-promotion activities, well-being 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. In 2023, we launched the Pandora Health System, which is a digital platform for managing access to these healthcare professionals.

Performance in retail, distribution and offices

Further to the health and safety performance of our crafting facilities, we also track and report on performance from retail, distribution and our offices.

In 2023, 76 injuries occurred in retail, resulting in a LTIFR of 2.26 compared to 2.74 in 2022. To improve the health and safety performance in retail, different initiatives are taking place across our markets. For example, we provide first aid, well-being and emergencies trainings, in addition to security inspections to eliminate potential hazards. Pandora UK conducts risk assessments for all new employees in special conditions, such as expectant mothers. With the support of an external provider, Pandora UK also carries out health and safety checks on all 230 stores every six months.

In our distribution centres, LTIFR for 2023 was 3.13 compared to 16.45 in 2022. Compliance with local laws and policies on health and safety is key for our three distribution centres. Health and safety training, health checks and dedicated health and safety plans are some of the implemented initiatives ensuring the health and safety of our employees in our distribution centres.

For offices, the LTIFR for 2023 was 0.51 compared to 0.76 in 2022, based on three injuries in 2023. Compliance with local laws and regulations have also been a focus area for our offices, where we have completed statutory health and safety training for employees working with this matter as well as awareness training on the topic for all employees. In 2023, we updated our Health and Wellbeing Statement, which will steer our efforts in the Global Office.

From 2024, we will continue looking to further improve our performance across retail, distribution and offices through strengthened health and safety awareness, trainings and management guidance.

In addition to ensuring the health and safety of our employees, Pandora also focuses on crafting and delivering products that are safe and which increase customer satisfaction.

In 2023, we focused on wearability and consumer comfort-testing for sharp edges on our products.

Pandora's products are continuously tested for safety purposes, and since 2022, Pandora has been certified against ISO IEC 17025 and received recognition under its high level of competences category. Our crafting facilities' laboratory, which tests product safety and quality, is the first to be certified in Thailand and one of the few in the world within the jewellery manufacturing industry.

Our jewellery does not contain any substances of concern and we communicate to suppliers 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 of safety, 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 2023. The health and safety impacts of our products are governed by the active ISO 9001 (Quality Management) certification of our crafting facilities.

STORY AHEAD OF THE CURVE ON PRODUCT SAFETY



GOVERNANCE

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SUSTAINABILITY GOVERNANCE

To unlock the potential of our sustainability ambitions and ensure accountability and transparency in our decision-making, we have embedded sustainability responsibilities across our entire governance structure.

Sustainability oversight lies with the Board of Directors. Through the Board's Audit Committee, this oversight includes sustainability data. At leadership level, the Executive Leadership Team (ELT) is responsible for the execution of the sustainability strategy and managing performance. The Sustainability Board, chaired by Pandora's Chief Human Resource Officer (CHRO), executes on behalf of the ELT and comprises 11 senior leaders, including five from the ELT. Convening four times a year, the Sustainability Board is responsible for setting the strategy and integrating sustainability into business decisions within their respective functions.

Two subject-specific committees (the Responsible Sourcing Committee and the Responsible Marketing Committee, along with the CSRD Task Force) convene regularly and report to the Sustainability Board.

The Global Sustainability Team drives implementation of the strategy, guides functions with technical expertise and tracks performance management, while business functions execute the strategy to achieve targets, milestones and compliance measures.

In 2023, we further embedded sustainability into the business and across teams. As a result, we continued to increase the number of sustainability experts placed in different business functions. Focusing particularly on increasing data preparedness, we enhanced sustainability competences in key operational areas such as Global Omni Operations, Crafting & Supply Facilities, Global Indirect Procurement and Corporate Finance.

Furthermore, strengthening the integration of sustainability into business processes and decision-making, we established clear data ownership for disclosure requirements relating to our top 10 material sustainability matters in the coming year.

OUR GOVERNANCE STRUCTURE

The Board supervises Executive Management's work and has oversight duties on the management of sustainability subjects and plans.



COMMITMENT AND PERFORMANCE OVERVIEW

OUR COMMITMENT

Pandora is fully committed to ethical business practices, and we aim to conduct business lawfully, appropriately and with honesty and integrity.

PROGRESS

- Updated whistleblower hotline and implemented Speak Up-campaign.
- Training activities within all regulatory compliance subjects.
- Ongoing implementation to live up to regulatory requirements.
- Concluded an agreement regarding a regulatory monitoring tool provided by Sedex Information Exchange Ltd (Sedex) to support Pandora with bi-annual updates on relevant sustainability laws.

POLICY

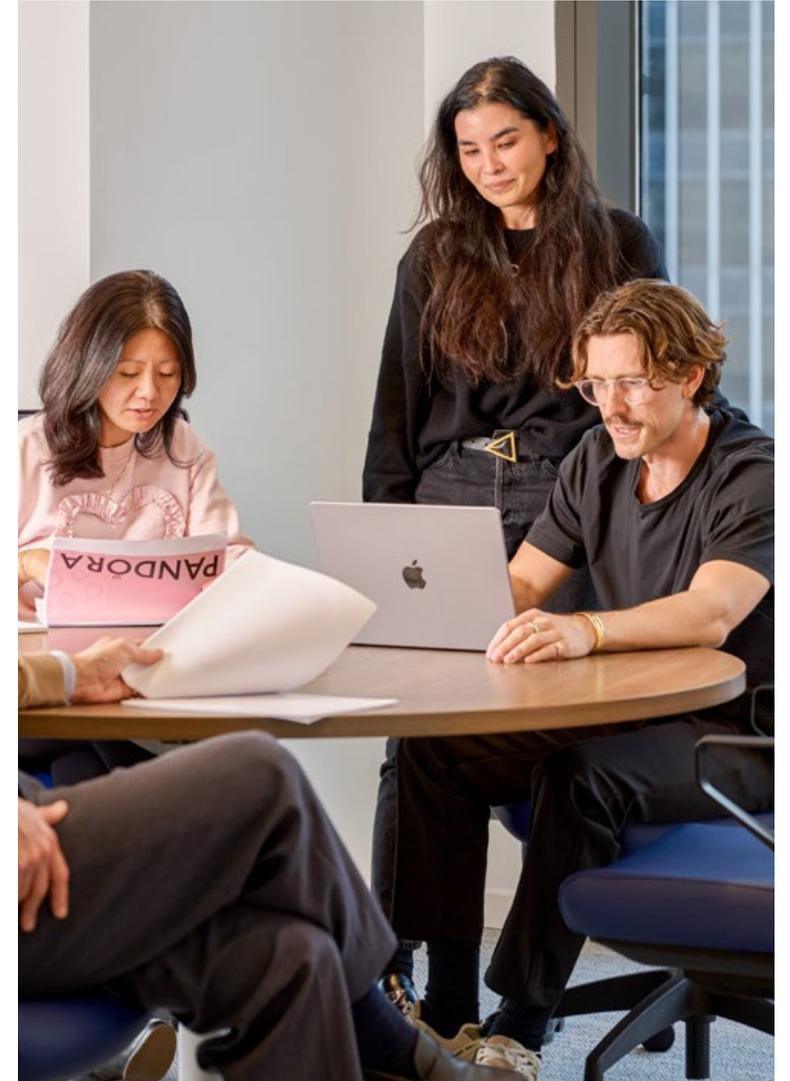
- [Code of Conduct](#)
- [Global Data Ethics Policy](#)
- [Privacy Policy](#)
- [Tax Policy](#)
- [Whistleblower Policy](#)

BUSINESS ETHICS

We have established a business ethics framework that emphasises accountability and transparency, thereby promoting responsible business practices and laying a solid foundation for a sustained long-term value creation. In 2023, we continued the Code of Conduct training with particular focus on our crafting and supply activities in Thailand, as well as key markets in North America and Greater China.

Substantive efforts go into operationalising and driving compliance with regulatory requirements and internal policies concerning anti-bribery and corruption, privacy, anti-money laundering and fair competition.

The key document in these efforts is Pandora's Code of Conduct, which sets out the ethical business practices and standards of behaviour that Pandora expects the entire organisation to adhere to.





In 2023, the Global Legal & Compliance function launched several training initiatives, through which employees, based on their risk profile, have received various levels and topics of compliance training both through webinars and e-learning. In addition, we have started using Sedex as a vendor tool to provide us with an overview and bi-annual update on sustainability-related regulation, applicable for Pandora locally and globally.

Whistleblower hotline

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

We carried out a widespread communication campaign to create awareness of the hotline as well as other platforms for reporting grievances or observations. The campaign had a clear focus on creating a speak-up culture. The whistleblower hotline e-learning was made available for all employees in 2023.

The campaign led to an increase in reports made through the whistleblower hotline in general, but the increase is driven by minor grievance cases rather than severe cases (as defined as “whistleblower cases”).

In 2023, there were a total of 130 cases reported to the whistleblower hotline. The hotline is managed by the Internal Audit & Compliance Controlling function, which is a function reporting to SVP Corporate Finance and with a dotted line to the Chair of the Audit Committee.

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 resulted in disciplinary action.

Not all cases reported were substantiated with evidence, but we investigated all cases, providing anonymity where possible as well as non-retaliation measures.

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

Mitigating the risk of bribery and corruption

As part of Pandora’s commitment to zero-tolerance of bribery and corruption, we have a global compliance programme dedicated to this subject.

Using Pandora’s Code of Conduct as the foundation, the Anti-Bribery and Corruption Policy, the Gifts and Entertainment Standard, the Conflict-of-Interest Policy and the Global Donation Standard inform how Pandora and its employees can prevent and combat bribery and corruption to protect our brand.

Online training for employees who face a higher risk of corruption and bribery due to their roles and physical work locations continued in 2023. We also prepared awareness videos on anti-bribery and corruption topics.

Protecting personal data to respect the right to privacy

Our Privacy Policy determines the principles we apply when handling personal data from our customers, employees or other individuals. Pandora uses personal data only when it has 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 initiatives for employees are carried out regularly. In 2023, we provided targeted training for corporate employees in North America and Thailand due to new or updated privacy legislation in these regions. Selected regions have also had a Deletion Day to create awareness of unstructured data.

We have launched a privacy video for all office and retail employees across Pandora to educate everyone on privacy principles and how to protect the personal data we work with. 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 2023, there were no substantiated claims concerning breaches of consumer privacy or losses of consumer data.

In 2023, we reported one privacy incident to the data protection authorities in the UK, the Information Commissioner’s Office, and two incidents to the data protection authorities in Thailand, the Personal Data Protection Committee. In 2023, the authorities did not consider it necessary to take any action. In 2023, no other substantiated issues relating to Pandora’s handling of personal data were reported.

Tax

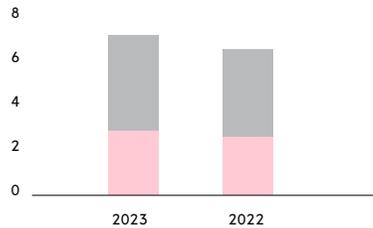
Pandora’s tax strategy is to pay a fair tax in all markets where we operate. Pandora is committed to ensure compliance with the letter and spirit of tax law in these locations, while striving to maximise shareholder value in a responsible way.

The Board of Directors is responsible for Pandora's 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.

As an international organisation, Pandora incurs and collects a wide range of taxes and duties around the world. Pandora's total global tax contribution amounted to DKK 7.2 billion in 2023 compared to DKK 6.5 billion in 2022, which is split between taxes borne and taxes collected.

TAXES BORNE AND TAXES COLLECTED SPLIT
DKK billion

■ Taxes borne
■ Taxes collected



Taxes borne includes taxes/duties such as corporate income tax and customs duties. Taxes collected includes taxes such as VAT/GST, sales taxes, taxes on wages and dividends.

Our transfer pricing policies require that intragroup transactions are carried out on an arm's-length basis. Pandora follows what is known as a principal model, where profit follows risk and value creation throughout the value

chain. This means that entities in the Group derive a profit margin based on benchmark studies, which is taxed in local markets. The residual profit (or loss) of the Group is derived and taxed in Denmark.

Pandora strives to be a leader when it comes to tax transparency and voluntarily discloses a range of tax related information, including through publishing its country by country report. Pandora does not avoid taxes or exploit the lack of transparency and information exchange by operating in tax havens. In defining tax havens, we make reference to the EU list of non-cooperative jurisdictions for tax purposes and OECD principles. Where Pandora has a presence in low tax jurisdictions, we ensure that we have commercial and economic substance and do not put in place artificial operating structures.

Pandora continues to have two companies located in Panama, which is included on the EU list. One of the companies acts as the regional office for Latin America and parts of Asia, and receives an arm's length service fee for this activity. The other company operates Pandora's retail business in Panama, deriving a profit margin that is in line with Pandora's other distributor subsidiaries, which is subject to tax in Panama at a rate of 25%.

Read more about Pandora's tax principles and practices in [Pandora's Tax Policy](#).

Combating money laundering and ensuring compliance with sanctions

Pandora recognises the importance of complying with applicable regulations concerning anti-money laundering, terrorist financing, due diligence, economic sanctions and embargoes and is committed to conducting 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. In addition, the programme relies on two key systems, which ensure our business partners are screened for sanctions and adverse media. The synergy between these two systems has demonstrated their effectiveness in ensuring compliance.

The programme is tested on a regular basis.

In 2023, we launched a training programme on money laundering risks for Pandora's retail employees and there were no anti-money laundering fines.



SUSTAINABILITY STATEMENTS

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BASIS OF PREPARATION

General reporting standards and principles

This report covers Pandora's global operations for the fiscal year 2023, which runs from 1 January to 31 December 2023. Our last report, published in February 2022, covered the 2022 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 2023 report is prepared according to the sustainability materiality assessment performed in 2021. The double materiality principle will be applied going forward.

The scope covers our crafting facilities, retail stores operated by Pandora, our offices and distribution centres. Where relevant, data from our value chain is included. All data boundaries are specified alongside reported metrics. We are not able to provide historical data for metrics reported for the first time in 2023.

This report complies with the Danish Financial Statements Act. Sections 99a and 107d which specify the requirements to report on the management of risks related to the environment, climate, human rights, labour and social conditions, anti-corruption, gender distribution and data ethics. Our reporting on 99b is included in Pandora's Annual Report 2023. We are providing information in alignment

with the [Sustainability Accounting Standards Board \(Apparel, Accessories & Footwear\)](#), ↗ the Task Force on Climate-Related Financial Disclosures standards and the assessment of our activities according to the EU Taxonomy for sustainable activities. We use "-" to indicate that data for the data point has not previously been disclosed.

Principles of consolidation

The overarching principle of consolidation is to consolidate data for all functions in Pandora. The disclosures of CO₂ emissions, energy, renewable energy certificates and employee-based data covers crafting, retail, offices and distribution. The disclosure of water covers crafting and distribution. The disclosure of waste covers crafting. The disclosure of data related to responsible sourcing and third-party audits covers suppliers contracted for material productions or services.

Accounting policies and changes

The accounting policies have been applied consistently in the preparation of consolidated data for the years presented.

In 2023, we have reassessed Pandora's greenhouse gas accounting methodology and data based on updated knowledge to improve the scope and quality of emissions data, in line with the GHG Protocol.

Key changes include:

- Spend-based emissions updated to incorporate value-added tax.
- Supplier-specific emission data is backdated to baseline year where possible.
- Improved input data for business travel emissions, including supplier-specific flight emissions.
- Update of employee commuting methodology.

This resulted in an increase in total emissions (tonnes CO₂e) of 63,792 in 2019 (+21%), 34,671 in 2020 (+13%), 43,170 in 2021 (+16%) and 61,378 in 2022 (+22%).

External limited assurance

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 61 and 62](#). ↗

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



FIVE-YEAR SUMMARY

FIVE-YEAR SUMMARY

	2023	2022	2021	2020	2019
Scopes 1, 2 & 3 emissions, tonnes CO ₂ equivalent ¹	264,543	341,748	320,620	300,746	360,569
Share of renewable energy, %	86%	70%	56%	51%	-
Recycled silver and gold, total, % ²	97%	61%	54%	57%	60%
Total employees, number	37,142	34,299	30,533	26,003	-
Leadership Team gender ratio, female/male, % ³	34/66	29/71	23/77	-	-
Total employee turnover, %	29.9%	31.1%	29.3%	26.0%	-
Lost-time injury frequency rate, rate	1.38	1.55	-	-	-

¹ Within limited assurance scope. The Scope 2 emissions are calculated as market-based emissions. All emissions are in metric tonnes, as aligned with the Greenhouse Gas Protocol. In 2023, we have reassessed Pandora's calculation methodology and data based on updated knowledge. This resulted in an increase in total emissions (tonnes CO₂e) of 63,792 in 2019 (+21%), 34,671 in 2020 (+13%), 43,170 in 2021 (+16%) and 61,378 in 2022 (+22%).

² Within limited assurance scope.

³ The Leadership Team is comprised of Vice Presidents, Senior Vice Presidents, members of the Executive Leadership Team and the Board of Directors.

GREENHOUSE GAS EMISSIONS¹

Tonnes CO ₂ equivalent ²	2023	2022
Scope 1	1,245	1,112
Scope 2		
Location-based	46,620	48,883
Market-based	5,672	14,692
Scope 3		
C1: Purchased goods and services	153,176	212,035
C2: Capital goods	4,719	8,682
C3: Fuel- and-energy related activities	4,047	3,941
C4: Upstream transportation	33,178	45,720
C5: Waste generated in operations	6,741	4,470
C6: Business travel	13,980	12,286
C7: Employee commuting	23,832	21,122
C8: Upstream leased assets	2,094	1,798
C14: Franchisees	15,859	15,890
<i>Total Scope 3</i>	<i>257,626</i>	<i>325,944</i>
Total emissions (market-based)	264,543	341,748
Emissions intensity, Tonnes CO₂ equivalent/revenue in DKK million	9.40	12.91

¹ Scopes 1, 2 and 3 are included in the scope of the external limited assurance. See the Independent auditor's assurance report on pages 61-62.

² All emissions are in metric tonnes, as aligned with the Greenhouse Gas Protocol. In 2023, we have reassessed Pandora's calculation methodology and data based on updated knowledge. This resulted in an increase in total emissions (tonnes CO₂e) of 61,378 in 2022 (+22%), for Scope 1, -6 (-1%), Scope 2, -336 (-22%) and Scope 3, 61,720 (+23%), respectively.

Pandora's total emissions have decreased by 23% from 341,748 tCO₂e in 2022 to 264,543 tCO₂e in 2023. The decrease can mainly be explained by an increase in the share of renewable energy and the transition from spend-based emission calculations to supplier-specific emission calculations. Scope 1 emissions have increased primarily due to an increase in the use of fuels in crafting. Scope 2 market-based emissions have decreased by 61% because of an increase in the share of renewable energy. Scope 3 emissions decreased by 21%, primarily due to reduced emissions in purchased goods and services (category 1) and upstream transportation (category 4). In both categories, an increased use of supplier-specific emissions data has improved the data quality and allowed for more accurate estimates. As a result, our emissions intensity has improved from 12.91 in 2022 to 9.40 in 2023, because total emissions have decreased while revenue increased.

Reaching our climate target will not be a linear journey, and we expect an increase in our 2024 emissions compared to 2023, notably as a result of the construction of our Vietnam crafting facility, retail network expansion, store updates and increased supplier-specific data.

See accounting policies on [next page](#). ↗



ENVIRONMENT (CONTINUED)

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, natural gas 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 [7](#)).

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

Where meter readings and invoices are not available, consumption is estimated based on spend or size of location. The electricity and district heating consumption is multiplied by emission factors (IEA [7](#)) for their respective countries to calculate the emissions. Emissions from satellite offices with less than 30 people are omitted. These correspond to emissions from 6% 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 (incl. VAT) unless otherwise specified. We have corrected the emissions factors to represent the monetary value and energy intensity of the current year, considering the general inflation and improvement of energy intensity between 2011 and 2023:

- **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 some spend categories, 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 transportation 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 supplier-specific flight, hotel and car rental emissions as well as spend amounts on flight, hotel, car rental and travel expenses.
- **C7** Includes emissions from Pandora employees' commute from home to work. It is based on a mixture of actual fuel consumption for part of the commuting in crafting and estimated data on distance (km travelled) within different transportation types and the work-from-home ratio disclosed for the main areas in own operation, taking the development of employees into account.
- **C8** Includes spend amounts on upstream leased cars.
- **C14** Includes electricity consumption for franchisees, which is estimated based on the number of franchisee stores and the kWh/square metre average across Pandora's 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
(CONTINUED)**

ENERGY		
MWh	2023	2022
Crafting	54,480	63,335
Retail	60,371	50,425
Office	4,088	3,708
Distribution	1,982	2,226
Total energy	120,921	119,694

RENEWABLE ENERGY		
MWh	2023	2022
Total renewable energy certificates	103,215	82,117
On-site renewable energy generation	1,352	1,369
Share of renewable energy	86%	70%
Energy intensity, MWh/revenue in DKK million	4.30	4.52

Pandora's total energy consumption increased by 1%, as an increasing number of stores and more employees in the offices led to increased energy consumption in retail and offices. The share of renewable energy increased from 70% in 2022 to 86% in 2023, which impacted our market-based CO₂ emissions positively. This development is driven by an increased (+26%) use of renewable energy certificates. Our energy intensity has improved from 4.52 in 2022 to 4.30 in 2023 due to the combination of a decrease in total energy consumption and an increase in turnover.

ACCOUNTING POLICIES

Energy consumed covers the purchased and on-site 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. Total renewable energy certificates correspond to the MWh covered by the purchased RECs. 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 total energy divided by revenue in DKK million.

WATER		
m ³	2023	2022
Crafting	1,326,310	1,375,304
Distribution	5,505	4,608
Total water	1,331,815	1,379,912
Recycling percentage, %	18%	17%

In 2023, total water consumption decreased by 3% compared to 2022. This was primarily due to a decrease in production volume in crafting. The distribution centres have seen increased in water consumption, caused by construction at our European distribution centres after the fire in November 2022. Our ability to recycle and reuse water improved in 2023, and we now recycle 18% of water used.

ACCOUNTING POLICIES

Water consumed consists of the purchased volumes of water for crafting and distribution. Water used in the distribution centre in Thailand, in our owned and operated stores and in offices, has not been included, as it is considered 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	2023	2022
Recycled waste	8,050	8,995
Waste for landfill	0	0
Hazardous waste	13	38
Total waste	8,063	9,033
Total recycled, %	99.8%	99.6%

Total waste in crafting decreased by 11% compared to 2022. This is mainly driven by a decrease in production volume. In 2023, we increased the total recycled percentage from 99.6% in 2022 to 99.8%. As in 2022, we did not have any waste for 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 have not been included, as it is considered as insignificant compared to the waste in crafting.

SUSTAINABILITY DATA
CIRCULAR AND
SUSTAINABLE JEWELLERY

CIRCULAR AND SUSTAINABLE JEWELLERY

%	2023	2022
Recycled silver and gold, total¹	97	61
Man-made stones ²	100	100
Share of silver of purchased product materials	68	77
Share of recycled silver and gold suppliers audited and/or certified	100	69

¹ Total recycled silver and gold is included in the scope of the external limited assurance. See the Independent auditor's assurance report on [pages 61-62](#).
² Excluding pearls.

We have increased the share of recycled silver and gold purchased in 2023 to 97%, up from 61% in 2022. Silver made up 68% of total purchased materials in 2023, decreasing from 77% in 2022. By the end of 2023, all our suppliers transitioned to deliver recycled silver and gold, which means that 100% of our suppliers were either audited or had an existing certification of their Chain-of-Custody processes. As of December 2023, we purchase 100% recycled silver and gold. We continue to purchase 100% man-made stones.

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's 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's in-house production, production material, tooling and machinery. Our guidelines are to only use suppliers who source/use certified silver and gold and have had their Chain of Custody (CoC) process audited by an external third party. These audits are an important enabler for Pandora to trace the sourced certified silver and gold from when it is initially sourced, either by Pandora's suppliers or by

Pandora itself, and until the certified silver and gold is used in the crafting of our jewellery. Using an externally audited CoC process to verify the sourced certified silver and gold enables Pandora to secure a higher level of credibility on our commitment to craft with 100% recycled silver and gold.

The percentage of man-made stones is calculated as the share of procured stones, pearls excluded. The share of silver of purchased product materials is calculated as the share of total purchased product materials, i.e. silver, gold and other metals. The share of recycled silver and gold suppliers audited and/or certified by a third party is calculated as the share of suppliers audited.

RESPONSIBLE SOURCING

%	2023	2022
Share of high-risk supplier spend SMETA-audited	32	-
Share of high-risk supplier spend with accepted standard	61	-
Share of high-risk supplier spend due for SMETA audit next year	7	-
Share of high-risk supplier spend to total supplier spend	27	-
Share of jewellery crafted at Pandora crafting facilities	94	89

In 2023, we have expanded the scope of reporting to also include audits of high-risk suppliers in our indirect product spend categories. The share of high-risk supplier spend constitutes 27% of Pandora's total supplier spend. 32% of the high-risk supplier spend was audited in 2023, 61% is covered by other acceptable standards, and 7% is due for a SMETA audit next year. In 2023, 94% of our jewellery was crafted at Pandora's own crafting facilities, which is 5% more than in 2022.

ACCOUNTING POLICIES

The share of high-risk supplier spend SMETA-audited (paid by Pandora or the supplier), the share of high-risk supplier spend with acceptable standard (RJC, BSCI and BEPI) and the share of high-risk supplier spend due for SMETA audit next year are all calculated as a share of spend in scope for our responsible sourcing programme. The share of high-risk supplier spend is calculated as a share of total supplier spend in Pandora. The share of jewellery crafted at Pandora's crafting facilities is calculated as the share of the total crafted jewellery.



CIRCULAR AND SUSTAINABLE JEWELLERY (CONTINUED)

SMETA THIRD-PARTY AUDIT SUMMARY

Number	2023	2022
Total non-conformances	360	-
Suppliers SMETA-audited	36	-
Factories SMETA-audited	50	-
Severity of non-conformances		
Business critical non-conformances	0	-
Critical non-conformances	59	-
Major non-conformances	229	-
Minor non-conformances	72	-
Status of non-conformances		
Remediation complete	112	-
Remediation in progress	248	-
Remediation in progress from preceding years	44	-
Average non-conformances per SMETA-audited factory	7.2	-

In 2023, we aligned our reporting on non-conformances with the SMETA audit standard and have in addition added audits conducted with high-risk suppliers in our indirect product spend categories. This means that we do not have comparable data for 2022. In 2023, a total of 360 non-conformances were identified. 31% of the total non-conformances had been closed at the end of 2023. The remaining 69% are in the process of being closed. The number of non-conformances is as expected as fewer new suppliers have been audited, and reaudited suppliers performed significantly better than in previous audit.

ACCOUNTING POLICIES

Pandora audits its high-risk suppliers on a regular basis against our Supplier Code of Conduct based on robust external protocols. Audits are planned in two-year cycles and take place on one or more of the supplier's factories. The audits are either paid by Pandora or the supplier themselves. The number of non-conformances relates to the year the audit was conducted. Pandora classifies non-conformances in four categories aligned with the SMETA audit standard; business critical, critical, major and minor. Remediations completed are all issues completed independent of the timing of completion. Remediations in progress are open non-conformances still to be completed. The number of remediations in progress from preceding years are non-conformances which are still in progress at the end of the year, accumulated between 2021 and 2022. The average non-conformances per SMETA-audited factory is calculated as the total number of non-conformances divided by the number of factories which were SMETA-audited.

SUSTAINABILITY DATA
WORKPLACE AND SOCIETY

EMPLOYEES

Number	2023	2022
Crafting	12,226	13,509
Retail	21,029	17,318
Office	3,687	3,282
Distribution	200	190
Total employees	37,142	34,299

The total number of employees in Pandora increased by 8% in 2023 compared to 2022, reflecting our growing business. The vast majority of our workforce works in either retail or crafting, constituting 90% of Pandora's total employees. As Pandora has opened more owned and operated stores in 2023, the number of employees in retail has increased by 21%.

ACCOUNTING POLICIES

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

GENDER RATIO (FEMALE/MALE)

%	2023	2022
Crafting	59/41	59/41
Retail	93/7	94/6
Office	68/32	67/33
Distribution	63/37	60/40
Total gender ratio¹	79/21	77/23
Leadership Team	34/66	29/71
Executive Leadership Team	12.5/87.5	12.5/87.5

¹ In 2023, 257 employees chose not to have a binary gender associated with their employee registration for a number of reasons and are therefore not included in the ratio. In 2022, 193 had chosen not to have a binary gender associated with their employee registration.

The total gender ratio in Pandora is 79/21, with the majority being women. The trend is recurring across all areas of the business. In retail, the vast majority (93%) of the workforce is female, and in crafting the share of women is 59%. In 2023, women in leadership increased to 34%, achieving the established target a year ahead of schedule, marking an increase from 29% in 2022. At the end of 2023, our Executive Leadership Team consisted of one woman and seven men.

Please see Pandora's [Annual Report 2023](#) (page 29) for the gender ratio of the Board of Directors and the Leadership Team in Pandora A/S (section 99b disclosure requirement).

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 is comprised of Vice Presidents, Senior Vice Presidents, members of the Executive Leadership Team and the Board of Directors.



WORKPLACE AND SOCIETY (CONTINUED)

AGE SPLIT

%	2023	2022
Below 20 years	8%	7%
20-29 years	38%	38%
30-39 years	41%	43%
40-49 years	9%	8%
50-59 years	3%	3%
60-69 years	0.8%	0.7%
Above 70 years	0.1%	0.1%
Total employees, number	37,142	34,299

The majority of Pandora's employees are aged between 20 and 39 years with 38% in the 20-29 age group and 41% in the 30-39 age group. 0.9% of our workforce is aged 60 or above.

ACCOUNTING POLICIES

The age split is based on the full number of employees at year-end, based on their recorded date of birth.

EMPLOYEE TURNOVER

%	2023	2022
Crafting	7.1	6.0
Retail	51.4	58.8
Office	16.6	25.6
Distribution	27.0	26.0
Total employee turnover	29.9	31.1

In 2023, we saw a decrease from 31.1% in 2022 to 29.9% in the total employee turnover. The turnover can largely be explained by a high turnover in retail. The turnover rate in office has decreased from 25.6% in 2022 to 16.6% in 2023. The turnover rate in distribution has remained relatively constant at 26.0% in 2022 and 27.0% in 2023. Our employee turnover in crafting remains low with a small increase from 6.0% in 2022 to 7.1% in 2023.

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.

NEW EMPLOYEE HIRES

%	2023	2022
Crafting	0.7%	13%
Retail	93%	78%
Office	6%	8%
Distribution	0.5%	1%
Total employee hires, number	15,384	14,565

In 2023, we increased the number of new hires to 15,384 from 14,565 in 2022, which is an increase of 6%. 93% of the new employee hires joined retail, which was expected as a consequence of Pandora opening more owned and operated stores.

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 (CONTINUED)

LOST-TIME INJURY FREQUENCY RATE

Rate	2023	2022
Crafting	0.10	0.00
Retail	2.26	2.74
Office	0.51	0.76
Distribution	3.13	16.45
Total lost-time injury frequency rate	1.38	1.55

In 2023, the lost-time injury frequency rate (LTIFR) for Pandora was 1.38, down from 1.55 in 2022. In 2023, we had two injuries at our crafting facilities, causing the LTIFR rate to increase from 0 in 2022 to 0.10 in 2023, which is below the target of 0.16. The highest LTIFR rate can be found in distribution. The high rate is caused by just one injury but, as the number of employees is relatively low, the rate is relatively high compared to the other business areas. The rate has decreased from 16.45 in 2022 to 3.13 in 2023. In retail, the most common injuries are caused by moving products in storage or commuting accidents and resulted in a LTIFR of 2.26, down from 2.74 in 2022.

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

%	2023	2022
Crafting	100	100
Retail	30	30
Office	10	14
Distribution	0	0
Total employees covered	51¹	57

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

The number of employees covered by collective bargaining agreements (CBAs) decreased from 57% in 2022 to 51% in 2023. This is due to a decrease in the number of employees in crafting, where 100% of the workforce is covered by CBAs and a decrease of number of office employees covered by CBAs.

ACCOUNTING POLICIES

Employees covered by collective bargaining agreements are employees included in the total 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.

EU TAXONOMY

In 2023, we have continued our EU Taxonomy (“Taxonomy”) assessment focusing on the applicability to Pandora’s core business of the economic activities listed in relevant environmental objectives. Those relevant objectives include climate change mitigation and adaptation, water and marine resources, circular economy, pollution and biodiversity and eco-systems.

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 to Pandora’s core business. We did so noting that the crafting of jewellery is not in scope for these 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 fulfil 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. Our reporting for 2023 is based on the same interpretation used for the reporting of 2022; that 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 still relatively new nature of the Taxonomy, we note that the requirements for Taxonomy-alignment are still evolving. In 2023, we have assessed the alignment potential for our eligible activities. Having reviewed the extensive substantial contribution and “do no significant harm” criteria for the identified eligible economic activities, given the nature of our activities and the location of these, it has become apparent that our activities currently do not align with the Taxonomy. 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 2023, page 54. 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), page 74, Note 3.2 Property, plant and equipment (IAS 16), page 77, and Note 3.3 Leases, page 78, in the Annual Report 2023.

Right-of-use assets (IFRS 16) of the Annual Report 2023. 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). As EU Taxonomy OPEX has a different definition than OPEX in the Annual Report 2023, the OPEX used can't be derived from the financial statements in the Annual Report 2023.
- 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 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 second year of reporting on the Taxonomy alignment. Compared to last year, we have categorised our activities around store and office leases as 7.7 Buying and owning buildings instead of 7.1 Construction of new buildings.

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 the economic activity 7.7 is driven by new leases of DKK 2.0 billion making up 77% of the total for this economic activity. The remaining 33% is primarily from leasehold improvements in the lease stores. Economic activity 8.2 is driven by investments in our digital innovation and capabilities, which are reported under CAPEX or OPEX, respectively, depending on whether the requirements for capitalisation 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 7.7 Buying and owning 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 conduct HRDD 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 our [corporate website](#).  We recognise that due diligence is a continuous process and we work closely with our value chain actors to ensure our due diligence framework is implemented. We use a variety of approaches to implement respect for human rights and aim to use a multi-pronged approach. For example, we screen our suppliers for sanctions and adverse media on environmental and social issues and ask them questions on their sustainability management systems before and during onboarding including through the use of third-party audits. We acknowledge that there are limitations to certain tools such as social audits, which is why we also focus on capacity-building and strengthening supplier relationships.

In 2023, there have not been any incidents where Pandora was found to be in breach of human rights laws, guilty of breaching tax laws, 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 2023. 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 2023. The KPIs indicate that Pandora might have potential to contribute to the green transition with our CAPEX and OPEX activities reported as taxonomy-eligible.



TURNOVER ¹ DKK million	Code	Absolute turnover	Proportion of turnover	Substantial contributions							Do no significant harm (Y/N)							Proportion of Taxonomy-aligned or -eligible turnover, year N-1	Category (enabling activity)	Category (transitional activity)	
				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																					
Turnover of environmentally sustainable activities (Taxonomy-aligned)		0	0%																0%		
Of which enabling		0	0%																0%		
Of which transitional		0	0%																0%		
Taxonomy-eligible but not -aligned activities																					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%																0%		
Turnover of Taxonomy-eligible activities		0	0%																		
Taxonomy-non-eligible activities		28,136	100%																		
Total		28,136	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)						Minimum safe- guards	Proportion of Taxonomy- aligned or -eligible CAPEX, year N-1	Category (enabling activity)	Category (transi- tional activity)	
				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					
Taxonomy-aligned activities																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned)		0	0%															0%		
Of which enabling		0	0%															0%		
Of which transitional		0	0%															0%		
Taxonomy-eligible but not -aligned activities																				
Transport by motorbikes, passenger cars and light commercial vehicles		8	0%	Y	Y	N	N	N	N									0%		
Construction of new buildings		30	1%	Y	Y	N	Y	N	N									3%		
Buying and owning buildings		2,588	69%	Y	Y	N	N	N	N									74%		
Computer programming, consultancy and related activities		450	12%	N	Y	N	N	N	N									12%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		3,076																		
CAPEX of Taxonomy-eligible activities		3,076																		
Taxonomy-non-eligible activities		662	18%																	
Total		3,738	100%																	



OPEX ¹ DKK million	Code	Absolute OPEX	Proportion of OPEX	Substantial contributions						Do no significant harm (Y/N)						Proportion of Taxonomy- aligned or -eligible OPEX, year N-1	Category (enabling activity)	Category (transi- tional activity)		
				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 safe- guards	
Taxonomy-aligned activities																				
OPEX of environmentally sustainable activities (Taxonomy-aligned)		0	0%															0%		
Of which enabling		0	0%															0%		
Of which transitional		0	0%															0%		
Taxonomy-eligible but not -aligned activities																				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	14	4%	Y	Y	N	N	N	N									2%		
Buying and owning buildings	CCM 7.1 CCA 7.1	174	48%	Y	Y	N	N	N	N									16%		
Computer programming, consultancy and related activities	CCA 8.2	166	46%	N	Y	N	N	N	N									49%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		354																		
OPEX of Taxonomy eligible activities		354																		
Taxonomy-non-eligible activities		9	2%																	
Total		363	100%																	

¹ The total of OPEX base cannot be reconciled to the Annual Report 2023 due to a narrow OPEX definition in the Taxonomy.



STATEMENTS

60 **Management statement**

61 **Independent auditor's assurance report**



STATEMENT BY THE EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

The Board of Directors and the Executive Management have today discussed and approved the Sustainability Report of Pandora A/S for 2023.

The Sustainability Report has been prepared in accordance with the accounting policies described on [pages 44-53](#). [↗](#)

In our opinion, the accounting policies are appropriate, and the Sustainability Report 2023 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 2023.

Further, in our opinion, the information given in the Sustainability Report is consistent with the accounting policies applied.

Copenhagen, 7 February 2024

Executive Management

Alexander Lacik
President & Chief Executive Officer

Anders Boyer
EVP & Chief Financial Officer

Board of Directors

Peter A. Ruzicka
Chair

Christian Frigast
Deputy Chair

Lilian Fossum
Biner

Birgitta Stymne
Göransson

Marianne
Kirkegaard

Catherine
Spindler

Jan
Zijderfeld

INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the stakeholders 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 46 and 49](#)  for the period from 1 January to 31 December 2023.

In preparing the selected sustainability data, Pandora applied the accounting policies described on [pages 47 and 49](#).  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 2023, 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 applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures

regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 (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 46 and 49](#) , 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 Sustainability Report 2023 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 significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of accounting policies used, their consistent application and related disclosures in the selected sustainability data. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.

- In connection with our procedures, we read the other sustainability information in the Sustainability Report 2023 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 46 and 49](#) in Pandora's Sustainability Report 2023 for the period from 1 January to 31 December 2023 have not been prepared, in all material respects, in accordance with accounting policies described on [pages 47 and 49](#).

Copenhagen,
7 February 2024
EY Godkendt
Revisionspartnerselskab
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PANDORA