
TRANSPARENCY IN SUPPLY CHAINS STATEMENT

This statement is elaborated in accordance with the California Transparency in Supply Chains Act and the UK Modern Slavery Act. It demonstrates how PANDORA work to prevent and mitigate the risk of forced labour, modern slavery and human trafficking in our value chain.

About PANDORA

PANDORA designs, manufactures and markets hand-finished and contemporary jewellery made from high-quality materials at affordable prices. We own and operate the greatest part of our value chain, from design and raw material procurement through crafting to marketing and sale of our jewellery. This means we know where our jewellery comes from and how it is made – and can ensure that every piece is designed, crafted and distributed according to our ethical standards.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 21,500 people worldwide of whom around 12,400 are located in Thailand, where we manufacture the majority of our jewellery. We take pride in an employee turn-over rate at only 3.2% at our Bangkok crafting facility in 2016 - compared to an industry average of approx. 15%.

Our craftspeople are offered a competitive wage and benefit package, continued professional and personal skills development, a healthy and safe work environment as well as a range of social activities. To avoid potential employees being overcharged by recruitment agencies (a common problem in Thailand), we hire our craftspeople directly. During our [2016 recruitment day](#) 12,500 applicants appeared at our gate.

PANDORA Ethics

PANDORA believes that corporate social responsibility (CSR) and our aspiration to offer high-quality and contemporary jewellery go hand in hand. Responsible business practices and social awareness are virtues which we strive to honour in all operations. A central part of this is our continued efforts to ensure responsible supply chains for the sourcing of jewellery materials and point of sale materials.

Our CSR and compliance program “PANDORA Ethics” consists of policies, guidelines, and a range of monitoring and controlling tools, developed to ensure that we honour our ethical commitments. You will find more detailed material on our corporate website: <http://pandoragroup.com/csr>.

Here you will find also PANDORA’s Human Rights Policy stipulating PANDORA’s commitment to the United Nations’ Guiding Principles on Business and Human Rights as well as our Responsible Supplier Policy and Suppliers’ Code of Conduct detailing our expectations to the ethical conduct of our suppliers within areas such as human and worker’s rights, business integrity and the environment.

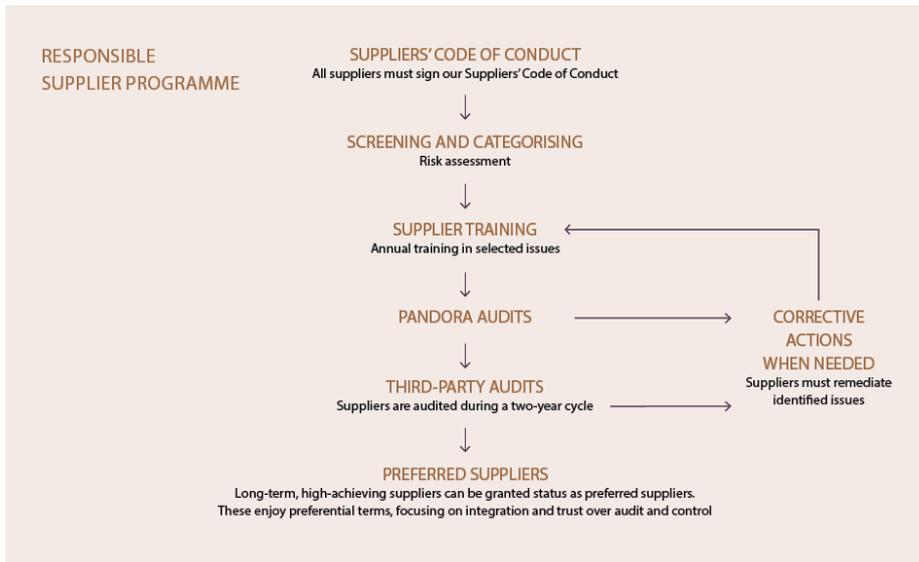
PANDORA's Suppliers' Code of Conduct clarifies our expectation to the ethical performance of our suppliers.

The Code's provision on forced labour states that: *"All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment are forbidden as is prisoner labour that violates basic human rights. Neither the company nor any entity supplying labour to the company shall withhold any part of any personnel's salary, benefits, property, or documents in order to force such personnel to continue working for the company. Personnel shall have the right to leave the workplace premises after completing the standard workday, and be free to terminate their employment provided that they give reasonable notice..."* and *"All workers shall be provided with a written, understandable and legally binding labour contract. Provisions for non-permanent and seasonal workers shall be no less favourable than for permanent workers."*

Specific procedures and efforts implemented by PANDORA:

1. Due Diligence of our supply chain:

PANDORA's Responsible Supplier Program has been in force since 2011 and adopts a four step approach to supply chain due diligence (screening, training, auditing and implementing corrective actions).



2. Supplier audits to evaluate compliance:

PANDORA's key performance sourcing indicator stipulates that 85% of total sourcing value must come from suppliers who are either successfully audited by third party auditors or certified members of the Responsible Jewellery Council (RJC). The RJC Code of Practices is the broadest and strictest standard within the jewellery supply chain and includes provisions against all forms of forced labour, also comprising human trafficking and modern slavery.

Standard audits within our Responsible Supplier Program comprise production site walk-throughs, document reviews and worker interviews. If non-compliances are identified, PANDORA's in-house experts operating out of Copenhagen, Hong Kong and Bangkok will work with the supplier to ensure corrective actions and remediation. Finally, compliance is verified through audits carried out by an independent audit company.

Finally, PANDORA is itself a certified member of the Responsible Jewellery Council, acts as industry chair of the RJC's multi-stakeholder Standards Setting Committee and holds a seat a RJC Executive Committee. As an RJC member PANDORA undergo regular re-certification audits.

3. Requires suppliers to certify compliance:

PANDORA's Suppliers' Code of Conduct is an enforced part of contracts with third party suppliers. The Code stipulates that: *"The provisions of the code extend to all activities and workers, including workers who are engaged informally, on short-term contracts, or on a part-time basis. Suppliers must ensure that the Code of Conduct is also observed by subcontractors involved in production processes of final manufacturing stages carried out on behalf of Pandora"; and "Suppliers must, in addition to meeting the provisions of this code, comply with all national laws and regulations..."*.

For details on assurance and certification requirements applied by PANDORA in relation to sourcing of core materials, please refer to the 'Product' chapter of the annual Ethics Report, available at: www.pandoragroup.com/en/CSR/Publications

4. Internal accountability:

PANDORA's internal Code of Ethics stipulates our ethical aspirations as a company and the rights, duties and expectations to our employees within areas such as human and workers' rights, anti-corruption and environmental stewardship – including specific provisions prohibiting child and forced labour. The code has been distributed to all our people worldwide and is accompanied by group wide training and a mandatory E-learning module.

If employees perceive that laws, internal codes or policies are violated, they are expected to raise their concerns with their management. If a reported concern is not properly addressed by their manager, employees shall approach local/Group HR, Legal or Ethics. As a last resort, concerned employees are encouraged to use the externally administered PANDORA Ethics Hotline. The hotline enables our people to raise concerns in their own language via the internet or a global toll-free phone service.

5. Supplier training:

Our Ethics teams, based in Bangkok, Hong Kong and Copenhagen, work extensively with our suppliers throughout the world to enable them to fully understand our requirements and to inspire and enable them to implement sustainable solutions. To this end, we provide our suppliers with training on issues such as safety, health and environmental management as well as human and workers' rights. Trainings take place both at our supplier's premises and at our own crafting facilities in Thailand where we take pride in showcasing our own best-practice solutions.

Key actions in 2016

- PANDORA continues to be certified against the [Responsible Jewellery Council's Code of Practices](http://www.responsiblejewellery.com/), the broadest and strictest standard within the industry (including on human and workers' rights) . Visit: <http://www.responsiblejewellery.com/> for details
- PANDORA remains an active member of the steering committees of the Danish Business Network for Human Rights as well as the Danish chapter of the UN Global Compact
- PANDORA's internal Code of Ethics includes provisions on Human Rights. The code is applied throughout the global organisation and supported by mandatory Ethics e-learning module and an externally administered Ethics Hotline.
- 199 participants from key suppliers attended training sessions at the PANDORA production facilities in Thailand, topics included human and workers' rights
- We defined and exceeded a new KPI of 85% (up from 80% in 2015) of total sourcing value coming from suppliers who are either successfully audited by PANDORA's external auditors or who are certified members of the Responsible Jewellery Council (RJC)
- 86% of the gold grains used at our crafting facilities in Thailand originated from recycling and the remaining 14% originated from mining. For silver the corresponding figures were 91% and 9%. All gold and silver sourced were delivered from certified responsible refiners.
- Further reducing human and workers' rights risk, the vast majority of the approx. 2.7 billion stones set in our jewellery in 2016 were man-made.

Anders Colding Friis

President & Chief Executive Officer