

PANDORA ETHICS REPORT

2015



PANDORA

CEO STATEMENT



At PANDORA, we combine our strong heritage of crafting stylish, contemporary and high-quality jewellery with a strong commitment to corporate responsibility, which has been part of our DNA since the beginning.

Ethical considerations are solidly integrated into

our entire value chain, and we believe that our vision of becoming the world's most loved jewellery brand is closely linked to being a good corporate citizen.

In 2015, we have exceeded our ambitious commercial goals – while continuing to improve our performance within responsible business practices. This dedication and achievement on the part of my more than 16,700 colleagues is something of which I am extremely proud.

During the course of the year, we were recertified by the Responsible Jewellery Council (RJC), once again confirming that we meet or exceed the highest ethical standards within the industry. Additionally, we implemented a new Code of Ethics throughout the organisation and our people

worldwide received training in our ethical aspirations and expected conduct within areas such as business integrity, human and workers' rights and environmental stewardship. We also reached new highs in the recycling and reuse of our crafting waste, and intensified the communication of our ethical performance to our consumers.

As always, responsible business practices are a work in progress. With this report, we once again declare our commitment to the UN Global Compact Principles and share the efforts we make to craft our product with integrity, provide proper working conditions for our people and minimise our environmental impact on the planet.

I hope you will enjoy the read.

Anders Colding Friis
President & Chief Executive Officer

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ABOUT PANDORA



16,700+

PEOPLE GLOBALLY



DKK 16.7
BILLION
IN REVENUE

40% UP
FROM LAST YEAR

>100 MILLION
PIECES
OF JEWELLERY
SHIPPED



9,250+
POINTS OF SALE

1,800 OF THESE
ARE PANDORA
CONCEPT STORES


11,150
CRAFTSPEOPLE
IN THAILAND

BRINGING THEIR SKILLS,
THEIR VISION AND THEIR
HEARTS AND MINDS TO
WORK EACH DAY

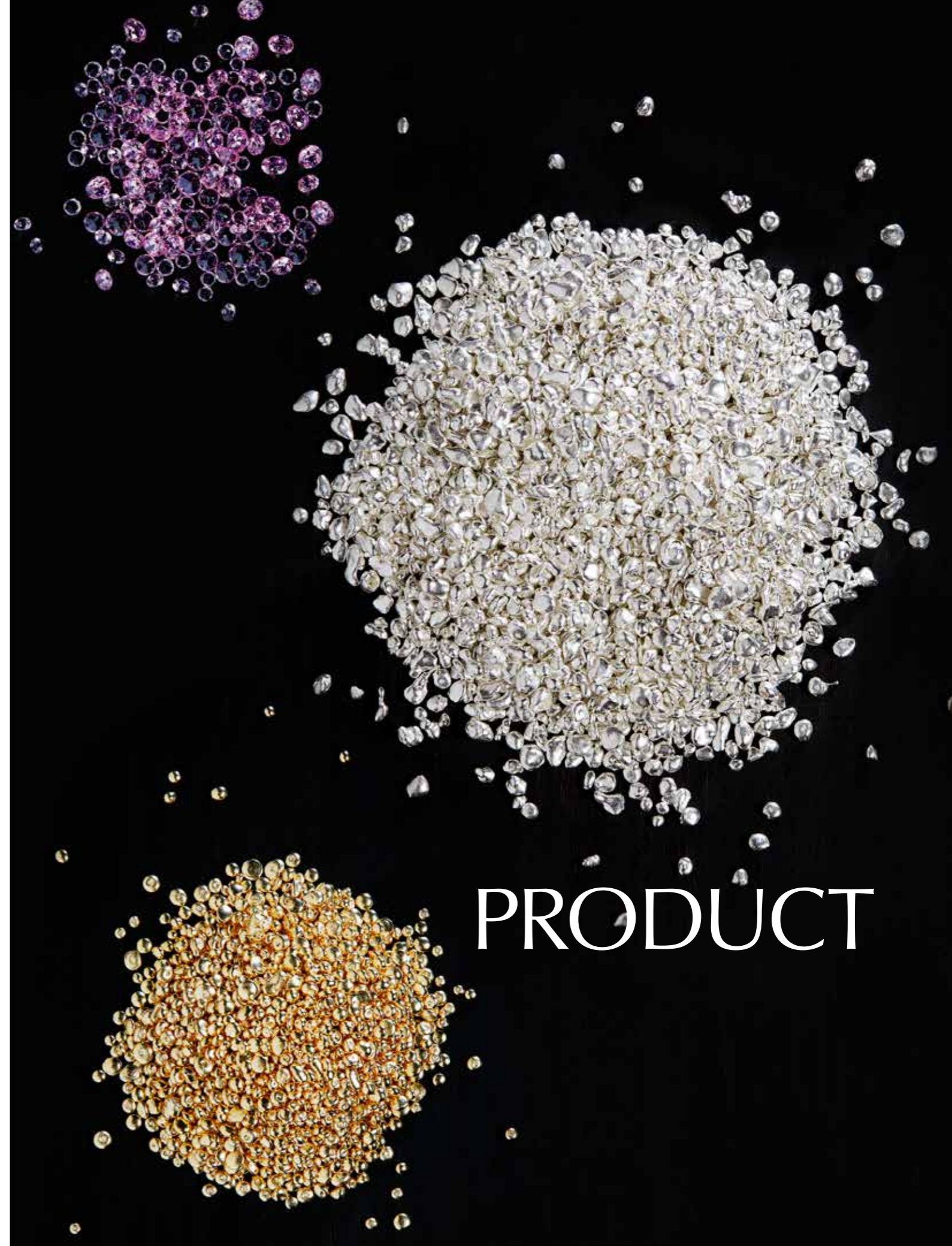


OWN CRAFTING
FACILITIES IN THAILAND

ensures our ability to maintain
and develop high ethical
standards



PRODUCT



PANDORA PRODUCT

IN BRIEF

RESPONSIBLE SUPPLIER PROGRAMME

WE SCREEN, VISIT, TRAIN AND AUDIT OUR SUPPLIERS TO ENSURE HIGH ETHICAL STANDARDS

4 TONNES

OF ENAMEL MIXED



150 PARTICIPANTS FROM KEY SUPPLIERS

RECEIVED CSR TRAINING AT OUR CRAFTING FACILITIES

1.9 TONNES OF GOLD USED

CERTIFIED CONFLICT FREE FROM RESPONSIBLE SUPPLIERS



30 PAIRS OF HANDS

ON AVERAGE CONTRIBUTE TO CREATING ONE PIECE OF JEWELLERY



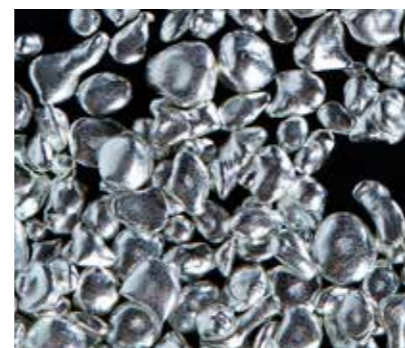
ISO 9001 QUALITY MANAGEMENT certification



2.6 BILLION

STONES SET INTO OUR JEWELLERY

The vast majority being man-made, with the same crystal structure and chemical composition as their natural counterparts



225 TONNES OF SILVER JEWELLERY

SHIPPED DURING THE YEAR

CRAFTING OUR PRODUCTS WITH INTEGRITY

DESIGN

Any PANDORA product begins its journey with our designers making choices on which materials to use. Whenever new suppliers or materials are introduced, the CSR team is consulted in order to assess potential adverse environmental or social impacts.

Our designers constantly interact with Group Manufacturing to ensure that our designs and crafting techniques are a match. At our cutting-edge Innovation Centre in Bangkok, Thailand, we develop innovative processing techniques and continuously improve our ability to introduce new sophisticated designs.

The Innovation Centre offers our dedicated craftspeople the opportunity to work and invent at the front line of technical development while at the same time acquiring the high level of skills required in advanced jewellery crafting.

It is our firm belief that PANDORA's Innovation Centre makes an important contribution to maintaining Thailand's position as a global hub in the jewellery industry.

RESPONSIBLE SUPPLIER PROGRAMME

PANDORA sources vast quantities of jewellery materials as well as a wide range of fixtures, furniture, gift bags and jewellery boxes. In order to ensure that our partners meet our ethical standards, all suppliers are required to sign and comply with our Suppliers' Code of Conduct (downloadable from our website). To support our suppliers to comply with the Code, we have developed a comprehensive supplier programme.

Our CSR team, operating out of Bangkok, Hong Kong and Copenhagen, work closely with our suppliers across the world to ensure that they fully understand our requirements and are capable of implementing practical and sustainable

RESPONSIBLE SUPPLIER PROGRAMME

SUPPLIERS' CODE OF CONDUCT
All suppliers must sign our Suppliers' Code of Conduct

SCREENING AND CATEGORISING
Risk assessment

SUPPLIER TRAINING
Annual training in selected issues

PANDORA AUDITS
BKK, HKG & CPH CSR teams

THIRD-PARTY AUDITS
Suppliers are audited on a two-year cycle

PREFERRED SUPPLIERS

Long-term, high-achieving suppliers may be granted status as preferred suppliers. These enjoy preferential terms, focusing on integration and trust over audit and control

CORRECTIVE ACTIONS AS REQUIRED

Suppliers must remedy identified issues



TRAINING KEY SUPPLIERS

Again in 2015, PANDORA hosted CSR training sessions for our key suppliers. Group Procurement, PANDORA Production Thailand (PPT) and Group CSR worked closely together to create and organise the sessions – a team effort that demonstrates a company-wide dedication to integrating CSR throughout our business.

This year, the training sessions took place in Thailand, providing PANDORA the opportunity to show the 150 participants PPT, to talk with our internal experts, to meet our craftspeople and to see first hand how we approach CSR at our own crafting facilities.

We have excellent suppliers, but their approach to CSR issues can be very different. Some are already very familiar with implementing CSR, and for them the training is a case of confirming they are on the right track. For others, CSR is quite new territory and seeing PANDORA's crafting facilities can be an eye-opener.

"My background is in factories, mainly in China, and this is just amazing," says Jonathan Chan, General Manager of a large Chinese packaging supplier. "It is totally different from what I am used to. The infrastructure, equipment and skills of the workers – it's really impressive. I've always known that PANDORA is good, but this is beyond my expectations. I'm 60 years old, but I have learned quite a lot today from seeing these crafting facilities."

"After training sessions, PANDORA has follow-up meetings to determine how well suppliers are meeting our requirements. The best method for our suppliers is to quickly assimilate their new knowledge and begin making the necessary changes. We often see impressive improvements after we have visited a supplier's production facility", says Jon-Paul Daniel, Vice President, Group Procurement.

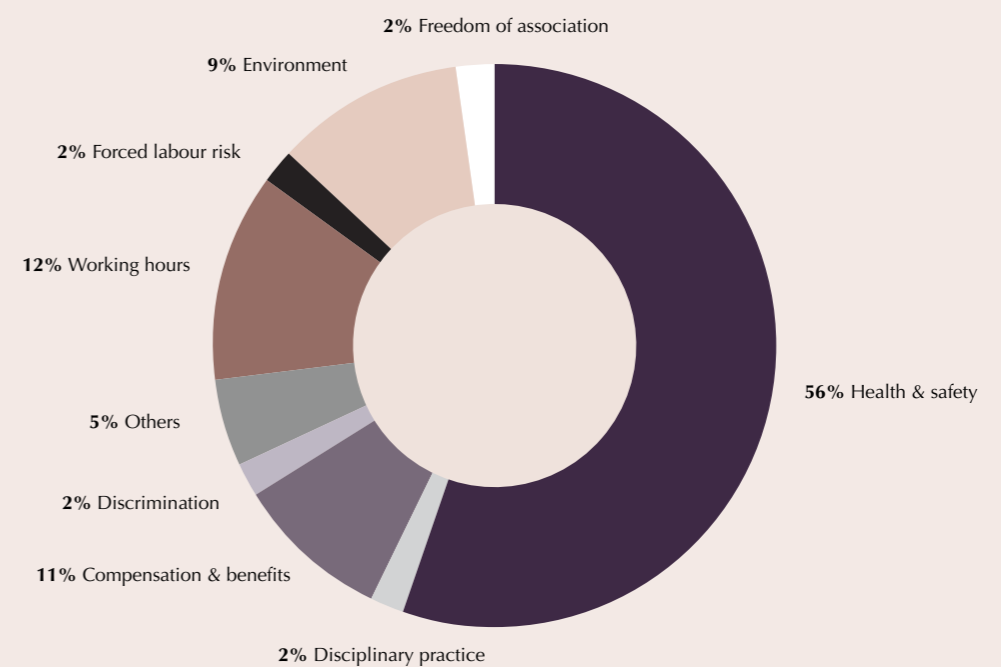
solutions. To this end, we offer our suppliers with annual training in issues such as safety, health and environmental management, workers rights and human rights, and we take pride in showcasing our own best-practice solutions.

SUPPLIER AUDITS

Our Key Performance Indicator stipulates that 80% of our sourcing value must originate from suppliers who have been audited by our external auditing company or are certified members of the Responsible Jewellery Council (RJC), meaning that they have been audited against the broadest and strictest standards within the jewellery supply

chain. Non-compliances identified during the independent supplier audits typically involve breaches of either health and safety standards or terms of employment. PANDORA works diligently to achieve high standards and expertise within both issues at our crafting facilities in Thailand. Thus, we regularly invite suppliers to training sessions at these facilities so that they can learn more about how we maintain high standards, and how such standards help us continuously improve safety levels, job satisfaction and commitment – and ultimately performance, productivity, attraction and retention. In 2015, approximately 150 participants from our key suppliers from across the world attended such training sessions in Thailand.

NON-COMPLIANCE ISSUES IDENTIFIED AT AUDITED SUPPLIERS IN 2015



CORE MATERIALS

The vast majority of PANDORA's products are made of silver or gold, often embellished with stones. At PANDORA, we are fully aware that the mining and processing of precious metals, gemstones and semi-precious stones can be associated with adverse social or environmental impacts. As a major player within the jewellery industry, we recognise our ability as well as our responsibility to help develop more responsible supply chains for core jewellery materials.

Gold

In 2015, all gold grains entering PANDORA's crafting facilities were sourced from reputable refining companies certified according to the RJC Code of Practices. Furthermore, all PANDORA gold suppliers are certified conflict free according to the London Bullion Market Association (LBMA) Good Delivery List or the RJC Chain-of-Custody Standard for gold. Notably, 96% of gold grains originated from recycling and the remaining 4% from mining.

Silver

In 2015, all silver grains entering PANDORA's crafting facilities were sourced from reputable refining companies certified to the RJC Code of Practices, and we began working with our suppliers to develop an assurance system for responsible silver mining. 83% of our silver grains originated from recycling and the remaining 17% from mining. As RJC members, our suppliers have set up comprehensive audit systems to ensure that no conflict minerals enter their supply chains.

Specialised manufacturers

Additionally, PANDORA cooperates with a very small number of highly specialised manufacturers of semi-finished gold and silver parts. All these partners deliver auditable proof that the gold used in their products is sourced from RJC/LBMA-certified suppliers. In 2015, we initiated dialogue with these suppliers to find ways to ensure that they will be able to provide similar guarantees as to the origin of their silver products.

Stones

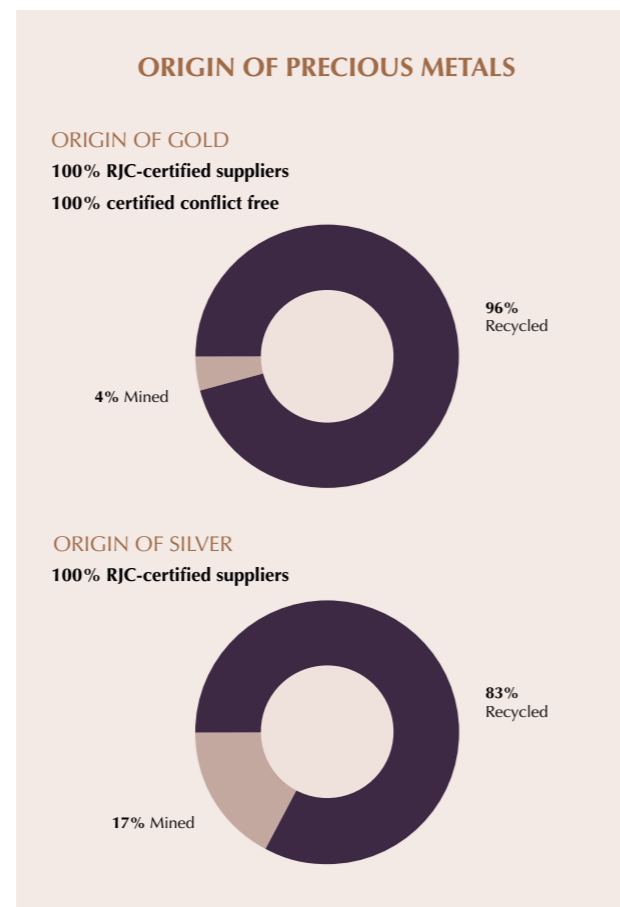
Man-made stones, natural gemstones and diamonds are all included in our assortment and have different characteristics and advantages. The natural gemstone industry is highly fragmented and complex, making traceability extremely difficult. Man-made stones are identical to their natural gemstone counterparts in almost every way, including the

same basic crystal structure and chemical composition. Man-made stones are fully traceable, affordable and can be supplied in quantities suitable for large-scale jewellery crafting. Finally, man-made stones exhibit fewer variations in colour and quality, considerably reducing material waste in the crafting process.

While we have not made a decision to remove diamonds and gemstones from our assortment, man-made stones are taking on an increasingly important role in our collections. In 2015, man-made stones made up the vast majority of the 2.6 billion stones used.

From 2012 to 2015, diamonds were only included in new collections as a feature on special edition PANDORA Club charms. The diamonds set in these charms were all recycled from discontinued PANDORA jewellery.

Whenever sourcing diamonds, which we continue to do to meet customer demand for existing collections, we only accept suppliers that are members of the RJC and can certify compliance with the System of Warranties established by the World Diamond Council for diamond sourcing.



PEOPLE

PANDORA PEOPLE IN BRIEF

54,500

VISITS TO OUR
EDUTAINMENT CENTRE

At our Thai crafting facilities with free access to PCs, library services and training facilities



10,500

BOOKS BORROWED
FROM THE EMPLOYEE
LIBRARY IN THAILAND

Most popular subjects:
philosophy & psychology,
technology and languages



13 DJs

WERE ELECTED AMONG
THAI COLLEAGUES TO
BROADCAST DAILY FROM
PANDORA RADIO

OHSAS 18001,
OCCUPATIONAL
HEALTH AND SAFETY
CERTIFICATION



4,100
COLLEAGUES

USED PANDORA
COOPERATIVE BANK
IN THAILAND

5,300

NEW JOBS CREATED
WORLDWIDE



3.3%

EMPLOYEE TURNOVER
IN THAILAND



SPECIAL BENEFITS FOR
PREGNANT EMPLOYEES



100
TRAINERS

TRAINING OUR 30,000
SALES ASSOCIATES



621,000

E-LEARNING SESSIONS
COMPLETED

That is more than one every
minute of every hour

PROVIDING PROPER WORKING CONDITIONS FOR OUR PEOPLE

CODE OF ETHICS

In 2015, PANDORA launched a new internal Code of Ethics setting out our ethical aspirations as a company and our expectations with respect to responsible staff behaviour. The code has been distributed to all our people worldwide, and has been accommodated by Group-wide training and a mandatory e-learning module for office and store staff. As part of the PANDORA Code of Ethics implementation, we also launched an improved ethics hotline, allowing our people to raise concerns if they perceive that our standards are being breached. The ethics hotline is externally administered and enables our people to raise concerns in their own language through both web and phone.

TRAINING

The main contact between PANDORA and our consumers is established and nurtured by the more than 30,000 people passionately engaged in selling our jewellery in more than 100 countries around the world. We are dedicated to helping the sales people, in the more than 9,250 PANDORA points of sales, to develop their skills and knowledge. Our extensive training programmes span face-to-face training, coaching, on the job training and e-learning. The scope is broad and entails training in PANDORA's values, CSR, identity and history, jewellery and materials expertise, production processes and professional sales skills, sales psychology and techniques. Our training programmes are implemented by 100 trainers, and face-to-face training is supported by our comprehensive e-learning programme available in 19 languages. In 2015, more than 621,000 training sessions were completed, up from 380,000 in 2014 and 200,000 in 2013.

DIVERSITY

At PANDORA, three out of four managers are women, heavily biased by the high number of female store managers. We are deeply committed to ensure gender diversity in our senior management positions. The Board of Directors has set a number of gender diversity objectives which it reviews annually:

- By 2020, the gender split in senior management positions (members of the Executive Board, general managers and vice presidents) should be 40%-60%, represented by women and men respectively. At the end of 2015, 33% of senior management roles were held by women, compared to 34% in 2014, 31% in 2013 and 26% in 2012.
- The gender composition of the Group's leadership programmes for the years 2012-2015 should mirror the gender composition of staff in vice president and director positions (on aggregate). In 2015, women accounted for 59% of this management group, and made up 48% of the enrolment in our leadership programmes. For the whole period, women accounted for 47% of the participants on leadership programmes. The Board will continue to follow the gender composition of our leadership programmes in the years to come.
- Finally, it is PANDORA's objective that, by 2018, at least 35% of Board members elected at the Annual General Meeting must be women. At the end of 2015, two female Board members made up 22% of a total of nine Board members, still well above the 2015 average of 11% for Danish listed companies. The Board will continue to consider gender composition when appointing new members.



HOW TO DOUBLE A DEDICATED WORKFORCE IN 35 WEEKS

In 2015 PANDORA engaged in a heavy expansion of PANDORA owned and operated concept stores in the German market, opening 77 new stores over a period of a year. Besides getting the shops up and running with PANDORA store design and correct jewellery stock, we also hired and onboarded 450 new colleagues over a period of 35 weeks.

“We had 1½ months to build an effective, fun and comprehensive training set-up for all new employees - from store managers to part-time shop assistants; making our new colleagues happy and confident store associates, ready to support our values and to sell the PANDORA way; teaching them all about PANDORA’s jewellery, brand and selling techniques,” says Hayder Ahl, Head of Training and Event, Central Western Europe.

A new training centre, including two fully-equipped PANDORA stores, was built at our facility in Hamburg. Training consisted of one week at the training centre, followed by a week of on-the-job training in dedicated stores, and finally back for the last week in Hamburg with feedback and recap. Focusing on PANDORA Ethics all new colleagues received a copy of our Code of Ethics and completed the Code of Ethics e-learning module.

Evaluations have been promising, revealing a very high satisfaction rate from our new store associates. Which in turn has resulted in the planning of a similar range of training sessions for our more experienced sales associates - to align the level of professionalism and knowledge within our German organisation.

HUMAN AND LABOUR RIGHTS

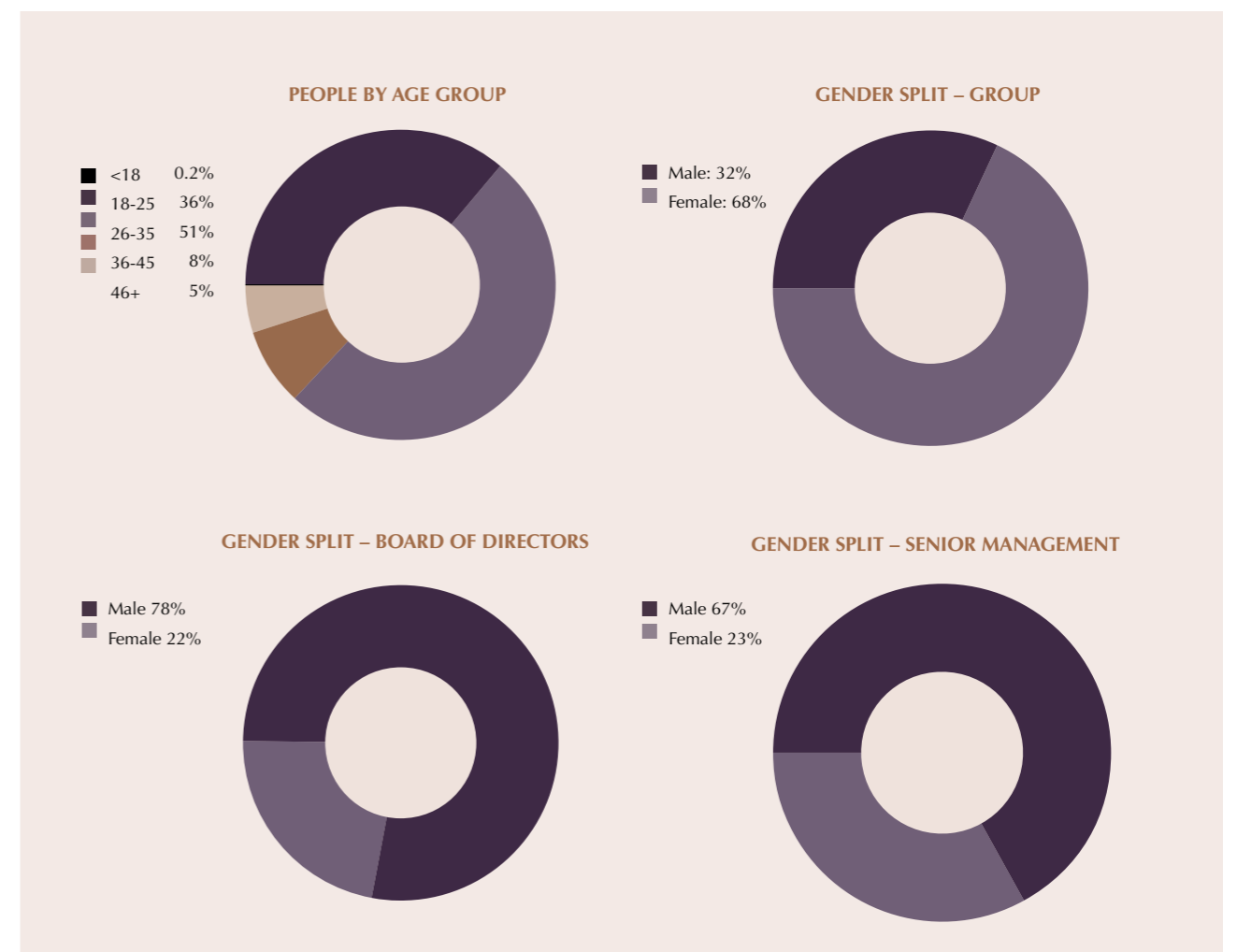
The PANDORA Ethics Programme instructs us all to prevent – and if necessary mitigate and remedy – negative impacts of our activities.

We regularly assess potential human and labour rights risks in our value chain. These assessments – carried out internally or in cooperation with external experts and peers – tend to reach the same conclusion: PANDORA’s main human and labour rights risks (as well as environmental risks) are to be found in our supply chain. By sourcing our core jewellery materials from certified responsible suppliers, we seek to lower the risks of becoming complicit in human rights infringements. Further, PANDORA’s Responsible Supplier Programme (described under

PRODUCT) is also designed to prevent us from becoming complicit in such infringements.

An ongoing challenge during PANDORA’s continued growth has been to keep the amount of overtime in Thailand below a 60-hour working week (overtime at PPT is always voluntary, compliant with Thai law and remunerated at premium rates).

Again in 2015, due to exceptional business circumstances caused by our 40% growth, weekly working hours in some specialised departments periodically exceeded 60 hours per week. In order to mitigate overtime and to ensure capacity for future growth, we hired 3,250 additional craftspeople in 2015 and also took steps to expand our existing crafting facilities.



Find more detailed data on people on pandoragroup.com/csr

This expansion will continue in 2016, which will see the start-up of production at our new state-of-the-art facility in northern Thailand (more details under PLANET) and the construction of a new crafting facility in Bangkok.

PANDORA's Human Rights Policy, published on our website, stipulates our commitment to the UN Guiding Principles on Business and Human Rights. The policy further instructs us to advance human rights within our sphere of influence (more details under PARTNERSHIPS). For our statements on the UK Slavery Act and The California Transparency in Supply Chains Act, see pandoragroup.com/csr.

FOCUS ON THAILAND

Our modern crafting facilities in Thailand provide safe, developing and engaging working conditions for 11,150 craftspeople. Their skills, their sense of aesthetics and the way they bring their hearts and minds to work every day are a part of the foundation of our company's vision to become the world's most loved jewellery brand.

Training and development

PANDORA Production Thailand (PPT) has built its success on the philosophy that clarity, competence, confidence and commitment are four key, interdependent pillars essential to long-term success.

We regard all our craftspeople as 'knowledge workers' and this is an integral part of our approach to training and onboarding new staff. When our people have clarity of their roles, the competence to master their craft, the ability to think outside the box, and, finally, the confidence and channels to express their ideas and concerns, the result is the fourth "C": a deep commitment to the workplace. We believe, that this approach is part of the reason why PPT continues to be an employer of choice with a 2015 staff turnover rate of only 3.3%.

We invest significantly in training and development, which spans technical skills, safety, health, the environment, business continuity, leadership and life skills. All training activities aim to further advance a safe and rewarding environment for our craftspeople, and to demonstrate our responsible practices as an employer and an important member of the local community.

Health and safety

At PPT, we operate an effective Safety, Health & Environment (SHE) Committee comprised of senior management and employee representatives. The 15 employee representatives are offered modern, on-site facilities and receive comprehensive training, both in-house and from external experts, enabling them to effectively contribute in their roles.

To make safety a priority from the start, SHE experts are involved in all new crafting processes. Since May 2015, safety and health training has been a permanent part of our onboarding programme. In 2015, a total of 2,500 people participated in training sessions in general health & safety and firefighting. SHE efforts included TV and radio spots on internal channels, and a competition for employees to win prizes for suggestions for further improvements.

Accidents

In accordance with international standards PANDORA defines accidents as any incident that leads to an employee having to be absent for eight hours or more. In 2015, the entire PANDORA group had 24 accidents resulting in 168 lost working days. As a result of our ongoing focus on improving safety and health standards, PANDORA Production Thailand in 2015 reached a new milestone, as there were no work-related accidents (down from eight in 2014), only three near misses and 20 minor first-aid treatments by our in-house medical team. With 11,150 people employed at PPT by the year end, this is a remarkable achievement compared with any industrial sector in any country.

The high standards and performance were recognised by a National Occupational Safety and Health award from the Thai Ministry of Labour.



INNOVATIVE INTERACTION WITH 11,150+ COLLEAGUES

In 2015, PANDORA Production Thailand (PPT) launched a mobile application for internal HR services and communication purposes. The app provides an efficient and easy tool that enables more than 11,150 colleagues (including those without access to a PC network) to interact with the company. By downloading the PANDORA Self-Service App, everyone has the means to easily access and check working hours, overtime history, available holidays, news and offers from the employee shop directly from their mobiles.

In Thailand, it is common to change telephone numbers frequently, which represents a challenge for our HR services. Now, new numbers can be reported and verified directly in the app; something which significantly reduces the workload of handling thousands of telephone numbers. PANDORA also

provides internet access on its premises to support the app.

"We wanted to see if there was potential in a mobile application to support the business in a new, efficient and innovative way," explains Mikkel Lysgaard, Project Manager on the PPT app.

"The idea escalated quickly as an app like this not only engages employees, but also supports many business processes and efficiently reduces administrative work," states Chamroon Thongon, Vice President HR, Thailand.

In total, around 10,600 users is expected to be active by February 2016. One of the ideas being considered for an updated version is a bus function, which will provide a quick and easy way for employees to book seats on the 120 daily buses provided by PANDORA to transport our people to and from work.

Employee benefits

The Employee Welfare Committee at PPT consists of 15 colleagues elected every second year (most recently in 2014, where 93% of our Thai colleagues voted). The committee has three sub-committees, responsible for coordinating employee interest in a) Compensation & Benefits, b) Employee Relations and c) Social Activities. As is the case for the SHE Committee, the Employee Welfare Committee draws on modern facilities and extensive in-house and external training. PPT employee benefits include affordable and healthy meals, parental classes, extensive professional and personal development training, annual outings, scholarships, employee-operated radio and TV channels and free bus transport to and from work.

Recognising that access to education is a challenge in Thailand, we have established an Edutainment Centre, which features modern e-learning/internet facilities and a library. This provides our colleagues with a comfortable and inspiring environment where they can relax and learn. During 2015, the library had more than 54,500 visits and more than 10,500 books were borrowed throughout the year; the most popular genres being philosophy & psychology, technology and languages. This successful initiative will be replicated for our new crafting facility in northern Thailand.

Three times a week, our HR Services team sets up consultation centres close to the canteens to allow employees to ask questions or seek assistance on issues such as pay, benefits or employee relations at a time and place which is convenient. In 2015, the HR Services team received close to 14,000 visits.

Communication

We want to provide both entertainment and up-to-date and company information for our craftspeople so that everyone fully understands the context of their work, receives feedback from our consumers, and has a clear picture of PANDORA's global performance. To this end, we share news updates, departmental news and customer feedback through info meetings and our in-house PANDORA Radio (with employee elected DJs) and PANDORA TV, both broadcasting daily. But we also want to listen. Besides training and encouraging our people to speak up and our managers to listen on a daily basis, we conduct monthly meetings where colleagues are invited to share their opinions and ideas, and suggest subjects for discussion. In 2015, more than half of the suggestions from these meetings were implemented.

Fun

Our colleagues' commitment to PANDORA is also clearly visible during our social events. What started out as a small company outing to the beach in the early days of the company has developed into a two-day beach event for more than 2,700 people in 2015. Colleagues opting not to go to the beach were offered family tickets for the nearby fun park instead. The end-of-year party is an even larger event, and with more than 8,800 participants it resembles a music festival. For entertainment at the party, national pop stars and the winners of the popular annual "PANDORA's Got Talent" competition perform for the happy crowd. In 2015, PPT also launched a Family Day, where 7,150 employees participated.



PANDORA PLANET IN BRIEF

83%
RECYCLED
SILVER

96%
RECYCLED
GOLD

83%
RECYCLED
PRODUCTION WASTE



MAN-MADE STONES ARE
TRACEABLE AND HAVE A
LOW ENVIRONMENTAL
IMPACT

0%

RECYCLED WATER
something our new
LEED certified facilities
are designed to change



100%
RECYCLING

OF OUR GYPSUM WASTE
used in the construction sector

OF OUR GLASS WASTE
is made into glass tiles

OF OUR RUBBER WASTE
is used as fuel

OF OUR WAX WASTE
is used by figurine manufacturers



ALL PAPER BAGS
ARE TRACEABLE TO
SUSTAINABLE
FORESTRY



1,600,000 KM

travelled by 120 buses driving
our Thai colleagues to and
from work every day



50% ENERGY
REDUCTION

IN STORES
BY CHANGING TO
LED LIGHTING

ISO 14001

ENVIRONMENTAL
MANAGEMENT
certification

ISO
50001

ENERGY MANAGEMENT
certification

MINIMISING OUR ENVIRONMENTAL IMPACT

PRECIOUS METALS & STONES

Recycled precious metals are of the exact same quality and value as mined metals, but have less social and environmental impact. As part of our efforts to advance social and environmentally responsible sourcing practices, 96% of all gold grains used in PANDORA products in 2015 originated from recycled sources. When it comes to silver, 83% of the silver grains sourced by PANDORA in 2015 originated from recycled sources.

As PANDORA is committed to helping improve ethics throughout the jewellery supply chain, in 2015, we opened a dialogue with our suppliers to develop a standard for responsible silver mining (described under PRODUCT).

Man-made stones are fully traceable and are considered to have a significantly lower environmental impact than their natural counterparts. Furthermore, the ability to create stones with fewer colour and quality variations considerably reduces material waste.

CRAFTING

In 2015, PANDORA experienced a sharp increase in demand and shipped more than 100 million pieces of jewellery, compared with 91 million in 2014. Further, increased complexity of jewellery designs has made it challenging to simultaneously reduce our energy and water consumption at our crafting facilities. In 2016, we will open a new state-of-the-art crafting facility in northern Thailand. This new site will be a Leadership in Energy and Environmental Design (LEED) certified facility with 8,500 m2 of solar cells, capable of recycling up to 90% of the water tapped and with other environmentally friendly features. In additions, we are planning yet another LEED certified crafting facility in Bangkok, which will become operational in 2017.

With the planned capacity expansion, we expect to be able to improve our performance within energy and water consumption in the years to come.

Energy

PANDORA Production Thailand (PPT) is by far our most energy-consuming entity. The amount of energy used here increased from 23,243,000 kWh in 2014 to 29,472,000 in 2015. The rise in energy consumption reflects the increase in crafting complexity and the number of pieces of jewellery produced. Besides the burn-out ovens used in the crafting process, the extensive use of chillers to ensure a comfortably cool working environment also consumes a considerable amount of energy. Ovens and chillers put together account for approximately 40% of energy consumption.

PPT is ISO50001 (Energy Mangement) certified, the standard through which we define and monitor our goals, methodology and performance. In 2015, we introduced several new projects aimed at reducing our energy consumption. The optimisation of air compressor systems has both increased efficiency and saved energy and the replacement of chillers has reduced the amount of energy used. We also carried out small scale projects like installing LED lights in various training and crafting areas. In addition to these already implemented features, we are testing how to optimise energy consumption in different crafting processes. Also, in 2015, 480 selected people received training in energy management.

Bus services

We offer our PPT colleagues free and safe bus transport to and from work. In 2015, this service totalled more than 38,600 round trips and more than 1.6 million kilometres driven. By year end, more than 7,000 people regularly made use of the busses.

Bus companies are subject to regular controls by both government agencies and our in-house SHE teams. With 50 passengers per bus and buses in good condition, this option is safe and highly energy efficient compared to other feasible means of transportation.

Water

As a result of our growth and the increased complexity of our jewellery designs, our water consumption at PANDORA Production Thailand increased by 27% from 379,000 M3 in 2014 to 482,500 M3 in 2015. The disposal of waste water is subject to control by local authorities, audited by external experts and handled by a joint waste water treatment facility managed by the industrial estate.

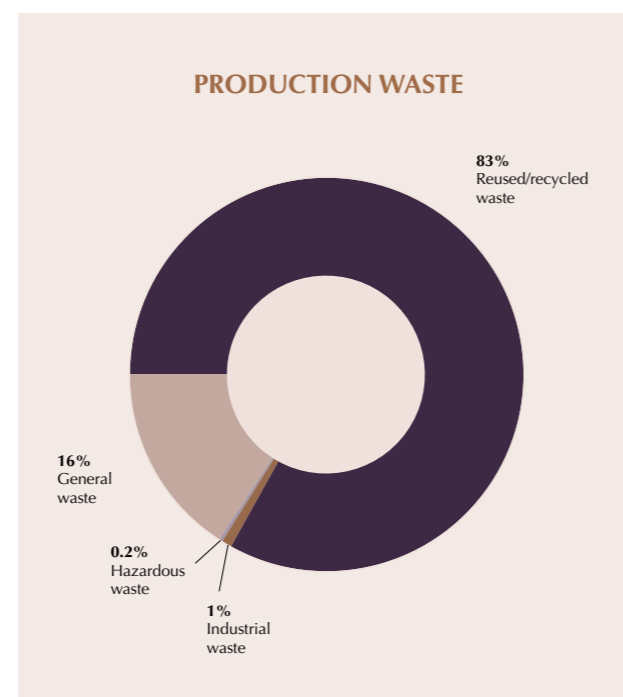
While continuously experimenting, we have still not been able to find efficient solutions to the recycling of water and the results so far remain insignificant. This is in part due to a lack of available space for recycling water within our present facilities, which is something we are taking into consideration in our capacity expansion plans.

We will, however, continue our search for solutions for existing premises and hope to improve our performance in 2016 and 2017 with the inauguration of our new LEED certified facilities.

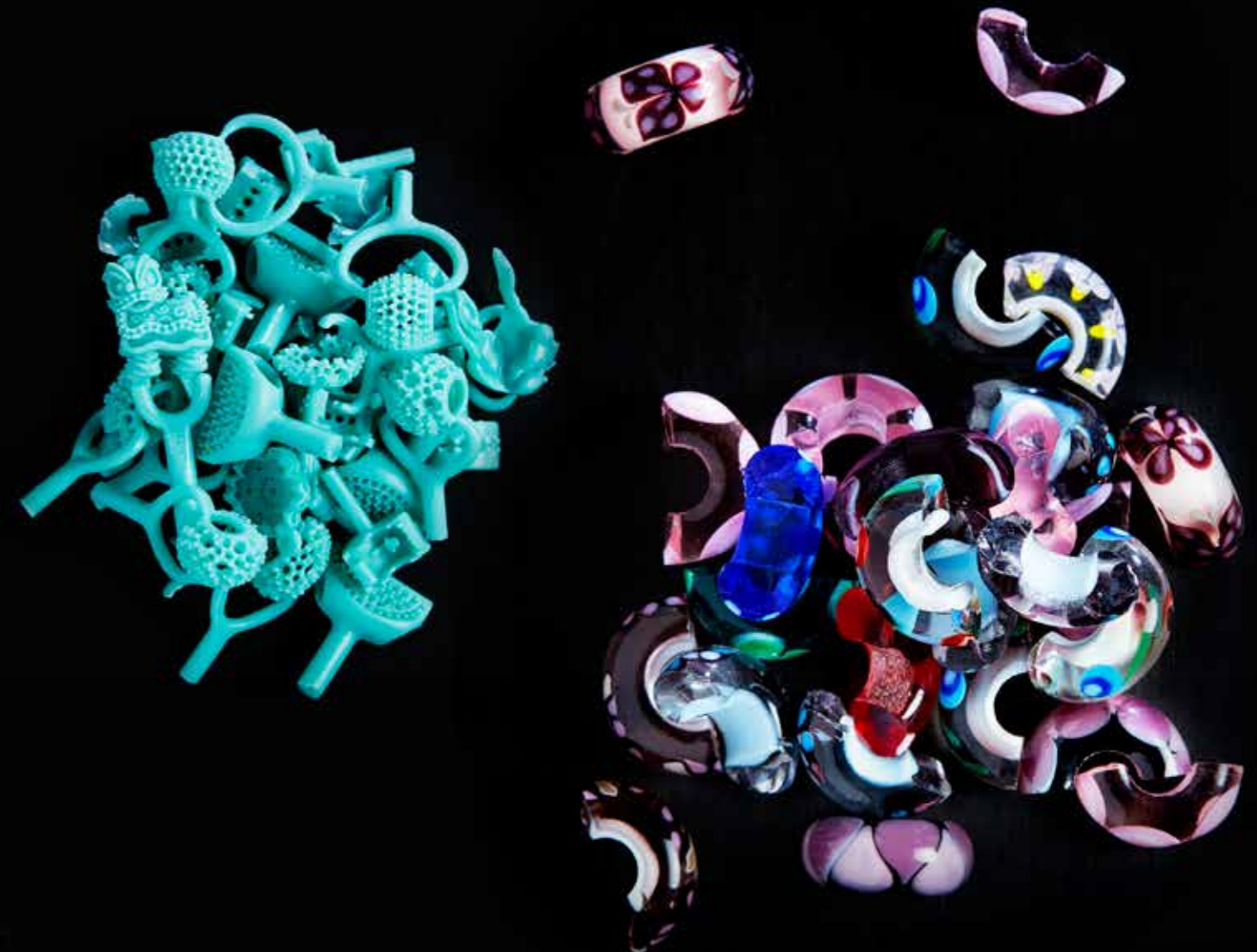
Waste

Our waste management procedures have measurably improved since base year 2012, when reused/recycled waste amounted to 8%. In 2015, we reused/recycled an impressive 83% of our waste.

In 2014, our crafting facilities were recognised for this impressive achievement within waste management. The 3R award (Reduce, Reuse, Recycle) was presented to PANDORA as recognition of our good practice in resource management.



Find more detailed data on waste on pandoragroup.com/csr



WASTE IS A RESOURCE

At PANDORA Production Thailand, waste is seen as a resource. In 2015, 83% of the waste produced by our crafting facilities was reused or recycled, an increase of 2% compared with the already high percentage in 2014. Our waste management procedures were improved with the help of dedicated colleagues and environmental experts from Mahidol University in Thailand.

The crafting of our jewellery generates four main types of process waste: gypsum, glass, rubber and wax. The gypsum derives from the jewellery casting process, the glass from making our Murano charms, the rubber from jewellery moulds and the wax from the casting process. In 2015, we reached 100% recycling or re-use for all four categories.

All our gypsum waste is recycled in the construction sector, all our Murano glass waste is recycled into glass tiles, all our rubber waste is used as fuel by the cement industry and, finally, all our wax is used in the casting process of a figurine manufacturer. Some categories of waste we sell, other categories we pay to get recycled, as in the case of gypsum where PANDORA pays for the transportation to the vendor.

It is a great pleasure to see our waste being transformed into something useful. The benefits are twofold as we optimise the world's resources while reducing our own waste.

LOGISTICS

PANDORA jewellery is sold in more than 100 countries around the world; hence PANDORA requires transport services from a variety of different providers using different types of transport – rail, sea, road and air – with various levels of environmental impact. CO₂ emissions from the transport of our jewellery was identified as a focus area in 2014, and we have been in close dialogue with our transport providers on how to gather reliable data and how to minimise emissions in the future. Transport data from 2014 covered more than 90% of our transport activities and estimated our transport emission of 4,300 tonnes of CO₂. In 2015, the estimated transport emission for the same percentage was 5,400 tonnes of CO₂. Dialogue with our transport providers, all global leaders within their industry, has clearly shown that they all work extensively to lower emissions. In 2016, we will continue the dialogue, but still concentrate our focus on our strongest sphere of influence: supply chain and our own crafting facilities.

STORES

PANDORA jewellery is presently sold at more than 9,250 points of sales around the world. 1,800 of these are concept stores, of which more than 500 are owned and operated by PANDORA.

Our new store concept “Evolution” was introduced in the first stores in 2014 and includes a range of environmentally friendly features. The concept is designed to have long durability, and it is possible to replace smaller parts over time – extending the lifetime of our fixtures and furniture. With the introduction of “Evolution”, energy consumption has been considerably reduced by relying on LED lights rather than conventional light bulbs. According to our in-house estimates, this change enables us to cut the electricity consumption in an average PANDORA store by up to 50% compared with the former store concept. More efficient lights in turn creates less heat – reducing the need for air conditioning. From 2016, the electrical consumption will be further lowered with the introduction of even more efficient LED solutions.

Finally, all paper bags and almost all printed materials are certified from trees grown in sustainable forests. Going forward, we will continue to expand our range of certified paper-based and wood-based materials according to international sustainability standards.



PARTNERSHIPS



SEAL OF APPROVAL

In summer 2015, PANDORA achieved recertification with the Code of Practices issued by the Responsible Jewellery Council (RJC). Once again PANDORA was certified as a business that is compliant with the jewellery industry's highest ethical standards within human rights, working conditions, environmental footprint and business integrity.

The RJC is a not-for-profit, standard setting and certification organisation. It has more than 700 member companies, all committed to advancing responsible business practices, and PANDORA has been an active member since 2010.

Our 2015 recertification was achieved after external audits at a number of PANDORA entities including PANDORA's headquarters, PANDORA Production Thailand, our European distribution centre, regional market offices and individual stores.

"In Italy, we welcomed the RJC auditors. The process provided an opportunity to look into our set-up and procedures, and confirmed that we are on track. It also contributed to the feeling of being a part of a company with high ethical standards," says Massimo Basei, Managing Director Southern Europe, and continues, "it took quite some effort to prepare for the audit, but the assurances were more than ample reward."

"The entire organisation is involved in PANDORA's responsible way of working; from the design phase, through sourcing and crafting to the marketing and sale of our jewellery," says Claus Teilmann Petersen, VP Group CSR. "We will continue to work diligently to be recognised as an ethical brand by our stakeholders, thereby supporting the fulfilment of our vision to become the world's most loved jewellery brand."

RESPONSIBLE BUSINESS PRACTICES ARE A WORK IN PROGRESS

In 2014, we continued the roll-out of our PANDORA Ethics programme, which is designed to facilitate the implementation of our ethical aspirations and procedures within human rights, working conditions, the environment, business integrity and responsible sourcing. Our core Ethics policies can be found at www.pandoragroup.com/csr.

GOVERNANCE

For PANDORA, the aim of good corporate governance is to maximise long-term value creation and ensure transparency and accountability in the way we fulfil our obligations towards all key stakeholders. PANDORA intends to exercise good corporate governance at all times and we assess our practices according to the recommendations issued by the Danish Committee on Corporate Governance. Read more about governance on our website. PANDORA Ethics is governed by our CSR Steering Committee, headed by our Vice President, Group CSR, and is further made up of the heads of Procurement, Operations, HR and Investor Relations & Communications, with our CFO representing executive management. Our progress in advancing responsible business practices is addressed bi-annually at PANDORA's Audit Committee under the Board of Directors.

RESPONSIBLE JEWELLERY COUNCIL

PANDORA is a certified member of the Responsible Jewellery Council (RJC). The RJC is an organisation dedicated to reinforcing consumer confidence by developing and implementing responsible business practices and standards across the jewellery supply chain. The RJC is a full member of the ISEAL Alliance and thus recognised by other leading certification organisations as the sustainability leader within the jewellery industry.

PANDORA assumes the role as industry chair of the Standards Setting Committee and has a seat on the RJC Executive Committee.

Also in 2015, PANDORA entities around the world were successfully audited by independent consultants in order to achieve Group-wide RJC recertification.

STRATEGIC PARTNERS

PANDORA engages in strategic partnerships with other brands. Like PANDORA, these brands have strict ethical standards and requires both our crafting facilities in Thailand, and our suppliers, to undergo audits and approvals.

BUILDING BRAND EQUITY

To provide transparency and build PANDORA's brand equity, 2015 also saw us focusing on communicating our ethical performance to our end-consumers. Besides loving our jewellery design, we want to make sure that consumers are aware that it is sourced, crafted and traded in compliance with recognised ethical standards. We are working on a number of platforms to communicate this message, including social media, PR toolkits, internal communication and staff training.

In 2015, we also proactively shared our ethical aspirations, efforts and results with the fashion and news media. Craftsmanship and CSR were among the main features at our 2015 Global Media event in Venice, which was attended by 60 journalists from more than 25 markets. As it has been the case at numerous press visits to our crafting facilities in Thailand, the participating media representatives showed great interest in three subjects: design, craftsmanship and ethical performance. The result in terms of ethics-related PR coverage has proven to be staggering.

Finally, in Q3 2015, our consumer websites launched a comprehensive Jewellery Guide with four main features: materials, process, responsibility and care: pandora.net/guide.

CHARITY

PANDORA has always been committed to charitable efforts and has historically taken a special interest in projects with causes involving women. For a full overview of our charity projects, see pandora.net/charities.

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