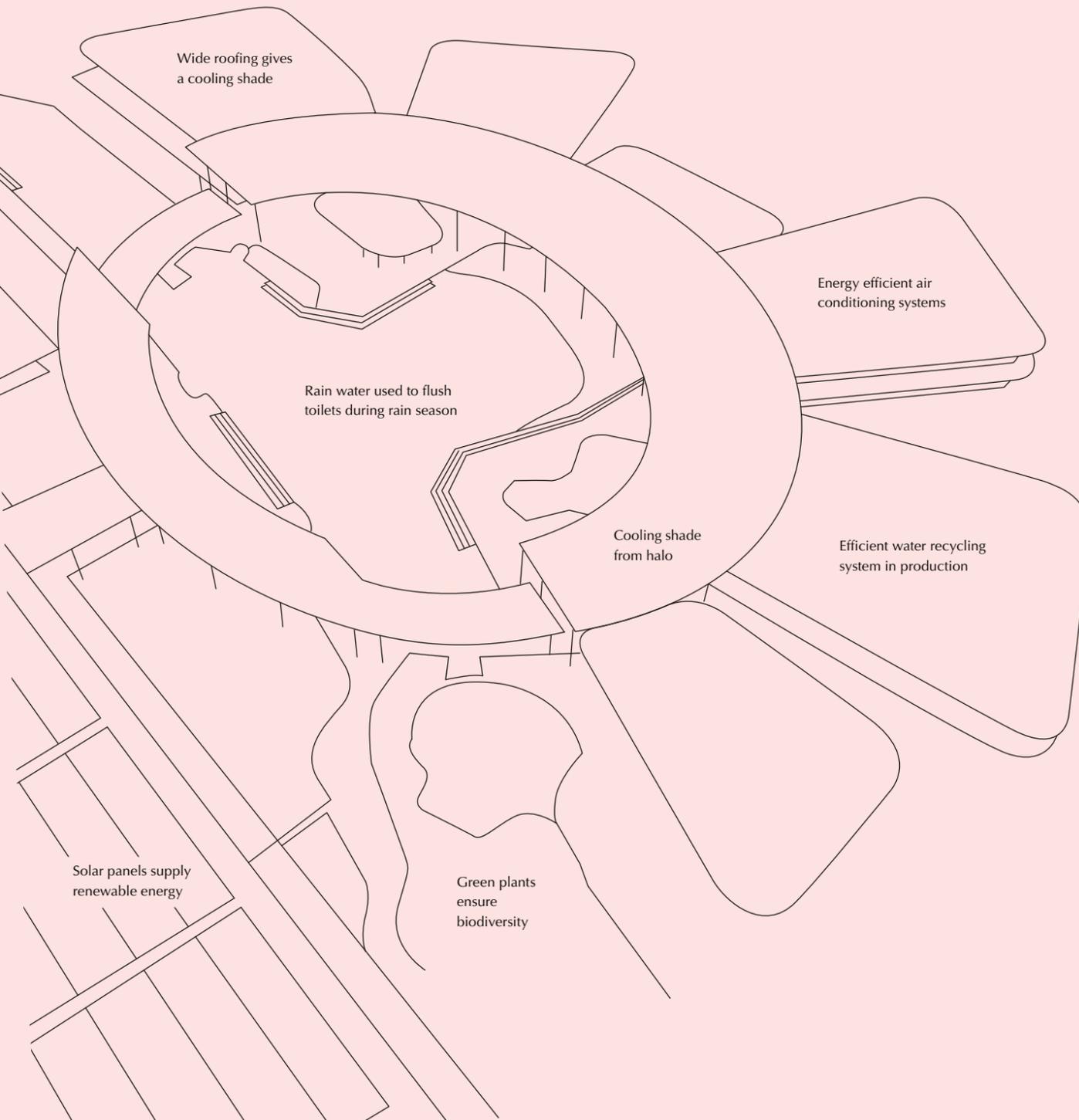
An aerial photograph of a modern architectural complex. The central feature is a large, circular courtyard with a swimming pool. The building's roof is a prominent, curved, light-colored structure that frames the courtyard. The surrounding area includes paved walkways, greenery, and other parts of the building complex.

Sustainability Report 2018/19

PANDÖRA

A snapshot from our crafting facility
in Lamphun, Northern Thailand



Pandora contributes to progress on many of the 17 United Nations Sustainable Development Goals. We focus on the seven goals where we believe our business can have the largest positive, as well as adverse, impact.

Contents

01/	Letter from CFO and COO	4	05/	Planet	20
02/	About Pandora	5		Pandora Planet in Brief	22
03/	Product	8		Minimising Our Environmental Impact	23
	Pandora Product in Brief	10		Case: Empowerment Through Organic Farming	26
	Crafting Our Products with Integrity	11	06/	People	28
	Certified for Our Responsible Production – Again	13		Pandora People in Brief	30
04/	Silver, Gold & Stones	14		Ensuring Proper Working Conditions	31
	Silver and Gold	16		Focus on Thailand	33
	Environmental Benefits	16		Case: An Ethical, Fashionable Future	36
	Stones	18	07/	Key Performance Indicators	38
			08/	Our Journey	40

High Ethical Standards and Quality Jewellery



At the heart of Pandora's business is the belief that high ethical standards and high-quality jewellery go hand in hand. We want women to be able to express themselves with jewellery made from ethically sourced materials and crafted responsibly – because we care about our planet and our people. We are committed signatories of the United Nations Global Compact (UNGC) and acknowledge our responsibilities in the areas of human rights, labour, environment and anti-corruption. This report is our annual Communication on Progress to the UNGC.

Pandora has a particularly strong capability to enforce and maintain high standards as we operate across the full value chain, which spans design, raw material procurement, crafting, marketing, stores and eSTOREs. We work closely with our suppliers and partners to ensure high ethical standards, and we communicate our efforts and performance externally to inspire others.

2018 Highlights

Pandora's Sustainability Programme is integrated into our business through policies, guidelines and tools. In 2018 our work focused on production start-up at our second green crafting facility in Bangkok, Thailand – gold certified to the highest standard of Leadership in Energy and Environmental Design (LEED). We are very proud to craft our products in green facilities of such a high standard. Complementing this, our comprehensive Responsible Supplier Programme continued to ensure that the high standards are also honoured by our suppliers. We also successfully extended our global Responsible Jewellery Council (RJC) certification to 2021, and were for the second year running the highest ranking company in Morgan Stanley Capital International's annual Environmental, Social and Governance (ESG) rating of the fashion industry.

Finally, to make sure that all employees are up to date with our expectations for the behaviour of our company, we once again provided a global Code of Conduct e-learning course which all employees completed.

With this Sustainability Report, we share with you our efforts to craft Pandora jewellery with integrity, provide proper working conditions for our employees and minimise our environmental impact.

We hope you will enjoy it.

Anders Boyer
CFO

Jeremy Schwartz
COO

About Pandora



~14,000
CRAFTSPEOPLE
IN THAILAND

Bringing their skills, their vision and their hearts and minds to work each day



~32,000
PEOPLE GLOBALLY

13
MILLION
PANDORA CLUB MEMBERS

112
MILLION
PIECES OF JEWELLERY
CRAFTED

Almost 13,000 pieces of jewellery
every hour of every day



OUR CRAFTING
FACILITIES IN
THAILAND

HUBS OF INNOVATION AND
EFFICIENCY, ENSURING OUR
ABILITY TO MAINTAIN AND
DEVELOP HIGH ETHICAL
STANDARDS

DKK 22.8
BILLION IN
REVENUE



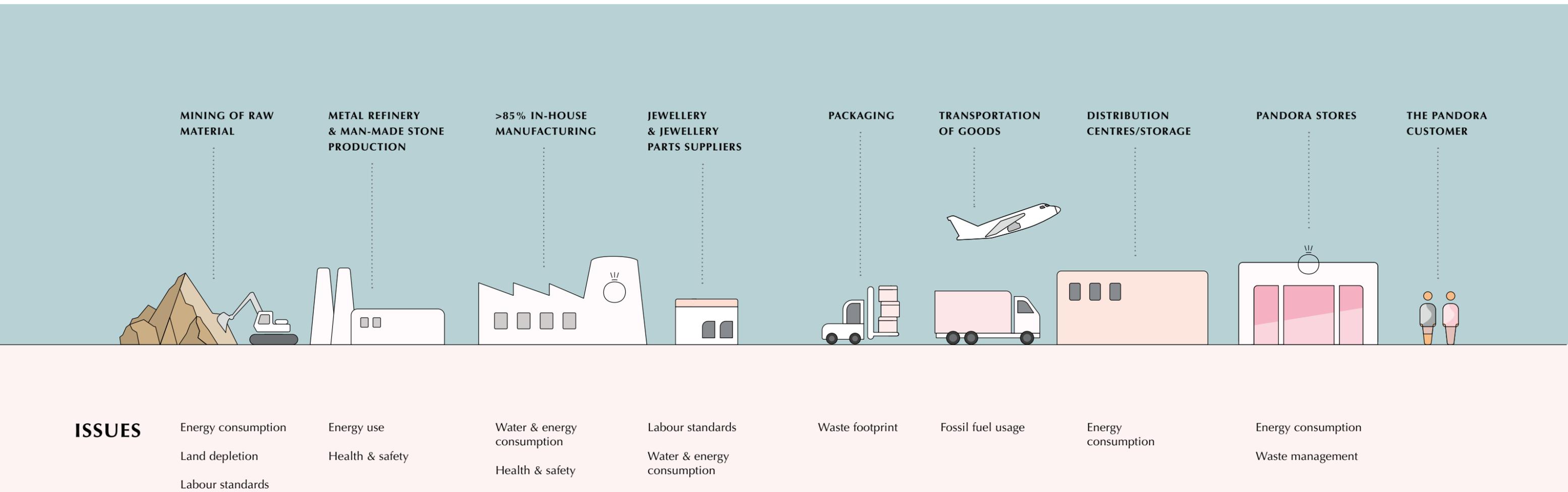
7,700
POINTS OF SALE
>2,700 OF THESE ARE
PANDORA CONCEPT STORES



14.8
MILLION
FACEBOOK FOLLOWERS

Our Value Chain and Potential Sustainability Issues

We control the majority of our value chain, from design and raw material procurement, through crafting to marketing and sales of our jewellery. We always aim to minimise potential adverse social and environmental impacts, through continuous assessment and collaborative efforts.



03/ Product

Pandora jewellery is designed and crafted with great attention to sustainability. Here is a snapshot of how we make a difference in the industry, on the high street, and to the environment in which we operate.



Recycled silver and environmentally friendly man-made stones are some of our preferred materials.

Pandora Product in Brief



1.7 BILLION
STONES SPARKLING ON OUR JEWELLERY

99.96% were man-made stones, that often exhibit the same basic crystal structure as natural stones



30
PAIRS OF HANDS
ON AVERAGE CONTRIBUTE TO CREATING ONE PIECE OF JEWELLERY



8
OUT OF 10 WOMEN
KNOW PANDORA IN KEY MARKETS

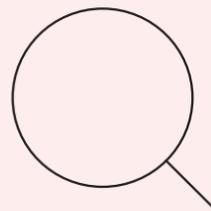


100%
CERTIFIED
SILVER AND GOLD
GRAIN SUPPLIERS



88%
RECYCLED SILVER GRAINS

100%
RECYCLED GOLD GRAINS



>85%
OF OUR TOTAL
SOURCING VALUE
CAME FROM SUPPLIERS
AUDITED BY EXTERNAL EXPERTS

Crafting Our Products with Integrity

Design

Every Pandora product starts its journey with our in-house Design team. As new pieces of jewellery evolve, our designers will make choices regarding which materials to use. Whenever new materials or suppliers are introduced, our Sustainability team is consulted in order to discuss potential environmental or social impacts. Such early collaboration helps to ensure that Pandora is aware of potential problems related to materials or suppliers and enables us to choose the best possible solutions.

Our designers work closely with our crafting colleagues in Thailand to ensure that designs and crafting techniques are a match. Our Innovation Centre in Bangkok incorporates the latest technology in jewellery crafting and design – and makes an important contribution to maintaining Thailand's position as a global hub in the jewellery industry.

Responsible Supplier Programme

All suppliers for our jewellery crafting and store materials are subject to our Responsible Supplier Programme and are required to sign and comply with our Suppliers' Code of Conduct. The comprehensive supplier programme we have developed supports them in achieving compliance. Our Sustainability team works extensively with suppliers all over the world to enable them to live up to our requirements, and to inspire them to implement more sustainable solutions. We regularly visit key suppliers and evaluate them in four areas: labour standards, health and safety, environmental management, and business ethics. We follow up on all issues of non-compliance.

In 2018 we introduced our Pandora Shine collection: 18k gold-plated sterling silver jewellery



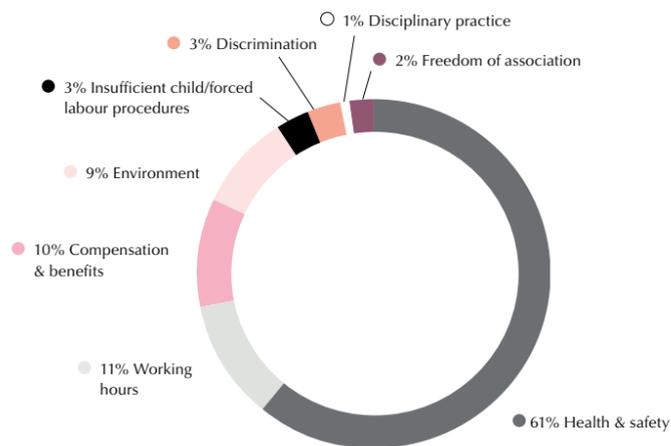
A sketch from the Pandora Spring 2018 collection comes to life

Supplier audits

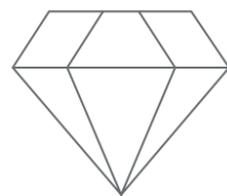
In 2018 we reached our target, stipulating that 85% of our total sourcing value of direct spend must come from suppliers who have either been audited by our external auditing company, are certified members of the Responsible Jewellery Council (RJC), or are otherwise covering all our requirements through internationally recognised certification standards. This means that they have been audited against the broadest and strictest standards within the jewellery industry. The majority of non-compliance cases identified during the independent supplier audits involved either health and safety standards or working conditions.

Pandora's crafting facilities in Thailand have worked diligently to achieve high standards as well as expertise within both areas. Thus, we seek to transfer our knowledge and expertise to our suppliers, to help them raise safety levels, job satisfaction and commitment – and thereby increase attraction, retention, productivity and profitability.

NON-COMPLIANCE ISSUES IDENTIFIED AT AUDITED SUPPLIERS IN 2018



Responsible Supplier Programme



PRODUCT ASPIRATIONS

To craft our products with integrity

PRODUCT CASE STORY

Certified for Our Responsible Production – Again

In 2018 Pandora was recertified by the Responsible Jewellery Council (RJC), proving our ongoing commitment to sustainability and responsibility throughout all areas of our business and value chain.

Ethical partnership

Pandora has been an active member of the RJC since 2010 and a certified member since 2012. During this time we have implemented and contributed to the RJC Code of Practices (COP), which addresses business ethics, human rights, labour rights, environmental impact, mining practices, product disclosure and many other important topics. As a certified member we pledge to positively impact and influence the industry.

Extensive audit

To be certified by the RJC, companies have to pass an extensive audit every three years. During this audit, 120 aspects of our business are thoroughly examined, from the sourcing of raw materials through to the sale of jewellery to consumers, involving offices and operations located all over the world.



Since joining RJC, Pandora has been an active participant in our organisation's efforts to define and shape the standards for our industry. It is commendable to see their efforts in good working conditions, responsible sourcing of jewellery materials and community initiatives that give back to the local community."

– Andrew Bone, Executive Director, RJC

About the RJC

The RJC is an international not-for-profit standards and certification organisation. It has more than 1,000 member companies that span the jewellery supply chain from mine to retail.



In 2018 we launched Pandora Reflexions, our new bracelet concept





04/
Silver, Gold
& Stones

Sterling silver is the world's most popular silver alloy. It consists of 92.5% pure silver and 7.5% other metals – mainly copper to improve durability.

Silver, Gold & Stones

Silver and Gold

The foundation of the majority of our jewellery is silver and gold. Mining and processing of precious metals and gemstones can be associated with adverse social and environmental impacts, and as a jewellery industry leader, we recognise our ability and responsibility to help develop a more responsible supply chain for core jewellery materials.

All gold grains entering Pandora's crafting facilities were sourced from reputable refining companies, certified according to the Responsible Jewellery Council (RJC) Code of Practices (COP). Furthermore, all gold must be certified conflict-free according to the London Bullion Market Association (LBMA) "Good Delivery List" or the RJC Chain-of-Custody Standard for gold.

In 2019 the RJC will expand its scope and integrate silver into the COP standard. Pandora fully supports this initiative and has actively participated in the development of the standard. Today, all of our silver grain suppliers are RJC/LBMA-certified refiners. Additionally, Pandora cooperates with a number of highly specialised manufacturers of semi-finished gold and silver parts. These partners must deliver auditable proof that the gold and silver used in their products is also sourced from RJC/LBMA-certified refiners.

Environmental benefits

In addition to the alluring look and fantastic crafting potential, using gold and silver can also have environmental benefits. Unlike most other materials, gold and silver can be perpetually recycled without their quality being diminished.

All the gold and 88% of the silver used at our crafting facilities in 2018 originated from recycled sources. The remaining 12% of silver originated from virgin materials supplied by RJC/LBMA-certified refiners.

A study conducted for Pandora by environmental cost experts calculated the cost to society of environmental damage from various materials and crafting methods, e.g. health costs associated with emissions. The study revealed that using recycled precious metals and man-made stones significantly reduces the environmental cost compared with mined materials. Recycling silver and gold reduces the environmental cost by more than 95% compared to mined metals.



RJC Code of Practices (COP) Standard

The COP defines responsible ethical, human rights, social and environmental practices for businesses in the jewellery industry.



The vast majority of the silver and gold used by Pandora comes from recycled sources



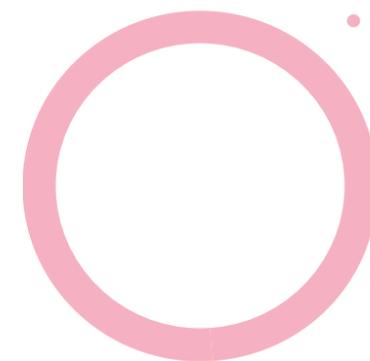
Taking top spot for responsible sourcing

For the second year running, Pandora was the highest ranking company in Morgan Stanley Capital International's annual Environmental, Social and Governance (ESG) rating of the fashion industry. In September, Pandora was commended for its focus on the responsible sourcing of gold and silver and our good working conditions.

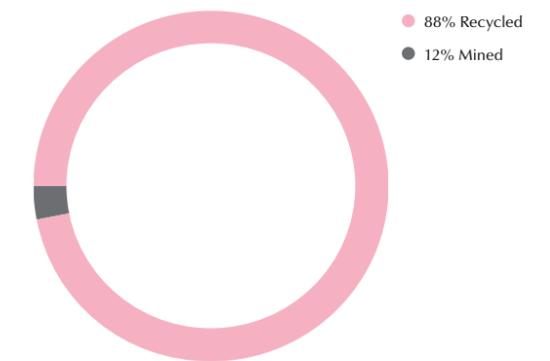


100% pure silver grains being measured for a mould

ORIGIN OF PRECIOUS METALS



Origin of gold
100% RJC-certified suppliers
100% certified conflict free



Origin of silver
100% RJC- or LBMA-certified suppliers

Stones

Man-made stones, diamonds and natural, semi-precious gemstones are all included in our assortment. Man-made stones make up the largest part, and in 2018 we used around 1.7 billion stones, of which 99.96% were man-made.



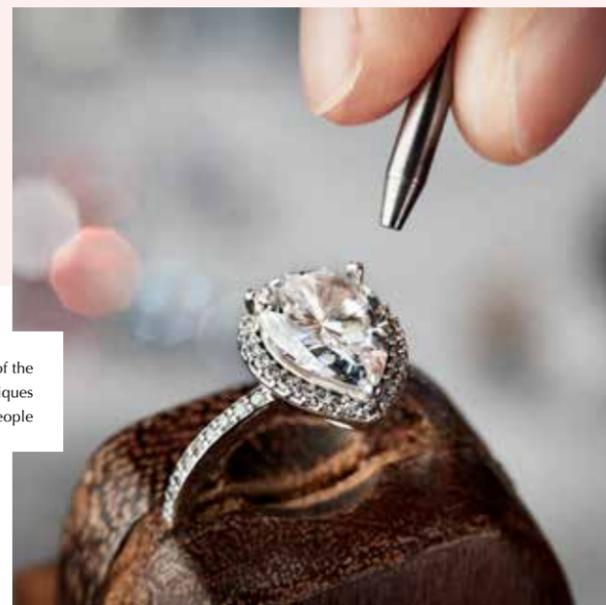
99.96%
of all stones Pandora used in 2018 were man-made

Man-made stones

Man-made stones can be identical to their natural gemstone counterparts in almost every way, and will often exhibit the same basic crystal structure. The origin of man-made stones is fully traceable, and the ability to grow stones with fewer variations in colour and quality considerably reduces material waste. The risk of contributing to adverse human rights impacts is minimal and the environmental cost is significantly lower compared with mined stones. In a study carried out for Pandora by external environmental cost experts, the environmental cost of man-made cubic zirconia stones is more than 99% lower when it comes to greenhouse gas emissions and air pollutants compared to mined diamonds.



Stone setting is just one of the ancient jewellery techniques mastered by our craftspeople



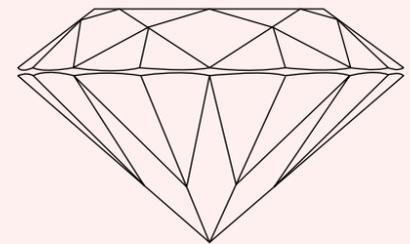
Diamonds

When buying diamonds we only accept suppliers who are members of the RJC and who can certify compliance with the System of Warranties, established by the World Diamond Council for diamond sourcing. Since 2012, diamonds have only been used on a few popular charms from past collections and the annual limited edition Pandora Club Charm, a collector's item.

The diamonds on the Pandora Club Charms were all recycled from discontinued Pandora jewellery from 2012 until 2018, when our stock of recycled diamonds ran out and we went back to buying from certified suppliers.



Only a skilled diamond cutter can transform a newly mined rough diamond into a sparkling faceted gemstone



White diamonds used on Pandora jewellery have round brilliant cuts. This cut was invented especially for diamonds

0.04%
of the stones we used in 2018 were natural gemstones

Natural, semi-precious gemstones

The mining and processing of gemstones and semi-precious stones can be associated with adverse social and environmental impacts. Less than 0.04% of the stones we used in 2018 were mined natural, semi-precious gemstones, all from reputable suppliers that comply with the standards in our Responsible Supplier Programme.



The purple colour variety of quartz is known as amethyst



The halo design feature in our crafting facility in Lamphun, Northern Thailand provides a nice large shaded area in this sunny environment.

05/ Planet

At Pandora, we see waste as resources that can be reused and shared with other industries. We continuously work to reduce the emissions from our operations, while increasing efficiency and improving our sustainability.

Pandora Planet in Brief



RECYCLING OF JEWELLERY CRAFTING WASTE

99%

GYPSUM WASTE

is reused in the construction sector

100%

GLASS WASTE

is recycled into new glass products

100%

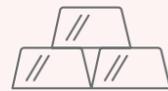
RUBBER WASTE

is reused in plastics or as fuel

100%

WAX WASTE

is reused for candles or by figurine manufacturers



95%

ENVIRONMENTAL SAVING for every kg of recycled gold used

95%

ENVIRONMENTAL SAVING for every kg of recycled silver used



89%

OF WASTE

was recycled at our crafting facilities



99%

ENVIRONMENTAL SAVING for every kg of cubic zirconia used



100%

PAPER BAGS & GIFT WRAPPING PAPER

originate from wood from sustainable forestry



150+

FUEL EFFICIENT BUSES DROVE OUR THAI COLLEAGUES TO AND FROM WORK

Minimising Our Environmental Impact

Crafting

Reflecting our increasingly advanced jewellery designs and a widening portfolio of jewellery, our use of energy and water increased from 2017 to 2018. Our 2018 collections featured greater complexity with more elements per piece of jewellery and with more extensive use of plating. Additionally, we continued to broaden our product assortment beyond charms and bracelets to include more new rings, earrings and necklaces, which involved more resource-intensive processes.

Thanks to our LEED certified crafting facilities, our consumption of energy and especially water is considered very efficient and well below the average in the luxury, apparel and accessories sectors.

Energy

The majority of our energy consumption takes place at our crafting facilities in Thailand. Energy used there increased from 45,689 MWh in 2017 to 59,021 MWh in 2018. Ovens used in the crafting process and the extensive use of chillers to ensure a comfortable working environment throughout our facilities consume a considerable amount of energy. However, in our new green crafting facilities, innovative air conditioning and ventilation can reduce energy loss from chilled air leaving the building by up to 80%; for instance, by making sure that the cold exhaust air helps to cool down the fresh warm air coming in from the outside. This simple approach is highly effective.

At our green facility in Northern Thailand, more than 8,500 m² of solar cells on the building supplies 10% of the power to the facility. Due to Thai energy regulations, we are currently not able to expand our solar energy production at this facility, but are exploring opportunities to use more renewable energy in Thailand.

Water

Water consumption at our crafting facilities increased from 826,289 m³ in 2017 to 967,046 m³ in 2018. The disposal of waste water is subject to control by both our own Safety, Health and Environment (SHE) team and local authorities, and is audited by external experts. Our new LEED Gold certified crafting facilities are designed to reduce water usage.

At our Lamphun facility which has now been running for a couple of years, we recycled 60% of water in 2018. We will continuously transfer experience and knowledge from Lamphun to our facilities in Bangkok, to drive further improvements of our total water usage.

Waste

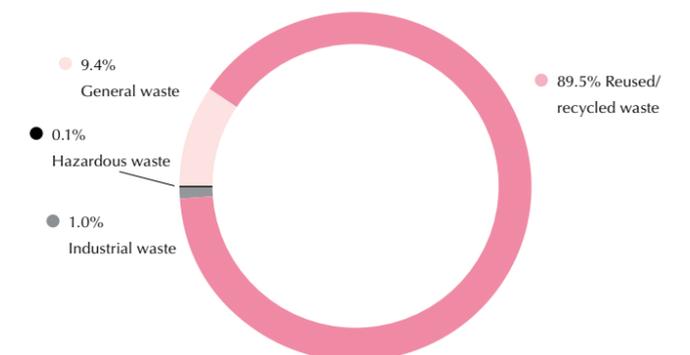
The crafting of our jewellery generates four main types of process waste: gypsum, glass, rubber and wax. Gypsum waste is recycled in the construction sector, glass waste is recycled into various glass products, rubber waste is made into plastic products or used as fuel by the cement industry, and wax waste is used to make candles or as a moulding material for other manufacturers. We sell some types of waste and we pay to have other types recycled.

In 2018 we managed to recycle or reuse 100% of wax, rubber and glass and 99% of gypsum. At the start of 2018, we were not able to find a vendor to recycle the gypsum waste from our new facility in Lamphun, and this unfortunately resulted in some gypsum not being recycled. We now have a vendor in place and expect 100% recycling/reuse of all four primary waste categories in 2019.



Silver "scrap" from our production is remelted and used again

CRAFTING WASTE





Safe and environmentally friendly bus transportation for our employees in Thailand

Logistics

Pandora jewellery is sold in more than 100 countries around the world, and Pandora uses a variety of transport providers to move our goods via rail, sea, road and air. We always seek to use the transport mode with the lowest emissions possible, while respecting the needs of our business. This often results in sales material being moved at a slower pace by sea and new collections of jewellery being transported by air. In 2018 the estimated transport emissions were 9,562 tonnes of CO₂; down from 12,700 tonnes in 2017. It is encouraging that the dialogue with our transport providers, all global leaders in their industries, shows a dedication towards lowering their emissions. In 2019 we will continue the dialogue, but still place the majority of our focus on our crafting facilities, as they account for the biggest part of our environmental footprint.

Stores

Pandora jewellery is sold in more than 2,700 Pandora concept stores around the world, of which more than 1,300 are owned and operated by Pandora. The remaining stores are operated by our retail partners. Our current store design, Evolution, is designed for a low environmental impact in several ways. It is very durable and it is possible to replace smaller parts over time to lengthen the lifetime of the fixtures and furniture. We have reduced energy consumption in an average Pandora concept store by 50% by using energy efficient lighting.

The efficient lights also create less heat and thus reduce the need for energy to power air conditioning. As of 2018, around 80% of all Pandora concept stores have switched to the Evolution store design.

Reducing energy consumption for lights in our stores has also resulted in a lower need for air conditioning since the lights produce less heat

Bus services

In Thailand, road traffic accidents represent the second highest cause of death, and the pollution stemming from traffic weighs heavily on the environment, especially in the Bangkok area. We offer our employees safe and environmentally friendly bus transportation to and from work, which totalled almost 86,000 round trips and more than 1.7 million kilometres in 2018. By year end, more than 5,600 employees regularly made use of this service. Bus companies are subject to regular controls by government agencies and our in-house Safety, Health & Environment (SHE) team. With 50 passengers per bus and buses in good condition, this option is very efficient compared to other feasible means of transportation.



The pretty pond at our crafting facility in Lamphun, Northern Thailand also acts as a water reservoir during the rainy season



PLANET
ASPIRATIONS

To minimise our
environmental impact

PLANET CASE STORY

Empowerment Through Organic Farming

Pandora and Thailand have forged a strong bond and respect over the years. We share a belief in finding new ways to make positive impacts on people and the planet while we are busy crafting Pandora jewellery.

Thai Law states that companies should help people with disabilities to be involved in work, earn wages and be contributing community members. Pandora is committed well beyond these obligations, empowering people with disabilities both in the community and at our own crafting facilities.

In 2018 a new initiative blossomed. In Chiang Mai in Northern Thailand, not far from our Lamphun crafting facility, lies the Organic Farm & Learning Centre, which is supported by Pandora. The centre is an educational hub set up around sustainable farming, that supports the local community with a focus on empowering people with disabilities. In 2016 we decided to help build teaching facilities. At the time, the centre covered just 400 square metres of land. Today, it occupies 3,072 square metres and consists of three buildings – including eight rooms for accommodation, a canteen and a two-storey activity and training centre – all built with funds donated by Pandora and the hard work of more than 100 Pandora volunteers.

Spreading positivity forward

Much of the sustainable farmland around the centre is dedicated to rice production and lies fallow between active growth seasons. One of the purposes of the centre is to show farmers how these fallow periods can be utilised. The Organic Farm & Learning Centre is an inspirational and educational centre for the local community. They host courses in sustainable farming for local farmers to improve their livelihood. For instance, how to use organic agriculture and crop rotation to grow other crops they can eat or sell.

Quality of life

Sangkaew from Chiang Mai in Northern Thailand is a member of the centre. As a person with disabilities, the centre has changed his life. Before becoming a member, Sangkaew was struggling to make ends meet, with no job and little monetary support. Now he is self-sufficient, and his confidence is back. Sangkaew lives and works at the centre with other people with disabilities – with room for more to move in soon. Here he grows crops and educates local farmers and students in self-sufficient organic farming, honing his skills and passing new skills on to others.

Sowing future harvest

The centre has set itself a goal: to grow enough food by 2020 to become one of the suppliers for canteens at local businesses, including Pandora, and to expand the training to local farmers so they can do the same.

The Organic Farming & Learning Centre is part of the Pandora Big Heart Spirit project: a series of volunteer initiatives where Pandora colleagues in Thailand donate their time to their local community



“Every week I visit local farmers to teach and support them in how to run a chicken farm. While I provide training, I feel great because I can share my knowledge with others.”
 – Sangkaew, Organic Farm & Learning Centre member

2018 “Outstanding Disability Empowerment Organisation”

Pandora was recognised by Thailand’s Ministry of Social Development and Human Security for the second time. It acknowledges our commitment to empowering people with disabilities.



Rathee Chaiyapornpathana founded the centre in 2016 to follow his passion of empowering others through education around sustainable farming.

Employees at our crafting facility in Lamphun, Northern Thailand performing one of the many quality checks.

06/ People

People are the heartbeat of Pandora and our future. Our dedicated employees collaborate to create and bring to life something really special: responsibly crafted hand-finished jewellery celebrating women's self-expression. We are committed to taking care of our people and empowering their talents.

Pandora People in Brief



5,000
NEW JOBS AT PANDORA
WORLDWIDE



29,500
VISITS TO OUR
EDUTAINMENT CENTRE

Our Thai crafting facilities provide free access to PCs, library services and training resources



30%
OF OUR SENIOR
MANAGEMENT ARE WOMEN

272,000
E-LEARNING MODULES
COMPLETED

That is almost 800
modules every day in 2018

5.2
HOURS OF TRAINING

Every crafting colleague received
this amount of classroom training
on average in 2018



**SPECIAL
BENEFITS**
FOR PREGNANT EMPLOYEES



6,000
BOOKS AVAILABLE AT OUR
LIBRARIES IN THAILAND

The most popular books in the employee
libraries are in the self-improvement,
computer science and fiction genres

7.7%
EMPLOYEE TURNOVER
IN THAILAND

Ensuring Proper Working Conditions

Code of Conduct

The Pandora Code of Conduct stipulates our ethical aspirations as a company and our expectations to the behaviour of our employees. The Code of Conduct covers areas such as human rights, working conditions, environmental footprint and anti-corruption. Building on our ethics policies, the Code offers colleagues one common point of reference for ethical dilemmas, backed by training modules spanning hiring procedures, workplace ethics, anti-harassment, fraud, gift giving and the misuse of company assets. Code of Conduct training forms part of our onboarding process and, in 2018, all colleagues participated in this training as a refreshment exercise.

To support the Code, our employees are encouraged to raise ethical concerns with local management or HR, Legal or Compliance teams. Should employees believe that their concerns are not properly addressed, or if they are not comfortable with raising their concerns through these channels, they can choose to use Pandora's externally administered multilingual Whistleblower function.

Training

An important connection between Pandora and our customers is established and nurtured by over 49,000 sales associates, who are passionate about selling our jewellery in more than 100 countries around the world. Sales associates in Pandora stores (owned either by Pandora or franchisees) handle a large amount of information covering the entire Pandora universe, and hold in-depth understanding of more than 700 different pieces of jewellery. We continuously provide the necessary training for our sales colleagues, both in our own stores and at the points of sale operated by our partners.

To support the Code of Conduct,
our employees are encouraged
to always raise ethical concerns



Working in a Pandora shop requires knowledge of hundreds of different jewellery pieces and all the styling and cross-selling possibilities

Our extensive training programmes span face-to-face training, coaching and digital learning. The scope is broad and entails training in Pandora's values, ethics, identity and history, jewellery and materials, crafting processes, and professional sales skills and techniques. Our comprehensive digital learning programmes are available in 23 languages. In 2018 our employees completed almost 272,000 online training sessions.

Diversity

We strive to achieve an equal gender representation among our employees and have a gender split target: 40-60% of each gender. We acknowledge that within some areas this level will have to be reached over time. On store level, the nature of Pandora's products and primary target group attract a very high proportion of female applicants (around 90%). Here, an equal gender distribution is currently not realistic, albeit desirable nonetheless. Pandora does encourage and welcome male store staff applicants.

Gender diversity in management

We believe that our company benefits from a diverse management team. We have a number of gender diversity objectives and we review progress once a year. Our goals in this area are:

- At least 40% of the members of the Board of Directors should be of the underrepresented sex. At the end of 2018, women made up 43% of Board of Directors (3 out of 7), compared with 33% in 2017 (3 out of 9), which places Pandora well above the average of 16% for Danish listed companies.
- At least 40% of senior management (members of the Management Board, general managers and vice presidents) should be of the underrepresented sex. At the end of 2018, 30% of senior management were women, a decline compared with 39% in 2017. Pandora will continue to strive for a better gender balance in senior management.
- The gender balance on Pandora’s leadership programmes should mirror the balance among vice presidents and directors. In 2018, 45% of vice presidents and directors and 49% of leadership programme participants were women.

GENDER SPLIT, GROUP & MANAGEMENT

	Male	Female
Board of Directors	57%	43%
Senior Management	70%	30%
Directors and Managers	39%	61%
Store Managers	9%	91%
Total Management	21%	79%
Total Group	25%	75%

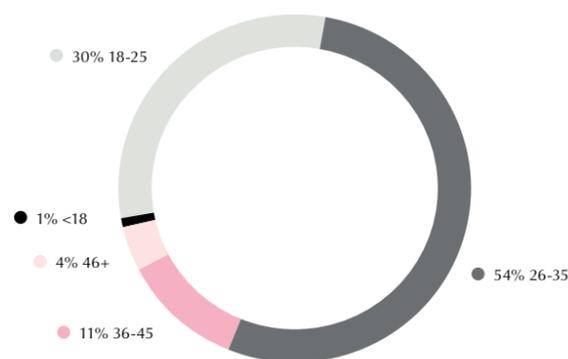
Human and labour rights

Pandora’s Human Rights Policy stipulates our commitment to the United Nations Guiding Principles on Business and Human Rights, and the core conventions of the International Labour Organization (ILO). The policy further instructs us to advance human rights within our sphere of influence. To ensure this, Pandora is checked against and certified according to the Responsible Jewellery Council’s (RJC’s) Code of Practices (COP). The RJC COP has been developed to assess, identify and mitigate human rights risks in the jewellery supply chain. Moreover, we regularly assess potential human rights and environmental risks in our own value chain. The main human and labour rights risks are to be found among our suppliers. By sourcing our core jewellery materials from certified responsible suppliers, and by enrolling our suppliers in Pandora’s Responsible Supplier Programme, we seek to lower the risks of causing or becoming complicit in human rights infringements.

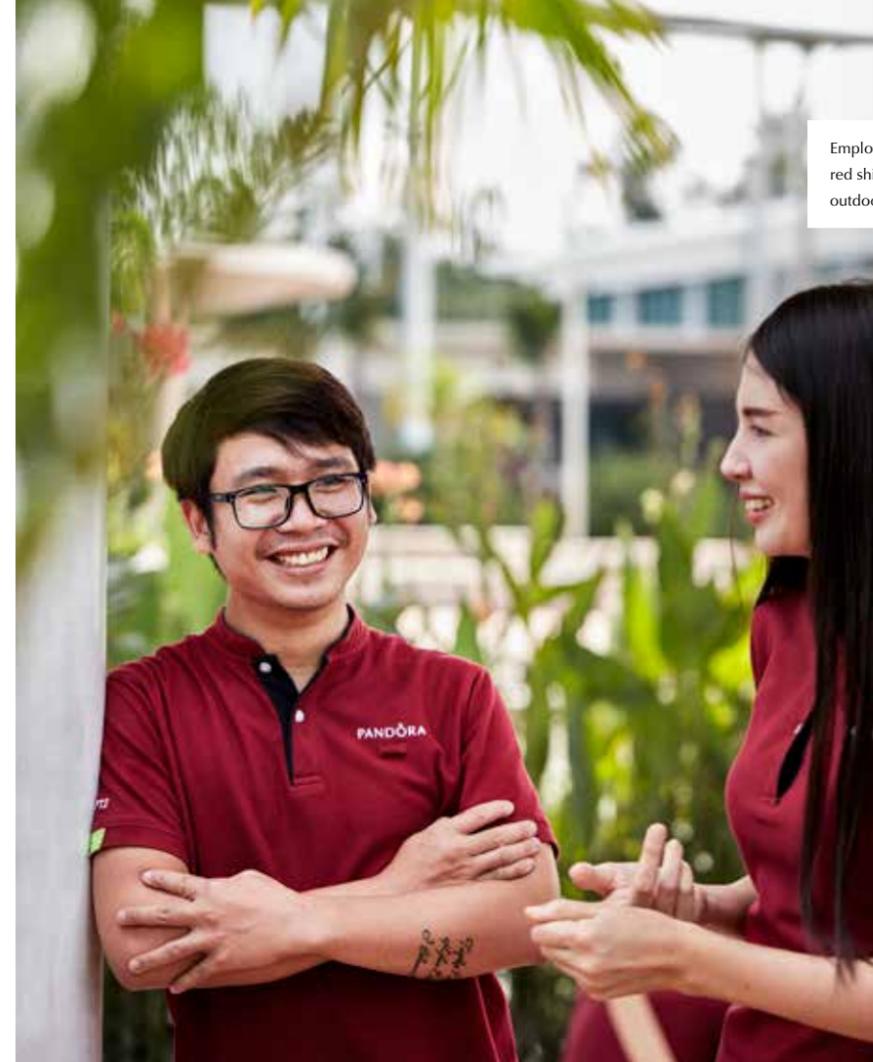
> For our statements on the UK Modern Slavery Act and The California Transparency in Supply Chains Act, please visit www.Pandoragroup.com/csr.

We constantly work to prevent and, when necessary, mitigate negative impacts of our activities. Even if overtime at our crafting facilities in Thailand is always voluntary, compliant with Thai law, remunerated at premium rates, and seen as a benefit by our Thai colleagues, we still strive to keep the weekly working hours below ILO standards. Weekly working hours in 2018 periodically and to a minor extent exceeded 60 hours. In order to mitigate this we introduced night shifts in 2018. In 2019 we will look deeper into which tools we can use to keep the working hours within our standards.

AGE SPLIT, GROUP



Headcount as of 31 December 2018



Employees in their characteristic red shirts, enjoying the shaded outdoor area

A human rights perspective

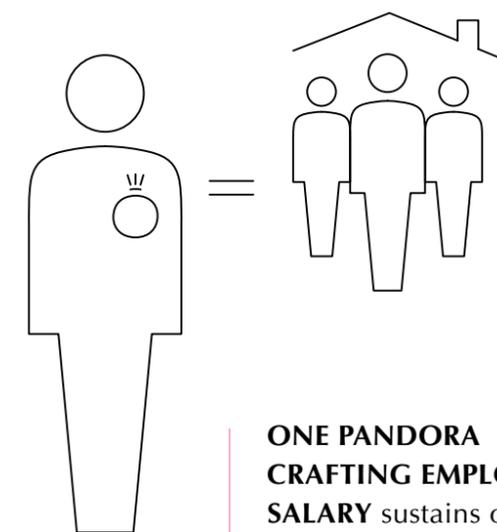
Ensuring human rights throughout a value chain is a complex matter for all companies. This is why Pandora engages in dialogue with external stakeholders, such as the United Nations Global Compact (UNGC), the RJC and the Danish Business Network for Human Rights. The Danish Business Network for Human Rights offer members the opportunity to discuss their company’s challenges and dilemmas with peers who represent different sectors and approaches to responsible business practices, providing valuable insights.

Focus on Thailand

Our modern crafting facilities in Thailand, placed in Bangkok and Lamphun (Northern Thailand), provide safe, healthy, developing and engaging working conditions for more than 14,000 people. Their skills, commitment and flair for aesthetics are a major part of the foundation of our company.

Social impact study

We consider our crafting facilities in Thailand to be significant and positive contributors to the surrounding Thai communities and the country in general. This was verified by a social impact study conducted by external experts in 2017. The study showed that the average salary for a Pandora crafting employee is above the industry average, and that it can sustain the livelihood of an average-sized household (around three people). Furthermore, the study showed that for each Pandora job, an additional 1.7 jobs were created in Thailand, due to the effect of money spent with our Thai suppliers and the spending power of our employees.



ONE PANDORA CRAFTING EMPLOYEE’S SALARY sustains one average household



On-site banking assistance is offered during lunch breaks several times each month

Training and development

The scope of our training and development programmes goes beyond technical skills and work processes. Our ambitious Jewellery Skills Academy drives technical development for specific jewellery making skills, from beginner to expert levels, while additional training covers safety, health, leadership and life skills, such as motherhood and private economy. Recognising that access to education is a challenge in Thailand, we have established Edutainment Centres in both Bangkok and Lamphun, which feature contemporary e-learning and internet facilities, and a library. This provides our colleagues with a comfortable and inspiring environment where they can relax and learn. During 2018 the libraries in Bangkok and Lamphun had more than 29,500 visits and more than 6,000 books were available throughout the year; the most popular ones included fiction and books on self-improvement and computer science.

Employee dialogue

For many years, the dialogue with our colleagues in Thailand has been served by an employee-elected welfare committee. In 2018 Pandora Thailand was approached by a workers union for the first time. Respecting our colleagues' right to associate, we have signed a collective agreement for 2019. This means that the work of the Welfare Committee has been passed over to the workers union representatives.

Benefits

Employee benefits at our crafting facilities include affordable and healthy meals, maternity classes, extensive professional and personal development training, annual outings, scholarships, an employee-operated radio channel, and free bus transportation to and from work.

Health and safety

To make sure our crafting facilities perform according to Pandora's safety, health and environmental standards, we have established a Safety, Health & Environment (SHE) Committee comprising senior management and elected employee representatives. Together with external experts, the elected representatives assume the responsibility of checking SHE conditions, while SHE professionals are responsible for continuously improving standards and correcting cases of non-compliance. SHE professionals are, for instance, involved in all new production setups to make safety a priority from the start. As a result of our ongoing focus on improving safety and health standards, there were only two work-related accidents with absence in 2018 among more than 14,000 production employees (resulting in a total of eight lost working days).

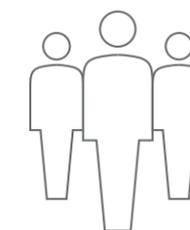
Communication

We want to provide up-to-date and relevant information to our employees so everyone understands the context of their work, and has a clear picture of Pandora's global performance. To this end, we share company news through both our in-house Pandora Radio (with employee-elected DJs) and LINE – a very popular Thai social media platform. The Pandora self-service app provides easy access to news and relevant employee data, such as working hours, holidays and the ordering of staff uniforms. Free internet access on the premises supports the use of the app.

For HR-related questions, our HR Services team sets up mobile consultation centres in canteens and locker rooms during lunch breaks on a regular basis. This allows employees to ask questions or seek assistance for issues, such as pay, benefits or employee relations at a time and place convenient for them.

Social events

Our colleagues' commitment to Pandora is also clearly visible during our social events. At the annual year-end parties in Bangkok and Lamphun, some of Thailand's greatest stars appeared on stage, making sure that over 14,000 colleagues had a great time. Early 2018 over 3,000 colleagues attended the Family Day Party – an event that began as a small company outing to the beach around twenty years ago.



PEOPLE ASPIRATIONS

To ensure our people have a safe, developing workplace



A wide variety of food options from external suppliers are available for lunch on-site

An Ethical, Fashionable Future

As the world's biggest jewellery brand, we are always looking for fresh viewpoints on how to make even greater strides towards sustainability.

In 2018 Pandora partnered with the Youth Fashion Summit, an initiative spearheaded by the United Nations Global Compact. The summit challenges students from all over the world to create a framework for the fashion industry on how to reach two of the United Nations Sustainable Development Goals (SDGs), namely SDG 3 (good health and well-being) and SDG 5 (gender equality).

In May 2018 over 100 top fashion and business students from around the world met at Pandora's Global Office in Copenhagen. They joined representatives from the UN Global Compact, H&M, Pandora and other leading companies to collaborate and develop ideas for a more sustainable future.

The students were able to elaborate and receive feedback on their proposals before presenting them at the Copenhagen Fashion Summit, the world's largest conference on fashion and sustainability. In 2019 Pandora and the Youth Fashion Summit will join forces again.



Photo credit: Youth Fashion Summit



Photo credit: Youth Fashion Summit



Students engaging in dialogue during the 2018 Youth Fashion Summit



UN Sustainability Development Goals (SDGs)

SDG 3

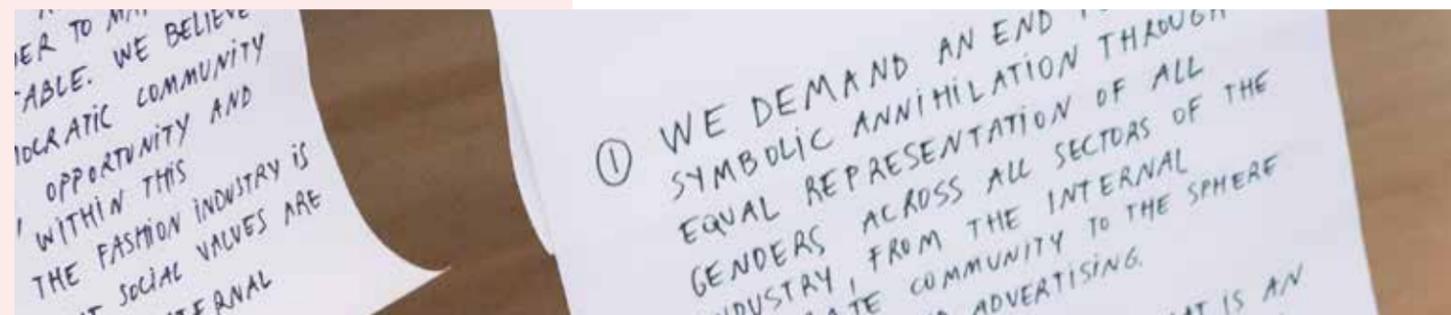
Ensure healthy lives and promote well-being for all at all ages

SDG 5

Achieve gender equality and empower all women and girls



Photo credit: Youth Fashion Summit



Youth Fashion Summit

A sustainability education and idea-generation platform, giving students moving into the fashion industry a platform, tools and the opportunity to influence the decisions that will be made today and felt tomorrow.

Sustainability Performance Indicators

Product

	2018	2017	2016	2015
Sourcing suppliers subject to Pandora's "Responsible Supplier Programme", %	100	100	100	100
Total sourcing value audited by external CSR experts, %	>85	>85	>85	>80
Silver and gold grain suppliers certified by the RJC/LBMA, %	100	100	100	100

People

In 2018, turnover among employees at our crafting facilities has risen to 7.7% reflecting different organisational changes, but still well below the industry level of more than 15%. Training hours per employee at our crafting

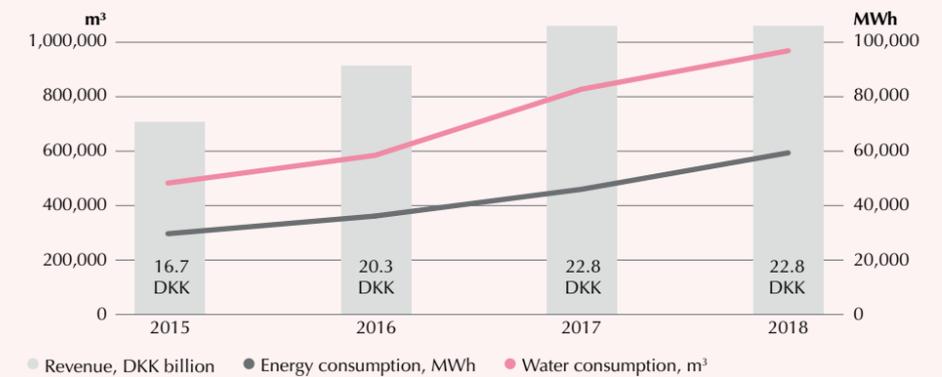
facilities have gone down due to optimisation of hours spent on classroom training. Job training comes on top of this and is not included in this number. Our global incident rate remains well below average industry levels.

	2018	2017	2016	2015
Craftspeople turnover, %	7.70	4.20	3.20	3.30
Global incident rate (OSHA standard)	0.45	0.30	0.30	0.18
Training hours per employee at our crafting facilities	5.20	8.20	14.20	14.50

Planet

Reflecting our continued focus on advanced jewellery designs and a widening portfolio of jewellery, our use of energy and water increased from 2017 to 2018. Our 2018 collections were more complex with more elements per piece of jewellery and with more extensive use of plating.

In addition, we continued to broaden our product assortment beyond charms and bracelets to include more rings, earrings and necklaces which involves a more resource intensive process. However, thanks to our LEED certified crafting facilities, our consumption of energy and water is very efficient and well below the average in the luxury, apparel and accessories sectors.



	2018	2017	2016	2015
Water consumption at crafting facilities, m³	967,046	826,289	584,108	483,000
Energy consumption at crafting facilities, MWh	59,021	45,689	35,907	29,472
Global transport emissions, tonnes of CO2	9,562	12,734	8,665	5,435
Recycled silver/gold grains used at our crafting facilities, %	88/100	97/74	91/86	83/96
Recycled crafting waste, %	89	80	86	83

Our Journey

2011

Launched Responsible Supplier Programme

Signatory of UN Global Compact



2010

Pandora's Sustainability team established

2012

Certified member of the Responsible Jewellery Council (RJC)

Pandora Ethics Compliance Programme launched

2013

100% of silver and gold grain suppliers are RJC/LBMA-certified

Responsible Supplier Programme enhanced

2014

New energy efficient store concept launched

Partnership with Disney established

All paper bags labelled with Forest Stewardship Council (FSC) trademarks

2015

RJC recertified against their 120 provisions

2017

Pandora engaged in setting new RJC Chain of Custody standard for gold

Pandora's production facility in Lamphun, Thailand becomes LEED Gold certified

LEED Gold certified

2016

New LEED-certified Global Office opened in Copenhagen, Denmark

10th "My School" local community project

2018

Globally recertified by the RJC

Pandora inaugurates new LEED Gold certified crafting facility in Bangkok, Thailand



Cradle-to-Cradle

This Sustainability Report is a cradle-to-cradle certified product. This means that each page is 100% biological, decomposable and totally free of any toxic chemicals and heavy metals report.

It also means that in producing this Sustainability Report, we have reused the resources of the earth in a natural circular process, leaving no harmful waste materials that are poisonous for people or the environment. A true inspiration for our own journey towards an even more sustainable setup and future.



SILVER

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