

Stockholm, 12 April 2023

Pandox Fair Play
**Modern Slavery
Act Transparency
Statement**

This Modern Slavery Act Transparency Statement was adopted by the Board of Directors of Pandox Aktiebolag (publ) (reg. no. 556030-7885) on 12 April 2023.

Introduction

This statement is made by Pandox AB (publ) and refers to the 2022 financial year. It is Pandox's fifth Transparency Statement pursuant to section 54(1) of the UK Modern Slavery Act 2015. The statement outlines the policies adopted by Pandox to identify and mitigate the potential risks of modern slavery related to its business operations and supply chain.

Pandox's organisation and supply chain

Pandox is an international hotel property company with two business segments: Property Management, comprising hotel properties leased long-term to market-leading hotel operators, and Operator Activities, comprising hotel operations conducted by Pandox in its own hotel properties. Pandox's activities therefore extend across the whole hotel value chain and the Company, which involves a large number of suppliers.

In Property Management, Pandox has full control over sustainability management for the physical property but has a limited impact on the tenant's operations. For Operator Activities, the degree of control depends on the type of agreement governing the operation of the hotel concerned. Pandox has full control over the sourcing process for hotels under its own brands and some influence over hotels under franchise agreements. In management agreements, on the other hand, Pandox's influence over the sourcing process is limited, with the responsibility resting mainly with the hotel operator. In its work to ensure a sustainable supply chain Pandox focuses mainly on Property Management, with a particular focus on suppliers in the construction industry, and on hotels within Operator Activities that are operated under its own brands or under franchise agreements, which is where Pandox has the greatest opportunity for impact.

There are two types of suppliers present in Pandox's business: producers and service providers. The human rights and labour rights risks applicable to producers mainly occur in the extraction and processing of raw materials and in the production of the products, and are thus distant from Pandox's core business. For service providers, however, the risks are closer to Pandox's core business and can be identified in both Property Management and Operator Activities. Within Property Management the main risks concern illegal labour and wage dumping during renovations, retrofitting or extensions.

In Operator Activities there are risks associated with trafficking and prostitution that can take place on the premises within the hotel operations. There is also a risk of migrant workers being exploited in housekeeping and in food and beverage, as there is a high risk that they will not be fully aware of their rights and employment terms due to lack of knowledge of English and the local language. Preventative measures are outlined below.

Pandox's policies

Pandox has zero tolerance towards all forms of modern slavery, forced or child labour, exploitation and servitude. Pandox endeavours to conduct its business in line with international initiatives and sustainability standards, including the UN Global Compact, the fundamental Conventions of the International Labour Organization (ILO), the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Pandox joined the UN Global Compact in 2019 and has therefore pledged to work according to its Ten Principles in areas such as human rights, labour, the environment and anti-corruption. Pandox's Sustainability Report 2022 is the Company's fourth Communication on Progress Report.

Work in 2022

Pandox's Code of Conduct for Employees, Code of Conduct for Business Partners and Human Rights Policy lay the foundations for Pandox's work on human rights and labour rights. Pandox ensures that all employees are familiar with the content of the Code of Conduct for Employees through online training that is available in seven languages. Refresher training is required for all employees whenever there is a substantial update of the Code. The goal is for all employees to complete the training. At the end of 2022 a total of 87 percent of employees had completed the training.

In 2022 a diversity and inclusion workshop was held with representatives of the management team and key individuals in the Company's own operations. The aim was to create an understanding of the basics of diversity and inclusion, and also to agree at a strategic level on the vision, ambition and motivation for Pandox's work on such matters.

Pandox's biggest suppliers are companies within the construction industry and property management, and those providing goods and services for hotel operations. The construction sector is the sector identified as having the highest risk for Pandox. Of Pandox's 4,404 suppliers, 632 are within the construction sector. Pandox's Code of Conduct for Business Partners is based on the Ten Principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. The Code of Conduct for Business Partners describes the expectations that Pandox has of its suppliers regarding human rights, labour, the environment and anti-corruption. The Code of Conduct for Business Partners is part of all new agreements and in 2021 regular suppliers in Property Management were audited before a contract was signed using a self-assessment form for existing suppliers. Pandox has developed its process for checks on new and repeat suppliers using a new user-friendly system. A new element this year was that suppliers within Property Management above a certain minimum annual amount that have not been audited previously are to be audited according to the new process. This means that existing suppliers undergo the same process as new suppliers until they are all in the system. In 2022 a total of 48 (82) of Pandox's suppliers were audited. Hotels in Operating Activities report each year whether there have been any incidents involving trafficking, prostitution, discrimination or sexual harassment and if so, how these were handled. The incidence and handling of these are reported publicly in the Company's Sustainability Report.

In 2022 Pandox began work on human rights due diligence (HRDD). As a first step, an impact assessment was carried out. This work was based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Pandox brought in a third party to ensure independence in the impact assessment. The assessment focused on identifying, assessing and reporting human rights risks both in the supply chain and in Pandox's own organisation, as well as the actions that need to be taken to manage these risks. The boundaries were the sectors and countries within the business and the value chain that are deemed to be higher risk in terms of human rights.

Where Pandox has caused or contributed to adverse human rights impacts, Pandox has undertaken to remedy such impacts or to cooperate in order to remedy such impacts. All stakeholders can use Pandox's anonymous whistleblowing service to sound the alarm concerning actual or potential adverse human rights impacts. The reporting mechanism is provided by an external party to ensure objectivity and anonymity. No reports were made via this system in 2022. The whistleblowing service can be found on Pandox's website.

Moving forward

During 2023 Pandox will implement measures to further improve its performance in relation to human rights and labour rights as follows:

- Continue to ensure that the Code of Conduct for Business Partners is part of all new agreements.
- Starting in 2023, at least half of the suppliers where serious non-compliances were identified in the self-assessment form are to be audited further through on-site inspections carried out by an independent external party.
- Ensure that all employees complete the digital training in the Code of Conduct for Employees. The goal is for all employees to complete this.
- Pandox will ensure that information on the grievance mechanism is provided more clearly on the website and is also available in staff rooms in relevant languages.
- Pandox aims for new employees in food and beverage and in housekeeping to be given their contracts in their home language.
- The primary focus going forward within diversity and inclusion in 2023 will be on holding a similar workshop, but with the general managers and hotel employees within the organisation. This will ensure that relevant perspectives are taken into account so that next year a long-term strategy can be produced, with clear goals and activities.
- Pandox aims to introduce a due diligence process and align this with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This covers the whole of Pandox's operations, including the supply chain. The aim was to identify, manage and report corporate risks associated with human rights both in the supply chain and in our own operations.

For more information about Pandox's sustainability work see www.pandox.com/sustainability