

Stockholm, 12 April 2022

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

## Introduction

This statement is made by Pandox AB (publ) and refers to the 2021 financial year. It is Pandox's fourth 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, 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, construction or extensions.

In Operator Activities there are risks associated with trafficking and prostitution that can take place on the premises within the hotel operations. 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, and the UN Guiding Principles on Business and Human Rights. 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 2021 is the Company's third Communication on Progress Report.

## Work in 2021

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. 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 2021 a total of 95 percent of employees had completed the training.

In 2021 a diversity and inclusion survey was carried out among the employees by an independent party. The idea was to give Pandox a clearer picture of how the employees see their work situation, so that the Company can ensure that Pandox is an equal-opportunity and inclusive company. The results showed that the employees feel included and treat each other with respect. This applies in all markets and regardless of gender. In addition, 83 percent feel able to express their views without worrying about negative consequences. Despite this positive result, some have experienced discrimination based on race or gender. The results were presented to the Board of Directors, the management team and to all general managers to make them well aware of the challenges and opportunities that exist. The primary focus going forward will be on ensuring that the workplace is an inclusive place to be. Inclusion is not about fitting in; it is about being able to go to work and know that you are respected whoever you are. Pandox will educate hotel managers and their teams and propose concrete steps to take.

Pandox's biggest suppliers are companies within the construction industry and property management, and those providing goods and services for hotel operation. 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 rights, 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. During the year Pandox initiated a dialogue with suppliers whose performance was in the lowest 10 percent of respondents based on the most recent self-assessment form. The purpose is to support them to work more professionally and in a structured way on critical sustainability topics. All suppliers categorised as high-risk in Property Management who participated in a training workshop in 2020 went through the digital self-assessment process again. The result was that 53 percent went from being assessed as high-risk suppliers to low-risk suppliers. They achieved this by strengthening their sustainability policies and processes by, for example, producing a code of conduct or an anti-corruption policy. A follow-up process will be carried out in 2022 for the remaining suppliers.

In autumn 2021 Pandox decided to expand its auditing of existing suppliers to include the 150 largest suppliers at the corporate level as identified in the 2020 spend analysis. A total of 82 suppliers were audited in 2021. Of these, 37 were identified as high-risk suppliers. Pandox will take steps to follow up on these in 2022 and then allow them to repeat the assessment during the year to ensure compliance with Pandox's Code of Conduct for Business Partners.

Pandox has an independent whistleblowing service that is available to all employees and external stakeholders. Any suspected irregularities or non-compliance with Pandox's policies can be reported there anonymously. The reporting mechanism is provided by an external party to ensure objectivity.

Matters received are dealt with by the Company's General Counsel and SVP, Director of Sustainable Business. No reports were made via this system in 2021. The whistleblowing service can be found on Pandox's website and can also be accessed through the following link: <https://report.whistleb.com/en/Pandox>

## Moving forward

During 2022 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. Effective from 2022, new and repeat suppliers within Property Management above a certain internally set level are required to be audited using a self-assessment form before a contract is signed. Pandox will also continue to carry out random checks to ensure that the process is complied with.
- Continue dialogue with low-performing high-risk suppliers based on the risk analysis carried out.
- Streamline supplier assessment by implementing a new digital tool for supplier evaluation and training key individuals internally who will work in the system.
- Chart whether the hotels within Operator Activities are providing qualitative training in human rights – and where they are not, ensure that they gain access to and implement appropriate training.
- Ensure that all employees complete the digital training in the Code of Conduct for Employees. The goal is for all employees to complete this.
- Educate hotel managers and their teams on diversity and inclusion matters and propose concrete steps to take to counter discrimination.
- Continue to report the percentage of new suppliers that have been audited in respect of human rights and sustainable supply chain.
- Complete human rights due diligence in order to identify, manage and report corporate risks associated with human rights both in the supply chain and in own operations.

For more information about Pandox's sustainability work see [www.pandox.com/sustainability](http://www.pandox.com/sustainability)

This Modern Slavery Act Transparency Statement has been signed and approved by Pandox's Chairman of the Board, Christian Ringnes.