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Pandox Fair Play Sustainability Policy

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This

1. Purpose and scope

This policy describes Pandox's essential sustainability areas and the guidelines that apply to employees and business partners. The policy is the basis for the Group's sustainability framework and is supplemented by specific policies, guidelines and instructions (see Related steering documents, see item 7 below).

2. Background

Pandox is an active and long-term owner of hotel properties. The business model is based on revenue-based leases with skilled hotel operators and continuous development of our properties. We are a signatory to the UN Global Compact and are committed to its ten principles on human rights, labour rights, the environment and anti-corruption.

3. Governance and responsibility

Pandox's sustainability work is led by the Board of Directors, which has overall responsibility for the company's strategic focus on sustainability and decides on relevant policies, measures, goals and overall guidelines. The Audit Committee follows sustainability reporting and related issues of internal control as a permanent part of its work. The CEO and the management team are responsible for operational governance and for ensuring that sustainability issues are integrated into Pandox's business strategy, performance management and decision-making. The overall responsibility for coordinating and driving Pandox's sustainability work lies with the SVP Director of Sustainable Business, who regularly reports on sustainability work and material issues to the management team. Sustainability work is carried out in the day-to-day operations with the support of the Sustainability Manager for Own Operations and appointed sustainability coaches in the organization.

All employees are responsible for complying with Pandox's policies and guidelines and contributing to ensuring that sustainability work is conducted in accordance with the company's established principles.

Pandox's Senior Vice President Director of Sustainable Business is responsible for the preparation of the sustainability policy and any necessary updates to it. The policy is adopted annually by Pandox's Board of Directors and is available on the company's website.

4. Framework and concepts – how Pandox governs and reports

To ensure that sustainability work is comparable and transparent, and to comply with regulatory requirements, Pandox complies with the EU's Corporate Sustainability Reporting Directive (CSRD).

The CSRD consists of the following standards:

- **E1-E5:** Environment (E1: Climate change, E2: Pollution, E3: Water, E4: Biodiversity, E5: Resources and circular economy)

- **S1-S4:** Social issues (S1: Own workforce, S2: Workers in the value chain, S3: Affected communities, S4: Consumers/end-users)
- **G1:** Corporate Governance

As part of the CSRD work, Pandex is conducting a double materiality analysis to identify and prioritise the most relevant sustainability issues. This analysis takes into account both the materiality of the impact (how our activities affect people and the environment) and financial materiality (how sustainability issues affect our financial position). The material impacts, risks and opportunities (IROs) identified through this analysis form the basis for Pandex's strategic sustainability work and define which sustainability standards Pandex should prioritise. To read more about the process, please see the CSRD reporting that can be found as part of Pandex's Annual Report: [Annual Reports | Pandex](#)

5. Essential sustainability areas

5.1 Environment (E1–E5, E4 non-essential)

The environmental area includes Pandex's climate impact as well as the financial risks and opportunities associated with climate change and associated regulations. Pandex works systematically to reduce its environmental impact.

The climate targets are approved by the Science Based Targets initiative (SBTi), which means that they are scientifically based and in line with the Paris Agreement. The targets cover both direct and indirect emissions according to the international standard for greenhouse gas reporting (GHG protocol). The targets cover Pandex Scope 1, 2 and 3 emissions:

- **Scope 1** refers to direct emissions from own sources, such as the combustion of fuel in the company's own boilers in the Own Operation segment.
- **Scope 2** includes indirect emissions from purchased energy, such as electricity and district heating, used in Pandex's properties in the Own Operations segment.
- **Scope 3** includes other indirect emissions that occur in the value chain, for example from suppliers, transport, waste and tenants' energy use.

By setting targets for all three scopes, Pandex ensures that the climate impact of the entire business is addressed, both direct and indirect. For Pandex, this means a 42 per cent reduction in greenhouse gas emissions in Own operations (Scope 1 and 2), while emissions in Scope 3 agreements will be reduced by 25 per cent by 2030. For Scope 1 and 2, there is also an associated allocated investment program.

Impact & financial risks and opportunities:

- Climate impact from energy use in buildings (E1)
- Financial opportunity to reduce resource consumption and energy costs (E1)
- Financial risks caused by extreme weather events such as floods and rainfall (E1)

- Leakage of refrigerants in older equipment has a negative impact on the environment and can lead to increased costs, as upgrading or replacement may be needed (E2)
- Water use and impact on sewage systems (E3)
- Material selection, waste and resource efficiency (E5)
- Biodiversity (E4) is not considered significant, but is taken into account in certification and in development projects of properties

Governance & Actions:

- Climate Transition Programs and BREEAM Certifications
- Energy efficiency and renewable energy
- Upgrading to natural refrigerants
- Water-saving technology
- Waste reduction and sustainable materials in renovation

Goals & metrics:

- SBTi-approved climate targets: –42% Scope 1–2 (Own operations) by 2030, –25% Scope 3 (Leases) by 2030
- Certifications: BREEAM certifications in all properties within Own Operations by 2030, as well as Green Key or other third-party certification two years after the takeover
- Behavioural change: The hotels in Own Operations will achieve level 8 in the weighted CPI Index PMI Go Green.
- Water: –5%/year (litres per guest night, in Own operation)
- Waste: ≤1.0 kg/guest night by 2025, ≤0.6 kg by 2030 (Own operation)
- Recycling: The recycling rate at the hotels will reach the EU level of 85% by 2030 (Own operation)

5.2 Social (S1- S4)

Social issues are about the work environment, fair conditions and Pandox's impact on people in and around the organisation. We work actively to promote inclusion, security and respect for human rights.

Impact & financial risks and opportunities:

- Potential occupational safety and health risks such as lack of collective agreements, risk of discrimination and harassment (especially during night work and among restaurant and cleaning staff) (S1)
- There is a potential negative impact through underrepresentation of women in leadership positions in the hospitality industry (S1)
- Other risks include health and safety aspects such as heavy lifting, slip hazards, chemical exposure, overtime, and stress. Finally, the tourism and hospitality industry is a risk sector for forced labour (S1)
- Cleaning staff and construction workers are at risk of adverse effects. This can manifest itself in discrimination against migrant workers, illegal labour, forced labour and precarious employment in the value chain. Furthermore, through occupational health and safety risks for temporary workers in cleaning and construction, such as heavy lifting and chemical exposure for cleaning staff and stressful working conditions for construction workers (S2)
- Far down the value chain, risk for children and forced labour, mainly in the coffee and tea industry (S2)
- Hotel operations carry risks of prostitution, human trafficking and sexual abuse, and inadequate management of these risks can lead to human rights violations (S3)
- Risk of inappropriate behavior or harassment of guests; lack of security and procedures can create an unsafe environment (S4)
- Pandox contributes to inclusion through accessible properties and adapted rooms (S4)

Governance & Actions:

- Codes of Conduct for Employees and Business Partners, including Human Rights Policy
- Supplier audits
- Training in diversity and inclusion and targeted training for staff with guest contact in human trafficking and prostitution
- Leadership programmes that promote inclusion and equal leadership
- Collaborations with marginalized groups in the local community regarding job opportunities
- Security procedures and incident response

Goals & metrics:

- Gender distribution: ≤60% of the same sex (Own operations and at the head office)

- Inclusion: all employees should experience inclusion (survey/inclusion index)
- Guest satisfaction: ≥80% recommendation rate (third-party measurement)
- Zero tolerance for prostitution and trafficking
- Locally designed targets for socially marginalised groups

5.3 Corporate Governance (G1)

Corporate governance in accordance with ESRS G1 means that Pandox has clear processes in place to counteract corruption, ensure responsible purchasing and protect personal data. By reporting according to G1, we show that governance issues are just as important as the environment and social responsibility.

Impact & financial risks and opportunities:

- Risk of corruption and bribery
- Strengthened corporate culture and innovation capacity
- Increased ethical awareness and development opportunities
- Social risks in the supply chain
- Handling of personal data
- Cybercrime as a potential risk factor in the processing of personal data

Governance & Actions:

- Anti-corruption policy with zero tolerance for corruption and bribery
- Anti-corruption training and code of conduct for all new employees (rehearsal every three years)
- Supplier audits
- Whistleblower channel and third-party investigation processes with protection against retaliation
- Information security policy and procedures for personal data

Goals & metrics:

- 100% completed training in Code of Conduct and anti-corruption
- Coverage rate: supplier audits by risk class
- Incident follow-up: number of cases via whistleblowing and response times

- Number of cases of corruption and bribery

6. Follow-up and reporting

Targets and KPIs are followed up monthly/quarterly and reported semi-annually to the Board of Directors and annually in the sustainability report in accordance with the European Sustainability Reporting Standards (ESRS), which is included as part of the annual report. A review of the double materiality analysis takes place annually and thus identified IROs and material substances may change. New regulatory requirements are handled on an ongoing basis.

7. Related governing documents and policies

Pandox's sustainability policy is supplemented by the following governing documents:

Governing documents/Policy	Adopted by
Sustainability policy	Board of Directors
Code of Conduct for Employees	Board of Directors
Code of Conduct for Business Partners	Board of Directors
Anti-Corruption Policy	Board of Directors
Human Rights Policy	Board of Directors
Social policy	Business Area Manager Own Operations and SVP Director of Sustainable Business
Pandox Modern Slavery Act Statement	Board of Directors
Pandox Transparency Act Statement	Board of Directors
Guidelines	Adopted by
Responsible Sourcing Guidelines	Management

All policies and governing documents within sustainability are available on Pandox's intranet. With the exception of the Social Policy and the Guidelines for Responsible Sourcing, they are also available via the company's website: www.pandox.com/en/sustainability. The social policy applies to Pandox's hotels in Own Operations and is communicated to relevant stakeholders internally within the company. Guidelines for responsible sourcing have been implemented as a measure to achieve set goals and are internal.

