

Stockholm, 3rd of April 2020

Modern Slavery Act Transparency Statement

Introduction

This statement is made by Pandox AB (publ.) and refers to the financial year of 2019. It is Pandox's second 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 property company with two business segments – Property Management comprising hotel properties leased on a long-term basis to market-leading hotel operators and Operator Activities, comprising hotel operations executed by Pandox in its owned hotel properties. Hence, Pandox has two different supply chains and 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 each respective operation is subject to. Pandox has full control over the sourcing process for hotels under its own brands and less 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 terms of ensuring a sustainable supply chain Pandox's focal point lies mainly in Property Management with focus on suppliers in the construction industry and on suppliers in hotels within Operator Activities that are operated under independent brands or franchise agreements. These two areas have been identified as offering the greatest opportunity for impact.

There are two types of suppliers present in Pandox's business: producers and service providers. Risks for producers relating to human- and labour rights are mainly present in raw material extraction and processing and in the production of the products, and thus distant to Pandox. For service providers, however, the risks are closer to Pandox's business and can be found in both Property Management and Operator Activities. Within Property Management, the main risk is illegal labour and wage dumping in renovation, construction or extension, while in Operator operations it is mainly about trafficking and prostitution in the hotel business. Preventative measures are outlined below.

Pandex's policies

There is zero tolerance against all forms of modern slavery, forced or child labour, exploitation and servitude are prohibited at Pandox. Pandox has zero tolerance for all the above. Pandox strives to do business in line with international initiatives and sustainability standards, such as the UN Global Compact, the Fundamental Conventions of the International Labour Organization, the UN Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights. In the third quarter of 2019 Pandox joined the UN Global Compact and has therefore pledged to work according to its Ten Principles. Pandox Sustainability Report 2019 contains the company's first Communication on Progress Report to the UN.

Pandex Code of Conduct for employees and the Business Partner Code of Conduct lay the foundations for Pandox's work with human rights and labour rights. Pandox ensures that all employees have knowledge about the content in the Code of Conduct for employees through online-training in their employee onboarding. Refresher trainings are required for all employees whenever there is a substantial update of the policy. In late 2019, Pandox digital training based on the Code of Conduct for employees was updated to include the issues of prostitution and human rights. In 2019, 83% of employees completed the training.

Pandex Business Partner Code of Conduct is based on the Ten Principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. The Business Partner Code of Conduct describes the expectations that Pandox has on its suppliers regarding human rights, labour rights and anti-corruption.

In 2019, an internal risk analysis was launched to identify high-risk suppliers with respect to corruption and human rights violations. A follow-up process was also started to ensure that Pandox's suppliers comply with the Business Partner Code of Conduct.

Pandex has an independent whistle-blower mechanism that is available for employees and external stakeholders. Any suspicion of irregularities or non-compliance with Pandox policies can be reported anonymously. The reporting mechanism is provided by an external party to ensure objectivity. Incoming cases are handled by Pandox General Counsel and Director of Sustainable Business. The whistle-blower mechanism is available on Pandox's website and can also be accessed through the following link: <https://report.whistleb.com/en/Pandex>

Moving forward

During 2020, Pandox will implement measures to improve performance in relation to human rights and labour rights. Pandox will:

- Continue the risk analysis to identify high-risk suppliers.
- Continue the follow-up process to ensure that suppliers comply with the Code of Conduct for business partners. The process includes sending out a self-assessment form to high-risk suppliers so that they can evaluate their own sustainability work. Follow up the results of the Business Partner Code of Conduct self-assessments on a random sample basis.
- In 2019, 83% of employees completed online-training based on the Code of Conduct for employees, the goal is for all employees to complete it.
- Make sure relevant employees undergo sustainable supply chain training.
- Launch an intensified course in human rights for all employees with the aim of providing a deeper understanding of how Pandox can increase efforts in this area.
- Report on identified KPIs in relation to human rights and sustainable supply chain.

This modern slavery act statement has been signed and approved by Pandox's Chairman of the Board, Christian Ringnes.