

Pandox's Norwegian Transparency Act statement

This statement covers the period from 1 July 2022 to 31 December 2023.

The statement has been read and signed by the Board of Directors and CEO of Pandox.

a. General information

Pandox is a leading hotel property company that owns and leases hotel properties to leading hotel operators. In total Pandox owns 158 hotel properties with around 35,600 rooms in 15 countries and a total market value of around SEK 70 billion. Pandox was established in 1995 and has many years of experience in the hotel property market.

Pandox's geographical focus is on Northern Europe. Our domestic market is a dynamic and densely populated area that is home to nearly 200 million people. We have a well-diversified portfolio of hotel properties in 90 cities in 15 countries. Germany, Sweden and the UK are our three largest markets in terms of the properties' market value. The portfolio focuses on domestic and regional cities with mainly domestic demand which accounts for around 80 percent of the total number of rooms. The Norwegian operations are managed by Pandox AB (publ) and are the focus of this statement.

Pandox has two business areas, Property Management, in which we own and lease out hotel properties, and Operator Activities, in which we own hotel properties and also operate the hotels within them. Property Management is the core of our business. It is based on long-term revenue-based leases with good minimum rent levels and shared investments with the tenant. Pandox has 14 properties in Norway, all of them in the Property Management business area.

Our Code of Conduct for employees constitutes the ethical guidelines for Pandox's operations. As part of their workplace orientation, every new employee learns about the Code of Conduct in a Company-wide digital course. The Code of Conduct also prohibits the employees from taking a political stance in the Company's name. The Code is based on the Ten Principles in the UN Global Compact and the underlying conventions and declarations that cover human rights, rights at work (ILO), environmental protection and anti-corruption.

The Human Rights Policy states that the Company must respect and promote human rights throughout the organisation, including in the value chain and in the communities where Pandox operates.

To ensure that all employees have read the Code of Conduct and understood its content, Pandox offers digital training in the Code that includes various dilemmas they may face. The course is adapted according to whether the employee works at a Pandox-operated hotel or at the head office and in Property Management. It is available in eight languages. The course is to be completed as part of the onboarding process for new employees and is to be repeated every other year by all employees and any outside consultants with a long contract.

The Code of Conduct course includes a clear explanation of the escalation process for complaints and incidents of a more serious nature. The first step is for employees to go to their manager, then to their manager's manager and thereafter to HR. Pandox also has a whistleblower system provided by an external party to promote an open culture in which employees and external stakeholders are unafraid to report irregularities, breaches of policies, crimes etc.

The whistleblower system also provides an opportunity to report any HR-related issues anonymously. These are then handled by the respective hotel's head of HR.

b. Negative impacts and risks

In 2022 Pandox started to work on its human rights due diligence process according to the OECD's guidelines for multinational companies. The first step in this process was the implementation of an impact assessment. Pandox brought in a third party to guarantee independence in the impact assessment process. The assessment focused on identifying, assessing and reporting on human rights risks in the supply chain, in our own operations and in dealings with business partners. The process was limited to the industries and countries relevant to Pandox's operations and value chain where human rights risks are considered to be higher.

For Pandox Norway, potential salient human rights risks were identified through business partners to which Pandox Norway leases property. The potential salient risks identified are: serious physical injuries on construction sites/in renovation work, exploitation of workers on construction sites/in renovation work, labour rights and working conditions throughout the supply chain.

Each identified risk was assessed based on how severe the impacts are, or could be, for those affected and the likelihood of a negative impact. The "saliency of risk" was assessed based on scale, scope, irremediability and likelihood in each individual case.

Pandox properties in Norway are leased out. The risks within the use phase are therefore out of scope for Pandox since the tenants operating the hotels are responsible for housekeeping services, food and beverage activities, front of house, service personnel and purchasing of goods, food, equipment etc.

Supply chain risks are therefore only connected to materials for renovations and construction, and subcontract workers. Here Pandox has identified process risk in supplier assessments as there has not been a standardised process for selecting and assessing suppliers.

c. Actions and tracking progress

Pandox has reviewed and updated its human rights policy to clarify the Company's human rights due diligence process and the disclosure of salient human rights risks. The aim is to make it easier to follow up on potential breaches.

Pandox has developed a process for screening new and recurring suppliers with the help of a new user-friendly system. A process was initiated in 2022 whereby suppliers within Property Management with a contract value above a certain minimum annual amount and that have not been screened previously will be screened according to the new process. This means that existing suppliers will go through the same process as new suppliers until they are in the system.

In order to improve the efficiency and usage of the grievance mechanisms, Pandox has included additional questions in its employee survey on the topics of notification channels and complaint mechanisms, health and safety, overtime and working conditions. The whistleblower channel is now also more accessible on the Pandox website to make it easier for stakeholders to use. The review process included an update of Pandox's whistleblower guidelines.

In 2022 a diversity and inclusion workshop was held with representatives from the executive management team and key individuals from Pandox-operated hotels. The purpose was to

create an understanding of the fundamentals of diversity and inclusion, and to agree at a strategic level on a vision and ambition, and on the reasons for Pandox's efforts in these areas. The next step is to hold a similar workshop, this time with general managers and employees who belong to minority groups within the organisation. This will ensure that all relevant perspectives are included in order to produce a long-term strategy next year containing clear goals and activities.

Going forward, Pandox will review what actions to take to further strengthen the management of human rights risks within the value chain. These actions may involve identifying methods to evaluate the effectiveness of actions taken, deepening our understanding of identified impacts and providing training for our employees in human rights due diligence.

Request information

To request information on human rights, labour rights, or Pandox Norway's negative impacts or salient risks, please contact Caroline Tivéus, SVP & Director of Sustainable Business at +46 73 532 74 41 or email: caroline.tiveus@pandox.se.

To raise any concerns or report incidents, please use our external whistleblower system which you can find here: <https://report.whistleb.com/en/Pandox>