



Sustainability Report 2019/20

panduro®

Scope of the Sustainability Report

The content of this report pertains to the Parent Company, Panduro Förvaltning, Org. No. 556570-3237. The companies included are Panduro Trading, Panduro Hobby AB (Sweden), Panduro Hobby A/S (Denmark), Panduro Hobby AS (Norway) and Popov BV (Netherlands, Belgium). The Report also constitutes Panduro Hobby AB's official sustainability report in compliance with Swedish Act 2016:947 on amendments to the Annual Accounts Act 1995:1554.

This Report pertains to the financial year 2019-05-01–2020-04-30 ("2019/20") and the key figures reported were obtained for that period and the corresponding period in previous years ("2018/19"). All key figures presented refer solely to the Swedish company, Panduro Hobby AB, Org. No. 556073-6356. Panduro Hobby A/S (Denmark) and Panduro Hobby AS (Norway) consist primarily of stores operating in leased premises. The majority of the products sold in Denmark and Norway are purchased centrally from Sweden and distributed from the central warehouse in Malmö, Sweden. The suppliers to these two subsidiaries are thus suppliers contracted by the Swedish parent company and are therefore managed in accordance with the principles in force for that entity. Sales by Popov BV*, retailing in both the Netherlands and Belgium, are made up of 40.1 percent of Panduro products.

**Popov BV operates physical and online stores under the name Pipooos.*

Contents

A Message from the CEO	4
About Panduro	4
What Sustainability Means to Us	
Value Chain and Stakeholders	6
Materiality Analysis	9
Our Sustainability Goals	11
Environment and Assortment.....	12
Environmental Management System and Energy Efficiency Efforts	
Environmental Partnering with Suppliers	
Product Safety	
Sustainable Product Assortment	
Social Conditions	15
Panduro's Code of Conduct	
Human Rights	
Discrimination	
Anti-Corruption Efforts	
Partnerships.....	16
SOS Children's Villages	
Louisiana Museum of Modern Art	
Henie Onstad Art Center	
Employees.....	18
Diversity and Gender Equality	
Our Values	

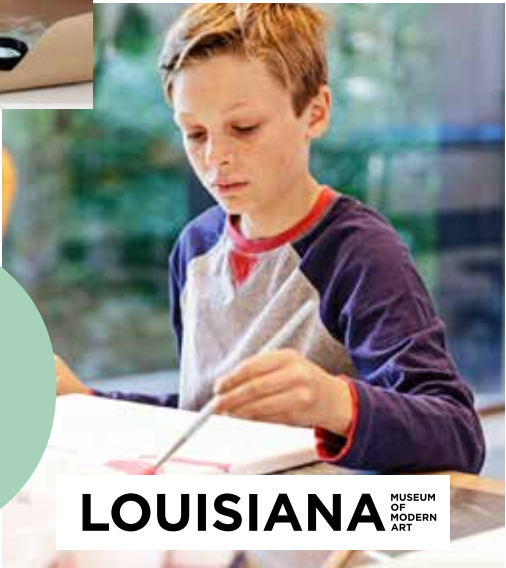
Page 14



Value Chain
and Stakeholders
Page 6

Our
Sustainability
Goals
Page 9

Page 17



Employees
Page 18

LOUISIANA MUSEUM OF MODERN ART



Rickard Kemfors, CEO

A Message from the CEO

"Sustainability – part and parcel of our workday"

Over the past year, here at Panduro, we have pursued our sustainability mission with our customers, employees and suppliers. We have registered that sustainability is a concern that engages our customers now more than ever. Every day, new issues arise concerning, for example, working conditions, chemicals, carbon footprints and waste management.

In Panduro's business, many little improvements combine to make a real difference. This is why we are committed to ensuring that sustainability is at all times part and parcel of the workday at Panduro. Sustainability is with us in thought and deed. It is present when we make lower-level decisions about using new eco-friendly packaging or recycled paper for our printers, for example. And obviously it is focal in major decisions about monitoring our deliveries and partnering with companies who take the lead in sustainability.

But the most obvious and most important choice we make is perhaps not one that people generally give much thought to: meaning the products we select to include in our product assortment.

We are committed to ensuring that the name Panduro stands for creativity, pleasure, peace of mind and sustainability.

If you have any questions, tips or ideas, you are always welcome to contact us.

Rickard Kemfors

Rickard.Kemfors@panduro.se

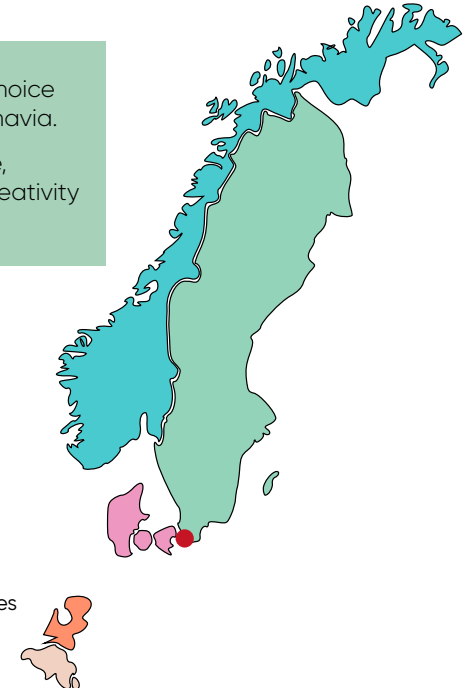
About Panduro

Panduro offers products and ideas that inspire and develop creativity in both children and adults. Our product quality, corporate social responsibility and environmental initiatives should inspire trust among our customers, employees, suppliers and other stakeholders. Panduro was born through sheer creativity when Carlo Panduro, of Spanish descent, began making souvenirs and jewellery in post-war Denmark. His son Jørgen soon joined the family firm and began selling materials to the public sector. In the mid-1950s, the first Panduro store opened in Central Copenhagen. In 1962, the business expanded into neighbouring Sweden, with the first Swedish store opening in Malmö. Today, Panduro has around 900 employees in the group and is active in seven countries with 94 stores, and also trades online and via resellers. Panduro's product assortment consists of both own-brand products and products from other brands. We work with external partners to produce our own-brand items. The acquisition in 2016 of the Kreatima art supplies store further diversified Panduro's product portfolio.

Vision – Panduro shall be the preferred choice for play, crafting and creativity in Scandinavia.

Business concept – To offer an affordable, sustainable assortment of products for creativity and play on the Scandinavian markets.

-  **Malmö, Sweden** – Headquarters and central warehouse
-  **Sweden** – 36 stores, headquarters and warehouse with a total of 427 employees
-  **Norway** – 19 stores, offices and a total of 152 employees
-  **Denmark** – 14 stores with 132 employees
-  **The Netherlands** – 21 stores with 170 employees
-  **Belgium** – 4 stores with 16 employees



What Sustainability Means to Us

At Panduro, our passion is creativity. Our goal is to pass this on to new generations, and for that reason we regard it as our responsibility to create a sustainable future for those who come after us. We want to be the sustainable option in our line of business, which means that we need to be responsive to our well-informed and aware customers, as well as to the world around us. To realise this, we need to ensure sustainability throughout our value chain. This involves everything from the products we decide to source to the manufacturing and what happens after the products have left Panduro, in addition to the relationship we have with our suppliers and employees from start to finish. This process includes challenges concerning the climate, human rights, anti-corruption and many other factors.

At Panduro, we have many products that can be used for giving other products a new lease of life, which we are also keen to encourage our customers to do. In recent years, reuse, recycling and repurposing have become a major focus for Panduro, and we aim to help and inspire our customers in various ways to extend the useful life of used and scrap products and materials. We see this as an opportunity to influence progress towards a sustainable and creative future.

Panduro regards creativity as a vital part of life, and with this report, we hope to show our readers what we are doing to realise our vision:
To create an imaginative and creative future for generations to come.

How are we putting sustainability into action?

In order to identify our sustainability risks and opportunities, we conducted a materiality analysis guided by the UN's Global Goals (also known as the Sustainable Development Goals (SDGs)). Based on that analysis, over the past year, we produced an in-house sustainability strategy. Over the coming years, this strategy will guide Panduro's group-wide sustainability efforts towards realising the vision of an imaginative and creative future.

The employees behind Panduro's sustainability reporting

Sustainability efforts are coordinated by the environmental and product safety division at Panduro. The sustainability report for financial year 2019/20 is compiled by employees from various departments at Panduro's headquarters in Malmö, Sweden.

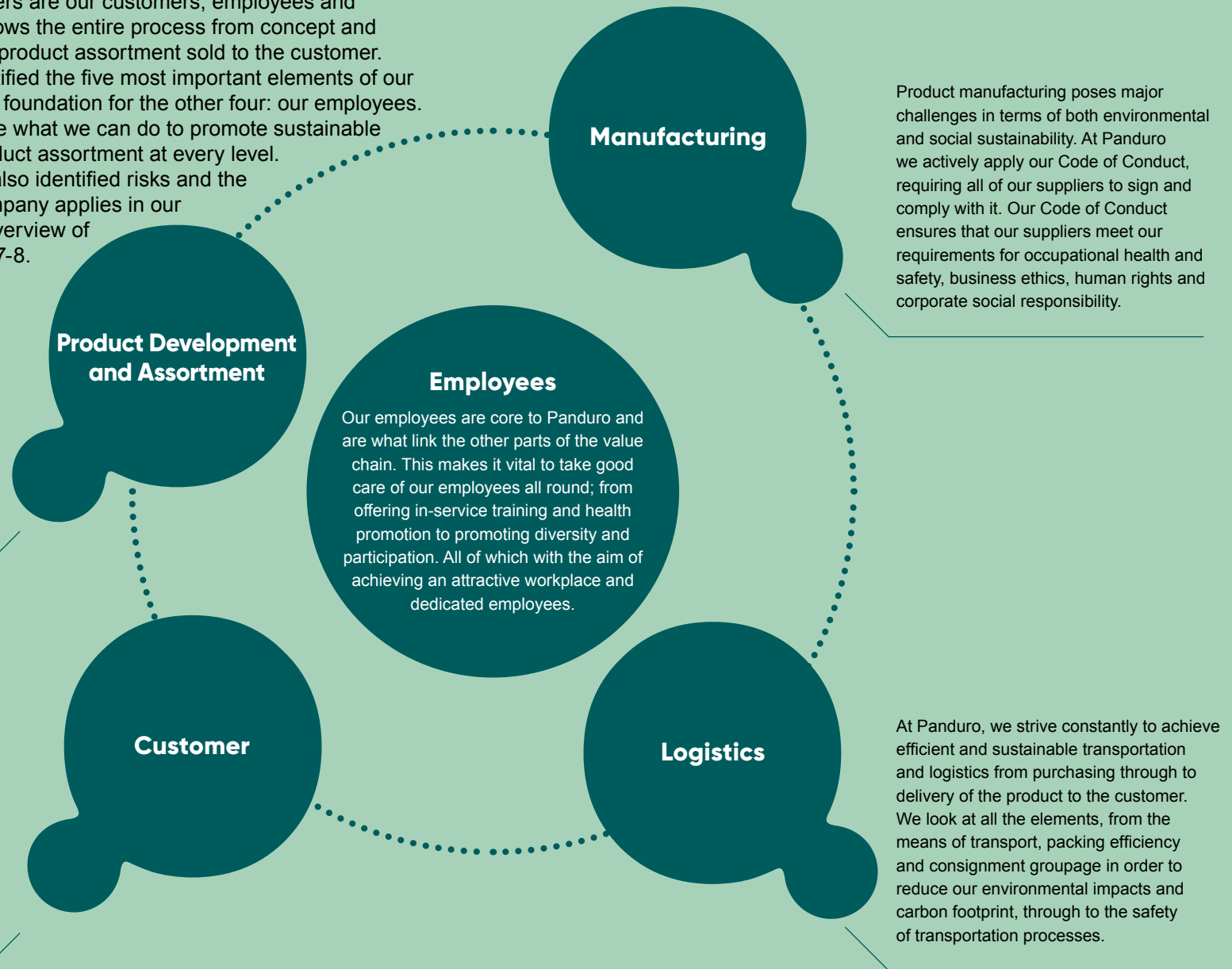


Value Chain and Stakeholders

Panduro's most important stakeholders are our customers, employees and suppliers. Panduro's value chain follows the entire process from concept and product development to the finished product assortment sold to the customer. Along the value chain, we have identified the five most important elements of our business activity, one of which is the foundation for the other four: our employees. The value chain allows us to examine what we can do to promote sustainable development and safeguard our product assortment at every level. Based on our value chain, we have also identified risks and the policies and other measures the company applies in our various sustainability domains. An overview of our activities is presented on pages 7-8.

At Panduro we offer a wide assortment of products, which means many sustainability factors to consider. For our products, we are committed to continuously verifying the component materials, and their quality and safety. This includes monitoring how we package our products and how we can offer a product assortment to cater for a sustainable lifestyle.

For us, it is crucial to communicate with our customers responsibly, appropriately and accurately wherever or however we engage with them. And our responsibility does not end when a customer leaves the store. Panduro also strives to raise awareness of post-sale reuse, product care and recycling. In this way, we aim to foster customer satisfaction to last for generations.

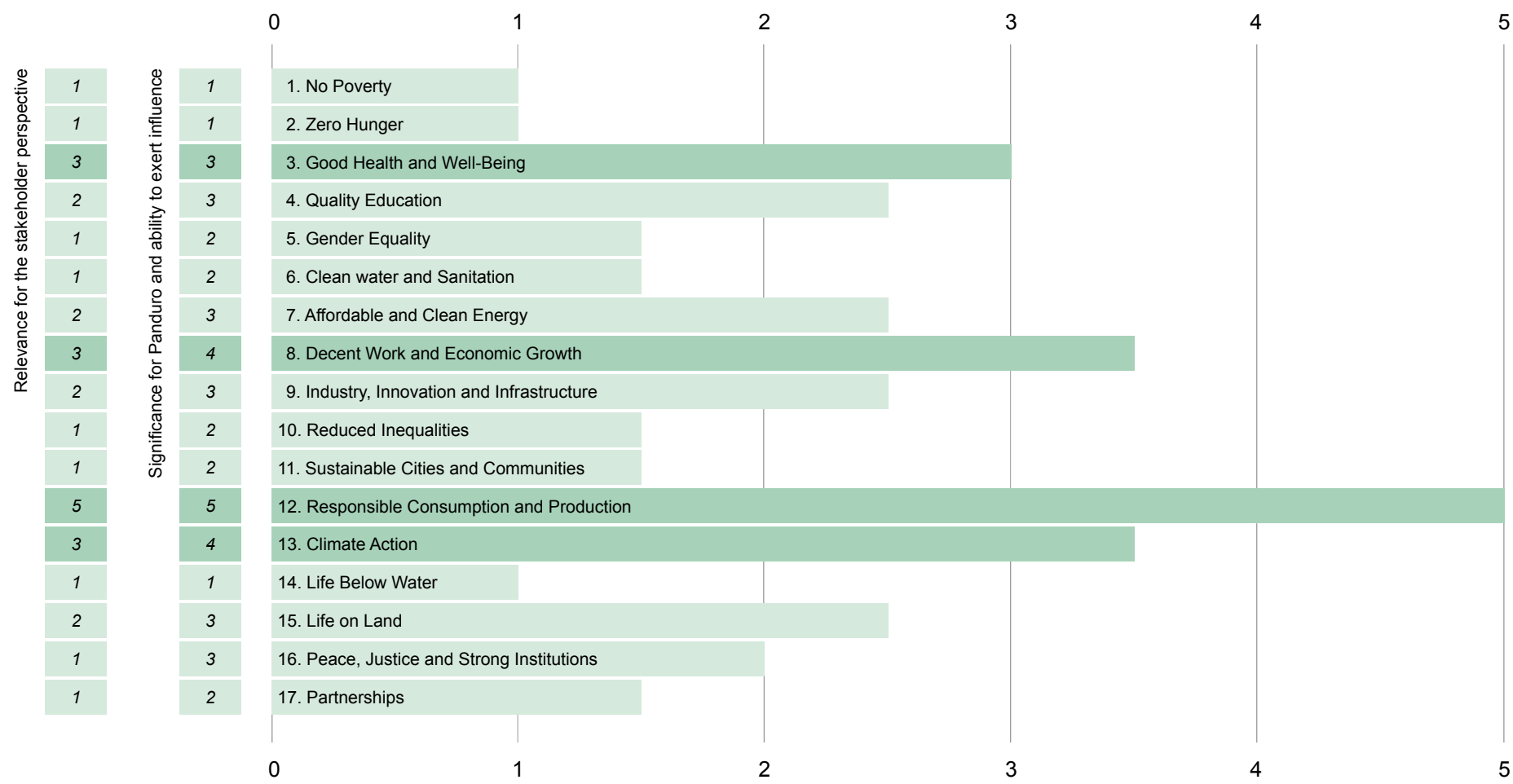


Sustainability risks	Part of the value chain	Measures	Policy documents
Environment and product assortment			
Limited natural resources	Entire value chain	Well-informed choice of materials in products and packaging. Efforts to improve our packaging for recyclability. Offer a product assortment promoting re-use and repairs/mending.	Internal focus: Environmental and Responsibility Policy, packaging guide. External focus: Code of Conduct.
Emissions	Manufacturing, Logistics, Employees	Follow-up of transport emissions. Monitoring returns. Efforts to ensure consignment groupage and packing efficiency.	Internal focus: Environmental and Responsibility Policy, Car Benefit Policy, Travel Policy. External focus: Shipping Info and Packing Guideline, Code of Conduct.
Energy consumption	Entire value chain	Follow-up of energy consumption via energy performance mapping at the headquarters and in stores. Well-informed choice of energy sources. Lighting replacement in stores.	Internal focus: Environmental and Responsibility Policy. External focus: Code of Conduct.
Water consumption	Manufacturing, Product Development and Assortment, Employees	Panduro is Kranmärkt-certified: we only serve tap water and have no bottled water in-house.	Internal focus: Environmental and Responsibility Policy. External focus: Code of Conduct.
Sustainable production pertaining to the ethical treatment of animals.	Manufacturing	All suppliers of the relevant product lines are required to have signed the Panduro Animal Welfare Policy.	External focus: Panduro Animal Welfare Policy.
Product safety and use of chemicals	Product Development and Assortment, Manufacturing and Customer	Requirements documents issued to suppliers. Product checks by means of testing, analysis and contents risk analysis.	Internal focus: Environmental and Responsibility Policy, product inspection procedure. External focus: Code of Conduct, requirements documents for different product lines.
Product quality	Product Development and Assortment, Manufacturing	Physical inspections of products and product samples.	Internal focus: Environmental and Responsibility Policy, product inspection procedure.
Waste management	Entire value chain	Follow-up of waste volumes from headquarters and warehouses. Information to customers about responsible waste source-sorting of packaging and products.	Internal focus: Environmental and Responsibility Policy, waste management procedure. External focus: Code of Conduct.

Sustainability risks	Part of the value chain	Measures	Policy documents
Social conditions and employees			
Salaries	Manufacturing, Logistics, Employees	Contractually agreed salaries paid regularly and on time to all Panduro employees. Ongoing commitment to gender-equal pay. Suppliers are required to ensure decent working conditions, pay and rights for their employees.	Internal focus: Staff Handbook, Gender Equality Plan, Diversity Policy, Occupational Health and Safety Policy, Core Values. External focus: Code of Conduct.
Health and safety	Manufacturing, Logistics, Employees	Panduro's systematic occupational health and safety activities. Agreements on occupational healthcare, computer glasses and a workout pass under the health promotion scheme. Suppliers are required to train employees in workplace safety.	
Overtime	Manufacturing, Logistics, Employees	Panduro's employees are required to work in compliance with national legislation and the applicable collective agreement. Suppliers are required to ensure that work hours and overtime do not exceed the guidelines in the Code of Conduct.	
Influence	Manufacturing, Employees	Panduro's employees are accorded the freedom to form and be members of a union and to negotiate with their employer in accordance with national legislation.	
Respect for human rights			
Child labour and forced labour	Manufacturing	Suppliers shall ensure that no children are subjected to potentially harmful or hazardous work. Suppliers shall ensure that no forced labour occurs.	Internal focus: Staff Handbook. External focus: Code of Conduct.
Young workers	Manufacturing, Employees	All Panduro employees and all employees of suppliers between the ages of 15 and 18 are to be treated with consideration for their young age. Restrictions on work hours and overtime should be especially respected for young employees.	
Disciplinary action	Manufacturing, Employees	All Panduro employees are to be treated with respect and dignity. Employees shall under no circumstances be subjected to any form of physical, sexual, or mental punishment or harassment.	
Discrimination	Manufacturing, Employees	Employees of neither Panduro nor its suppliers may be discriminated against on the grounds of ethnicity, gender, religion, political affiliation, nationality, social background or for any other comparable reason.	Internal focus: Gender Equality Plan, Diversity Policy. External focus: Code of Conduct.
Anti-corruption efforts			
Corruption, improper payments and bribery	Manufacturing, Logistics, Employees	It is not permitted for employees or suppliers to offer, request or accept improper payments in connection with Panduro's activities.	Internal/external focus: Code of Conduct.

Materiality Analysis

Panduro has conducted a materiality analysis founded on the UN's 17 Global Goals (the SDGs). The purpose of the analysis is to prioritise the sustainability issues that are most important to the company and our stakeholders. The analysis was informed by the guidelines from the Global Reporting Initiative (GRI). We rated the relevance from a stakeholder perspective and the significance for Panduro and the company's ability to exert influence. The rating is based on a scale of 1–5, where 5 has the highest relevance.



UN's 2030 Agenda for Sustainable Development – 17 Sustainable Development Goals



The following four goals have been assessed as the most relevant to Panduro:



Goal 12: Responsible Consumption and Production

We regard it as important that the manufacture of our products is carried out in a way that minimises adverse impacts on people and the environment. Our mission is also to raise awareness of re-use and thus to offer a wide assortment of products that can extend the lifecycle of other products. It is also important to us to minimise the amount of hazardous chemicals in our products and ensure that they are safe for end users.



Goal 8: Decent Work and Economic Growth

We safeguard our employees' rights and promote occupational health and safety. Decent work and equal pay for equal work are fundamental values at Panduro. We offer annual internships and work training for people on long-term sick leave. To ensure decent work in the manufacture of our products, it is important to develop long-term partnerships with responsible suppliers.



Goal 13: Climate Action

Through our environmental management system, we seek continuously to improve our environmental initiatives and to educate our employees in this domain. Among other things, we seek to reduce the carbon footprint of inbound deliveries from suppliers and outbound deliveries to stores and customers.



Goal 3: Good Health and Well-Being

People thrive from creative pastimes. Creativity promotes the development of imagination and the ability to problem solve. Crafting is also known to reduce stress.

Our Sustainability Goals

Continue to elaborate on our Code of Conduct

8
DECENT WORK AND ECONOMIC GROWTH

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Sub-goal – ongoing

By 2020/21 all suppliers will be required to have signed Panduro’s Code of Conduct.

2018/19
49 %

2019/20
78 %

Sub-goal – ongoing

By 2020/21 a system shall be devised for monitoring compliance with Panduro’s Code of Conduct.

Carry out supplier ratings (Score Card)

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Sub-goal – completed

By 2019/20 a supplier rating shall have been completed of all of our 100 largest suppliers.

2018/19
68 %

2019/20
100 %

Increase the share of packaging composed of recyclable materials, and packaging manufactured from recycled materials

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Sub-goal – ongoing

By 2020/21 the share of packaging composed of recyclable materials in our product assortment shall be surveyed.

- Plastic packaging – survey completed. 60 percent is composed of recyclable materials*
- Paper packaging – ongoing

2019/20

Sub-goal – completed

By 2019/20 a set of instructions for selecting plastic packaging materials shall have been compiled for suppliers.

Reduce the climate impacts of our deliveries

13
CLIMATE ACTION

Sub-goal – ongoing

By 2020/21, our greenhouse gas emissions from deliveries** shall have been reduced by 20 percent compared with in 2017.

2018/19
+ 2 %

2019/20
+ 12 %

Sub-goal – ongoing

By 2020/21, the number of pallets delivered to our stores in Sweden, Norway and Denmark shall have been reduced by 30 percent compared with in 2017.

2018/19
- 29 %

2019/20
- 21 %

*According to FTI’s collection and recycling fees.

**Includes delivery of products from the manufacturing facility to Panduro’s central warehouse and from there to the Group’s own stores and online customers (excluding Pipoo’s online customers). For more information on our efforts to minimise the carbon footprint of our deliveries, see page 12.

Environment and Product Assortment

Environmental management system and energy efficiency efforts

Panduro's headquarters and central warehouse have had an environmental management system certified in accordance with ISO 14001 since 2006. This means that we continuously develop our environmental initiatives and establish measurable goals. Via this system, Panduro has several documented policies and procedures related to environmental issues. Key among them are our Environmental and Responsibility Policy, Animal Welfare Policy, and our Travel Policy. The management system helps us to maintain transparently documented legal compliance in the area of the environment. Certification means that Panduro's environmental performance is reviewed annually by internal auditors as well as an external auditor. These audits serve to ensure that we continuously improve our environmental performance. In addition to the goals reported under *Our Sustainability Goals* above, we also have goals for our communication about the environment and sustainability to customers. Our customers and employees are becoming increasingly environmentally aware, and we are responsive to their concerns. We regularly receive questions and tips regarding environmental improvements from our customers and employees. Through a system for documenting these important viewpoints, they contribute to continuously improving our sustainability performance.

The climate change crisis is a global sustainability challenge, and Panduro naturally has a corporate responsibility for doing what it can to reduce greenhouse gas emissions. To that end, we have set ambitious targets for reducing our greenhouse gas emissions from deliveries. Our initiatives include optimising the volume of goods in our deliveries and reducing the number of delivery days to stores. This has yielded positive results and the emissions from our outbound deliveries to customers and stores from our central warehouse have been reduced while our sales have increased. We have, however, registered that emissions from our deliveries to our central warehouse have increased, which may be partly due to the increased sales. Regrettably, this means that the total emissions from our product deliveries are increasing (for details, see page 11). We have still have many improvements to make, and our efforts to reduce the carbon footprint from our deliveries are still ongoing.

During 2017 and 2018 a certified energy auditor performed an energy performance audit of our operations in Sweden. This resulted in a report describing a series of measures that could be taken to reduce our energy use. Many of these measures require significant investment and have therefore not been viable to implement. However, a number of smaller measures have been implemented, including adjustments to space heating and ventilation at our headquarters and central warehouse. We are also in the process of replacing the lighting in our stores with a more energy-efficient solution.

Energy performance

The statistics refer to our energy performance at our headquarters and central warehouse.

2018/19
**2 075
Mwh**

2019/20
**1 948
Mwh**



Environmental Partnering with Suppliers

Panduro rates the performance of its suppliers by means of system we call Score Card. This supplier rating system includes a wide range of parameters from price, quality and service level through to legal compliance and documentation disclosure. Over the past year, the system has been enlarged to include parameters for the external environment and social aspects. The aim is for Score Card to be used at meetings with suppliers to foster open dialogue conducive to long-term customer relations.

To ensure that we use limited global natural resources more efficiently by reviewing the materials in our packaging. This drive requires close collaboration with our suppliers. The main purpose of our packaging is to protect our products during transportation, but also to inspire creativity among our customers. Basically, these efforts are all about avoiding inessential packaging and needlessly large packaging formats. We are also seeking to increase the share of packaging types composed of recyclable materials so that after the customer has delivered used packaging to a recycling station, it can be reused to make new products or packaging. We will also be increasing the share of our packaging made from recycled materials or renewable raw materials. Within the past year, we have produced a guide to how we can live up to these factors in-house when selecting and developing the packaging for a given product. This also involves making every effort to avoid using certain types of materials such as PVC, and assessing how we use print and materials in designing our packaging. We have also issued a guidance for our suppliers explaining which packaging we prefer them to use.

Product Safety

With our wide assortment of products, at Panduro, we have the opportunity to make a difference by choosing materials and products that are consistent with our values. We strive to deliver products that conform to a high standard of quality and reliability with regard to safety, health and the environment. We therefore have documented procedures for ensuring that all products are safe for both the environment and human health. We work with requirement specifications for all product categories in our assortment, and they are updated regularly in response to changes in the legislation. Legal requirements and recommendations from authorities and industry organisations are our minimum requirements. Our product safety work also involves a significant focus on reviewing test reports and product contents. It is important for each product to be appropriate for the intended user and the safety of products intended for children is especially important.

Number of recalled products

A product recall occurs when an official body declares that a product poses a safety risk, but occasionally we opt to recall a product on our own initiative.

2018/19

2

2019/20

1

Recycled plastic paint pots

Since 2019, Panduro's Hobbylack paints range has been sold in pots made of 25 percent recycled plastic.



25 %
recycled
plastic

Sustainable Product Assortment

A cornerstone of our commitment to offering a sustainable assortment is product safety. Another fundamental element of our commitment is to offer products that inspire and facilitate re-use and recycling. Through our products and marketing, our mission is to inspire the creativity that extends the life of other products and increases materials recycling.

Our ambition is to increase our assortment of sustainable products. Examples of this include our own-brand range of Nordic Swan Ecolabelled paints for children, and a Nordic Swan Ecolabelled furniture paint introduced this year. The Nordic Swan Ecolabel guarantees that the contents of a product have been assessed and approved by an independent third party with regard to its environmental impact. We also work in other ways to make our assortment more sustainable, for example, by excluding critical ingredients from certain products. One example of this is not using palm oil in our soap bases. Active ingredient decisions have also been made in our project to develop a new glue for children made of potato dextrin. The glue bottle itself is also made from 95 percent plant-based materials. In many cases, the high quality of our products is also a key element in making our assortment more sustainable. Quality is especially important when launching a new furniture paint, for example. This involves our product developers testing the quality in terms of coverage and adhesion.

Panduro also has an Animal Welfare Policy which sets requirements for the ethical treatment of animals. We are aware of the challenge of following up on these requirements and we therefore engage in dialogue with stakeholders and others in the business. We also seek to make active choices regarding suppliers and the origin of the ingredients that go into our products. This is to reduce the number of deliveries, but also to more easily ensure the ethical treatment of animals and safe use of chemicals. A case in point would be our range of leather products from Sweden.

Another fundamental element of our commitment is to offer products that inspire and facilitate re-use and recycling and encourage consumers to get creative with ordinary household items and waste.



Social Conditions

We require decent social conditions for everyone employed in manufacturing and transporting our products. Panduro strives to ensure the products are made in accordance with acceptable standards for occupational health and safety.

Panduro's Code of Conduct

Panduro's Code of Conduct is the most important policy document for maintaining decent social conditions. The Code of Conduct sets out requirements for suppliers regarding pay, health and safety, overtime work and unionisation for employees.

For several years, Panduro has gradually worked to ensure our suppliers sign our Code of Conduct. These efforts began with suppliers who are active in countries rated as having the greatest sustainability risks, such as suppliers in Asia. We then proceeded to collect signatures from our largest product suppliers in Europe. The aim is for all suppliers to sign the Code of Conduct, including the freight forwarders we contract and suppliers who only supply Popov BV. The great challenge lies in ensuring that all suppliers and their sub-suppliers always comply with the Code of Conduct. To that end, we are developing a system to enforce compliance with the requirements laid down in the Code of Conduct.

Human Rights

Corporate social responsibility is a fundamental requirement for Panduro's entire operation. At Panduro, we have a responsibility to our customers to ensure all products are manufactured under decent working conditions and with respect for human rights. Suppliers are responsible for ensuring products are manufactured in accordance with:

- 1) The UN's Universal Declaration of Human Rights
- 2) The UN's Convention on the Rights of the Child
- 3) The ILO's conventions on labour standards and rights at work.

Each supplier is also responsible for its corporate compliance with applicable national legislation. Panduro works to ensure that no one involved in manufacturing our products has violated human rights or has been subjected to physical or mental suffering. The requirements are regulated in our Code of Conduct.

Discrimination

It is important to us that our suppliers' employees are not discriminated against at work on the grounds of ethnicity, gender, religion, political affiliation, nationality, social background or for any other comparable reason. In addition, all employees with equal experience and qualifications must receive equal pay for equal work. Panduro's requirement that discrimination may not occur is regulated in our Code of Conduct, which is based on, among other things, ILO conventions 100 and 111.

Anti-Corruption Efforts

Since we influence society through our activities, it is imperative for Panduro to observe a high standard of business ethics. It is not permitted for employees or suppliers to offer, request or accept improper payments in connection with Panduro's business. We abide by the Code of Conduct concerning gifts and rewards as described by the Swedish Anti-Corruption Institute.



On 10 December 1948, the UN adopted the Universal Declaration of Human Rights. For the first time, the world had an agreement recognising all people as free and equal.

Partnerships

SOS Children's Villages

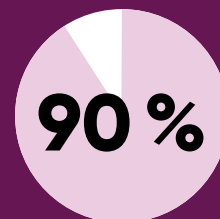
We want all children to have a secure childhood. Since 2014, Panduro has partnered with SOS Children's Villages to help children at risk around the world. SOS Children's Villages is a global children's rights organisation working to give children a secure, safe and caring home. Since the partnership started, together with our customers, we have raised SEK 1.9 million for the crucial activities of SOS Children's Villages.

Panduro has opted to concentrate its donations on SOS Children's Village's programmes for children and families in Santa Cruz, Bolivia, one of the poorest countries in South America, where many children are at risk. Among other risks, the country has a major problem with child labour and children living on the streets.

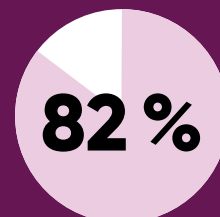
In the SOS Children's Village Santa Cruz Plan 4000, children who otherwise risk fending for themselves on the streets, are given a safe childhood in a family. The children become part of a community in their new home and get to attend school and leisure activities. SOS Children's Villages are integrated in local neighbourhoods to make it easier for the children to adapt and grow up to cope on their own. The Santa Cruz Children's Village is currently home to 57 children in a total of eight families.

Under the Plan 4000 project, SOS Children's Villages also run family strengthening programmes to help families at risk of breaking down due to poverty, substance misuse, illness, death in the family or other causes. Plan 4000 helps families stay together and ultimately become independent and able to provide for themselves. The family care includes nutritious food and basic medical care. The children also have the opportunity to attend school and the adults are helped to engage in income-supporting activities to improve their chances of making their own living. During 2019, as many as 81 families were supported via the family strengthening programme.

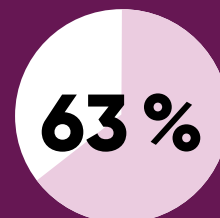
Benefits for the individuals who have participated in the projects in Bolivia:



90 percent have achieved a high degree of independence.



Around 82 percent have completed secondary school and gained vocational qualifications or prepared for further education.



About 63 percent are entirely self-sufficient.



90 percent have a strong family bond and are good caregivers to their own children.

Louisiana Museum of Modern Art

Since 2000, Panduro has partnered with the Children's Wing and Louisiana Learning at Louisiana Museum of Modern Art in Denmark. The Children's Wing is a three-storey wing to the museum where children from 4 to 16 can express their imagination and creativity. Panduro sponsors materials, but Louisiana decides which materials are to be made available. Louisiana adapts the activities in the Children's Wing to current exhibitions.

Henie Onstad Art Center

Since 2017, Panduro has sponsored the Labben children's art workshops at Henie Onstad Art Center outside Oslo, Norway. This sponsorship is similar to that for Louisiana Museum of Modern art.

Together with
SOS Children's Villages,
we are working to protect
children's present
and future!



Photo: Maja Brand

Photo: Louisiana Museum of Modern Art

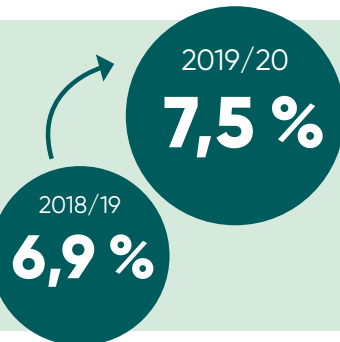
Employees

Panduro is a family firm that takes care of its employees. We are convinced that our employees have to thrive for our company to thrive too. We work to established policies pervaded by sustainability. These are compiled in a Staff Handbook, the Gender Equality Plan, Diversity Policy and Occupational Health and Safety Policy. To ensure the best possible organisational and psychosocial work environment, Panduro encourages open dialogue between managers and their staff. We conduct annual staff appraisals and work with staff to maintain a sound work environment. The physical working environment for our employees differs for stores, warehouses and offices and is adapted accordingly. Panduro has a detailed Occupational Health and Safety Policy and is committed to continuous systematic work environment initiatives. Our ambition is to conduct employee surveys to follow up on how our staff perceive Panduro as a workplace.

Panduro also has a proactive health promotion programme. We have agreements on occupational healthcare, computer glasses and subsidised workout passes under the health promotion scheme. Our gender equality programme shall be an ongoing process in employee and business development. Gender equality is to be on the agenda as a recurring item at departmental meetings and as a component of management training.

Sickness absences in Sweden

The current situation in the wake of the outbreak of COVID-19 in Sweden in 2020 is resulting in an increased rate of sickness absences.

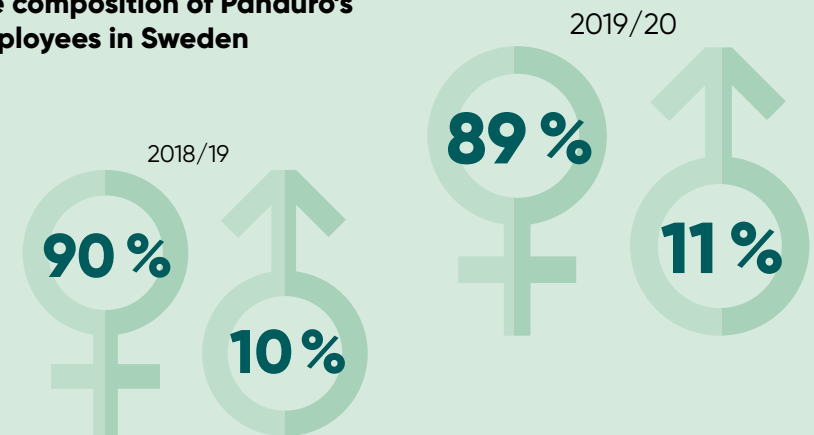


Diversity and Gender Equality

Panduro's business is permeated by the recognition that everyone has and is to be ensured equal value regardless of their gender, ethnicity, religion or sexual orientation. We are keen to comply with wishes and make adjustments based on, for example, religious or ethnic considerations. We are committed to actively preventing all forms of harassment. In our hiring process, we encourage applications from people of different backgrounds. Our diversity efforts are guided by our Diversity Policy.

As part of our gender equality commitment in the context of recruitment, we aim to hire individuals of the underrepresented sex when candidates have equal qualifications. We also seek to prevent sexual harassment based on our goal that everyone should feel respected when they go to work for Panduro.

The composition of Panduro's employees in Sweden



Current composition of the Board of Directors, 2019/20: 1 woman and 7 men.
Current composition of the Executive Group, 2019/20: 2 women and 5 men.

Our Values

Based on our value chain and in order to unite our employees around shared values and strategic goals, in 2018 we launched and implemented our Core Values in the Scandinavian companies. Our Core Values are an important part of the business and a shared platform in our collaboration. During 2019, Panduro extended the shared platform for our Core Values with "Profit". The aim is for all employees, regardless of role or remit, to understand the importance of profitability in their day-to-day work and for the business as a whole. Not until our Core Values interact will be able to achieve the goal of profitability along with the goal of being an attractive workplace for our employees.



Jörgen Panduro

Auditor's opinion on the statutory Sustainability Report

To the Annual General Meeting of Panduro Förvaltning AB, Org. No. 556570-3237

Assignment and separation of duties

The Board of Directors is responsible for the Sustainability Report for the financial year 1 May 2019 to 30 April 2020 and for its preparation in accordance with the Swedish Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially lesser in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, Sweden, 9 September 2020
PricewaterhouseCoopers AB

Vicky Johansson
Authorised Public Accountant



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