



PANGAIA

Environmental Policy

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At PANGAIA we are committed to the health and longevity of our planet and have an Earth Positive philosophy of giving back more than we take through our business model. At our core, we are a materials science company that brings problem-solving innovations to the world by looking to nature for solutions that are in harmony with our planet.

This policy demonstrates our commitment to environmental protection and enacts the minimum standard that applies to our operations and all PANGAIA partners - vendors, suppliers, agents, distributors, retailers, factories, mills, processing facilities, farms and any associated subcontractors, subsidiaries and other suppliers who contribute to PANGAIA's products (henceforth referred to in this policy as 'Suppliers') must meet. All employees shall uphold this policy and all suppliers shall uphold or have a similar policy of their own and are responsible for disseminating the policy to their suppliers and any approved subcontractors to ensure that these principles are adhered to.

The policy also outlines the standards that PANGAIA will hold ourselves accountable to across our direct operations.

OUR COMMITMENTS

Support for the Environment

At PANGAIA, we are dedicated to the health and longevity of our planet. Our commitment to minimizing environmental impact is outlined in our Code of Conduct and policies, which also detail partner expectations. We manage our impacts responsibly through a planet roadmap, emphasising climate action, water stewardship, and biodiversity promotion. From materials to manufacturing partners, we collaborate with those who share our respect for the natural world and strive to create products made to last.

To do this, it is imperative that we manage our environmental impacts responsibly and therefore we have set a planet roadmap focusing on the three frontiers for supporting our planet's resilience and recovery;

Climate Action - Decarbonise our business in line with our Science Based Targets and beyond

Biodiversity - Promote, support and invest in initiatives prioritising the restoration and conservation of nature

Water Stewardship - Integrate a water stewardship approach to our value chain

We are committed to conducting environmental due diligence of our operations and our supply chain to better understand the climate risks that could impact the planet, local communities and our business. This includes assessing the natural resources, climate changes, governmental legislation and potential of natural disasters in key sourcing countries to better understand the context and potential mitigation actions required.

From our annual carbon calculations, we know that activities under Scope 3 (according to the GHG Protocol) account for most of the emissions from PANGAIA's carbon footprint (99% in 2023). Within this, our suppliers' operational activities account for a significant proportion each year (more than 70% of our total footprint in 2023). This indicated to the business the importance of working in collaboration with partners to highlight and tackle hotspot areas.

Climate Action

We are committed to decarbonising our operations and entire value chain in line with the Greenhouse Gas Protocol, and have approved targets with the SBTi. We have publicly committed to reduce our scope 1 and 2 emissions 42% by 2030 from a 2021 base year, as well as reaching net-zero by 2040. This involves reducing emissions across scopes 1, 2 and 3 by 99%. We commit to report our greenhouse gas emissions annually, and have partnered with Plan A to produce our calculations and help us with reduction methods specific to our footprint results.

Our decarbonization strategy focuses on; transitioning to renewable energy in our office spaces and encouraging this transition with our retailers and suppliers; using innovative materials and production

processes with lower emissions; using efficient logistic models and implementing a new business travel policy. Furthermore we are monitoring our waste and promoting recycling throughout our offices. All PANGAIA employees are expected to make use of the recycling facilities made available in all PANGAIA operated offices, facilities, and retail spaces.

At PANGAIA all of our owned or controlled facilities and any vehicle assets within the PANGAIA operational boundary (e.g. Headquarters, Lab Facility) shall be powered by renewable energy. We will also strongly advocate for our Flagship Stores to be run on renewable energy or have a transition plan to a green energy tariff by 2025, working closely with retail partners. We collect consumption data and track progress to these targets annually.

All PANGAIA employees are required to participate in our employee commuting survey held annually.

Biodiversity

Mitigating biodiversity loss by minimising our impact is imperative at PANGAIA. We are addressing this by supporting nature and animal conservation, mandating responsible material sourcing, including diversification and investing in regenerative practices. We are also actively promoting circular models for the end-of-life use of our products.

We are committed to implementing inseting initiatives within our value chain and in the communities with which they are placed.

Water Stewardship

Our water footprint ties back to the production of our apparel and the use phase of our products. In light of this, we will continue to develop our water stewardship strategy across our supply chain and mandate the responsible management and use of chemicals.

We monitor water risks using local (country-level) risk assessments covering both social and environmental challenges in the main sourcing countries where we operate. We are committed to implementing better water management engagement where it needs to be prioritised in our supply chain.

PANGAIA is committed to continually improving our facilities' water management. At our Head Office on Chancery Lane, the building is equipped with a rainwater-harvesting system.

Salient Risks

Environmental Risk Assessments have been undertaken based on where we know our production takes place. A very high proportion of our production is focused in Portugal, followed by Italy, Turkey and Romania. We also have operations in the United Kingdom as well as suppliers in Sri Lanka and China. Therefore, these 7 countries formed the basis for macro-level risk assessments. Whilst we work on better traceability of our Tier 3 & 4 supply chain, we will continue to develop these assessments to ensure we maintain awareness of the climatic, environmental and political landscapes of our operations.

Some key risk areas across all countries analyzed were higher risks of droughts and water scarcity, flooding and biodiversity loss. There are also vast differences in state support for environmental policy and aid. We aim to use these findings as a guiding tool to work with our suppliers on the priorities of both the operational sites, as well as the wider communities in which they operate.

Beyond a macro level, we know some processes in apparel manufacturing are more impactful than others. Whilst we try to minimize the impact of these processes, there are some instances where the technology and/or circumstances are not available or appropriate yet. We have analyzed not only the processes that we know our suppliers use for our production, but also the processes they have listed as having operational on site.

At PANGAIA, Tier 3 processes (e.g. material production and wet processing) make up ~60% of the impact across our prioritized metrics of carbon, water and energy. This is because these phases are highly energy, water and chemically intensive. We aim to work with our suppliers to first implement reduction strategies, and

where that is no longer possible, we will focus on the wider community/country level initiatives we can prioritise such as carbon capture.

ENVIRONMENTAL REQUIREMENTS FOR OUR SUPPLIERS

Compliance to legislation and regulations

All PANGAIA Suppliers must comply with all applicable international, national, local and other relevant environmental laws and regulations. Where there are differences or conflicts with local law, the higher standard should prevail.

Supply Chain Responsibilities

PANGAIA selects Suppliers who recognise the impact that their operations and processes have on the environment, and want to manage their facilities in a responsible manner.

Measurement & management

Across our supply chain, we expect Suppliers to identify, manage, reduce and responsibly control emissions emanating from their respective operations. Ensuring that toxic pollutants are not part of their operations and seeking more responsible alternatives.

Suppliers should measure their environmental footprint and understand their emissions by the collection and analysis of data. This should include the identification, management, reduction and responsible disposal of both hazardous and non-hazardous waste. Where possible, circular waste streams should be implemented and utilized.

Suppliers should seek out methods of resource and energy efficiency, reduce their energy use, explore opportunities to use renewable energy (if not doing so already) or switch to renewable tariffs. Where it is not possible to source renewable electricity directly through local suppliers, look to purchase Renewable Energy Certificates. Suppliers should set energy reduction targets and devise programmes to achieve the targeted reduction within an agreed timeframe.

Suppliers should continuously monitor their environmental performance and disclose to PANGAIA, on request, their energy use, consumption data and share reduction plans.

Responsibly manage water

Suppliers should minimise water consumption and implement a systematic approach to reuse water where appropriate and reduce wastewater produced by its operations. Discharge of wastewater should be treated properly and deemed safe before returning to the local waterways or national water systems.

Each Supplier facility with wet processing is encouraged to elevate its water management practices, including monitoring its water balance, setting policies and procedures, setting water usage targets, promoting recycling and carrying out internal engagement.

All effluent must be treated in a fully functional effluent treatment plant (ETP) before being discharged to the environment. If effluent will be treated offsite, i.e. at a municipal waste treatment centre then the Supplier must keep records of the process. Untreated (going to an external treatment plant) and treated (if being treated onsite) effluent must be tested on a regular basis and records must be available for inspection.

Suppliers shall minimise hazardous substances consumption by implementing reduction and substitution measures, and train all workers about proper handling of dangerous materials and substances. They must obtain, keep current, and comply with all required environmental permits and reporting requirements of applicable permits, law and regulations. Evidence of such should be disclosed to PANGAIA on request.

Responsibly manage waste & wastewater

Suppliers shall implement a systematic approach to identify, manage, reduce and responsibly dispose of or recycle both hazardous substances and non-hazardous waste.

Suppliers must prevent the emission of pollutants, reduce the presence of polluting substances, and protect surrounding habitats and living organisms. Suppliers should ensure that their operations related to PANGAIA do not cause habitat destruction or damage.

Responsibly manage chemicals

Suppliers shall comply with environmental and safety laws and regulations on handling waste, chemicals or other dangerous materials or substances. Suppliers shall comply with PANGAIA's Restricted Substance List and should assess the conformity of products against this list. Suppliers shall train workers about proper handling of dangerous materials and substances. Suppliers should seek to minimize and prevent waste, chemicals or other dangerous materials or substances. Suppliers shall obtain, keep current, and comply with all required environmental permits and shall comply with the reporting requirements of applicable permits, law and regulations.

Suppliers shall, as practical based on their business, minimize the consumption of hazardous substances by implementing reduction and substitution measures.

Transportation

Where Suppliers are responsible for the transportation of PANGAIA goods, we urge all Suppliers to transition to low-carbon logistics and work with distribution partners who provide carbon reporting to monitor emissions of shipments.

Respect the natural environment & biodiversity

Suppliers shall make a commitment that their operations or activities are going to maintain or restore the quality of their surrounding environment. Suppliers shall ensure that their operations related to PANGAIA have not caused habitat destruction or damage.

Suppliers shall ensure that their operations are not significantly depleting natural resources, such as deforestation, fishing and mining, etc. For further guidance on this, please refer to our **Animal Welfare and Deforestation policies**.

Suppliers shall ensure that their operations are not causing soil degradation, as a result of erosion, overgrazing, overexposure to pollutants, monoculture planting, soil compaction or irresponsible land-use conversion.

ACCOUNTABILITY & VERIFICATION

Onboarding materials

All our materials go through a stringent due diligence process where we evaluate every stage of the process from what goes into the material, how it is processed, including the environmental impact, to the output. PANGAIA aims to onboard new preferred materials where there is social or environmental benefit compared to conventional materials.

Certification

PANGAIA wants to set high standards not only for ourselves but also across the industry. Therefore, PANGAIA is committed to onboarding and partnering with suppliers who hold the relevant certifications for our materials. These may be requested at both an agricultural level and/or product level to ensure appropriate chain of custody documentation is in place.

Life Cycle Assessment

As part of PANGAIA's commitment to measuring the life cycle of key materials and products, Suppliers should be willing to collaborate with our team and partners to assess the impacts of those products or materials provided to PANGAIA by providing data relating to production and evidence of resources used. To support

Suppliers with this request PANGAIA will provide information, guidance and access to trained experts that will assist Suppliers.

Traceability & Supply Chain Visibility

PANGAIA is committed to being transparent about where our products are coming from. Suppliers are integral partners to help us trace and understand the supply chains that PANGAIA source from. PANGAIA expects Suppliers to share all relevant and known supply chain information and provide visibility to help PANGAIA with tracing products and giving visibility to production and animal husbandry practices.

Remediation

If a Supplier becomes aware of a breach of the Code, in any part of the supply chain, the Supplier must immediately notify PANGAIA, and disclose any details that are deemed necessary to accurately assess the non-compliance.

Any violations of the policy by a Supplier may jeopardize the Supplier's business relationship with PANGAIA resulting in possible termination of the business relationship and other action that PANGAIA deems appropriate based on the nature of the violation. If the Supplier engages in conduct prohibited by this policy, the Supplier shall rectify the violation(s) through immediate action using documented strategies and procedures. The Supplier shall provide to PANGAIA copies of documents which show evidence of all remedial action.

PANGAIA is committed to working collaboratively with Suppliers and will provide guidance, support and encouragement to Suppliers working towards becoming more sustainable. For any advice or questions on this policy please contact: impact@thepangaia.com

DEFINITIONS

Diversification

Diversification is a resilience building strategy for supply chains to avoid the risks of over-reliance on one fibre.

Effluent Treatment Plant (ETP)

The place where effluent (process water, which leaves the site at the final discharge point) is treated.

Emissions

The release of greenhouse gases into the atmosphere.

Greenhouse Gas Protocol

Provides standards and tools that help companies to assess and track their entire value chain emissions impact and identify where to focus reduction activities.

Habitat

The place where an organism makes its home.

Hazardous waste

According to the Health and Safety Executive, waste is considered 'hazardous' under environmental legislation when it contains substances or has properties that might make it harmful to human health or the environment. This does not necessarily mean it is an immediate risk to human health, although some waste can be.

Insetting

According to the World Economic Forum, insetting is the implementation of nature-based solutions such as reforestation, agroforestry, renewable energy and regenerative agriculture into one's own supply chain. Some insetting activities also improve the livelihoods of indigenous or local communities as a result.

Net-zero

According to the SBTi, net-zero means (a) reducing scope 1, 2 and 3 emissions to zero or a residual level consistent with reaching net-zero emissions at the global or sector level in eligible 1.5C scenarios or sector pathways and (b) neutralising any residual emissions at the net-zero target date - and any GHG emissions released into the atmosphere thereafter.

Non-hazardous waste

Non-hazardous waste is not dangerous but may still be harmful to the environment. It must be disposed of appropriately.

Earth Positive

This is a term we use for PANGAIA's main goal to establish a way of life on our planet with nature in balance with nature for all future generations.

Regenerative agriculture

According to the Sustainable Food Trust, "Regenerative Agriculture' describes farming and grazing practices that, among other benefits, reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon drawdown and improving the water cycle."

Science Based Targets for Nature (SBTN)

SBTNs are being developed by the Science Based Targets Network, with the same founder organisations as the Science Based Targets Initiative for climate, to provide systematic solutions to reduce the risk of nature loss across four key areas - freshwater, biodiversity, land and oceans.

Science Based Targets initiative (SBTi)

The SBTi is a collaborative initiative between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It defines and promotes best practices in emissions reductions and net-zero targets in line with the highest standard of climate science.

Scope 1 Emissions

Emissions from operations that are owned or controlled by the reporting company.

Scope 2 Emissions

Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.

Scope 3 Emissions

All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Value Chain

In line with the Greenhouse Gas Protocol, 'value chain' refers to all of the upstream and downstream activities associated with the operations of the reporting company, including activities that occur downstream from the point of sale.

Value Chain Emissions

Emissions from the upstream and downstream activities associated with the operations of the reporting company.