



PANGAIA

**Modern Slavery & Supply Chain
Transparency Statement
2023**

PANGAIA

PANGAIA Modern Slavery Statement & Supply Chain Transparency Statement (January 2023-2024)

Introduction

PANGAIA's mission is to inspire and accelerate an Earth Positive future. This means we strive to build a business that creates value while elevating human, animal, and plant quality of life, bringing us in harmony with nature and giving back more than we take. As a purpose led business, we strive to put people and planet first, protecting and respecting the human rights of anyone connected to our value chain. It is a collective effort to uphold these fundamental values and we acknowledge our role in conducting business with ethics and integrity.

Despite recent progress in protecting human rights through new legislation and systems, the prevalence of modern slavery remains widespread. Globally, people remain vulnerable to modern slavery and the global pandemic has only exacerbated inequalities and abuse.

This statement is made to communicate our commitment to the UK's Modern Slavery Act 2015, California Transparency in Supply Chains Act of 2010 and in respect to global legislation bringing accountability to businesses for their role in removing slavery from operations and supply chains¹. It sets out our approach along with the steps we have taken during 2023 (from 1st January 2023 until 31st December 2023).

Understanding Modern Slavery

Modern slavery is an extreme violation of human rights where a person has control over another and where victims are denied their basic rights of freedom, security and dignity. To provide context and common language we have outlined the key terms and current state of slavery in the world as we understand it.

Terminology

Modern slavery is the umbrella term that is used to describe several types of slavery, the four main areas are:

- **Forced labor:** Any work or service that people are forced to carry out against their will or under threat.
- **Debt bondage/Bonded labor:** Anybody forced to work to pay off a debt, resulting in them working for little or no pay, and having no control over their debt.
- **Human trafficking:** The act of putting someone into a situation of exploitation. Often moving someone across borders, but not always.
- **Worst forms of child labor:** All forms of slavery including forced labor that exploits a child (usually under 15 years old) for someone else's gain.

¹ Legislation: Australia Commonwealth Modern Slavery Act 2018, United Kingdom Modern Slavery Act 2015, California Transparency in Supply Chains Act 2010, French Corporate Duty of Vigilance Law 2017, Dutch Child Labour and Due Diligence Law 2019, Swiss Mandatory Human Rights Due Diligence, Norwegian Transparency Act, German Due Diligence in the Supply Chain Act, US Uyghur Forced Labor Prevention Act, and forthcoming EU Human Rights Due Diligence.

Victims are caught in a situation where they are often powerless and vulnerable, and therefore unable to leave because they are subject to deception, mental and/or physical violence, isolation, financial indebtedness, threats and punishment.

Facts & Figures

- 49.6 million people are enslaved globally today (Anti-Slavery International)
- 27.6 million people are in forced labor, making it the most prevalent type of slavery (International Labour Organisation)
- Nearly 4 million people are in forced labour imposed by state authorities (International Labour Organisation)
- 12% of all those in forced labor are children (International Labour Organisation)
- Almost three quarters, 71% of slaves are women and girls (Walk Free Foundation)
- The human trafficking industry has an annual value of around \$150 billion (International Labour Organisation)
- Forced labour in the private economy generates \$236 billion in illegal profits per year (International Labour Organisation)

People are being exploited and tricked or trapped into slavery all around the world. There are many drivers of slavery that contribute towards its proliferation, such as:

- Conflict where laws and normal protection systems are not working e.g. the ongoing refugee crisis in Syria.
- Repressive regimes where the government puts population to work e.g. evidence of forced labor including indentured servitude in North Korea.
- Poverty and the lack of economic opportunities, access to formal jobs or lack of choices.
- Crises like the Covid-19 pandemic and climate change can make people even more vulnerable to exploitation.

Modern slavery is present across all industry sectors, especially in labor intensive processes such as in construction, mining, agriculture and fisheries. Walk Free Foundation and Anti-Slavery International have recognized that the apparel, textile and accessories industry is one of the industries most impacted by slavery and that there is a significant number of people in forced labor within this industry. Due to the hidden and complex nature of supply chains it is highly unlikely for any business to say with complete certainty that they are slavery free.

There are several indicators that imply there could be forced labor, these are:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages

- Debt bondage
- Abusive working and living conditions
- Excessive overtime

Each situation can be highly nuanced and the presence of an indicator could demonstrate other types of exploitation beyond forced labor. Nonetheless, these indicators can be used as the basis to assess whether or not an individual worker is a victim of forced labor.

Business Overview

PANGAIA was founded in 2019 by a collective of scientists, designers, technologists, and creatives who wanted to create a new kind of business and pursue an Earth Positive ambition and philosophy. To us Earth Positive means we are building a business that creates value while being in balance with nature and harmony with people. As a material science company, we have developed our products using innovative technologies and scale these innovations through networks, collaborations and partners to a wider market.

PANGAIA is headquartered in London, UK, with satellite teams in the US, France, and Italy in 2023. Initially founded by a core collective in October 2019, in December 2023 we employed 94 people globally, who work either in our offices, from home, or a hybrid work pattern or in our stores. Predominantly our products were and continue to be sold directly to customers through e-commerce, pop-up stores and wholesale distribution. We also provide a Business-to-Business solution, offering the selection of responsibly made merchandise and innovative materials that we bring to industry partners and beyond.

PANGAIA is overseen by an Executive Board of Directors that meets once a week and engages an advisory board to provide support on areas that include brand strategy, sustainability, and innovation strategy. The Executive Board has 5 members, 3 of which identify as women. Our environmental and social purpose is represented and advocated for by the Chief Impact Officer, who is also a founding member of PANGAIA, and our Global Engagement Officer.

In addition to this leadership representation, our Earth Positive ambition is integrated into all decision-making, with each department having specific Impact-focused objectives. The Responsible Innovation department is made up of subject matter experts whose remit is to work collaboratively towards the Impact strategy across the business and with external partners. Responsibility for policies, training, risk assessment and due diligence on modern slavery is held by the Responsible Innovation department who work cross functionally to embed responsible business practices across the business.

Our Commitment

At PANGAIA we recognize the rights of every individual and their needs as defined within the UN Declaration of Human Rights and our responsibilities under the UN Guiding Principles on Business and Human Rights. We commit to act ethically and with integrity in all our business operations. In 2022 we became a B Corp which was a significant milestone for us, through the process of certification we

were rigorously assessed including our practices, governance and values of human rights (amongst other categories). As part of being a B Corp we updated our Articles of Association to align our mission and to consider the impact our business has on its stakeholders, now and in the future. By building this into our legal structure we have further committed to respecting human rights of those touched by our business.

In 2023, we formally joined Fair Wear and are aligned with their mission to improve the garment industry and support workers in realizing rights to safe, dignified, fairly paid employment. We learn from their expertise, share best practices from other members, use their tools and are held accountable for improving labor conditions where PANGAIA products are made.

We support dignified work and the individual and collective wellbeing of our employees, workers in our supply chain, the communities where we operate, those affected by our operations, and our customers. We do not condone, nor will we tolerate abuse of human rights within any part of our business or supply chain, and we take seriously any allegation that human rights have not been respected. We are committed to acting with due diligence to avoid infringing the rights of others and addressing the adverse impacts of our global operations and to prevent slavery and human trafficking from taking place in our supply chains or in any part of our business.

Policies

Commitment to the protection and respect for all human rights and social wellbeing is enshrined in our internal values and practices as well as in our expectations of our external partners. We have developed a number of operational policies with the intention to outline our expectations to all those who work on our behalf.

Child Labour & Young Workers Policy

Details our commitment to preventing the exploitation of children and safeguard the rights of young workers in our own operations and supply chain. All children have the right to have a childhood, to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education, or to be harmful to their health or physical, mental, moral, or social development. We acknowledge that children can be connected to supply chains, and that there is a high potential for them to be present at the raw material sourcing stage, present on family farms and homeworking arrangements, or connected with informal economies.

Code of Conduct

The cornerstone of our commitments to human rights is found in our Code of Conduct, which covers labor rights, safe working conditions, wages, discrimination, as well as how we monitor and remediate social issues. Our Code is based on internationally agreed principles in the UN Charters, International Labour Organisation's Core Conventions, and is aligned with the ETI Base Code and Fair Wear Code of Labour Practices.

Human Rights Policy

Underlines our expectations in regard to respecting, protecting and remedying human and labor rights, for both employees and those in our communities and supply chain. It details how we integrate human rights considerations into our operations and business relationships as well as committing to undertake human rights due diligence.

Migrant Worker Policy (new in 2023)

This policy is the minimum standard that applies to all PANGAIA partners - vendors, suppliers, agents, distributors, factories, mills, processing facilities, farms and any associated subcontractors, subsidiaries and other suppliers who contribute to PANGAIA's products must meet. All partners shall uphold this policy, or have a similar policy of their own, and are responsible for disseminating to their suppliers and any approved subcontractors to ensure that these principles are adhered to.

Responsible Business Conduct Policy (new in 2023)

This policy is our minimum standards of responsible business conduct that we commit to adhere to, we aim to uphold these standards with all our direct partners and Suppliers. PANGAIA is committed to the highest standards of social and environmental responsibility and ethical conduct. Our goal is to build a Positive Earth business that gives back more than we take and has a positive impact on people and the planet. To accomplish this goal, we depend on the relationships we have with our partners throughout our supply chain. We recognise that our behaviour, processes and values are crucial to ensure that we have fair, productive and reliable partnerships.

Subcontractor Policy

As most exploitation and abuse, including modern slavery, is more likely to occur in hidden parts of the supply chain we have developed a Subcontractor Policy. This policy outlines our intention to ensure we know where every PANGAIA product is made and to stop unauthorised subcontracting. We have an open approach to subcontracting (including homeworking) on the basis that PANGAIA is notified, and approval is given prior to any production taking place. It also communicates our expectations that direct suppliers are responsible for ensuring our standards are met by those they are outsourcing to.

Zero Tolerance Process (updated in 2023)

Our approach to critical issues which we believe contravene the most basic of human rights and unethical practices. These issues include modern slavery of any form (including forced labor, bonded labor, or human trafficking), child labor, abusive harassment, the risk to life or limb, the non-payment or payment under the legal minimum of wages, extreme environmental degradation, and bribery or corruption. While we are not naive to these practices existing in the fashion industry, we believe in having a strong stance that we shall not tolerate this type of exploitation if uncovered in our supply chain. In 2023, we developed a remediation process for modern slavery in a similar format to the process we have for addressing child labor to ensure that if any evidence is uncovered, we have the right process in place to remediate the issue. Our tailored rapid escalation and remediation processes have been updated with further detailed steps to ensure our teams are well-equipped to adequately identify and respond to such violations.

PANGAIA Employee Handbook

Our handbook captures key policies, expectations of behaviors, how we manage people and the benefits that PANGAIA provides including some key policies:

- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Equal Opportunities Policy (including in recruitment)
- Grievance Policy
- Anti-Bullying and Harassment Policy

To ensure that our policies are understood we have rolled out communications and training both internally and externally, for more on this see the training section of this statement. To ensure our policies stay relevant to our values and the evolving legislative landscape we review them on a bi-annual basis.

Living Wage Employer

We are very proud to have committed to becoming a living wage employer and in 2022 we received accreditation from the Living Wage Foundation in the UK. In 2023 we continued our fair pay commitment by implementing the new Living Wage in the UK announced in October 2023.

Planned Policy Development

We are establishing a more formal system for updating our policies and intend to review them on a bi-annual basis. As well as reviewing our existing policies we also have plans to develop policies on:

- Non-Standard Employment Policy

Sourcing Landscape and Supply Chain

At PANGAIA, we partner with suppliers who share our goals and values for sustainable material development and responsible production. Preference is given to suppliers who are on a similar journey of monitoring social and environment impact areas to heighten awareness and be a source for positive change, as well as creating value that gives more than it takes.

Our sourcing landscape is global and covers everything from the origin of raw materials (which we call Tier 5) to the manufacture of finished goods (called Tier 1) – and everything in between. We undertake supply chain mapping to help us assess and combat risks of modern slavery to structure this mapping we have defined the tiers of our supply chain.

Transparency

We are committed to gaining visibility and traceability of our products to ensure that we understand our impact; both socially and environmentally. We have recently taken a number of steps to progress on this important topic detailed below:

- The Transparency Pledge is an international voluntary commitment brands can make to publish information about their supply chain to show where their products are produced. PANGAIA is proud to align to the Transparency Pledge and aim to go beyond these minimum requirements to further our commitment to disclosing our supply chain, practices and impacts in an open and honest manner.
- The Open Supply Hub (OS Hub) is a database of facilities which maps the footprint of manufacturing. Many international brands contribute to the database by publishing lists of their suppliers. It is a neutral platform that aims to drive standardized data and collective change to open up the industry. PANGAIA is contributing towards the database with our suppliers to demonstrate our commitment and accountability for the supply chain we are part of.

We believe that transparency of the supply chain, together with the collective efforts we make to improve the working conditions and manage our environmental impact, will assure our stakeholders that we genuinely work to improve all parts of our products and production.

Supply Chain Mapping

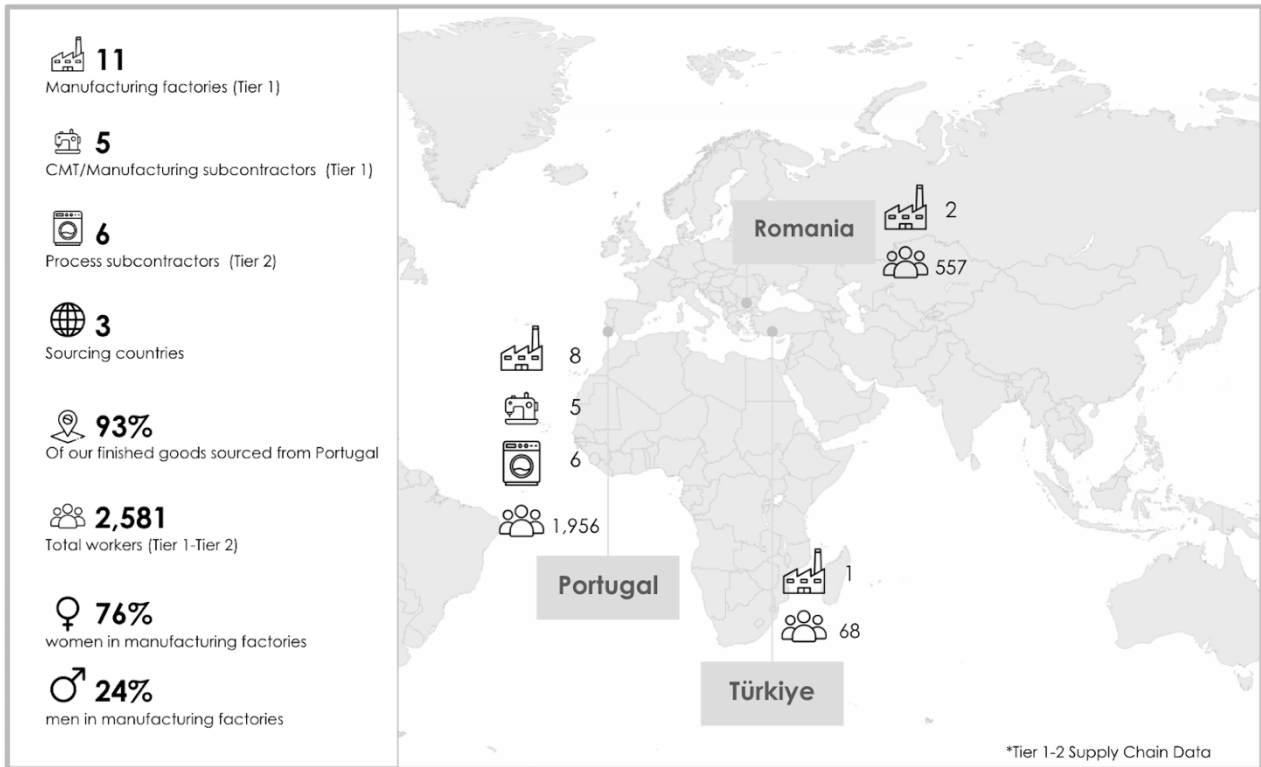
As a signatory of the Transparency Pledge, PANGAIA has committed to disclosing key information about our supply chain by tier as and when we map the facilities and sites used to create our products. To enable us to disclose these we have been undergoing a process of tracing our products through their supply chains. Currently we have mapped the following:

Tier Name	Tier Description	Facility/Process Example	Level of Traceability
Tier 0 : Office, Retail & Distribution Centre	Distribution, retailing, offices, research.	E.g. warehouse, stores, offices, research centers.	Fully mapped
Tier 1 : Finished Product	Factory which cuts, sews and finishes product and ships to PANGAIA.	E.g. stitching, assembly, quality control, packing, approved CMT subcontractors (indirect relationships).	Fully mapped
Tier 2 : Material Processes or Product Enhancements	Provider of one or more processes to materials or enhancements to the product.	E.g. printer, dye house, fabric treatment, electroplating, laundry/wash house, embroiderer, pleating, tooling, cutting, lasering, embossing, embellishment, quilting, firing.	Fully mapped
Tier 3 : Material Production & Component Supplier	Material manufacturing and processing, and component production.	E.g. mill (spinning, knitting, weaving), tannery, hardware, components, trims, moulding (shoe soles), labels, packaging, casting.	Majority mapped
Tier 4 : Fiber Processing	Processor of raw fibers or ingredients or feedstock.	E.g. fiber producer, refiner, ginner, recycling/sorting center, smelting, refiners.	Not yet mapped – some oversight
Tier 5 : Raw Fiber, Ingredients or Feedstock source	Origin of raw fibers, ingredients or feedstock.	E.g. cultivation (farm, forest, mine, oil field), recycling collection.	Not yet mapped – some oversight

In 2023, we launched a new partnership with a traceability platform to help us gain visibility of our supply chain. We launched the Retraced platform with our finished goods and fabric suppliers and rolled out training sessions to support and onboard suppliers.

Finished Goods

Like most brands, PANGAIA partners with trusted suppliers across the world to produce our goods. For our finished products, in 2023 we worked with 11 factories directly and 5 indirect subcontractors who support these main facilities. Our Tier 1 factories (see definitions above) are located in 3 key countries, in order of volume importance: Portugal (where 93% of our collection is produced), Türkiye and Romania. Our Tier 2 processing facilities are found close to key Tier 1 sites.



Material Production

As a material science company we take our fabrics seriously, to this end we nominate all our material suppliers so we have a strong relationship with our key mills suppliers (majority based in Portugal and Italy). We have been undergoing a process to map the mills connected with our production and better monitor working conditions and environmental practices.

As part of our work to deepen our understanding of our material footprint we work with our partners GreenStory, to conduct Life Cycle Assessments (LCA). Through these assessments we have been able to identify and understand environmental risk, and indicators of social risk from country and regional oversight. Through our LCA work in 2023, we analyzed the footprint of 84% of our products sold online which enabled us to better understand our product footprint. Whilst these assessments principally focus on environmental metrics such as blue water consumption, global warming potential and primary energy demand (we assess 13 impact metrics in total), we have been able to discern where our social footprint is at a country level. In the future we intend to use this information and approach to help assess social risks and understanding of the human context of our supply chain.

Raw Materials

We are committed to knowing our partners throughout every stage of our supply chain, but visibility decreases as we dive deeper into the tiers. Getting visibility to the cultivation and raw material stage of our supply chain (known as Tier 5) is notoriously difficult, but we are progressing on this front. For some of our raw materials, we directly purchase from cultivators or work very closely with our manufacturing partners to purchase. We have close relationships with these producers, and where feasible, a member of the PANGAIA team has visited the sites to understand their practices and innovations.

From our connections further down the supply chain we are improving our understanding of the context and needs of the communities around our supply base. Practices such as wild harvesting or waste picking is usually a form of informal employment, which gives people from disadvantaged communities a supplementary income to support themselves and their families. While this is a positive stream of income to support livelihoods, the risks and impacts on the people working in these communities are not fully understood yet. We aim to dedicate more time and resources to understanding and supporting these communities so we can be confident we are positively impacting their quality of life through decent work.

In 2023, we continued our partnership with Arvind through our In Conversion to regenerative product range. Our investment in regenerative cotton supported 1,000 smallholder farmers in the state of Maharashtra, India (Aurangabad district) to be trained in regenerative practices. Not only do regenerative practices have a positive environmental impact but also a social impact, including improving yield to positively impact farmer incomes and supporting community engagement. Having this type of field engagement helps with transparency as well as with monitoring practices. To verify good practices the farms also achieved a Fair for Life certification, a methodology that includes no forced labor, debt bondage, human trafficking or child labor.

Due Diligence, Assessing Risk & Understanding Worker Needs

We have assessed the risk of potential modern slavery across our business and considered exposure to vulnerability, type of employment, and visibility of working conditions against the prevalence of slavery within that employment sector or country. From this assessment we have surmised that the level of risk is considerably higher within our supply chain than our direct business operations and own employees. We have therefore tailored our approach to focus on embedding practices, policies and processes to either understand and/or reduce the risk of slavery in our supply chain.

Sourcing countries & regions

With each country we source from we have assessed the macro risks including prevalence of modern slavery in addition to monitoring the individual suppliers for any indicators of forced labour. Each country where we either have production or are exploring future production we have assigned a color grading to denote level of social and environmental risk. From these high-level assessments, we have identified the most salient risks in each country and identified several challenges which increase our risk of exposure to modern slavery. For these perceived risks we have conducted further due diligence in order to better understand context and how severe the risk is to us. As our business has grown, we have expanded our supplier network.

When sourcing from new regions, the Responsible Innovation Team works with the Production, and Product Development teams before selecting suppliers. For any newly proposed sourcing country, we have developed a process to review exposure to risk and openly discuss business opportunity, brand or reputational risk and the ethical and environmental potential negative impacts. It is also important for us to assess the feasibility to enact positive change and better understand the local sustainability behaviors and context.

- We have conducted a risk ranking using international indicators to inform our macro assessment of country risks. We use data from global institutions such as the Global Slavery

Index by Walk Free Foundation, the ITUC Global Rights Index, Freedom House Index and Corruption Perception Index.

- We complement these high-level rankings with desk-based research using credible sources such as the World Bank, ITUC, ILO, WWF, UNEP, as well as sources of wage or economic information, and industry reports to create country profiles to inform and guide business decisions. This research helps us assess conditions at a country level to understand the cultural, social, environmental, and economic context of working within any given country.
- Recognizing that laws and cultural expectations across different countries affect women and men differently, we conduct country-level risk assessments with a gender lens, by gathering information on gender relations and gender roles in the context of the garment industry within a specific country. This approach helps us understand gender inequalities, exploring their causes and implications at a country-level.
- Internally we re-group and collectively make decisions on country expansion, which is signed off by a senior leader.

Spotlight modern slavery risks

Our supply chain spans the globe and although our principal country of finished goods manufacturing (Portugal) has a relatively low prevalence of forced labour, we have identified two countries (for finished goods and/or material sourcing) where there are a documented high prevalence of modern slavery; Türkiye and China².

Türkiye

More than 3.5 million Syrians were reported to be living in Türkiye³ and an estimated 98% of Syrian workers were employed illegally (on 3,000 refugees who have been granted work permits). These numbers are in addition to a large wave of Afghan refugees who have fled their homes since 2021. Huge numbers of Syrian refugees accept dangerous working conditions and excessive overtime shifts because they have no other alternative. With this context we have engaged with our Turkish suppliers on the issue of Syrian workers. Whilst our Tier 1 partner in Türkiye currently does not employ any Syrian refugees, they have worked with previous employees to support workers accessing legal right to work in the country. We are committed to engaging with suppliers on this topic and better understanding the changing situation within the country to ensure that all workers have a legal right to work. We have also developed a new migrant worker policy to enshrine this commitment into our policy framework and governance.

China

We are aware of reports of forced labor and trafficking of Uyghur and other ethnic or religious minorities including Turkic and Muslim peoples, particularly in the Xinjiang Uyghur Autonomous Region of China. We plan to take due diligence of our suppliers to check that we were not sourcing raw materials (especially cotton) from factories located in Xinjiang or from factories situated elsewhere in China where Uyghurs were working under forced labor conditions. From our review of our suppliers, we are confident that we have no factories or subcontractors in the region but are committed to greater visibility of cotton sourcing with full chain of custody as the only way to confidently be assured

² Global Slavery Index 2023 by Walk Free Foundation recorded that Türkiye has the 5th highest prevalence of modern slavery (15.6 in every 1000), India has the 1st highest number of people in slavery (11 million), and China has the 2nd highest number of people in slavery (5.8 million).

³ UNHCR (2022)

that no cotton is sourced from this region. In 2023 we developed a new Sourcing Declaration process which requires suppliers to complete additional information and submit evidence to confirm that no fibres, materials, finished goods, inputs and components are sourced from regions or countries prohibited by legislation.

Impact Requirements

In addition to all supplier's ability to meet PANGAIA's technical and quality standards, they must also meet our social and environmental expectations. Suppliers must provide PANGAIA with a recent social audit alongside all relevant material or environmental certification. We review these documents and assign a grading which denotes if the manufacturing facility meets our expectations. We will only engage with new suppliers if they meet our requirements. Where feasible we will visit all suppliers so that we can verify the conditions ourselves. We believe it is important to build relationships with suppliers so that we can better understand each of our needs and become collaborative and respectful partners.

Auditing is one way of ensuring suppliers are complying with ethical standards and fair labor practices as defined by our Code of Conduct. Audits are a useful tool in gaining insight into our suppliers' practices and potential risks in our supply chain – especially when we begin to work with a new partner. Audits increase transparency and encourage PANGAIA to be accountable for the conditions in our supply chain. We are working towards 100% audit coverage at Tier 1 and increasing our coverage in Tier 2 and 3.

Here is a summary of our audit findings:

Metric	KPI	FY20	FY21	FY22	FY23
Number of suppliers	Number of Tier 1 factories	13	18	20	11
Social compliance	% Tier 1 factories with social audit	0%	63%	95%	100%
	% Audits conducted by third-party auditor	0%	63%	100%	100%
	% Unannounced audits	Unknown	6%	5%	0%
	% Semi-announced audits	Unknown	33%	50%	55%
	% Fully announced audits	Unknown	17%	45%	45%
Worker overview	Total number of workers in Tier 1 factories	Unknown	1807	3905	1984
	% Female workers	Unknown	62%	70%	82%
	% Male workers	Unknown	38%	30%	18%
Worker representation	% Tier 1 Factories with formal worker representation (either worker committee or union)	Unknown	75%	70%	73%
	% Tier 1 Factories with an active collective bargaining agreement in place	Unknown	58%	85%	91%
Worker Grievance	% Tier 1 Factories with Fair Wear grievance process* in place	N/A	N/A	N/A	100%

*The Fair Wear Hotline is a third-party complaints mechanism on top of existing internal grievance mechanisms such as complaint boxes, worker representatives and worker committees. This gives workers an avenue to express their complaints if internal systems fail. It is posted in all our factories in a prominent place for workers to see and has the support of all our factories' management.

Whilst we use audits to gauge the level of compliance within a facility, we believe that they are only one tool in our toolbox and do not intend to overly rely on them. Site visits are also essential to ensuring partners understand our expectations and we visit our Tier 1 suppliers to better understand their set up, explain our expectations and build relationships. Where an in-person visit has not been possible due to localized lockdowns, we increased our use of video call discussions with suppliers.

Understanding Worker Needs

As a business it is vital that we understand our potential and actual social impacts and risks so we can better protect, respect and remedy any infringements of human rights, however we do not feel that this approach is inclusive enough of the needs of people. Therefore, we have pivoted our approach to also include an assessment and analysis of the social needs across our value chain. We conducted a social materiality assessment of these needs to capture where we should be directing our efforts. From this assessment we concluded that there are four essential areas of need that we could contribute to which positively impact the lives of people in our value chain. These are:

- The need for a fair and decent livelihood
- The need for voice and dialogue
- The need for equity and empowerment
- The need for health and wellbeing

We have used these categories to define our social impact strategy and program under the umbrella goal of positively impacting lives.

Remediation

PANGAIA's approach to assessing our supply chain is based on problem solving rather than fault finding. We do not expect perfection when we start working with facilities, but we do expect willingness to continuously improve, openness to collaboration and shared values of decent work, fairness and safety. If we do identify any non-compliance during assessments, we will work together with the supplier to put in place a corrective action plan and resolve any issues found.

We follow up with regular communications and visits to confirm that any issues identified have been addressed in a timely and appropriate manner. We expect the factory to make ongoing improvements over time with our support. If serious non-compliances are found (as identified in our zero-tolerance escalation process) or if repeated violations occur, PANGAIA reserves the right to conclude business with the supplier, following consultation and a responsible exit.

We have escalation channels for our employees to raise any human rights concerns directly to the Responsible Innovation Team who will investigate any concerns arising in our supply chain. We encourage anyone within our business to raise human rights concerns through these safe channels of communication without fear of reprisal. In 2023, through our membership with the Fair Wear Foundation, we rolled out the Fair Wear Hotline - a complaints mechanism that gives workers an avenue to express their complaints if internal systems fail. We also have internal channels for PANGAIA

employees to raise grievances as detailed in our Employee Handbook. We are committed to investigate all reports confidentially and fairly and endeavour to provide the best possible remediation to those affected.

Training and Engagement

We want to ensure that every person who is interacting with our supply chain has the opportunity to engage with and understand social risks and issues that could exist. The Responsible Innovation Team has a close relationship with all the departments who have touch points with both the supply chain and business partnerships; including Production, Product Development, Quality & Compliance, and B2B Teams. The Responsible Innovation Team has also organized a number of internal training sessions to deep dive into relevant topics.

Modern Slavery Training

We have developed training on modern slavery for PANGAIA employees so our staff can understand the terminology and landscape of the issue, as well as how to recognize indicators and how to alleviate the risk of exploitation and slavery. 100% of all PANGAIA employees with supply chain and sourcing in their remit have been trained on the risks and indicators of modern slavery along with our senior leadership. The Executive Board also participated in additional leadership training to understand the legislative and reporting requirements as well as understanding their role if modern slavery is ever uncovered. These training sessions are one way we are embedding responsible practices across our teams and helping create a common mindset which champions ethical business.

Collaborations

We know that we cannot enact change alone, so we have collaborated with a number of industry partners and voluntary initiatives to promote responsible practices, hold ourselves to account and learn from industry experts.

[Fair Trade US](#) is an organization with a recognized sustainable sourcing certification program (Fair Trade Certified) that improves livelihoods, protects the environment, and builds resilient, transparent supply chains. Each factory is assessed by Fair Trade standards and each brand must commit to supporting workers beyond product payments through the Fair Trade Premium.

[Fair Wear](#) is an independent multi-stakeholder organisation that works with garment brands, garment workers and industry influencers to improve labour conditions in garment factories. We joined Fair Wear in 2023 to support our ethical production programme and hold us to account for our actions and commitments.

[Nest](#) is a non-profit supporting the responsible growth and creative engagement of the maker economy to build a world of greater equity and economic inclusion. In 2023, we kicked off an exciting new project with Nest to create a more robust due diligence approach to non-traditional supply chains and align on how to navigate the informal employment that exists outside traditional factory walls.

[Open Supply Hub](#) is an open-source map and database of global apparel facilities, their affiliations and unique Open Supply Hub IDs assigned to each facility to enable greater transparency and

alignment of the supply chain. PANGAIA is proud to contribute to the OS Hub and encourages other brands to disclose their suppliers through this platform.

[Retraced](#) is a supplier-facing compliance and traceability platform. In 2023, we launched a new partnership with the Retraced to help us gain visibility of our supply chain.

[Textile Exchange](#) is a global non-profit that creates leaders in the preferred fiber and materials industry. As a member we support the aims of Textile Exchange and contribute to working groups to enable industry change.

[Transparency Pledge](#) is a voluntary industry initiative to encourage brands to be more open and for those brands to regularly disclose a list of suppliers used for their products. PANGAIA signed the Pledge and is committed to being more open about our supply chain.

Small Brands Working Group is a group of likeminded small and medium sized brands who share an invaluable platform in which ethical trading teams exchange resources, knowledge, practices and intelligence, as well as enabling us to identify where leverage can be gained through opportunities to collaborate.

Next steps

Transparency

We are committed to building on the work we have already carried out by broadening and deepening our visibility into our supply chain by mapping beyond Tier 1, Tier 2 processing and Tier 3 mills to include Tier 3 subcontractor facilities (e.g. fabric dyeing and washing facilities) connected with our production. We will also work to obtain the highest levels of accuracy possible and fill gaps in mapping.

Standards & Governance

Broaden our policies and practices to ensure better monitoring of working conditions and environmental practices. These will include the development of policies that cover non-standard employment.

Due Diligence & Verification

We will expand our assessments of suppliers beyond Tier 1 and request third party audits for any Tier 2 and 3 suppliers to ensure we have better data and accountability of the practices in our supply chain. We will encourage the use of certification to provide a chain of custody and more visibility to practices across the supply chain.

Third-party Assessment (Fair Wear Foundation)

In 2024, we will undertake our first Brand Performance Check - a third-party assessment tool the Fair Wear Foundation uses to evaluate and publicly report on the human rights due diligence efforts of member brands. Based on their Brand Performance Check, brands are placed into a category that best corresponds with their performance.

Training

Our intention is to train our suppliers on the risks and indicators of modern slavery so they in turn can be vigilant to this issue in their supply chains. We will roll out this training in 2025 as well as providing refreshers for any internal teams working with supply chains.

Partnerships

We want to collaborate more widely with human rights advocates and workers' rights stakeholders to learn from the incredible expertise within their respective fields. We would like to find collaborative partners to support on the ground programmatic responses and invest in projects that have a positive impact on the welfare and lives of those people touched by our supply chain or the apparel industry.

Community Investment

Our future ambition is to closely knit together our business relationships with investment into the local communities around where our suppliers are based. We aim to positively impact the surrounding areas along with the families of the workers who produce PANGAIA products. Once this approach is developed, we will share our plans and progress.

Modern slavery is one of the most severe breaches of human rights imaginable, as outlined throughout this report, we are determined to make a difference in rooting it out and preventing exploitation. We cannot tackle this alone and are committed to continuously sharing our insights and collaborating with others. For more information about our Impact actions and where we've made progress we encourage you to visit our website and see our Responsible Innovation & Impact Report 2023: <https://pangaia.com/en-gb/pages/impact-report-2023>

Nathalie Longuet

Statement signed by Nathalie Longuet, Chief Executive Officer of PANGAIA Materials Science Limited
19th June 2024