

# Social Impact Report 2023



# PANGAIA SOCIAL IMPACT REPORT 2023

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This Social Impact Report provides an update on how we are progressing within our supply chain in FY2023.

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## Strategy Overview

Acting ethically and producing responsibly made products has always been central to the ethos of PANGAIA. In everything we do, we are deeply committed to human rights and the welfare of people. As a business, we are determined to root out and mitigate any inhumane practices or negative impacts in our value chain. We aim to have a positive impact and enhance livelihoods so that everyone can thrive to their fullest potential, including both our PANGAIA teams and individuals we depend on through our supply chain partners and beyond.

We aim to empower those in our value chain by responding to their needs, cultivating responsible sourcing practices where human rights are respected and promoted. Our social impact strategy is formed of two interlinked pillars: act as an ethical business and positively impact lives.



## Fair Working Conditions

We believe that work should be decent, meaning that it is; safe, dignified and fair. We analyzed our supply chain's salient human rights issues using a needs-based approach. This assessment highlighted four areas that are most pertinent to the people our value chain touches: fair livelihoods, having a voice, equity and well-being. These issues are often intrinsically linked however each area of focus requires a tailored approach.

# Acting as an Ethical Business

## Governance

### Goal: Supporting human rights & decent work

PANGAIA's commitment to enable decent work, uplift people and respect essential rights is the cornerstone of our programmes of work. The details of these commitments and the behaviours we expect from ourselves and our partners are outlined in our policies including: Code of Conduct (we also have an abridged version called our Worker Wellbeing Code written in many languages that sets out the same standards in simply one page - much easier to read in a busy factory), Human Rights Policy, Child Labor & Young Workers Policy, Zero Tolerance Escalation Process and Subcontractor Policy. In 2023, we developed new standards including our Responsible Purchasing Practices Framework, Responsible Exit Process, and Migrant Worker Policy to our positions [\[link\]](#).

In 2022, PANGAIA began working with Fair Wear Foundation, an independent non-profit organisation that works to improve conditions for workers in the garment supply chain. We formally joined as members in 2023 and are aligned with their mission to improve the garment industry and support workers in realising rights to safe, dignified, fairly paid employment. We hope to learn from their expertise, share best practices from other members, use their tools and be held accountable for improving labour conditions where PANGAIA products are made.

### Climate and Man-Made Crises

In 2023 we witnessed some truly devastating impacts of natural disasters, conflict and unrest. In February a series of earthquakes hit Türkiye and Syria. Luckily our Turkish suppliers and their employees were not impacted however sadly some lost family members and friends. Our thoughts and condolences are with them. As part of our charitable donations, we contributed to Choose Love's emergency appeal to quickly get funds to on the ground organisations who were providing life saving support to those affected. Severe flooding impacted some of our Italian fabric suppliers and their communities in November. It took their hard work to get operations working smoothly again and we received ongoing updates from the suppliers on progress so that we could be flexible.

## Supply Chain Visibility and Mapping

### Goal: Be transparent & open

Transparency refers to the visibility of supply chain tiers and the disclosure of key information from these nodes. Traceability refers to the flow of products through the supply chain.

Supply chains are a complex web of relationships, rather than a simple linear exchange of goods. They are a collective of activities, a network of individuals, resources, and technology that allow the transformation of raw materials into finished products. Supply chains in the fashion industry are particularly complex, as they span across multiple industries including the garment, textile, footwear and agricultural supply chains. Each product has its own web with a different combination of materials and suppliers across different countries. It's easy to see how traceability and transparency have become a real challenge in the fashion industry.

Despite these limitations, we are taking steps to continuously improve the visibility of our supply chain, as we recognize that without visibility of where our products are made, we cannot achieve a responsible production model or be honest with our customers about our impact.

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, is needed to improve all parts of our products and production. We are committed to gaining visibility and traceability of our products to ensure that we understand our impact—both socially and environmentally.

### Public Disclosure

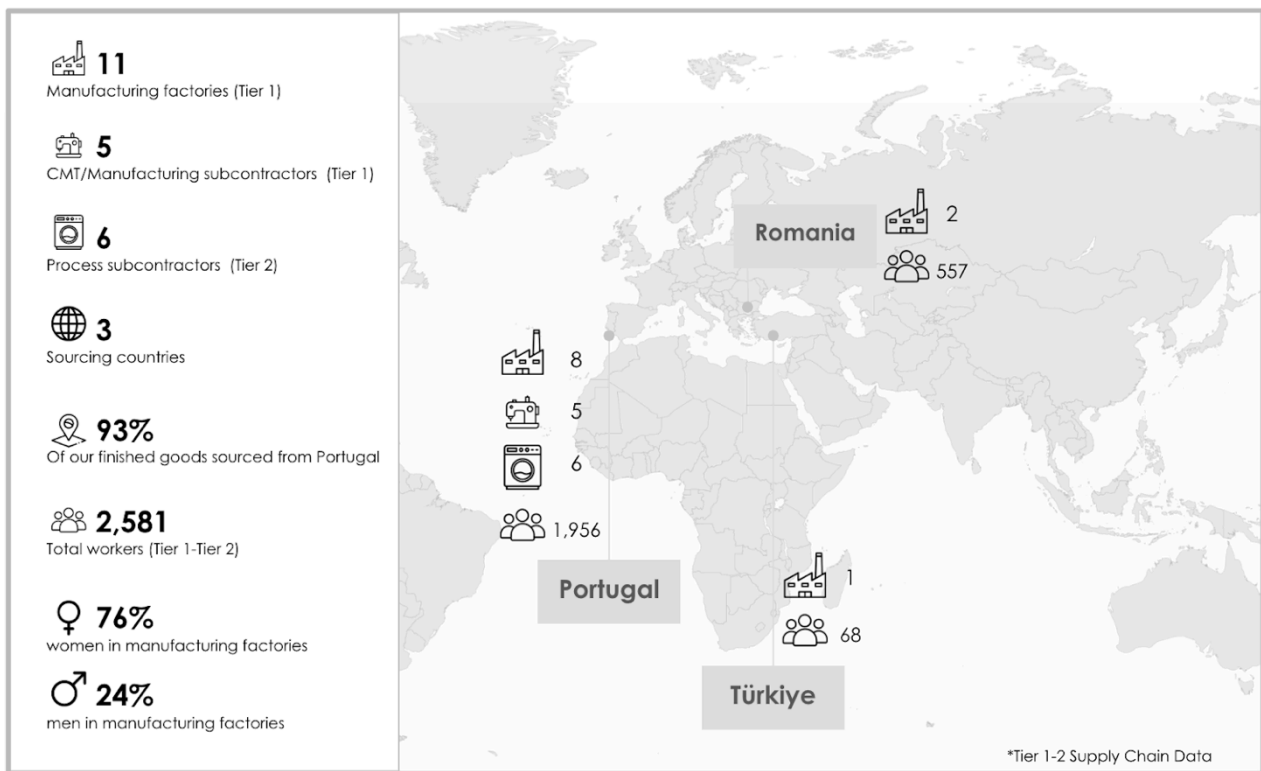
In 2023, we have continued to honor our commitment to the Transparency Pledge by publishing our **Supplier Transparency List**, disclosing information on where our products are produced. We aim to exceed these minimum requirements, furthering our commitment to disclosing supply chains, practices and impacts openly and honestly. We have also continued to disclose our manufacturing base to the **Open Supply Hub** - a database of facilities that many international brands contribute to by publishing their suppliers. It is a neutral and pre-competitive platform that aims to drive collective change through the sharing of standardized data.

### Retraced: our new traceability platform

In 2023, we launched a new partnership with the traceability platform 'Retraced' to help us gain visibility of our supply chain. Our approach is to contribute to the broader industry objectives and progress around traceability. We recognize the importance of a collaborative platform where suppliers interface into the platform and 'own' their profiles and data, which can be shared with other brands using a traceability platform.

We launched the Retraced platform with our finished goods and fabric suppliers and rolled out training sessions to support and onboard suppliers to Retraced. Suppliers onboarded to the Retraced platform include: Tier 1 finished goods manufacturers, cut-make-trim (CMT) subcontractors, Tier 2 process subcontractors, Tier 3 fabric & yarn mills, & Tier 3 subcontractors (e.g. fabric dyeing mills). Suppliers can use their Retraced profile to upload social audits, certifications and complete assessments for data collection, stored in one central place. In 2024, we will be piloting product-level purchase order tracing on Retraced as a chain of custody traceability following purchase orders at each step of the supply chain.

### Overview of Tier 1-2 Supply Chain:



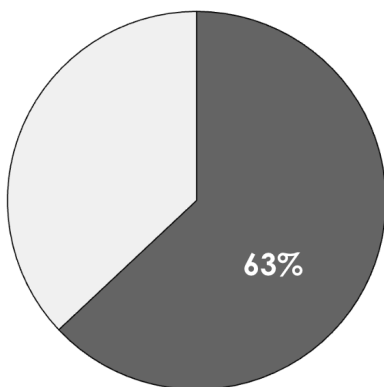
## Supply Chain Partnerships

### Goal: Being a good, reliable & fair partner

Every item of PANGAIA apparel tells the story of the hundreds of pairs of hands who have put their skills, time and work into creating it through the complex web of supply chains. As a global business, our products and materials are sourced worldwide in partnership with many suppliers. Like many brands we do not own our factories that's why it's critical we're worldly-wise in choosing our partners. We recognise the complexity of global supply chains, so we've implemented a strong human rights due diligence system, enabling us to assess the current and future human impacts of our products. It is a collective effort to uphold these fundamental values and we acknowledge our role in conducting business with ethics and integrity. Partnering with suppliers who share these values is vital to us so that we can progress towards our socially conscious ambitions.

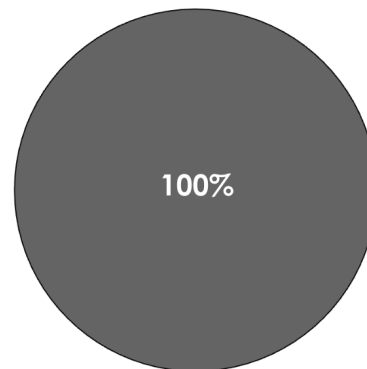
We have a diligent onboarding process to ensure that we continue to partner with suppliers who share our values and align with our commitment to continuous improvement. An overview of our onboarding process can be found below in the due diligence section and in our most recent [Supply Chain Transparency & Modern Slavery Statement](#).

**% of our partner Tier 1 factories over 3 years old**  
(PANGAIA turned 4 in 2023)

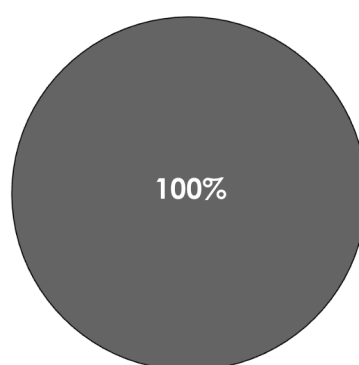


**% of our partner Tier 1 factories fulfilling our basic social requirements**

(including being third party audited and working on remediation where



**% of partner Tier 1 factories that have been through our internal evaluation process at the end of each quarter**



**Purchasing Practices**

There is an inherent link between how companies approach supplier partnerships and purchasing practices which influences whether workers' rights are respected. We want to redress the imbalance and focus on equal partnerships that have positive outcomes for all parties.

Over the past year, we have been an active member of the Learning and Implementation Community, which is organized by the MSI Working Group of the Common Framework for Responsible Purchasing Practices. We have invited some of our suppliers to join these learning opportunities, as well as made several positive steps such as mapping our purchasing journey, organising new processes to holistically review supplier deliveries (including if we are the reason for any hold ups), tested different approaches to forecasting, improved our payment flows and continued to have regular two-way dialogue with our partners to be more collaborative. Another success has been hosting Tier 1 supplier feedback sessions when we have visited in person, we have learnt much from the feedback we have received including suggestions on tech-packs, forecasting and capacity planning.

The next step for this would be to formalize and mobilize an anonymous supplier feedback survey and include our Tier 3 fabric suppliers in this. We are keen to continue our engagement with the Responsible Purchasing Practices working group to test and roll out its recommendations for industry best practices.

**Common Framework for Responsible Purchasing Practices**

				
<p><b>Integration and reporting</b></p> <p>In order to implement changes to purchasing practices, brands have top leadership buy-in and commitment, and have a thorough understanding of existing suppliers, purchasing systems and possible negative impact on human rights— using this to decide on priorities that feed into an agreed improvement plan.</p>	<p><b>Equal partnership</b></p> <p>The brand and their suppliers respect each other as equal business partners; engage in respectful sourcing dialogue; and pursue win-win situations, with a shared responsibility to improve working conditions.</p>	<p><b>Collaborative production planning</b></p> <p>Critical path and production planning is done collaboratively between brand and supplier.</p>	<p><b>Fair payment terms</b></p> <p>The brand and suppliers agree on fair and transparent terms that include all relevant information regarding the payment procedure and do not place a disproportionate burden on one party. Contractual obligations are honored at all times. Payments are made in full and on time.</p>	<p><b>Sustainable costing</b></p> <p>The costing procedures and levels of the purchasing company reflect and support wage increases and sustainable production. Prices cover all costs of production in line with responsible business conduct and allow for a reasonable and maintained supplier profit margin.</p>



## Due Diligence

### Goal: Embed robust due diligence & verification processes

Social compliance is a continuous commitment and never-ending process of improvement from all parties. In 2023 we continued our programme of monitoring and managing our supply chain to promote better working conditions and welfare.

We conduct assessments on national and regional risks, product-specific risks and how our engagement could either reduce or increase risks of adverse impacts on people.

### Assessing the potential risks:

To help us prevent negative impacts on people we assess the human rights risk by each territory (country and region), supplier, and product or material sourcing.

1. For any newly proposed sourcing territory, 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 of enacting positive change and better understand the local sustainability behaviors and context. We assess the macro risks using international indicators of labor and human rights risks, we then compliment this with a deeper dive into the country to understand the societal and environmental context.
2. For a new supplier, we review the proposed partners current practices, and assess these against our impact requirements. This includes reviewing and grading their latest social audit, and appraising the environmental and material certifications. To further understand the facility set up and management values we have a video call or in-person meeting to explain our expectations and openly discuss any initial questions or concerns. Both parties must want to collaborate, innovate and improve together.
3. Depending on the product we are looking to produce, or the material we need to source we also assess the potential risks associated with the processing or provenance of the raw material. Transparency of the source of the material or ingredient is a hugely important factor in understanding the risks of producing the product. The processes used in growing, extracting or creating the proposed materials along with the processing to make the finished goods all have a huge impact on the people involved in the supply chain as well as the environmental impact. We have identified the different risks for core materials and products PANGAIA produces along with ways to negate harmful impacts and try our best to source ethically.

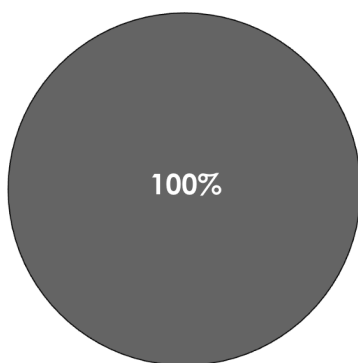
Regular supplier visits and an ongoing dialogue bolster our monitoring, along with social audits which we use to verify conditions in the top tiers of our supply chain. It is our goal to be able to audit 100% of the suppliers (where appropriate) in our supply chain. However, at

this time, we focus on our Tier 1 suppliers who directly handle the manufacturing of our finished goods.

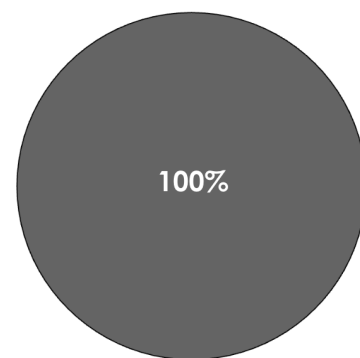
Our third-party supplier audits are reviewed by our impact team who checks all findings and assigns a grading that denotes factory performance. This grade reflects both the severity and significance of the non-compliances at the facility as well as the presence of good practices. We don't expect factories to be perfect when we start working together, but we do expect that our partners will be willing to work collaboratively to continuously improve and address issues when they arise.

Non-compliances are issues raised during an audit that contravene law or our Code of Conduct. These can be deemed as minor (that there is room for improvement), major (moderate improvements needed) or critical concerns (which PANGAIA will not start working with, however, if an issue arises we will always stay with the factory to resolve it and put the workers at the centre of remediation). The most commonly found non-compliances in our factories are related to health and safety, followed by wages & benefits, working hours and management systems. These trends follow the wider industry at large, however, we do find fewer concerns over topics such as discrimination, harsh treatment or forced labor, as audits are not the best tool for uncovering such issues. We do not only review non-compliances but also analyze management practices against our areas of positively impacting lives, such as worker representation, progress to living wages, gender equality and well-being practices or initiatives.

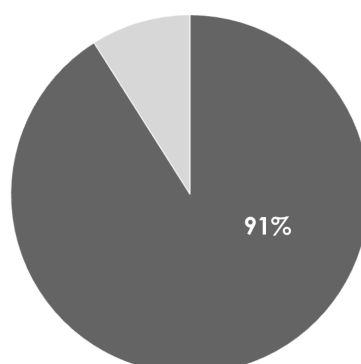
**% of our partner Tier 1 factories with a social audit**

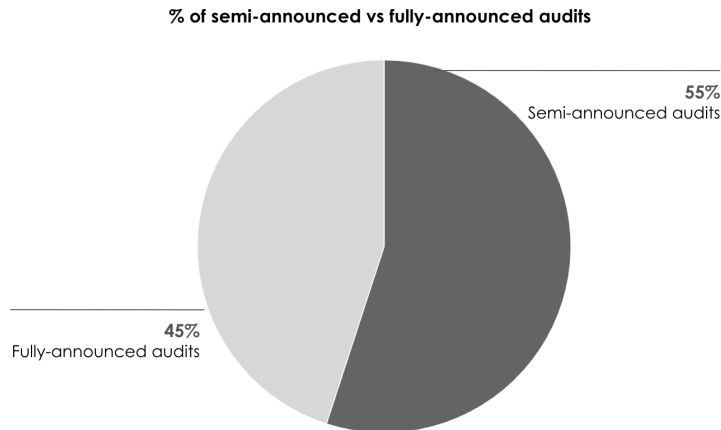


**% of social audits conducted by a third-party**



**% of partner Tier 1 factories with additional social or environmental certifications going beyond local laws and industry standards**





**Collaborative Action Plans**

Our 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 a level of willingness to continuously improve, an openness in our collaboration and shared values of decent, fair and safe work. If we do identify any non-compliance during assessments, we work together with the supplier to put in place an action plan and resolve any issues found. In 2023 we started building in preventative actions that include country based risks, including steps for PANGAIA to take to enable supply chain improvements - we call this our collaborative action plan and will work more closely with suppliers on this in 2024.

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 want to roll out digitalised training tools both for management and workers. We have investigated several service providers this year to find a tool that best fits our training preferences and our suppliers' geographical presence. We will continue this work next year and look to pilot an approach with key suppliers.

**Migrant Workers**

In the past year we have been made aware of a growing wave of Brazilian migration in Portugal, and through dialogue with our suppliers understand that this is having an impact on the labor market. There has been a significant influx of Brazilian migrants into Porto and Braga where a lot of our factories are based and this means that many of the factories we work with have hired these workers. In response to this changing demographic, we created

our Migrant Worker Policy, following much of the recommendations from our suppliers and including some of the best practices we have learnt about, like specific training and ensuring that the new employees understand Portuguese laws.

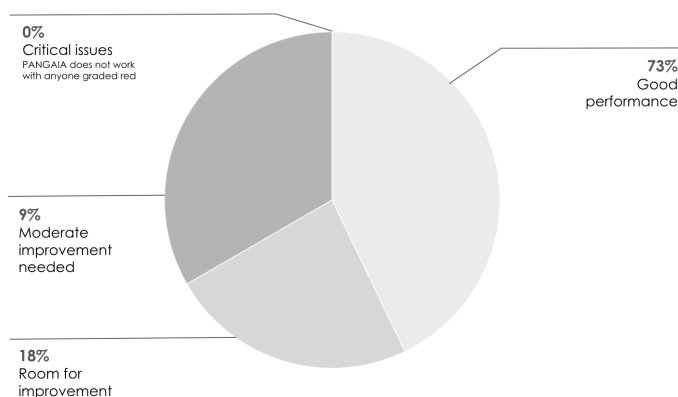
**Materials & Raw Material supplier monitoring**

PANGAIA's role as a materials science company embraces innovation and explores new and sometimes untraditional materials. These supply chains might sometimes sit outside conventional apparel and accessories supply chains so we need to employ bespoke approaches to due diligence that use other industries' standards to assess social impact.

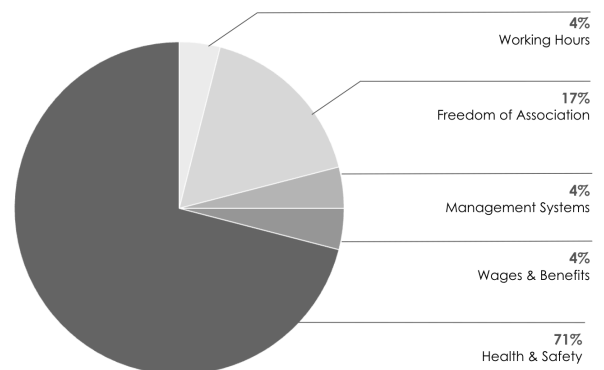
For some of our innovations, we use non-conventional materials from less traditional textile supply chains. We use a bespoke assessment of the risks and needs of people, and a more nuanced approach for smaller, less traditional suppliers. Even with preferred materials, there might be less of a planetary impact but a heightened social risk. From mapping our supply chain, we have discovered both informal working in traditional textile supply chains (for example seasonal workers in cotton farmers or casual labour in wool farming), and informal employment in non-traditional supply chains (for example wild harvesting nettle, waste pickers or casual labour in aquaculture).

In 2023, we kicked off an exciting new project with our partner Nest to create a more robust due diligence approach to non-traditional supply chains and how to navigate the informal employment that exists outside traditional factory walls. 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. This project intends to better understand the challenges facing non-standard employees and endeavour to reduce the decent work deficits of informal workers that we know they are vulnerable to.

How our partner Tier 1 factories perform



Breakdown of non-compliances by category



# Positively Impacting Lives

## Living Wages


**Goal: Advance living wages and fair livelihoods**


Poor wages are notorious in the fashion industry. It is widely documented that there is a large and persistent gap between what workers are paid (even as a legal minimum), and what they need for a decent standard of living.


We aim to enhance livelihoods so people can meet their basic needs and local standard of living. This sounds simplistic however given the complexities of the fashion and textile industry we face many challenges to enact this reality. Why is it a challenge? We do not pay wages ourselves, we have relatively small leverage within factories (we don't want to overproduce or encourage overconsumption therefore we do not have huge orders), we are a relatively small player in the global retail landscape.


**What makes up a living wage?**


A living wage means a wage which offers individuals and their dependants enough to live on (with a small amount of saving), we subscribe to the Anker Methodology of what aspects should be included in this.


  
FOOD


  
HOUSING

  
HEALTHCARE

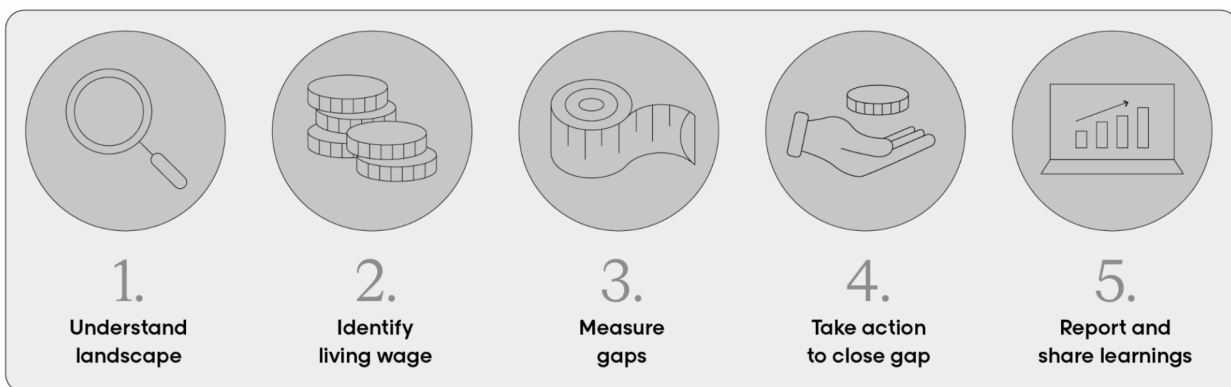
  
EDUCATION

  
CLOTHING

  
TRANSPORT

  
SAVINGS

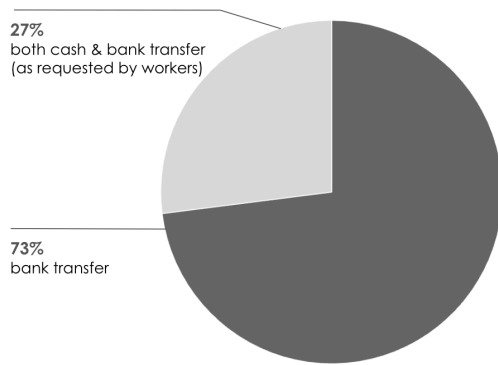
**Our approach to living wages (inspired by the IDH living wage action plan):**



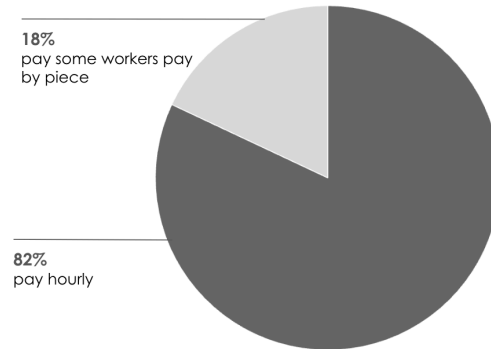
Legal minimum wages are paid in all the production locations where PANGAIA is made and we are happy that the minimum wages have been rising to reflect the increasing cost of living however we know that the legal wage is not always reflective of a living wage. Instead of chasing the lowest price around the world, we negotiate fair and equitable prices to promote living wages. However, we acknowledge this is not enough and we must further explore the link between the price we pay and wages received by factory workers to ensure our efforts are having an impact. Since 2022 we have worked with WageIndicator to procure the local Living Wage data. This provides us with accurate

information to benchmark the gaps between what is paid to the workers producing PANGAIA and the wage needed for a decent standard of living.

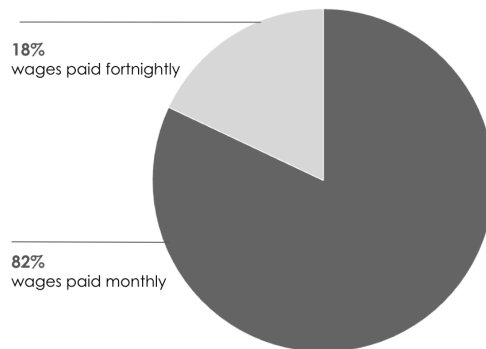
% split of payment method to workers across partner Tier 1 factories



% split of piece rate vs hourly rate payment type across partner Tier 1 factories



% split of payment frequency to workers across partner Tier 1 factories



**Spotlight: Living wages in Portugal**

In Portugal, where most of our products are produced, the legal minimum wage in 2023 was 760€ per month, compared to the individual living wage which is 19% higher in the regions where our factories are based (source: WageIndicator). For a typical family, this difference increases to 34% difference (source: WageIndicator) - which is quite a gap to close!

With our suppliers, we have found that most of them already pay a large proportion of their employees above minimum wage, and all our Portuguese suppliers have an active collective bargaining agreement in place which includes wages.

Additionally, all our main suppliers provide additional benefits that help with the cost of living, for example, free transport, free meals, low cost medical care or a yearly bonus. In

the coming two years we want to co-create action plans with our main suppliers to monitor wages more closely (especially how they are costed into our prices) and make progress towards closing the gap.

**Fair Trade Pilot**

To support our future sourcing and fair livelihood goals, in 2023 we started exploring the Fair Trade US factory program. This is a rigorous and globally recognised sourcing model that improves livelihoods, protects the environment, and builds resilient, transparent supply chains. It uses the well known approach to fair trade that is more commonly seen for commodities such as tea, coffee and bananas and applies the principles into a factory context. Each factory is assessed by Fair Trade standards and each brand must commit to supporting workers beyond product payments through the Fair Trade Premium.

The premium delivers impact to workers through the Fair Trade system and ensures that the employees are benefiting from the brand's sourcing choice. For every Fair Trade Certified product sold, partners pay a Premium that goes back to workers in the form of Community Development Funds. The funds are invested into projects that workers have identified as the most pressing needs of their community. The process of democratically electing a Fair Trade Committee that manages these projects empowers worker voice and participation, and helps respond to the direct needs of workers. In 2024, PANGAIA will launch a pilot Fair Trade factory project which we hope to report on in the near future.

## Voice & Dialogue

### Goal: Listen and amplify people’s voices & promote dialogue

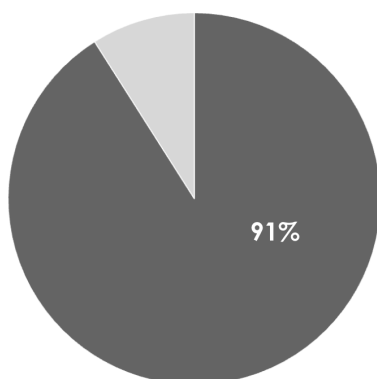
It’s no secret that the fashion industry gives very little voice to the people who make the materials, clothes, footwear and accessories that are consumed around the world. The fundamental right of freedom of association, for workers to form organisations of their choosing, to join trade unions, and to bargain collectively for their wages are one of the core principles of the ILO and UN. Effective worker organisation and representation can play a valuable role in building an overall positive business environment. It supports effective health and safety practices, skills and training programmes, as well as providing a clear platform for negotiations on pay and working conditions, or in resolving workplace disputes. However in many countries where garments are made and textiles produced workers’ rights to organise are routinely suppressed.

**Ways for workers to have a voice**

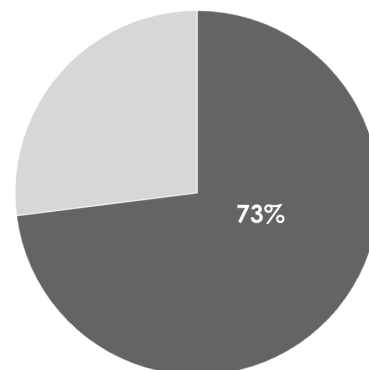
- Join a union.
- Elect a worker committee or a worker representative.
- Have a trusted grievance channel to raise and remediate concerns.
- Feedback through surveys and engagement to management.
- Take part in a collective bargaining agreement process.

At PANGAIA, we see the empowerment and involvement of workers’ themselves as critical to achieving sustainable and lasting progress. Giving workers a voice is integral to empowering employees so that they feel comfortable and confident to raise concerns without the fear of suffering any prejudice or retaliation of any kind. Workers should know that their feedback is important and that they are heard. Collective Bargaining Agreements and Freedom of Association are essential to the improvement of other labor rights.

% of partner Tier 1 factories train employees on their legal labor rights

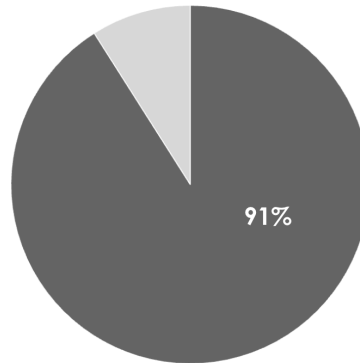


% of partner Tier 1 factories with elected worker representation (worker committee, elected worker representatives or union)





% of partner Tier 1 factories with an active collective bargaining agreement in place



**Fair Wear Worker Hotline**

To make sure that labor standards are met in our factories, a complaint mechanism has been put into place as a safety net with our partner Fair Wear. This complaints mechanism is on top of internal grievance mechanisms in the factories, the most common of these systems are complaint boxes, worker representatives and worker committees. The Fair Wear complaint mechanism gives workers a way 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.

Although we have not yet received any complaints from this hotline, we have set out an internal process to ensure that the relevant PANGAIA colleagues are informed on how to deal with a grievance should one arise.

In the coming year, we would like to collect more information about systems that our suppliers have in place that facilitate two-way dialogue between workers and management. We have also drafted new guidance on encouraging and enabling open communication and feedback from workers.

## Equity & Empowerment

**Goal: Advocating for equity, diversity and inclusion to foster empowerment**

### Equity in the supply chain

While 'equality' means each individual or group of people is given the same resources or opportunities, we use the term 'equity' in the supply chain as this recognizes that each person has different circumstances and therefore different resources and opportunities are needed to reach an equal outcome. Discriminatory working conditions often occur within the fashion industry and are rife in the supply chain. We recognize that achieving equity for all marginalized groups (groups and communities that experience enhanced discrimination and exclusion) in the garment industry is of critical importance. There are certain groups more vulnerable to discrimination such as women workers, migrant/refugee workers, young workers, workers who are differently abled, workers who identify as LGBTQ+ and workers from ethnic minority groups. Workers who identify or belong to various groups can be subject to multiple forms of inequality or disadvantage, which can lead to compounded forms of discrimination and heightened social exclusion.

### Spotlight: gender

Gender remains one of the most fundamental sources of inequality in the world today. We recognize 'gender' as referring to socially constructed characteristics, roles of and power relations among men, women, and gender nonbinary persons.

Women make up a significant proportion of the labor force in the fashion industry value chains - across both agriculture and manufacturing where in some regions in the world up to 80% of apparel factory workers are female (Ethical Trading Initiative). Despite women workers being the majority stakeholder group, they are among the lowest paid and most disadvantaged people in global supply chains. We recognize our key approach focuses on women's empowerment in the supply chain as an outcome required to achieve gender equity.

We must also recognize that other vulnerable groups are vulnerable due to their gender identities and/or sexual orientation. The vulnerability comes from the fact that these groups do not fit into the socially constructed norms, facing high levels of discrimination as result of this or lacking ability to have their voices heard. Gender equity is about uplifting people from all genders.

### Our approach

We recognise that gender is a cross-cutting issue that needs to be applied as a lens to all aspects of human and labor rights. In 2023, we continue to be committed to the Women's Empowerment Principles agenda: to advance gender equality and women's empowerment in the workplace, marketplace and community. We conducted the Women's Empowerment Principles self-assessment tool, and developed a business-wide improvement action plan.

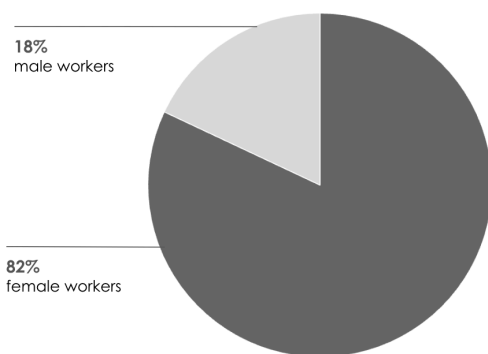
We engaged our internal stakeholders (e.g. PANGAIA team) on the fundamentals of gender equity in the supply chain through business-wide internal training on gender equity in the supply chain. We regularly have dialogue with our suppliers on gender and shared guidance on equity to support supplier capacity building on this topic.

Measuring and assessing risks relating to gender (in)equity in our supply chain remained a key focus area for us. In 2023, we conducted a review of country-level risk assessments to incorporate a more in-depth gender analysis and collected gender-disaggregated data at factory level (see below). In order to foster a better understanding of gendered implications at our production locations in our supply chain, potential harms relating to gender are assessed at country-level and gender-disaggregated data is analysed at factory level.

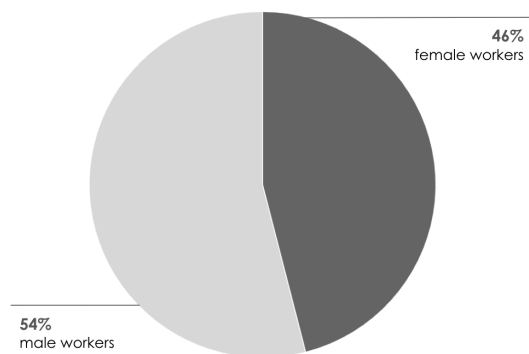
**Country-level risk assessments:** Recognizing that laws and cultural expectations across different countries affect women and men differently, we conduct country-level risk assessments with a gender lens, by gathering information on gender relations and gender roles in the context of the garment industry within a specific country. This approach helps us understand gender inequalities, exploring their causes and implications at a country-level.

Recognising that through social dialogue, workers themselves (particularly women) can exercise their rights, means that ensuring female workers participating in social dialogue structures is a key enabling factor to ensure women's voices, wants and needs are included.

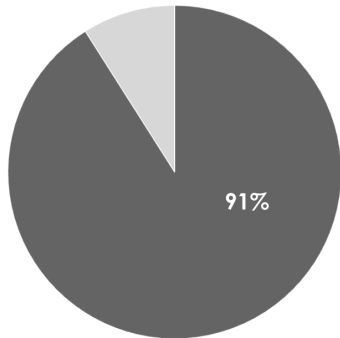
Worker gender split at partner Tier 1 factories



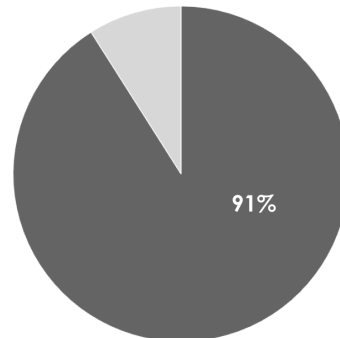
Worker gender split at partner Tier 2 factories



% of partner Tier 1 factories that have at least 50/50 split of women and men in management



% of partner Tier 1 factories that cover principles of No Discrimination & Equal Opportunities in their policies



In 2024, we plan to collect further gender-disaggregated data at facility level through our new Retraced platform and support our suppliers with tailored advice on embedding gender equity in their practices and management systems.

## Health & Wellbeing

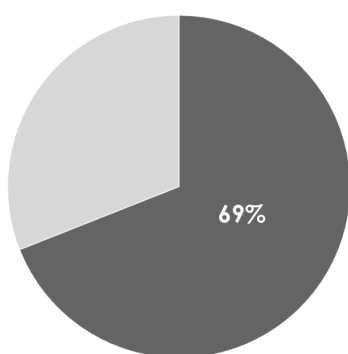
### Goal: Enabling health & safety and promoting wellbeing

Many people who work in the garment industry face unsafe working conditions. Despite progress being made, many factory accidents have continued to happen. High demand, short lead times and chasing the cheapest price can produce unsafe working environments—this occurs where high production is prioritized while adherence to maintaining building integrity and fire codes is neglected. Little research has been done to evaluate whether workers in the industry are receiving healthcare and benefits, but given that there are fewer legal regulations in sourcing hotspots it can be assumed that these protections are missing. Additionally, a large share of apparel and textiles are made in the informal economic sector, where compliance with legal standards of health and safety does not occur.

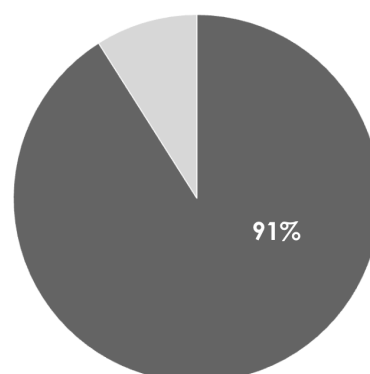
Enabling better health and safety is an ongoing journey to improvement, and it is our most frequently cited non-compliance found in audits and on supplier visits.

In 2023, we continued to analyse risks to worker well-being and safety at country-level and monitor any health & safety issues at factory-level. We created a new guide for our suppliers to advise them on the best practices and also a checklist for better management, practices and behaviours on health, safety and wellbeing. During our visits to approved subcontractors we focused our assessment and feedback on improving health and safety practices.

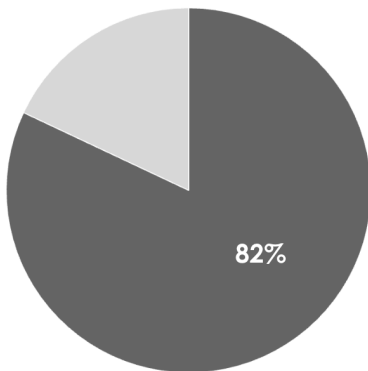
% non-compliances in our partner Tier 1 factories related to health and safety



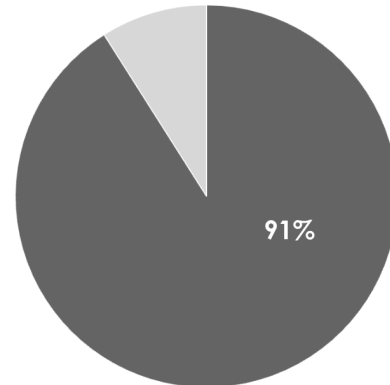
% of Tier 1 factories offering enhanced wellbeing benefits to workers



% of partner Tier 1 factories offering free nutritious lunches for workers or supporting with food costs



% of partner Tier 1 factories that cover principles of Wellbeing & Safety in their policies

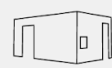


Going forward, we intend to continue to work with our suppliers to improve health and safety practices and aim to support our factories to adopt policies and programs that have a positive impact on worker wellbeing.

## Appendix

### Supply Chain Tier Levels:

At PANGAIA we divide our supply chain into Tiers 0-5, which represent general production processes moving from raw ingredient to a finished product



TIER 5	TIER 4	TIER 3	TIER 2	TIER 1	TIER 0
<b>Raw fiber, ingredients or feedstock source</b>	<b>Fiber processing</b>	<b>Material production or component supplier</b>	<b>Material processes or product enhancements</b>	<b>Finished product</b>	<b>Office, retail &amp; distribution center</b>
Origin of raw fibers, ingredients, or feedstock.	Processor of raw fibers or feedstock.	Material manufacturing and processing and component production.	Provider of one or more processes to materials or enhancements to the product.	Factory which cuts, sews and finishes product and ships to PANGAIA.	Distribution, retailing, offices, research.
e.g. cultivation (farm, forest, mine, oil field), waste collection (recycled inputs)	e.g. fiber producer, refiner, ginner, recycling/sorting centre, smelting, refiners	e.g. mill (spinning, knitting, weaving), tannery, hardware, components, trims, molding (shoe soles), fabric dyeing, fabric treatment, labels, packaging, casting	e.g. printer, garment dyeing, fabric treatment, electroplating, laundry/wash house, embroiderer, pleating, tooling, cutting, lasering, embossing, embellishment, quilting, firing	e.g. stitching, assembly, quality control, packing, approved Cut, Make, Trim subcontractors (indirect relationships)	e.g. warehouse, stores, offices, research centres

### Tier 1 Factory Overview:

<b>Érius Têxteis SA</b>			
<b>Address:</b> Rua Padre Gomes Da Costa, N.2 Creixomil, Barcelos, 4750-421			
Portugal			
Cut, Make, Trim			
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Jersey	Social	SMETA 2023
Working with PANGAIA since	2019	Environmental	ISO 14001, OEKO-TEX 100
Transparency of subcontractors	Yes	Verified Materials	GOTS, OCS, GRS, RCS
Last Impact visit	2024		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	99	Agreement with the medicine services supplier to provide medical services at low cost to all workers and direct relatives.	
% Female : % Male	89% : 11%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	VG Faster, Unipessoal LDA (CMT)	
Type of worker representation	Representatives	Fancy People, Unipessoal LDA (CMT)	
Max Overtime Hours (per month)	0	Rio Mau Confecções S.A. (CMT)	
Wage level (% of minimum wage paid at facility towards living wage)	81%	Erius Texteis SA (Printer)	

<b>Calvelex Indústria de Confeções, S.A. (Lousada)</b>			
<b>Address:</b> Monte do Calvelo EN106, 1132, 4620- 256 Lousada			Portugal
Cut, Make, Trim			
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Tailoring/Wovens	Social	SMETA 2023
Working with PANGAIA since	2021	Environmental	N/A
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS, RCS, RWS
Last Impact visit	2024		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	270	Christmas care package, daily free lunch offered. x2 10 min breaks (instead of legal minimum of just x1). Transport for employees from factory.	
% Female : % Male	92% : 8%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	Erius Texteis SA (Printer)	
Type of worker representation	N/A		
Max Overtime Hours (per month)	0		
Wage level (% of minimum wage paid at facility towards living wage)	81%		

<b>Calvelex Indústria de Confeções, S.A. (Pedroso)</b>			
<b>Address:</b> Rua Bairro de Fofim D'Aquem, 4415-230, Pedroso			Portugal
Cut, Make, Trim			
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Tailoring/Wovens	Social	SMETA 2023
Working with PANGAIA since	2021	Environmental	N/A
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS, RCS, RWS
Last Impact visit	2023		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	226	Christmas care package, daily free lunch offered. x2 10min breaks (instead of legal minimum of just x1). Transport for employees from factory.	
% Female : % Male	98% : 2%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	Erius Texteis SA (Printer)	
Type of worker representation	N/A		
Max Overtime Hours (per month)	0		
Wage level (% of minimum wage paid at facility towards living wage)	81%		



### Clothius Tecelagem LDA (Barqueiros)

Address: Estrada Nacional, No 119, Apartado 212, Barqueiros 4740-694, Barcelos

Portugal

Cut, Make, Trim

SUPPLIER DETAILS		AUDITS & CERTIFICATIONS	
Product category	Jersey	Social	SMETA 2023
Working with PANGAIA since	2020	Environmental	ISO 14001
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS
Last Impact visit	2023		
EMPLOYEES		GOOD PRACTICES	
Total number of worker	83	End of year care package, company provides external services for medicine at a local clinic.	
% Female : % Male	41% : 59%		
SOCIAL PRACTICES		SUBCONTRACTORS	
Collective Bargaining Agreement	Yes	Clothius Tecelagem Lda, Carvalhal (Dye House & Printer)	
Type of worker representation	Committee		
Max Overtime Hours (per month)	0		
Wage level (% of minimum wage paid at facility towards living wage)	81%		

### Faria Da Costa - Peúgas e Confeções Lda

Address: Rua do Crasto, no 5, 4750-767 Ucha, Barcelos 4750, Distrito de Braga

Portugal

Cut, Make, Trim

SUPPLIER DETAILS		AUDITS & CERTIFICATIONS	
Product category	Socks	Social	BSCI 2023
Working with PANGAIA since	2022	Environmental	OEKO TEX 100
Transparency of subcontractors	Yes	Verified Materials	N/A
Last Impact visit	2022		
EMPLOYEES		GOOD PRACTICES	
Total number of worker	132		
% Female : % Male	63% : 37%		
SOCIAL PRACTICES		SUBCONTRACTORS	
Collective Bargaining Agreement	Yes	Valbord Unipessoal LDA (Embroiderer)	
Type of worker representation	Committee		
Max Overtime Hours (per month)	40		
Wage level (% of minimum wage paid at facility towards living wage)	81%		

<b>Meamstyle S.A.</b>			
<b>Address:</b> Rua Lot Do Eirogo, N300 Galegos Sta Maria Apartado 5014, Barcelos, 4750-461			Portugal
Cut, Make, Trim			
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Jersey/RTW	Social	SMETA 2023
Working with PANGAIA since	2019	Environmental	OEKO TEX 100
Transparency of subcontractors	Yes	Verified Materials	GOTS, OCS, GRS
Last Impact visit	2024		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	49	All employees receive: meal allowance, and private medical insurance which exceeds the statutory minimum. Other benefits, include: free medical care on-site, holiday and other bonuses, free library, food subsidy, free transport.	
% Female : % Male	84% : 16%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	Neivacor Estamparia Têxtil Lda (Printer)	
Type of worker representation	Representatives	Blur Unipessoal Lda (Printer)	
Max Overtime Hours (per month)	2	Oitocores Estamparia (Printer)	
Wage level (% of minimum wage paid at facility towards living wage)	81%		

<b>Modega Orme San Ve Tic A.S.</b>			
<b>Address:</b> Cad. No 17 Seyrantepe Mahallesi, Istanbul, Marmara, 34418, Turkey			Türkiye
Cut, Make, Trim			
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Knitwear	Social	SMETA 2022
Working with PANGAIA since	2020	Environmental	N/A
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS, RWS
Last Impact visit	2022		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	68	Meal is provided free of charge to all employees.	
% Female : % Male	60% : 40%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	N/A	
Type of worker representation	Committee		
Max Overtime Hours (per month)	23		
Wage level (% of minimum wage paid at facility towards living wage)	42%		

### Pandora Focsani

Address: 73 Cuza Voda Street, 620172, Focsani, Vrancea County

Romania

Cut, Make, Trim

SUPPLIER DETAILS		AUDITS & CERTIFICATIONS	
Product category	Outerwear	Social	SLCP 2023
Working with PANGAIA since	2022	Environmental	ISO 14001
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS, RCS, RWS, European Flax
Last Impact visit	2022		
EMPLOYEES		GOOD PRACTICES	
Total number of worker	314	Medical room onsite, additional financial bonus provided, meal tickets, support with transportation costs.	
% Female : % Male	83% : 17%		
SOCIAL PRACTICES		SUBCONTRACTORS	
Collective Bargaining Agreement	Yes	N/A	
Type of worker representation	Committee		
Max Overtime Hours (per month)	19		
Wage level (% of minimum wage paid at facility towards living wage)	117%		

### Pandora Tecuci

Address: 2 Ana Ipatescu Street, Tecuci, Galati County

Romania

Cut, Make, Trim

SUPPLIER DETAILS		AUDITS & CERTIFICATIONS	
Product category	Outerwear	Social	SMETA 2023
Working with PANGAIA since	2022	Environmental	ISO 14001
Transparency of subcontractors	Yes	Verified Materials	OCS, GRS, RCS, RWS, European Flax
Last Impact visit	2022		
EMPLOYEES		GOOD PRACTICES	
Total number of worker	243	Free transport and meal. Bonus at Christmas. Gift tickets for Christmas and Easter, weekend allowance, private medical insurance and 100% transportation expenses.	
% Female : % Male	91% : 9%		
SOCIAL PRACTICES		SUBCONTRACTORS	
Collective Bargaining Agreement	Yes	N/A	
Type of worker representation	Committee		
Max Overtime Hours (per month)	23		
Wage level (% of minimum wage paid at facility towards living wage)	101%		

<b>Petratex Confeccoes S.A.</b>			
<b>Address:</b> Rua De Bande Nr 429, Pacos De Ferreira, Carvalhosa, 4590-049			Portugal
			Cut, Make, Trim
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Outerwear	Social	ICS 2023
Working with PANGAIA since	2020	Environmental	ISO 14001
Transparency of subcontractors	Yes	Verified Materials	GOTS, OCS, GRS, RCS, RWS
Last Impact visit	2023		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	451	Free transport, free gym access for workers and subsidised lunch.	
% Female : % Male	78% : 22%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	N/A	
Type of worker representation	Representatives		
Max Overtime Hours (per month)	7		
Wage level (% of minimum wage paid at facility towards living wage)	77%		

<b>Somani Sociedade Textil S.A.</b>			
<b>Address:</b> Rua Do Outeiro NR. 395 Sao Salvador Do Campo, Santo Tirso 4795-542			Portugal
			Cut, Make, Trim
<b>SUPPLIER DETAILS</b>		<b>AUDITS &amp; CERTIFICATIONS</b>	
Product category	Home & Kidswear	Social	ICS 2023
Working with PANGAIA since	2022	Environmental	OEKO TEX 100
Transparency of subcontractors	Yes	Verified Materials	GOTS, OCS, GRS, FSC
Last Impact visit	2024		
<b>EMPLOYEES</b>		<b>GOOD PRACTICES</b>	
Total number of worker	49	Free lunch, transportation provided, monthly on-site medical support	
% Female : % Male	59% : 41%		
<b>SOCIAL PRACTICES</b>		<b>SUBCONTRACTORS</b>	
Collective Bargaining Agreement	Yes	Belfama Empresa Têxtil, Lda. (CMT)	
Type of worker representation	N/A	Houspring LDA (CMT)	
Max Overtime Hours (per month)	0		
Wage level (% of minimum wage paid at facility towards living wage)	106%		