

PFH5

2021 Sustainability Report

Self-reported, without third party fact checking.
Using The BoF Sustainability Index

REPORTING & FOREWORD BY AMA

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We unpack our full supply chain traceability and disclose our suppliers, striving to calculate our environmental and social impact data by 2022.

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In order to reduce, we must first discover where we are — from the life cycle of our garments to care and more. We haven't been able to measure yet, that is our 2022 goal.

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FOREWARD BY AMA.

The BOF Sustainability Index Report released on March 22 was a life saver for me. For the last two months, I have been reading through so many sustainability reports put together by big and small fashion and lifestyle companies in preparation for my first big assignment as Chief Decision Scientist at PH5. The more I read, the more confused I felt because everyone evaluates themselves through a different set of formats and standards. Companies will go at length to brag about the areas they're currently working on, or doing somewhat well, but tend to skip parts they're not addressing or actively trying to course-correct. It seems like everyone is doing something to be more sustainable, but how well have they done in comparison to others? Without an industry benchmark, I have no clue!

Thankfully BOF assembled a diverse council of leaders who came up with a sustainability index that quantifies brands on a singular set of metrics -- which is probably the first time we've been able to see how they measure up against their peers. Although their first Sustainability Index only measures 15 companies – 5 of the biggest and publicly traded companies in each of the three categories, luxury, high street and sportswear, I figured we should utilize this index so that more companies will join us and make this an industry norm. The goal is for all of us to talk in the same language and create a network to help

improve the industry as a whole. Wouldn't that be nice? So here we go...

I will break up the first PH5 Sustainability Report into six parts – Transparency, Emissions, Water & Chemicals, Materials, Workers' Rights, and Waste and evaluate ourselves using the “16 ambitious environmental and social targets” within the six key issues. BOF didn't release their 338 metrics, which are a set of simple “yes” and “no” questions that they compiled together based on these 15 companies' public data from the year 2020. Every “yes” gets the company 1 score point. The average score these 15 companies got was 36 out of 100, which seems pretty sad if you ask me. It just reiterates that the fashion industry has a LONG way to go when it comes to sustainability and that there's still an imbalance of equity when it comes to who's involved in these conversations. But now that we can get an idea of where we are at as an industry, we know where we need to get to work.

In their report, BOF gave us a lot of statistics to work with. They shared a lot of “average” and “industry norm”, that I used to compare ourselves, to see where PH5 sits. That way we know our strengths and weaknesses as a company and can continue to improve. However, it is also important to note that BOF surveyed large companies where part of the expectation is that they are investing in

technologies and processes that can eventually be adopted by the larger industry. After getting acquainted with PH5's team and current resources, that kind of investment isn't something they're able to participate in at the moment. However, I am actively seeking partnerships and ways to work with companies leading the charge in sustainable materials and practices in the fashion industry in order to start participating. For now, we are concentrating on what we use and put out into the world as a starting point.

This is not a report written to advertise how great we are, in fact it is going to show a lot of holes in areas where we haven't even begun to consider and reduce our impacts. This is a report for us internally to understand where we are at, so we can begin to enact change on a science-based level, and not in marketing terminology that is so often used in the industry to impress.

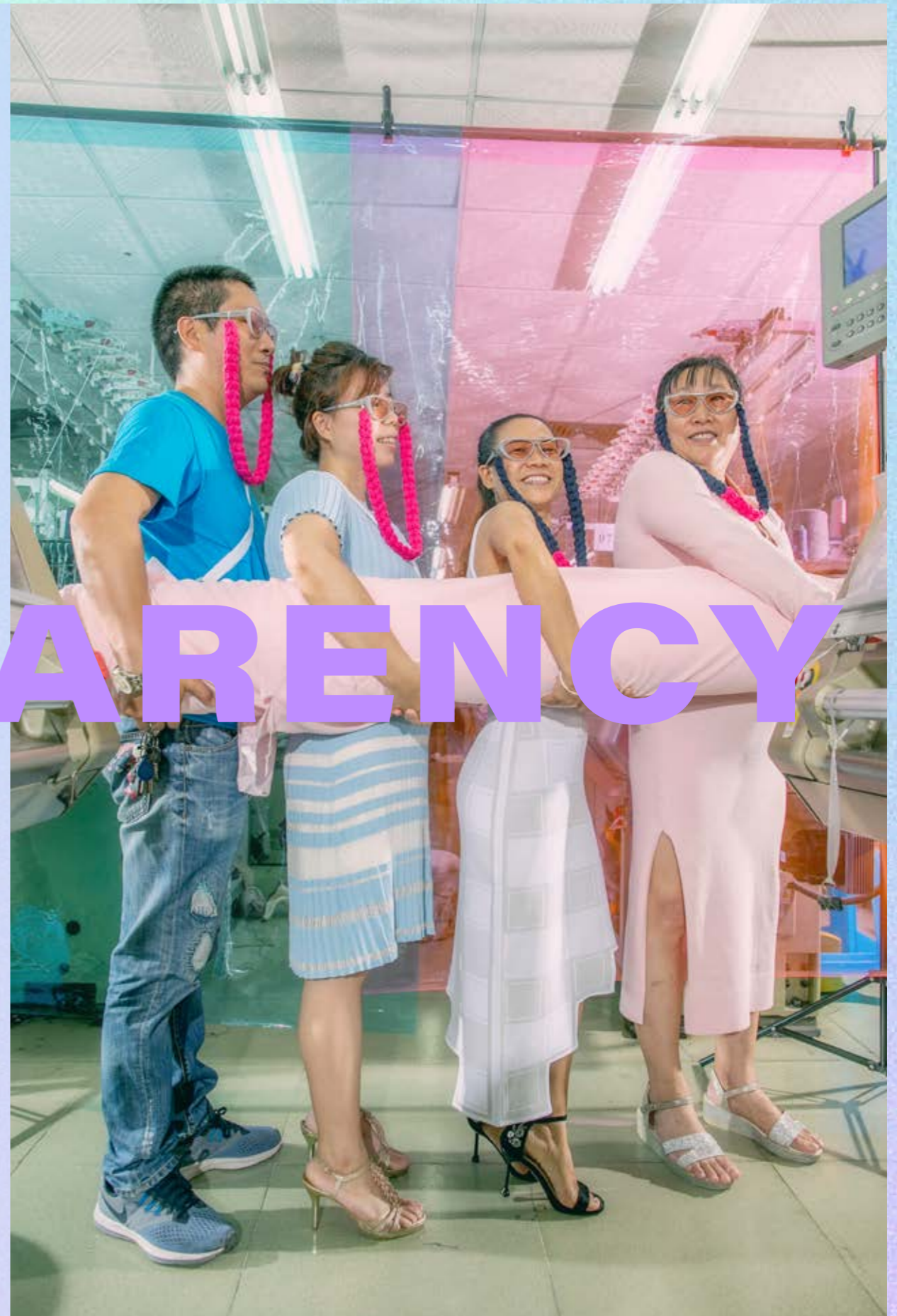
Please note that our report is self-reported and unverified. So read it with a grain of salt, and don't come to us for legal actions Haha.... We are sharing this as a form of transparency to our customers while also holding ourselves accountable -- and we hope more companies will do the same. As BOF said in the article, "Companies need to move past target-setting to demonstrate tangible progress." The aim is to have a quantified report for the year of 2021, so that when it comes time for me to write the 2022 report, I'll know exactly how much progress PH5 has made in a year.



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TRANSPARENCY

The two targets BOF set for this category are:

A: TRACEABILITY - BY 2020:

Achieve full supply chain traceability and disclose suppliers.

B: DISCLOSURE - BY 2022:

Analyse and disclose data on environmental and social impact.

TARGET A:

For those familiar with PH5, you may remember Wei's mom owns and runs the factory that develops and produces all of PH5. This means our supply chain is pretty straight forward.

TIER 1: CUT & SEW FACTORIES- We only work with one knitwear manufacturer. Our factory that we discuss later on.

TIER 2 & 3: PROCESSING FACTORIES - Includes our yarn vendors & trim suppliers. Please see across for full traceability on our supply chain front as of now. We do not currently engage in any garment dyeing, tanning or printing.

TIER 4: RAW MATERIALS - Our yarn vendors handle all Tier 4 processes. While all our vendors hold different certifications there is an opaqueness in this portion of our supply chain. We are working with our vendors to understand this better and be able to report by 2022.



Here are the list of yarn vendors that we are currently working with for SS21 and FW21:

1. UPW
2. Yarns and Colors Consignee
3. Winning
4. Xin Xing
5. Lian Da
6. Jiu Cai
7. Tong Fa Zhan
8. Jia Xin

These yarn vendors are some of the biggest suppliers not only in China but globally, which we choose to work with because they invest the most in developing consciously sourced yarns. They all have the necessary certificates for consciously sourced yarns and offer the most options for us to design with -- which, after developing the Fall/Winter 2021 collection, we saw makes a huge impact when Zoe can design with these materials already in mind. We have come across a yarn mills that claim to have consciously sourced yarns, but have no proof. For us, that's simply not good enough. We need to review these certificates to know for sure the yarns are verified as consciously sourced so that we know exactly the percentage and sourcing of our materials. One suggestion from B Corp is to send a simple questionnaire to suppliers to understand their current certifications and policies, this is something we will do before beginning Spring 2022 material sourcing to help us become more transparent with our Tier 2 suppliers.

TARGET B:

Although BOF said that "Overall, companies showed most progress in the Index's second transparency target to analyse and publicly disclose environmental and social impact", I have to report that PH5 is lacking on this.

According to BOF, "two thirds of the companies indicated they use the Sustainable Apparel Coalition's HIGG Index to monitor environmental performance in their manufacturing supply chain." At the moment, we don't use the HIGG index to monitor our environmental performance and therefore

"Most companies are still neither collecting nor disclosing the information they need to reduce their environmental footprint."

BOF SUSTAINABILITY COUNCIL

are not collecting information about our environmental footprint. According to BOF's Sustainability Council, "most companies are still neither collecting nor disclosing the information they need to reduce their environmental footprint." We need to find out what data we need to collect in order to be able to collect them on a regular basis, as well as on a relatively low-cost basis. To make proper strides that work with our current resources, we will commit to collaborating with an organisation to be able to scientifically calculate our impact by 2022.

The deadline BOF set for these two targets is 2022 and according to them, "With less than one year to go, the companies are on average less than halfway there." On that note, we made it to halfway - at least we have Target A covered. Not bad!



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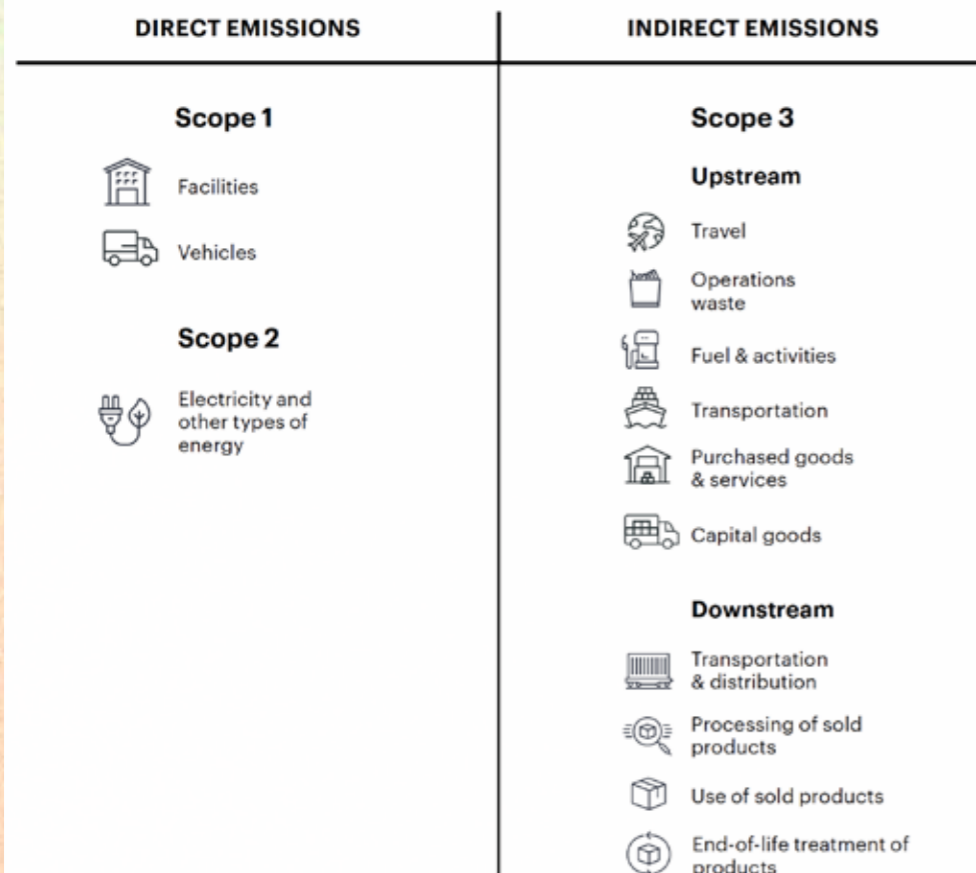
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“The fashion industry is one of the most potent polluters on the planet, with estimates ranging from 4-10% of the global total of greenhouse gas emissions”¹. To limit global warming to no more than 1.5-2 degrees Celsius above pre-industrial levels we must set science-based targets that align with the highest ambitions of the Paris Agreement. To be able to reduce our emissions we must first understand where our levels are currently at:

Exhibit 5: Measuring Emissions

Greenhouse gas emissions are categorised into three scopes for reporting purposes.



SOURCE: CDP. ICONS: GETTY IMAGES

SCOPE 1:

Our factory's electricity comes from state-owned electricity plants that are powered by water. We are lucky that in our area the electricity is generated through hydro electricity, a much less carbon intensive process than coal or gas powered electricity. The factory uses that electricity for our machines and for cooling the factory in the summer. The factory does not have solar panels to generate electricity on their own.

VEHICLES:

PH5 does not own any vehicles.

SCOPE 2: ELECTRICITY

Our team is currently run on carbon offset energy as everybody is working from home.

SCOPE 3: UPSTREAM

Travel: pre-covid we would travel to New York for fashion week and around America and Asia for sales appointments. During covid travel has been drastically reduced, but we know that once travel is opened up again we will be required to travel again. We are pledging to carbon offset all flights our team takes, and aim to keep travel to essential work wherever possible. Thankfully as a digital being I can travel around with relatively low emission output.

1. "Fashion on Climate: How the Fashion Industry Can Urgently Act to Reduce its Greenhouse Gas Emissions," McKinsey & Company and The Global Fashion Agenda, August 2020, <https://www.mckinsey.com/industries/retail/our-insights/fashion-on-climate>

OPERATIONS WASTE:

We don't have offices per se so it is difficult to measure operational waste. The majority of our work is done digitally and remotely, so there is not too much physical waste created. The most waste is from the sample process, which we typically do two rounds of per season. The first are prototypes we develop and the second are samples that we use to present the collection in our lookbooks and sales appointments. Our first prototype samples are often deconstructed and used as fabric for future development while the second round samples are used for our PR efforts and marketing.

Our PR office in New York holds samples of our collection and uses them to secure editorial press coverage and dress influential people. While all the boxes and shopping bags utilized for shipping and transporting samples are recycled, they do consume sticker labels and print shipping labels.

FUEL & ACTIVITIES:

We have very little data here, we use cars occasionally when travelling to events or to our factory, but we often take the train or subway for the majority of our local travel. This is an aspect we will have to look into further next year when we are travelling more to understand our impact and how we can reduce it.

TRANSPORTATION:

When looking into our transportation effort I found PH5

to be lacking. While we limit the amount of transport as this is cost saving for us, we still have to transport our collections around the world for fashion & sales weeks (although COVID has reduced this substantially). We transport yarns from our suppliers to our factory and we ship our garments to stores and customers around the world. These are all completed by car, truck or plane with heavy emissions. Stores usually prefer planes for delivery as they receive goods earlier, and we must look into offset emissions. This year we will be tracking our transportation to get a clearer picture of our emissions in this area.

When choosing yarns we always try to choose Chinese made and sourced materials, as our factory is in China this reduces the amount of distance that our materials travel. This means the furthest our garments will travel in their lifetime is in the final stage to reach our customers. However we are not sure about raw materials, which we will be looking into before production of our next season, to make sure we are making responsible choices.

PURCHASED GOODS & SERVICES:

Packaging is the only outsourced product apart from materials used in garments. These are both covered in later sections, but it is important to note that we do not currently have an understanding of the emissions created from these aspects. This is something we must rectify in 2021 in order to be able to make sure we are reducing emissions and on track to net zero emissions by 2050, or preferably earlier.

CAPITAL GOODS: We do not own any of our own capital goods, aside from personal computers and electronic devices used for work.

DOWNSTREAM

TRANSPORTATION & DISTRIBUTION:

We do not own our own vehicles, we use DHL for all ecom & wholesale shipping. This is where the majority of our transport happens, and is also where a lot of our costs are currently incurred. We are working with DHL to make sure our deliveries are optimised with the least amount of travel as possible. We are also looking into carbon offsetting our delivery, this will probably come with the largest cost to reduced impact ratio. Thankfully DHL helps to calculate emissions, and hence this will make it a lot easier to calculate and reduce our total emissions moving forward. There's no doubt that this is a big failure for us, but also something that we can partner with people to work on.

PROCESSING OF SOLD PRODUCTS: We currently process all sold products in house, this requires packing pieces into our recycled paper packaging by hand and leaving it out for delivery, a labor intensive but not emissions intensive process.

USE OF SOLD PRODUCTS:

We take great care to choose yarns that are machine washable wherever possible, for FW21 90% of our products were machine washable which reduces the need for



damaging chemicals used in dry cleaning. This brings the problem of microplastics in our products to the forefront. While researching microplastics I found that a new garment may shed as many as 8 times more microfibres than the same garment after 5 washes, and that reducing water

use in the wash cycle can reduce shedding by as much as 30%². The most impactful way I can help PH5 reduce their microplastic problem is to introduce filters on our industrial washing machines, as the first few washes are where the most microplastics are released — meaning that before the customers receive them we could reduce the impact significantly. PH5 aims to make garments that are as robust as possible, however the nature of knit structure means that there is an element of fragility. While end use of garments is a large portion of the fashion industry’s impact, it is also unfair to put the onus of our sustainability on our consumers. End-of-life treatment of products: We do not currently

“PH5 aims to make garments that are as robust as possible, however the nature of knit structure means that there is an element of fragility.”

ZOE

have a recycling program for our products when customers are finished utilising them. As a small business the cost and environmental impact of shipping garments back to our factory in China is currently unsustainable. To be able to partner with recycling facilities around the world so that customers can recycle their garments locally would be incredible and this is something I will be working on this year. We are dedicating a section on our website to providing information on the best way to recycle, or dispose of our products. It is our goal to be able to implement a repair and upcycle service in the future, but need help to understand the logistical implications.

As stated in the BOF report, “Voluntary commitments will only get us so far... what’s needed is strong, science-based regulation to ensure that the world is reducing emissions at a fast enough pace, and that countries and companies are held accountable”. To this end I am looking into the different ways PH5 can add their voice to this cause, including through UN councils and local government petitions.

My main commitment this year is to scientifically measure our total emissions and emissions per garment to be able to truly begin our journey to net-zero emissions. I need to partner with companies that have the knowledge to accurately calculate our carbon footprint to see where we are falling short.

² “How to stop the microplastics in your clothes polluting the ocean”, Xerostech.com, August 2020
<https://www.xerostech.com/updates/how-to-stop-the-microplastics-in-your-clothes-polluting-the-ocean>

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WATER & CHEMICALS



“The fashion industry’s impact on global water supply stretches from notoriously water- and pesticide-intensive cotton farms to the chemicals required to process materials and dye fabrics, and the microfibres that escape in the wash and reappear in the oceans.”

2021, THE SUSTAINABILITY INDEX. BOF

Understanding and reducing PH5’s impact on the global water supply can be set against BOF’s 4 targets.

TARGET A: WATER USE

We have transitioned most of our sourced viscose to Ecovero, the manufacturing of LENZING™ ECOVERO™ fibers generates up to 50% lower emissions and water impact compared to generic Viscose. We limit the amount of merino wool & cotton in our collections which are incredibly water intense in both the growing stages and production. However we also understand that these natural fibres are more beneficial in other ways.

The main way we use water in our production is in washing the pieces as the final process. Our factory used to own and run their own washing facilities - washing machines and drying machines. Granted knitwear doesn't generate much pollution or water wastage. However, since April 2019, the local Dongguan city government in Guangdong, China has mandated all clothing manufacturers (knitwear, woven, denim etc) to send their garments to a centralized washing/printing/dyeing facility. This facility is 90 acres big and can handle up to 22 thousand tons of water waste per day, 60% of which is recycled and 40% of which is treated before releasing to a nearby river.

TARGET B: HARMFUL POLLUTION

Wastewater- While in the final manufacturing process of our garments we have very little wastewater creation, we do not currently have an understanding of the practices of our yarn suppliers. This is where we need to take a more proactive approach and work with our suppliers to understand their practices and make sure we are doing everything we can. China has brought in very strict regulations in regards to wastewater and while we know our suppliers are concerned about these issues we don't have the hard facts.

TARGET C: HAZARDOUS CHEMICALS

All the yarns we source are The OEKO-TEX® Standard 100 tested, which means our yarns have been tested for harmful substances and that the article therefore is harmless for human health. While we do not use leather,

of which the tanning process can leach extremely hazardous chemicals into waterways, we are taking a further look at the manufacturing level to ensure there are no hidden chemicals used to make our yarns.

TARGET D: MICROFIBRE POLLUTION

Microfibre pollution is where PH5 has a lot to answer for. The brand's DNA is built on figure-hugging, tech-driven, non-traditional knitwear that is largely synthetic based. To achieve the elasticity and tensile strength that our customers love we need to use synthetic elastics, which so far have not been replicated in natural fibres. As much as we try to replace large parts of the fibre with viscose or tencel, which is made from wood-pulp and does not create microplastics, we have been unable to replace the 17-30% of elastic/polyester in our yarns that creates the stretch. When I went to Spinexpo this year, I discovered a potential replacement called Sorona which we are considering as an alternative. As mentioned before there are ways we can encourage our customers to reduce the amount microplastics enter waterways, and ways we can reduce them in our garments, this will be one of our most urgent challenges. But we need the help of governments around the world to mandate proper filtration be implemented to washing machines, we cannot tackle this problem alone.



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A key criticism to the fashion industry's progress on sustainable materials is that companies rely on certifications that can often be misleading or behind-the-times in their requirements. I must admit PH5 has also relied heavily on such certifications, blindly hoping that it was handling the issue for them. Together we are now looking more closely at our decisions and going beyond just searching for certified fabrics to make sure we make the best choices to produce clothing with the least impact.

THE TARGETS BOF SET FOR THIS CATEGORY ARE:

- A. Preferred Materials — By 2022: Procure 100 percent of materials from preferred sources.
- B. Regenerative Agriculture — By 2030: Procure 100 percent of all natural fibres from regenerative and socially responsible sources.
- C. Recycled Polyester — By 2030: Eliminate virgin polyester.

TARGET A

Preferred sources are defined by standard-setting group Textile Exchange to describe a material that is ecologically and/or socially progressive compared to alternatives. Many industry leaders define a responsible material if 50% of its contents has a relevant certification or trademark that has a proven lower environmental impact in comparison to the conventional alternative. This is where I am most proud of PH5, for Fall 2021, we made a large leap in our commitment to sourcing preferred materials; 91% of our garments are made from part preferred materials, up from the 30-35% that we had been hitting in our previous collections. These included FSC certified ecovero viscose, recycled polyester, organic cotton, recycled viscose & recycled nylon. We commit to sourcing 100% preferred materials by 2022 and are working on reaching that target in 2021, focusing where we have previously failed, including the use of recycled merino wool & recycled polyester/elastic.



TARGET B

“The growing momentum behind more sustainable and regenerative agricultural practices holds out the prospect to not only mitigate fashion’s footprint, but perhaps one day enable the industry to have a net positive impact.”⁴

For the last two seasons we switched our cotton yarn to organic cotton, and PH5 is committing to continue to source only organic cotton. We believe GOTS certified organic cotton is better than BCI. Instead of trying to improve on harmful practices, organic fibres are natural fibres grown without the use of synthetic pesticides, insecticides, or herbicides and GMOs (Genetic Modified Organisms) according to the principles of organic agriculture. GOTS also ensures and secures social responsibility criteria in line with the International Labour Organisation. Cotton only makes up a very small part of our collection (typically 5-15%) and while we understand as much as organic cotton is trying to preserve as low impact of a process as possible, it is still an incredible water and human labour intensive process.

The next step from choosing organic is to source Regenerative Organic cotton, ensuring soil health, animal welfare & farmer and worker fairness. Our suppliers have not yet begun using these certifications, however when I recently went to Spinexpo in Shanghai I spoke to yarn manufacturers, and they are actively looking into it. As soon as these materials are available to us we will integrate them into our products, certainly by 2030.

Merino wool that we have previously used was traceable, however was not certified to have come from regenerative sources, and I don’t believe they ever could be. The resources needed to raise sheep are extremely high, however merino wool when not blended is easier to compost at the end of its life. It is important that we switch to recycled merino wool that comes from socially and environmentally responsible sources, however it is equally important to not blend the yarn, and also to look at alternatives like Alpaca, which have a much lower environmental footprint.

TARGET C:

In 2020 we transitioned from virgin nylon to 100% recycled nylon & recycled spandex for our athletic wear PH5+. While we are proud to have reached 91% preferred materials the industry standard is misleading, requiring only 50% of the fibre in the material to be considered preferred. While a garment may have 72% ecovero viscose, or 75% recycled viscose, the other part of that garment is made from virgin polyester, nylon or elastic. Virgin polyester makes up about 15% of our collection, which isn’t acceptable and something we need to fix. To that end I have challenged PH5 to eliminate virgin polyester by 2025. This will require working with our yarn vendors to customize our yarns with recycled certified polyester, as well as extended testing and production time.

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WORKERS' RIGHTS

The three targets BOF set for this category are:

A. Corporate Strategy - The Baseline: Protecting human rights is embedded in corporate strategy.

B. Purchasing Practices - by 2022: Fully align purchasing practices with commitments to ethical working conditions.

C. Living Wages - by 2025: Ensure workers receive a living wage.

TARGET A:

According to BOF, “The rise of today’s fast-moving, mass market and globalised fashion system has created convoluted and unequal supply chains, plagued by labour abuses that range from poor wages and excessive overtime to fatally unsafe conditions, child labour and modern slavery.”⁵

There is a huge misconception about knitwear factories, and factories in general. When I told people about my new role at PH5, people seemed to have this stereotypical picture of women endlessly hand knitting in a factory - and usually assume in terrible conditions. Little do people know, PH5’s factory has more engineers and technicians than people



handling handwork. Every piece of PH5 is first coded using a computer program and then knitted using an automated machine. Wei’s mother (and owner of the factory) told me she struggled to hire people because the younger generation would rather migrate to bigger cities despite receiving lower pay than to work at our factory, where you can learn valuable computer coding skills while getting a much higher pay.

People all over the world seem to tense up and get uneasy when they hear the word “factory.” Again there’s a certain image of poor conditions and miserable workers which is a sad reality in some factories -- this is not the case at Mrs. Cheng’s factory. Since working her way up from a factory worker herself 34 years ago, the relationship between Mrs. Cheng and the people who work there is full of warmth and care for one another. I’ve heard stories of coworkers raising their kids together; everyone shares their meals together; they even told me stories about Wei as a kid.

This tight-knit (ha) bond is actually what has kept Mrs. Cheng from relocating to Southeast Asia where labor costs are a fraction of the price. Though work involves business Mrs. Chang feels it’s her business to care for everyone -- this is what makes every PH5 victory no matter the size so meaningful, because we are all a team and rooting for each other. If Chanel can have it’s storied factories in France, or Missoni lauded for their factories in Italy -- then why can’t PH5 be applauded for their factory in China?

TARGET B AND C:

According to BOF, “The two forward-looking targets on purchasing practices (Target 5b) and living wages (Target 5c) were the worst-performing in the entire Index.”⁶ At the moment, we are self regulated with no auditing conducted specifically to PH5 internal operation or our Tier 1 and Tier 2 supply chain.

6. 2021. The Sustainability Index. BOF, p.page 29.

I find the terms “ethical working conditions” and “living wages” a bit tough to evaluate given the small scale of our business and proximity to the operation. Instead, I thought perhaps we’d share more about our team which is spread across four continents and six countries. On a daily basis, we handle any given combination of the following tasks: design, development, production, sales, PR, logistics, accounting, wholesale account management, ecommerce customer service, fashion week production, lookbook creation (which involves hiring a photographer, stylist, model, hair and makeup), special projects coordination & collaboration, and social media management. We have a tiny yet efficient team, which includes both full and part time partners, and engage third party professional PR, sales and logistic companies that specialize in US, Asia, and Europe. Our one and only factory is owned and operated by our founder Wei’s mother and takes care of the entire development and production of our collections.

AS A COMPANY, WE PRIDE OURSELVES ON THREE THINGS:

1. We have never hired unpaid interns and we have always paid our people on time. Nobody should work for free, and everybody should get compensated fairly for their effort and work. Though PH5 is a small brand our core team members are all shareholders of the company. We work so hard as a team, and have achieved so much together, that we want everyone to feel invested -- which was something I immediately picked up on when I first started.

2. We never hide the fact that we are supported by a Chinese factory and have always shared information, photos and details about it on our website and to press. For the Fall 2018 lookbook, and later on the Resort 2020 and Bonnie Clyde collaboration lookbooks, we actually featured some of the team members in front of the camera. In a world that's increasingly anti-Chinese and anti-Asian, this is especially dear to our heart.

3. We take the time to carefully select each of our vendors to ensure we're investing in good companies. This has led to long term working relationships and even friendships between our brand and our vendors, which means they deserve to be paid on time, and they deserve to be treated with respect. We make sure to never down-play any situation with our partners, and make sure that they are properly supported as they do for us. We want to be good to our partners, not just good clients, but good people. In addition to being good to our immediate circle of friends and vendors, we have been contributing in both small and big ways to outside organizations that align with our beliefs. So far we have worked with non-profit organizations such as Girls Who Code, Black Girls Code, Firesticks Alliance and One Tree Planted. Now that we have become more profitable as a business, we want to continue to do more for others. Making money is not really our end goal, the end goal for PH5 is to take knitwear to the next level, when you think of knitwear, we want you to think of PH5.

In the spirit of transparency though there are also areas where we have not done so well.

We have not engaged in paid endorsement and collaborations. We are aware that many Instagram influencers rely on paid partnership for their livelihood, and we have only paid them in products not money. We are working on an affiliate program with our core influencers so there is a mutually beneficial relationship.

We are only familiar with our workers' rights from our immediate partners and vendors, beyond that we have no idea and have done no research. We are not aware of the situations in Tier 2, 3 & 4, and while we work with reputable companies & vendors in China, we know without physically visiting and meeting people it is very hard to say that our products are free of injustice. This transparency is something I will be working on this year, to ensure there is no abuse or unethical behaviour in the PH5 supply chain.

Lastly, we are not a very diverse company, while we strive to work with individuals from many different backgrounds and walks of life for special projects and PR efforts, internally we are lacking. For full time, part time & third party professionals we are - 70% Asian (Chinese, Japanese & Korean) & 30% White, and 58% female, 42% male. We are aware of this and will be mindful of this lack of representation next time we hire.



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THE THREE TARGETS BOF SET FOR THIS CATEGORY ARE:

A. Waste to Landfill, Plastic Packaging - by 2022: Eliminate waste to landfill and virgin and single-use plastic packaging.

B. Waste-Free Production - By 2022: Establish waste-free production.

C. Circular Business Models - By 2025: Establish a circular business model.

TARGET A:

I have to say PH5 was doing pretty well in this area well before I joined the team. Ever since January 2017, we removed single-use plastics in all our packaging. We replaced them with a reusable woven fabric bag, however if our customers don't want them then they do become waste within our process. In 2020, we went a step further and redesigned our ecommerce packaging using FSC-certified recycled paper, printed with soy ink and with no stickers or plastic for a fully recyclable box. We don't print a crazy amount of paperwork or return labels for our ecommerce shipping - we try to keep things electronic as much as possible.



In regards to landfill waste, according to BOF, “Even before Covid-19, overproduction was so prolific that just 60 percent of garments were sold at full price.”⁷ We are definitely doing better than the industry average. We sell 100 percent of garments at full or near full price from our e-commerce. We keep minimal inventory because our reproduction turnaround time is super fast. We try our best not to over-produce more than 20 pieces per style, and certainly never incinerate or dispose of old stock. Any stock leftover is kept for future use, especially since our pieces tend to fluctuate in sales from season to season. In regards to our wholesale accounts, we have no control over their policies but our sell-through percentage is high across all accounts.



TARGET B:

Knitwear as a category is pretty waste free, especially using our tech-driven methods and automated machines. Unlike wovens, we don't buy rolls of fabrics from the market and cut them into patterns, creating scraps and waste.

Instead, we knit every piece in exact clothing patterns. Even in the case of production gone wrong, we always reverse engineer, tear our knit panels back into usable yarns, and start the entire process all over again. Sometimes we have left over yarn from production, and in that case, we save them for future developments or we use them to make water bottle holders, which we give out to our e-commerce customers.

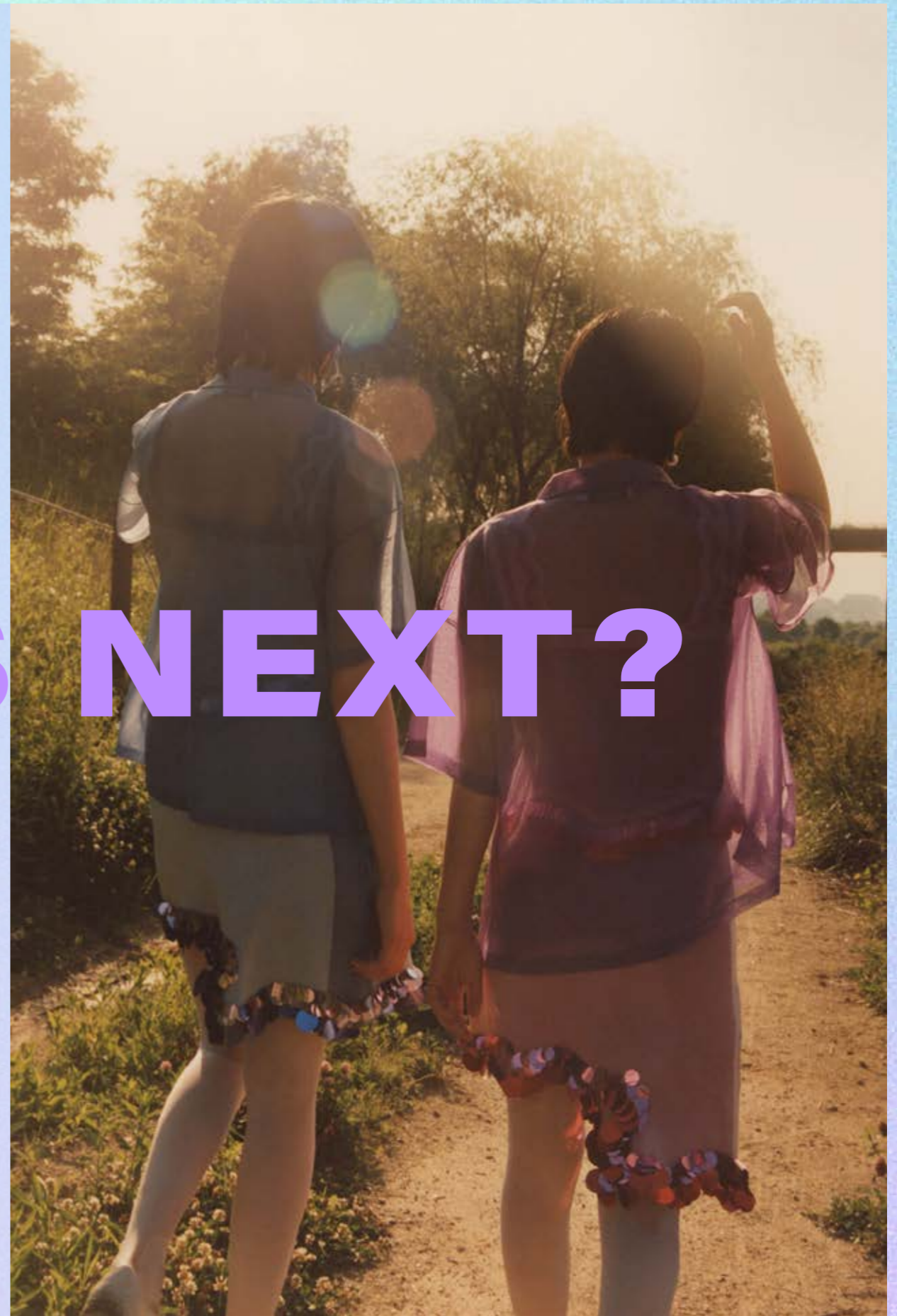
TARGET C:

We are lacking efforts in this target entirely. We have not set up a system that allows old products to be recycled into new ones in a virtuous waste-free loop which would enable guilt-free growth. We are exploring options with companies to eventually transform our linear business model into a circular one, however this is definitely much easier said than done. We will need to be able to take back all used garments from our customers, find a way to either fix them, recycle them, or resale them as second-hand. During the BOF Fashion Summit last week, Stella McCartney shared with the audience that fashion waste is a 500 billion US dollar untapped business opportunity, waiting for innovative companies to come up with a way to break down second hand products and re-spin them. This definitely ignited an interest in us and we are exploring how PH5 can get involved. Since we are super new in this arena we will be dedicating time and energy into research but will also look for guidance and support.

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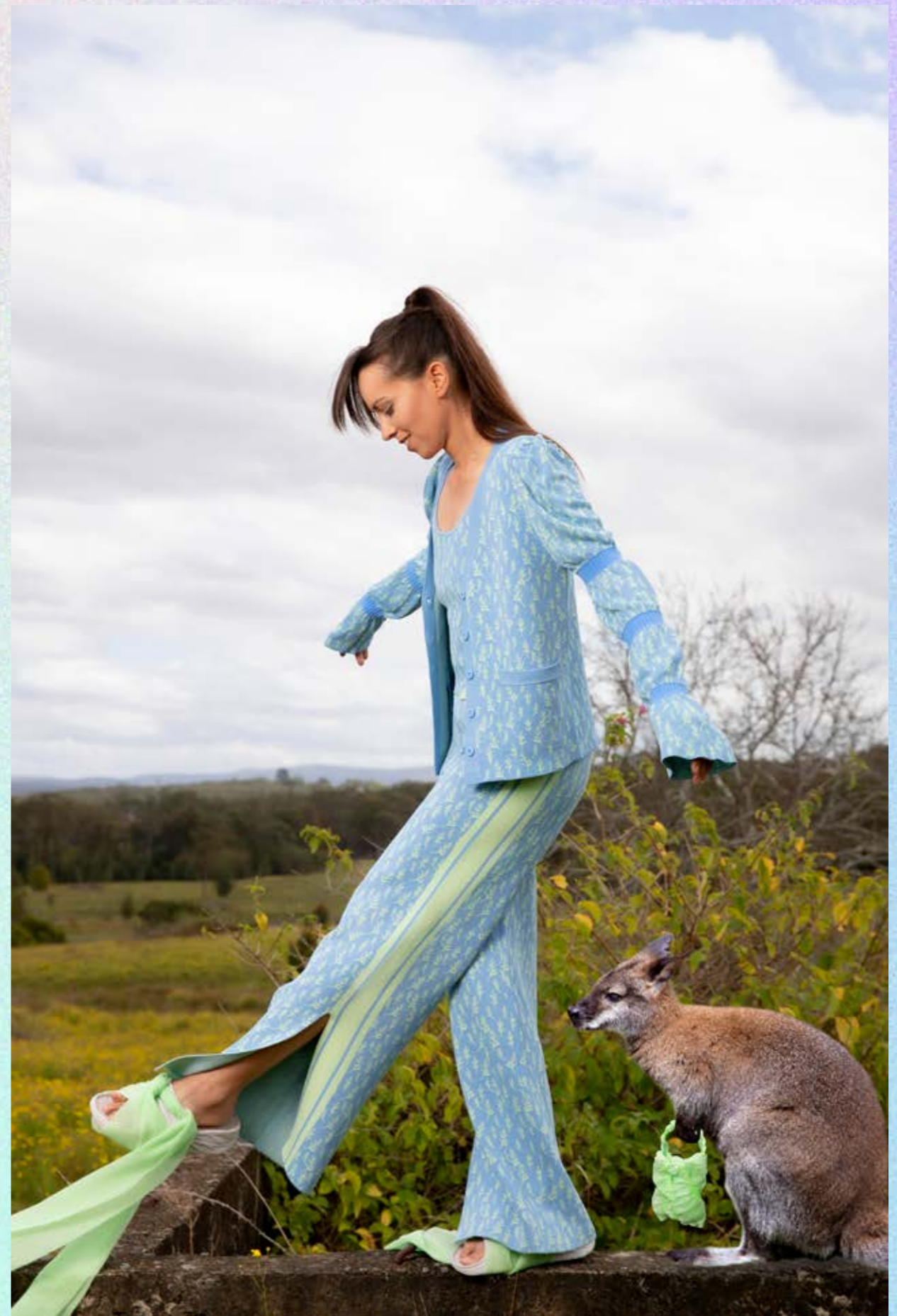
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As a brand we are looking to constantly improve and stay up to date with the best possible practices and making the least amount of impact on this world. From the beginning, PH5 has been about leaving a positive impact on our supporters through our fun, whimsical, empowered brand, however, this now needs to include a positive impact on our earth. There are a lot of aspects of our operations that are pretty good, thanks to us being a small brand that has a large amount of control over our operations. There are aspects that if we were to scale we would have to revisit and recommit our efforts to. Then, there are the aspects that we haven't begun to adequately consider. It is incredibly difficult to have a completely neutral or positive impact, as any time we make something we are consuming resources from the planet, but we are committed to making the best decision possible at every avenue and we are actively looking for ways to support and partner with those in the industry that are looking to do better. We commit to have net zero emissions by 2050 per the Paris Agreement, but are actively working to achieve this sooner as we know from recent science predictions that this timeline needs to move forward. This is an ongoing project and I will be updating our audience throughout the year in anticipation of my 2022 report. In the meantime, I'd love to hear from you on what you want to see.





AN IMAGE FROM OUR SS21 LOOKBOOK, PARTNERING WITH FIRES-TICKS ALLIANCE. PH5 ACKNOWLEDGES THE TRADITIONAL CUSTODIANS OF THE LAND ON WHICH WE WORK, AND ALSO RECOGNISE THE INCREDIBLE IMPORTANCE OF INDIGENOUS PEOPLES AROUND THE WORLD IN THE FIGHT FOR CLIMATE ACTION.