

PANGEA

2023

Sustainability Report





C O N T E N T S

I Introduction

- 04 A Word From Our President and CEO
- 06 Executive Summary
- 11 Sustainable Development Goals
- 13 Our Manufacturing Locations

II Environmental

- 15 Environmental Introduction
- 16 Greenhouse Gas Emissions
- 21 Energy
- 25 Water
- 28 Chemicals and Material Management
- 31 Circularity and Waste

III Social

- 37 Social Introduction
- 38 Our Employees
- 40 Safety and Wellbeing
- 41 Inclusive Environment
- 43 The Value of Different Minds
- 46 Engagement: Community, Employees and Customers

IV Governance

- 50 Governance Introduction
- 54 Materiality Map
- 55 Macro-risks, Challenges and Opportunities
- 57 Respect for Human Rights
- 58 Global Code of Conduct
- 60 Supplier Management and Sustainable Procurement
- 61 Deforestation and Supply Chain Traceability
- 63 Animal Welfare
- 66 Data Security and Information Management
- 68 Industry Governance
- 74 Leather Leadership and Industry Relations
- 76 Marketing and Media Relations
- 77 Closing Remarks
- 78 Sustainable Reporting Glidepath

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Introduction





A Word From Our President and CEO

Welcome to the newest edition of our Sustainability Report.

Looking at our achievements throughout 2023, it's hard to believe that only a few years prior we launched a strategic sustainability framework from which we are already collecting the results of such efforts. The progress we have made in advancing our business and product development strategy surrounding sustainability goals is remarkable. Taking the lead, our best practices were recognized by the Leather Working Group with a certification to Gold Standard of all our leather producing sites globally.

Aspirations for lower carbon products, focus on our processes, supply chain, and material consumption have proved that sustainability continues to enable growth, and this can be aligned with profitability.

As our business expands, Pangea's brand sets the stage as a responsible, ethical, and innovative leather manufacturer. We have also improved our scores on environmental, social and governance (ESG) ratings by automotive supply chain assessment groups and our customers' own supplier relationship portals. It is rewarding to see these assessments score above overall automotive supply chain averages as well as leather industry averages.

On the cultural front, our teams are increasingly advancing their understanding of individual actions and their ESG impacts. With that, our engagement scores continue to rise. Our purchasing group has the ability to incentivize environmental improvements and promote positive social changes through engagement of our supplier base, while our employees across the organization are motivated to share ideas

“Admiring our industry and the continued commitment to lean manufacturing and real leather transformation, I count on the innovation and expertise of our extraordinary people to drive creativity across diverse aspects of our business.”

and are being recognized for the merit of their work. The corporate mission of being central to exceptional customer service has resulted in Toyota Motor North America awarding us with its *“Excellent Technology & Development Award”* for the diligent work along with Lexus engineers and designers for the implementation of new technology while still showcasing unique and authentic leather features.

Considering our impact on the environment and operating more sustainably, the implementation of major decarbonization projects from our energy consumption in Europe and Mexico created a 16% reduction on Scope 1+2 emissions compared to the last reporting year. Our corporate average improved from 1.14 kgCO₂e/m² to 0.96 kgCO₂e/m² of finished leather.

Our industry has made enormous improvements in CO₂ results and I am proud to be a part of lean manufacturing

and real leather transformation. I am counting on the innovation and expertise of our extraordinary people to drive creativity across all areas of our business. I am optimistic that industry collaboration and trade associations can contribute significantly to a thriving leather industry amongst competing and often misrepresented materials.

I congratulate all our employees for their individual and collective efforts that made this sustainability journey possible and invite you to read this report. As we move into 2024, I look forward to another successful and prosperous year.

Sincerely,

Randy Johnson
President & CEO



Executive Summary

The year 2023 brought increased sustainability reporting requirements, regulations and a drastic rise in customer requests for information. Factors contributing to this market and behavior change relate to the auto industry's significant footprint in material consumption, the media focusing on climate and decarbonization approaches, and the overall industry need to understand the state of global value chains to address their relevant impacts. For Pangea, the benefits of implementing sustainable procurement throughout a responsible leather supply chain became evidently clear. In doing so, we not only benefit from protecting our brand and company reputation, but also improve traceability, reduce the risk of a supply chain disruption, lower material and energy intensities, overcome cost, and promote high-quality articles and services that provide a market advantage to our customers. In 2023, we

continued to work towards our goal of making leather accessible to many, while educating customers on the aspects of sustainable manufacturing that our leather industry has to offer.

With the world undergoing a demographic shift in 2023 reaching a global population of 8 billion with a median age of 30 years (a younger crowd), the timely report from the Food and Agriculture Organization of the United Nations (FAO) titled "*Contribution of terrestrial animal source food to healthy diets for improved nutrition and health outcomes*" highlighted the importance and irreplaceability of the global meat industry to provide adequate nutrition, particularly in areas less suitable for crop production. Having a permanent cattle industry also provides an oversupply of hides, which we have the responsibility to divert from being discarded in a landfill.

Pangea continues to be committed to the transparent disclosure of information and metrics related to our Corporate Social Responsibility activities that highlight achievements and contribution to many positive outcomes for stakeholders within our detailed sustainability roadmap, and the 3rd edition of our Sustainability Report.

Such commitment included, in 2023, assessing our production sites for management indicators and sustainability criteria in the areas of environmental impact, labor and human rights standards, ethical governance, and sustainable procurement practices. We reflected on our policies, actions, and results, and obtained sustainability and leather manufacturing recognition from external auditors, such as the Sustainable Leather Foundation (SLF), the Leather Working Group (LWG), the Supplier Assurance (NQC) from Drive Sustainability, and EcoVadis.

Pangea is focused on driving continuous improvement described in this report led by a materiality assessment that has identified the most important topics in the areas of

ESG, product and supply chain. As a part of our ongoing processes, we actively review and update our goals and progress in these key areas, ensuring they reflect the current business profile, industry regulations and the expectations of stakeholders. Receiving recognition from our customers in 2023 indicated that our corporate vision and superior customer services are aligned on the right path. An example is Toyota Motor North America awarding Pangea the “Excellent Technology & Development Award, 2022”.

Making great strides in our ESG objectives, Pangea participated in the Disclosure Insight Action and extended the reporting of our environmental metrics and Scope 1 and Scope 2 emissions via the Climate Chapter of CDP (formerly known as the Carbon Disclosure Project). For a specific customer, Pangea completed the CDP’s Forest Chapter, while engaging the World Wildlife Fund (WWF) for the development of a Deforestation and Conversion Free (DCF) toolkit to improve the traceability of



Toyota Motor North America

*Excellent Technology &
Development Award,
2022*



Climate Chapter of CDP

(formerly known as the Carbon Disclosure Project)

For a specific customer, Pangea completed the CDP's Forest Chapter, while engaging the World Wildlife Fund (WWF) for the development of a Deforestation and Conversion Free (DCF) toolkit to improve the traceability of hides in the market for the leather industry to the cattle farms of origin given the onset of European Union regulations on deforestation-free products and the industry need of a unified approach.

hides in the market for the leather industry down to the cattle farms of origin given the onset of European Union regulations on deforestation-free products and the industry need of a unified approach.

Throughout the year we hosted informational workshops and trend shows for our customers and related colleagues. We continue to drive the narrative that a change in the public perception of leather is only possible with correct and impactful messaging, showcasing sustainable innovation and a commitment to lowering the carbon footprint of our products and processes. As a result, we simplified our product messaging and released a new series of Advanced Leather Products: Ecod

Terova, Vendura, and Nevila, each one with distinct characteristics improved over standard leathers.

Setting the year of 2023, our global operations started to see the benefits from the initiatives committed to greenhouse gases (GHG) emissions reduction that included clean energy and renewable power generation, improved operational efficiencies and a switch to cleaner fuel grades. Supporting this commitment, all the electricity used in our Germany production site and most of the consumption from our cutting plant in Hungary originated from clean-energy supplier grids.

Additionally, we took steps to enhance our

A change in the public perception of leather is only possible with correct and impactful messaging. As a result, we simplified our product messaging and released a **new series of Advanced Leather Products:**



Ecod



Terova



Vendura



Nevila



global recycling footprint and advanced circularity in our processes through new partnerships to make use of leather shavings, a common solid residue from the leather industry, transforming it into biopolymers for our chemical processes and stimulants for the agroindustry.

We expanded our efforts to continue to uphold a respectful and inclusive corporate culture for all associates and collaborators. Metrics collected from our global workforce indicated that about 41% of the management positions are now held by women, notwithstanding the right sizing of the workforce in 2023 to secure stable growth moving forward.

Communicating openly about our business is vital for building trust and lifelong relationships with our customers, investors, community, and ourselves. We continue to share our progress on activities, and welcome collaboration and partnerships as we promote leather as a natural and renewable material. While we see that corporate transparency alone may not improve sustainability performance,



transparency does create a setting for accountability and allows us to compare our industry to others, pushing us to improve and encouraging others to do the same. We welcome you to read our 2023 edition of the Sustainability Report for details on our sustainability vision and strategy and how it supports our business and customers.

The information in this report reflects Pangea's performance as of, and for the year

ended December 31, 2023, and is presented collectively on behalf of our Corporate Development Center (Rochester Hills, MI), our operations in Mexico: Leon (LN), Nuevo Laredo (NVL), and Saltillo (STL); in Germany: Mulheim (MH); in Hungary: Jánosháza (JZ); in South Africa: Nigel (RSA), and in China: Jiaxing (JX). This report has been reviewed by the Board of Directors of Pangea Made, Inc, and as such is granted public view, sharing absolute and relative

Pangea continues to strengthen its sustainable product development, operations and supplier assurance ratings while promoting the wellbeing of the communities surrounding its production sites.

results in comparison to metrics of our previous reporting year.

Pangea continued sustainable progression in 2023 with the ultimate goal of meaningfully reducing our impact on the environment.

Yours truly,



Roger Pinto

Global Director of Sustainability & Innovation

The leather industry still has a long way to go to meet expectations for clear messaging about its products, their benefits and impacts. Looking ahead, we see collaboration as essential to finding solutions to the complex challenges we face as an industry. We will continue working with our suppliers and peers to encourage greater disclosure of data. Our expectation is for Pangea to be a leader in this area.

As you glance through this report, you will notice that Pangea continues to strengthen its sustainable product development, operations and supplier assurance ratings while promoting the wellbeing of the communities surrounding its production sites. We connect our ESG approach to innovation and collaboration to create new leather products and new ways to add value for our customers, our people, the communities surrounding our industrial footprint, and our stockholders. More distinctly, taking another step on our journey to integrate sustainability into our everyday business practices, we describe how we are aligned with the United Nations Sustainable Development Goals (SDG).

Best regards,



Jacquelyn Smith

Director of Marketing

Sustainable Development Goals



We work to offer a safe, caring, inspiring and inclusive working environment to our employees and their families globally. We also strive to market products that are socially responsible.



We look into minimizing energy use and also utilizing more renewable energy, year over year, sourcing energy from suppliers that offer carbon-emissions free or offsets for their electricity grids.



We know that continuous learning and development is fundamental for individual and organizational growth. Hence, we collaborate to support employees in developing their unique capabilities and to acquire new and advanced skills and knowledge to better serve our customers.



We are committed to promoting sustainable economic growth by offering a productive employment environment with decent work conditions for all and a fair compensation.



We want to empower women to succeed in an overall diverse and inclusive organization. Here, differences are used to build strength and mirror the society we want to serve. We reached a mark of 41% of management positions held by women.



Innovation is part of our history and keeps us going. We are constantly looking for new ways to respond to the needs of our customers and improve the leather industry.

Sustainable Development Goals

(continued)



We work to provide inclusive green places to our employees and volunteering opportunities for recreational parks, building renovations, and community beautification.



We believe that responsible consumption and production start with strong governance, taking full ownership of processes across our value chain. We look at our operations and envision circular processes that would ensure a more sustainable production.



We believe that a prosperous society is one based on healthy ecosystems. To contribute to this call for action, we are committed to continuously improving our environmental performance and helping our customers contribute to the same objectives.



With our product having its origins with cattle farming, we have the responsibility to only source hides from supply chains that are not related to deforestation to protect natural ecosystems. We also have the goal of minimizing waste outputs and diverting them to the coproduction of other materials.



We act in good faith to continue to be a company that is trusted by and resonates with customers and society. Our own values are reflected in policies, communicated and applied to the entire supply chain.

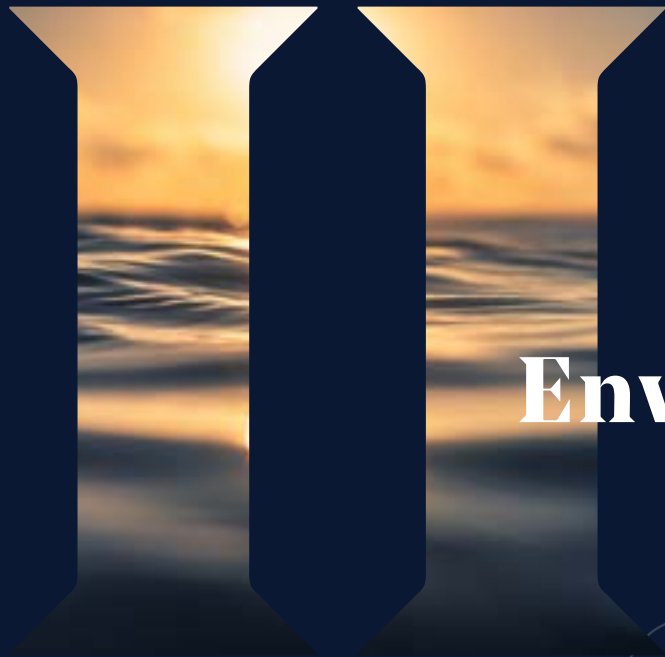


We collaborate with industry segments and institutions alike to promote synergy in sustainable development of the leather industry and funding for data and calls for action.




Our Manufacturing Locations

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Environmental



 Our industry continues to evolve as the automotive industry transitions to a low-carbon value chain and seeks alternative materials. We contribute to this goal by reducing the impact of our core processes and industrial footprint on nature and communities surrounding us. To balance growth and sustainability, Pangea is committed to lowering material and energy intensities of our processes and products with innovation, advanced development, and responsible procurement that interconnects with the upstream supply chain that involves modern cattle farming that is needed to feed society.

Our diligent work to communicate to OEM customers both the life cycle assessment (LCA) of our products and the environmental impacts of discarding animal hides instead of using them in leather production taught us that customers find these topics overwhelming. This implies information is not standardized across the customer base, leaving data unscalable and uncomparable. For the benefit of all involved in the value chain, this calls for a unified industry approach to qualifying what impacts are meaningful and relatable to the leather user when communicating product environmental impact data.

The environmental section of this report summarizes many metrics related to leather production, using a square meter of finished leather as a functional unit. While we provide these metrics with an informative intent, metrics shared herein are to be understood as unique to our processes and production sites. Under generalized assumptions, data can be compared to other published information.

Greenhouse Gas Emissions

Scope 1 and 2 Emissions

Pangea's emissions disclosed in this report relate to CO₂ equivalent emissions from our offices and industrial assets. To attain our goals of limiting the impact of operations on the environment and lowering the carbon footprint of our supply chain participation, we monitor the emissions based on the Greenhouse Gas Protocol (GHG). Those that are directly related to our processes (Scope 1) and indirect GHG emissions from consumption of purchased electricity (Scope 2). These cover Pangea's owned and controlled resources and indirect emissions from energy generation by the power grids connected to our facilities. For the calculation of Scope 2 emissions, the location-based method was preferred by using average emission factors as kgCO₂e/kWh related to the generation of energy for well-defined geographic borders where we operate as opposed to the market-based methodology available.

For the 2023 calendar year, the overall global emissions inventory accounted as CO₂ equivalents resulted in company-wide



↓ *reduction of 16% from levels estimated in 2022 (1.14 kgCO₂e/m²).*

combined Scopes 1 and 2 GHG emissions of 0.96 kgCO₂e per square meter of processed leather, a reduction of 16% from levels estimated in 2022 (1.14 kgCO₂e/m²). This was achieved with improvements in energy management across all sites, on-site energy generation and offsets from power purchase agreements (PPA) from non-emitting sources.



GERMANY

Our operations in Germany are now serviced by a 100% PPA of renewable electricity source.



HUNGARY

Our cutting plant in Hungary receives a monthly total of 47 MWh from an energy supplier in France that generates power with renewable and mechanical sources (hydro- and marine power); this represents over two-thirds of the electricity consumed at current production levels in Jánosháza being clean energy.



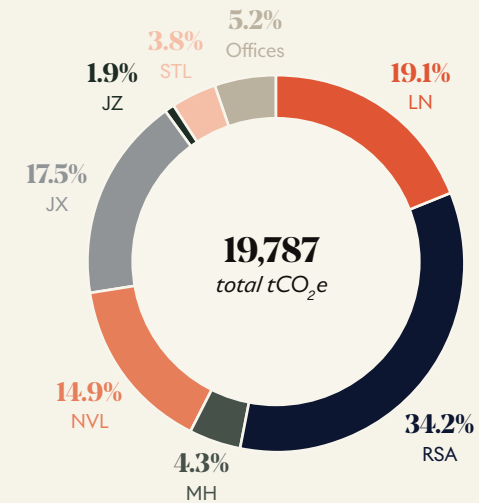
MEXICO

Our Leon (Mexico) manufacturing plant now makes use of onsite photovoltaic power generation that averaged 200 kWh daily throughout the year. All optimizations and electricity-related projects combined resulted in a corporate average of 0.48 kgCO₂e/kWh of electricity consumed in 2023 while the country-specific electric grid emissions from the regions where we operate ranged from 0.22 to 0.87 kgCO₂e/kWh.



Scope 1+2 Emission Profile Y'23

Regional allocations in tCO₂e

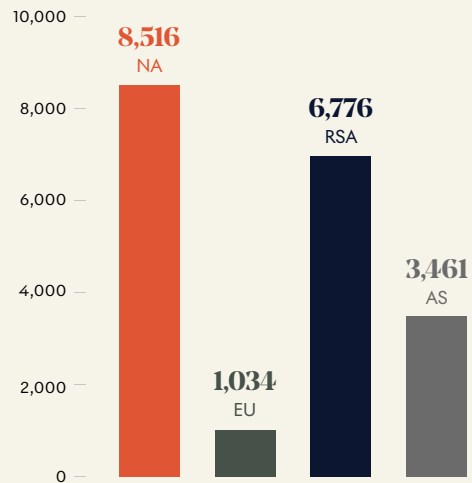


- Mexico: Leon (LN)
- South Africa: Nigel (RSA)
- Germany: Mulheim (MH)
- Mexico: Nuevo Laredo (NVL)
- China: Jiaxing (JX)
- Hungary: Jánosháza (JZ)
- Mexico: Saltillo (STL)
- Offices



Scope 1+2 Emission Profile Y'23

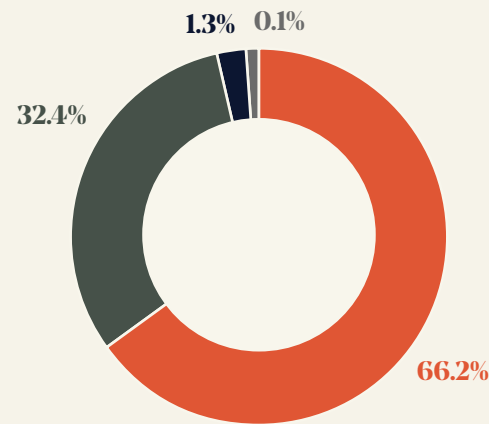
Regional allocations in tCO₂e and relative change to 2022 levels:



- North America (NA) ↓ -24%
- Europe (EU) ↓ -61%
- South Africa: Nigel (RSA) ↓ -24%
- Asia (AS) ↑ +17%



Scope 1+2 Emission profile Y'23: Energy Commodity Allocation

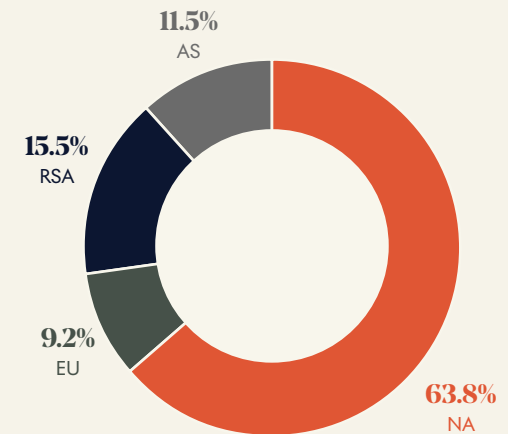


- Net Electricity
- Natural Gas
- Liquefied Petroleum Gas
- Diesel/Gasoline



Leather Production

Regional allocations based on product m²



- North America (NA)
- Europe (EU)
- South Africa: Nigel (RSA)
- Asia (AS)



Pangea will continue to prioritize energy conservation as we pursue our goal to contribute to the net-zero GHG emission goals of our major automotive customers and their supply chain, using the best available and economically achievable technology at each of our production sites.

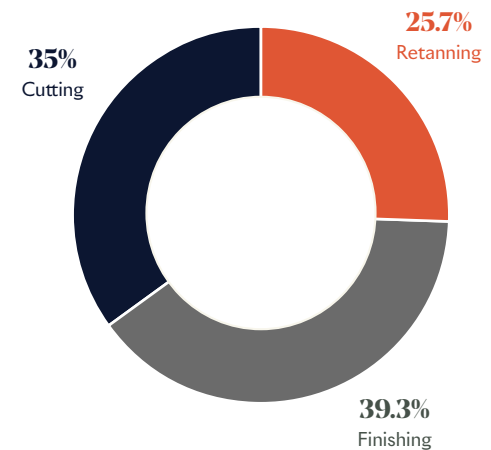
The spike in the absolute Scopes 1+2 emissions from our China operations relate to its higher production volume in 2023, although proportionally to leather output, that region’s relative Scopes 1+2 emissions remained stable. The data collected broadens our understanding that the most effective way to reduce Pangea’s

GHG emissions is to make our operations more efficient and less material-intensive, thereby reducing our current consumption of energy and investing in alternative energy to offset the current energy loads demanded at each production site.

Such commitment benefits the whole portfolio of automotive leathers supplied by Pangea and compels our own supply chain to seek enrollment in energy efficiency programs that focus on reduction of GHG impact.



2023 Product Surface Area Allocations



Scope 3 Emissions

We are starting to quantify indirect emissions that arise across the value chain, resulting from assets and activities not owned or controlled by Pangea, that indirectly add to the leather value chain (Scope 3). Growing regulatory and finance industry pressure to address Scope 3 emissions, represents a larger and substantial challenge for the availability of reliable data and supplier transparency.

Addressing Scope 3 emissions requires broad collaboration across our suppliers, our business units and departmental functions, all considering the upstream value chain to our industry and downstream distribution and use of our leather products. As we develop a range of products from renewable feedstock and chemistry, we work closely with suppliers to give preference to sustainable materials. This collaboration results in the need of appropriate biobased feedstock selection, proximity of hide sources, adaptations of in-house and outsourced processes, and a suitable launch and distribution of a leather product

designed to exceed customer expectations. This strategic vision to address Scope 3 emissions is a value-creation opportunity instead of a risk management task:

- We are engaging suppliers that are innovative and have the capability to offer materials that minimize both the cost and carbon footprint of their products
- We are communicating with customers about material specifications that drive complexity in leather making and lead to unnecessary overengineering and the burden of excess material and energy intensity
- We are developing partnerships across the value chain and other industries to leverage new technologies and circular solutions for our waste streams and to offer a reduced end-of-life impact
- We are integrating our operations and new lines of sustainable leather products

We seek to identify and make use of various emission-reduction levers beyond those we can control in-house. Given the complexity of Scope 3 emissions defined in

the GHG Protocol Corporate Value Chain, Accounting and Reporting Standard, we are currently defining our baseline and focusing on emissions related to handling of waste generated in our operations (Scope 3, category 5). This includes emissions from third-party disposal and treatment of waste generated in the reporting year, for both solid waste and wastewater: disposal in landfill, waste-to-energy via incineration, composting, and recovery for recycling.

Scope 3 Emission (category 5) profile Y'23: waste and its transportation, in tCO₂e

- | | |
|--|--|
| ■ 2098 tCO₂e
Emissions from solid waste landfilled | ■ 30.3 tCO₂e
Emissions from transportation of waste streams |
| ■ -3.4 tCO₂e
Net emissions from waste incinerated with energy recovery loop | ■ -549 tCO₂e
Avoided emissions from global recycling |
| ■ 121 tCO₂e
Emissions from wastewater treatment plant | |



Energy

Our reporting of energy consumption considers what is contractually acquired from the regional power grids for electricity, clean energy purchase agreements, on-site solar energy generation and thermal energy commodities (such as natural gas). From our global electricity consumption, 8.1% (2407 MWh) was assigned to non-emitting sources and 72 MWh were generated onsite with solar panels in 2023.

During the year 2023, Pangea consumed electricity in the amount of 1.22 kWh (-4.7%) and 4606 kJ of thermal energy (-5.4%) sourced primarily as natural gas per square meter of leather article processed. Emissions related to direct consumption of energy commodities in Scope 1 are

96% related to natural gas, while 4% can be associated to liquified petroleum gas (LPG). Our overall consumption of natural gas and LPG decreased by 8.4% and 1.5%, respectively, for the period covered by this report.

ELECTRICITY CONSUMPTION

1.22 kWh/m²

⬇️ *Down 4.7%*

4606 kJ

⬇️ *Down 5.4%*

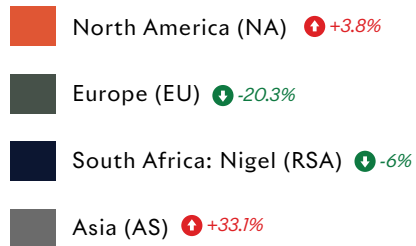
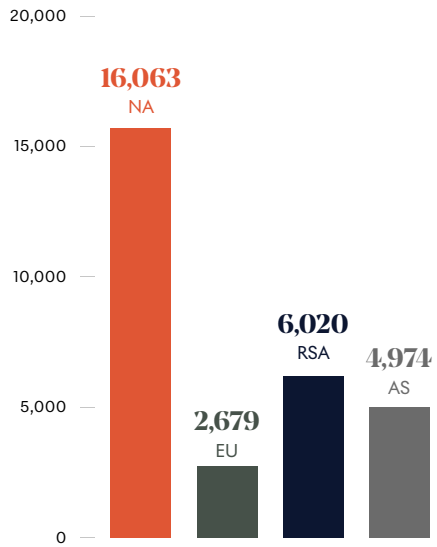


ENERGY PROFILE

Electricity

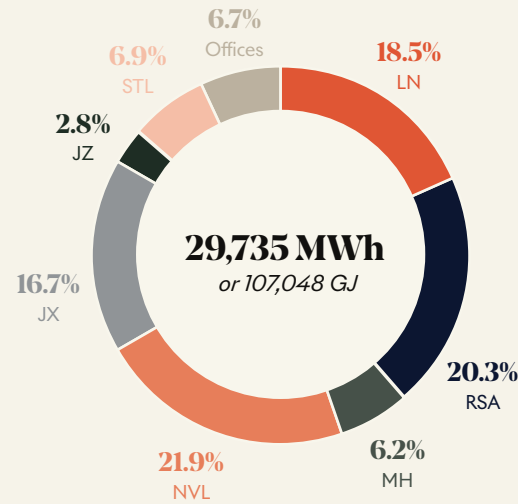
Electricity Consumption

Regional allocations in MWh



Electricity Y'23

Regional allocations in MWh



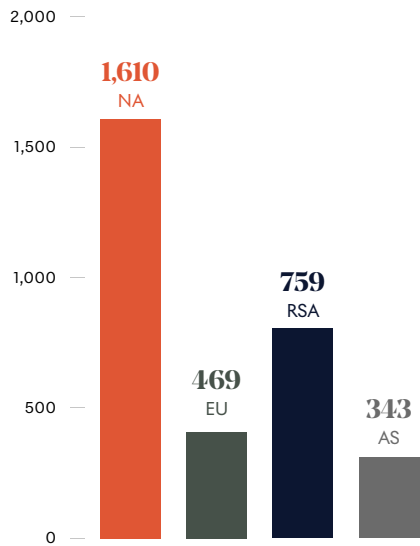


ENERGY PROFILE

Natural Gas

Natural Gas Consumption

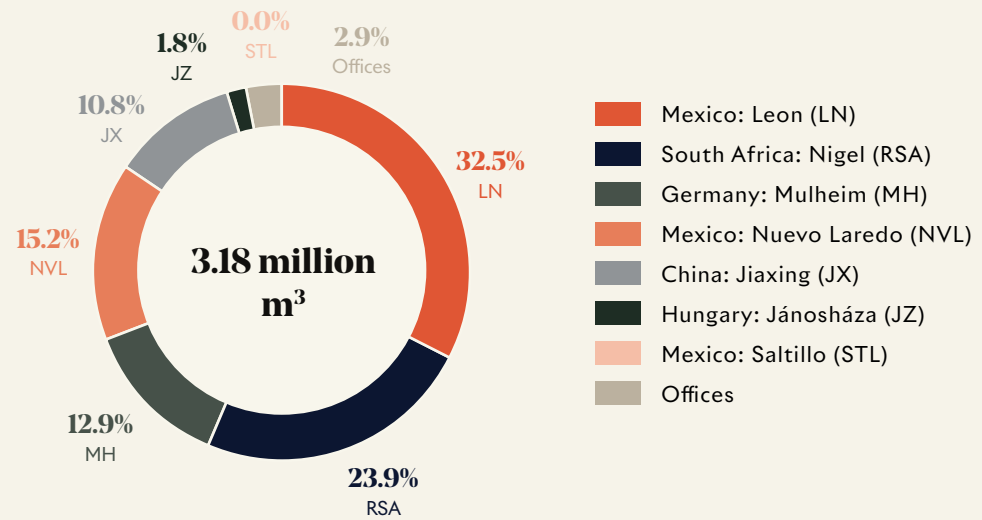
Regional allocations in 1000 m³



- North America (NA) ▲ +2.9%
- Europe (EU) ▼ -29.3%
- South Africa: Nigel (RSA) ▼ -19%
- Asia (AS) ▲ +12.3%

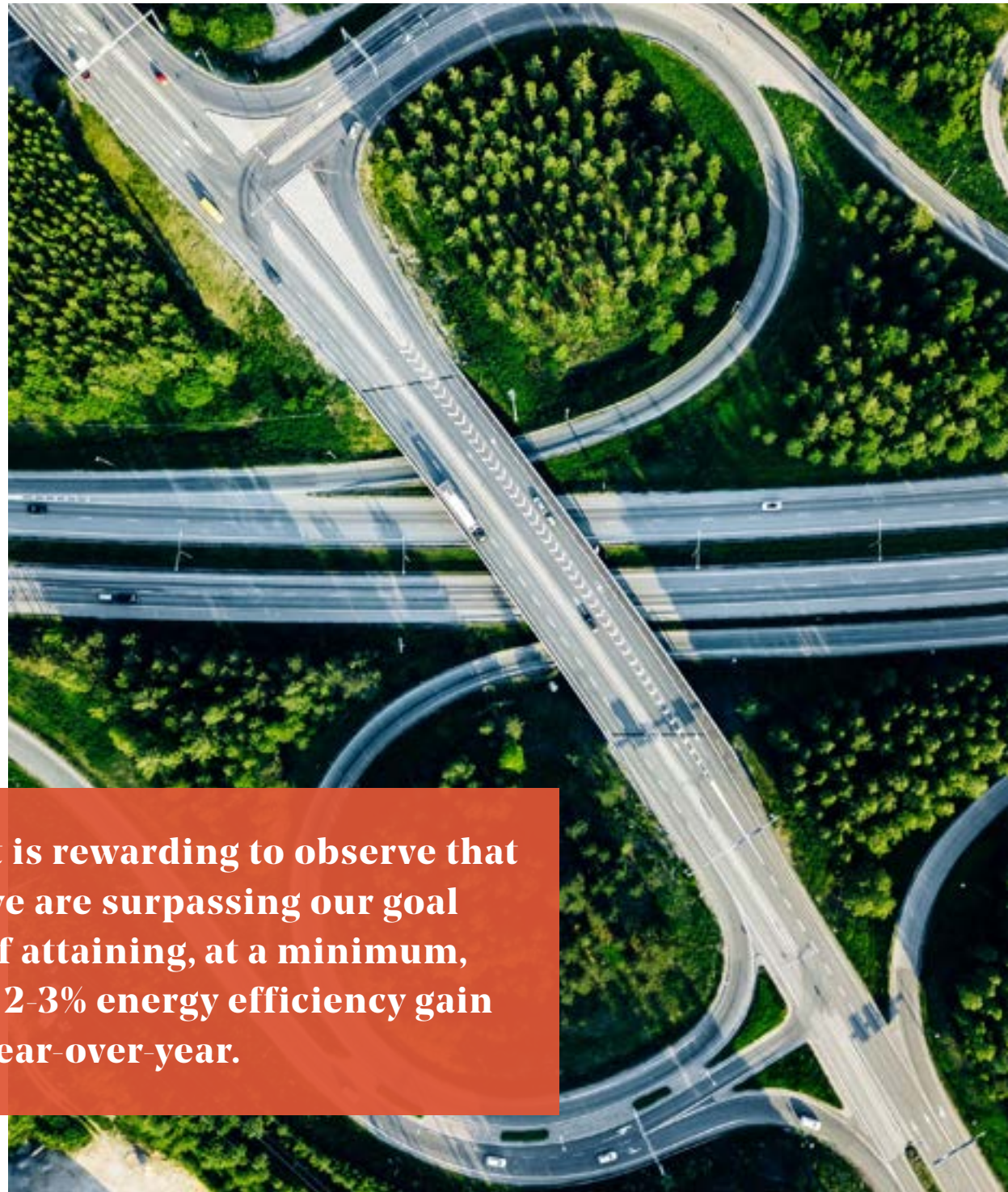
Natural Gas Y'23

Regional allocations in 1000 m³



The fluctuations of energy consumption are correlated with differences in production volumes from each specific region. It is rewarding to observe that we are surpassing our goal of attaining, at a minimum, a 2-3% energy efficiency gain year-over-year, relative to product output, with a phased site-by-site approach, energy management projects to replace high carbon-intensity assets and bringing efficient in-house technologies. **Consequently, the year 2023 showed a considerable reduction in energy-related emissions and we anticipate more reductions in 2024.**

It is rewarding to observe that we are surpassing our goal of attaining, at a minimum, a 2-3% energy efficiency gain year-over-year.



Water

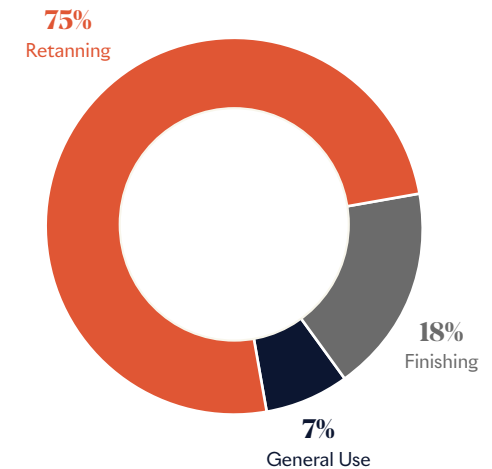
Water is essential to life and the operations of our business, being the largest resource consumed in the manufacturing of genuine leathers by volume. Risks to water availability can impact our value chain. It's not surprising that we have a duty to use water responsibly and help safeguard its quality and accessibility.

Pangea operations that involve retanning carry the highest consumption of water within Pangea, followed by finishing applications that use water in aqueous dispersions. Some water is incorporated into leather substrates, but the majority is returned to municipalities and subsequently to waterways as treated wastewater (two-thirds of the volume consumed) or returned to the natural atmospheric water cycle as water vapor (22% of consumption). Leather itself carries about 12% of the water intake as product moisture content.

For the calendar year 2023, Pangea water consumption was reduced by 10.4% in total volume.



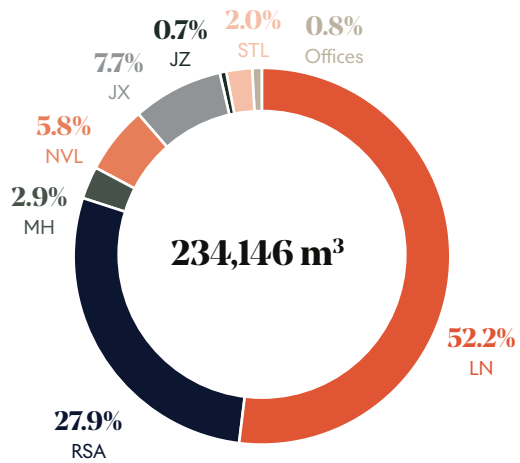
Water Usage Per Operation *% of global consumption*





Water Profile* Y'22

Regional allocation in m³



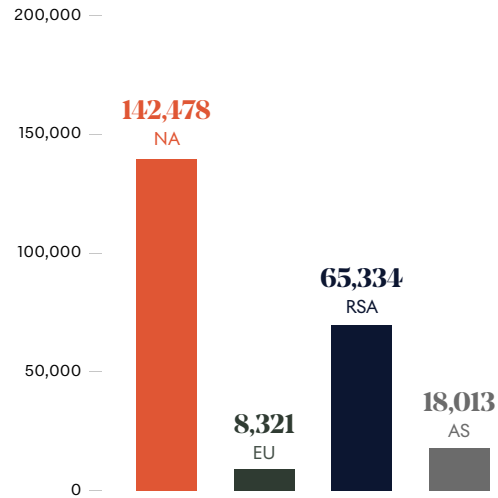
- Mexico: Leon (LN)
- South Africa: Nigel (RSA)
- Germany: Mulheim (MH)
- Mexico: Nuevo Laredo (NVL)
- China: Jiaxing (JX)
- Hungary: Jánosháza (JZ)
- Mexico: Saltillo (STL)
- Offices

* Pangea processes only



Water Usage

Regional allocation in m³

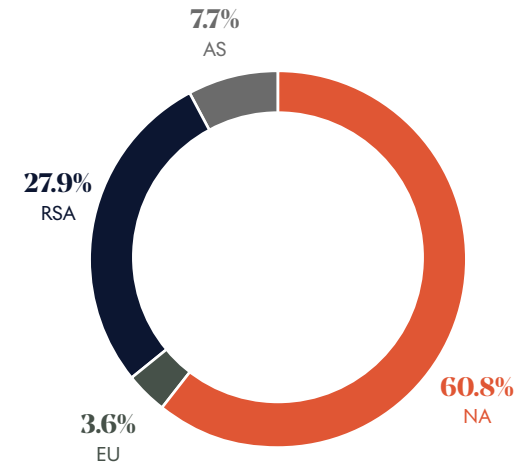


- North America (NA) ↑ -6.1%
- Europe (EU) ↑ -29.2%
- South Africa: Nigel (RSA) ↑ -21.5%
- Asia (AS) ↑ +24.4%




Water Usage

Regional allocation (%) of total usage



- North America (NA)
- Europe (EU)
- South Africa: Nigel (RSA)
- Asia (AS)



We are committed to advancing water stewardship within our own operations and enhancing water management for water-stressed areas.

By working collaboratively with our equipment suppliers, we can contribute to water quality and efficiency. We are committed to advancing water stewardship within our own operations and enhancing water management for water-stressed areas. Pangea has set local targets to reduce freshwater intake per square meter of leather processed between 8-16% by 2025, with innovations compliant to Zero Discharge of Hazardous Chemicals (ZDHC) in their making. We will continue to monitor our progress toward this goal for water efficiency and use technologies that are scalable between production sites to minimize impacts on water quality.



Chemicals and Material Management

Chemical management is essential to our industry where innovation and sustainability strategies are integrated, becoming a business culture. Our chemical restrictions include RSL and the ZDHC, with the benefits of our global suppliers proactively monitoring the aspects of chemical substances regulatory compliance. This allows them to anticipate raw material modifications into their processes years in advance to sunset of compositional regulations, preemptively avoiding issues, as in the case of the elimination of perfluorinated chemicals (PFCs).

The durability of our genuine automotive leathers requires a series of intricate chemistry transformations from tanning,

retanning, and finishing application. All these processes happen in aqueous phase, which brings the benefit of a very low VOC profile to our industry. The intended use of the leather and its related customer specifications dictate the chemical framework of formulations. Our global suppliers bring in safe chemicals and are known to follow stringent regulations and sustainable initiatives during their manufacturing and global approvals.

How we make leathers and how our products enhance the vehicle end-user experience define together what unites Pangea's Global Product Development and Design teams. To lower the impact of chemicals on the life cycle of our products,

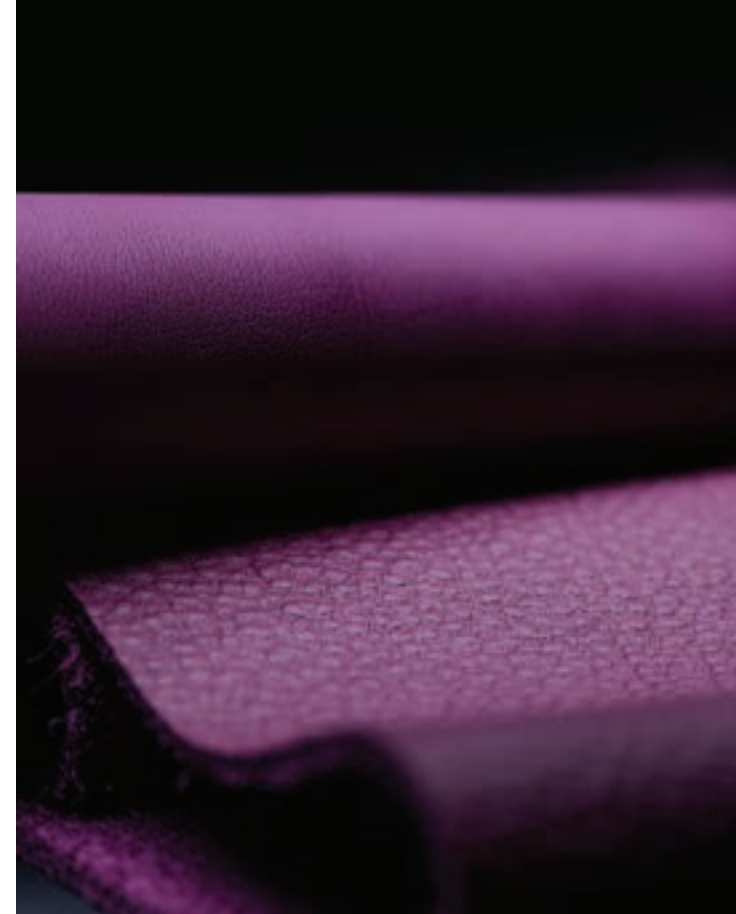
Pangea has structured a product platform for new leather articles and a global chemical standardization program across all production sites. The intent is to increase the use of functional chemicals derived from renewable sources.

In 2023, 19.6% of chemicals used comprised of natural components or with content processed from renewable sources (+12%). Pangea anticipates the content of renewable chemistry in its products will increase significantly, particularly with the breakthrough of alternative tanning processes and the advancement of biopolymers and polyurethanes carrying renewable-carbon content for finishing applications.

It is understandable that leathers are produced in many ways: automotive specifications and specific design needs

vary by OEM program. This year we began investigating opportunities to reduce chemical use by mapping best practices, such as process chemicals recovery and incorporation of green chemistry. Results are being achieved through highly principled and responsible procurement practices combined with product innovation. We aim to recycle chemistry for the right products. In 2023, we transformed leather shavings (a waste material) to produce about 13965 kg of biopolymers (+7%) that were recycled into our Recycled Tan substrate. This represents the conversion of about 21.7 metric tons of what would be considered solid waste into a chemical feedstock to our processes.

Our experience tells us that all materials have an impact on our environmental footprint, from their production, use, and



IN 2023

**19.6% of
chemicals**

used comprised of natural components or with content processed from renewable sources

↑ Up 12%



13,965 kg of biopolymers

were recycled into our Recycled Tan substrate

↑ *Up 7%*

ultimately their end of life and disposal. We prioritize working on the materials we use the most or that show the greatest potential to improve environmental and supply chain impact. For all consumables and commodities, from hides to packaging, our Sustainable Procurement Policy guides our approach. While not a feature of all leather parts produced, the use of lamination is necessary for many design and engineering characteristics of the automotive seat and its parts, cabin instrument and door paneling. To satisfy customer’s design and engineering, Pangea used 67 different types of foam lamination, webbing and scrim, totaling over 2.09 million square meters of leather lamination for its 2023 leather production. This adds

to complexity when thinking about the end-of-life of the seat cover or repurposing of the leather because of too many “layers” and features added to the seat, for example: heating elements, wiring, pressure sensors, airflow spacers and so on.

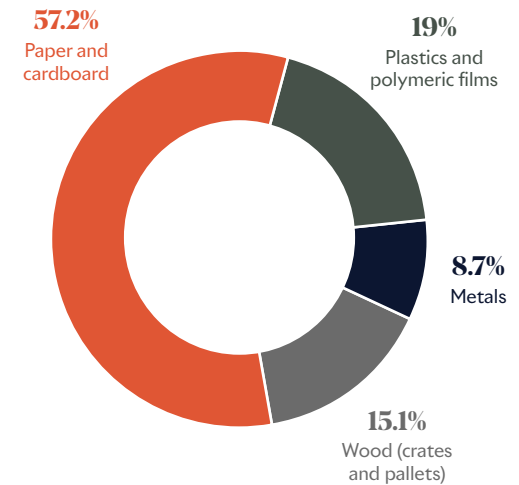
We expect that the lamination industry and OEMs will embark on a partnership to integrate sustainable alternatives to polyurethane foam backing and synthetic support materials to seating surfaces. Meanwhile, Pangea offers a full substance (thick) leather construction (Natural Grain) that can be applied without lamination, granted certain design constraints.

Circularity and Waste

Waste reduction continues to be an important facet of our environmental strategy which recognizes the need to address the full life cycle of our leathers. Our goals include supplier partnerships to incorporate circularity initiatives to the leather processing and to attain an overall waste management tackling different waste streams: shavings, sludge from wet processes, spent coatings, packaging refuses, finished cut parts and lamination.

Pangea recycles the typical waste streams that have material recovery value (metal, glass, paper/cardboard, plastics, and wood). A total of 1626 metric tons were recycled (+19%), which accounts for 17.8% of the total solid waste generated globally during the period of this report. The recycling rate at each facility varied per production profile and local availability of recycling centers.

Recycled Waste in 2023 *segregated composition (%)*



1,626 metric tons

were recycled, which accounts for 17.8% of the total solid waste generated globally during the period of this report

↑ **Up 19%**



Packaging materials, predominantly paper and corrugated cardboard, comprised 57% of our global recycled waste in 2023. In Mexico, the 4th largest paper recycling country in the world, we have a commitment to contribute to the circular economy model instituted by the Paper Chamber.* Over three-quarters of all paper recycled by Pangea globally is collected from our Mexico operations. Projections from our paper recycling in Mexico indicate that it contributes to saving 12770 mature trees, conserving 14180m³ of water otherwise needed for pulp and paper processing. As we collect metrics to optimize our

manufacturing processes, we pledge to continue improving our waste management with local partnerships, customer collaboration and repurposing initiatives.

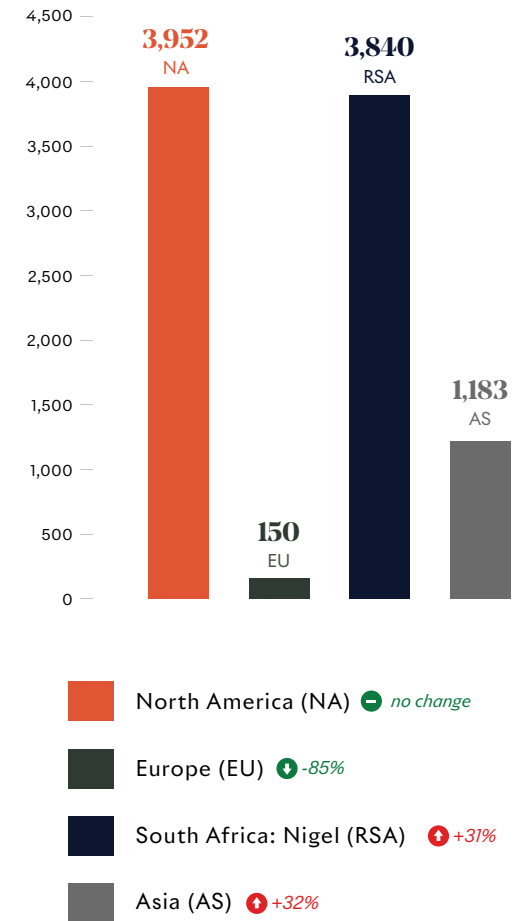
A management vision of being zero-waste in leather shaving operations at our plant in Leon, Mexico, will reach its goal in 2024. A partnership with an agriculture chemical conglomerate will make use of our solid shaving waste to produce bio-stimulants for agriculture. This waste stream is mostly comprised of tanned collagen (still a protein) that can be hydrolyzed and broken down into its amino acids that agricultural crops can metabolize once absorbed through their foliage. In 2023, our manufacturing sites segregated 2790 metric tons of leather shavings that were diverted from disposal and intended for co-products and repurpose by local industries.

*The Paper Chamber refers to the Mexican National Chamber of Pulp & Paper Industries



Regional Waste Generation

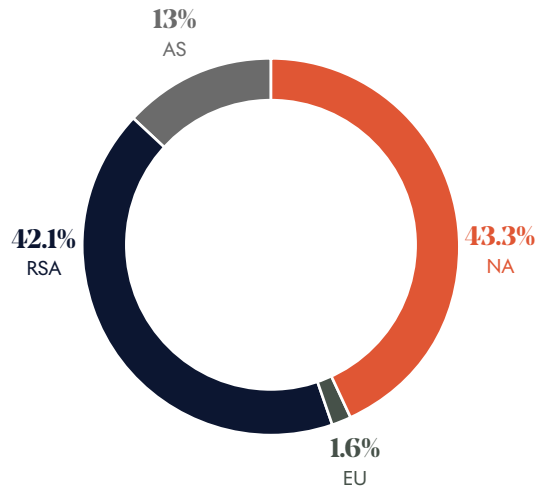
Regional waste in metric tons (t)





Regional Waste Generation

% of Pangea global waste output

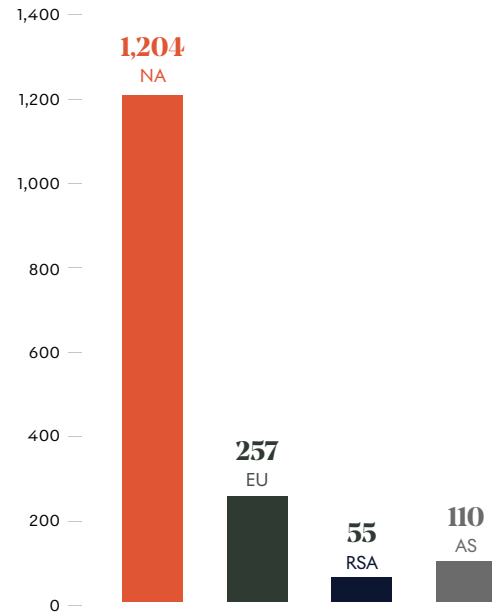


- North America (NA)
- Europe (EU)
- South Africa: Nigel (RSA)
- Asia (AS)



Recycled Waste

Regional recycling in metric tons (t)

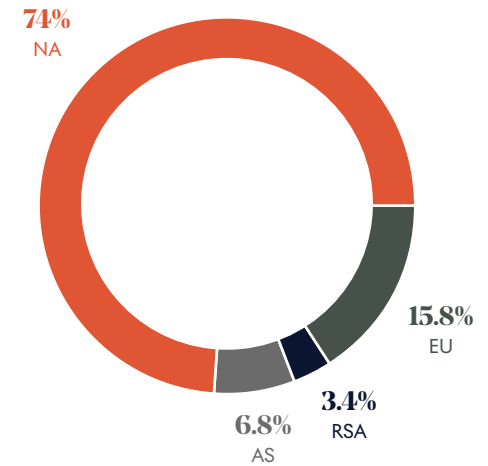


- North America (NA)
- Europe (EU)
- South Africa: Nigel (RSA)
- Asia (AS)



Regional Recycled Waste Generation

(%) of Pangea global recycled waste output



- North America (NA)
- Europe (EU)
- South Africa: Nigel (RSA)
- Asia (AS)

Lowering the impact of raw material consumption in our processes directly improves our energy, chemicals and water inventory consumption. It is an important step toward our goals of a circular process. We recognize that we must address the full life cycle of our leathers, from raw materials to end of life (and back again). A partnership with local industry and supplier in Leon, Mexico, created the opportunity to recycle tannery shavings into a hydrolyzed compound that is reincorporated in the retanning process at our facility, in a circular process that yields our Recycled Tan substrate.

Our global non-hazardous waste production, mostly landfilled, amounted to 195 grams/m² (-17% over 2022). To a lesser extent, hazardous waste maintained steady levels as in previous years. These quantities are forecast to decrease over time with Pangea's introduction of sustainable and renewable chemicals in retanning and finishing, promoting a larger portfolio of



Chemicals

Use of chemical screening process to identify best performing chemicals of lower environmental impact profile, reduce use, increase renewable content, recycle chemistry.

01



Water

Reduce over-batching and increase recycling, reduce freshwater intake, and improve quality of wastewater.

02



People

Avoid adverse health effects by using proper personal protective equipment and training on safety and chemical handling.

05

We currently are addressing the following areas:



Production Waste

Increase material recovery, reuse, and recycling rates, reducing waste generation.

03



Energy

Emissions offset, improve energy transfer efficiency, and minimize overall use.

04

**GLOBAL NON-HAZARDOUS
WASTE PRODUCTION**

195 grams/m²

↓ down 17% over 2022

substrates that are free-of-chrome and glutaraldehyde. Building a portfolio of alternative methods creates possibilities for better value in the waste management and creation of close loop systems, composting, and energy recovery.

As part of our circularity efforts, we are giving our design teams the tools to make choices that can positively impact product longevity, recyclability or repurposing of materials. Experimentation with such ideas can be evaluated with virtual prototyping that offers our customers a quick view of a project before materials are actually

processed. Customer feedback can promote changes in a design before Pangea even makes a first prototype, eliminating waste in the development process.

We understand that increasing the use of safe, renewable, and recycled materials, and supporting innovation in circular manufacturing is paramount to a new value proposition for the customer.

As an example, leather strips from the cutout of hides used in instrument panel application, for which the cutting process uses large patterns and results in the largest refused area of a leather hide, are used for woven leather designs. In this case, the primary customer desire for appearance perfection works against the aspects of a low material rejection and creates an opportunity for Pangea to define other uses of such a waste stream.

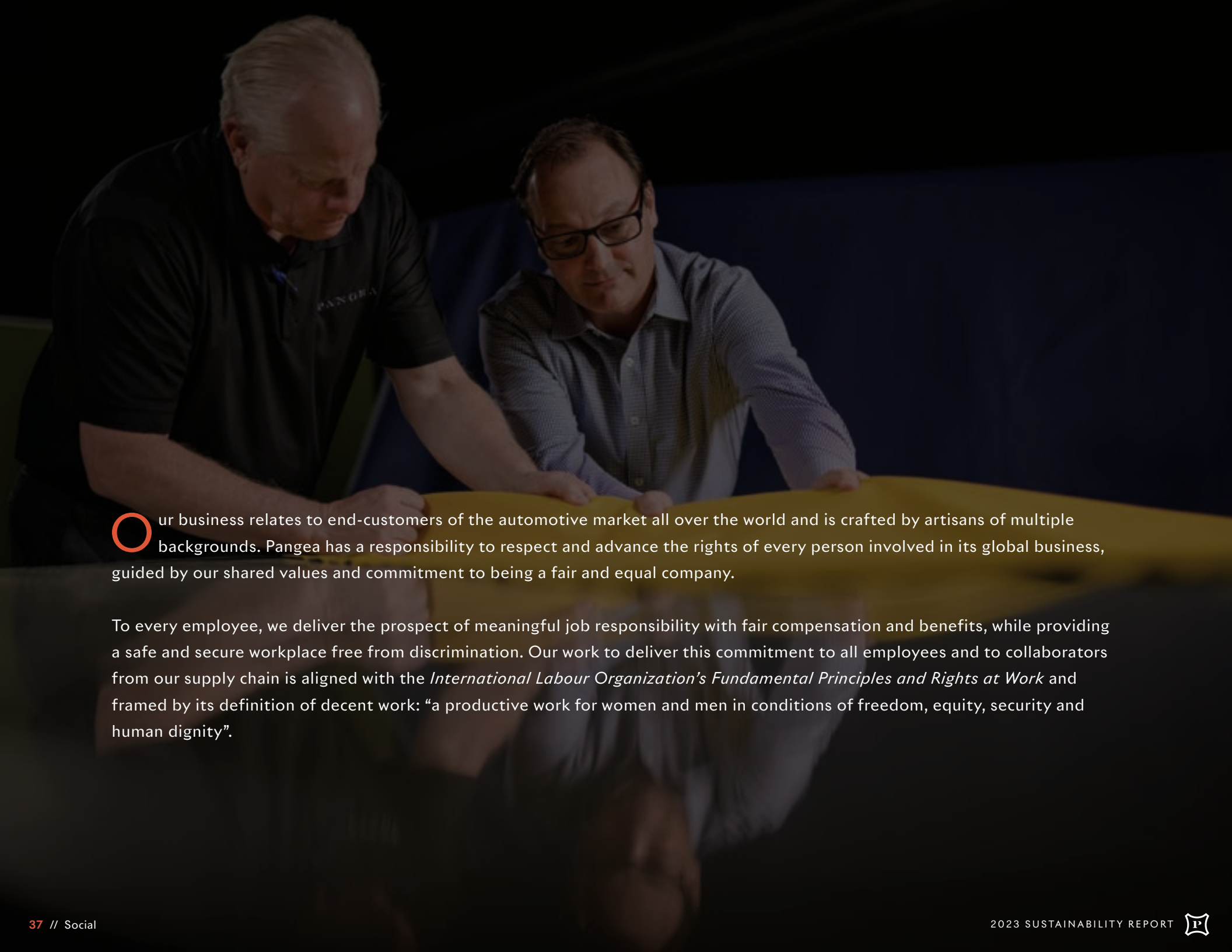
Building a portfolio of alternative methods creates possibilities for better value in the waste management and creation of close loop systems, composting, and energy recovery.

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Social





Our business relates to end-customers of the automotive market all over the world and is crafted by artisans of multiple backgrounds. Pangea has a responsibility to respect and advance the rights of every person involved in its global business, guided by our shared values and commitment to being a fair and equal company.

To every employee, we deliver the prospect of meaningful job responsibility with fair compensation and benefits, while providing a safe and secure workplace free from discrimination. Our work to deliver this commitment to all employees and to collaborators from our supply chain is aligned with the *International Labour Organization's Fundamental Principles and Rights at Work* and framed by its definition of decent work: “a productive work for women and men in conditions of freedom, equity, security and human dignity”.



Our Employees

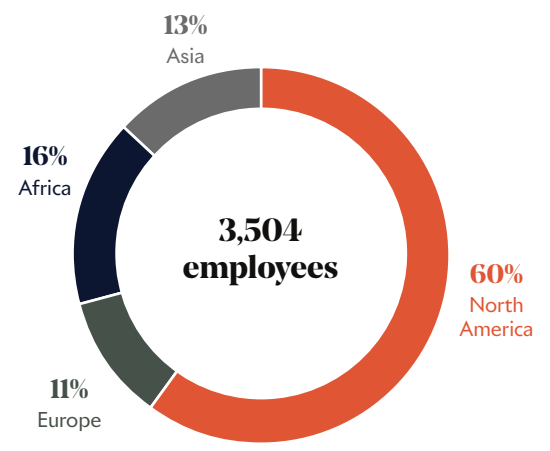
Our production sites and offices are present in 8 countries, expanding our geographic presence to 4 continents. This footprint strengthens our role as an employer of diverse talents and different backgrounds, promoting a multicultural working environment, a true value creation asset for all stakeholders. Given our industrial footprint and our broad interaction with a multitude of suppliers, it is of highest importance for us to build and maintain healthy relationships with our employees, contractors, suppliers, and other stakeholders throughout the communities where we operate.

In 2023 we realigned responsibilities suitable to the personnel capabilities, their individual potentials and the company needs while maintaining the proportion of hourly to salaried positions.

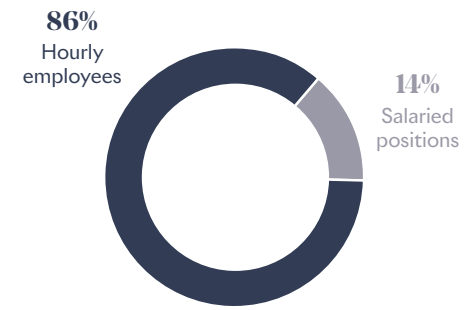
With an internal performance and responsibility reassessment program, Pangea challenged its employees to



Workforce Ending Dec Y'23



Hourly vs Salaried Positions Dec Y'23





OUR PRODUCTION SITES
AND OFFICES ARE PRESENT IN

8 countries

EXPANDING OUR
GEOGRAPHIC PRESENCE TO

4 continents

adapt to new technology, digitalization of information, new leather production and advanced sales to bring a design concept to a feasible article capable of meeting our customers' evolving expectations. In turn, we recognize that our employees expect transparency that includes their contribution to our future and how Pangea supports the surrounding communities where we operate.

Together with employee representatives, Pangea continues to foster a diverse culture, in which all join forces with the same intent to build the future of the company, and where multidisciplinary teams can demonstrate and develop their talent. We are committed to engage with all forms of employee representation, treating each with respect and care. We encourage our



employees to communicate their concerns and celebrations with management during regular All-Hands meetings, and with union leaders in those locations where we hold labor contracts. As we hear their voices, we look for opportunities, for our workforce to get involved in community programs and strengthen their relationships with stakeholders. With management engaging the employees in 2023, 51% of the workforce responded to employee engagement surveys.

Our HR policies allow employees to grow in a culture where results are obtained collectively. Pangea encourages employees and promotes an entrepreneurial spirit through the *Global Innovation Award System* as an incubator of ideas. Employees go through periodic training on what Lean and Innovation means to the company and how their contributions through generating innovative thoughts and implementing simple actions can add value to their daily routine tasks, products, and services rendered.



Safety and Wellbeing

As we progress with our sustainability strategy, we must first ensure all associates feel safe, welcomed, appreciated and respected while maintaining a sense of value to the success of the company. The Pangea workforce put forth over 7.2 million working hours in 2023, despite some industrial and market disruptions. The uncontrolled absenteeism rate dropped significantly from a global 4.1% annual mark for the year 2022 to 2.8% at the closing of 2023, a rate that is par with the annual averages for the sector of manufacturing of durable goods.

We work to provide safe, reliable, and efficient operations. Pangea's total recordable injury rate (TRIR) indicates that one injury is recorded for every 425,000 hours of collective work (17 recordable cases in 2023). This rate is still 85% lower than what is benchmarked as average by the Bureau of Labor Statistics for the category of business closely related to Pangea operations (Motor Vehicle Seating and Interior Trim Manufacturer, NAICS 33636).

In 2023, we reminded ourselves that safety can never be overlooked. With a slight increase in work-related injuries we revamped safety training programs dedicated to the wellbeing of all employees aiming to mitigate further hazards. We strive for zero incidents at all facilities and remind ourselves daily that accidents are preventable.



2.8% absenteeism rate in 2023

↓ *Down from 4.1% in 2022*



Pangea's total recordable injury rate is **85% lower** than what is benchmarked as average by the Bureau of Labor Statistics



Inclusive Environment

Pangea is committed to attracting and retaining creative minds in the industry and has always been committed to offering an equal and inclusive work environment. As set forth in our Code of Conduct, we are aligned with the vision of the UN Sustainable Development Goal of equal ease of access to resources, opportunities, and universal protections regardless of gender, including economic and decision-making participation in the corporate organization. In doing so, Pangea values different behaviors, aspirations, and needs equally, independent of gender or personal beliefs.

It is our belief that to achieve our full potential as a global organization working with multiple ethnic groups we have to make sure that employees, in all of their capacities, are bringing their authentic selves to the workplace. We encourage the empowerment of women in the workplace,

industry, and community: our management is comprised of 41% of salaried positions being fulfilled by women, and globally, 44% of Pangea's workforce is carried by women. Keeping diversity at heart, we understand and promote it within our organization. We believe that tangible benefits are promoted, such as creativity and innovation, brand



Globally, 41% of salaried management positions are fulfilled by women.



44% of Pangea's entire workforce is carried by women.



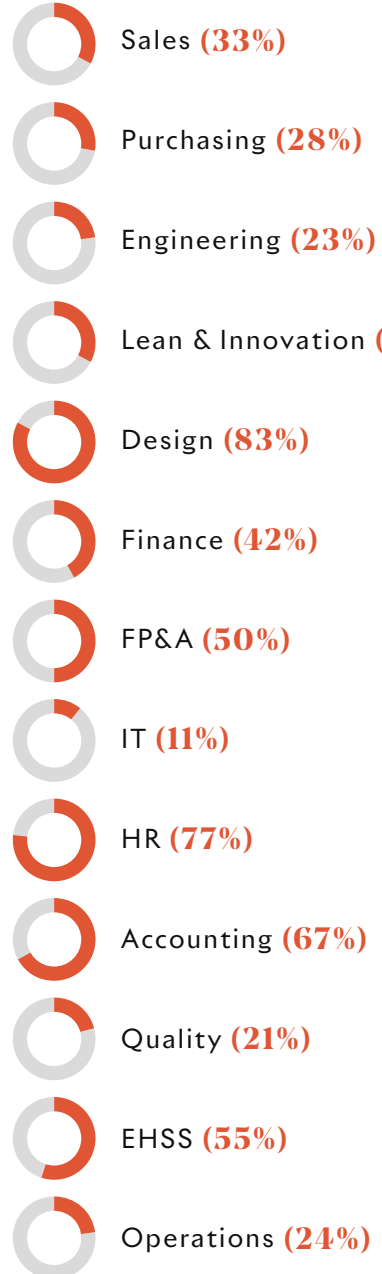
Pangea is committed to attracting and retaining creative minds in the industry and has always been committed to offering an equal and inclusive work environment.

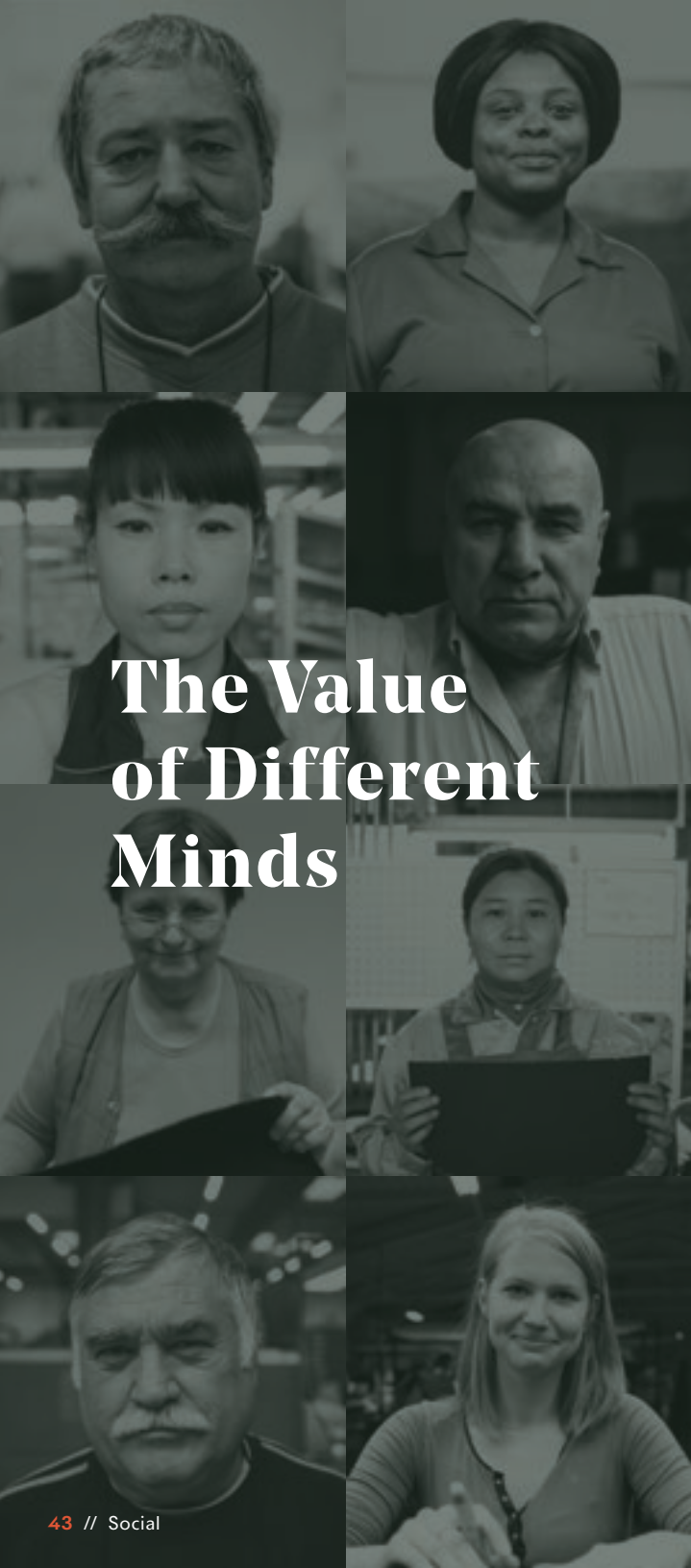
reputation and productivity when having a dynamic interaction at all levels between a more diverse group.

With this commitment and transparency, Pangea shares its intention to continuously adopt business practices that support an inclusive workplace globally. In such a working environment, we center our focus on creating positive experiences for the customer through the full set of products and services we offer.

Workforce Dec Y'23

Women participation in higher management organizational positions





The Value of Different Minds

Our employees are indeed the driving force for the sustainable growth of Pangea, not only by means of hands-on daily activities, but also by creating different pulses of thought and innovation. We value their feedback and place great importance on establishing a workplace where employees can demonstrate their potential and be respected.

Through our Global Innovation Dashboard, we captured the number of ideas submitted, implemented, and overall savings realized or expected value added. For S-Innovation, 1403 idea cards were submitted (+22% from previous year) and 37% were implemented generating an average gain of \$930 per idea implemented. Every

We value our employees' feedback and place great importance on establishing a workplace where employees can demonstrate their potential and be respected.

idea implemented is rewarded for its meaningfulness.

Other innovative ideas are process and systems related, being repeatable and strategic with higher return. In this category of R-Innovation, Pangea projected a gain of \$6.7MM in value to its services, products, and operational performance.



S-INNOVATION



1,403 idea cards

were submitted as simple ideas and suggestions

📈 *Up 22% from previous year*

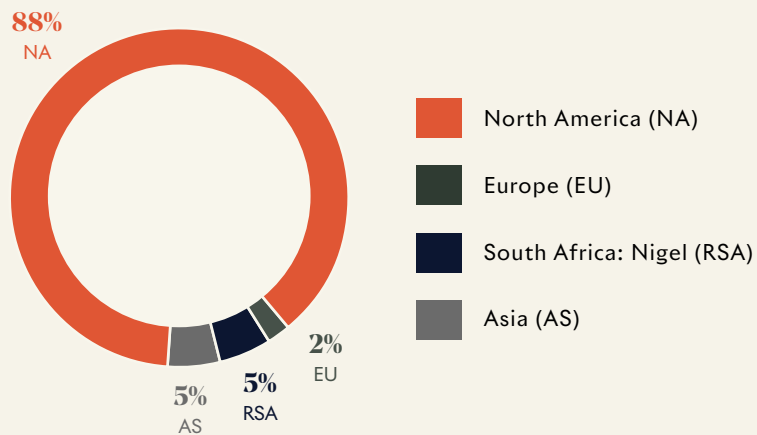


37% implemented

generating an average gain of \$930 per idea implemented

S-Innovation Ideas Implemented

Global distribution (%)



R-INNOVATION

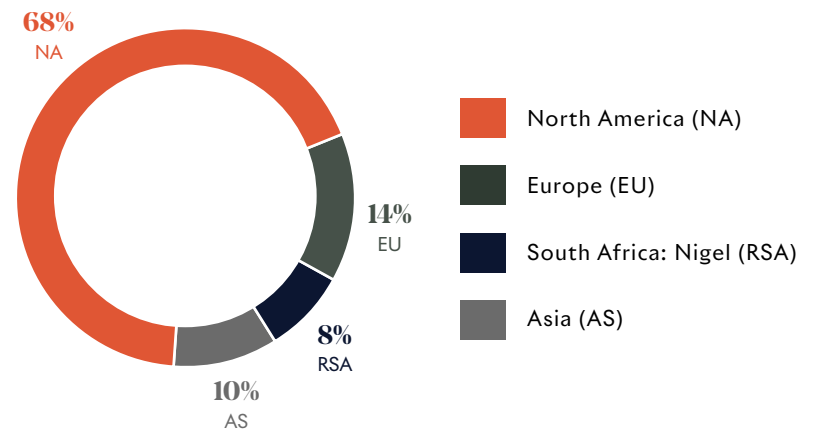


\$6.7MM

projected gain in value to Pangea services, products, and operational performance

R-Innovation Ideas Implemented

Global distribution (%)





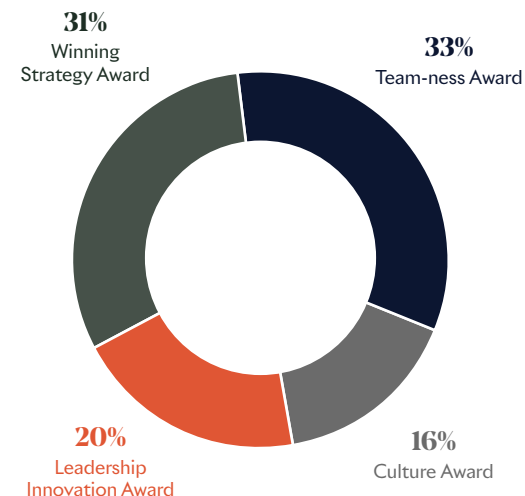
Our employees fulfill many roles, and with that comes their natural expectation of being recognized for doing a good job. Recognition is a simple way for Pangea to demonstrate our investment in and commitment to our employees, boost morale, and improve both job satisfaction and productivity. Pangea takes pride in having the insight to reward and recognize employees in a manner that is open to all, effective in maintaining positive relationships with each associate, and increasing the dynamic of their teammates. In 2023, we capitalized on this mindset and instituted the Global Recognition Award with the following levels:

Pangea Core Behaviors: Help, Engage, Excel, Respect, Build

- **Teamness Award:** in recognition of extraordinary working efforts resulting in outstanding accomplishment for the departmental function related.
- **Culture Award:** in recognition of the efforts of living Pangea's Core Behaviors*, maintaining a positive outlook and engaging servant leadership to the benefit of all.
- **Winning Strategy Award:** in recognition of representation of Pangea's Winning Strategy: outstanding customer service and disciplined passion for leather, advancing our position as leaders in the leather industry.
- **Leadership Innovation Award:** in recognition of employees who exhibit a combination of exceptional leadership behaviors and achievements associated with the Strategic Scope of our business, making Pangea a more effective and efficient supplier of quality leather.



Global Recognition Awards Distribution





Employee and Community Engagement

With the use of a social intranet, we make it possible for regions and their human resource departments to share experiences, accomplishments, unique awards and community engagement, activities otherwise not vividly shareable between production sites. Our regional HR groups publish monthly newsletters and quarterly global updates with the purpose of maintaining a two-way communication between regions, corporate and stakeholders, and for corporate to relay executive and general manager communication.

Beyond nurturing the mind and health of our employees, we also foster communities around us. We aim to contribute to the economic and societal development of local communities to better serve them. This happens via interactions with municipal government, public schools, park and recreational centers, NGO's and community groups.

In Hungary, we engaged in a workshop and job fair with the University of Pannonia, bringing the opportunity of internships to young students in higher education, mainly in the field of engineering. Such interaction provides us with the opportunity to extend work-related experience training for the period of 22 calendar weeks to students who will become future professionals potentially working with us upon graduation. This is an example to be followed by other Pangea regions in collaboration with local learning centers and educational institutions.

In RSA, Pangea maintains a program for employees to bring their daughters to the workplace environment. The intent is to spring their interest in the business and to encourage women to take key and strategic roles in a workplace setting. Pangea RSA also completed its second year of a strategic partnership with the Nelson Mandela University to train employees in

Lean Six Sigma and Industrial Engineering. To date, over thirty Pangea collaborators have graduated from the program, bringing innovative solutions to highly complex projects within our Nigel facility.

With the intent to recognize the impactful actions and work discipline of key collaborators to the success of Pangea Leon (MX) in 2023 with the achievement of LWG Gold level, plant management nominated a team of employees to participate in the “Guanajuato State Award for Labor Merit”. Its objective is to recognize workers present in the State of Guanajuato, Mexico, who “have carried out actions to improve productivity and innovation in their workplaces, seeking to consider and recognize the person as the main driving force of the development of their organization.” Our team of 9 nominated members received the award from the State Governor’s Office.



Often, Pangea coordinates collections of school supplies, children’s books, shoes, and uniforms. We allocate time for volunteering across all sites, knowing that this simple call for action brings a smile to the face of children in kindergarten and public schools from neighborhoods around us. Compassion comes from within, and we are thankful for the kindness and generosity shown by all Pangea members.

Looking at our surroundings makes us think about re-imagining community, creating intentional public spaces and improving the places we live, work and play. At a local

kindergarten in Jánosháza, 20 Pangea volunteers sanded, scraped, and wire-brushed a 72-meter-long wood fence so that a follow-up team of 25 volunteers could paint it with three vivid colors of the nursery’s choice. Around the same time, our Jiaxing workforce offered to express their artistic side and applied colorful graffiti along container walls at the facility in China. Adding outdoor art to static structures not only makes our space more visually appealing, but also adds a unique touch that can become a conversation starter.

Engagement with Customers

Pangea makes every effort to improve customer connection and to stand out as a brand that OEMs choose for their vehicle interiors. To lead the way as a premier manufacturer of automotive leather, we develop new products that incorporate trends observed across other segments of the leather industry, from fashion to structural. We also go beyond products and offer our customers insight.

We host learning sessions for new associates from our customers who have not experienced an industrial setting or are unfamiliar with leather manufacturing. This type of open engagement brings a benefit not only to Pangea, but to the leather industry in general, as we showcase true craftsmanship of a resource so unique.

In today's environment, customers expect more than outstanding products and services. They want us to be responsible members of the community as they are also stewards for sustainability. Our Engineering, Product Development and Design teams

stay atop of market and industry fairs and customer events. This allows us to convey their valuable opinions and requests to the relevant departments within our business. By the same token, we check how our business and products are perceived by direct consumers and their loyalty to the brand or preference for leather. Client satisfaction and market surveys assist with identifying critical areas for improvement, preparing corrective actions, improving customer service and bringing to market innovative features to the leathers we produce.

For the year of this report, Pangea launched its 2nd Corporate Show. We presented this show at customer sites, off-campus, and virtually over 50 times to global OEMs. On more than half of these occasions, our Director of Sustainability formally engaged customers with sustainability topics and our belief that the choice of leather is a logical one. We see these examples of engagement with customers growing in frequency and becoming a large feature of our corporate culture. We strive to provide a product and service unlike anything else in the market.



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Governance



Pangea has set up global management systems tracking and analyzing multiple assorted metrics and a sustainability framework that provides relevant data for strategic decision-making.

Constantly present in our ESG framework is the goal to increase transparency and traceability across our value chain. This gives us greater oversight and control of our impact and allows us to share our performance while creating corporate accountability.

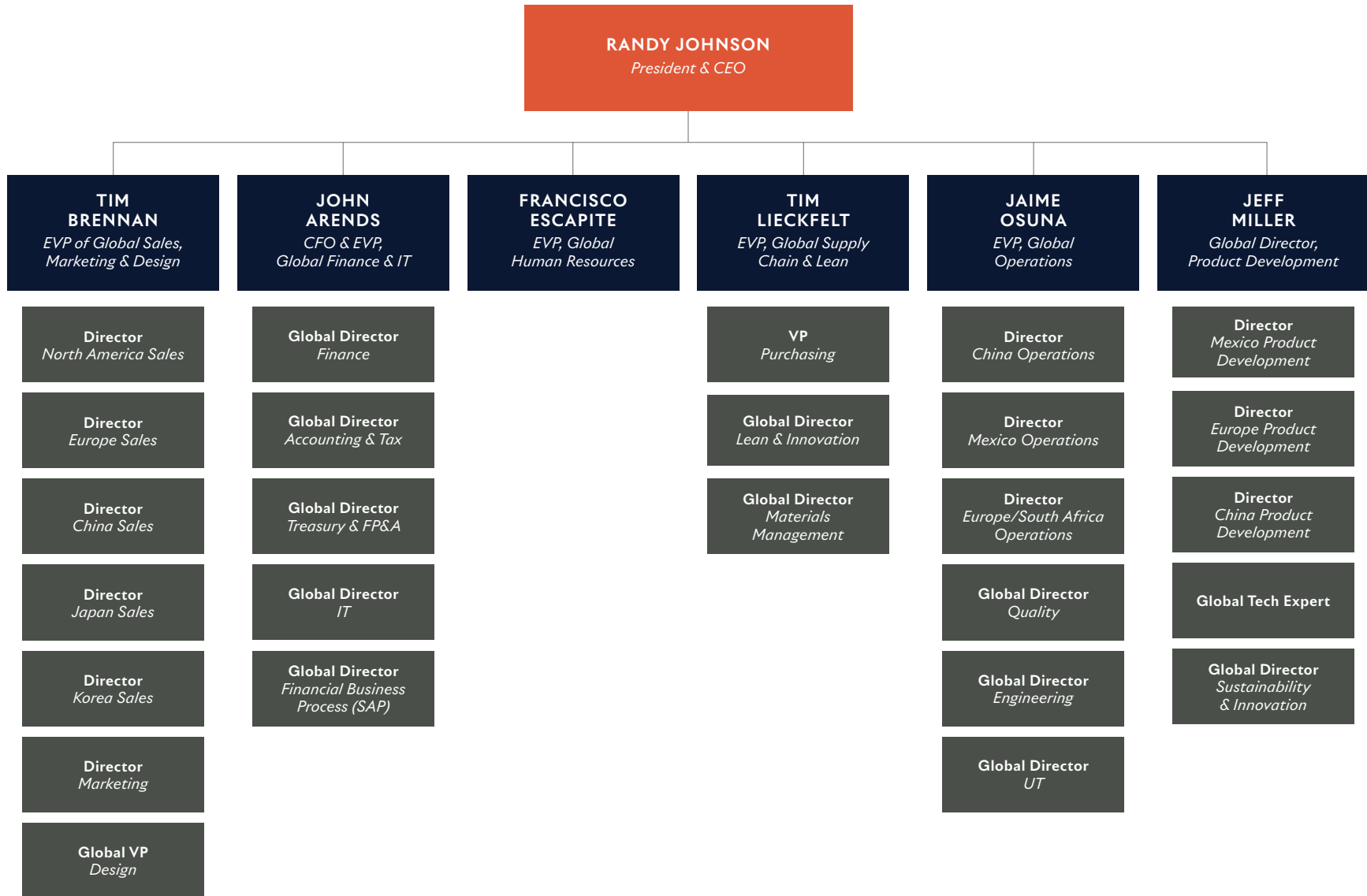
We take a forward-looking approach to governance, prioritizing a structure that includes Board oversight. Pangea has set up global management systems tracking and analyzing multiple assorted metrics and a sustainability framework that provides relevant data for strategic decision-making. Information is monitored by our Board of Directors through the Executive Committee and Chief Executive Officer, creating a culture of accountability.

Leadership and corporate governance in parallel to strategic development have contributed to the creation of a

business culture for the advancement of the Sustainable Development Goals (SDGs). To be a sustainable company, Pangea seeks the highest transparency of its core values to display a level of ethics and servitude. This corporate governance system allows us to implement fundamental monitoring practices and manage risks that otherwise could have the potential to impede us from achieving our goals in the regions we operate. To integrate sustainability throughout our company, Pangea has established processes requiring feasibility assessments and sustainability considerations within our product development and design for manufacturability.

Working beyond the environmental aspects of sustainability, Pangea embraces the well-known United Nations Global Compact, aligning our operations and governance towards the respect and promotion of

Corporate Governance Structure Chart





human rights, respecting the Guiding Principles and International Conventions of the UN and the *International Labour Organization* (ILO). Considering the interests of stakeholders in strategic or operational decisions, an ESG Committee oversees monitoring, evaluation and reporting on sustainable policies and practices, strategy, and performance. In addition, responsibility is exercised within all management or executive functions of the company. Making sustainability central to decisions and actions can boost our performance

and allows Pangea to improve its economic and financial efficiency by reducing costs, driving innovation, and creating new revenue streams. It also creates opportunities to safeguard the value of our assets and manage risks more effectively, whether they are social, environmental, legal, financial, or reputational.

We will continue improving product and value chain transparency to help OEMs and vehicle owners better understand the impacts of leather. Pangea continues to release information that educates readers

on the modern leather industry to correct the market narrative and sustainability profile that is representative of genuine leather produced today. Collaborating with industry leaders, we can together align the significance of using leather and promote the idea that this is a valuable animal substrate that otherwise would be discarded and end up with higher GHG emissions impact than having it processed as leather.

In favor of a diverse dialogue, our respect for human rights, social responsibility, and the right to privacy is expressed and safeguarded in non-discrimination and anti-harassment policies that are broader in language than regional legal requirements. Pangea is firmly committed to respecting and supporting human rights in activities, and localities in which we operate. This commitment extends throughout the entire value chain, as described in our *Sustainable Procurement, Supply Chain, and Supplier Code of Conduct Policy*. In summary, as a global leather company with an extensive supply chain, Pangea's commitment to human rights calls for high standards

that protect our workers, enhance our corporate integrity across the organization and surrounding communities and provide effective channels for addressing concerns for employees and stakeholders. We require all suppliers and business partners to sign and adhere to the standards of conduct set forth in our *Code of Business Conduct and Ethics* and our *Supplier Code of Conduct*. This includes compliance with and the aspiration to go beyond the minimum requirements and international standards.

To assess the accuracy of our ESG approach and what metrics are relevant to our business, we analyzed several topics selected from standards of the leather industry spectrum, from fashion and textiles to automotive. This assessment took into consideration internal and external stakeholder priorities based on customer and employee engagement, our past ESG disclosures, peer and sector benchmarking, new regulatory requirements, and overall media coverage of the leather industry. During this process, we recognized the insights that our key stakeholders can bring to the development of our sustainability

strategies. As such, we placed high importance on engaging them to better understand their needs, concerns, and expectations regarding sustainability at Pangea. As a guide, the materiality assessment involved looking at whether a topic is likely to influence the value of the company through the risk or opportunity it represents and the significance of Pangea's impacts on the economy, environment, and people.

We preliminarily identified risk areas based on the expertise of relevant

departments within our organization. This materiality assessment allowed us to focus our reporting on sustainability-related information that is useful to our organization and primary customers: identify critical economic, environmental, and social issues over which we have direct impact or that have a significant risk to our business performance and long-term value creation.

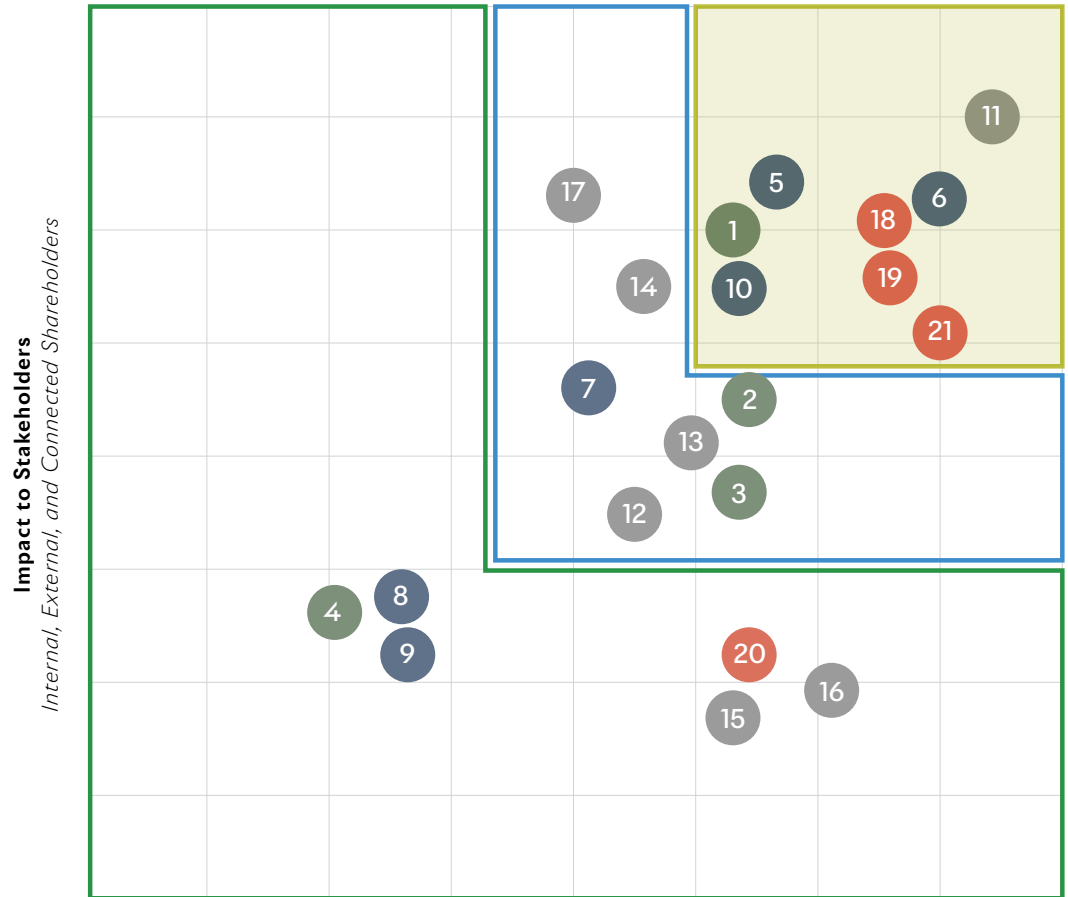
Making sustainability central to decisions and actions can boost our performance and allows Pangea to improve its economic and financial efficiency by reducing costs, driving innovation, and creating new revenue streams, as examples of corporate advancements.



Materiality Map



ESG Topic Materiality Matrix



Relevance to Pangea's Performance
Significance of Economic, Environmental and Social Impacts

- Strategic Values - high priority
- Medium Priority Issues, continual efforts
- Adequate Systems In Place

Macro-Risks, Challenges and Opportunities

Macro-risk	ESG Challenges / Opportunities	Definition used in the assessment	Relevant material topics
Bringing a tangible impact on the environment	Industrial site carbon footprints, GHG emissions and climate change relationship	Management of direct and indirect emissions of greenhouse gases (GHGs) and emission reduction targets to limit Pangea's contribution to climate change.	<ol style="list-style-type: none"> 1. Energy consumption & related emissions 2. Water usage 3. Material consumption & waste output 4. Animal welfare & traceability
	Energy management and transition to renewables	Management of energy consumption, production, energy grid diversification and offsets associated with the environmental and social impact from energy use, to be less reliant on fossil-fuel.	
	Waste management	The practices implemented to control materials used or disposed of in operations and circularity approaches to minimize the burden to health or the environment.	
	Environmental impact	Our operational impacts that affect the protection of land, forests, and biodiversity resources.	
	Deforestation	How relatable is our supply chain to issues contributing to deforestation and our actions to improve traceability and forest conservation.	
Being fair and equal, ensuring protection of human rights and supporting a balanced supply chain	Sustainable procurement and responsible consumption of materials	Our ability to promote sustainable sourcing, consumption, and production routes and maintain an interactive communication with suppliers on these matters.	<ol style="list-style-type: none"> 5. Responsible sourcing 6. Health & safety 7. Working hours & fair compensation 8. Labor rights, worker protections & anti-discrimination 9. Inclusion, diversity & equal rights 10. Continuous training
	Human rights	The fundamental rights and freedoms inherent to all of us and the global policies, measures, and actions necessary to uphold these rights.	
	Labor practices	Employment practices regarding the internal and contracted workforce throughout the value chain, our compliance with regulatory regimes and internationally accepted labor standards in the workplace (labor rights, accessibility to benefits, and fair compensation).	
	Workforce management	How we ensure workforce functions at its most productive levels throughout organizational changes, including employee recruitment, retention, and skill development programs.	
	Employee health and safety	Safety performance and the mechanisms in place to maintain a safe and healthy workplace environment (protocols, training, work arrangements, and the physical and mental working conditions to which employees are exposed).	
	Community and employee engagement	The relationship between us and the communities in which we operate, including engagement mechanisms, outreach and community contributions, volunteering, and impact on local communities.	
	Employee diversity and inclusion	Processes and mechanisms in place to grow and maintain diversity in the workforce and ensure equal opportunities and treatment for all employees.	

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Macro-Risks, Challenges and Opportunities

◀ Continued from previous page

Macro-risk	ESG Challenges / Opportunities	Definition used in the assessment	Material topics
Upholding high standards and ethics in governance and business practices	Business model resilience	How we identify and manage risks and opportunities connected to ESG challenges. This includes how Pangea responds and adapts to these challenges to carry on its business, profitability, growth, and create value for stockholders and customers in the long term.	11. Profitability 12. Public policy 13. Ethical business & fair trade 14. Data privacy & security 15. Supplier performance 16. Marketing & authentic messaging 17. Governance communication
	Competitive behavior	Our practices to compete and not restrict free trade between commercial partners in a market, including anti-competitive behavior and protectionism. This includes protection and infringement of intellectual property rights.	
	Customer engagement	Management of the dynamics of client expectations that affect satisfaction, loyalty, and brand reputation, as well as the mechanisms to ensure clients are treated fairly and honestly during commercial transactions	
	Customer privacy and data security	How we manage information technology related to protecting private information, critical information systems, and networks from security breaches	
	Selling practices and product marketing	The requirements, standards, certifications, and established practices regarding the information presented to potential clients when designing, advertising, and selling services.	
	Transparency	Our comprehensive management of corporate communication through recording, reporting, and the flow of information and analysis of corporate developments and performance to equity holders and how accurate and complete the information is presented to clients and our employees.	
	Corporate ethics	The moral code of conduct and guiding principles to the strategic and operational management of our business. This includes the management of risks and opportunities associated with ethical considerations, lawful behavior, and compliance practices.	
	Corporate governance	The mechanisms, procedures, and rules concerning a company's internal control, supervision, reporting, and decision-making systems.	
Being at the forefront of development that adapts to changes in market and to new customer expectations	Management of legal and regulatory scopes	Regulatory compliance strategy and how we engage and align ourselves with regulators to make public and corporate interests compatible. This includes corporate compliance management, government relations, as well as responsible tax planning.	18. Innovation 19. Customer engagement 20. Business due diligence 21. Regulatory compliance
	Innovation and technology	The development and use of advanced technologies and innovations to generate new business processes, advanced materials, edgy design and improve clients' and other stakeholders' experiences with our products and services.	



Respect For Human Rights

Our policies and programs upholding human rights are guided by internationally recognized principles communicated by the *United Nations Guiding Principles on Business and Human Rights* and its *Universal Declaration of Human Rights* (UDHR) for business enterprises. They include those expressed in the ILO - *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*.

We recognize that we are part of the communities in which we operate and are expected to conduct ourselves in a socially responsible manner by respecting the cultures and traditions of these communities. All of us at Pangea are expected to act with integrity and in good faith to ensure the trust and support of the community. Our Human Rights Policy affirms our commitment to respecting and broadcasting human rights across the entire value chain: Pangea condemns all forms

of forced, compulsory, exploitative, and underage work, while valuing diversity and inclusion of the people with whom and for whom we work.

A key aspect to safeguarding the personal dignity of our employees is to ensure that intimidation, harassment, and violence do not occur, and if it occurs, it is to be investigated and sanctioned adequately and expeditiously. Pangea has a policy of zero tolerance for harassment and discrimination and does not tolerate disrespectful or inappropriate behavior, unfair treatment, or retaliation of any kind. We respect employees' rights to freedom of association. Our recruiting, hiring, and promotion practices are based on merit and applied without discrimination notwithstanding of union or non-union representation.



Global Code of Conduct and Ethics

Our sustainability efforts are also based on all employees' ability to carry out their responsible tasks with a high level of integrity. The foundation of Pangea's Code of Business Conduct & Ethics is based upon conducting business as a respectable corporate citizen in strict compliance with the laws of the jurisdictions in which it does business, promoting a working environment which allows its employees to practice and maintain high ethical standards. It defines a set of behavioral expectations from all Pangea members and addresses the risks that reflect the complexity of our value chain, scope and scale of our operations. This includes, at a minimum:

- anti-corruption and anti-bribery
- data protection and information security
- financial responsibility
- privacy and disclosure of information

- fair compensation and anti-trust
- conflicts of interest
- counterfeit part provisions
- intellectual property protection
- ethical recruiting, hiring, and civil rights
- whistleblowing and protection against retaliation
- export controls

All policies and guidelines are available online and translated into local languages to ensure cross-the-board understanding. This helps to confirm all employees are fully aware of our policies and able to act appropriately when faced with compliance issues. Other corporate statements supplement this Global Code of Conduct & Ethics to boast decision-making, personal information management, information security, bribery and corruption, use of social media, and customer privacy.

Additionally, Pangea proactively promotes ethical behavior in its business relationships with suppliers and customers and extends access of information to the supply chain under our Supplier Portal. In a rare occasion of uncertainty as to proper conduct being followed, any concerned person can either counsel from their direct supervisor or access the anonymous Ethics Hotline, which is available in multilanguage menu.

Pangea believes that doing what is right is vital to our continued success. To comply with our commitment to abide by all laws and regulations of the regions in which we operate, a key element for success of our ethics and compliance program is education. Training our employees helps them

understand the expectations and policies related to our Code of Business Conduct & Ethics and other additional company compliance areas. As such, all salaried positions are required to complete annual ethics and compliance courses.

In summary, the **Global Code of Conduct & Ethics** cares for i) complying with all laws and regulations; ii) promoting safety and wellness; iii) avoiding conflict of interest; iv) preserving company assets; v) being impartial and acting with fairness; vi) being transparent and accountable, vii) valuing diversity and providing equal opportunity; viii) being environmentally responsible; ix) being active towards the Code of Conduct.

In summary, the Global Code of Conduct cares for:

- 01 Complying with all laws and regulations
- 02 Promoting safety and wellness
- 03 Avoiding conflict of interest
- 04 Preserving company assets
- 05 Being impartial and acting with fairness
- 06 Being transparent and accountable
- 07 Valuing diversity and providing equal opportunity
- 08 Being environmentally responsible
- 09 Being active towards the Code of Conduct

Supplier Management and Sustainable Procurement

We set our sustainable procurement and responsible buying options with the ambition to deliver a strong social and environmental benefit through selection, purchase, use, and disposal of products and services, and through how we work with suppliers to improve their own impacts. Pangea's intent is to maintain a high level of sustainability within its operations while encouraging all stakeholders to follow suit.

One component of our supplier due diligence process is the assessment of certifications, practices, and policies in areas that include environmental, sustainability, and data privacy. This process takes into consideration a risk-based approach to identify and prevent adverse ESG impacts in our supply chain. Supplier assessments require document verification and review by representatives of Pangea and certifications through independent third party against globally recognized standards and frameworks.

For Clients	For People	For Workplaces	For Communities
<i>Pangea expects suppliers to...</i>	<i>Pangea expects suppliers to...</i>	<i>Pangea expects suppliers to...</i>	<i>Pangea expects suppliers to...</i>
<ul style="list-style-type: none"> ...understand the goals and priorities our clients and services in a manner which is compliant with and/or contributes value ...minimize their impact on the environment via resource conservation, emission mitigation and sustainability best practices (personnel, equipment, products and procedures used) ...deliver smart, forward-thinking and value-enhancing solutions at every opportunity 	<ul style="list-style-type: none"> ...provide a culture of safety ...follow national minimum wage requirements and adhering to Fair Wage and Living Wage requirements ...ensure effective systems and procedures are in place to eliminate Modern Slavery ...be committed to the health and well-being of their staff and in the safety of goods and services provided ...promote Diversity & Inclusion by embracing diverse background and skillsets in their workplaces 	<ul style="list-style-type: none"> ...actively reduce the carbon footprint of their products or services and provide energy/ carbon efficiency options ...demonstrate climate resilience of their operations, goods, and services to ensure client needs are met ...understand and reduce waste, water, the life cycle environmental impacts of their products and services and working towards circular economy 	<ul style="list-style-type: none"> ...demonstrate positive social impact and responsible procurement practices ...support community engagement ...promote professional skills development through employee training and offering employment to the local community ...commit to strong principles of business ethics, ensuring compliance to regulatory requirements



Deforestation and Supply Chain Traceability

Our extended global supply chain involves cattle farming. This industry is often the focus of attention regarding initiatives to limit and prevent risks of deforestation and land degradation. In line with the due diligence and accountability frameworks that surround the beef industry, Pangea outlines the following expectations for our supply base and defines deforestation as the conversion of a natural forest or other natural ecosystem to agriculture and livestock production, or other land uses causing sustained degradation of a natural ecosystem (biome).

We expect new and existent suppliers to be able to meet the following guidelines to prevent deforestation from a specific

cut-off date set by governmental and market upcoming legislations European Union Deforestation Regulation (EUDR) and available satellite imagery delineating farmland and forestry boundaries: all raw, tanned, or crust hides supplied to Pangea must be from deforestation-free areas, sourced legally, and with available supply chain transparency.

We are working to expand our deforestation-free requirements to new suppliers, utilizing certifications where they align, and expanding more detailed specifications and sharing best practices when applicable. We are making strategic choices on how best to adapt our supply chain to upkeep manufacturability

and on-time productivity to support the automotive industry and maintain compliance with all customer requirements and ruling legislations that affect the cattle industry. Pangea intends to map the possible risks and drivers of deforestation from sensitive biomes, predominantly in South America, that could be addressed with current technological and monitoring initiatives already in place by the exporting beef industries. We aim to identify opportunities to simplify our supply base. This will increase the effectiveness of monitoring and traceability, ensuring we only work with hide suppliers that align with our requirements.

Open dialogue with hide suppliers in South America and observation of their traceability status indicates that they

We are working to expand our deforestation-free requirements to new suppliers, utilizing certifications where they align, and expanding more detailed specifications and sharing best practices when applicable.

are ready with sector-wide satellite-based monitoring processes to verify ranchers' compliance with deforestation and traceability. They have also indicated the establishment of processes to rectify instances of deforestation in their upstream supply by engaging, suspending, or removing suppliers that do not comply after notification of non-conformity to deforestation-free requirements. This also includes reforestation or restoration of affected areas as possible solutions.

Animal Welfare



Animal welfare is concerned with the well-being of cattle and complements the objectives of beef assurance systems that demonstrate the production of safe beef to consumers and food chain stakeholders. Since the beginning of the development of animal welfare standards by the World Organization for Animal Health (WOAH, founded as OIE), regional and international organizations ensure that private-sector standards (including commercial standards) meet the goals and evolving guidelines of such welfare codes, and that the five basic animal freedoms underpin farm animal welfare best practice. Today, protecting the welfare of animals is closely linked to animal productivity (hence quality of hides) and this practice has unequivocally entered the public policy mainstream in a growing number of protein-consuming markets, with significant public and private regulations governing the welfare of animals.

Not surprising is the fact that the Sustainable Development Goals call for

the participation of all supply chains and that economic, societal, and environmental aspects of any action are always intercorrelated for the common objective. Respecting livestock, we see them as an interface between managed natural systems and responsible industrialization with the purpose of preserving cattle hide resources.

Pangea has a well-established policy and relationship with our hide sourcing routes. We have observed over the years that animal welfare science has become a well-established discipline: The countries we source hides from, their cattle farming and safe-beef practices take into consideration their cultural and economic particularities and compliance to the export market. They all develop animal welfare policies and governance structures that involve training, advice, and research and analysis on the strategies implemented. Pangea embraces the work done by WOAH, and expect our supply chain to continue adhering to:

- Guaranteeing the implementation of the WOAH/OIE Animal Welfare Standards into their commercial farming and practices
- Disseminating and promoting the concept of animal welfare throughout their value chain with coordination, communication and education
- Achieving sustainable improvements in animal welfare, based on the development of regional and updated international research.
- Developing sustainable mechanisms for coordinating and promoting animal welfare programs, in connection with indirect suppliers throughout the cattle life.
- Establishing partnerships with the stakeholders with the aim of facilitating the implementation of WOAH/OIE Standards.

Our suppliers take pride in being a part of original and effective animal welfare certification programs available that are good for animals, good for people, and good for business.

Five basic animal freedoms:



Freedom from hunger and thirst

by ready access to fresh water and diet to maintain health and vigor.



Freedom from discomfort

by providing an appropriate environment including shelter and a comfortable resting area.



Freedom from pain, injury or disease

by prevention or rapid diagnosis and treatment.



Freedom to express normal behavior

by providing sufficient space, proper facilities and company of the animal's own kind.



Freedom from fear and distress

by ensuring conditions and treatment which avoid mental suffering.

Livestock and the SDGs

How livestock farming supports sustainable development goals

17. Partnership for the Goals

Many stakeholders of this sector and value chain have come together to elaborate traceability, safeguards to deforestation, and best practices for the industry.

16. Peace, Justice and Strong Institutions

Regional and cross-border treaties reduce tensions of access to land and livestock trading.

15. Life on Land

A myriad of biodiversity work in synergy with livestock farming and grasslands.

14. Life Below Water

Balanced livestock diet can reduce overexploitation of marine resources for fishmeal.

13. Climate Action

Livestock have a significant share of GHG emissions but have a large mitigation potential through soil carbon sequestration and reassessment of GWP* for short-lived methane.

12. Responsible Consumption and Production

Waste minimization with circularity in food chain and multiple crops.

11. Sustainable Cities and Communities

Global population benefits from food security of having livestock.

10. Reduced Inequalities

Source of employment and opportunities to provide market participation in rural areas.

1. No Poverty

Livestock provides pathways out of poverty – income, securing assets, improving productivity, opening market participation from less privileged rural areas.

2. Zero Hunger

High value protein, fertilization for crop production.

3. Good Health and Well Being

Essential micronutrients (for children and elderly).

4. Quality Education

By providing nutrition and income, livestock supports access to education.

5. Gender Equality

Globally in poor areas, majority of livestock keepers are women.

6. Clean Water and Sanitation

Regenerative grazing lands help secure vegetation, prevent soil erosion and secure clean water.

7. Affordable and Clean Energy

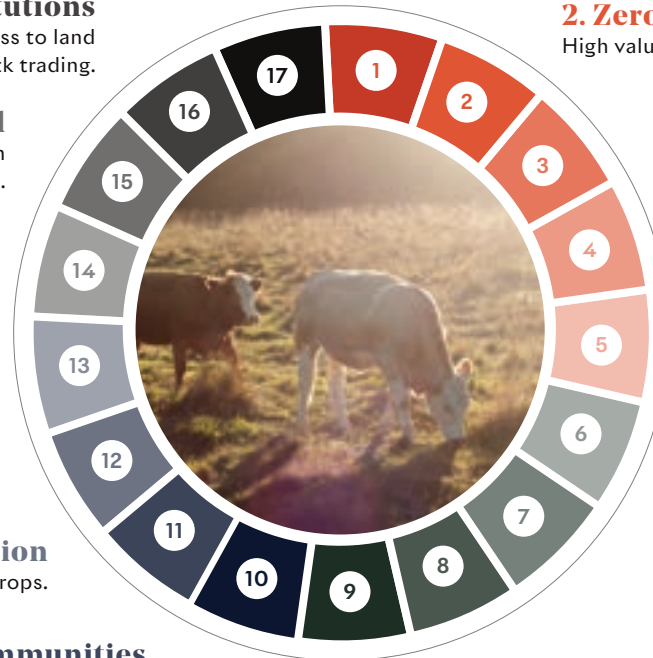
Livestock are energy sink and source for biogas.

8. Decent Work and Economic Growth

40% of global agriculture GDP is provided by livestock.

9. Industry, Innovation and Infrastructure

Numerous jobs related to the value chain.



Adapted from: Food and Agricultural Organisation of the United Nations (2015). FAO Synthesis – Livestock and the Sustainable Development Goals Global Agenda for Sustainable Livestock. Draft prepared by FAO-AGAL Livestock Information, Sector Analysis and Policy Branch.

Data Security and Information Management

Our strategy includes both short- and long-term initiatives to increase the security surrounding our assets, prototyping, and sensitive information shared with our customers. This is supplemented using third-party threat monitoring and rigorous security protocols that involve regular vulnerability assessments. Employees are required to participate in regular cyber security training campaigns designed to assist with safeguarding data and information.

Endpoint Protection

In 2023 we began the evaluation of the leading anti-malware solutions on the market. The scope defined for this project was protection, vulnerabilities, and control. Based on the results obtained amongst three leading brands, a solution was deployed on the company's servers and laptops globally.



5

internal and external security audits

1,700

employees enrolled in Security Awareness Training

0

critical security incidents

700

threats mitigated without impact



1,250

anti-malware deployment count

2,750

simulations launched to test our global phishing-prone rate

900,000+

emails automatically blocked

Risk Based Strategy

We built our IT risk matrix based on ISO 27001 and TISAX. The strategy for 2023 was based on NIST but all the controls, processes, and policies are aligned to ISO 27001 and TISAX. We created a plan for the next 2 years and have defined the risk management policy to keep the IT risk matrix updated.

Asset and Event Management

We finished the implementation of our new monitoring tool, the scope was infrastructure monitoring and will continue integrating application monitoring throughout 2024. We have improved our event management process to configure thresholds and critical alerts to respond quickly when we have an incident. Pangea now uses two categories for configuration, warning and critical, which bring the benefit of proactively anticipating an incident.



Our continuous line of focus involves:

- MFA – to enable a second factor of authentication, strengthening security
- Password management – to securely store administrative passwords and safeguard IT areas
- Asset management – to have visibility and control of IT assets at a global level
- Data loss prevention – to mark critical business information and have traceability of it
- TISAX certification – promoting customer trust
- Additional undisclosed defensive processes

Industry Governance

Contributing to the advancement of the leather industry regarding the automotive sector, Pangea participates in supply chain and sustainability rating platforms that use evidence-sharing, including reporting and audited results. We also treasure leather industry-specific auditing and certifications.

Examples are:



NQC, a supplier sustainability assurance initiative for the automotive supplier sector guided by Drive Sustainability – The Automotive Partnership Working Group. NQC is designed to indicate and verify supplier compliance on CSR/Sustainability topics by means of assessment and verification of the level of implementation of a management system, here “*defined as a combination of policies, processes, functions, tools and internal controls*”, that help an organization with the efficient integration of environmental, social, and governance topics into its corporate sustainability strategy. By participating in

the NQC assessment, we are compared to peer industries and the automotive supplier segment of the countries where we operate. The information generated is shared with our trading partners.

In 2023, the NQC SAQ 5.0 - Sustainability Assessment Questionnaire rated us for our company management, human rights and working conditions, health and safety, business ethics, environment, responsible supply chain management and topics related to responsible sourcing of raw materials.

All Pangea sites scored a “B” rating for the NQC Minimum Scope Rating section, above the leather industry average and above the automotive supplier industrial segment of the regions where our facilities are located. **On the Sustainability assessment, all sites scored in the top quartile**, once again, above the averages of the leather-related industry (354 industrial sites assessed by NQC) and considerably higher than the automotive supply chain averages at each of the countries where we have a manufacturing footprint.

Location	NQC Minimum Scope Rating			Sustainability Score		
	Pangea's Location and Rating	Peer Industry Segment Average	Country Average	Pangea's Rating	Peer Industry Segment Average	Country Average
Mexico	Leon: B	C (354 leather industries rated)	C (5,252 automotive related sites)	85%	71% (leather industry)	62%
	Nuevo Laredo: B			82%		
Germany	Mulheim: B		C (24,874 automotive related sites)	89%		59%
South Africa	Nigel: B		D (976 automotive related sites)	85%		55%
Hungary	Jánosháza: B	C (1,717 auto suppliers rated)	C (22,965 automotive related sites)	85%	73% (auto supplier industry)	63%

Our facilities in Saltillo (MX) and Jiaxing (China) are yet to be invited by customers to have their NQC assessment performed to the newest SAQ. Our intent is to have these two locations enlisted in NQC by customers in 2024 and for all sites to raise even further their NQC ratings.

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EcoVadis is a global sustainability rating platform that is not restricted to ratings of the automotive industry. By engaging voluntarily or by customer request, ratings through EcoVadis, measure Pangea’s sustainability performance with ratings on four themes (environment, labor and human rights, ethics and sustainable procurement). Their reporting includes details of relevant company strengths and highlights areas for improvement relative to similar industries and their overall benchmarks from industry surveys.

With the updates in the rating system and specifics of EcoVadis’ focus areas in 2023, we are reassessing our practices and responses to improve our Silver (top 25%) rating obtained in the past.

Starting with our Nigel (RSA) facility, **EcoVadis awarded a Gold level Sustainability Rating.** This places Pangea RSA in the 94% percentile amongst all companies rated by EcoVadis in our industrial segment.



Overall Score



Pangea RSA is in the **94th percentile** amongst all companies rated by EcoVadis in our industrial segment.

— Average Industry Score

Environment



Labor & Human Rights



Ethics



Sustainable Procurement



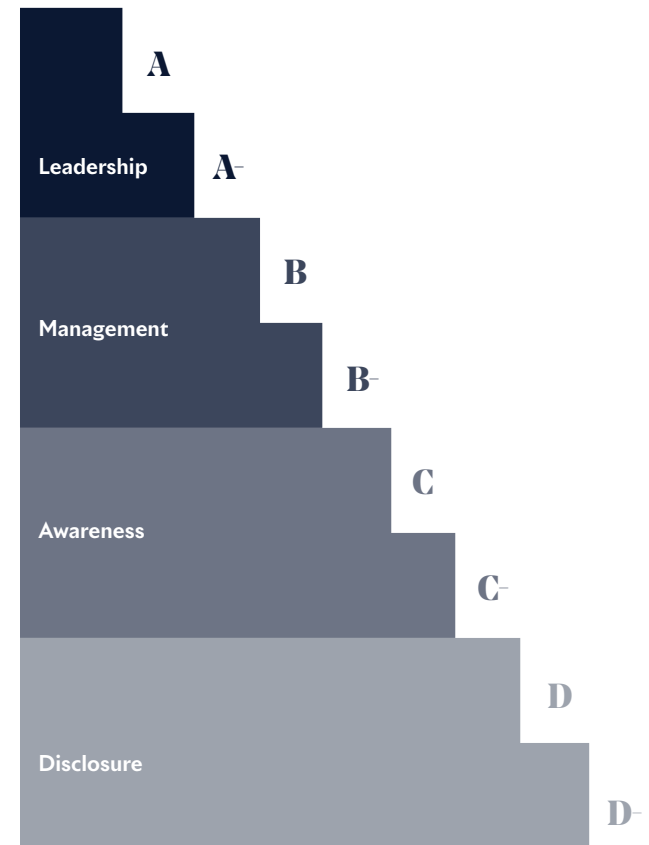


CDP, with focus on climate change, water, and deforestation, we participated with disclosures to the Climate Change section for self-reporting of carbon emissions, policies, and practices to mitigate climate impact of our operations. Participating in such an initiative enabled us to progress toward environmental stewardship through benchmarking and comparison with peers. At this time, we limited the boundaries of emissions reporting to our own processes and those of subcontractors if pertinent to specific production sites. By setting the boundaries around our processes we have an immediate vision of what can be optimized and acted upon under our control in a short timeframe, while upstream and downstream supply-chain contributions require consensus and agreements between companies and participants, which leads to longer lead time to deliver results for the

common goal of reducing emissions. **CDP gave Pangea an Awareness Level score (C),** the same as the North America regional average for industries involving agriculture. This indicates we have knowledge of the impacts of, climate issues, and have completed initial screenings or assessments. As we seek a Management Level score (B), we will assess a broader range of environmental issues and demonstrate a comprehensive level of awareness of how these issues intersect with our business.

Pangea’s participation in these supply chain sustainability platforms and assessments gives us the opportunity to measure how efficient our sustainability approach is and, at the same time, keeps us alert to continuously improve it. Pangea expects industry trends to always push for improvements of our own processes, policies, and practices and those of our value chain.

CDP Rating Scale



F=Failure to provide sufficient information to be evaluated



LWG, The Leather Working Group brings a reward to those organizations that champion best environmental practices in the leather industry. It is a “non-profit organization responsible for the world’s leading environmental certification for the leather manufacturing industry. It serves as a platform to promote ethical, responsible, and sustainable practices within the industry.” Their certification

involves an extensive audit that is extended to our subcontractors. The scope of the LWG certification for Pangea focuses only on post-tanning and finishing operations (cutting operations are outside of their audit scope). The auditing procedure and on-site inspections are multi-day events and require a full two years of data to be included in each report and future revalidations, covering all inputs and material traceability needed in the leather making and business operability documentation.

It is rewarding to disclose that in 2023 **all our facilities involving post-tanning and finishing operations received the highest LWG Gold**, scoring at a minimum 85% in each of the auditing sections and bringing a track record for consistently using the best practices in the leather making industry. Because LWG audit/certification extends its evaluation to our own supply chain, this achievement also means all our subcontractors and leather hide suppliers conform to same high standards.



Energy Consumption
GOLD



Water Usage
GOLD



EMS
GOLD



Waste Management
GOLD



Effluent Treatment
GOLD



Air & Noise Emissions
GOLD



RSL, Compliance, CrVI
GOLD



Chemical Management
GOLD



Operations Management
GOLD



Operating Permits
GOLD



Production Data
GOLD



HS Emergency Plans
GOLD



Social Responsibility Audit, we verified our compliance to international and local labor standards, health & safety, environment and ethical business practices by third parties (SLF- the Sustainable Leather Foundation, and **Sedex** – the Supplier Ethical Data Exchange). Their auditing brought up opportunities to help us reduce fatigue at work sites for specific functions, enhance ethical trading programs currently in place, motivate the workforce even further and identify mechanisms to answer to non-government organizations and customers and gain insights into the social and environmental performance of our own suppliers.



- NOT STARTED
- IN PROGRESS
- PASSED
- PASSEDPPLUS



By mapping our existing certifications onto SLF's Transparency Dashboard alongside their audits, we are able to generate an instant snapshot of our sustainability performance in a simple way accessible to customers. This enables transparency in the value chain and a better understanding of our sustainable good practices. Displayed is the example from our operations in Mulheim, Germany, showing the essential pillars of Environmental, Social, and Governance.

Illustration: SLF Dashboard for our operations in Mulheim, Germany.



Leather Leadership and Industry Relations

Pangea is active in the automotive supply chain and champions leather as a high-value, renewable material for vehicle interiors. We are dedicated to strengthening the positive image of leather. In partnership with **One 4 Leather**, an expert group of manufacturers and suppliers, we are generating online campaigns curating information for the general public and the industry with fact-based insights about leather. Collectively, *“we believe that consumers and industry professionals deserve full disclosure and verified information.”* Not only do they deserve transparency in materials, consumers also want to know what they’re buying – as well as its sustainability story.

With the same intent of providing transparency and integration throughout the leather value chain, we have engaged

with the **Sustainable Leather Foundation** and had our production sites subjected to a social responsibility audit by SLF. Results from their assessment guaranteed that we are on the correct path toward the ES&G responsibility essential to the leather industry.

Reaching out beyond the automotive world is a way to promote the leather industry as indispensable, cementing a critical mindset against misinformation. In June of 2023 we participated in the 117th American Leather Chemists Association (**ALCA**), presenting work titled “LCA, market and user data in an emotionally driven decision about using leather.” In this study, we compared the potential of environmental/climate impacts from actions of disposing cattle hides (landfill and incineration) to the impact of

the leather industry in processing hides into leather, noting that the cattle farming impact would be the same, regardless of the destiny given to the cattle hides. Should the market and leather consumers be concerned with the global warming contribution from the modern leather industry, the same outlets should be concerned about the effect of not using hides from beef cattle. It was concluded that moving leather away from consumer goods does not contribute to a scenario of an improved carbon output to the environment from the point of view of waste disposal considerations, let alone the need to have a substitute material for leather, should hides be discarded. This message resonated with groups asking for the framework of ISO 14040 to be redrawn for the uniqueness of the leather industry and reconsider the carbon penalty associated with upstream farming processes considering the impacts of the industry starting at the abattoirs instead.



Leather Working Group (LWG) is a global multi-stakeholder community committed to building a sustainable future with responsible leather.



The Sustainable Leather Foundation (SLF) believes ESG responsibility is essential in today's leather industry and our aim is to support all stakeholders to learn, improve and protect for future generations.



One 4 Leather is an expert group dedicated to strengthen the positive image of leather for automotive purposes by education and inspiring the general public and the industry. Based in Europe, O4L has a global voice.

We Stand United for Sustainable Leather Manufacturing



The Leather & Hide Council of America promotes quality US leather as the leather of choice, both at home and overseas, working with stakeholders from producer groups to buyers, from fashion houses to end consumers.

Marketing and Media Relations

Pangea not only markets a message for authentic leather products and advancements in the industry, but also focuses on our progress related to environmental, social and governance goals. A variety of media outlets make ESG relatable to our audience, including customers, employees, and communities at large. We see marketing and media relations as supportive to sustainability, as its role is to be informative, drive growth, and promote Pangea's brand recognition.

Measuring the response in press, our share of voice*, our impressions** and how often Pangea's name was mentioned or referenced online, we see a fantastic accomplishment in 2023. Amongst the top 5 automotive leather suppliers in the world, Pangea retained almost 63% of the conversation in the industry.

We understand that more visibility comes attached to more authority and responsibility to set standards and the need



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to leverage responsible products, in-house best practices, and innovative customer services. The ultimate goal of our messaging is not only to build long-term relationships with our automotive customers but also to educate and build confidence that the end consumer will make a conscious decision to utilize leather. Pangea's strategic goal is to connect with automotive employees, spreading the sustainability and desirability of leather. When successful, we will reduce landfill waste and CO₂ emissions.

**The number of impressions achieved in comparison to our top competitors*

***When audience sees an advertisement or post in their social media feed*



Closing Remarks

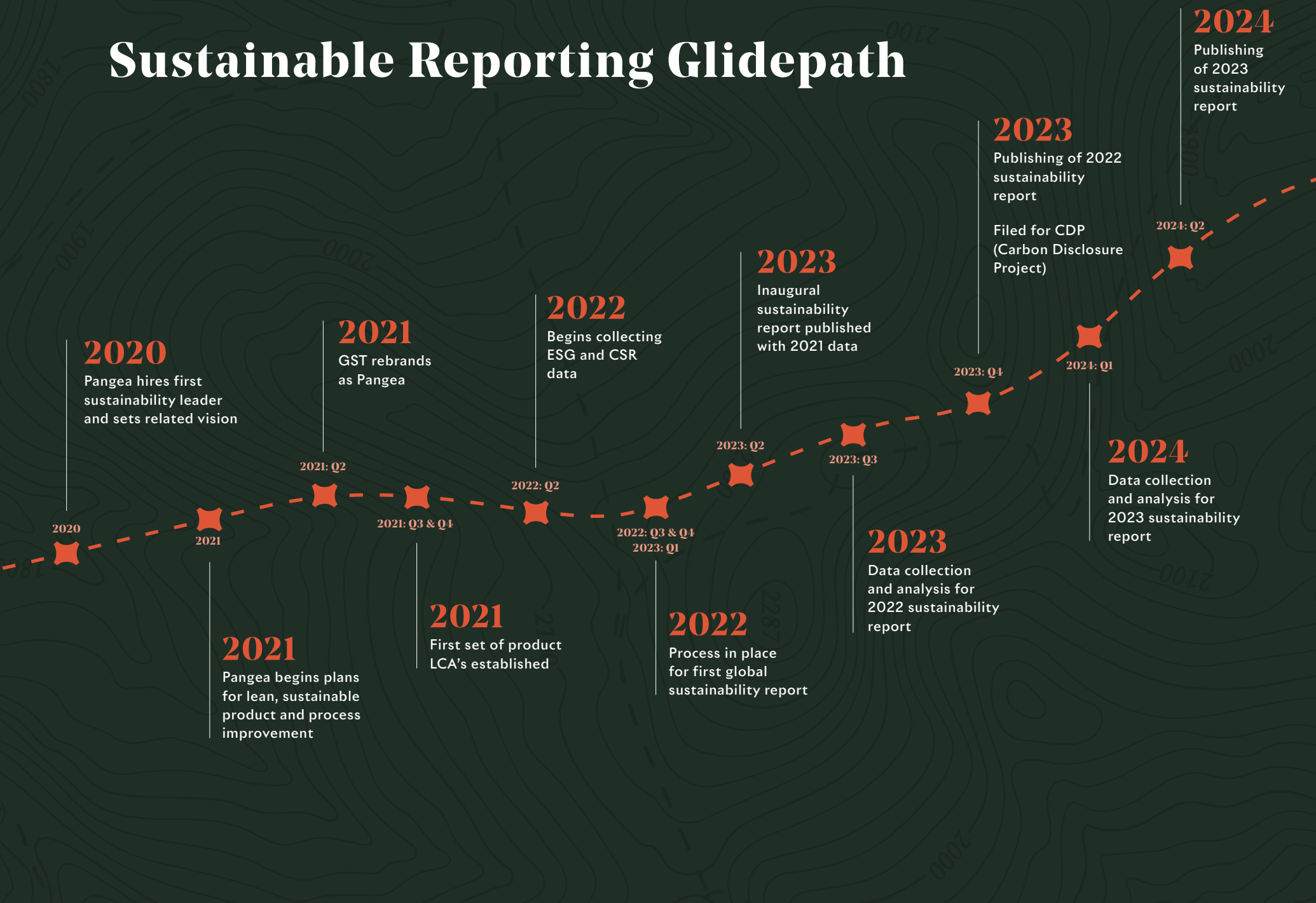
This is our third Corporate Sustainability Report describing priority topics, key metrics, targets, and achievements of our global leather operations. Pangea is proud of the work accomplished in a short timeframe and offers this report on a voluntary basis. Our focus is to drive continuous improvement in the sustainability areas most important to our production sites, our team members, customers, and stakeholders.

Continuously sharing information and helping our customers understand the positive impact of the leather industry gives us a sense of pride in our sustainability journey. Our ability to spring forward as we make meaningful and positive impacts to our operations and value chain relies on us embedding a sustainability culture across with the addendum of a strong customer relationship. These are fundamental drivers to overcome sustainability challenges and by working together, we enhance our products and services achieving mutual success.

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At Pangea Made Inc., our collective sustainability vision is a driving force for our global products built with respect to our customers, imagined by our diverse culture, and enriched by the communities around us. We view this work as an art of transformation that starts with an animal waste stream, otherwise discarded, and results in a natural material highly sought after by consumers. Operating in a sustainable manner is critical to our mission of carrying out the actions to allow for an opportunity, in the shared future, for those who are still to discover and embrace what leather is.

Sustainable Reporting Glidepath





PANGGIA

2023 Sustainability Report