



PANGEA

**2021
Sustainability
Report**

Contents

1.0 // Introduction

- 1.1 Executive Oversight
- 1.2 Industry Sustainability

2.0 // Environmental

- 2.1 Our Scope 1+2 Emissions
- 2.2 Our Environmental Profile
- 2.3 Manufacturing & Product Innovation
- 2.4 Environmental Targets

3.0 // Social

- 3.1 Workforce
- 3.2 Safety
- 3.3 Employee Health & Development
- 3.4 Community Engagement
- 3.5 Social Investment

4.0 // Governance

- 4.1 Corporate Governance
- 4.2 Industry Governance
- 4.3 Internal Governance
- 4.4 Supplier Management
- 4.5 Leather Leadership

5.0 // Vision for the Future





01

Introduction

Pangea is crafting a more sustainable future with Corporate Social Responsibility Standards, Environmental, Social & Governance Metrics.

1.0 Introduction

In 2021, Pangea defined a path to integrate our Environmental, Social and Governance (ESG) priorities into a broader sustainable growth strategy. The resulting ESG framework lays out specific actions that will enable us to accelerate sustainable product development through our work with customers, collaboration with suppliers, and peer organizations.

PANGEA OPERATES SUSTAINABLY

This Sustainability Report reflects Pangea's performance as of, and for the year ended, December 31, 2021. The report includes disclosures prepared in accordance with acceptable reporting standards, content and frameworks, including the Greenhouse Gas (GHG) Protocol. This report has been reviewed by the Board of Directors of Pangea Made, Inc., and as such is granted public view. The information and content of this report is presented collectively on behalf of:

Pangea Corporate Development Center (Rochester Hills, MI)
Operations in Mexico: Leon (LN), Nuevo Laredo (NVL), and Saltillo (STL)
Germany: Mulheim (MH); Hungary: Janoshaza (JZ);
South Africa: Nigel (RSA), and China: Jiaxing (JX)

All Global Operations are Certified

ISO-14001

The standard of managing
Environmental Responsibilities
with a Plan-Do-Check-Act
approach



100%

“We, at Pangea, aim to meaningfully reduce our impact on the environment, and help our customers do the same. We make strategic decisions with sustainable product development in mind, promoting the wellbeing of the communities around us, taking actions that drive efficiencies and minimize the environmental cost having all our global operations ISO-14001 certified.”

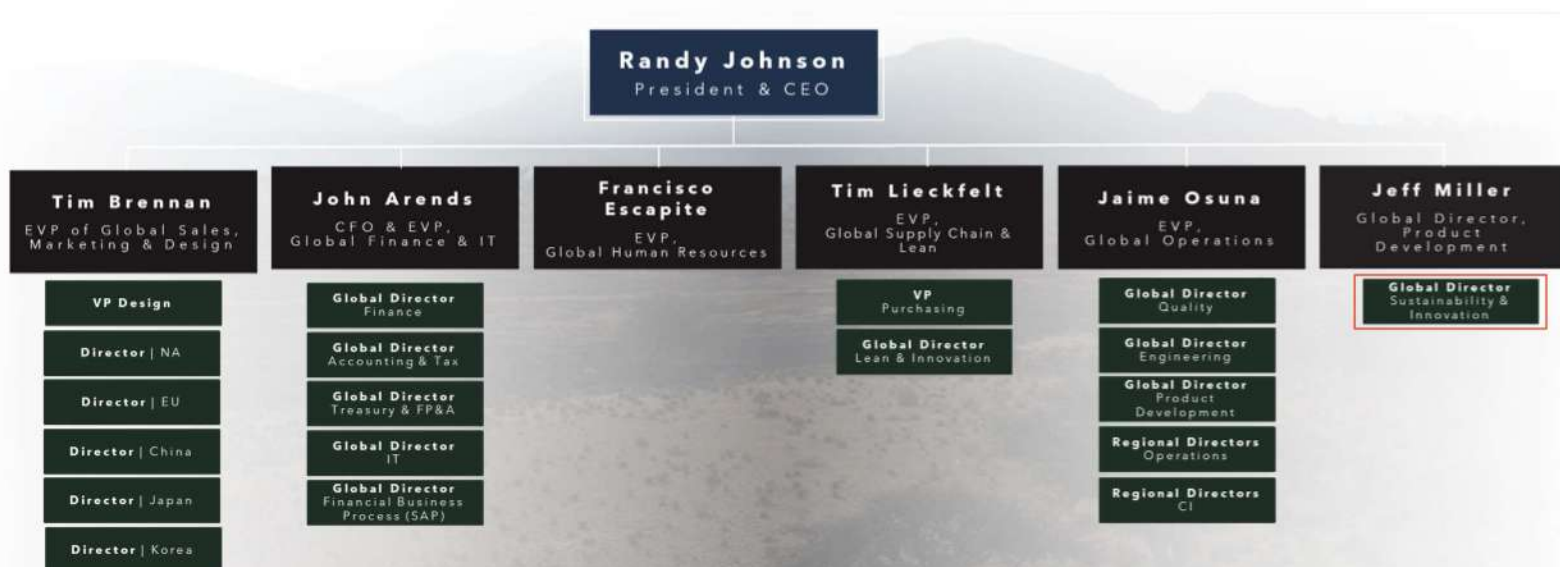
- Randy Johnson,
President & CEO

1.1 // EXECUTIVE OVERSIGHT

Sustainability is embedded in everything we do, just like operational excellence and a lean mindset. From the CEO to each VP, every function reports on sustainable metrics.

“As you read through this report, you will see how we are connecting our ESG approach to innovation and collaboration, creating new leather products and ways to add value for our customers, our people, the communities surrounding our industrial footprint, and our stockholders.” – Jaime Osuna, EVP, Global Operations

CROSS-FUNCTIONAL COMMITMENT



While we are proud of what we have accomplished, we are even more excited for what is still to come.

“We understand that a positive change in the genuine leather market is only possible with sustainable innovation and profitable growth closely aligned. Our strategy for building a more sustainable product platform is well-positioned to meet the increasing needs of customers and consumers who want a commitment from the automotive industry to lower the carbon footprint of its products.” – Tim Brennan, EVP, Global Sales, Marketing & Design

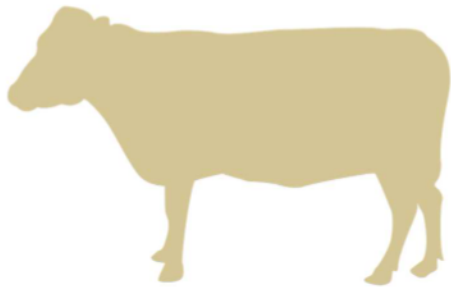
1.2 // INDUSTRY SUSTAINABILITY

Leathermaking started as a craft centuries ago. Today, all manufacturing consumes materials and generates waste. Everything we eat, wear, and use – there is no exception. Leather is one of the many waste stream products that can be made from the beef industry. Every hide repurposed for leather reduces waste from the beef industry.

BEEF FEEDS THE WORLD

Hides are a waste stream derived from the food chain industry. Global consumer surveys indicate that consuming some sort of meat product is part of common diet to nearly all people. It becomes our responsibility to use the waste produced sustainably.

Cattle are natural up-cyclers that provide 19% more edible protein than they consume. In honor of what the animal provides us, the beef industry has committed to quality standards, such as better health and animal welfare, enhanced nutrition, and increased waste management.



**80% of hides are
upcycled for Leather Goods.**

According to a 2019 study done by the Cattleman's Beef Board, 80% of this by-product were used for leather, adhesives, medicines, footballs or other end-products.

WHAT HAPPENED TO THE OTHER 20%?

The same study estimates 5.5 million cattle hides were destroyed or discarded into landfills in the US alone. An estimated 63 million cattle hides being wasted yearly by the beef industry on a global basis can be inferred from the World Statistical Compendium. This would represent the leather industry missing the opportunity to produce close to 300 million square meters of leather, while raw hides sent to landfill have the potential to undergo methanogenesis, worsening the overall carbon emissions attributed to the industry. If hides from beef consumption are not used in the making of other products, we are further polluting our environment and discarding the chance to transform this natural raw material.

V · I · S · I · O · N



WHAT IF?

What if we used 100% of the hides provided by global beef consumption? If by-product demand can meet beef demand, we would lower the impact of waste in landfills or sent out for incineration.



02

Environmental

Pangea is committed to limiting the impacts of its genuine leather production activities on the environment.

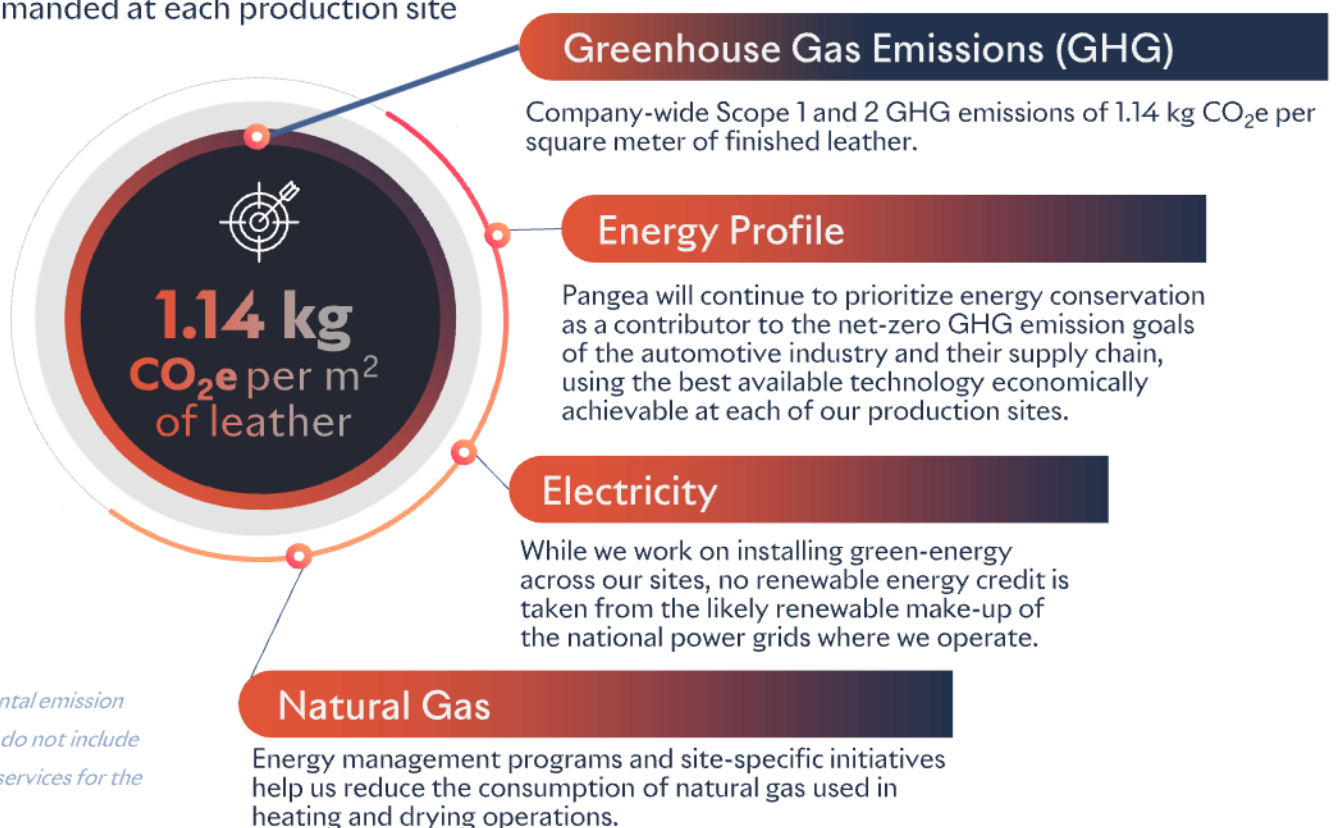
2.0 Environmental

With automotive trends and industry commitment to minimize its supply chain carbon footprint, one of the major challenges anticipated is the reduction of greenhouse gas (GHG) emissions. This includes emissions directly related to our processes and those associated with the purchase of energy utilities at our offices and multiple production sites.

Pangea is committed to limiting the impacts of its genuine leather production activities on the environment. Attaining our goals in the future requires taking strategic actions today. We defined the achievements from calendar year 2021 as the baseline for sustainability advancements.

2.1 // OUR SCOPE 1 + 2 EMISSIONS

The data collected has broadened our understanding that the most effective way to reduce Pangea's GHG emissions is to make our operations **more efficient and less material-intense**, thereby reducing our current consumption of energy and investing in alternative energy to offset the energy loads demanded at each production site



2.1 // OUR SCOPE 1 + 2 EMISSIONS



**When accounting for emissions and energy usage across Pangea, it is important to note that each of our facilities show different capacities.*



2.2 // OUR ENVIRONMENTAL PROFILE

2.2.1 // Energy Consumption

During the 2021 calendar year, Pangea consumed 1.32 kWh of electricity and 4508 kJ of thermal energy (mostly natural gas) per square meter of leather processed.



Most of the energy usage is related to the processes required to dry the substrate, assist wet-chemistry, and cure of finish coatings.

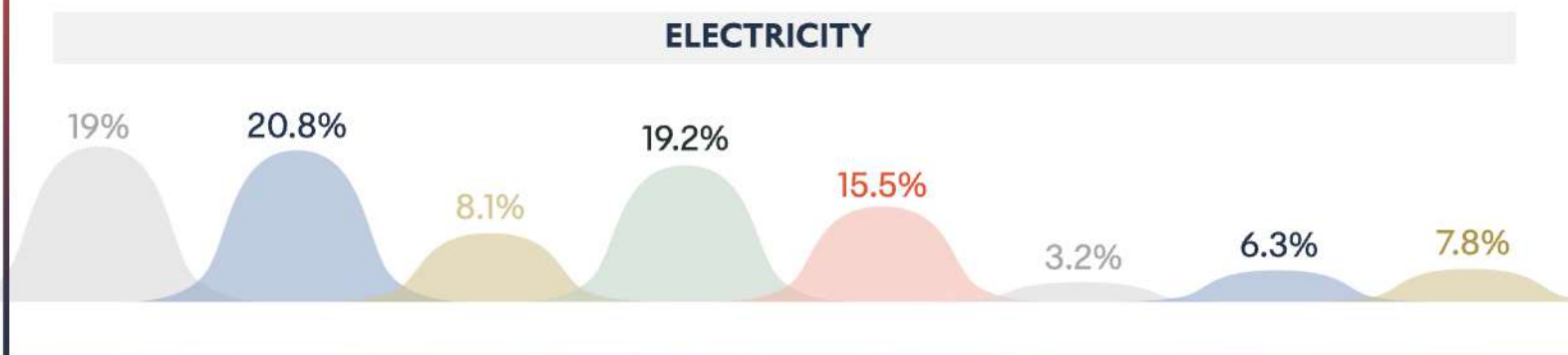
Electricity and natural gas are the predominant energy inputs into our processes. At a lesser extent, diesel (10425 liters) and liquified petroleum gas (LPG, 115697 liters) used in the transportation of goods between sites only accounted for 0.7% of the total emissions combined.



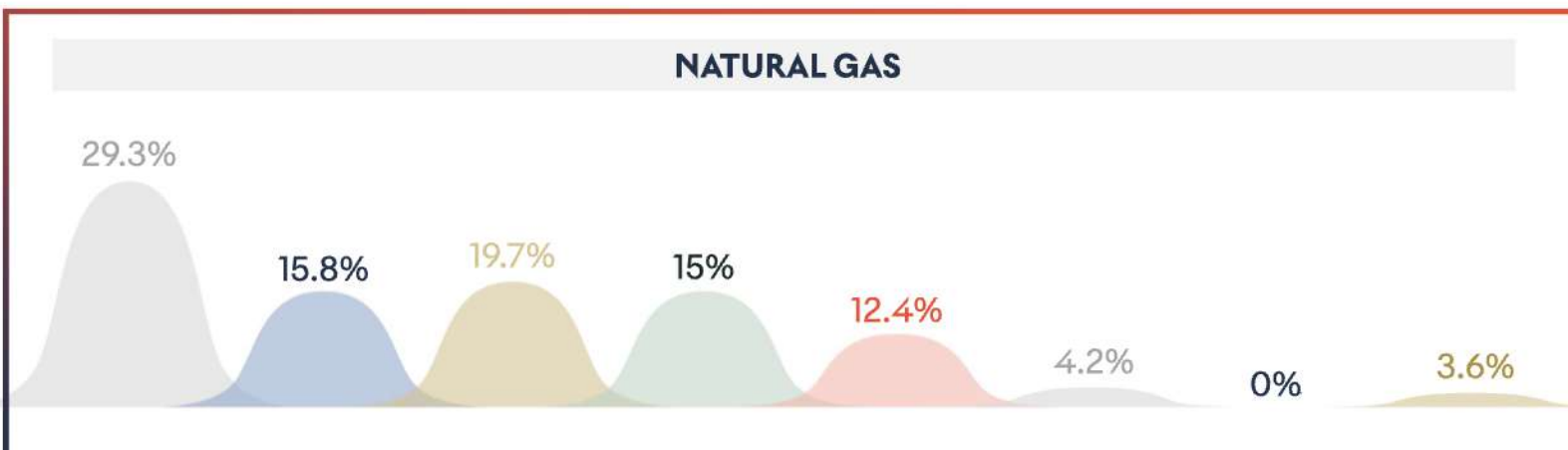
2.2.1 // Energy Consumption

We are engaging in a phased, site-by-site approach to reducing our carbon emissions by replacing high carbon-intensity assets with energy efficient technologies. In addition, it is anticipated that green-energy contract options can be secured at the sites where market conditions favor such options. The primary goal is to obtain, at a minimum, a 2-3% annualized global energy efficiency gain to the year 2025 when we believe the automotive market will be stabilized and more aggressive goals and investment could then be forecast.

ELECTRICITY



NATURAL GAS



2.2.2 // Water Consumption

Water is essential to our business and by volume it comprises the largest commodity used. The operation of retanning carries the highest consumption of water within Pangea, followed by finishing that uses water in aqueous dispersion formulations and for the cleaning of coating equipment, while for cutting facilities the water use relates primarily to the building utilities.

17.8	liters of water per square meter of crust processed
3.8	liters of water per square meter for all additional processes and utilities

For the calendar year 2021, Pangea averaged 17.8 L/m² of crust processed in retanning and 3.8 L/m² for all additional processes and utilities dispensed to produce a finished leather article, inclusive of the contribution of sales, design, R&D and corporate offices.



By working with our suppliers, we can contribute to more efficient water quality and efficiency processes. We are committed to advancing water stewardship within our own operations and to enhancing water management for water-stressed areas.

Pangea has set local targets to reduce freshwater intake intensity between 8 and 16% by 2025, depending on site specific operations and genuine leather product line.



2.2.3 // Waste Management

Waste reduction continues to be an important facet of our environmental strategy. Our goals include supplier partnership to incorporate circularity initiatives and attaining an overall waste management system. Waste management will tackle different waste streams including shavings, sludge from wet-processes, spent coatings, packaging refuses, cut parts, and lamination.

Pangea recycled the typical waste streams that have value with material recovery in a total of 1093 metric tons (close to 14% 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, which can limit the effort.

14%
OF WASTE GENERATED WAS
RECYCLED IN 2021.

Our waste streams combined in 2021 amounted to 268 grams/m² of leather article ready for assembly into seating and automotive interior components.



WASTE PRODUCTION
268 grams / m²

Pangea waste amounts to less than one average can of soda, per square meter.



2.2.3 // Waste Management

The output of waste is forecast to decrease with Pangea's sustainable and renewable chemicals, promoting a larger portfolio of substrates (Pure Tan®) that are free-of-chrome and absent of glutaraldehyde, typically used in traditional free-of-chrome substrates. Building a portfolio of alternative substrates opens possibilities for better value in waste management, closed loop systems, composting and energy recovery.



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 a local industry and supplier in Leon, Mexico, created the opportunity to recycle tannery shavings into a compound incorporated in the retanning process, in a circular process that yields our Recycled Tan® substrate.



As part of circularity efforts, we are giving our design teams the tools to make choices that can positively impact product longevity, reuse, 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 even processed. Customer feedback can promote earlier design changes before Pangea makes a first prototype, eliminating waste in the development process.



2.3 // MANUFACTURING & PRODUCT INNOVATION

How we make leathers and how our products enhance the vehicle end-user experience define together what unites Pangea's Global Product Development and our Design teams.

As a material supplier to the automotive world, it is important to us to constantly innovate our products and processes. With the evolution of Advanced Products, Lean Mindset, and Innovation processes, we will reduce product footprint through both Tanning/ Wet-End and Chemical & Finishing innovations.



2.3.1 // Tanning / Wet-End Innovation

Pangea constantly monitors what is new in the market and works in collaboration with chemical suppliers to make use of alternative and innovative chemistry. A result of such collaboration is the introduction of the product line Pure Tan that answers to the automotive industry calls for alternative substrates to the widely used wet-blue and wet-white.



2.3.2 // Chemical & Finishing Innovation

Chemicals

The durability of our genuine automotive leathers requires a series of intricate chemistry transformations from tanning, retanning, and finishing applications, all involving waterborne chemistry. All of these processes bring the benefit of a very low VOC profile to our industry.



8% Chemical Reduction

The overall consumption of chemicals for retanning and finishing reached 0.364 kg/m² of leather processed. In 2021, our global chemical stock-keeping units were cut by 8% over the previous year.



10% Renewable Content

Of the chemical stock, 10.3% of total usage were comprised of 100% **natural renewable content and plant extracts.**



PFC FREE

A CLASS OF CHEMICALS NOW RESTRICTED IN USE BUT COMMONLY FOUND IN PRODUCTS THAT RESIST STAINS, GREASE AND WATER. NOT IN OUR LEATHER.



When manufacturing leather, the intended use and customer material specifications dictate the needed chemical framework. Our heavily-vetted global suppliers bring in chemicals known to follow stringent regulations and sustainable initiatives important to the automotive suppliers. In 2018 Pangea embarked on a collaborative chemical screening resulting in all finishing coatings applied by Pangea being perfluorinated-chemical (PFC) free.

Collaborating with a wide range of stakeholders to advance environmental stewardship, Pangea anticipates that the content of renewable chemistry in its products will increase significantly, particularly with the breakthrough of tanning processes alternative to traditional wet-blue and wet-white substrates and with the advancement of biopolymers and polyurethanes carrying renewable-carbon content for finishing applications.

2.3.3 // Post-Finishing Operations

Lamination

The use of lamination is a common necessity for many seats, instruments and door panel wrapping. To satisfy customer design and engineering performance, Pangea made use of 58 different types of foam lamination, webbing and scrims, totaling over 1.5 million lineal yards for its 2021 leather production.

We anticipate that the lamination industry and OEMs will embark in partnership to integrate sustainable alternatives to polyurethane foam backing and synthetic support materials to seating surfaces. Meanwhile, Pangea offers a natural grain thicker leather construction that can be applied without lamination, granted certain design constraints.



Quilting & Perforation

2.4 // ENVIRONMENTAL TARGETS

Pangea is committed to limiting the impacts of its genuine leather production activities on the environment. Attaining our goals in the future requires taking strategic actions today. We defined the achievements from calendar year 2021 as the baseline for sustainability advancements.



Energy Efficiency... 2-3%

We are engaging in a phased, site-by-site approach to reducing our carbon footprint by replacing high carbon-intensity assets with energy efficient technologies. In addition, it is anticipated that green-energy contract options can be secured at the sites where market conditions favor such options.

Reduction of Water Usage... 8-16%

Pangea has set local targets to reduce freshwater intake intensity between 8 and 16% by 2025, depending on site specific operations and product lines.

Establish Global Waste Management System

Our goals include establishing supplier partnership to incorporate circularity initiatives and attaining an overall waste management system that minimizes the need to dispose of materials. This will tackle different waste streams including shavings, sludge from wet-processes, spent coatings, packaging refuses, cut parts, and lamination.

Increase Renewable Chemistry

Pangea anticipates that the content of renewable chemistry in its products will increase significantly, particularly with the breakthrough of tanning processes alternative to traditional wet-blue and wet-white substrates and with the advancement of biopolymers and polyurethanes carrying renewable-carbon content for finishing applications.





03

Social

Pangea strives to create a sustainable, healthy
and safe future for all stakeholders.

3.0 Social

At Pangea, we take the importance of building and maintaining healthy relationships with our employees, contractors, suppliers, and other stakeholders very seriously. We look for opportunities, at each of our sites, for our workforce to get involved in community programs and strengthen their relationships with our stakeholders.



3.1 // WORKFORCE

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, which promotes us with a multicultural working environment.



Africa

12.8%

Asia

11.7%

Europe

15.0%

North America

60.5%



3.1 // WORKFORCE

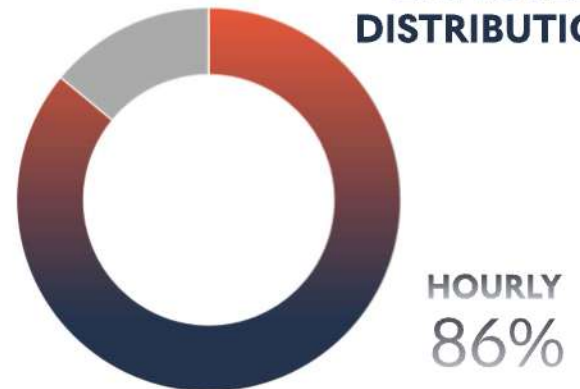
Despite supply chain disruptions with material shortage, country borders and government-mandated shutdowns, Pangea workforce put forth over 7.5 million working hours. Promoting a safe place to work, we limited the uncontrolled average absenteeism ratio to less than 3.5% globally throughout the year, despite global health challenges since 2020.

Keeping diversity at heart, we understand and promote diversity within our organization. We believe that tangible benefits are promoted, such as creativity and innovation, brand reputation and productivity when having a dynamic interaction at all levels between a diverse group. 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.

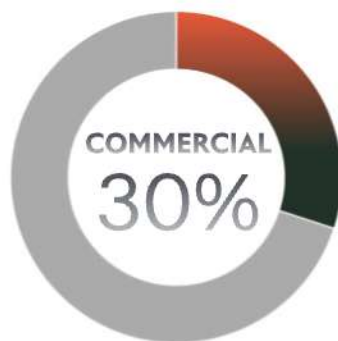


SALARY
14%

**EMPLOYEE
DISTRIBUTION**



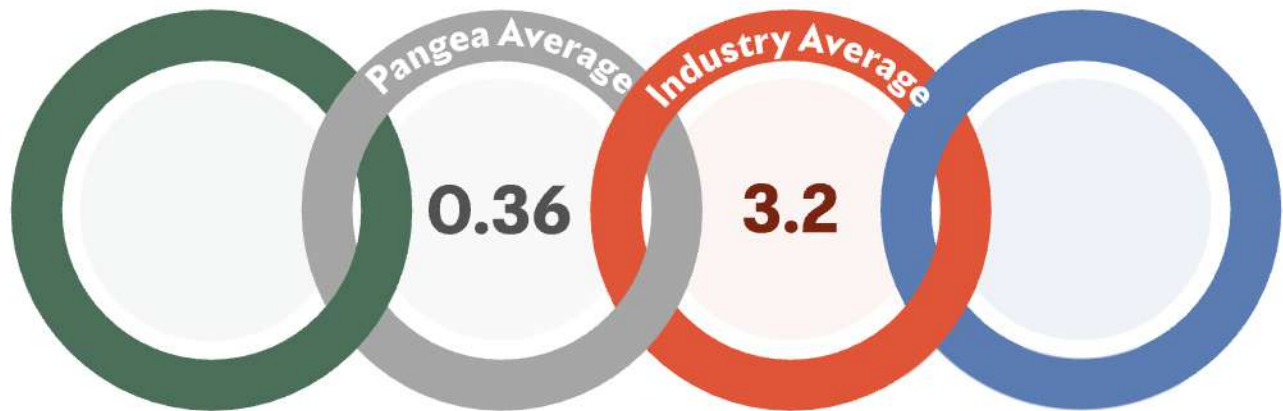
WOMEN IN LEADERSHIP



Our employees are the driving force for sustainable growth at Pangea, not only by means of hands-on daily activities, but also for creating different beacons 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.

3.2 // SAFETY

We work to provide safe, reliable and efficient operations. While we would like zero injuries, Pangea's total recordable injury rate (TRIR) indicates that one injury is recorded for every 556,000 hours of collective work. This is 90% lower than what is benchmarked as average by the Bureau of Labor Statistics for relatable businesses.*



SAFETY IS OUR PRIORITY



*Motor Vehicle Seating and Interior Trim
Manufacturer, NAICS 33636



3.3 // EMPLOYEE HEALTH & DEVELOPMENT

Thanks to our ability to innovate and adapt, we have embraced new ways of working amid global economic and social uncertainties that hovered over 2020 and 2021. Our commitment to supporting our employees has never been stronger, a responsibility that extends to championing employee health and their development to the capacity each one can exult.

To overcome social distancing, we accelerated digitalization to foster collaboration between our offices and production site working stations with tools needed to interact remotely, insofar as job characteristics allowed. We also adapted to a hybrid work model, blending remote and in-office working, to take advantage of the best of both environments and assist our employees dealing with their own challenges and allow them to remain productive and engaged.

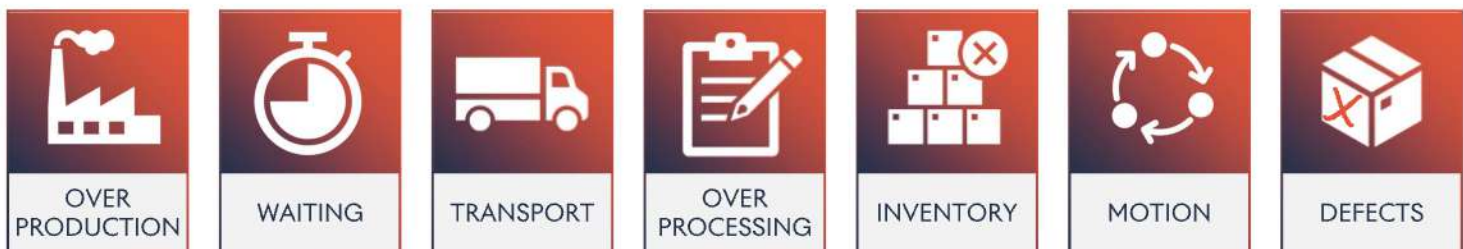
Upskilling our staff and developing our overall combined knowledge on topics of importance to our shared goals are key aspects of our global brand transformation. Promoting employability, offering the opportunity of training sessions, adaptation to new technology, and career advancement are integral part of Pangea's social policy. We understand that workplaces and the nature of work continue to evolve, as new skills for future work will always be needed, particularly in times of labor market conditions that are challenging to nurture employees' expertise. This makes the investment in our employees not only a responsibility shared between Pangea, but also a stepping-stone in favor of promoting innovation: the need to continue to recruit talent and train to develop talent.



3.3 // EMPLOYEE HEALTH & DEVELOPMENT

The pace of training remained on track with 100% of employees receiving safety training and workshops on 5S Guide to Lean Workplace, as examples. All policies and standard procedures became available via PolicyTech, promoting access to current information. As we monitor future trends, Pangea is constantly reviewing and updating its training campaigns and have added new modules focused on ethics, technology, lean enterprise, and sustainability. All managers and team leaders participated in the Simple Innovation Process and “7 Wastes of Lean”. As a result, workshops were maintained to reduce “wastes” and improve safety of the processes and operations at the each of the production sites. This activity generated improvements of cost and quality that are reflected in the profitability of the company.

7 WASTES OF LEAN



3.3.1 // Cross Functional Training/Opportunity

	Management Reached
2021 Training Focus	
Servant Leadership	66%
Anti-Trust	25%
Pangea Processes	51%
Safety Training Workshops	100%
Lean & Culture Engagement	
External Lean Certifications	63 CERTS
5S Guide to a Lean Workplace	100%
DISC Assessments	88%



3.4 // COMMUNITY ENGAGEMENT

Pangea is proud to support our local communities in North America, Europe, South Africa, and China. Although all activities were not recorded, we have highlighted some key events in Mexico. Each year we will set out to improve both reporting and initiatives in all regions.

PANGEA LEON

Ruhaa Children's Home



Pangea Leon donates and delivers over \$50k in food to the Ruhaa Children's Home.



PANGEA NUEVO LAREDO

Reforestation



Pangea Nuevo Laredo's Reforestation campaign donates trees to be planted in a local park.



3.5 // SOCIAL INVESTMENT



**Sustainable
Education**



**Attract
Talent**



**Retain
Employees**



**Foster
the Youth**

3.5.1 // Near-Term Targets

It is essential for Pangea to attract and retain quality employees and instill a sense of purpose to each of their functions. Because employee satisfaction correlates with better returns, Pangea's goal is to listen to all employees with a globally standardized satisfaction survey moving forward.

Pangea has initiated a program to foster youth employment, supporting young people at age of work as they take their first steps towards working life by providing more employment opportunities and on-site training for specific activities. The intent is to form specialized and skilled groups at each of our production sites to lead on anticipated updates and innovation within our processes and products.

As we provide resources and opportunities to the newly-employed, we value what makes them unique and create inclusive environment to connect them with a broader industry as a supplier to the automotive industry. Academic studies have shown that positive social impact correlates with higher satisfaction at the worksite. It is Pangea's goal is to extend employee recognition and rewarding possibilities to all organization tiers and continue to support local communities with needed resources and volunteering.

We encourage employees to reduce their personal environmental footprint and to become environmental stewards helping raise awareness of home-based good practices and behaviors everyone can bring back to work. Our goal is to propose a challenge and awards system that encourages employees to complete activities and missions that are beneficial on this regard. The mindset is that the overall group will benefit from individual actions, and this can lead to exponential increase of awareness regarding sustainability.



04

Governance

Pangea commits to managing and monitoring sustainable governance through various stakeholder groups, policies and processes.

4.0 Governance

At Pangea, we are dedicated to contributing to society and the improvement of the environmental and social impacts of our operations by evaluating the whole life cycle of genuine leather products. We seek the highest transparency of our core values to display a level of ethics and servitude to our customers with measurable activities. This corporate governance system allows us to implement fundamental monitoring practices and manage risks that otherwise could have the potential of impeding us from achieving our goals in the regions in which we operate.

4.1 // CORPORATE GOVERNANCE

4.1.1 // Sustainable Development Goals & Process

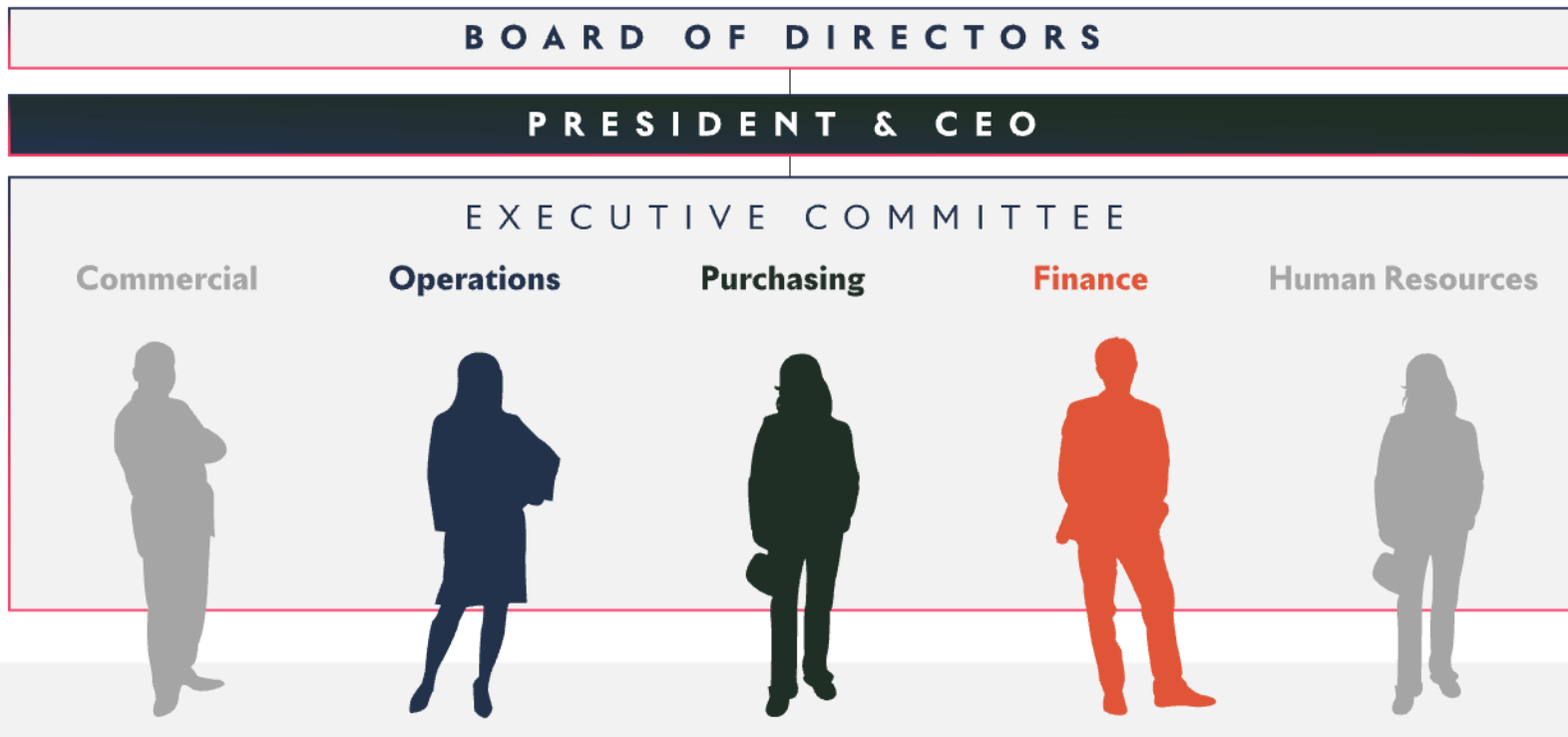
Pangea embraces the renowned United Nations Global Compact, aligning our operations and governance towards the respect and promotion of human rights, respecting the Guiding Principles of the UN and the International Labor Organization (ILO).

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) that allows us to maintain and grow our industry producing the unique material that leather is.



4.1.2 // Management Structure

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



4.1.3 // Corporate Governance – Board Management

To integrate sustainability throughout our company, Pangea has established processes requiring formal feasibility assessment and sustainability considerations. For the year 2022, Pangea has committed to expanding its organizational chart to include an Environmental, Social & Governance Manager and a Sustainability and Innovation Director. We aim to disclose corporate governance information with even greater transparency and details for the report covering FY 2022.

4.2 // INDUSTRY GOVERNANCE

Pangea participates in supply chain and sustainability rating platforms by means of uploading policies, documents, reporting and audited results, contributing to the advancement of the automotive leather industry.

Pangea expects the industry trends and rating criteria to always push for continuous improvement of our own processes and that of our supply chain. As such, we monitor and review industry and customer requirements periodically. In 2021, a string of efforts put forth an 18-month plan to audit and prepare Pangea for Leather Working Group (LWG) certification globally. Corporate commitment is to have Gold rating for all facilities, starting with Jiaxing (China) in Q4 2022, and completion of social responsibility audits globally.



ISO



100%

ISO's environmental standards are the tools for translating passion into effective action, the 14001 standard. These standards help organizations manage their environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

LWG



90%

In 2021, Pangea's Nigel (RSA) facility maintained a silver LWG rating with 90% traceability. Corporate commitment is to have a **GOLD rating** for all facilities, starting with Jiaxing (China) in Q4 2022, and completion of social responsibility audits globally.

NQC



83%

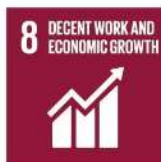
NQC Supply Chain Risk Management score Pangea sites at above 80% in its SAQ 4.0 in 2021. This shows our customers that Pangea stays ahead of the supplier compliance and performance issues that matter to our customers.

EcoVadis



Top 25%

EcoVadis graded our participating facilities and considered Pangea a top 25% supplier (Silver rating) across the automotive industry in terms of sustainability management system in 2021.



4.3 // INTERNAL GOVERNANCE

Our sustainability efforts are also based on all employees' ability to carry out their responsible tasks with a high level of integrity. Our cross-functional teams achieve this integrity through strong process, compliance, people, and investment tools.

Audit & Compensation Committee

Pangea has a designated all-encompassing Fair Compensation Committee that ensures compensation plans are aligned with its strategy and focused on key drivers of its performance while understanding expectations of equity holders.

Our Audit Committee oversees compliance with legal and regulatory requirements at the regions where we operate and as a supplier to the customers we service, as well as internal risk assessment and audit functions that monitor the wellbeing of the company. Our commitment to ESG requires strong Board engagement, which interactions has led to the benefits and productivity we see today.

CapEx Management

CapEx represents the long-term investments in the business. Recognizing the value of sustainability to our growth, this system provides capital for projects proposed by our manufacturing plants, through and executive team approval process. In 2021 we invested over \$2.2M in projects related to air and noise abatement, effluent and chemical management, EHS preparedness and new manufacturing technology.

Global Code of Conduct

All policies and guidelines are available online via PolicyTech and translated to the local language as needed, to ensure across-the-board understanding, making sure all employees are fully aware of our policies and able to act appropriately when faced with compliance issues.

Hiring Matrix & Ethics Hotline

In a rare occasion of uncertainty as to proper conduct being followed, any concerned person can either gain counsel from their direct supervisor or access the anonymous Ethics Hotline, which is available in multilanguage menu.



We expect our consultants, contractors, suppliers, vendors, and business partners to adhere to standards of conduct consistent with our Code of Business Conduct and Ethics and our Supplier Code of Conduct when conducting company-related business activities.



4.3.1 // Global Code of Conduct

The foundation of Pangea's Code of Business Conduct and 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.

Other corporate statements supplement this Global Code of Conduct to boast decision-making, personal information management, information security, bribery and corruption, use of social media, and customer privacy.

In summary, the Global Code of Conduct 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

4.3.2 // Data Security & Information Management

Our customers expect us to protect their information, inclusive of proprietary designs, and respect their privacy. We maintain comprehensive network and data security protocols and are committed to compliance with all privacy laws and regulations where we operate.

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 training campaigns of cyber security designed to assist with safeguarding of data and information.



P·R·O·T·E·C·T·I·O·N
IS OUR PRIORITY

4.4 // SUPPLIER MANAGEMENT

Not only do we monitor and measure supplier quality when it comes to sustainable topics, we also require our suppliers to operate at or above the same standards we set for ourselves. The ethical management of suppliers involves various topics that help corporations meet the universal SDG's covered by the UN.

Child Labor and Young Workers | Freedom of Association Modern Slavery | Privacy & Data Protection

Anti-Corruption

Anti-Trust/Trade

Non-Discrimination

Whistleblowing & Retaliation Protection

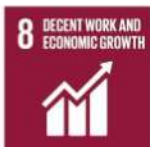
Sustainable Resource Management & Waste Reduction

Chemical Management

Air Quality

Water Quality

At Pangea, we are dedicated to contributing to society and the improvement of the environmental and social impacts of our operations. Our intent is to maintain a high level of sustainability within operations, while encouraging all stakeholders to follow suit. Such action compels selecting suppliers and contractors based on a criterion that assesses their sustainability standing by offering products and services with minimal environmental impacts and adhere to our Global Terms and Conditions. This strategy is to ensure all products and services supplied are produced within a sustainable supply chain system that complies with International Standards.



4.4.1 // General Supplier Requirements

At a minimum, suppliers are expected to follow The Ten Principles of United Nations Global Compact. We are constantly revising our procedures and assessing areas for improvement.

PANGEA EXPECTS SUPPLIERS TO:



4.4.2// Supplier Focus on Animal Welfare

Pangea is committed to the highest standards regarding the ethical treatment of animals. In alignment with the World Organization for Animal Health (OIE), We advocate the “5 Freedoms” for the humane treatment of animals. Pangea expects all hide and leather suppliers to acknowledge and support the 5 freedoms in their supply chains, as well as animal health and nutrition protocols for compliance with the USDA and FDA label regulatory requirements.



01. FREEDOM FROM HUNGER & THIRST

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



02. FREEDOM FROM DISCOMFORT

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



03. FREEDOM FROM PAIN, INJURY OR DISEASE

by prevention or rapid diagnosis and treatment.



04. FREEDOM TO EXPRESS NORMAL BEHAVIOR

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



05. FREEDOM FROM FEAR AND DISTRESS

by ensuring conditions and treatment which avoid mental suffering.

In addition to the OIE, USDA, & FDA, Pangea also recognizes the following certifications in place for abattoirs and the minimum expectation is that our hide suppliers operate with companies that adhere to:



HUMANE SLAUGHTER ACT OF 1978



BEEF QUALITY ASSURANCE (BQA) CERTIFICATIONS FOR TRANSPORTATION



BOVINE SPONGIFORM ENCEPHALOPATHY (BSE) FEED CERTIFICATIONS

4.5 // LEATHER LEADERSHIP

Pangea is active in the automotive supply chain and champions leather as a high-value, renewable material for vehicle interiors.

In partnership with One4Leather, an expert group of manufacturers and suppliers, we are generating web and social campaigns that curate fact-based insights about leather for the general public. Collectively, *“we believe that consumers and industry professionals deserve full disclosure and verified information.”*



With same intent of providing transparency and integration throughout the leather value chain, it is our objective to engage the Sustainable Leather Foundation and have specific dashboards displayed on its platform toward the ES&G responsibility that is essential to the leather industry.

We are dedicated to strengthening the positive image of leather.

LWG

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

O4L

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



SLF

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.

LHCA

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.



05

Vision for the Future



5.0 Vision for the Future

We believe that the transition to a carbon neutral supply chain for the automotive industry is the shared responsibility of every stakeholder. We hope that the information for the year 2021 herein presented helps you learn the *status quo* of our genuine leather industry and what steps we are taking to improve sustainability of our own processes and leather products. While statements contained in this presentation are based upon what the management of Pangea believes are reasonable assumptions for projections of improvements in the realm of environmental, social and governance, it is understood that future results and events could differ materially from those anticipated in this report.

We envision our leather natural products being processed with a low carbon footprint and with possibilities to offset environmental impacts of concern to the industry and society in comparison to synthetics for same type of application and manufacturing scale. We hope the end-user of leather upholstery and vehicle interiors to get to know leather and its artisan-crafted origins and look forward to the industry and global market for a code of practice on labelling a LEATHER designation only for those articles actually made from the recovered leather hide.

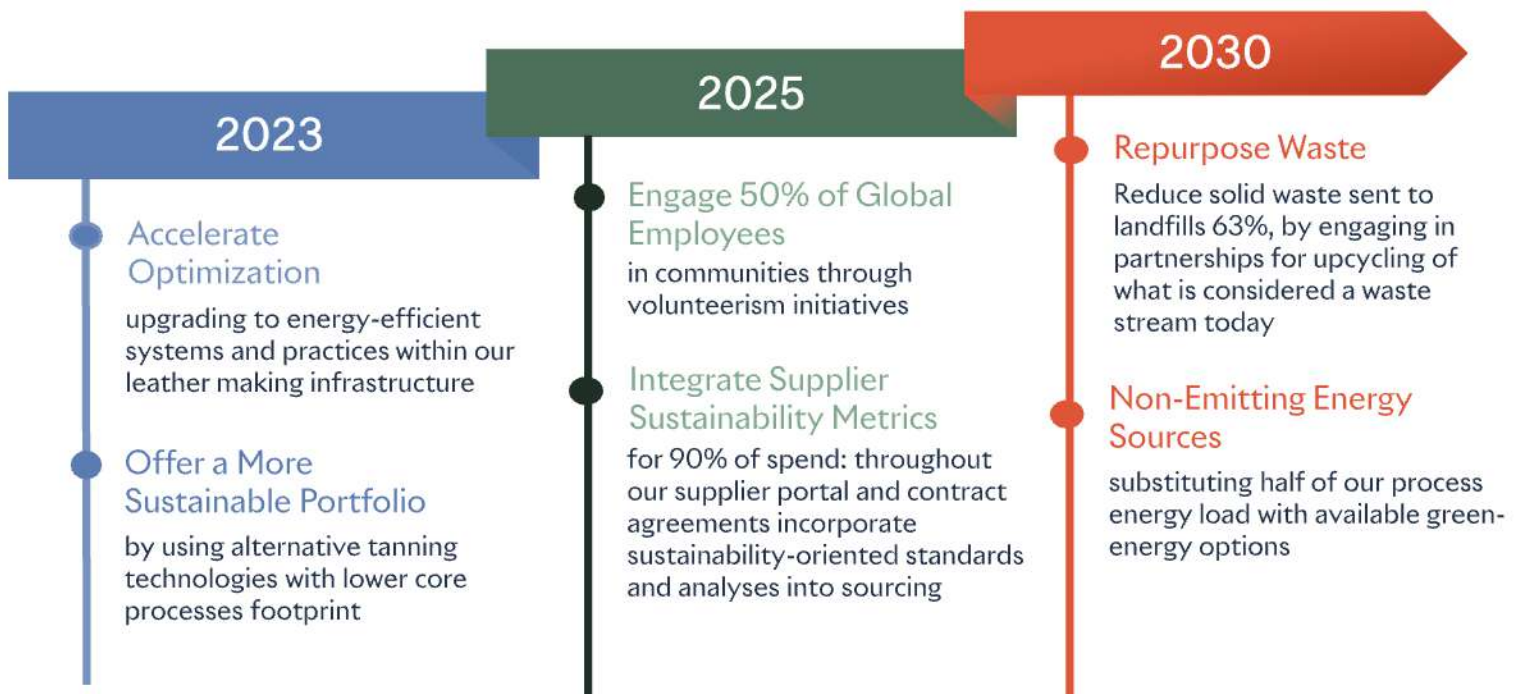
5.1 // LONG TERM TARGETS

We ensure our operational flexibility and promote strong corporate governance by integrating environmental and social issues into our core businesses. We also engage our supply chain and scale of business to address issues that matter to our customers and communities, in particular the trend of leading industries walking the path to or aspiring a low carbon economy while society maintains the desire for consumption. This can only be balanced if we deploy technological innovation and a broader stakeholder engagement with sustainable goals.

By 2030 we aim to reduce scope 1 + 2 emissions by 38%.

W I T H O U T P U R C H A S I N G O F F S E T S

Our industry life cycle inventory shows that chemicals, energy, transportation, water and waste management comprise the major contributing factors that can be managed more sustainably. While we encourage responsible consumption within our supply chain and expect supplier business operations to be conducted in compliance with sustainability and ethics clauses in our contracts, we must take the lead and allocate capital to the sustainable opportunities within our processes and materials. Our long-term goals (2030) include:



The cover features a landscape photograph of a field with tall grass in the foreground and mountains in the distance under a hazy sky. A dark green diagonal band runs from the top right to the bottom left. The word 'PANGEA' is in the top left, and '2021 Sustainability Report' is in the bottom right.

PANGEA

**2021
Sustainability
Report**