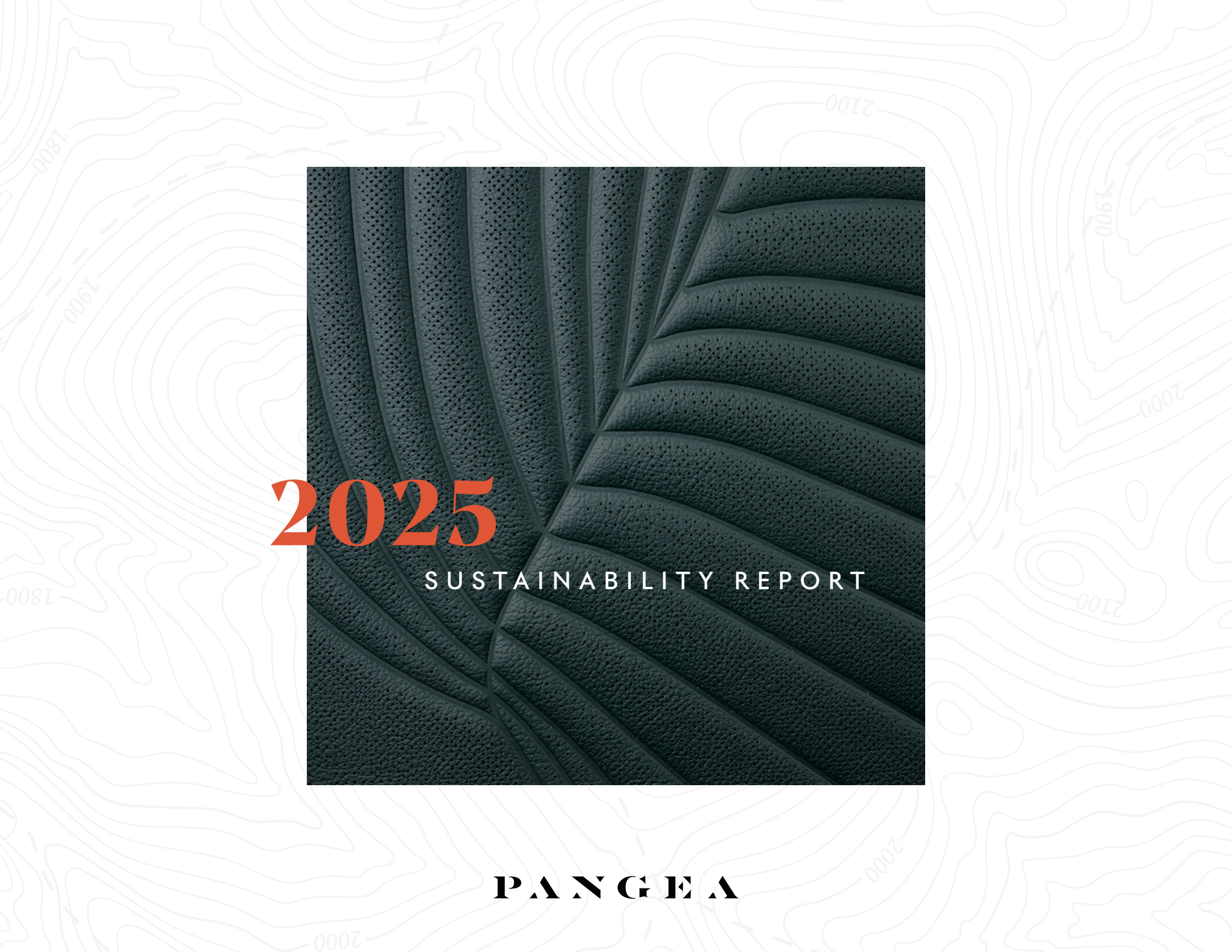




2025

SUSTAINABILITY REPORT

PANGEA

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# INTRODUCTION

**W**hen we talk about sustainability in the automotive world, most people immediately think about electric vehicles, lightweight materials, recyclability, or fuel efficiency. But the truth is, every component inside a car has a story – including the leather that covers the seats, the steering wheel, and the interior panels. And that story is changing in ways that many consumers do not realize.

Leather has been part of automotive interiors for decades, but today it plays a new role: it is becoming a more responsible, circular material. Because cattle hides are a byproduct of the food industry, using them in automotive interiors helps prevent millions of metric tons of organic material from being wasted. When hides are not used, either for leather or in the protein-collagen industry, they do not simply disappear – they become waste, decompose, and contribute to a higher output of greenhouse gases. By transforming these hides into long-lasting automotive leather, we are extending the life of a material that already exists, rather than creating demand for new raw materials.

In 2025, the leather and automotive interior industries found themselves amidst a significant transformation. Shifts in global mobility, altering vehicle ownership behaviors, and changing expectations from vehicle manufacturers are reshaping how companies design, source, and produce interior materials. Although the demand for premium, durable, and aesthetically refined interiors remains visible, the path to meeting these expectations now requires not only higher performance and better cost efficiency but also alignment with environmental, social, and governance (ESG) priorities, sustainability rating systems, certifications, and advances in material science.





**In the current market, the informed buyers expect brands to deliver not only craftsmanship and performance, but also responsibility, transparency, and demonstrable, measurable environmental progress.**

## FOREWORD

The introduction of lower-cost alternatives has pushed automotive brands to reduce the leather use in vehicles, presenting a notable challenge for the industry. Even as consumers continue to value the richness and longevity of leather interior materials, the processes behind sourcing, processing, and evaluating them are undergoing significant reinvention. In the current market, the informed buyers expect brands to deliver not only craftsmanship and performance, but also responsibility, transparency, and demonstrable, measurable environmental progress.

This shift has accelerated innovation across the sector. Automakers and material suppliers are investing in bio-engineered alternatives to leather, plant-based composites, and recycled-content materials. These new materials are often promoted as offering lower carbon footprints, a greener brand image, and reduced dependence on traditional raw materials. However, many of these claims remain unscalable, unproven, or oversimplified, and the performance limitations of these alternatives – particularly in durability and sensory quality – are known. As a result, the narrative surrounding

‘sustainable’ substitutes frequently outpaces the facts, creating a gap between marketing promises and real-world performance.

On the leather side, technologies such as AI-enabled hide mapping and CNC-automated cutting have improved material use efficiency and reduced waste. At the same time, next-generation finishing and application techniques – combined with advanced enrichment capabilities such as quilting, perforation, laser etching, embossing, and intricate stitching – enable unprecedented

levels of customization and design expression. These are refinements that synthetic and bio-engineered alternatives often struggle to replicate with the same depth, durability, or tactile authenticity. Together, these innovations demonstrate the industry's commitment to uniting luxury, durability, and sustainability in a way that preserves the craftsmanship and genuine performance attributes that have made real leather the benchmark for automotive interiors.

**Within this evolving landscape, real leather continues to offer meaningful advantages when sourced and processed responsibly. Leather contributes to a circular economy by transforming waste into a long-lasting, valued material.**

Yet, the path forward for us is not without challenges. The industry faces persistent criticism – often centered on the carbon intensity of livestock production, the chemical footprint of conventional tanning, and uncertainties around end-of-life outcomes. Added to this are widespread misconceptions: that animals are raised for their hides, and that leather is a driver of deforestation. In reality, leather does not influence herd size or land-use decisions. This disconnect between perception and reality underscores the need for clearer data, more transparent communication, and a more balanced understanding of leather's true environmental profile. As regulatory scrutiny increases and consumers become more informed, the pressure to address these contradictions grows.

Within this evolving landscape, **real leather continues to offer meaningful advantages** when sourced and processed responsibly. Leather contributes to a circular economy by transforming waste into a long-lasting, valued material. Modern tanning technologies have significantly reduced water use, chemical impact, and overall emissions, while leather's inherent durability supports longer product lifecycles and reduced replacement frequency. For many



consumers, real leather continues to symbolize authenticity, quality, longevity, and repairability, attributes that align closely with sustainability principles and a personal sense of value.

As the leather industry navigates beyond 2025, the central challenge is not choosing between real leather and alternatives but rather advancing responsible practices with transparency across all material categories and improving the circularity of the leather manufacturing, perhaps extending to industries around its manufacturing complex. Companies that succeed will be those that integrate innovation with accountability, balancing consumer expectations for meaningful value and performance with the urgent need to reduce environmental impact and strengthen social responsibility throughout the value chain. Here, Pangea Made seeks to lead the path.





## EXECUTIVE SUMMARY

At **Pangea**, our mission is to take what nature has created and preserve it, enhance it, make it useful and attractive. Our line of Advanced Products does just that. Pangea is reshaping the future of leather manufacturing by turning everyday agricultural/food-industry byproducts into high-value, performance-driven chemistry. Through our Advanced Products program in collaboration with the Mexican chemical industry, we have developed leathers with innovative retanning agents derived from **agave** leaf waste and **avocado** pits – two abundant renewable resources that typically end up in municipal landfills. By sourcing these resources from local market waste streams near our manufacturing site in León, a circular system is

established in which local partners participate directly in the creation of high-performance bio-derived retanning agents. This innovation has contributed to lower environmental impacts while supporting the local communities and strengthening regional circular economies. The same can be said about all **wet-blue shavings** being collected today and transformed into biopolymers for our own use or bio-stimulants for agricultural applications elsewhere.

The inclusion of leather within the scope of the EU Deforestation Regulation (EUDR) introduces both operational adjustments and potential opportunities for the leather industry. Its requirements for deforestation-free sourcing, farming geolocation data, and enhanced due-diligence systems are expected to influence supply-chain practices, trade flows, and transparency across markets servicing the European leather sector.

With that in mind, Pangea's new **Transparency in Motion** initiative marks a major shift in how automotive leather can be traced and verified. By partnering with Where Food Comes From (WFCF), Walmart, and Prime Pursuits, Pangea has become the first automotive leather supplier in North America to offer **pasture-**

**to-product traceability**, using data-driven verification to show exactly how cattle are raised, cared for, and processed before entering the leather supply chain. This collaboration strengthens ethical sourcing, supports sustainability goals, and gives automakers clearer insight into the origins of their materials, positioning Pangea as a leader in transparent, responsible leather production.

Now in its fifth year, the 2025 Sustainability Report shares our environmental, social, operational, and governance performance, reflecting both our commitments and our

**We have developed leathers with innovative retanning agents derived from agave leaf waste and avocado pits — two abundant renewable resources that typically end up in municipal landfills.**



year-over-year progress in sustainability, in which **Pangea has maintained industry-recognized sustainability and leather-manufacturing high standards, including Leather Working Group Gold certification across all sites in scope and NQC Supplier Assurance leading ratings from Drive Sustainability.**

Our sustainability journey is not a short-term effort, but a long-term commitment rooted in genuine purpose to contribute towards emission targets from major players in the automotive industry. Today, **green energy accounts for 8% of our global electricity use**, and what makes that figure more meaningful is that **roughly one-third of that share comes from self-generated sources alone.**

We understand chemistry can feel abstract or be the intimidating part of the leather making, yet it sits at the heart of transforming raw cattle-hides into the leather people know and value. Positively, the leather industry's largest chemical suppliers are deeply engaged in clean-chemistry initiatives, including frameworks like Zero Discharge of Hazardous Chemicals (ZDHC), and are steadily expanding their

portfolios of renewable, plant- and natural-oil derived chemistries in their products. **With roughly a quarter of our global chemical buy already coming from renewable sources**, the opportunity is clear: the future of responsible leather depends not just on craftsmanship, but on greener, smarter chemistry at its foundation.

We are committed to maintaining a respectful, inclusive culture for everyone who works with us. In 2025, even as we adjusted our workforce to support long-term stability, women continued to represent a large portion of our global team (43%). Being open about our business has become an essential part of building trust with our employees. Globally, 40% of the entire workforce responded to employee engagement surveys. In line with our commitment to a culture of continuous improvement, we actively encourage employees to share ideas that strengthen our operations and sustainability performance. This year, several of those suggestions proved genuinely valuable and were implemented across the business, demonstrating how meaningful employee input can drive real impact. Looking ahead, we want every voice to be heard.



By now you might sense that sustainability is not just something manufacturers do behind the scenes. It is a partnership. Automotive leather has always been about comfort and craftsmanship, but it is also about contributing to a more thoughtful, circular future. **And that is a story worth sharing.**

We are proud to share our progress, invite collaboration, and continue promoting leather as a natural, renewable material. We invite you to explore our 2025 Sustainability Report, where you will learn more about our vision, strategy, and how our sustainability efforts support both our business and our customers.

This report covers Pangea's Global performance for the year ending December 31, 2025. It has been reviewed by our Board of Directors and Executive Team and is made publicly available. While the report is voluntary, it still draws on guidance from sustainability reporting initiatives, with our indicators being aligned with the material themes that matter most to our business and stakeholders.



**Sustainability is  
not just something  
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It is a partnership.**

# Strategy

Our sustainability strategy spans the full life cycle of our products and rests on a commitment to responsible material sourcing and modern, ethical manufacturing. We aim to set the standard in the leather industry by delivering products that are exceptionally durable while minimizing their environmental footprint. The chart highlights how we approach each ESG pillar and the priorities that guide our work.

Environmental improvements reduce regulatory and reputational risk, strong social practices improve workforce stability, employee morale and brand trust, and good governance ensures the entire system is credible and auditable. As the leather industry faces high scrutiny for environmental and social responsibility, we believe that making integrated ESG strategies becomes essential for long-term competitiveness.

| Environment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Social                                                                                                                                                                                                                                                                                                                                                                                                                            | Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduce relevant impacts with increased material efficiency by measuring our process input and output flows                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Hold excellency in well-being standards by improving the conditions of our manufacturing and its value chain                                                                                                                                                                                                                                                                                                                      | Enable the right decision makers to excel their vision and seamlessly integrate sustainability into core business practices                                                                                                                                                                                                                                                                                                                                         |
| <p>Transition to circular resource use, finding outlets for our waste streams and by-product valorization</p> <p>Chemical management: adapt increased share of renewable chemistry and ZDHC certified inputs from suppliers; only use chemistry screened and recognized for safety and performance standards</p> <p>Energy and carbon conservation: significantly reduce greenhouse gas emissions from our own operations and supply chain with renewable energy and management of Scope 1-3 emissions</p> <p>Water stewardship: conserve use and monitor wastewater to regulatory standards</p> <p>Commit to only using and demonstrating a deforestation-free supply chain of cattle hides</p> | <p>Uphold human rights and exemplary working conditions with no tolerance to child labor across all tiers of the supply chain</p> <p>Ensure health and safety at all workplaces with constant awareness training and foster skill development</p> <p>Uphold equal protection and equitable opportunities for the entire workforce globally</p> <p>Extend volunteerism to the communities surrounding our industrial footprint</p> | <p>Supply chain transparency</p> <p>Embed sustainability into our culture and business practices</p> <p>Foster and support ethical business conduct within our own organization and with all our business partners</p> <p>Maintain a communication channel to welcome ideas and concerns from any individual and stakeholders</p> <p>Uphold certifications that award results and best practices in the industry</p> <p>Public ESG reporting of measurable KPIs</p> |





# 2 ENVIRONMENTAL



**T**he environmental footprint of automotive leather is shaped by everything from raw material sourcing to tanning chemistry, energy use, and end-of-life considerations. This section outlines how we are monitoring and reducing that footprint through cleaner technologies, responsible supply chains, and continuous innovation.

**Our goal is simple: reduce the environmental and societal impact of our operations while continuing to deliver the high-performance leathers our customers expect.** We work to balance growth with responsibility by lowering the material and energy demands of our processes, investing in innovation and advanced technologies, and sourcing ethically in ways that align with the upstream supply chain, including modern cattle farming that plays a vital role in feeding the global population. At the heart of this work is a belief that everyone deserves fair access to a clean, safe, and healthy environment – and that environmental health supports economic wellbeing and stronger communities. Achieving this requires collaboration across the entire value chain, well beyond the boundaries of our own facilities.

And this is where consumers come in.

Choosing leather, especially responsibly sourced, traceable, and certified leather, supports a system that keeps valuable materials in use. It encourages tanneries and manufacturers to invest in cleaner chemistry, renewable energy, and waste-reduction technologies. It signals that durability matters. A well-made leather interior can last the entire lifetime of a vehicle, reducing the need for replacements and lowering its environmental footprint over time.

Consumers also influence sustainability through how they care for their leather interiors. The longer a product lasts, the lower its environmental impact per year of use. And when a vehicle reaches the end of its life, leather still has value. It can be repurposed, upcycled, or used in innovative recycling streams and composite materials that are emerging across industries. By choosing leather and supporting brands that invest in circularity, consumers help accelerate these new pathways.

In short, sustainability is not just something manufacturers do behind the scenes. It is a partnership. Together, we can reduce the environmental impact of anything around us.



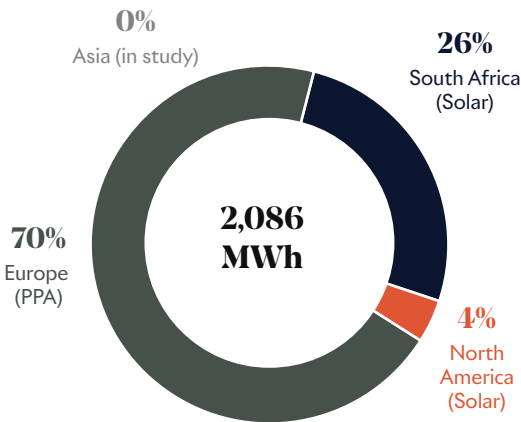
## Energy

Energy consumption plays a central role in the leather industry. From leather hide preservation to tanning, drying, finishing, and post-processing design enrichments, each stage of leather production requires significant thermal and electrical energy. Traditionally, this demand has been met through fossil-fuel-based sources, contributing to GHG outputs (herein reported under Scope emissions). As global expectations around ESG performance intensify, we are increasingly focused on improving energy efficiency. In 2025, 8% of our global electricity consumption (2,086 MWh) came from non-emitting sources. Our on-site generated electricity via installed solar grid increased by 25% from the previous year (619 MWh vs. 495 MWh).

↗ **25%**

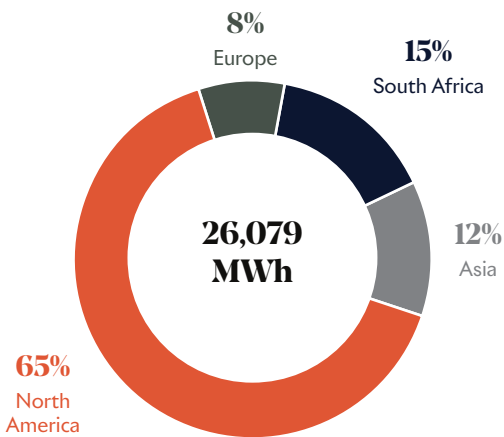
**increase in on-site  
generated electricity  
via installed solar  
grid (619 MWh)**

## Pangea Global Renewable Energy Distribution\*

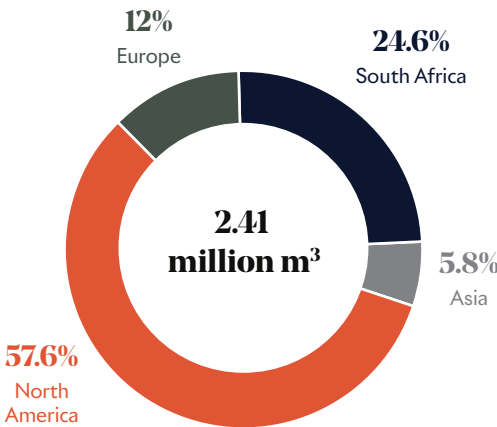


\* Not accounting for country specific renewables in individual electric grids

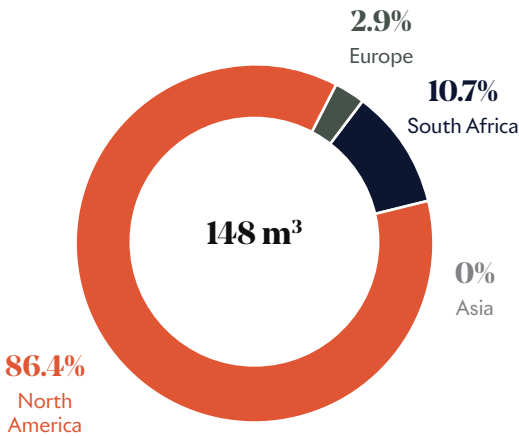
## Energy Profile: Electricity Consumption Regional Allocations



## Energy Profile: Natural Gas Consumption



## Energy Profile: LPG Consumption



Adding thermal energy commodities in 2025, Pangea used 4,612 kJ per square meter, a metric aligned with the previous reporting year.

While our energy intensity per square meter of leather didn't quite mirror last year's improvements, there is a perfectly sensible reason: 2025 was packed with site upgrades, equipment transitions, and efficiency projects that temporarily moved the ratios around. We can see this as data being influenced more by what we were building than by how we were operating. The good news is that these projects are exactly what set us up for long-term gains. Our underlying efficiency trajectory remains solid – and the benefits of these investments will become increasingly visible after 2025.



# Greenhouse Gas Emissions: Scope 1 and 2

Our carbon inventory covers CO<sub>2</sub>-equivalent emissions from our offices and industrial facilities, tracked in line with the Greenhouse Gas Protocol. This includes direct emissions from our operations (Scope 1) and indirect emissions from purchased electricity (Scope 2) using the location-based method for its calculations.

## ■ SCOPE 1 AND 2 EMISSIONS

*(GRI 103 + GRI 305)*

Pangea discloses its greenhouse gas emissions to demonstrate transparency, strengthen stakeholder confidence, and show proactive alignment with evolving regulatory expectations. By tracking and managing our Scope 1 and Scope 2 emissions, we aim to improve operational efficiency, reduce long-term costs, and accelerate innovation in sustainable practices. This commitment also enhances our brand reputation, as customers

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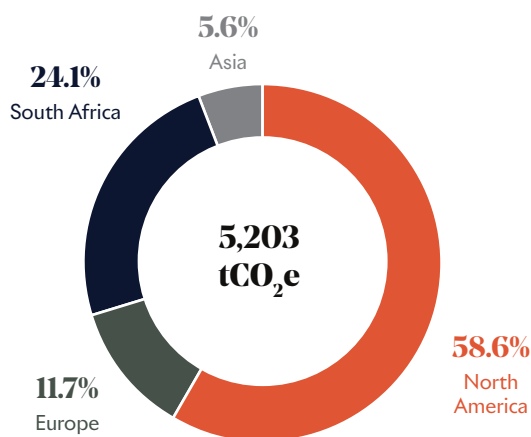




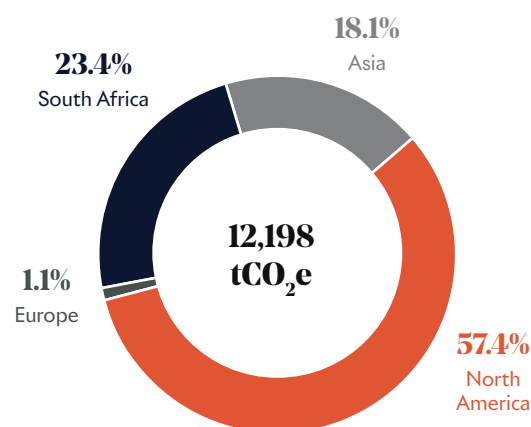
and partners increasingly prioritize suppliers that provide credible, verifiable climate data and take responsibility for emissions across the value chain. Our reporting boundary includes all Pangea-owned and controlled assets. Scope 1 and Scope 2 emissions are calculated using energy grid profiles for each production site and verified fuel use data. Indirect emissions associated with electricity generation are included through regional grid factors.

Pangea's Scope 1+2 emissions are also reported in sustainability platforms and supply chain risk rating initiatives per request of OEM customers to reinforce transparency and demonstrate that we are actively managing our carbon footprint as expectations across the automotive value chain continue to rise. This work strengthens stakeholder trust, supports operational efficiency, and encourages innovation in lower-impact practices – positioning Pangea as a responsible leader committed to credible metrics.

### Scope 1 Emission Profile Y'25: Regional Allocations in tCO<sub>2</sub>e



### Scope 2 Emission Profile Y'25: Regional Allocations in tCO<sub>2</sub>e



### ■ DIRECT (SCOPE 1) GHG EMISSIONS

(GRI 305-1)

Direct emissions (Scope 1) arise from fuel combustion and other onsite operational activities. These emissions are tracked and calculated in accordance with the Greenhouse Gas Protocol (GHG), using standardized fuel equivalency factors.

| Metric                  | Value (tCO <sub>2</sub> e) | Comments                                                                        |
|-------------------------|----------------------------|---------------------------------------------------------------------------------|
| Total Scope 1 emissions | 5,203                      | Fuel combustion, on-site operations                                             |
| Stationary combustion   | 4,967                      | Natural gas and heat-energy commodities used in boilers, generators, and dryers |
| Mobile combustion       | 216                        | Vehicles, warehouse mobility, forklifts                                         |
| Process emissions       | 15.4                       | Conversion of NCO chemistry into PUD coatings                                   |
| Fugitive emissions      | 4.8                        | Cooling, refrigerants, A/C maintenance                                          |





ENERGY INDIRECT (SCOPE 2)  
GHG EMISSIONS

(GRI 305-2)

Indirect emissions from purchased electricity (Scope 2) are calculated using the location-based method, applying average regional emission factors (kgCO<sub>2</sub>e/kWh) for the electricity grids that supply our facilities. This approach reflects the actual carbon intensity of the regions where we operate and ensures consistency across our global footprint.

| Metric                      | Value                     | Comments                                                 |
|-----------------------------|---------------------------|----------------------------------------------------------|
| Total Scope 2 emissions     | 12,198 tCO <sub>2</sub> e | Location-based grid factors                              |
| Net electricity purchased   | 26,079 MWh                | 0.468 kgCO <sub>2</sub> e/kWh global Pangea grid average |
| Renewable electricity share | 8% (2,086 MWh)            | Self-generated + PPA                                     |

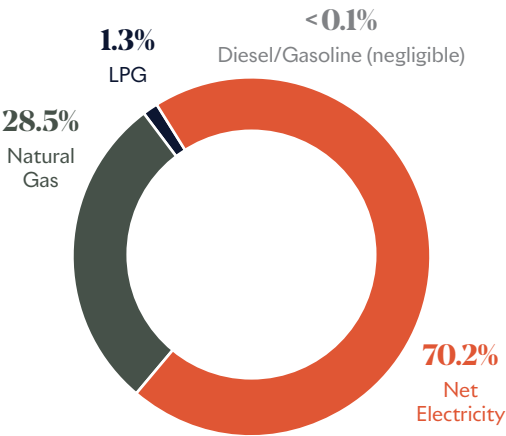
GHG EMISSIONS INTENSITY AND  
REDUCTION OF GHG EMISSIONS

(GRI 305-4 + GRI 305-5)

In 2025, Pangea’s combined Scope 1 and Scope 2 emissions totaled 0.93 kgCO<sub>2</sub>e per square meter of leather processed, slightly above the previous year and still below the 2023 estimate of 0.96 kgCO<sub>2</sub>e/m<sup>2</sup>. This uptick from the desired downward trend is due to changes in building activity and fluctuation of production volumes between regions that have contrasting energy supply mix. Adding to it, transition periods of manufacturing efficiency projects have influenced results. These projects will only show benefits when materialized upon completion.

**Compared to 2024, Pangea’s global consumption of energy in 2025 was 2% lower in the categories of electricity, natural gas, and diesel, while LPG was 7% lower in consumption, as a direct relation to production volumes.**

Scope 1+2 Emission Profile Y’25:  
Energy Commodity Allocation



Pangea has remained focused on monitoring energy use as a core part of supporting major automotive customers on their path to reducing greenhouse gas emissions. The company is committed to using the most effective and economically practical technologies across all its production sites. This approach strengthens the sustainability of Pangea’s entire automotive leather portfolio and encourages partners throughout the supply chain to join efforts that help us achieve common goals.

# Greenhouse Gas Emissions: Scope 3

We remain committed to measuring indirect emissions throughout the value chain, which stem from assets and activities outside Pangea's ownership or control but contribute indirectly to the leather value chain.

## ■ CORPORATE VALUE CHAIN (SCOPE 3) GHG EMISSIONS

*(GRI 305-3)*

Scope 3 emissions are material to leather and represent the indirect greenhouse gas contributions that occur across Pangea's value chain, outside of our direct operations and purchased energy. For the leather sector in general, these emissions are especially significant because most impacts arise before hides reach the tannery and after finished leather leaves our facilities. This includes upstream activities such as cattle production and transportation, logistics and chemical manufacturing, waste management, as well as downstream impacts from the distribution of produced leather parts, leather use life, and end-of-life treatment. Addressing Scope 3 emissions requires broad collaboration across

our suppliers, business units, and departmental functions, all considering the upstream value chain to our industry and downstream distribution and use of our leather products. We manufacture leather using both renewable feedstocks and advanced chemistry, so we work closely with our suppliers to choose materials that are genuinely more sustainable. That means selecting the right bio-based inputs, sourcing traceable hides, adjusting processes inside and outside our facilities, and bringing products to market that exceed performance expectations with a lower environmental footprint. By understanding our Scope 3 emissions, we are not just managing risk – we are creating value across the entire value chain.

### Our approach includes:

- Partnering with innovative suppliers who can deliver materials that reduce both cost and carbon impact in circular local economies.
- Working with customers to simplify material specifications that add unnecessary complexity, waste, or extra processes in leather production.
- Building collaborations across industries to apply new technologies, create circular waste solutions, and reduce end-of-life impacts.



- Aligning operations and new product lines with evolving regulations and customer demand for sustainable articles, supported by targeted investments.
- Improving data quality and availability to measure, track, and manage Scope emissions with greater accuracy.

We are steadily improving how we measure our Scope 3 emissions each year, but the full picture is still developing. Because Scope 3 encompasses a wide range of indirect impacts across the value chain, the data can be complex and not always readily available. As we build a stronger baseline, we are focusing on the areas where we have the most reliable information, including Scope 3 Categories 4, 5, 6, 11, and 12. Transportation of goods, waste generated in operations, business travel, use of sold products, and end-of-life treatment, respectively, all have established data sources and clearer activity boundaries, allowing us to quantify impacts with greater accuracy.





## Summary of Scope 3 Emissions Per Category to the Extent Accounted for in 2025

|             |                                                       | Assumption /<br>Boundary                                                                                                                                                              | Accounted<br>Emissions | % of<br>Emissions |
|-------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|
| Category 4  | Upstream transport and distribution                   | Transport of hides traced from tanneries and chemicals distributed from supplier warehouses to Pangea manufacturing sites                                                             | 9,382                  | 71%               |
| Category 5  | Emissions from Waste Generated in Operations          | As described in its own detailed section, considering avoided emissions                                                                                                               | 1,192                  | 9%                |
| Category 6  | Emissions from Corporate Business Travel              | Flights, car rental, rideshare, and lodging                                                                                                                                           | 515                    | 3.9%              |
| Category 11 | Emissions from Use of Sold Products                   | Annual prorated value, 14 years avg. vehicle lifespan, engineered mass difference leather to non-leather surface: 22%. All regional markets and total 2025 Pangea production combined | 1,950                  | 14.5%             |
| Category 12 | Emissions from End-of-Life Treatment of sold products | Annual prorated value for the most likely disposal method for SLF (shredder light fraction) in the regions where vehicles with Pangea leather are sold                                | 212                    | 1.6%              |
|             |                                                       |                                                                                                                                                                                       | 13,251                 |                   |

■ **CATEGORY 4:  
UPSTREAM TRANSPORTATION  
AND DISTRIBUTION**

As we continue strengthening the sustainability of our leather supply chain, we look closely at the emissions generated not just from the movement of hides after they leave the slaughterhouse, but also from the transportation of the chemicals required for our manufacturing processes. Both streams – hides and essential chemical inputs – travel through a network of regional and international logistics before reaching our plants, contributing to our Scope 3 Category 4 footprint.

For hides, this means accounting for trucking, containers, and freight routes that bring these materials from processing facilities, as well as to subcontractors and intra-company transfers of articles. For chemicals, it includes the distribution of wet-end and finishing

| Input for Category 4                                   |                                 | Value        | North America | Europe     | South Africa | Asia      |
|--------------------------------------------------------|---------------------------------|--------------|---------------|------------|--------------|-----------|
| <b>Hides</b> upstream from tanneries and leather items | kiloton-km                      | 219,349      | 86%           | 6%         | 2%           | 6%        |
|                                                        | Emissions in tCO <sub>2</sub> e | 8,173        | 75%           | 18%        | 5%           | 2%        |
|                                                        | Ratio trucking/ship cargo       | 53% / 47%    |               |            |              |           |
| <b>Chemicals</b>                                       | kiloton-km                      | 84,065       | 68%           | 3%         | 23%          | 6%        |
|                                                        | Emissions in tCO <sub>2</sub> e | 1,209        | 70%           | 2%         | 25%          | 3%        |
|                                                        | Ratio trucking/ship cargo       | 7% / 93%     |               |            |              |           |
| <b>Scope 4 subtotal (hides and chemicals only)</b>     | tCO <sub>2</sub> e              | <b>9,382</b> | <b>74%</b>    | <b>16%</b> | <b>8%</b>    | <b>2%</b> |



chemicals and other inputs from suppliers to our manufacturing sites. While these materials differ, the goal is the same: understand the emissions tied to their transport so we can work with partners to optimize routes, consolidate shipments, and explore lower-carbon logistics solutions.

By bringing both hide transport and chemical distribution into focus, we gain a clearer picture of the downstream transportation impacts within our value chain — and a stronger foundation for reducing them over time.

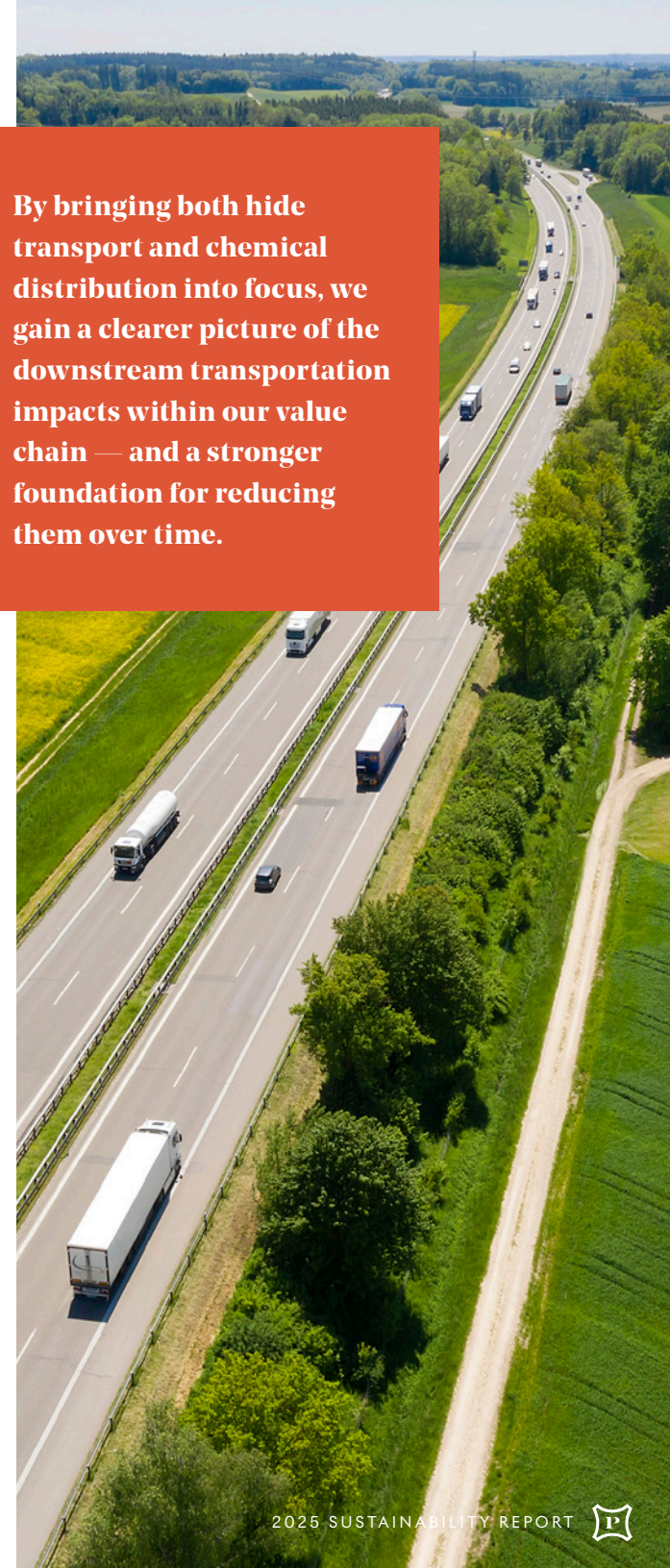
Current estimates rely on a distance-based method using ton-kilometers and mode-specific emission factors, with ongoing efforts to obtain carrier-specific emission factors and more detailed logistics data.

In closing, the transportation of hides and chemicals remains a significant driver of our Scope 3 Category 4 emissions. Cost considerations strongly influence where hides

are sourced, often requiring long-distance transport from regions where pricing and availability are most competitive. At the same time, most chemical manufacturers serving the leather sector are based in Europe, with decentralized production in countries that offer access to raw materials and lower labor costs.

A possible shift toward lower-carbon freight options, such as biofuel-powered vessels, more efficient carriers, or premium low-emission shipping services, adds a significant cost layer to upstream logistics. For the leather industry, this cost premium is especially relevant because routes with the highest emissions intensity are often the ones where affordable low-carbon alternatives are nonexistent. Reducing the footprint of these upstream movements will always depend on the localization of the raw materials, and our priority remains the sustainable procurement of these inputs to our manufacturing. These realities increase transport intensity and highlight the need for closer supplier coordination.

**By bringing both hide transport and chemical distribution into focus, we gain a clearer picture of the downstream transportation impacts within our value chain — and a stronger foundation for reducing them over time.**





### Scope 3 Emission (Category 5) Y'25: Waste and its Transportation, in tCO<sub>2</sub>e

| Emissions from all solid and sludge waste landfilled | Avoided emissions with energy recovery from waste incinerated | Emissions from municipal wastewater treatment plant | Emissions from transportation of waste streams | Avoided emissions from global recycling | SUBTOTAL |
|------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------------|----------|
| 1,720                                                | -253                                                          | 116                                                 | 23.8                                           | -415                                    | 1,192    |

#### ■ CATEGORY 5: EMISSIONS FROM WASTE GENERATED IN OPERATIONS

This section includes emissions from the disposal and treatment of solid waste and wastewater generated during operations as well as emissions from third-party treatment and disposal of waste generated by Pangea's operations. Encompassing landfilling, incineration with energy recovery, composting, and recycling, Pangea's waste data is well-tracked internally, making this one of the most complete Scope 3 categories currently reported.

Waste is an unavoidable part of making automotive leather. Turning raw hides into durable, high-performance leather involves trimming, splitting, shaving, filtering, and finishing – and each of those steps creates its

own type of waste. Some of it is organic, like hide trimmings and sludge from wastewater treatment. Some of it is packaging, chemicals, or offcuts from finishing lines and lamination. All of it needs to be managed responsibly. What often gets overlooked is that waste isn't just an industry issue – it is a shared one. Consumers play a significant role in choosing durable materials and supporting brands that invest in circular design for waste minimization, allowing innovation to go even further. While Category 5 focuses on the waste we generate during production, it also reminds us that sustainability does not end at the factory door. It is a partnership between manufacturers and third parties, who manage waste responsibly, and consumers, who value materials that are built to last.

The data shared here gives a snapshot of the waste our operations generate and how it is managed once it leaves our facilities. More details are covered in the waste section of this report. What matters here is that we are handling our waste responsibly and continually improving, while encouraging consumers to value long-lasting materials that help reduce waste across the whole lifecycle. Leather production generates high volumes of organic and chemical-laden waste, making Category 5 a material emissions source. Wastewater sludge and hide residues can produce methane if landfilled, while chemical residues require specialized treatment. Improving waste diversion and treatment efficiency can significantly reduce emissions.



## ■ CATEGORY 6: EMISSIONS FROM BUSINESS TRAVEL

Business travel is one of those behind-the-scenes parts of our work that most people do not consider, but it plays an important role in how we operate as a global automotive leather supplier. Our teams travel to visit customers, audit suppliers, inspect field quality, meet with customers and tiers, and collaborate across borders – all essential pieces of maintaining quality, traceability, and strong relationships throughout the value chain.

Of course, every trip has a footprint. Flights, rental cars, and hotel stays all generate emissions, and that is why we track them carefully under Scope 3 Category 6 (Business Travel). While this category isn't one of our largest emissions sources, it is still an area where thoughtful choices can make a meaningful difference.

What is encouraging is that business travel is also one of the most flexible categories. We have seen how much can be accomplished through virtual meetings, digital audits,

and remote collaboration. And when travel is necessary – which is often in a hands-on industry – we can make smarter decisions about sharing a ride or connecting routes to keep our footprint as low as possible.

In short, Category 6 is about acknowledging the impact of the travel we do, being intentional about when and how we travel, and continually looking for ways to stay connected while staying efficient. It is a small but important part of our broader commitment to reducing emissions across our value chain.



### Corporate Global Air-travel Y'25 Allocation



|                  | % of Air travel | Average emission factor (kg CO <sub>2</sub> e/ person-km) |
|------------------|-----------------|-----------------------------------------------------------|
| Domestic         | 24.3%           | 0.183-0.255                                               |
| Intra-regional   | 20.4%           | 0.195-0.200                                               |
| Intercontinental | 55.3%           | 0.151-0.215                                               |

## 472 tCO<sub>2</sub>e

### Total air-travel emissions

*Using average DEFRA and Airline reporting with ICAO (International Civil Aviation Organization) 2024 emissions factors with RF (radiative forcing).*



## Corporate Global Land-travel Y'25 Allocation



|                     | Average emission factor<br>(kg CO <sub>2</sub> e/person-km) |
|---------------------|-------------------------------------------------------------|
| Rental Medium Sedan | 0.168                                                       |
| Ride-Share / Taxi   | 0.206                                                       |

**12.8 tCO<sub>2</sub>e**

**Total land-travel emissions**

*Using average DEFRA "business travel – land, per vehicle segment".*

## Corporate Global Lodging Y'25 Allocation



|                                  | Emission factor<br>(kg CO <sub>2</sub> e/room-night) |
|----------------------------------|------------------------------------------------------|
| Average carbon rate              | 26.4                                                 |
| Pro-rated per travel destination | 23.6                                                 |
| Lowest carbon rate               | 6.7 (France)                                         |
| Highest carbon rate              | 55.8 (S. Korea)                                      |

**29.8 tCO<sub>2</sub>e**

**Total land-travel emissions**

*Using average DEFRA Lodging nightly CO<sub>2</sub>e rates.*

At the end of the day, business travel is something we manage thoughtfully, but not something we control alone. In our industry, many of the most important conversations still happen face-to-face, whether it is reviewing materials, aligning on design details, or walking through production steps together. When our customers ask for in-person meetings, we show up, because partnership and trust are built that way.

While Category 6 reflects the trips we take, it also highlights the opportunities we share. We are ready to travel when it truly matters, and we are just as ready to explore smarter ways of staying connected.



## Scope 3 Emission (Category 11) Y'25: Emissions From Use of Sold Goods

### ■ CATEGORY 11: EMISSIONS FROM USE OF SOLD PRODUCTS

In the GHG Protocol, Category 11 covers the emissions that occur when customers use the products sold. For many industries, this can be a major category – think of appliances, electronics, or vehicles themselves, where energy is consumed during use.

But for automotive leather, the story is very different.

Leather interiors do not consume energy during the use phase. Once the leather interior is installed in a vehicle, it does not require electricity, fuel, or any other energy input to function. It simply exists as part of the interior environment. However, leather, as part of a vehicle's weight, influences overall energy use.

Leather has mass, and in theory, the weight of interior materials can influence a vehicle's fuel consumption. In practice, the impact is extremely small – particularly compared to the weight of the vehicle itself, the drivetrain, the battery pack (in EVs), or even the passengers.

**Leather's long lifespan actually works in favor of lower emissions.** A leather interior

|                                                                                                                                                     | N. America | Europe  | Japan   | China   | Elsewhere |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|---------|---------|-----------|
| <b>Average fleet fuel efficiency (km/L)</b>                                                                                                         | 8.7-9.4    | 5.2-6.0 | 4.7-5.3 | 6.2-6.7 | 7.3-8.4   |
| <b>Vehicle lifespan (years)</b>                                                                                                                     | 12-16      | 14-18   | 13-17   | 12-15   | 11-14     |
| <b>Lifetime (in 1000 miles)</b>                                                                                                                     | 150-190    | 120-160 | 90-120  | 100-130 | 80-110    |
| <b>Extra fuel (liters) per added kg of leather content and average fleet lifespan</b>                                                               | 10.1       | 8.8     | 7.2     | 6.4     | 6.6       |
| <b>Leather content factor</b>                                                                                                                       | 3.8        | 3.2     | 4.1     | 2.6     | 1.8       |
| <b>Use-life emissions from added leather content per vehicle (kg CO<sub>2</sub>e)</b>                                                               | 88.4       | 64.1    | 67.9    | 37.6    | 27.4      |
| <b>Lifetime regional emissions per vehicle attributed to leather content weight difference to alternative seating surfaces (kg CO<sub>2</sub>e)</b> | 19.5       | 14.1    | 14.9    | 8.3     | 6.0       |
| <b>Annual tCO<sub>2</sub>e for fleet (14 years avg. vehicle lifespan, 22% engineered mass difference leather-to-other surface option)</b>           | 1,420      | 348     | 69      | 47      | 66        |

*EPA: burning gasoline emits about 8.89 kg CO<sub>2</sub> per US gallon, i.e. ≈ 2.31 kg CO<sub>2</sub>/L. Literature reviews for passenger cars typically find about 0.3–0.5 L/100 km per added 100 kg of mass. Data is aligned with vehicle scrappage reports, ICCT (International Council on Clean Transportation) and Global Fuel Economy Initiative – Trends in Global Vehicle Fleet (2023).*

can last the entire life of the vehicle without needing replacement. That durability reduces the need for additional materials, repairs, or refurbishments – all of which would otherwise create emissions in other categories.

We went over the exercise to estimate the use phase of our automotive leather in the markets we serve.

When it comes to the use-phase of our products, the story is refreshingly simple. Once leather is installed in a car, it simply does its job – providing comfort, durability, and a premium feel – adding little to the vehicle's emissions during its lifetime.

Here, emissions for leather used in vehicles relate only to the incremental fuel/energy consumption associated with the weight of leather compared with potentially lighter, alternative seat-cover materials. Because every vehicle requires a seating surface, the relevant factor is the difference in weight between genuine leather and other materials such as PVC or textiles.

**A well-crafted leather interior often outlives the vehicle itself, reducing the need for replacements and helping extend the useful life of the materials we already have.**

While some materials can affect fuel consumption through added weight, the difference between leather and alternative interior materials is so small that it has no practical impact on a vehicle's efficiency. Whether a car is driven 90,000 miles or 200,000 miles, the presence of leather in the interior does not change a vehicle's fuel consumption or emissions profile. For comparison to the table above, our breathing alone exhales between 0.8 and 1.4 kg CO<sub>2</sub> daily, per person.

For that reason, emissions associated with Scope 3 Category 11 (Use of Sold Products) are

considered negligible per vehicle for automotive leather, though quantifiable in theory.

What leather does contribute is long-lasting performance. A well-crafted leather interior often outlives the vehicle itself, reducing the need for replacements and helping extend the useful life of the materials we already have. So, while Category 11 may not be a significant emissions source, the leather durability still plays a quiet but important role in lowering the overall environmental footprint of the products we use.



## ■ CATEGORY 12: EMISSIONS FROM END-OF-LIFE (EOL) TREATMENT OF SOLD PRODUCTS

This category includes emissions from the disposal and treatment of products sold once they reach end of life at the consumer side. In this case, leather end-of-life (EoL) follows the destiny of vehicles and are typically disposed of as the light-fraction, non-metallic part of *automotive shredder residue* (ASR) via landfill or incineration practices with limited recycling options.

The leather content in *shredder light fraction* (SLF) is estimated at 1-4% in mass, while plastics and trims account for 40-60%, textiles (10-20%), rubber (5-10%), wood and cardstock (1-2%) and unrecovered metals (5-10%). With the variety of car models and interiors, and country-specific technological advances, there is no unified net emissions database for disposal practices related to end-of-life automobiles. Here, we must use LCA studies on landfill sludge and incineration, IPCC EFDB general waste factors, EPA landfill and waste-to-energy (WtE) factors and proxies from the European market captured in Ecoinvent. Across Europe, the United States, Japan, and China, WtE

incineration of mixed industrial waste typically emits 0.7-1.2 kgCO<sub>2</sub>e per kg of industrial waste incinerated (range from Ecoinvent, EPA AP-42, and Japanese WtE LCA studies) and 1.5-2.5 kgCO<sub>2</sub>e per kg of SLF incinerated.

Notably, landfilling SLF emits much less GHG than incineration practices, despite energy recovery from WtE conversions, but it does create long-term microplastic and large volume waste issues if not compacted. Global emission averages for landfilling SLF are estimated at 0.08-0.15 kgCO<sub>2</sub>e per kg of SLF discarded. Automotive leather itself, due to its tanning and the stability of its coating, has a very low anaerobic degradation in comparison to the raw hides or organic waste. Emissions are estimated at 0.2-0.9 kgCO<sub>2</sub>e per kg of leather landfilled, depending on the availability of landfill gas collection and derived energy recovery systems.

Leather is durable but not widely recycled or repurposed at its EoL. The recyclability of leather seating surfaces in automotive applications remains limited, largely due to the complexity of modern seat design and the scale of global vehicle production. Today's seats incorporate multiple layers of materials



### Global Distribution of Automotive Leather Produced by Pangea in 2025

|               | % Car sets sold | % Leather mass |
|---------------|-----------------|----------------|
| North America | 61%             | 68%            |
| Europe        | 21%             | 19%            |
| Japan         | 4%              | 5%             |
| China         | 5%              | 4%             |
| Elsewhere     | 9%              | 5%             |

– foams, plastics, textiles – and increasingly sophisticated electronic components such as sensors, airbags, heating and cooling systems, and wiring. As a result, end-of-life vehicles are typically processed through shredding, where leather becomes part of a mixed waste stream that is difficult to separate into recoverable fractions.

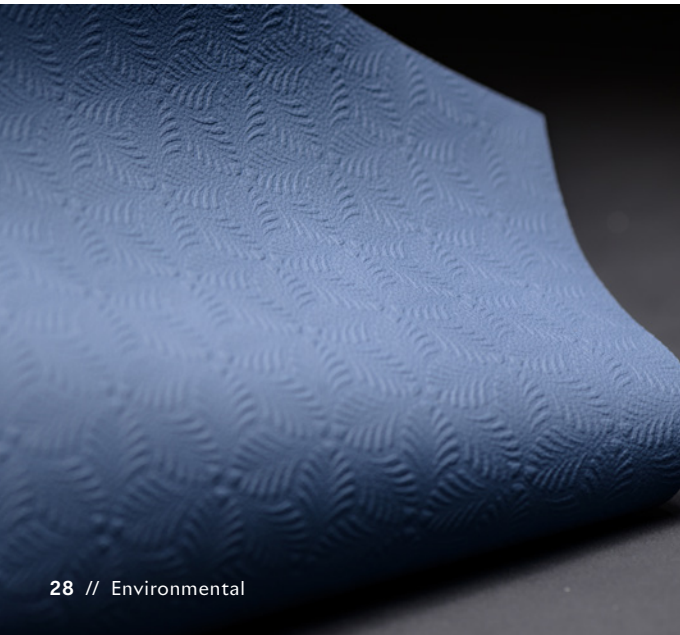
**This means that low-waste recyclability is not a reflection of the leather material itself, but rather the result of modern seat systems and today’s industrial practices for vehicle dismantling.** Recognizing these constraints is a major step toward improving design for disassembly and exploring more circular pathways in the future, not only for leather but for all vehicle components.



Here we illustrate the hypothetical Scope 3 emissions Category 12 should Pangea global leather production (2025) reach its EoL under each of the market regions and their current technology status for automotive shredder residue disposal treatment:

| Market Region | Average leather surface factor | Averaged SLF-leather content emission estimates (tCO <sub>2</sub> e) |                  |                     | Annualized estimate                                                            |
|---------------|--------------------------------|----------------------------------------------------------------------|------------------|---------------------|--------------------------------------------------------------------------------|
|               |                                | Waste-to-Energy Incineration*                                        | Co-incineration* | Landfill**          | Annual value (14 years avg. vehicle lifespan, most likely end disposal option) |
| North America | 3.8                            | 4,017 (secondary 15%)                                                | 3,167            | 1,332 (primary 85%) | 124                                                                            |
| Europe        | 3.2                            | 718 (primary)                                                        | 686              | 215                 | 51                                                                             |
| Japan         | 4.1                            | 111 (primary)                                                        | 108              | 51                  | 8                                                                              |
| China         | 2.6                            | 266                                                                  | 255 (primary)    | 102                 | 18                                                                             |
| Elsewhere     | 1.8                            | 389                                                                  | 358              | 143 (primary)       | 10                                                                             |

(\*) Considering energy generation credits. (\*\*) Not considering landfill gas capture efficiency.





# Water and Effluents

## ■ WATER AND EFFLUENTS

*GRI 303*

Water plays a critical role in our leather manufacturing, particularly in processes such as retanning, coating applications, cleaning, cooling, and emissions-control systems. Here we demonstrate not only how much water is withdrawn, consumed, and discharged, but also how we manage water-related impacts across our operations and manufacturing sites.

**Water plays a critical role in our leather manufacturing, particularly in processes such as retanning, coating applications, cleaning, cooling, and emissions-control systems.**



## ■ INTERACTIONS WITH WATER AS A SHARED RESOURCE

*GRI 303-1*

Water is essential to both life and our operations, serving as the most heavily utilized resource in genuine leather production. Because our processes depend on consistent water availability, any disruption – whether due to scarcity, regulatory changes, or local watershed stress – can significantly affect our value chain. This dependency reinforces our responsibility to use water efficiently and to help safeguard water quality and accessibility in the regions where we operate.

We recognize water as a shared resource and manage it with consideration for local communities, municipal systems, and downstream ecosystems. Our approach prioritizes efficiency, responsible discharge, and continuous improvement in water-intensive processes.

Across our global leather-processing footprint, most sites operate in regions with documented water stress, either due to scarcity, drought, groundwater depletion, or basin-level overuse.

Our European operations generally present the lowest regional stress, though groundwater issues still exist. This encourages us to keep strong water stewardship and compliance with national water management standards. It is equally important to address how these interactions translate into responsible wastewater management. As water enters and moves through our processes, the focus shifts from availability and shared use to ensuring that any water discharged back into municipal systems or the environment is treated appropriately and managed in line with regulatory and community expectations.

**This dependency reinforces our responsibility to use water efficiently and to help safeguard water quality and accessibility in the regions where we operate.**



## ■ MANAGEMENT OF WATER DISCHARGE RELATED IMPACTS

GRI 303-2

We manage water discharge impacts through process optimization, treatment controls, and technology adoption across our operations. The water used in retanning, finishing processes, and facility maintenance at our sites is treated to standards set on permits before being returned to municipal systems and ultimately to natural waterways.

On-site systems typically handle the first stage of treatment, removing solids, neutralizing pH, and reducing chemical loads from cleaning processes, coating preparation, and emissions-control equipment. This pre-treatment is essential to ensure that wastewater meets the quality parameters required for safe discharge to municipal networks.

Once transferred to the municipal system, wastewater undergoes further biological and physical/mechanical treatment before final release. This shared responsibility model helps maintain compliance with regulatory requirements while minimizing environmental

# 74%

of the water volume consumed was returned as treated wastewater, with the remaining going back to the natural water cycle

impacts. It also reflects the operational reality of finishing plants, which generate lower volumes and less complex effluents than upstream tanning operations, but still require consistent, well-managed treatment pathways.

In 2025, 74% of the water volume consumed was returned as treated wastewater, with the remaining going back to the natural water cycle as vapor from drying operations and some being retained in the final leather substrate as moisture content.

Operational controls, such as maintaining appropriate float ratios in the beamhouse, optimizing process parameters, and implementing water-efficient tanning/retanning technologies, help reduce both water use and the volume of effluent requiring treatment. Employee training and awareness programs further support consistent and responsible water management at the production sites and administrative offices.

Examples of technologies within our leather substrate portfolio that demonstrate meaningful water savings are:

- High-efficiency FOC adapted for low-bisphenol chemistry delivers a 7% reduction in water used for chemical dilution and batch volume per lot produced.
- Hybrid Puretan systems (alternative tanning) achieved up to a 24% reduction in total water consumption per batch compared to traditional chromium-tanned substrates.



## ■ WATER WITHDRAW, DISCHARGE, AND CONSUMPTION

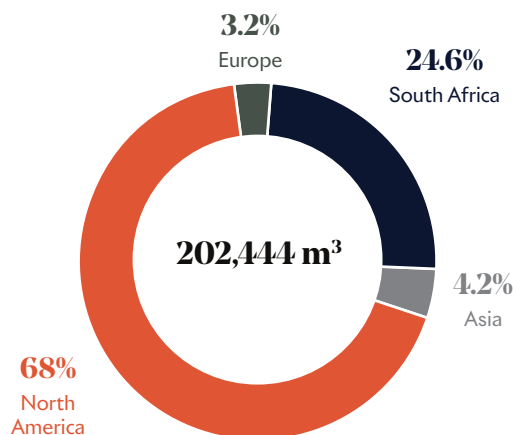
GRI 303-3, 303-4, and 303-5

Water withdrawal is primarily associated with retanning operations, which represent the highest water demand within Pangea, followed by finishing applications that rely on aqueous dispersions. While quantitative withdrawal data is reported separately in our performance tables, our operational focus remains on reducing water withdrawal intensity through efficiency measures and a conservative approach.

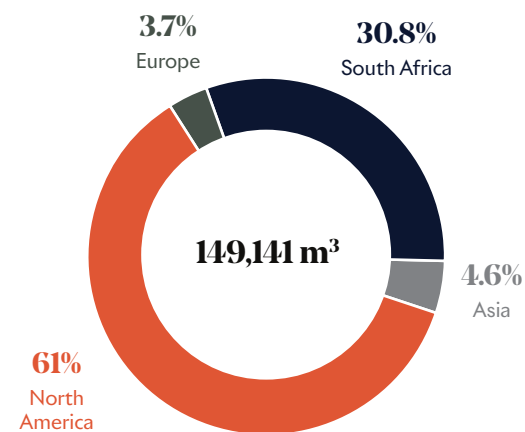
Most water used in our processes is discharged as wastewater treated through municipal systems. Discharge volumes, destinations, and treatment classifications are monitored and reported in accordance with local regulatory requirements. Our process controls and chemical management systems are designed to minimize pollutant loads and ensure compliance with all applicable discharge standards.

We will continue to monitor our advancements, focusing on scalable technologies across production sites to minimize impacts on water quality.

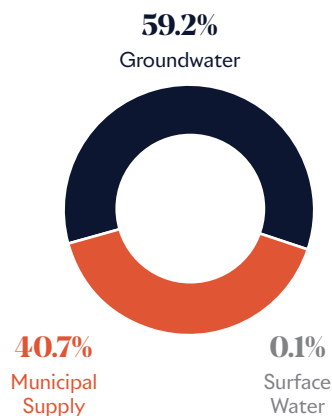
### 2025 Water Withdraw: Regional Allocation (%) of Total Usage



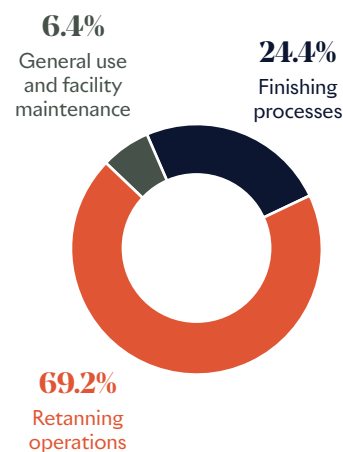
### 2025 Water Discharge: Regional Allocation (%) of Total Wastewater



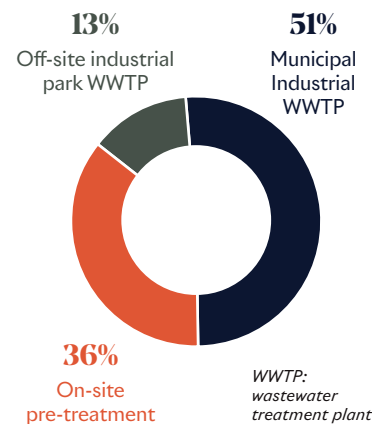
### 2025 Water Source Allocation



### 2025 Water Use Allocation



### 2025 Water Discharge Management





# Chemicals and Material Management

## ■ CHEMICALS & WORKER SAFETY IN MANUFACTURING, CUSTOMER HEALTH & SAFETY, AND MARKETING, LABELING & TRANSPARENCY

*GRI 403, 416, and 417*

Our approach to chemical management spans the entire value chain – from protecting workers who handle chemicals (GRI 403), to ensuring that finished leather meets the highest standards of customer health and safety (GRI 416), to providing transparent and accurate product information to OEMs and downstream partners (GRI 417). This integrated system supports compliance, innovation, and trust across the automotive leather supply chain.



**Our approach to chemical management spans the entire value chain. This integrated system supports compliance, innovation, and trust across the automotive leather supply chain.**

**To further reduce chemical impacts, we have implemented a global product platform and standardized chemical-use program across all sites.**

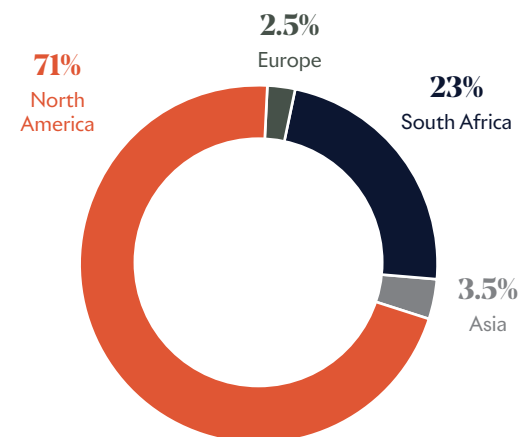
Effective chemical management is fundamental to our environmental and social responsibility and directly supports our disclosures under Global Reporting Initiatives. In line with GRI 403, we maintain rigorous chemical-safety controls across all production stages, including task-specific risk assessments, automated dosing and closed-loop systems to reduce workers' exposure, continuous ambient-quality monitoring, and mandatory training for all employees who handle chemicals.

Aligned with GRI 416, we ensure that all chemicals used in leather making, from subcontracted operations to our own, meet strict customer specifications and comply with RSL, ZDHC, REACH, and SVHC requirements.

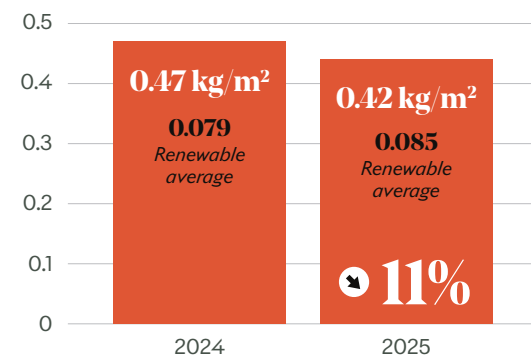
Our global chemical suppliers proactively monitor regulatory changes and adjust formulations early, enabling us to consistently deliver leather that brings no harm to end users, is processed in a water-based chemistry, and supports reduced environmental impact throughout its life cycle.

Pangea's Global Product Development and Design teams focus on both craftsmanship and end-user experience. To further reduce chemical impacts, we have implemented a global product platform and standardized chemical-use program across all sites, promoting the adoption of functional chemicals derived from renewable materials.

## 2025 Chemical Consumption Allocation



## Chemical Intensity Comparison (kg/m<sup>2</sup>)





**In 2025, a quarter of the chemicals used by Pangea in retanning and coatings derived from renewable feedstocks, marking a 24% increase over 2024.** Pangea expects the use of renewable chemistry in its products to grow substantially, driven by advancements in alternative tanning methods and the development of biopolymers and polyurethanes incorporating renewable-carbon content for retanning and finishing applications, respectively.

Moreover, mirroring the contents of GRI 417, we provide transparent and accurate chemical-compliance documentation to customers, including material composition via IMDS, the International Material Data System, along with restricted-substance declarations and testing results. We provide OEMs and Tier-1 suppliers with full chemical-compliance documentation. All marketing claims, such as “bio-based finishes”, are substantiated through third-party testing and internal bill-of-materials

verification. Our labeling and documentation practices ensure that customers receive accurate, transparent information about the leather they are acquiring.

Together, these practices ensure worker protection, environmental stewardship, and the delivery of durable, compliant automotive leather with lower life-cycle impacts.



↗ **24%**  
**increase in retanning  
and coatings derived  
from renewable  
feedstocks over 2024**

## Waste and Circularity

Managing waste responsibly is a big part of how we see our role in the automotive supply chain. Leather finishing is a craft, but it is also a chemical-intensive process, which means we generate several types of waste, from offcuts and trimmings to sludge from finishing baths and spent chemicals. Instead of treating these as inevitable processing byproducts, we look at them as opportunities to improve efficiency, reduce environmental impact, and rethink how materials flow through our facility.

**We look at waste as opportunities to improve efficiency, reduce environmental impact, and rethink how materials flow through our facility.**





## ■ WASTE AND CIRCULARITY

GRI 306

We focus on reducing waste at the source and advancing circularity across our operations and nearby industries. By transforming hides – materials that would otherwise be discarded – into durable automotive leather, we extend the life of a natural by-product and reduce reliance on synthetic, higher-impact alternatives.

Across all sites, we track our waste streams with a level of detail that helps us understand not just how much waste we produce, but where it comes from and how it can be minimized. We segregate waste streams, prioritize recycling, and work with certified partners to ensure responsible treatment and disposal. **Our standardized chemical-use program and global product platform help lower waste generation and its impact on effluents and solid residues.** These practices support more efficient wastewater treatment and reduce the environmental footprint of sludge and other by-products. Through continuous improvement and collaboration with suppliers and customers, we are strengthening manufacturing circularity and contributing to a more resource-efficient automotive supply chain.

In our industry, circularity isn't an abstract concept, it is something you can see, touch, and trace through the communities we work with. Every hide we transform begins as a by-product of the food system, and every step of our process is shaped by a simple belief: nothing should go to waste if it can be given a second life. This mindset has led us to build partnerships that turn local challenges into shared opportunities. In regions where agave and avocado industries generate large volumes of agro-waste, we collaborate with innovators who convert these residues into functional, bio-based chemicals for our leather processing. With the recovered chemistry from these wastes, we added two retanned leather types to our portfolio of chrome (Ecodia) and chrome-and-GDA-free leather (Vendura). What once had no value now becomes part of a renewable chemistry platform that reduces our reliance on fossil-based inputs and strengthens local circular economies.

**In Mexico, our commitment goes even further. All wet-blue shavings from chromium-tanned hides (1,332 metric tons), a material traditionally destined for disposal, are now fully recovered and transformed into**



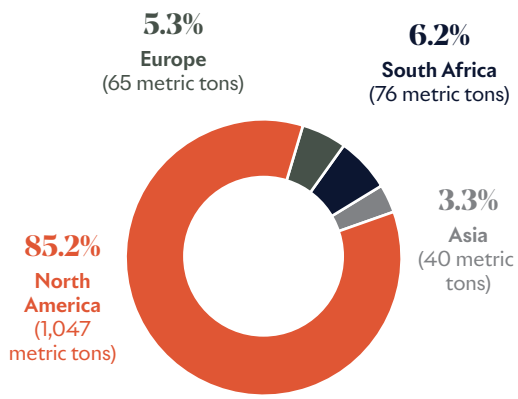
**biopolymers and bio-stimulants** in partnership with a leading industry creating protein by-products. These new materials support agricultural regeneration, closing a loop that begins with the land and ultimately returns to it in a more beneficial form. It is a cycle that reflects our belief that waste is simply a resource waiting for the right idea. This aligns closely with the sustainability priorities of Guanajuato's Secretariat of Environment and Territorial Planning (SMAOT) and the Guanajuato Automotive Cluster (CLAUGTO), both of which frequently spotlight companies advancing waste-valorization in Mexico, like our manufacturing site in León.

**We are not just managing waste; we are reshaping how materials flow through our value chain.**

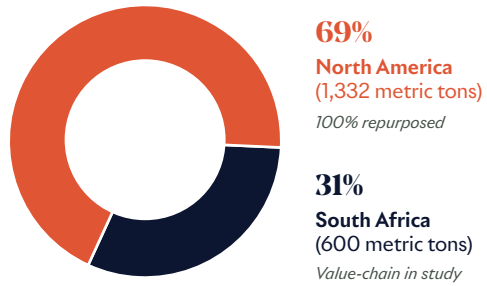
Across our global network, we continue to refine processes, reduce offcuts, and design products with lower end-of-life impacts. But the heart of our circularity journey lies in these collaborations – where local industries, renewable chemistry, and responsible manufacturing come together to create something more resilient than any one company could achieve alone. Through these efforts, we are not just managing waste; we are reshaping how materials flow through our value chain and contributing to a more regenerative future for automotive leather.



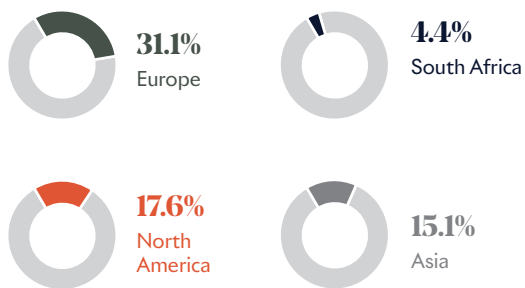
### Recycled Waste: Regional Recycling: % of Total Global Recycled Waste (Metric Tons)



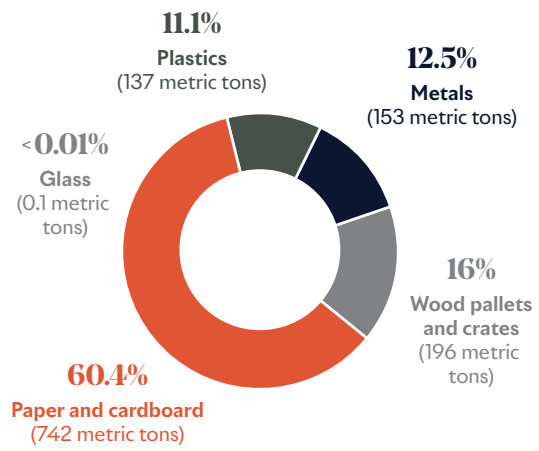
### Wet-blue and Wet-white Shavings Generated by Pangea in 2025 (Metric Tons)



### Regional Waste Production Ratio (recyclables / solid waste)



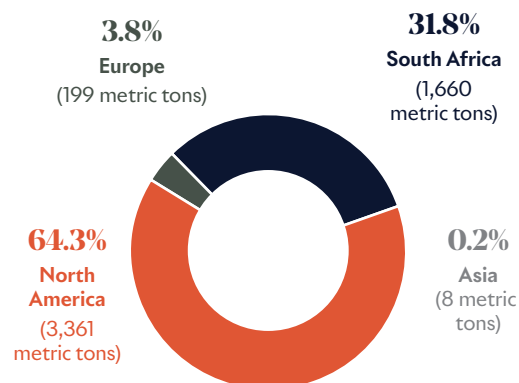
### Recycled Waste Assortment (Metric Tons)





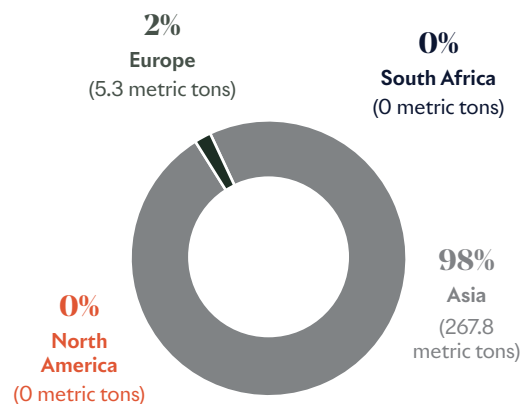
## Regional Waste Landfilled

(Metric Tons)



## Regional Waste Incinerated in Waste-to-Energy Processes

(Metric Tons)



# 8,308 metric tons

disposed, recycled,  
recovered, or repurposed  
across our global  
operations in 2025

We are actively working to reduce waste at the source. That means optimizing application processes to use fewer chemicals, improving cutting efficiency to reduce leather offcuts, and partnering with suppliers to explore returnable or lower-impact packaging. Where waste cannot be avoided, we look for recovery options for material, chemistry, or energy.

**Across our global operations, all solid waste streams – whether disposed, recycled, recovered, or repurposed – totaled 8,308 metric tons in 2025.**

**We are pleased to share that 34% of our solid waste was successfully transformed into new “things”,** thanks in large part to our ongoing partnerships with specialized recyclers and innovative chemical companies. By working closely with these partners, we are able to give materials a second life – whether that means turning recyclables, leather scraps, and shavings into new products, energy sources, or recovering chemistry from waste streams. These collaborations help us move beyond traditional disposal and toward a more circular approach to managing our resources.

# 34%

of our solid waste  
was successfully  
transformed into  
new “things”





SOCIAL







**W**hile environmental performance often gets the spotlight and in-depth metrics, the social side of our business is just as important to who we are. Leather finishing is a hands-on industry, and our success depends on the people who show up every day with skill, dedication, and pride in their craft. That is why we treat the social dimension of ESG as a commitment to creating a workplace where people feel safe, supported, and able to grow.

We can see how we are performing on these fronts by being part of Social Responsibility audits. These give us a meaningful way to understand how our actions affect people – our employees, suppliers, customers, and the communities around us. The insights we gain show stakeholders that we operate with integrity and care. They also tie directly into our governance approach, where we set the policies that guide fair labor practices and uphold human rights across our operations.

Our participation in the Sustainable Leather Foundation's Social Audit aligns closely with the GRI Social Standards. The audit evaluates core topics such as labor practices, human rights, workplace safety, and community responsibility – all of which correspond directly to the GRI 400-series disclosures. This alignment ensures that our performance is measured consistently, transparently, and in line with global expectations for responsible business conduct.

| Social Responsibility Audit        | Closest GRI Standard(s)                                                                        | How They Connect                                                                                          |
|------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Permits, Licenses, Statutory       | GRI 2-27 (Compliance), GRI 419 (Socioeconomic Compliance)                                      | Ensures the facility meets legal and regulatory requirements affecting workers and communities.           |
| Age of Workers                     | GRI 408 (Child Labor)                                                                          | Requires verification that no underage labor is used and that protections for young workers are in place. |
| Compulsory Labor                   | GRI 409 (Forced or Compulsory Labor)                                                           | Both frameworks require proof that employment is freely chosen.                                           |
| Anti-Discrimination                | GRI 406 (Non-discrimination), GRI 405 (Diversity & Equal Opportunity)                          | Covers equal treatment, hiring practices, and protection against discriminatory behavior.                 |
| Corporate Social Responsibility    | GRI 2 (General Disclosures), GRI 413 (Local Communities), GRI 414 (Supplier Social Assessment) | Relates to how the company manages social impacts, engages communities, and evaluates suppliers.          |
| Staff Development & Representation | GRI 404 (Training & Education), GRI 402 (Labor/Management Relations)                           | Focuses on training, skill development, and mechanisms for worker representation.                         |
| Wages & Benefits                   | GRI 401 (Employment), GRI 202 (Market Presence)                                                | Covers fair compensation, benefits, and wage structures.                                                  |
| Worker Health & Safety             | GRI 403 (Occupational Health & Safety)                                                         | Directly checks for evidence of safe working conditions, incident reporting, and prevention systems.      |
| Working Hours                      | GRI 401 (Employment), GRI 403 (OHS – fatigue risk), GRI 409 (Forced Labor – excessive hours)   | Ensures working hours comply with the law, prevent fatigue, and avoid coercive practices.                 |



Our approach reflects the ILO’s definition of decent work as “productive work for women and men in conditions of freedom, equity, security, and human dignity.” Looking at the Social Standards, they help us structure our efforts in key areas that benefit the employees the most, and importantly, they push us to be transparent, not just about what we are doing well, but about where we still have room to improve.

Pangea meets all requirements set out in the Social Responsibility Standards across every one of our facilities. Beyond compliance, our sites consistently exceed expectations in key areas such as worker health and safety, fair wages and benefits, protection against discrimination, and strict adherence to age-related labor laws, including a zero-tolerance stance on child labor. This commitment reflects not only our responsibility to the people who make our operations possible but also our belief that strong social practices are essential to a resilient and ethical business.



## Putting People at the Center of Our ESG Journey

By emphasizing ethical practices, fostering an inclusive ambience, treating employees with respect, and engaging meaningfully to uplift the communities we engage with, we strive to create value for all stakeholders.

Pangea serves automotive customers all over the world, and our business is shaped by the skill and dedication of artisans from diverse backgrounds. We are committed to respecting and promoting the rights of every person connected to our global operations, guided by our shared values of fairness and equality. That means offering meaningful work, fair pay, solid benefits, and a workplace where everyone feels safe, included, and free from discrimination. **Our commitment doesn't stop at our own facilities – it extends to the partners and suppliers we work with,** and it aligns with the International Labour Organization's Fundamental Principles and Rights at Work.

**Our commitment  
doesn't stop at  
our own facilities  
— it extends to  
the partners and  
suppliers we work  
with.**



## Our Employees

Our production sites and offices span eight countries across four continents, which truly positions us as a global employer. This reach allows us to build a diverse, multicultural workforce – something we see as a real source of strength and a key driver of value for everyone we work with. Our broad industrial footprint and the many suppliers we collaborate with highlight just how important it is to maintain strong, positive relationships with employees, contractors, suppliers, and community partners in every region where we operate.

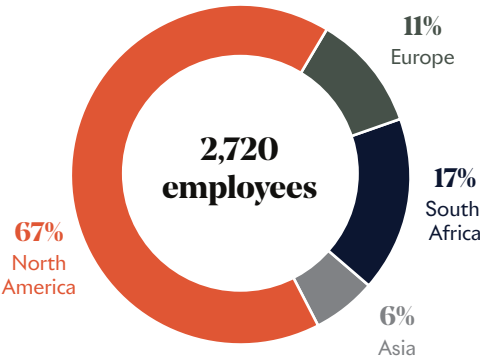
In 2025, we continued refining roles and responsibilities so they better matched each person's strengths, potential, and the evolving needs of the company. At the same time, we kept a healthy balance between hourly and salaried positions, supporting both operational efficiency and the well-being of our people.



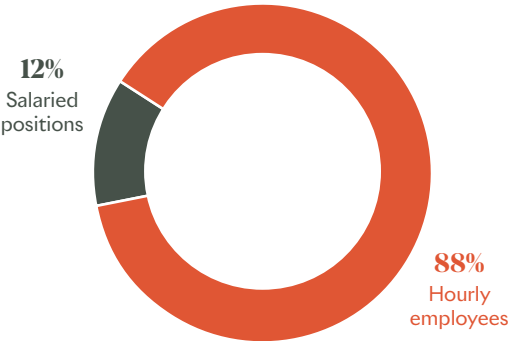


We believe that our global potential is unlocked when employees feel empowered to bring their authentic selves to work. That is why we actively support the advancement of women across our workplace, industry, and communities. Today, **women represent 43% of our global workforce.**

### Workforce Ending Dec Y'25



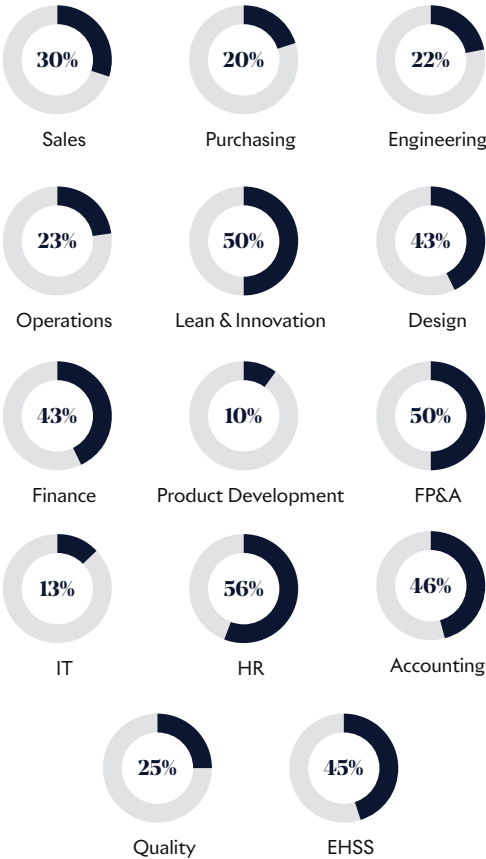
### Hourly vs Salaried Positions Dec Y'25



Today, women represent **43%** of our global workforce



### Workforce Dec Y'25 – Women Participation in Management Organizational Positions



## Safety & Wellbeing

Ensuring every associate feels safe, valued, and respected remains central to our sustainability strategy. In 2025, our teams contributed more than 4.8 million working hours across our global operations, with an uncontrolled absenteeism rate of 2.8% – below the U.S. manufacturing average and a reflection of strong engagement across our workforce and management.

Safety continues to be one of our core values. We recorded one injury for every 645,000 hours worked, resulting in a Total Recordable Injury Rate of 0.31 – about 90% lower than the industry average for our sector. Several locations, including Asia, South Africa, Germany, Nuevo Laredo, and Saltillo, completed the year without any injuries requiring time away from work.

Daily safety walks, hands-on training, and wellbeing and chemical-handling programs have become part of everyday life in our facilities, helping us strengthen a culture where prevention is second nature.

Pangea's Total Recordable Injury Rate is  
**90% lower**  
than the industry average for our sector

**4.8 million**  
working hours across  
our global operations  
in 2025



## Equitable Environment

Pangea is committed to attracting and retaining innovative talent while fostering a workplace where everyone feels included and treated fairly. Guided by our Code of Conduct, we support the UN Sustainable Development Goal focused on ensuring equal access to resources, opportunities, and protections for all, regardless of gender. This commitment also extends to encouraging meaningful participation in economic and decision-making roles across the organization, and to valuing the diverse perspectives, aspirations, and needs of every individual.



Cultural diversity is one of our core strengths, and we see its impact every day – from greater creativity and innovation to stronger collaboration, a more resilient brand, and improved productivity across teams.

Pangea's HR policies are built to support a collaborative culture where success comes from working together. To spark creativity and innovation, we encourage employees to share new ideas through our Global Innovation Award System. Regular training in Lean and Innovation helps teams understand how these principles shape our business and how they can make an impact. Whether through bold ideas or simple improvements, employees are empowered to enhance their daily work, our products, and the quality of service we deliver.



**Cultural diversity  
is one of our core  
strengths, and  
we see its impact  
every day.**





## The Value of Different Minds

At Pangea, our people are the driving force behind everything we do. They don't just complete tasks – they generate the ideas that push us toward smarter, more sustainable ways of working. We make it a priority to listen, because when employees feel respected, supported, and empowered, innovation doesn't need an invitation. It shows up naturally.

Our Global Innovation Dashboard keeps score on idea submissions, approvals, and the value they create. In 2025, employees submitted 717 ideas through S-Innovation, and 31% made it from “what if...” to “done.” Each implemented idea delivered an average benefit of \$415 – and yes, we celebrate the people behind them.

# 717 ideas

submitted through  
S-Innovation in 2025





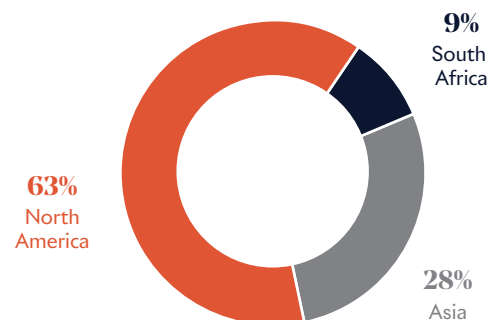
Most ideas solve everyday challenges across our sites, making work smoother and more efficient. Others help teams collaborate better, share knowledge, and stay inspired. Others go bigger, inspiring teams, boosting creativity, and strengthening how we collaborate.

### S-Innovation Ideas Implemented – Global Distribution (%)



Some ideas focus on improving processes and systems, creating repeatable solutions with a bigger strategic payoff. Through our R-Innovation category, Pangea generated a projected \$1.9 million in added value in 2025.

### R-Innovation Implemented Value – Global Distribution (%)

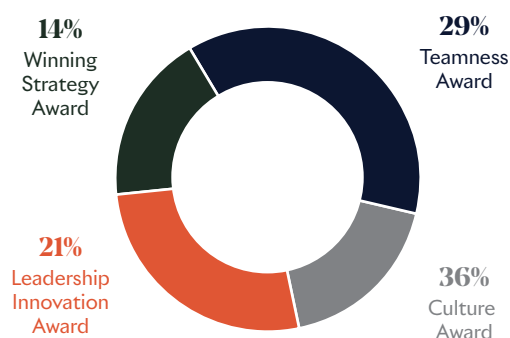


We know our employees contribute in many different ways, and recognition matters. Acknowledging their hard work is a simple but powerful way to support morale, strengthen relationships, and encourage collaboration. We take pride in offering recognition that is thoughtful, inclusive, and aligned with our values.

With this in mind, Pangea's Global Recognition includes several levels of acknowledgment:

- **Leadership Innovation Award:** For individuals who combine strong leadership with achievements that advance our strategic goals and strengthen Pangea as a leading leather supplier.
- **Winning Strategy Award:** For demonstrating Pangea's Winning Strategy through outstanding customer service and a disciplined passion for leather.
- **Teamness Award:** For exceptional teamwork that leads to outstanding results within a department.
- **Culture Award:** For employees who consistently embody Pangea's Core Behaviors and Cultures, bringing positivity and servant leadership to their teams.

### Global Recognition Awards Distribution





## Employee and Community Engagement

We use our social intranet to keep information flowing across regions. It allows HR teams to share achievements, awards, and community initiatives that might otherwise stay siloed at individual sites. Monthly regional newsletters and quarterly global updates support consistent two-way communication, and the platform gives corporate leaders a direct way to share important companywide messages.

We also extend our commitment beyond the workplace by supporting local community development. Our teams partner with municipal governments, public schools, parks and recreation centers, NGOs, and community organizations to strengthen economic and social well-being in the areas where we operate. Here are some of the ways our teams are actively contributing to employee well-being and community development:





#### ■ LEÓN, GUANAJUATO: ALUCCA FOUNDATION

In León, Guanajuato, we organized a company wide drive to collect plastic caps for the ALUCCA Foundation, which supports children with cancer. This effort not only promotes recycling but also strengthens our commitment to helping children and youth in vulnerable situations.

Our team's enthusiastic participation led to an impressive collection, showing how small actions can create meaningful impact when we work together. We remain dedicated to initiatives that uplift our community, foster solidarity, and reflect our values – this campaign is one example of how collective effort truly makes a difference.



#### ■ JIAXING PLANT, CHINA: SPORT CLUB

To promote a healthy lifestyle and strengthen team cohesion, the Jiaxing plant, China, launched its Sport Club in 2025. During the first quarter, the club organized a series of engaging activities – hiking, swimming, and badminton – that were met with enthusiastic participation from employees. These moments of movement and connection not only support well-being but also help build a more united and energized workplace culture.

This initiative reflects Pangea's ongoing commitment to social responsibility and its dedication to enriching community life. Moving forward, both the company and the community will continue working together to build a more harmonious, connected, and culturally active neighborhood.



#### ■ NUEVO LAREDO GROUP

Our Nuevo Laredo team visited Fundación Mundo Azul A.C., an organization that supports individuals with autism and their families. Through FONDO UNIDO Chihuahua, we made a meaningful donation to help advance its mission, receiving heartfelt appreciation from the Foundation's directors.

We also supported Don José de Escandón y Helguera Elementary School by donating 80 lockers, an effort led by our EHS and HR teams with the support of active parents. Strengthening public schools is vital to building safer, more equitable learning environments, and this initiative reflects our commitment to educational development and to creating dignified, well organized spaces where children can thrive.



## ■ PANGEA CORPORATE OFFICES

At the Corporate Offices, Pangea strengthened its social-impact footprint by donating 600 leather hides to Pingree Detroit, a Detroit-based social enterprise that transforms reclaimed auto leather into premium handmade goods. This donation – Pingree’s largest single contribution of the year – will enable the production of more than 3,500 leather products, reducing waste and extending the lifecycle of high-quality materials.

Beyond environmental benefits, the partnership delivers meaningful community and economic value. Pingree Detroit creates employment and shared-ownership opportunities for U.S. military veterans and Detroit residents, helping build long-term economic stability in the city. Pangea’s support directly fuels this mission, aligning with our commitment to responsible material use, circularity, and community empowerment.

This collaboration reflects Pangea’s broader ESG commitment to reducing waste, supporting local manufacturing, and investing in organizations that expand equitable opportunities. Through our partnership with Pingree Detroit, we help build a more sustainable leather ecosystem while contributing to the economic and social vitality of the Detroit community.



*Scan to learn more about  
our work with Pingree Detroit*

## Engagement with Customers

Pangea is focused on strengthening customer relationships and reinforcing our role as a trusted partner for OEMs. We stay ahead by developing innovative leather solutions inspired by trends across fashion and design, and we share these insights to support our customers' goals.

We also host learning sessions for new client associates to help them understand industrial processes and the craftsmanship behind leather – an exchange that benefits both our partners and the industry.

Customers increasingly expect responsible, sustainability-minded suppliers. Our teams stay active at industry fairs and customer events to gather feedback, understand consumer perceptions, and strengthen loyalty to leather as a durable, natural material.

Survey results and market insights guide improvements in service, product features, and overall experience. This continuous feedback loop helps us maintain high standards and exceed expectations.



*Scan to learn  
more about trend  
insights and our  
advanced products*











**P**angea's governance framework is built on transparency, respect, and traceability, ensuring responsible oversight of our economic, environmental, and social impacts. These principles guide how we manage risks, communicate performance, and maintain accountability across our global operations. As regulatory expectations and public scrutiny increase – particularly in industries with complex supply chains – we continue strengthening our information systems to advance toward a fully traceable and transparent value chain.

Oversight begins with the Board of Directors, supported by the Chief Executive Officer and a Top Executive Team spanning Operations, Purchasing, Finance, and Quality. This structure ensures that strategic decisions, sustainability priorities, and risk management practices are aligned across all regions. The Board reviews both our public ESG report and a separate financial and productivity-focused report for equity holders, providing a comprehensive view of Pangea's performance and long-term direction.



## Alignment With Global Standards

Pangea aligns its governance practices with the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and *International Labour Organization* (ILO) conventions. These commitments shape our policies on human rights, labor practices, environmental responsibility, and ethical conduct. Accountability for these commitments is embedded across all management and executive functions.

The ESG Committee plays a central role in monitoring, evaluating, and reporting on sustainability performance. By integrating stakeholder interests into strategic and operational decisions, the Committee ensures that our governance approach remains responsive, ethical, and aligned with global expectations.



## Ethical Conduct and Responsible Business Practices

Pangea's commitment to human rights and ethical conduct is reflected in our **Sustainable Procurement, Supply Chain, and Supplier Code of Conduct Policy**. All suppliers and business partners must comply with our **Code of Business Conduct and Ethics** and **Supplier Code of Conduct**, which exceed minimum legal requirements and international benchmarks. These standards protect workers, strengthen corporate integrity, and provide effective grievance mechanisms for employees and stakeholders.

We uphold collective bargaining agreements, safeguard privacy, and enforce non-discrimination and anti-harassment policies written to be more inclusive than regional legal requirements. These policies ensure that respect, fairness, and dignity remain central to our culture.

# Engagement and Decision-Making



## TRANSPARENCY AND INDUSTRY ENGAGEMENT

We remain committed to enhancing transparency across our product and value chain to better help OEMs and vehicle owners understand leather's environmental and social impacts. Through continuous communication and industry collaboration, Pangea works to reshape the narrative around leather by highlighting its role as a responsible use of animal by-products – preventing waste and avoiding the higher greenhouse gas emissions associated with disposal.



## INTEGRATION OF SUSTAINABILITY INTO DECISION-MAKING

Sustainability is embedded in Pangea's strategic and operational decisions. This approach enhances performance by reducing costs, driving innovation, and unlocking new revenue opportunities. It also strengthens risk management across social, environmental, legal, financial, and reputational dimensions. To support long-term value creation, Pangea integrates sustainability considerations into product development and manufacturability design through structured feasibility assessments. These efforts are reinforced by strong talent management strategies that ensure we have the capabilities needed to advance responsible practices.



## MATERIALITY AND STAKEHOLDER ENGAGEMENT

Pangea conducted a comprehensive materiality assessment informed by standards across the leather, fashion, textile, and automotive sectors. That analysis incorporated insights from employees, customers, past ESG disclosures, peer benchmarking, regulatory developments, and media coverage. Yearly, we revisit and refine that assessment, prioritizing meaningful engagement with stakeholders to better understand their expectations and concerns.

The assessment focused on topics that could influence Pangea's value through associated risks or opportunities, as well as the significance of our impacts on the economy, environment, and society. This process ensures that our reporting reflects the issues most relevant to our business and our customers.



# Risk Management

Pangea identifies and manages four primary categories of risk:

- **Strategic risks** – Challenges arising from market dynamics, political and economic shifts, innovation demands, resource availability, and business continuity.
- **Financial risks** – Risks related to financial transparency, accounting integrity, cash flow management, and the accuracy of financial reporting.
- **Operational risks** – Disruptions caused by human error, system failures, supplier issues, or inventory losses that affect efficiency and productivity.
- **Compliance risks** – Risks associated with adhering to laws, regulations, internal policies, performance incentives, and public disclosure requirements.







## Four Priority Actions to Mitigate Risks



**1** Enhancing worker health and safety

**2** Reducing environmental impacts

**3** Strengthening supply chain resilience

**4** Upholding labor and ethical standards

After identifying and prioritizing impacts, we implemented monitoring processes – many integrated into existing programs – to track changes and address adverse effects. These include direct worker engagement, grievance mechanisms, and social auditing protocols.

### ■ KEY ACTIONS TO ADDRESS MAJOR RISKS

Pangea focuses on four priority actions to mitigate risks and strengthen responsible performance:

- **Enhancing worker health and safety** across the value chain through improved incident reporting and safety monitoring systems.

- **Reducing environmental impacts** by adopting eco-friendly tanning technologies, renewable chemistry, and processes that conserve water and energy while lowering greenhouse gas emissions.
- **Strengthening supply chain resilience** by diversifying sourcing strategies, improving supplier relationships, and implementing traceability systems to manage vulnerabilities.
- **Upholding labor and ethical standards** through strong policies, regular social audits, effective grievance mechanisms, and compliance with international and local labor laws.



The table below links the **GRI governance disclosures** to the **specific governance practices and ethical responsibilities** relevant to us. It shows how each GRI topic is demonstrated in our operations and why it matters for ethical performance in this industry.

| GRI Disclosure                                                                  | What It Covers                                             | How Our Governance Practices Address It                                                                                          | Why It Matters in Automotive Leather                                                                                                                     |
|---------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 2-12</b> Role of the highest governance body in overseeing impacts       | Leadership oversight, accountability, strategic direction  | Executives and general managers use the intranet to communicate expectations, standards, and updates across all regions.         | Ensures consistent application of ethical standards in areas like chemical safety, labor rights, and responsible sourcing.                               |
| <b>GRI 2-16</b> Communication of critical concerns                              | Mechanisms for raising and addressing concerns             | Two-way communication via newsletters, intranet updates, and HR channels allows issues to be escalated quickly.                  | Early detection of safety risks, non-compliance, or environmental issues in tanning and finishing processes.                                             |
| <b>GRI 2-23</b> Policy commitments                                              | Ethical, environmental, and social commitments             | Corporate policies on responsible conduct are reinforced through leadership communication and regional alignment.                | Demonstrates commitment to animal welfare, chemical management, and fair labor practices – key scrutiny areas in leather.                                |
| <b>GRI 2-24</b> Embedding policy commitments                                    | How policies are implemented across operations             | Shared platforms help standardize training, expectations, and best practices across production sites.                            | Reduces variability in safety practices, chemical handling, and environmental controls across global facilities.                                         |
| <b>GRI 2-25</b> Processes to remediate negative impacts                         | Systems for addressing harm or non-compliance              | Communication channels support rapid reporting and corrective action when issues arise.                                          | Critical for responding to spills, emissions, worker exposure incidents, or supply-chain violations.                                                     |
| <b>GRI 2-29</b> Stakeholder engagement                                          | How the company engages internal and external stakeholders | Intranet transparency, community partnerships, and HR-led updates strengthen engagement.                                         | Builds trust with workers, communities, regulators, and OEM customers who demand ethical leather sourcing.                                               |
| <b>GRI 3-3</b> Management of material topics                                    | How the company manages its most significant impacts       | Governance structures ensure consistent oversight of material issues like chemical use, water consumption, and labor conditions. | Leather production has environmental and social impacts; strong governance is essential for OEM compliance and brand reputation minimizing such impacts. |
| <b>GRI 403</b> Occupational health & safety (indirect link)                     | Worker safety systems and culture                          | Communication tools support training, incident reporting, and sharing safety improvements.                                       | Leather production involves chemical exposure, machinery risks, and ergonomic strain – requiring strong governance on this area.                         |
| <b>GRI 308 / 414</b> Supplier environmental & social assessment (indirect link) | Responsible sourcing and supplier oversight                | Leadership communication reinforces expectations for ethical sourcing and supplier compliance.                                   | Ensures traceability of hides, animal welfare standards, and responsible chemical use in upstream processes.                                             |

## Independent Oversight and Verification

Integrating the Leather Working Group (LWG) audit results and Gold-level certifications into our governance chapter strengthens the credibility of your oversight systems, demonstrates third-party validation, and directly supports GRI disclosures related to responsible sourcing, environmental compliance, and supply-chain due diligence.

LWG audits evaluate performance across critical governance-relevant areas. The ultimate Gold certifications reinforce Pangea's governance framework by providing independent, third-party verification. It recognizes leather companies that lead the industry in strong environmental practices. As a nonprofit, it sets the world's most widely used environmental certification for leather manufacturing and promotes ethical, responsible, and sustainable production. Their audits are extensive, covering not only our own facilities but also our subcontractors.







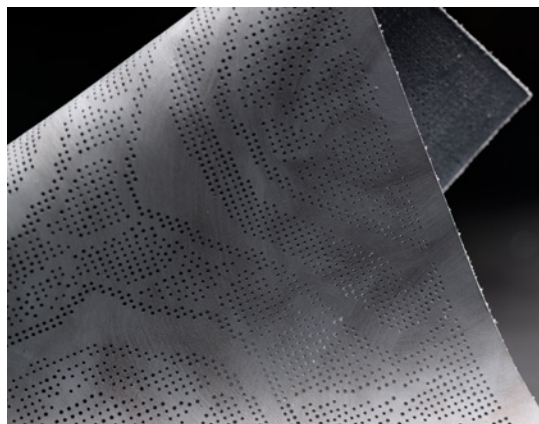
We are proud to share that in 2025, LWG audits once again reaffirmed Pangea's Gold rating. This achievement reflects our consistent use of best-in-class practices across our operations. LWG also evaluates our supply chain and adjacent upstream operations, which confirms that our subcontractors and hide suppliers meet the same high standards. Incorporating these results into governance demonstrates that our internal controls are validated by globally recognized standards.

Pangea also contributes to the advancement of sustainability within the automotive leather sector by actively participating in industry



governance platforms that rely on evidence-based reporting, audited results, and transparent performance benchmarking.

Central to this commitment is our engagement with **NQC's Supplier Assurance**, the sustainability assessment system guided by **Drive Sustainability – The Automotive Partnership Working Group**. This platform evaluates suppliers on their implementation of environmental, social, and governance management systems, defined as the combination of policies, processes, tools, and internal controls that embed sustainability into day-to-day operations.



| LWG Audit Modules                             | Score observed across all audited sites |
|-----------------------------------------------|-----------------------------------------|
| Subcontracted operations                      | 90.6–100%                               |
| Social audit                                  | 100%                                    |
| Operating permits                             | 100%                                    |
| Production data                               | 95.5–99.7%                              |
| Traceability (incoming)                       | 85.4–93.4%                              |
| Traceability (outgoing)                       | 100%                                    |
| EMS                                           | 89–100%                                 |
| Restricted Substance List, Compliance, Cr(VI) | 90–99.2%                                |
| Energy consumption                            | 86.5–90%                                |
| Water usage                                   | 90–98.2%                                |
| Air & noise emissions                         | 90.3–97.2%                              |
| Waste management                              | 85.9–89.8%                              |
| Effluent treatment                            | 90–100%                                 |
| Health & Safety, Emergency Plans              | 92–97.1%                                |
| Chemical Management                           | 89.9–97.7%                              |
| Operations Management                         | 88.8–99.8%                              |

Pangea's global facilities consistently demonstrate robust performance in the Supplier Assurance (NQC) sustainability assessments. All sites assessed hold a **"B" rating** (A-F scale), outperforming both the leather segment and the broader automotive supply chain averages in every country where we operate.

**Our sustainability scores range from 83% to 90% in NQC SAQ5.0**, significantly higher than leather industry averages (72–74%) and the broader automotive supply segment (58–67%).

This performance is particularly notable in countries considered of lower sustainability maturity, such as Mexico and South Africa, where Pangea's scores exceed national averages by more than 20 percentage points. These results reflect the strength of our governance systems, the maturity of our environmental and social practices, and our commitment to maintaining consistent global standards regardless of regional regulatory environments. Together, these results reinforce Pangea's position as a top-tier ESG performer within the global leather supply chain and demonstrate our dedication to industry governance, responsible sourcing, and continuous improvement across all regions where we operate.

Our sustainability scores range from

**83% to 90%**

in NQC SAQ5.0, significantly higher than leather industry or automotive supply chain averages

**"B" Rating**

in Supplier Assurance (NQC) sustainability assessments on an A-F scale



## What Matters Before Leather

An essential part of Pangea's supplier due diligence process is evaluating certifications, practices, and policies across key areas such as environmental performance, sustainability, and data privacy. We use a risk-based approach to identify and mitigate potential ESG impacts within our supply chain. Supplier assessments include thorough document reviews conducted by Pangea representatives, along with independent third-party certifications aligned with globally recognized standards and frameworks.





Deforestation and supply chain traceability are also central to our responsible-sourcing expectations. Because cattle farming can contribute to land-use change, we require all raw, tanned, or crust hides supplied to Pangea to come from deforestation-free areas, sourced legally, and supported by transparent traceability systems. We follow emerging regulatory requirements – such as the EU Deforestation Regulation (EUDR), and work with suppliers to verify land-use compliance and address any non-conformities within their upstream networks.

We expect suppliers to align with internationally recognized standards of **animal welfare**, including the WOA (formerly OIE) welfare codes and the **Five Freedoms**. Protecting animal well-being is not only a societal expectation but also linked to hide quality and responsible livestock management. By upholding these standards, suppliers help ensure ethical practices throughout the value chain and support the broader sustainability goals shared across the leather and beef industries. Together, these requirements strengthen Pangea's ability to maintain a responsible and resilient supply chain – one that protects

ecosystems, respects animal welfare, and upholds the highest standards of ethical sourcing.

Moreover, animal welfare sits at the crossroads of many of the UN Sustainable Development Goals. Just as the SDGs call for responsible production, healthier communities, and the protection of natural ecosystems, livestock welfare reflects the same values in practice. Ensuring that animals are treated with dignity – protected from hunger, discomfort, fear, and unnecessary stress – supports safer food systems, stronger rural economies, and more sustainable land use. In this way, animal-welfare “rights” mirror the SDGs’ broader vision: a world where economic progress, environmental stewardship, and social responsibility move forward together.

## Five Basic Animal Freedoms



1

### Freedom from hunger and thirst

Ready access to fresh water and a diet to maintain health and vigor

2

### Freedom from discomfort

An appropriate environment including shelter and a comfortable resting area

3

### Freedom from pain, injury or disease

Prevention or rapid diagnosis and treatment

4

### Freedom to express normal behavior

Sufficient space, proper facilities and company of the animal's own kind

5

### Freedom from fear and distress

Conditions and treatment that avoid mental suffering



# Data Security and Information Management

We continue to strengthen the protection of our assets, prototypes, and the sensitive information shared with us by customers. Our approach combines short- and long-term security initiatives, third-party threat monitoring, and regular vulnerability assessments to ensure our systems remain resilient. All employees participate in ongoing cybersecurity training to help safeguard data across the organization.

These efforts align with our commitment to the TISAX framework (*Trusted Information Security Assessment Exchange*), which sets the automotive industry's standard for information security. By following TISAX requirements, we ensure that our processes, controls, and employee practices meet the expectations of OEMs and partners who rely on us to manage confidential information responsibly.



## EXCELLENCE IN COMPLIANCE AND AUDIT PERFORMANCE

During this reporting period, we strengthened our global security posture through disciplined, high-quality audit execution. Internal assessments across our four plants – Saltillo, Nuevo Laredo, León, and RSA – resulted in an impressive maturity score of 2.82 out of 3, reflecting consistent operational rigor. In Hungary, we renewed our TISAX certification through an external audit with an equally strong score of 2.84. Together, these outcomes demonstrate the scalability of our cybersecurity framework and its ability to deliver reliable performance across diverse regions.

## SUSTAINED AWARENESS AND A SECURITY-FIRST CULTURE

A resilient security culture remains our most effective safeguard. To reinforce this foundation, we delivered two global training sessions featuring refreshed, relevant content for all employees. This ongoing investment ensures our people remain informed, engaged, and empowered – transforming potential vulnerabilities into active contributors to our digital resilience.



**2.82 out of 3**

maturity score across  
our four plants:  
Saltillo, Nuevo Laredo,  
León, and RSA



## Our Certifications

Holding industry-recognized certifications demonstrates a strong commitment to quality, safety, sustainability, and data security – core expectations within the automotive manufacturing sector. These standards ensure that processes are tightly controlled, environmental and occupational risks are responsibly managed, testing and calibration activities meet global benchmarks, and sensitive information is protected throughout the supply chain. Together, these certifications position Pangea as a dependable, forward-thinking partner capable of meeting the automotive industry’s demanding technical, regulatory, and sustainability requirements.

### Integrated Management System Certifications

| Pangea Site Location        | IATF 16949     | ISO 14001      | ISO 45001      | ISO 17025  | LWG  | TISAX   |
|-----------------------------|----------------|----------------|----------------|------------|------|---------|
| <b>Leon, Mexico</b>         | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | Accredited | GOLD | Level 2 |
| <b>Nuevo Laredo, Mexico</b> | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | Accredited | GOLD | Level 2 |
| <b>Saltillo, Mexico</b>     | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | -          | -    | Level 2 |
| <b>Mulheim, Germany</b>     | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | Accredited | GOLD | -       |
| <b>Janoshaza, Hungary</b>   | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | -          | -    | Level 2 |
| <b>Jiaxing, China</b>       | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | Accredited | GOLD | -       |
| <b>Nigel, South Africa</b>  | Certified<br>✓ | Certified<br>✓ | Certified<br>✓ | Accredited | GOLD | Level 2 |

\*LWG not applicable to Janoshaza and Saltillo as of 2025.

# Marketing & Media Relations

Pangea communicates not only the value of authentic leather and advancements in our industry, but also our progress on environmental, social, and governance priorities. Through a range of media channels, we work to make ESG accessible and relevant to our audiences – including customers, employees, and the communities we serve. Our marketing and media efforts support sustainability by informing stakeholders, strengthening brand recognition, and helping drive responsible growth.

As our visibility increases, so does our responsibility to lead with integrity. We recognize that a stronger public presence requires higher standards, from responsible product development to in-house best practices and innovative customer solutions. Our goal is to build long-term trust with automotive customers while also helping end consumers understand the value of choosing leather as a conscious, durable, and natural material.



*Scan to get in  
contact with  
our team*



OCT. 15, 2025

## Detroit leathergoods firm receives hides from Pangea

*leatherbiz.com*



OCT. 15, 2025

## Pangea Turns Leftover Auto Leather Into Opportunity for Detroit Veterans

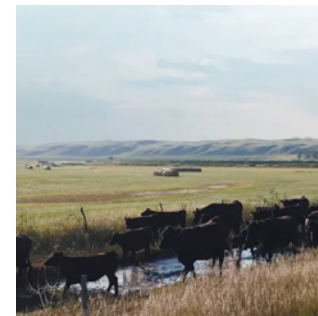
*The Hog Ring*



NOV. 18, 2025

## Pangea Leads a New Era of Transparency in Automotive Leather

*Magazine Leather*



NOV. 24, 2025

## Pangea Advances Leather Traceability

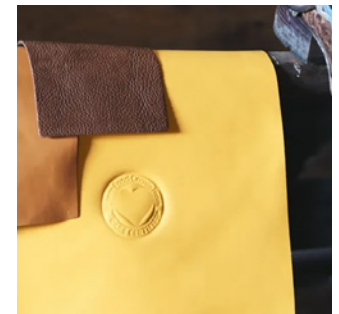
*Sustainable Business Magazine*



OCT. 16, 2025

## Pangea Donates 600 Leather Hides To Pingree Detroit

*Corp! Magazine*



NOV. 19, 2025

## Data-driven traceability comes to automotive leather with Pangea's new partnership

*Automotive Interiors World*



## Closing Remarks

As we reflect on 2025, our progress reinforces a simple truth: sustainability is not a parallel initiative at Pangea — it is the foundation of how we design, manufacture, and innovate. Building on the momentum of previous years, where we advanced renewable chemistry, expanded closed-loop material systems, and continued optimizing our operational footprint, this year has further strengthened our role as a responsible leader in the global leather industry.

We have deepened our commitment to ethical sourcing, accelerated the adoption of lower-impact materials, and continued investing in technologies that improve material usage. These achievements reflect the collective effort of our teams across regions and the trust of our partners who share our vision for a more sustainable mobility ecosystem.

Yet we recognize that the path ahead demands even greater ambition. Regulatory and corporate reporting expectations are rising, supply chains are evolving, and our customers increasingly seek materials that combine their vision with performance, beauty, and responsibility.

As we conclude our fifth Corporate Sustainability Report, our commitment remains clear: to create materials that honor the planet, elevate craftsmanship, and contribute to a more resilient future for the industries we serve. We move forward with purpose, accountability, and optimism — confident that our efforts are shaping a more sustainable tomorrow.

As we look ahead to 2026, we do so with clarity and conviction. Our path forward is ambitious, but it is grounded in the belief that sustainability is not a destination; it is a continuous evolution, knowing that realignments will exist and sometimes be necessary. Together, we will keep advancing leather materials, strengthening our value chain, and elevating the standards of responsible manufacturing. The work we do today ensures that the future of leather remains not only viable but vibrant.

Thank you for taking this journey with us,

**Roger Pinto**  
*Global Sustainability and Innovation Director  
Product Development*



**Learn more  
about Pangea**  
[pangeamade.com](https://pangeamade.com)





# PANGEA

2025 SUSTAINABILITY REPORT