

ENDURA LTD.

Registered number: SC128821

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Endura Ltd to publish a statement explaining how the directors have given due regard for the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 while performing their duty to promote the success of the company for the benefit of its members as a whole ("section 172 statement"). Below is the section 172 statement for Endura Ltd captured by these regulations.

Extract from the Strategic Report for the year ended 31 December 2022

The following disclosure describes how the directors have approached and met their responsibilities under section 172 Companies Act 2006, and in particular how the directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the company for the benefit of its members as a whole, and in doing so having regard for stakeholders interests, and forms the directors' statement required under section 414CZA of the Companies Act 2006.

As a business we set high expectations for ourselves, our people, our business partners and our suppliers. We have presented below a summary of the key stakeholder groups, as well as the key decisions made during the year, with reference to how our key stakeholders were impacted and how the directors engaged with those stakeholders to promote the success of the company.

- Pentland Group Limited (formerly Pentland Group (Trading) Limited)

Pentland Group Limited is the company's immediate parent undertaking and provides intercompany funding. Continued access to capital is vital to the long-term success of the company.

Pentland Brands Limited, a sister company within the group, provides intercompany funding to the company when necessary. Continued access to capital is vital to the long-term success of the company.

Regular profit and cash flow forecasts are provided to the directors of the company, the parent company and Pentland Brands Limited, not only to advise on when funding is needed, but also to highlight sales and profit growth to ensure we are creating value for the ultimate shareholders. These are challenged and scrutinised as well as regular forecast update and outlook processes.

- Suppliers

Our suppliers are fundamental to the quality of our products. Most of our stock is sourced from outside the UK so it is important to ensure that we are compliant with trading standards and regulations, such as the Modern Slavery Act, to meet the highest standards of social responsibility. Our Risk Committee allows us to highlight any challenges associated with various regions due to political or economic instability that may impact our ability to act in accordance with the standards of conduct we set ourselves, or our ability to meet customer demands, and support our suppliers if necessary.

Much of the engagement with our suppliers is through our sourcing partners, though we regularly assess the results of our Payment Practices Reporting for all suppliers to ensure that we are meeting their liquidity demands.

Modern slavery can occur in any global supply chain and is particularly prevalent in the apparel and footwear industry, so understanding where the risk is higher helps us evolve our approach. In April 2023 Pentland Brands published its seventh annual Modern Slavery report (covering 2022 activities), reviewing the progress it has made and setting its direction to continue working towards 100% transparency across its supply chain.

The 'Our Standards' policy provides our partners with guidance on working ethically and transparently and is available in the languages of all our major sourcing markets. We are continuing to look at how we

can work collaboratively with our suppliers to manage risks. You can read both the Modern Slavery report and Our Standards policy on the Pentland Brands website -- pentlandbrands.com/reports-and-resources.

- *Customers*

Sustaining long lasting relationships with our customers is vital to the success of the company and regular meetings take place to ensure this continues. We also regularly review terms in place and ensure that both the company and the customer can meet the demands placed on them.

Any significant decisions on new product ranges or investment/divestment in distribution channels must take customer needs into consideration and engage with those customers as necessary.

- *Employees*

Employee contracts were held by the company until June 2021. Whilst all employee contracts are now held by Pentland Brands Limited, a sister company within the group, the company recognises that a number of those employees represent the company in the conduct of its principal activity. Accordingly, we believe they are crucial to operating our business successfully and engage to ensure that we are fostering an environment in which they are happy to work.

Pentland Brands is committed to promoting diversity and inclusion not only in our workplaces, but by empowering individuals and communities worldwide. In 2021 it created and introduced a new D&I learning series, titled 'The Pentland Perspective', to understand how we can support diverse communities and share ways we can all take action for our colleagues, consumers and wider community. We also set up four employee networks to support our under-represented groups – 1. Network for women and their allies, 2. Wellbeing Network, 3. LGBTQ+ Network and 4. Network for black colleagues and their allies. The networks are a safe space for people to share experiences, to learn from each other and to proactively take action and make a difference.

We recognise the significant challenges that many people are currently facing when it comes to cost-of-living crisis and we care about the impact this is having on individuals' ability to pay bills and meet basic requirements.

In response, Pentland Brands applied a 5% in-year salary increase to help its lower earners (applied from July 2022). They then agreed a further 7% annual salary increase for all employees from 2023, bringing forward the application of this from April 2023, to January 2023. Pentland Brands also introduced a package of support for employees including money coaching and financial education sessions.

- *Community*

To reflect the growing need to factor our social and environmental impact into all that we do, in 2021, Endura set a bold target of becoming CO2 negative by 2024. Our aim is to do this through a combination of emissions reduction actions and tree planting initiatives. To date, Endura has planted 1.3 million trees and has committed to planting 1 million trees annually for the next ten years.

Endura is also taking action by making products that last, increasing the use of recycle yarns in materials and offering its consumers a product repair service. The brand continues to ensure all Endura products are PFC free, offers biodegradable and PFC-free proofer and cleaning products and 98% of its point-of-sale packaging can be recycled.

The Endura Lifecycle Charitable Trust led hundreds of free mountain bike sessions for groups that support people from low-income communities in central Scotland and people with additional needs.

Endura publishes its sustainability commitments and actions on its website – you can view these at www.endurasport.com.

Our Principal Decisions

- Post-Brexit

With more complex border controls in place post-Brexit, we worked closely with our suppliers and freight forwarding partners to minimise delays to orders following changes to both legislation and ways of working regarding exporting goods between the UK and the EU. We also worked with our vendors, as a matter of business usual communications, to ensure documentation requirements were followed and then managed by the Pentland Shipping teams.

The company also communicated with its people, partners and retail customers to keep them informed and to offer support, as required.

- Driving Demand

Following a detailed review of our brands online and digital services, in March 2021 we announced a third-party partnership to manage the digital ecommerce experience for our portfolio of sports, outdoor and lifestyle brands. During 2021, the partner completely re-platformed the current ecommerce estate; marking a significant step-change in Pentland Brands' global ecommerce strategy.

- Supply and Distribution

Throughout the year, the global shipping industry continued to be a very difficult and unpredictable market to operate in. Vessel capacity was very tight from all major ports in Asia, with shipping lines reducing both their fleet sizes and sailing routings, with the UK especially hit hard. Container availability was in very short supply from the majority of key ports globally due to poor turnaround times in the US and Europe; predominately caused by the Coronavirus impact to regional economic growth.

This resulted in delays in making containers available to our suppliers so they could load product in a timely fashion. To minimise the impact, we communicated the challenges with our suppliers and worked with them on finding solutions.