Taking action for people and our planet
Feedback
We welcome your feedback on how we can improve our policies and approach to corporate responsibility. To get in touch, email us at corporate.responsibility@pentland.com

This is Pentland Brands’ second annual Positive Business report, evaluating improvements we’ve made during the period January 2020 - December 2020 and our plans for 2021 and beyond. It evaluates our progress against core metrics set out by the World Economic Forum’s International Business Council. It was approved by the Pentland Brands Executive team on 11/05/21.

Our 2019 Positive Business report can be viewed here.

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Introduction
Although 2020 was a challenging year, it saw our people come together like never before. Our brands kept people healthy, motivated and entertained, and our people broke down silos to support our consumers and our communities. The way everyone, across the business, pulled together was unprecedented and impressive.

Despite 2020’s challenges, building a sustainable business remains of vital importance. This year, we developed the Pentland Brands Gameplan; our strategy to rebuild our business after the crisis. Our Positive Business strategy feeds into these plans as we firmly believe that taking action for people and our planet is critical to doing business in the right way.

I’m pleased that we’ve appointed Sara Brennan as our first Positive Business director. Sara will lead on accelerating our Positive Business strategy so we can deliver on our sustainability commitments. A specific ambition I’ve set in my first year as CEO is improving gender and ethnicity representation across all levels of our organisation. I’m pleased that, in October, an Executive team with an equal balance of men and women was appointed.

During the COVID-19 crisis, protecting the rights of those in our supply chain remained of critical importance. We endorsed the call to action initiative convened by the International Labour Organisation (ILO) to address COVID-19 impact on the global garment sector. I’m pleased to share that we paid for all existing orders in full and made no order cancellations during this period.

Our brands continue to lead the way in taking action for people and our planet. Many found ways to support global efforts to obtain vital personal protective equipment during the pandemic, with Speedo donating goggles for use by frontline workers and Endura using fabric from the Berghaus brand to develop over 13,000 gowns for the NHS.

Our charity partnerships have gone from strength to strength. We have provided support to 81 entrepreneurs in emerging markets through Lendwithcare and continue to donate 1% of net profit after tax to charitable causes, through our partnerships, product donations and employee Charity Network.

We remain committed to addressing the most important global challenges we face. 2020 marked the fifth year that we have supported the UN Sustainable Development Goals (SDGs) and ten years until the target achievement date in 2030. This report outlines our activities in support of the SDGs, ensuring we do business by the high standards our stakeholders expect.

I am incredibly proud of the actions our business has taken this year in delivering on our principle of ‘doing the right thing’, by balancing the needs of the business alongside those of our employees, partners, vendors and retail customers.

I look forward to sharing our progress in 2021 with you.

Chirag Patel
CEO, Pentland Brands
Pentland Brands is the name behind some of the world’s best sports, outdoor and lifestyle brands. We own Speedo, Berghaus, Canterbury of New Zealand, Endura, ellesse, SeaVees, KangaROOS, Boxfresh, Red or Dead and Mitre. We’re the licensee for Kickers in the UK and we have a joint venture partnership for Lacoste footwear. We also manage the Fitco business.

Our products are available in over 190 countries and are sold either directly or are represented by licensees and distributors.

Pentland Brands is a division of Pentland Group, a privately owned, global brand management company with retail and wholesale businesses in sports, outdoor and fashion.
How we got here

1932
- Berko and Minnie Rubin set up the Liverpool Shoe Company, a small family business selling shoes
- We acquire Californian sneaker brand SeaVees
- We sell our share in Reebok and invest in Speedo Europe, International and Australia
- We're appointed UK distributors for ellesse and Kickers
- We build a strong relationship with the Lacoste family and become the worldwide licensee for its footwear
- We acquire the Speedo North America brand

1946
- We expand into manufacturing shoes

1964
- We open an office in Hong Kong, strengthening our ability to source shoes in Asia and we become a public company listed on the London Stock Exchange

1973
- The company name changes to Pentland Industries Ltd

1981
- We buy a 55% stake in a small athletic footwear brand called Reebok USA
- We acquire the Speedo North America brand

1989
- Outdoor footwear and clothing brand Berghaus joins the Pentland family

1990
- We sell our share in Reebok and invest in Speedo Europe, International and Australia

1991
- We introdue our Positive Business strategy

1992
- COVID-19 is first detected

1993
- We acquire the Speedo North America brand
- We open an office in Hong Kong, strengthening our ability to source shoes in Asia and we become a public company listed on the London Stock Exchange

1999
- We sell our share in Reebok and invest in Speedo Europe, International and Australia
- We sell our share in Reebok and invest in Speedo Europe, International and Australia

2005
- The company is privatized and reverts to being a fully owned family business again
- We acquire Californian sneaker brand SeaVees

2012
- Endura join us

2017
- The rugby brand Canterbury joins the group

2018
- We acquire California sneaker brand SeaVees

2019
- We acquire the Speedo North America brand

2020
- We introduce our Positive Business strategy
A view from Sara Brennan, Positive Business Director

This year I’m particularly proud of how we’ve followed our principle of ‘in good conscience’, during one of the most significant humanitarian crises that many of us will see in our lifetimes.

A key focus for my team during the COVID-19 pandemic was ensuring we protected the people working in our supply chain. As a founding member of ACT (Action, Transformation, Collaboration), we committed to paying for goods produced for Pentland Brands and continued this throughout the pandemic. This commitment is in line with ETI (Ethical Trading Initiative) enhanced expectations. We also worked together with our suppliers on any rephasing of orders and looking to mitigate impact and, in some cases, our suppliers switched to producing personal protective equipment for frontline workers.

We continue to work collaboratively with academic institutions, charities and partners to support the communities in which we operate. We developed our relationship with Lendwithcare and have so far supported 81 entrepreneurs in the day-to-day running of their businesses. We enhanced our charity strategy by adding a commitment to protect our environment. In 2021, we look forward to working with two new charities to channel clean drinking water into communities in our sourcing markets.

Our strategy pillar ‘owning our footprint’ guides how we minimise the environmental impact of our workplaces, operations and materials. We’ve undertaken our first in-depth review of the carbon and water footprint of a sample of our materials. This supports our brands in making sustainable material choices, which they’re now making in more of their products – Speedo developed its Eco EnduraFlex range made from 100% pre-consumer waste and Canterbury released the most sustainable British & Irish Lions jersey ever, made from 100% recycled polyester.

We’re now looking to the future and at how we can achieve the aims set out in our Positive Business strategy. In 2021 we’ll set up employee Positive Business squads to drive initiatives that matter to us, including sustainability, charity and D&I. This report outlines the improvements we made in 2020 and our plans for next year and beyond.

I look forward to sharing our progress with you.

Sara Brennan
Positive Business Director, Pentland Brands
Positive business

Taking action for people and our planet

We strive to make all our decisions in line with our business principle ‘in good conscience’. In 2020, we accelerated our strategy to be a positive business, targeting our actions across three distinct pillars so we can make a real difference.

1. Building brands with purpose

Our brands lead the way in making a difference, helping us maximise our positive impact.

2. Owning our footprint

We make a positive impact on the world around us, minimising our environmental footprint and supporting the communities in which we operate.

3. Promoting circularity and collaboration

We strive to embed circular processes and collaborate to create positive change.
We’re part of something bigger

We support the UN Sustainable Development Goals (SDGs), which address the social, economic and political challenges we face. We’ve selected the eight goals where we believe we can make the biggest difference. These goals underpin our Positive Business strategy to ensure that we’re focusing on areas where we can make the most significant contribution to people and our planet.

For more information on how we’re contributing to the UN SDGs, visit our [website](#).

World Economic Forum (WEF) Stakeholder Capitalism Metrics

This report is aligned with the WEF-recommended approach to sustainability reporting created by the International Business Council (IBC). It evaluates progress around metrics organised under four pillars: Principles of governance, People, Planet and Prosperity. This approach ensures we hold ourselves accountable to our stakeholders and helps us track our progress towards the SDGs on a consistent basis.

<table>
<thead>
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<th>Metric</th>
<th>SDG</th>
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Performance highlights of 2020

People

+ Our brands continued to champion diversity and inclusion through their campaigns, products and innovations. Speedo unveiled its ‘Made for Everyone’ campaign and Berghaus expanded its diverse roster of ambassadors. Our brands also endorsed the call for racial equality brought about by the Black Lives Matter movement.

+ We celebrated Global Inclusion Week 2020 by renewing our collective commitment to stay relevant to diverse consumers across the globe. As an employer, we’re taking steps to support gender and racial equality by increasing representation at all levels of our business.

+ During the global pandemic, our brands put their principles into action - from helping consumers stay active at home to offering discounted products for key workers.

+ We supported a selection of incredible charities at both a brand and strategic level, providing funding to support critical medical care and donating thousands of products to those who need them.
Performance highlights of 2020

Planet

- Our brands accelerated their sustainability strategies, with Endura planting its first 1 Million Trees since launching the campaign at the beginning of 2020. Pentland Brands has committed to its brands planting a further 5 million trees in 2021.

- We’ve taken steps to increase our use of sustainable materials. In 2020, Canterbury unveiled the latest British & Irish Lions shirt to be worn for the 2021 tour – the brand’s most sustainable ever.

- Speedo developed its PowerFlex eco range, which uses fibres made from ocean waste, including fishing nets. The brand has set an ambitious target that, by 2024, 100% of its swimwear and packaging will be made with more sustainable materials.

- Our brands continue to use FSC certified packaging, across their ecommerce websites, made from 80% post-consumer waste instead of plastic shipping bags. This change reduced the amount of plastic we shipped in 2020 by 27 tonnes, or nearly one million plastic bottles.
Our brands

We build purpose into the fabric of our brands to make them successful for the long-term. Here’s a snapshot of how they’re bringing our Positive Business ambitions to life.
Speedo

Speedo is a brand that believes anyone, anywhere, should have the right to swim. In a year when many swimmers across the world have been unable to enjoy the water, the brand has taken action to support its consumers, including:

+ Unveiling its Made For Everyone campaign in Australia, highlighting the inclusivity of the range worn by swimmers across the world for over 90 years.

+ Supporting the RLSS (Royal Life Saving Society) UK’s Drowning Prevention Week campaign in June 2020. With challenges for rescue and lifeguard services during the UK lockdown, the brand highlighted the important issue of personal water safety. Speedo hopes to carry out two water safety projects in Malaysia and Sri Lanka in 2021 as part of its partnership with RLSS Commonwealth.

+ Continuing to teach children and adults basic swimming skills, promote water safety and encourage a lifelong passion for the pool through its Swim Generation programme.

+ Donating 4,500 goggles for use as personal protective equipment during the COVID-19 pandemic - 2,000 to US hospital partners, via the Swim Across America organisation, and 2,500 to Shield for redistribution to charities supporting UK frontline workers.
Speedo has partnered with the Black Swimming Association (BSA) in a joint mission to help address barriers faced by Black, Asian and minority ethnic (BAME) communities in the UK around swimming and water safety. As an ongoing partnership, Speedo will provide support, swimwear and equipment to key forthcoming BSA projects, helping educate participants on water safety, drowning prevention measures and the importance of learning to swim. The brand also supported the launch of the film ‘Blacks Can’t Swim’ by Ed Accura [Producer and BSA co-founder], which features a black man combating societal stereotypes around swimming.
As well as having over 50 years’ experience in creating great gear that’s built to last, Berghaus promotes the mental and physical health benefits of the outdoors. In 2021 it will share more about its own Positive Business agenda. This year it supported thousands of consumers, by:

+ Working with a diverse range of outdoor enthusiasts such as Ed Jackson, a former rugby player affected by quadriplegia, founder of Instagram community The Hillwalking Hijabi, Zahrah Mahmood and founder of Black Girls Hike, Rhiane Fatinikun.

+ Sponsoring the Women In Adventure session at Kendal Mountain Festival for the third consecutive year, which provides a platform for women in the adventure community to inspire with stories about how the outdoors has impacted their lives.

+ Collaborating with Flock Together for its Dean Street AW/20 collection – an East London-based bird watching collective that combats the under-representation of people of colour in nature, while directly offering mental health support to people of ethnic minority backgrounds.

+ Supporting celebrities undertaking challenges for Sport Relief, including a 100-mile trek across the Namibian Desert, with kit to complete their journey.

+ Offering all UK key workers – including nurses, paramedics, refuse collectors, delivery drivers and any other role providing a key service – a 50% discount on all products via www.berghaus.com.
Alongside delivering its free repairs service, Berghaus teamed up with Cumbrian climbing company Dirtbags to give its products a second life. The collaboration, called ‘Rehaused By Dirtbags’, takes Berghaus products that are no longer repairable or usable and upcycles the materials into climbing kit. One waterproof jacket and one fleece zip top makes six or seven fleece lined chalk bags.
Despite the pause of team sports in 2020, Canterbury continued to support its consumers to stay active at home. The brand is also promoting inclusion in rugby and looking at how it can create more sustainable products, including:

+ Supporting the development of the women’s game by sponsoring ‘Canterbury Give it a Try’ - an eight-week IRFU programme designed to give girls, aged between 8 and 14, the opportunity to learn how to play rugby in a fun and safe environment.

+ Launching a new Uglies rugby outerwear range for the Australia market which utilises excess obsolete fabrics to create unique limited-edition garments. The products are made of thousands of meters of fabric that would otherwise have been scrapped, but instead were repurposed to create the unmissable Uglies range.

+ Helping its rugby community through challenging times, by sharing nutrition tips, how to work-out without a gym and engaging consumers in design competitions.

+ Offering a Blue Light Card discount to UK frontline workers employed by the NHS and emergency services.
Canterbury of New Zealand
See it in action

In October, Canterbury unveiled the latest British & Irish Lions Pro jersey ahead of the upcoming 2021 tour of South Africa. The Pro jersey is the Lions’ most sustainable ever, with the main body made up of 100% recycled polyester. On average, recycled polyester uses 21% less CO2 and 25% less water in production than conventional polyester.
Endura

Endura is critically aware of its environmental impact. The brand has been working on a number of fronts to reduce its footprint, including:

- Supporting commuters to use their bikes as a safer, healthier and faster way to travel through its ‘Choose Life, Choose Bike’ campaign.
- Increasing the number of fabrics in its products that are recycled or MADEKIND™ for the environment, which has been showcased in its MT500 #ForceForGood range.
- Offering a new polybag recycling scheme to retail partners to avoid sending packaging to landfill.
- Supporting access to cycling for those in disadvantaged communities through the Endura Lifecycle Trust. Despite the impact of the pandemic, the Trust delivered 300 sessions in 2020 and is aiming to deliver 750 in 2021.
- Making use of their skills in rapid garment development and producing over 13,000 medical gowns for NHS Scotland, using fabric donated by sister brand Berghaus.
- Donating 30,000 masks and 1,400 pieces of Endura protective eyewear to UK GP surgeries and health centres.
In January 2020, Endura committed to planting one million trees annually to help reduce the quantity of carbon in the atmosphere. In January 2021, the brand announced it has planted over 1.3 million trees – a 30% increase on the original target of its 1 Million Trees initiative. With this important milestone met, the brand has now set a bold new target – to become CO2 negative by 2024.
Although football paused in the UK in 2020, Mitre remained dedicated to helping consumers enjoy the game at home or at a distance. The brand also took action to help people maintain their physical and mental wellbeing, including:

+ Teaming up with mental health and wellbeing platform Unmind for Mental Health Awareness Week to provide top tips for people to support their mental health during the COVID-19 pandemic.

+ Launching its #AllYouNeedIsABall campaign, with quizzes, blogs and competitions to engage fans and families.

+ Working with 15-year-old ambassador, Max Hayes, otherwise known as Matchday with Max, to create a series of interviews and at–home challenges during the UK lockdown.

+ Donating 200 Scottish Premier Football League (SPFL) Delta Max balls to the Scottish Premiere League Trust to distribute to communities and clubs impacted by COVID-19.
ellesse believes in bringing out the best in everybody effortlessly and 2020 was no exception. As comfort and routine became the new normal, ellesse played an important role in keeping its community connected, including:

+ Launching its #Together campaign so that, even though we’re apart, no one is alone. With a team mantra to ‘Collaborate, Unite and Inspire the community’, the brand hosted live yoga sessions, Q&As and customisation workshops with their ambassadors.

+ Running a charity T shirt design competition, where the winning designs were sold on www.ellesse.com and all proceeds went towards supporting frontline workers via the World Health Organisation’s COVID-19 Solidarity Fund.

+ Offering a Blue Light Card discount to UK frontline workers employed by the NHS and emergency services.
Our brands strive to take an inclusive approach to sponsorship, supporting individuals from a variety of backgrounds and championing their passions. In August ellesse signed rising tennis star Paul Jubb, who joins Paralympic silver medallist Alfie Hewett as part of the brand’s roster of ambassadors.
Kickers launched its Change Starts Here platform in 2020, which sees the brand take action in areas including diversity and inclusion, education, environmental impact. It partners with organisations to support people and our planet, including:

+ Joining forces with Show Racism the Red Card – one of the UK’s leading anti-racism education charities. Kickers collaborated with the charity for Wear Red Day, delivering a competition which included an anti-racism workshop as a prize for the winning school. After the competition the charity saw a 27% uplift in school registrations year on year.

+ Joining forces with Mum’s the Word to host a virtual panel event after the first UK lockdown. The panel discussed how parents and carers could support children to feel calm and confident on returning to school. All proceeds from ticket sales were donated to Kickers’ charity partner, Show Racism the Red Card.

+ Launching its collaboration with Confetti Crowd, an influencer collective who share in the brand’s mission to promote self-expression and creativity. 10% of all sales were donated to the Young Women’s Trust, which campaigns for economic justice for disadvantaged young women in the UK.

*UK footwear license
Our brands

To celebrate its 50th anniversary in style, Kickers UK unveiled its Kickers: Class of ’50 campaign, highlighting the true force of the UK’s creative industries.

The campaign spotlights creatives – including dancers, DJs, designers, art curators and editors – all of whom will help shape their respective industries over the next 50 years.
SeaVees strives to champion sustainability through its products and community initiatives, including:

- Launching its SeaChange collection, with all shoes made using a combination of recycled materials. The collection also features a partnership with environmental charity SeaTrees, which helps regenerate one square foot of oceanic kelp forest for every pair of shoes sold.

- For the entire month of April, $5 from every SeaVees purchase was donated to one of three environmentally-focused charities: SeaTrees, Algalita and Santa Barbara Channelkeeper.

- Raising funds and awareness for causes in line with SeaVees brand values such as Free Speech, Racial Justice, LGBTQ+ rights, Frontline Workers support, Breast Cancer Research & Awareness and Marine Rehabilitation & Conservation.

- Donating 500 pairs of shoes to healthcare workers and offering care packages to nominated frontline workers in California during the height of the pandemic.
SeaVees
See it in action

SeaVees received its 5 Years of Giving award from 1% for the Planet. That’s five years (and counting) of donating 1% of annual revenue back to charities working to protect the environment.
3.0

Principles of governance
Our governing purpose is ‘building brands for the world to love, generation after generation’. As a privately-owned family business, our reputation is our currency. We believe we have a responsibility to behave in a way that upholds our principles, so we can continue to be successful in the long-term.

### Activity Performance in 2020

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<th>Activity</th>
<th>Performance in 2020</th>
<th>Status</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formalise corporate responsibility reporting governance and key performance indicators</td>
<td>Complete</td>
<td>Target met</td>
<td>17</td>
</tr>
<tr>
<td>Complete onboarding of the Speedo North America supply chain with no outstanding zero tolerance issues</td>
<td>In progress</td>
<td>On track to complete in 2021</td>
<td>8</td>
</tr>
<tr>
<td>New Executive team to undertake directors’ training</td>
<td>Complete</td>
<td>Target met</td>
<td>17</td>
</tr>
<tr>
<td>Undergo an independent audit of our corporate responsibility team and review findings</td>
<td>-</td>
<td>Commences in 2021</td>
<td>17</td>
</tr>
<tr>
<td>Publish our annual Modern Slavery report and Section 172 statement, in line with UK government requirements</td>
<td>Complete</td>
<td>Target met</td>
<td>8</td>
</tr>
<tr>
<td>Establish responsibilities for employee Positive Business squads</td>
<td>Complete</td>
<td>Target met</td>
<td>5, 10, 13</td>
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</table>
We strengthen our approach to Positive Business through regular collaboration across the business. This ensures we’re continuously evaluating environmental, social and economic risks and opportunities, allowing us to make more informed and coherent decisions.

Our code of conduct is outlined in Our Standards, which we review regularly to set out what we expect from our employees, suppliers and partners. Our Executive team oversees all the areas detailed in Our Standards, including responsibility for human rights, supply chain and the environment.

We have dedicated teams, leaders and committees to help us put our principles into practice, each with individual focus areas including diversity, inclusion, sustainability and charity. All committees are overseen by our Executive Team.
In 2020 we engaged our key stakeholders to identify topics of importance, informing decisions on issues that matter to our business. We used this information to create our Gameplan for Growth, which will guide our ambitions and decision-making in 2021.

Information on our focus areas for 2021 from our CEO, Chirag Patel, is available here.

Information on our key business decisions and any resulting stakeholder engagement can be found in our Pentland Brands Section 172 statement.
Ethical behaviour

We have a robust governance process for issues relating to supply chain, human rights and ethical behaviour. Our team of experts work together to evaluate risks and opportunities and make coherent, data-driven decisions.

Ethical trade governance structure

Every 2 weeks
- Supply Chain Executive meeting
- Supply Chain President*
- Supply Chain Operations Director
- Logistics Director
- Positive Business Director

Every 4-6 weeks
- In Good Conscience Forum
- Supply Chain President*
- Supply Chain Exec plus representatives from CR, Legal, Sourcing and Supply Chain

Every quarter
- Risk Committee
- Chief Operating Officer*
- Representatives from all functions including supply chain

CEO Executive team*

*executive team member.
Ethical behaviour

Additional governance methods and measures that promote ethical behaviour within our organisation include:

+ Offering four compulsory online legal training modules – covering modern slavery, anti-bribery and corruption, personal data and competition law – which help our people do business ethically and responsibly.

+ Managing our risks through social audits to ensure compliance with the ethical, social and operational criteria set out in Our Standards. Our audit data can be viewed in our Modern Slavery report.

Speaking up

In 2020, we introduced a new whistleblowing service to encourage our people to speak up about any issues of concern within our business, including those related to ethical trade. The service allows any employee internationally to raise an issue either by phone or online. We also updated our Speaking Up policy to reflect our commitment to conduct our business in an honest, ethical and transparent manner.
COVID-19
From early 2020, the rapidly evolving COVID-19 crisis meant the majority of our retail customers closed their stores globally. This naturally had an effect on product demand across our brand portfolio and our expectation is that the pandemic will have a significant impact on our business well into 2021.

From the outset of the pandemic in China in January 2020, we set up a Pandemic Committee, with experts from across the global organisation. The Committee was responsible for monitoring the escalating situation, advising and agreeing actions and support, aligned to WHO and various government guidelines, for its employees, partners and vendors.

Strategic review
During the COVID-19 crisis, the Pentland Brands Executive team made some fundamental changes, so it is set up to thrive in the long-term. Decisions included the hibernation of its Boxfresh brand and, to reflect its more focused brand portfolio and reduced licensed footwear business, a reduction in the size of our support functions. The strategic review resulted in around 300 redundancies, the vast majority of which were in the UK. Those leaving the business, at the end of the consultation period, received enhanced redundancy payments as well as the offer of outplacement and counselling support services.

Brexit
Throughout 2020, the situation remained unclear as to what scenario the UK would find itself in once the transition period ended on 31 December 2020. During 2020, the directors instructed a steering group, which was established in 2016 following the result of the referendum, to plan for the “no-deal” and “no-transition” outcome, recognising the potential disruption to our customers’ stock-holding requirements.

We consulted with our supply chain to determine whether our warehouses would be able to manage the impact of any changes to the length of time stock is held there, as well as any additional procedures that would need to be adhered to under new legislation.
People
As a fourth generation family business, people are at the heart of everything we do. Our global teams are united by mutual respect, a desire to develop our business and a focus on inclusion.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Performance in 2020</th>
<th>Status</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create and trial supplier gender equality guidelines based on ETI framework for gender equality</td>
<td>Delayed</td>
<td>On track to achieve in 2021</td>
<td>5</td>
</tr>
<tr>
<td>Support our suppliers to adopt the ACT purchasing practices commitments, with focus on the 2021 commitment to ringfence labour costs</td>
<td>In progress</td>
<td>On track to complete in 2021</td>
<td>8</td>
</tr>
<tr>
<td>Use Zero Tolerance policy to track and remediate zero tolerance issues in our supply chain</td>
<td>Complete</td>
<td>Target met</td>
<td>8</td>
</tr>
<tr>
<td>Increase supply chain transparency by publishing gender and freedom of association data for tier 1 suppliers</td>
<td>Complete</td>
<td>Target met</td>
<td>8</td>
</tr>
<tr>
<td>Review our charity and community programme</td>
<td>Complete</td>
<td>Target met</td>
<td>10</td>
</tr>
<tr>
<td>Director level roles include 43% female and 15% people from ethnic minority groups</td>
<td>In progress</td>
<td>Not yet achieved</td>
<td>5</td>
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During the ongoing COVID-19 pandemic, our number one priority has been the health and wellbeing of our employees, those working for our partners and within our supply chain, and the communities in which we operate, while also keeping our business running for our retail customers and our consumers.

We took a number of actions during the crisis to protect our people, communities and those working within our supply chain.

Our people

- With the closure of retail, gyms and pools significantly impacting revenue over the past 12 months, we were grateful to access Government support so we could protect as many UK jobs as possible across our business.
- Given the improved visibility on UK restrictions lifting, we have now stopped and have repaid all Government support received since the start of the crisis.
- Our shareholders did not receive a dividend for 2020.
- We significantly reduced the number of people working in our warehouses and introduced changes in working practices to minimise the risks and to protect the wellbeing of our teams.
- We encouraged our employees to support their local communities through volunteering, fundraising, or making PPE clothing and equipment. In total, they hand-made and donated thousands of critical PPE items, including scrubs, masks and washbags.
COVID-19

Supply chain

We endorsed the call-to-action initiative convened by the International Labour Organisation (ILO) to address COVID-19 impact on the global garment sector and, as a founding member of ACT (Action, Transformation, Collaboration), we committed to paying for goods produced for Pentland Brands and continued this throughout the pandemic. This commitment was recognised in independent reports including Behind the Barcode, the Business & Human Rights Resource Centre and the COVID-19 edition of the Ethical Fashion Report.

We worked with our suppliers on any rephasing of orders and looking to mitigate impact and, in some cases, our suppliers switched to producing personal protective equipment. We also shared industry best practice for health and safety measures.

More information on our response to COVID-19 can be viewed in our COVID-19 corporate responsibility statement.
Diversity and inclusion

We’re working to level the playing field, by building diversity and inclusion into everything we do - from our recruitment processes to our brand campaigns.

Diversity and inclusion framework

Purpose: to build a business where everyone is welcomed, supported and encouraged to grow and contribute.

Focus areas:

Positive: D&I is powered by our people and our brands

Inclusive: Everyone feels a true sense of belonging

Diverse: Striving for better representation across our business to reflect the diverse consumers we serve.

We recognise that diversity and inclusion is a broad topic, encompassing a range of important issues. As a result, we’ve made the decision to focus on the areas where we believe we can make the biggest difference. Our aim is to improve the representation of women and people from ethnic minority groups in Director level roles, which we plan to do through a combination of continued succession planning, talent pipeline development and external recruitment.

Target representation – Directors

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Ethnic minority groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>34%</td>
<td>10%</td>
</tr>
<tr>
<td>By end of 2022</td>
<td>43%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Diversity and inclusion

See it in action: Inclusion Week 2020

In September we celebrated Global Inclusion Week by renewing our commitment to promote diversity and inclusion not only in our workplaces, but by empowering individuals and communities worldwide.

We hosted virtual ‘in conversation’ interview sessions with Danielle Obe, founder of the Black Swimming Association, and Florence Williams, rugby player for Wasps FC, who shared how brands can do more to promote inclusivity in sport.

We shared how our brands are respecting individuality and promoting difference through their own D&I commitments.

For more on our D&I initiatives, actions and ambitions, visit our website.
We’re committed to paying the Real Living Wage, as outlined by the Living Wage Foundation, to people working at Pentland Brands in the UK. This goes beyond the statutory National Living Wage and minimum wage to pay an amount that better reflects the cost of living.

We maintain high standards and processes to make sure that pay is determined on a fair and comparable basis, for every role in our organisation. This includes consistent role evaluation processes and internal and external salary and benefits benchmarking for roles.

Our gender equality data, targets and actions can be viewed in our latest Gender Pay Gap report.
Modern slavery

Modern slavery is unacceptable. We strive to build a fair, ethical and transparent supply chain and we have policies, risk assessments and committees that help us put this into practice.

We believe everyone has the right to fair pay, safe working conditions, and to be treated with dignity and respect. We recognise that the COVID-19 pandemic has posed unprecedented challenges to those already at risk of modern slavery, which is why we will continue to work hard to protect rights and improve working conditions for everyone in our supply chain.

Find out more about our supply chain model here.

View our tier 1 and tier 2 supplier lists on our website.
How we source

Our supply chain makes up the sequence of processes used to create our products, from raw materials to distribution to our customers and consumers.

We closely monitor each stage of our production process, to ensure we’re doing all we can to mitigate the risks of modern slavery.

Managing risks

We carry out regular risk assessments to understand the vulnerability of certain regions to modern slavery when deciding where to source our materials. We use our supplier questionnaire and regular auditing to provide a comprehensive picture of risk.

We assess risk in our supply chain based on:

+ Geographical risk
+ Level of supply chain control
+ Political stability
+ Worker demographics
+ The presence of governance and management systems
+ Environmental risk

In 2020 we carried out country-based risk assessments as part of a review of our sourcing strategy and integration of the Speedo North America business into our brand portfolio.

More information on modern slavery risk profiles, audit data and remediation activities can be found in our Modern Slavery report 2020.

Key sourcing facts

+ 164 tier one suppliers manufacturing in 19 regions
+ 31 tier two nominated fabric suppliers manufacturing in 7 regions
+ 103 audits in 2020
Health and wellbeing

Our people are at the heart of what we do and so we have a number of tools in place to help them be at their best.

We offer all our employees unlimited access to online tools such as Unmind to support their mental wellbeing. We also offer confidential 24/7 access to counsellors and information specialists in the areas of emotional, health, management, legal, debt, elder and younger care and financial.

In 2020 we offered to cover the cost of a flu vaccination for all UK employees to help protect health during the COVID-19 pandemic.

We champion maintaining physical health, so access to gyms and other great facilities can be found at some of our offices. We also offer generous discounts across our brands.
As well as working across different brands and projects, we offer a range of learning and development opportunities, on-the-job experiences and support to help our people make a positive contribution to our business.

We offer a variety of resources on our Learning and Development intranet pages, including peer to peer mentoring, videos and useful guides to aid self-directed learning. We also offer our people unlimited access to LinkedIn Learning to help develop their skills autonomously and on demand, in a way that works for them.

Finally, we provide a compliance e-learning curriculum to ensure our new starters and current employees are always up to date, keeping them and our business safe. The curriculum includes the following:

- **Modern slavery** — a compulsory programme on the most prevalent modern slavery issues in our industry, including how they can be identified and reported.

- **Anti-bribery and corruption**, personal data and competition law — a set of three compulsory programmes designed to support employees to do business ethically and responsibly.

- **Unconscious bias** — training to help identify and prevent unconscious bias in the workplace.

- **Health and safety** — launched in 2020, this programme provides training on how to support wellbeing in various working environments.
Supporting young talent

We’re proud to support young talent and have long-term relationships with a number of global creative and academic institutions. In 2020 our award-winning in-house creative agency supported students at University of South Wales and Nottingham Trent University with live briefs to help develop their portfolios. Find out more about their work here.

See it in action: kickstarting careers

We recognise the unprecedented challenges that young people starting careers in the UK are facing. That’s why we’ve joined the UK government’s Kickstart Scheme, which provides job placements for 16 to 24 year-olds on Universal Credit. Our first two placements will be for junior creatives as part of our Design Pool.
Charity model

Giving back to our communities is part of who we are as a business. We channel our support through global charity partnerships, brand community initiatives and employee volunteering programmes.

Our goals

+ Inspiring young people to be more active
+ Empowering disadvantaged communities
+ Reducing our environmental impact

Headline numbers

+ 1% of net profit after tax donated to charitable causes
+ 380 aspiring entrepreneurs mentored since 2010 with The Prince’s Trust
+ 31 loans given to support small business owners in emerging markets, creating 24 new jobs
+ 6,500 brand products donated
+ £11,000+ donated to local communities through our employee Charity Network.
People

Charity partners

The British Council

The British Council supports economic empowerment through educational opportunities. We support the roll-out of their Digital Craft Toolkit, which provides free online business courses to designers, artists and entrepreneurs in Thailand. So far, the programme has reached 250 artisans and is being introduced in 12 further countries.

Panathlon

Panathlon provides sporting opportunities for over 17,500 young people with disabilities each year. So far we’ve supported 3,037 young disabled swimmers and 638 young leaders.

SportInspired

SportInspired tackles childhood obesity in disadvantaged communities through fun and inclusive sports programmes for schools. During the UK lockdown the charity released FitFun; a set of online resources to help children stay active at home. In 2021 we’ll join SportInspired in hosting inclusive sports festivals in Blackburn and Nottingham.
Charity partners

United Purpose
United Purpose strives to end poverty and inequality across the globe. In 2020 we completed our project with United Purpose that uses sport to teach employability skills to young people living in slums in Mumbai, India.

In Kind Direct
During the height of the pandemic in March-August 2020, In Kind Direct helped 174,000 people in the UK each week gain access to life’s essentials. Where we’re unable to transform our brand products into something new, we donate them to In Kind Direct, which distributes them to UK charities that need them.

Lendwithcare
Pentland Brands partners with Lendwithcare, one of the world’s leading aid and development organisations, to help entrepreneurs in emerging markets to establish or expand their businesses through a series of small loans.
The Prince’s Trust

2020 marks the 10th anniversary of Pentland’s support of The Prince’s Trust Enterprise Programme, which provides young entrepreneurs with the learning, mentoring and funding opportunities to start their own businesses.

Saturday Club Trust

Saturday Club Trust gives young people in the UK a chance to attend a session and discover a subject they love. We work with National Saturday Club to deliver creative masterclasses for young people aged 13-16. In 2020 our Creative Talent team led a masterclass attended by 55 young people at University of Central Lancashire. The brief was to design a bathing suit pattern in celebration of the upcoming Tokyo Olympics and Paralympics.
Supporting communities in crisis

COVID-19

During the pandemic, we donated to support the work of some incredible organisations that were funding critical medical care, protecting vulnerable people and providing essentials.

Red Cross, China
Medicins Sans Frontiers
Trussell Trust
London North West University Healthcare Trust
National Emergencies Trust

We’re proud that many of our employees supported local charities and organisations during the pandemic, through volunteering, donations and fundraising. We were pleased to be able to match fund many of their donations.
Planet

5.0
### Planet

We’re taking steps to minimise our environmental footprint and ensure we have a positive impact on the planet. Our target is to reduce our carbon emissions by 25% by 2025, as part of our long-term ambition to become carbon neutral.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Performance in 2020</th>
<th>Status</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote adoption of the Higg Facilities Social Labour Module and Higg Facilities Environmental Module, with tier 1 and 2 suppliers producing 50% of business volume</td>
<td>In progress</td>
<td>On track to achieve in 2021</td>
<td>12</td>
</tr>
<tr>
<td>Roll out vendor sustainability scorecard for factories not yet using the Higg Index</td>
<td>In progress</td>
<td>Scorecard developed, roll-out to commence in 2021</td>
<td>12</td>
</tr>
<tr>
<td>Roll out digital training on the Higg Index to supply chain, sourcing and brand teams</td>
<td>In progress</td>
<td>Training developed, roll-out to commence in 2021</td>
<td>12</td>
</tr>
<tr>
<td>Complete projects with charity.water and Planet Water Foundation to provide clean water to communities in our sourcing markets</td>
<td>-</td>
<td>Commences in 2021</td>
<td>6</td>
</tr>
<tr>
<td>Brands plant six million trees</td>
<td>In progress</td>
<td>On track to achieve by end of 2021</td>
<td></td>
</tr>
<tr>
<td>Establish our carbon data baseline and tracking across all key data points to support aim of reducing carbon emissions by 25% by 2025</td>
<td>In progress</td>
<td>On track</td>
<td>13</td>
</tr>
<tr>
<td>Repurposing 25,000 products by donating them to charity</td>
<td>In progress</td>
<td>On track to achieve by end of 2021</td>
<td>12</td>
</tr>
</tbody>
</table>
Offices

We’re taking steps to minimise our footprint across our operations. All our European offices use 100% renewable energy.

Other energy saving initiatives across our locations include:

- LED lighting at various UK locations
- Solar panels at our Nottingham office
- Electric vehicle charging points at our London office.
The gross greenhouse gas (GHG) emissions for Pentland Brands, reportable under SECR legislation during the period 1st January 2020 to 31st December 2020, are 2,994 tonnes of carbon dioxide equivalent (tCO2e). This information was collected and reported in line with the methodology set out in the UK Government’s Environmental Reporting Guidelines, 2019. The reporting methodology has changed since 2019, due to changes in legislation and an increase in our scope which now includes the Endura operations. Year-on-year comparisons will be presented in our next annual Positive Business report.

The closure of our UK offices in 2020 due to COVID-19 restrictions, meant that our CO2 emissions from electricity and gas reduced significantly compared to 2019. We expect our CO2 emissions, energy usage and water consumption to increase in 2021 as more people return to our offices.

### Greenhouse gas emissions

<table>
<thead>
<tr>
<th>Emissions Source</th>
<th>2020 (tCO2e)</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Combustion: Natural Gas</td>
<td>1,575</td>
<td>52.6%</td>
</tr>
<tr>
<td>Fuel Combustion: Transport</td>
<td>124</td>
<td>4.2%</td>
</tr>
<tr>
<td>Consumed Electricity</td>
<td>1,294</td>
<td>43.2%</td>
</tr>
<tr>
<td>Total Emissions (tCO2e)</td>
<td>2,994</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Energy consumption

<table>
<thead>
<tr>
<th>Emissions Source</th>
<th>2020 (kWh)</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Combustion: Natural Gas</td>
<td>8,567,176</td>
<td>60.4%</td>
</tr>
<tr>
<td>Fuel Combustion: Transport</td>
<td>499,830</td>
<td>3.5%</td>
</tr>
<tr>
<td>Consumed Electricity</td>
<td>5,112,408</td>
<td>36.1%</td>
</tr>
<tr>
<td>Total</td>
<td>14,179,414</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The gross water consumption across our UK offices in 2020 was 8,739m³. Similarly to our CO2 emissions data, the closure of many of our offices during 2020 caused our annual water consumption to decrease by approximately 42% compared to 2019. While we expect this to increase as more people return to our office, we’ll continue reviewing our sustainability initiatives to minimise our water footprint in 2021.

Water consumption of UK locations in 2020

<table>
<thead>
<tr>
<th>Year to date</th>
<th>m³/Day</th>
<th>m³/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>24</td>
<td>8,739</td>
</tr>
</tbody>
</table>
Supply chain

We’re working to reduce the environmental impact of our operations, which we measure using the Higg Index as part of our membership of the Sustainable Apparel Coalition (SAC).

We use three modules to measure the environmental impact of our supply chain.

**Brand and Retail Module**

To assess our performance relating to corporate responsibility, the environmental and social impacts of our products across their life cycle and operations in our distribution centres and retail stores.

**Facility Environmental Module**

To help our tier 1 and tier 2 suppliers self-assess their environmental performance. The tool measures information on energy usage, greenhouse gas emissions, water use, wastewater, emissions to air, waste management and chemical usage.

**Materials Sustainability Index**

To evaluate the environmental impact of our new seasonal materials. We use the Higg MSI to compare new with existing materials and model potential savings.
Measuring progress

Where a factory is not yet using the Higg FEM module, we have designed a simple ‘sustainability scorecard’ to help vendors measure their impact. The scorecard includes basic questions about the factory set-up and energy, water and chemical consumption.
Understanding our materials footprint

In 2020, we undertook our first comprehensive review of the water and carbon footprint of our materials with the Higg MSI. Using a selection of products from Berghaus, Speedo, Canterbury and Kickers, we analysed materials to look at where we can reduce our CO2 emissions and water consumption.

Of the materials featured in the study, 9% of all polyester and 13% of all nylon used was recycled. The results show that using recycled versions of materials significantly reduces our carbon emissions and water consumption. This is a first step and, while we know there’s more we can do, it shows us where we can minimise our footprint while we continue to investigate more sustainable options.

Our brands are taking steps to include more recycled fabrics in their products, including Speedo’s PowerFlex eco range and Canterbury’s latest British & Irish Lions jersey, which is made from 100% recycled polyester.

We plan to expand this study year-on-year so we can make informed decisions about our fabric usage.

Average carbon reduction by material (CO2e)
- Polyester vs recycled polyester – 21%
- Polyamide (nylon) vs recycled polyamide – 45%
- Conventional cotton vs organic cotton – 10%

Average water reduction by material (m3)
- Polyester vs recycled polyester – 25%
- Polyamide (nylon) vs recycled polyamide – -12%
- Conventional cotton vs organic cotton – 87%
See it in action:

Speedo lifecycle goggle analysis

Understanding our materials footprint helps us minimise the impact of our products. In 2020 the Pentland Brands Innovation team undertook a complete lifecycle analysis of a Speedo goggle. Working with an external partner, the study reviewed the carbon footprint and water usage of the goggle through the entirety of its lifecycle, including manufacturing, shipping, packaging and disposal.

The findings are now being used to redesign a new goggle with a reduced environmental impact, using biosynthetic materials such as natural rubber and sugar cane. The study has also led to a review of energy usage in this area of our supply chain, looking at how we can increase the efficiency of our manufacturing processes and use more renewable energy. After the goggle is redesigned, the team will re-run the lifecycle analysis to review where we can continue to improve.
See it in action:

Reducing supplier water consumption

Linea Aqua is a swimwear manufacturer co-founded by Speedo. It's renowned for its efforts to reduce water consumption and has been recognised as the first water neutral apparel manufacturing facility in the world. It does this by reviewing, recycling, reusing and replenishing water consumption in the facility and giving back to the environment. It also promotes clean manufacturing, running its manufacturing plant on 11-15% renewable energy and diverting 99% of its waste from landfill.

Freshwater availability

We recognise the impact of our water consumption on the planet. After reviewing our water footprint, we made the decision to support an additional environmental cause as part of our charity programme.

We will partner with charity: water and Planet Water Foundation - two non-profit organisations bringing clean, safe drinking water to people in developing countries - from 2021. We'll collaborate to run projects in our sourcing markets where our water consumption from production is highest, to help channel safe drinking water into thousands of communities.
We prioritise working with materials suppliers which have accreditations in sustainability, chemicals management and manufacturing.

**Preferred supplier accreditations**

<table>
<thead>
<tr>
<th></th>
<th>Fabrics</th>
<th>Trims</th>
<th>Footwear*</th>
</tr>
</thead>
<tbody>
<tr>
<td>bluesign®</td>
<td>63%</td>
<td>14%</td>
<td>N/A</td>
</tr>
<tr>
<td>oekotex® standard 100</td>
<td>82%</td>
<td>93%</td>
<td>N/A</td>
</tr>
<tr>
<td>Leather</td>
<td>N/A</td>
<td>N/A</td>
<td>100%</td>
</tr>
<tr>
<td>Working Group</td>
<td>one or more of the above</td>
<td>92%</td>
<td>97%</td>
</tr>
</tbody>
</table>

*all brands excluding Endura and Speedo North America

**MADEKIND™ for the planet**

MADEKIND™ was created for Berghaus as a label to demonstrate the sustainability credentials of products. To be MADEKIND™, a product has to fit one of a number of sustainability criteria, including containing more than 50% recycled or bio-based content, more than 90% Bluesign approved fabric or made with certified sustainable down or cotton.

Between Autumn Winter 20 and Autumn Winter 21, Berghaus increased the number of MADEKIND™ products in its range by 34%.

We train teams across our business about the meaning of the MADEKIND™ label so we can expand our range of environmentally friendly products.

**Season** | % Berghaus products with MADEKIND™ accreditation
--- | ---
Autumn Winter 21 | 61%
Spring Summer 21 | 48%
Autumn Winter 20 | 40%
Nature and biodiversity

We’re taking steps to support the conservation and protection of ecosystems in line with our ambition to create a positive footprint.

Brands commit to planting 6 million trees

Endura planted one million trees in 2020 and will continue to plant one million trees every year for the next ten years. Our brands will work with Eden Reforestation Projects to plant an additional five million mangrove trees, which thrive in most conditions and protect biodiversity. Local people are hired to support the reforestation activities and benefit from the increased soil fertility for crops, reducing extreme poverty in the area.

Supply chain

We support our suppliers to assess and improve their environmental performance, including their impact on local wildlife and ecosystems. Our Speedo supplier, Linea Aqua, is aiming to restore biodiversity around its facility area, which covers 15 acres. So far, it’s restored one acre through reforestation and removal of invasive plant species.

Office surroundings

We’ve taken a number of steps to protect and cultivate biodiversity around our offices, including the following at our global HQ in North London:

+ Promoting moss growth to avoid grass mowing, which cultivates an environment in which small mammals, birds and micro-organisms can thrive
+ Protecting native species in our lake, including Rudd, Tench, common and mirror carp.
+ Allowing banks and river beds to grow naturally, negating the use of harmful chemicals or pesticides
+ Cultivating Purple Loosestrife (Lytherum) to support bee populations
Reducing single-use plastic

We avoid using single-use plastics where we can, due to their negative impact on our oceans and marine life. We’re working to reduce the prevalence of single-use plastics in our packaging and across our brand products.

In 2019 our Product Development teams helped us switch the plastic shipping bags used across our brands’ ecommerce websites to FSC certified packaging made from 80% post-consumer waste. This change reduced the amount of plastic we shipped in 2020 by 27 tonnes, or nearly one million plastic bottles.

Kickers takes plastic out of the playground

In a move to take action for the planet, Kickers has removed all unnecessary packaging from its products such as shoe sticks, card dividers and excess tissue paper. In 2020 the brand saved approximately 340,000 shoe sticks, which would measure a distance of 34km end-to-end.

Among other initiatives, the brand has also swapped all polyester mesh linings to recycled PET.

Kickers won ‘Best Sustainable Initiative of the Year’ at the Drapers Footwear Awards 2020 for re-engineering its existing styles to be more environmentally friendly.
Speedo targets sustainable swimming

By 2024, Speedo’s ambition is that 100% of its swimwear and packaging will be produced with more sustainable materials. The brand’s PowerFlex eco range uses ECONYL® and REPET yarn, which is made from ocean waste, including fishing nets. All the packaging including swing tags, strings, kimbles and bags are fully recyclable and made from recycled materials.

When it comes to recycling, even a small change can make a big difference. We’ve reduced the size of all Speedo swing tags and swapped the material to 40% recycled content. This small change will save 3,792 tonnes of virgin fibre – which equals 64,461 trees in one year.

93% of Speedo’s 2020 watershorts are made from recycled fabrics and the remaining 7% are produced from a fabric that uses an environmentally friendly method of dying that results in less water, energy and chemicals.

Speedo also increased the recycled PET content in a selection of goggle cases from 50% to 70%, which will reduce our virgin plastic usage by 23.2 tons per year.
Collaborating for better

We work with a number of not-for-profit organisations that share our goal of being a socially and environmentally responsible business. We are active members and supporters of the following:

**Ethical Trading Initiative (ETI)**
Forging an alliance to improve the lives of workers around the world.

**Action, Collaboration, Transformation (ACT)**
Bringing together brands, retailers, manufacturers and trade unions to address the issue of living wages in the textile and garment supply chain.

**Sustainable Apparel Coalition (SAC)**
Developing tools to improve and standardise the reporting of environmental impact across supply chains.

**AFIRM**
A collaborative effort to reduce the use and impact of harmful substances in the apparel and footwear supply chain.

**Making the Leap**
A social justice charity that promotes social mobility. We support Making the Leap’s annual Social Mobility Awards.

**Better Work**
Better Work brings together businesses at all levels of the garment industry to improve working conditions and respect labour rights.
Collaborating for better

The Pentland Centre for Sustainability

We support and learn from the Pentland Centre for Sustainability in Business at Lancaster University, which was founded in 2015 by our parent company, Pentland Group. The Centre carries out research to find practical solutions to social and environmental challenges.

In 2020 sustainability expert Professor Jan Bebbington was appointed to the role of Pentland Centre Director. Jan has dedicated her academic career to focusing on how organisations can contribute to sustainable development through accounting and reporting activities.

Resource circularity

We’re constantly looking for new ways to extend the lives of our products to prevent them from going to landfill. We track the number of surplus products we recycle and donate to charity on our website.

We’re doing more to look at how we can create circular product economies to avoid material waste. Our brands have pioneered their own approaches.

- Berghaus has collaborated with climbing kit creator Dirtbags to produce Rehaused by Dirtbags. The range takes Berghaus products at the end of their usable lives and upcycles them into new climbing products. Each piece is made individually, by deconstructing Berghaus kit that is beyond repair to turn it into something new, giving loved fabrics and colours a new lease of life.

- The Canterbury Uglies range uses excess fabric to create one-of-a-kind garments and reduce material waste. 2020 marks 50 years of Uglies, which we’re celebrating with a limited edition range of jerseys in Australia and New Zealand – the original home of the brand.

- Endura rotates stock by asking its retailers to return any surplus products to the brand, preventing them from going to landfill.
Impact and investment

We build brands and products with a social purpose. We work to create value to society through employment, financial investment, product innovation and taxes.
Impact and investment

Employment
We seek to attract, retain, motivate and reward our people by establishing and maintaining an appropriate, competitive salary and benefit programme, while remaining mindful of our financial responsibility to our shareholders.

In 2021 we’ll launch an internal campaign encouraging our employees to provide details about their gender, ethnicity, religion, sexual orientation and other indicators of diversity. This will allow us to collect more diversity data across our regions, helping us understand and increase the diversity of our employee population.

Economic contribution
We report corporation tax payable in the UK and overseas in our entity accounts and consolidated group financial statements. We also annually report our total corporate taxes paid and payable across the whole Pentland Group on a country by country basis to relevant tax authorities.

Our economic contribution in respect of taxation covers business taxes, indirect taxes including VAT, goods and services taxes and customs duties, and employment taxes.

Due to the COVID-19 pandemic, in 2020 our brands’ business profits were impacted and our corporation tax payable was consequently impacted. As a Group we continued to make profits and pay corporate income taxes in a number of territories across Asia, Europe and the US.
Impact and investment

Infrastructure and services supported

As we expand our brand portfolio, we invest in new businesses, infrastructures and services. In 2020 Pentland Group acquired the Speedo North America business, uniting the global Speedo brand. The purchase was $170 million in cash, subject to a working capital adjustment, and included the Speedo North America HQ in Cypress, Santa Barbara.

To increase our digital capabilities, we have also invested in a ‘Global Capability Hub’ in Bangalore, India. There are now around 40 employees based at the hub.

Indirect economic impacts

For Pentland Brands, 2020 saw the majority of its retail customers close their retail stores over a sustained period. This naturally had a significant impact on product demand across its portfolio of consumer brands. As a result, certain lines of stock became obsolete or aged more quickly, and its ability to sell through the forthcoming seasons product was also affected. It is recognised in the market that there is likely to be a greater rollover of existing stock to the following years season where appropriate, to help reduce the current levels of aggressive discounting, also recognising some existing supply chain challenges cause by the global shipping crisis.

We have worked closely with our suppliers, retailers and partners to mitigate the impact of Brexit, more information on which can be viewed on page 34.
Impact and investment

Financial investment contribution
During the pandemic, Pentland Brands required financial support from its parent company, Pentland Group Limited. This allowed the business to mitigate any adverse impact on cash generation and working capital caused by the pandemic.

Government economic contribution
With the closure of retail, gyms and pools significantly impacting revenue in 2020, we were grateful to access the UK Government Job Retention Scheme so we could protect as many UK jobs as possible. We stopped accessing Government support from January 2021 and have repaid all previous support received since the start of the crisis. This decision was taken in the context of financial resilience within the wider Pentland Group and the greater confidence we now have as our business emerges from the crisis.

We have also received UK Government funding for two new job placements via the Kickstart Scheme, designed for young people receiving Universal Credit. More information on the Kickstart scheme is available on page 46.
Impact and investment

Social investment

Our Positive Business strategy puts people at the heart and we channel our support through funding, charity work and individual employee contributions.

Pentland Brands gives at least 1% of net profit after tax to charitable causes every year, through a combination of financial contributions and product donations. Our rolling product donation tally can be viewed on our website.

Our budget for corporate responsibility activities is approximately 1% of our business’ overheads. This includes NGO membership costs and any programmes of work related to ethical trade. It excludes individual corporate responsibility initiatives undertaken by our brands.

Our employee charity network allocates funding to charities championing good causes in our communities. In 2020 our charity network allocated £11,000+ towards charity projects in our sourcing markets.
Impact and investment

Innovation of better products

We build products to support health, wellbeing and confidence. All our brands have a social purpose, from Berghaus helping people get into the outdoors to Speedo creating life-saving water safety equipment.

Our in-house innovation team works to ensure our products solve current social and environmental challenges. We have dedicated Product Development teams to bring these propositions to life.

During the financial year ending 31 March 2020, over £2 million was spent on research and development across Pentland Brands, Berghaus, Speedo International, Canterbury and Endura. This included staff overhead costs and brand innovation projects.

Examples of innovation to tackle specific sustainability challenges include the use of recycled fibres in Speedo’s new PowerFlex eco collection (pg 65) and the year-on-year expansion of Berghaus’ MADEKIND™ range (pg 62).
We know there are many more ways we can take action for people and our planet to mitigate the global challenges we face. Our Positive Business strategy continues to guide us in increasing our positive impact and minimising our footprint.
Positive Business gameplan

As a brand owner, we set the corporate agenda for sustainability and our brands lead the way in making a difference. We have a clear game plan to accelerate how we take action for people and planet.

Building brands with purpose

- Donating 1% of net profit after tax to charitable causes
- Empowering our employees to take action for people and planet through positive business squads
- Supporting our brands to increase their social impact through accreditations, collaborations and charity initiatives
- Unveiling our brands’ individual positive business ambitions in 2021

Owning our footprint

- Reducing our carbon footprint by 25% by 2025
- Accelerating our ethical trade commitments in 2021, with our Zero Tolerance policy, gender & human rights due diligence framework
- Our brands will plant 6 million trees in 2021 to take action for our planet
- Our brands will work towards becoming carbon neutral by 2030

Promoting circularity and collaboration

- Donating 25,000 products to our charity partners in 2021
- Promoting adoption and verification of HIGG tools with vendors targeting 50% volume in 2021
- Utilising circular solutions in-house and with partners, to prevent product and material waste
- All our packaging will be recyclable, recycled or compostable
To find out more about CR at Pentland Brands, please contact corporate.responsibility@pentland.com or visit our website.