

PENTLAND BRANDS LIMITED

Registered number: 09820760

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Pentland Brands Limited 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 Pentland Brands Limited captured by these regulations.

Extract from the Strategic Report for the year ended 31 December 2021

The following disclosure describes how the directors have approached and met their responsibilities under section 172 of the 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 employees, 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 (Trading) Limited

During the year Pentland Group (Trading) Limited, a company registered in England and Wales, replaced Pentland Group Limited as the company’s immediate parent undertaking and provides intercompany funding to the company. Continued access to capital is vital to the long-term success of the company.

Regular profit and cash flow forecasts are provided to Pentland Group (Trading) Limited and the Group Treasury function, 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 timely provision and quality of services and for ensuring that, as a business, we meet the high standards of conduct that we set ourselves. We regularly assess the results of our Payment Practices Reporting to ensure that we are meeting supplier demands, as well as reviewing terms in place to ensure they are sustainable.

- Customers

In addition to providing services to fellow subsidiaries, the company earns revenue from the provision of warehousing services. Sustaining long lasting relationships with customers who use those services is vital to the company. We regularly review contract terms and ensure that the company can meet customer demands, whilst maintaining our cash flow requirements. This requires a careful analysis of key metrics by our supply chain, who regularly engage with customers and relay important information to the directors, ensuring the company can meet its customer’s needs.

- Employees

We pride ourselves in the quality of our employees and believe they are crucial to operating our business successfully and provide a vital service to the portfolio of brands within the group.

In 2021 we 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.

- *Community*

Respect for the people and the environment has long been at the heart of our business and we strive to make all our decisions in good conscience.

To reflect the growing need to factor our social and environmental impact into all that we do, in addition to publishing our annual Positive Business report in May 2022, which outlines the actions we took in 2021 towards our sustainability goals, we launched our Pentland Brands 100-1-0 positive business strategy – to take action for people and our planet. 2032 marks the 100-year anniversary of the Pentland Brands business and our 100-1-0 positive business strategy sets out three major targets to be reached by 2032 – 1. To help 100 million consumers live positive, active, sustainable lifestyles, 2. To improve the lives of one million people in our communities and 3. To be a net zero business by 2032.

Please refer to the 'Corporate and Social Responsibility' section on pages 4 and 5 for more information.

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 worked with its employees, partners and retail customers to keep them informed and to offer support as required.

- *Closure of Distribution Centres*

In July 2021, our distribution contract with Lacoste came to an end. We worked closely with Lacoste on a transitional exit plan from our Unit 7 Distribution Centre in Blackburn into their EU business. Following consultation with the employees impacted, this resulted in the closure of our Unit 7 Distribution Centre at the end of the year. Where possible, employees were relocated to our other distribution unit in Blackburn.

Following a comprehensive business review and the successful relocation of the Mitre brand to our Glover Distribution Centre in Tyne & Wear in the prior year, we decided to move the Canterbury brand from our Great Harwood Distribution Centre to the same location. This decision was driven by the need to drive operational excellence and provide a more united Teamsports experience for our customers, allowing deliveries to arrive in a more timely, unified way.

As a result, and following consultation with the employees impacted, we took the difficult decision to close our Great Harwood Distribution Centre in December 2021. Where possible, employees were offered roles at our other distribution unit in Blackburn. Where this was not possible, employees were offered enhanced redundancy packages.

- *Strategic Review*

Following the acquisition of Speedo North America, in 2021 we started to transition the business into our operations and to lay the foundations for its future as a global brand. As part of this work, and in close consultation with those employees impacted, we made changes to optimise the brand operating model and ways of working between brand and regional teams. These changes will enable Speedo to deliver a stronger global brand proposition for our customers and consumers.

In June 2021, following a review of our Teamwear and Canterbury businesses with an external partner, we proposed a simpler and leaner business model to rebuild profitability. Following consultation with those employees impacted, this resulted in merging Teamwear and Canterbury into one single, agile team.

- *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 brands suppliers so they could load product in a timely fashion. To minimise impact, we communicated the challenges and worked with them on finding solutions.

- *Repayment of Corona Virus Job Retention Scheme Government Grant*

With the pandemic significantly impacting our business, the company was grateful to access government support to protect as many jobs as possible across several of our brands. Given the group's improved confidence in the recovery, during the year the company repaid all its UK government support since the start of the crisis.

CANTERBURY LIMITED

Registered number: 06930025

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Canterbury Limited 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 Canterbury Limited captured by these regulations.

Extract from the Strategic Report for the year ended 31 December 2021

The following disclosure describes how the directors have approached and met their responsibilities under section 172 of the 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 (Trading) Limited

During the year Pentland Group (Trading) Limited, a company registered in England and Wales, replaced Pentland Group Limited as the company’s immediate parent undertaking and provides intercompany funding to the company. Continued access to capital is vital to the long-term success of the company.

Regular profit and cash flow forecasts are provided to Pentland Group (Trading) Limited and the Group Treasury function, 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.

- Licensing Partners

Sustaining long lasting relationships with our licensing partners 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 partner can meet the demands placed on them.

- Employees

Whilst all employee contracts are 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.

- *Community*

To reflect the growing need to factor our social and environmental impact into all that we do, in addition to publishing our annual Positive Business report in May 2022, which outlines the actions we took in 2021 towards our sustainability goals, we launched our Pentland Brands 100-1-0 positive business strategy – to take action for people and our planet. 2032 marks the 100 year anniversary of the Pentland Brands business and our 100-1-0 positive business strategy sets out three major targets to be reached by 2032 – 1. To help 100 million consumers live positive, active, sustainable lifestyles 2. To improve the lives of one million people in our communities and 3. To be a net zero business by 2032.

These targets are designed to help us focus our activities and deliver on our commitment to support both people and planet, through various sustainability initiatives and charitable actions. This includes building brands with purpose, creating products sustainably, embracing a diverse and inclusive workforce, supporting our communities and protecting the people working within our supply chain.

You can read about some of the actions Pentland Brands and our brands are taking across all areas at <https://pentlandbrands.com/news/>.

Our Principal Decisions

Given the nature of the business, the only trading activity is the collection of royalty, hence the impacts of supply chain and Brexit are not considered to be significant.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' Section 172(1) Statement – Sections 414CZA(1) of the Companies Act 2006				
WHO? Stakeholder Group	WHY? Why it is important to engage	HOW? How management and/or directors engaged	WHAT? What were the key topics of engagement and what feedback and input did the board/management obtain?	OUTCOMES & ACTIONS What was the impact of the engagement including actions taken?
<p>Suppliers We have approximately 20 footwear vendors, the majority of whom are in Asia. We work particularly closely with one who is in turn heavily reliant on our business.</p> <p>Key metrics:</p> <ul style="list-style-type: none"> - % of vendors with signed manufacturing agreements and who have signed up to a Lacoste group Compliance Charter - % of payments made within payment terms - OTIF (On time in full) rate - Perfect order rate (i.e. orders without any quality issues) 	<p>Our vendors are fundamental to the quality of our products and to ensuring that we meet high standards of social responsibility.</p> <p>In order to remain competitive, and to harness the footwear manufacturing capabilities in different areas of the world, it has been a key Board strategy to pursue a strategy of sourcing diversification including local sourcing and near-shoring.</p>	<p>Much of our engagement with the vendors is through our exclusive sourcing partner (which is part of the Pentland Group group of companies). In previous years, the management and operations teams regularly visited our vendors. This was not possible for most of 2021 due to the pandemic.</p> <p>We also regularly review the results of our Payment Practices Reporting to meet their demands.</p>	<p>There were a number of key topics during 2021, in relation to which the management team were in dialogue with the Company's key suppliers, often via our sourcing partner. The key topics were as follows:</p> <ul style="list-style-type: none"> (1) Extended factory shut-downs in Vietnam due to Covid, as well as shorter shut-downs/reduced output capability in other countries resulting in significant production delays (2) Continued peaks and troughs in the demand curve, caused by the timing of orders placed by the Company's customers combined with difficulty in receiving accurate customer forecasts. This has placed suppliers under pressure to manufacture more than they have planned for, leaving them with excess capacity at other periods. 	<ul style="list-style-type: none"> (1) Wherever possible, we allowed our suppliers time to catch up on production so that orders did not need to be cancelled. (2) The decision was made to introduce a new "Buy 0" at the start of the Spring/Summer 2023 buying period. Buy 0 was introduced to assist with volume phasing across the season. It allows product to be ordered 1 month earlier than previously.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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<p>Customers The business has a fixed customer base: the distributors appointed by the brand to distribute footwear in their local markets.</p> <p>Key metrics:</p> <ul style="list-style-type: none"> - Total volume of sales - Total amount of sales - Average selling price - % of customer ledger overdue 	<p>Regular engagement with key distribution partners enables the business to ensure it is developing relevant product.</p> <p>Regular engagement with all customers regarding operational aspects of the business enables us and our customers to operate more effectively and efficiently.</p>	<p>Regular meetings with key markets/regions attended by members of the management team and regular calls/meetings with key strategic customers</p> <p>Our Head of Supply Chain is in regular contact with the operational team at the brand, and ensures that she/her team are in close communication with our customers regarding operational matters.</p>	<p>The key topics of engagement were:</p> <ol style="list-style-type: none"> (1) Cashflow challenges as a result of the pandemic leading some customers to request extended payment terms. (2) The impacts of production/delivery delays caused by a variety of factors including Covid (3) Lack of vessel space, resulting in difficulty with the timely shipping of goods 	<ol style="list-style-type: none"> (1) The Company was able to agree to temporary extended payment terms and credit limits for some customers. (2) Close contact with customers regarding delays allowed us to better understand the impact, and to agree with the customers what actions to take (e.g. prioritisation of certain orders) (3) We worked with customers and suppliers to ensure that customers were informed about the availability of goods for collection, so as to increase the chance of them being able to book vessel space

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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<p>Community We have local partnerships to help support our local community. Our primary partnership is Outrunners a charity based in London which aims to help young people from underrepresented backgrounds gain access to career opportunities through mentoring and work experience.</p>	<p>We consider having a positive impact on the wider community to be part of our duty as responsible employers.</p> <p>We also know from our employee engagement data that 'making a difference at work' is the third most important motivator for our people, so we know our people are eager to give back to the wider community.</p>	<p>The business organised several awareness days and activities, in partnership with Outrunners. Most notably, our colleagues held a stand at an Outrunners 'Run Your Career' event, to educate young people about how to build a career in the Footwear industry.</p> <p>The business also hosted a work-experience day for young people interested in a career in Footwear, where colleagues from each department presented on their function's roles and responsibilities. The day concluded with the delegates having an opportunity to experiment and design a new footwear product and present their ideas back to senior leaders of the organisation.</p> <p>We have also been able to provide mentoring opportunities whereby our employees mentor young people looking for support in building their career in the creative industry.</p> <p>The business has also been donating sample shoes to local charities such as InKind Direct and Outrunners, in a bid to give back and be more sustainable in our supply chain.</p>	<p>We believe that our people have a wealth of knowledge they can share with young people interested in building a career in the creative industry. A number of our colleagues mentored individuals over a 6-month period, holding virtual sessions on topics such as building confidence and preparing for interviews.</p>	<p>The activities we hosted in partnership with Outrunners had a positive impact with the individuals we met.</p> <p>At the 'Run Your Career' event, the post-survey event found that:</p> <ul style="list-style-type: none"> - 89% said they felt more informed about their different career options - 84% said they had a better understanding of the steps they needed to take to get the job they wanted <p>Our feedback from the Sprint Programme found that:</p> <ul style="list-style-type: none"> - all delegates either rated the programme good or excellent - all delegates answered that the programme either met or exceeded their expectations. - 71% of delegates felt more confident they could get the job they want in the industry.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' Section 172(1) Statement – Sections 414CZA(1) of the Companies Act 2006				
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<p>Workforce Our workforce is made up entirely of payrolled employees. Our closing headcount for 2021 was 57 people.</p> <p>Key metrics:</p> <ul style="list-style-type: none"> - Total benefits and payments to employees - Employee turnover rate - Employee wellbeing statistics (online portal) 	<p>The success of the company depends on the skill and commitment of our workforce to our objectives (as informed by the Lacoste brand strategy) and to our company objectives.</p> <p>We engage with our workforce to ensure that we are fostering an environment in which they are happy to work, and in which they understand the opportunities for career progression.</p>	<p>Details of our workforce engagement activities are outlined below:</p> <ul style="list-style-type: none"> - Quarterly online informal staff socials - Learning and development (L&D) initiatives (Management Academy, Audible subscription for self-learning) - Health and wellness activities to encourage self-care - Online portal (Open Blend) to assess individual engagement levels and make improvements based on opportunity areas - We have a number of steering groups (e.g. Culture Club) where we seek out ways to improve our working environment. This is shared with the Executive team for discussion and approval. 	<p>The survey revealed that the most significant matters of concern to our workforce were:</p> <ul style="list-style-type: none"> - Career progression – the opportunity to progress in our small business. We have seen an increase in internal promotions during 2021 (3 vs. 0 in previous year) as a result of this feedback - Sustainability – how we respond to the increasing challenges of climate change - Health and wellbeing – the challenge of making time for self-care alongside working commitments. This is also our top motivator for our people on Open Blend. - Diversity and Inclusion – building on the awareness raised during 2020 and to improve knowledge and skills at leadership level during 2021 - Flexible working – the ability to work one or more days from home each week <p>As far as learning and development was concerned, the survey results suggested that our employees value being able to take control of their own learning, at a time and pace that best suited them.</p> <p>The feedback was shared with the Executive Team who were presented with ideas for approval to improve the working culture.</p>	<p>Career progression – there are regular talent meetings to discuss employees' future potential, to make sure there is a mutual understanding of career progression opportunities within the Company. We also promote internal career progression as a priority over external hiring to allow for an effective talent pipeline for the future.</p> <p>Health, Wellbeing and Sustainability – the Company introduced a 'Wellness Week', an opportunity to educate our workforce on a variety of wellness topics. It was also an opportunity for our colleagues to make time for self-care alongside their working commitments.</p> <p>Diversity and Inclusion – the Leadership Team took part in Inclusive Leadership training that provided a safe space for the team to agree on future inclusive working principles.</p> <p>Learning and development - The HR team began a tender process to find an L&D solution to enable employees to take control of their own learning.</p>

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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<p>Environment The fashion industry (including footwear) is under the spotlight to show what effort is being made to reduce its environmental footprint.</p> <p>The Company is working on ways to accurately assess the impact of the measures it has been taking. Factors effecting its ability to make further improvements include:</p> <ul style="list-style-type: none"> - the existing office environment - the Company's suppliers - how the company makes its products - how the Company ships its products - what materials it sources 	<p>In order for the business to stay relevant and competitive long term it is imperative that sustainability continues to be part of our strategy. Our competitors are active in this space and our consumers are demanding it.</p> <p>French legislation requires us to declare the origin of the products and materials used. We anticipate that other countries will follow suit, such that this may become mandatory.</p>	<p>The Lacoste brand has a sustainability strategy (DURABLE ELEGANCE) which continues to evolve in line with seasonal requirement. Regular updates on this strategy are provided by the Executive team to the Board.</p>	<p>The key goals/topics:</p> <ul style="list-style-type: none"> - Global audit of T4-T1 on social, technical and environmental - Reduction by 15% of the environmental impact of each product we sell by 2025 - Extend the lifespan of our products - 100% recycled material used in main textiles <p>100% main production waste to have a second life.</p>	<p>A Life-Cycle Assessment ("LCA") has been delivered enabling the Company to:</p> <ul style="list-style-type: none"> - Build an internal understanding of the relative environmental performance of footwear products - identify the environmental hotspots, strengths and weaknesses, - explore different material scenarios. <p>The Company has continued to extend its material library with more environmental preferred material such as recycled polyester, recycled rubber algae-based EVA-foam and sugar cane EVA.</p>

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal Decisions	
Dividend Policy	<p>The Board took the decision to pay a total dividend of \$45m in respect of 2020 and 2021 profits (a reduced dividend having been paid in 2020 due to the pandemic). The Company does not have a formal dividend policy. However, the general approach taken by the Board is to consider, on a quarterly basis, the levels of cash required to run the business (day to day costs as well as specific strategic investments, as envisaged in the Company’s business plan) and to return any surplus cash to the shareholders.</p> <p>In 2021 the Board considered the medium and long-term strategic goals of the company as set out in its business plan (for example, investment in new product design) in deciding how much cash to distribute, and how much to keep in its reserves. As well as the interests of the shareholders, the Board considered the Company’s cashflow – and therefore its ability to meet its day to day costs (including employee costs and on-time payment to its Suppliers).</p>
Diversified and Local Sourcing	<p>Discussions around local sourcing and near-shoring continued in 2021. In July 2021, the Company approved a sub-licensing arrangement with the local Lacoste footwear distributor in Mexico to enable local production of certain Lacoste footwear for Mexico. This was to meet the requirement for more competitively priced entry-level footwear for that market.</p>
Investment in Footwear Marketing	<p>The 2021 Board-approved Budget included an increased contribution to footwear-specific marketing initiatives, with a view to increasing the desirability of and demand for Lacoste-branded footwear, thereby increasing sales (to the benefit of the Company’s customers, suppliers and shareholders).</p>
Workforce	<p>The Board approved a restructure of certain parts of the organisation, notably within the planning and product teams on the basis that certain functions performed by these teams would be better provided by the central Lacoste brand team. The purpose of this change was to enable better alignment for the footwear category within the overall Lacoste brand strategy, which the Board believes will enable the creation of products which are better targeted to the brand consumer, thereby increasing demand and sales (benefiting the Company’s customer and suppliers, as well as its shareholders).</p>