

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 2022

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 Limited (formerly known as Pentland Group (Trading) Limited)

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

Regular profit and cash flow forecasts are provided to Pentland Group 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. The ‘People Policies’ section of the directors’ report highlights the way we regularly interact with our people on a day-to-day basis, providing them the relevant training and information needed to perform their duties to the highest standards.

To help our people with the cost-of-living crisis, we applied an enhanced in-year salary increase for our lower earners and a further annual salary increase for all employees from 2023. Please see 'Our Principal Decisions' below for more details.

In July 2023, the Company announced that the Pentland Brands teams currently based at the Pentland Lakeside campus in Finchley, London, will move to a new office in Farringdon, Central London. This move is scheduled to take place in early 2024.

Having been deeply rooted in the Finchley community since the mid-1980s, the Lakeside campus served as a thriving global headquarters for Pentland until the outbreak of the Covid-19 pandemic in 2020. Since then, our teams have moved to a hybrid working model and the campus is now too large and not adequately configured to meet their current and future business requirements.

The Company holds immense pride in its longstanding history within the Finchley community and the relationships forged with local people, charities, and organisations over the years.

- *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 2022, we shared our progress in delivering our Pentland Brands 100-1-0 positive business strategy. Launched in November 2021, we're aiming to help 100 million consumers live positive, active, sustainable lifestyles, improve the lives of one million people in our communities and become 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

- *Cost of Living Crisis*

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

To help our people, we applied a 5% in-year salary increase to help our lower earners (applied from July 2022) and then a further 7% annual salary increase for all employees from 2023, bringing forward the application of this from April 2023 to January 2023. We also introduced a package of support for employees including money coaching and financial education sessions.

- *Geopolitical Environment*

Following the invasion of Ukraine by Russia in February 2022, our focus as a business was on first how to support the humanitarian efforts, which has included financial and product donations to the UNHCR, and how best we support and protect our people impacted by the conflict. We paused trading in Russia on 28 February and subsequently suspended actively trading in the market until further notice.

In response to the heightened risk of cyber-attacks, as a result of the escalating situation between Russia and Ukraine, we moved our IT Security Operations team to high alert status, as a precaution, and actively blocked known Russian IP addresses.

- *Science Based Targets*

Reducing the environmental impact of our operations and materials is important to us as a business. In furtherance of our positive business strategy in the year, we joined the Science Based Targets initiative (SBTi) and are currently working to verify our emissions targets. This will validate our transition plans to net zero and provide a clear roadmap to reduce our impact in line with the Paris Agreement goals.

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 2022

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 and our business partners. 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.

- 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.

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

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

Regular profit and cash flow forecasts are provided to Pentland Group 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.

- 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.

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

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

- *Community*

Respect for the people and the environment has long been at the heart of our business and we strive to do the right thing, not the easy thing, and make all our decisions in good conscience.

In addition to publishing our annual Positive Business report, in 2022, Pentland Brands shared how it worked towards achieving its ambitious 100-1-0 sustainability goals by its centenary year in 2032. Launched in November 2021, we've made significant progress in benefitting people and planet. You can find out more on the Pentland Brands website -- pentlandbrands.com/pentland-brands-drives-forward-sustainability-initiatives/.

You can read more about some of the actions Pentland Brands and our brands are taking across all areas at 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 disruption and the geopolitical situation are not considered to be significant.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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).</p> <p>The senior management and operations teams regularly visited our vendors after the hiatus in 2020/2021 due to Covid.</p> <p>We also regularly review the results of our Payment Practices Reporting to meet their requirements.</p>	<p>The key topics during 2022 were as follows:</p> <ol style="list-style-type: none"> (1) Reduced output capabilities in all countries due to worker shortages related to Covid, 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. (3) The exiting of a Vietnam vendor at the end of 2021 (at the vendor's choice) resulting in reallocation of product to vendors within the current portfolio during 2022. This put added pressure on vendors to assimilate new product in time for customer orders deadlines. <p>In each of these cases, the supply chain team, including at manager level, were in regular contact with the vendors to work through these challenges, either directly or via the Company's exclusive sourcing partner.</p>	<ol 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) Following the introduction of seasonal product into "Buy 0" at the start of the AW 2023 buying period, we continued to utilise this approach during 2022 with the on-going aim of assisting with volume phasing across the season. (3) A staggered approach was implemented, where product was available at specific buys. This gave vendors the time necessary to have production ready on time.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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>Customers The business has a fixed customer base: the distributors appointed by the Lacoste 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 calls/meetings with key regional teams attended by members of the management team.</p> <p>In addition, the Head of Supply Chain was in regular contact with the operational team at Lacoste ensuring close communication with our customers regarding operational matters.</p>	<p>The key topics of engagement were:</p> <ul style="list-style-type: none"> (1) Continued production/delivery delays caused by a variety of factors including Covid. (2) Delay from goods ready to shipping for some customers, resulting from late customer payment, and late customer shipping information, as well as lack of vessel space. 	<ul style="list-style-type: none"> (1) We continued to maintain close contact with customers regarding delays in order to agree suitable actions with the customers. (2) We worked with customers and suppliers to ensure that customers were informed about the availability of goods for collection, to increase the chance of them being able to book vessel space. The team also shared documentation to customers earlier to ensure that they were able to make payment on time.

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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>Community We have local partnerships to help support our local community. Our primary partnership during 2022 was Outrunners, a charity based in London which aims to help young people from underrepresented backgrounds gain access to career opportunities work experience and attending career open days.</p> <p>We also agreed to make an annual monetary donation to Outrunners to help support their ongoing community projects.</p>	<p>We consider having a positive impact on the wider community to be part of our duty as a responsible employer.</p> <p>We also know from our employee engagement data that 'making a difference at work' is a popular 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, some of which were organised by our Mental Health First Aid group and others 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 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.</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"> • 90% said they felt more informed about their different career options. • 87% said they had a better understanding of the steps they needed to take to get the job they wanted. • 81% said they were more confident they could get a job they wanted in the future. <p>Additionally, 27 young people said they would like to do work experience at PCL and so we are organising a 2-day work placement which will take place in August 2023.</p>

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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>Workforce Our workforce is made up entirely of payrollled employees. Our closing headcount for 2022 was 61 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 including introducing Learnerbly, a self-led learning platform for all employees, and running a Future Leaders Programme. - Health and wellness activities to encourage self-care. - Online portal (Open Blend) to assess individual engagement levels and make improvements based on opportunity areas. <p>We have a number of steering groups where we seek out ways to improve our working environment. This is shared with the Executive team for discussion and approval.</p> <p>Additionally, we sent out an annual pulse survey to all employees in August, to obtain feedback on the current employee experience, as well as to understand where we can improve.</p>	<p>The pulse 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. Our focus for 2022 was to build on the success of increasing internal promotions by rolling out leadership programmes for our high-potential employees (aka The Future Leaders Programme) - 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. - Communication – to raise awareness about key employee benefits and events. - Business Direction – for the Exec team to continue sharing business updates during the quarterly business reviews. <p>Collaboration – to have the opportunity for employees to get together on a cross-functional basis in an informal manner.</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>Communication – the business continues to send quarterly newsletters with key events and spotlight employee benefits.</p> <p>Business Direction – the Exec team will continue to update all employees regularly on key business information.</p> <p>Collaboration – the Exec team organised a Team Day for all employees to attend in March 2023 that will focus on cross- functional collaboration.</p> <p>Wellbeing – the Exec team will fund a monthly free lunch for all employees and will increase L&D budgets for all employees.</p> <p>Training and development - the HR team introduced Learnerbly to the organisation, empowering employees to take control of their learning with their own personal learning budgets to spend.</p>

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

			<p>Wellbeing – to address the cost-of-living crisis and plan ways the business can respond to this (e.g. free lunches, reminder of corporate discounts etc.)</p> <p>Training and Development – review the training and development offering and enhance the organisation’s intranet facilities to ensure there is more cross-functional engagement.</p> <p>IT - improve the user experience with IT best suited them.</p> <p>The feedback was shared with the Executive Team who worked in partnership with a steering group who then created an action plan for review. Once agreed by all members of the steering group and Department Heads, the final action plan was shared back to all employees at the Quarterly Business Review.</p>	<p>IT – the business will offer regular workshops led by the IT team to support all employees, in particular new starters, to help them understand the IT systems better.</p> <p>We also review our engagement scores quarterly via Open Blend to assess our impact.</p>
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PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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>Environment</p> <p>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>-</p>	<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> <p>The development team meet regularly with the Lacoste brand, with the aim of aligning objectives and strategy, utilising available shared resources. These include beginning the development of IT tools for analysis on a product and supplier level that will generate environmental scores, which will inform future product materialisation, supplier engagement and build specific KPIs for environmental impact reduction.</p>

PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

				<p>The Design and Development team had introductory training specifically in Circular Design Strategies, which brought awareness of the barriers, design considerations and opportunities involved. Guidance on eco design principles tailored to our product and manufacturing were available as a document but also a focus during regular collaboration of design and development teams.</p> <p>We are continuing to embed the expertise of our two additional hires made in the development team to focus on sustainable product initiatives and the gathering and verifying of data required to meet external legislation and Lacoste brand policy requirements, reflecting the commitment to Sustainability as a company value.</p>
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PENTLAND CHAUSSURES LIMITED – EXTRACT FROM THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Decisions	
Dividend Policy	<p>The Board took the decision to pay a total dividend of \$30m in respect of 2022 profits. 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 2022 the Board considered the medium and long-term strategic goals of the company as set out in its business plan 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 2022. The sub-licensing arrangement for Brazil, Argentina and Chile was extended in order to continue to produce more competitively priced entry-level footwear for those markets. The decision was also taken to move some production to Indonesia (to a factory owned by a group with which the Company has already been working for a couple of years). In taking this decision, the Board considered, in particular, the Company’s customers, who would benefit from diversification of the Company’s sourcing base.</p>