

BERGHAUS LIMITED

Registered number: 00871405

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Berghaus 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 Berghaus 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.

- Suppliers

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

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

In May 2022 we published our sixth Pentland Brands Modern Slavery report (covering 2021 activities). Modern slavery can occur in any global supply chain and is particularly prevalent in the apparel and footwear industry, so understanding where the risk is higher helps us evolve our approach. Our ambition is to increase our due diligence processes, with a particular focus on gender and human rights issues.

The Our Standards policy was updated in 2021 and provides our partners with guidance on working ethically and transparently and is now available in the languages of all our major sourcing markets. We are continuing to look at how we can work collaboratively with our suppliers to manage risks. When accessibility to factories was limited in 2020/21 due to travel and social distancing requirements, we widened the scope of our auditing practices. You can read both the 2021 and 2022 Modern Slavery

report and Our Standards policy on the Pentland Brands website (<https://pentlandbrands.com/reports-and-resources/>).

- *Customers*

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

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

- *Employees*

With the exception of those employed by the German branch of the company, employee contracts are held by Pentland Brands Limited, a sister company within the group. The company therefore 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 2021, as an individual brand, Berghaus published its first sustainability report available from its website (www.berghaus.com). The report outlines the brands' positive actions for people and our planet. Alongside community and charity actions, the brand is also committed to making products that last, increasing the use of sustainable materials, offering consumers a product repair service and reusing, repurposing and recycling materials. The report outlines three key sustainability targets: -- 1. To reduce our carbon emissions by 25% by 2025 2. To reach net zero by 2030 and 3. To kick it all off by planting 2 million trees per year, till at least 2025.

In the year, Berghaus announced details of four new brand ambassadors to promote the outdoors as a place for everyone and to highlight the mental health benefits of spending time in the outdoors. These ambassadors are Rhiane Fatinikun, the founder of Black Girls Hike and a campaigner for diversity in the outdoors; Zahrah Mahmood, a leading figure in driving participation and inclusion for Muslim women in the outdoors; Quadriplegic and former professional rugby player, Ed Jackson, whose outdoor challenges raise money for his Millimetres to Mountains Foundation; and Iona Rendall, a nurse, adventurer, and founder of a social enterprise and walking group that helps people enjoy the outdoors.

Pentland Brands, including Berghaus, also aim to donate surplus stock to those that need it most. In 2021, Pentland Brands donated over 106,000 products to a number of charity partners and organisations – including InKind Direct, Oxfam, Sports Traider and Unitas. Where items cannot be donated, our recycling partner, First Mile, uses innovative recycling methods to transform our products so they can be re-used. To prevent products from ending up in landfill, over 185,000 products were recycled and 22,000 were used for energy.

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

- Post-Brexit

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

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

- Driving Demand

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

- Supply and Distribution

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

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