

ELLESSE LIMITED

Registered number: 02081721

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Ellesse 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 Ellesse 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, 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 quality of our products. Most of our stock is sourced from outside the UK so it is important to ensure that we are compliant with trading standards and regulations, such as the Modern Slavery Act, to meet the highest standards of social responsibility. Our Risk Committee allows us to highlight any challenges associated with various regions due to political or economic instability that may impact our ability to act in accordance with the standards of conduct we set ourselves, or our ability to meet customer demands, and support our suppliers if necessary.

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

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

The ‘Our Standards’ policy provides our partners with guidance on working ethically and transparently and is available in the languages of all our major sourcing markets. We are continuing to look at how we can work collaboratively with our suppliers to manage risks. You can read both the Modern Slavery report and Our Standards policy on the Pentland Brands website -- pentlandbrands.com/reports-and-resources/.

- *Customers and Licensing Partners*

Sustaining long lasting relationships with both our customers and licensing partners is vital to the success of the company and regular meetings with both groups take place to ensure this continues. We also regularly review terms in place and ensure that each of the company, the customer and the partner 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*

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/.

In the year, ellesee launched a competition to regenerate a local community's tennis court. Entries were judged and shortlisted by its tennis ambassadors including Paul Jubb, Freya Christie, and wheelchair tennis star and world number one, Alfie Hewett.

Ellesee also supported a clean water project by partnering with charity: water funding sustainable community-owned piped water systems to a remote community in India.

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

- *Russian invasion of Ukraine*

Following the invasion of Ukraine by Russia in February 2022, we paused trading in Russia on 28 February and subsequently suspended actively trading in the market until further notice.