

ENDURA LTD.

Registered number: SC128821

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires Endura Ltd 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 Endura Ltd captured by these regulations.

Extract from the Strategic Report for the year ended 31 December 2020

The following sets out how the directors have approached and met their responsibilities under section 172 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 stakeholder interests.

We have presented 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 directors engaged with those stakeholders to promote the success of the company.

- Immediate/Intermediate Parent Company - Pentland Group Limited and our Shareholders

Pentland Group Limited provides intercompany funding where necessary, whilst looking for a return on its investment in the company and is therefore a key stakeholder. Continued access to capital is important for the long-term success of the company. Regular profit and cash flow forecasts are provided to the directors of both the company and the parent not only to advise on when funding is needed, but also to highlight sales and profit growth to ensure we are creating value for all of the shareholders. These are challenged and scrutinised during quarterly Group board meetings as well as regular forecast update and outlook processes.

- Sister Brands

Endura is part of a portfolio of brands held by the owners of Pentland Group Limited. Since the acquisition in 2018 the company has worked with those individual brands sharing the sourcing resources in Asia and using shared services. The company continues to benefit from synergies of the acquisition and knowledge sharing activities.

- Our Suppliers

Most of our stock is sourced from outside the UK via our sourcing partners in Asia and it is therefore important to ensure that we are compliant with trading standards and regulations, such as the Modern Slavery Act. Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the highest standards of social responsibility. Furthermore, we regularly review outstanding balances with suppliers to ensure that we are meeting their demands. Continued uncertainty over Brexit led to the need for extra engagement in 2020.

- Our Customers

Sustaining long lasting relationships with our customers is vital to the company. Regularly reviewing the terms in place and ensuring the company can meet their demands whilst maintaining our cash flow requirements requires careful analysis of key metrics by the Customer Finance teams who regularly meet with the directors. Any significant decisions on new product ranges or investment/divestment in distribution channels must take customer needs into consideration.

- *Our Employees*

We pride ourselves in the quality of our employees and believe that they are crucial to operating our business successfully. It is important to continually provide them with the relevant training and information needed to perform their duties to the highest standards.

- *The Environment*

The global climate crisis is becoming increasingly significant and we recognise the duty we have as a company to monitor our carbon footprint and look to minimise the impact our trade has on the environment.

Key decisions undertaken in 2020

- *COVID-19*

In common with many businesses, a significant area for decision making in 2020 related to the global COVID-19 pandemic. Please see our Coronavirus (COVID-19) Update above for further information.

- *US Distribution Centre*

In early 2020 Pentland Brands started evaluating third party distribution centres in the US. As part of this it has been agreed that the company's subsidiary in the USA, Endura Inc, will move from its current 3PL DC in California to the new DC facility chosen by Pentland Brands. It is expected that this move will happen around early 2022.

- *Ambition to be Carbon Negative by 2024*

Following Endura's commitment in 2019 to plant at least 1 million trees per year every year from 2020 to 2030, in 2020 the company extended its ambition on climate change mitigation initiatives with a stated aim to be carbon negative by 2024. The company embarked on a carbon footprint estimation process in late 2020 and seeks to have third party verification of its measurement of its Scope 1 and 2 CO₂ emissions (and Scope 3 business travel) in place during 2021 with the aim of being certified as a Carbon Neutral organisation within these scopes in either 2021 or 2022. The company is also committed to exploring the viability of conducting life cycle assessments on some of its bestselling products in order to gain experience and understanding of this process so that it may evaluate the viability of conducting such assessments across its product portfolio.