

**Endura Limited**  
**Registered number: 09657650**

## **Section 172 Statement**

The Companies (Miscellaneous Reporting) Regulations 2018 requires Endura 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 ("s.172 statement").

Below is the section 172 statement for Endura Limited captured by these regulations.

### **Extract from the Strategic Report for the year ended 31 December 2019**

The following sets out how the Board 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 therefore is 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, 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 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 of the UK, via our sourcing partners in Asia and therefore it is 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 high standards of conduct that we set ourselves. Furthermore, we regularly review outstanding balances with suppliers to ensure that we are meeting their demands. Additional factors such as Brexit considerations have highlighted the need for extra engagement during 2019.

- *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 they are crucial in operating our business successfully. It is important to continually provide them 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 2019**

- *EU Distribution Centre*

During 2019, the Company received approval to initiate and move to Gate 1 for the Endura 3<sup>rd</sup> party logistics distribution centre in the EU. On 18 December 2019, the Executive Committee then approved moving to Gate 2 with Request For Proposal going out to selected providers. This resulted in the progression of the project through RFP and to an approval by the Executive Leadership Team, to set the EU distribution centre up for Endura in 2020.

The relevant stakeholders would be the shareholders, the sister brands within the Pentland Group (since a key criterion set was to allow for scalability that would allow addition of one or more additional brands from the portfolio to be added later), employees within the existing distribution centre in Scotland, and the environment since it should significantly reduce our carbon footprint in overland transport when despatching goods to our customers and receiving stock rotated goods back from them as well as opening up the possibility of returning packaging for recycling.

- *'Withdrawal from WorldTour Cycle Team Sponsorship*

After 6 years, Endura Ltd decided to withdraw from its sponsorship of both men's and women's Movistar cycle teams. The reasons for this are multifaceted but key components are that:

- Movistar Team sponsorship has been Endura's single marketing expense every year since entering WorldTour sponsorship
- The commercial and product development incremental returns have diminished over that time
- The distraction and manufacturing capacity requirements of Movistar Team sponsorship have, of late, inhibited our ability to grow the "Custom Clothing" side of the business
- WorldTour's race programme is a "global circus" with significant CO2 footprint in the world where climate change responsibility is increasingly important

As a result of withdrawal from WorldTour at the end of 2019, Endura has been able to focus its inhouse manufacturing on commercial production for paying customers, helping to support the business, recruit new labour and secure existing manufacturing jobs. It has also released budget to work more towards sustainable product design and manufacturing and climate change initiatives such as Endura's "Plant 1 million trees every year" initiative which launched in 2020. By the end of 2022, Endura's initiative of planting trees is estimated to offset the carbon emission of the entire World Tour Pro Peloton without having increased Endura's marketing overhead whilst manufacturing more products for our own custom clothing customers locally in Europe. It is a demonstration of our commitment to the sustainability of the environment.

- *Planting 1 Million Trees Each Year*

Another major initiative that was committed to in 2019 was Endura's commitment to plant 1 million trees each year from 2020. The stakeholders are the shareholders and environment.