

Ethics Code

(Incorporating the Business Code of Conduct)

Ethics Code

Comply with laws and regulations

We will comply with both the letter and the spirit of the laws and regulations that govern our business. We will all:

- be honest, open and cooperative with all regulators;
- properly record, report and review financial and tax information; and
- comply with all employment legislation affecting our businesses in countries in which we operate.

Zero tolerance towards discrimination and harassment

We are committed to providing a safe and respectful working environment free from threats, violence, harassment and discrimination. We will all:

- treat employees fairly and impartially throughout every stage of their work at Coats including recruitment, progression, terms and conditions and representation;
- not tolerate harassment or discrimination of any kind;
- treat each other, suppliers and customers with dignity and respect; and
- establish a consultative structure allowing everyone to have their say.

Further reference:

Our Harassment and Discrimination Policy

Zero tolerance towards exploitative employment practices

We are committed to ensuring that we do not use slavery or forced or bonded labour in our own operations or in our supply chains. We should ensure that:

- suppliers do not use slavery, forced or bonded labour or involuntary prison labour and all employees must have a legal right to work;
- suppliers do not directly or indirectly engage in or support human trafficking, by recruiting, transferring, harbouring or receiving a worker using threat, force, coercion or deception; and
- suppliers must have a system in place to check that employees have a legal right to work.

A safe and healthy working environment

We are committed to providing a safe and healthy working environment. We will all:

- comply with environmental, health and safety laws and regulations;
- provide and wear the appropriate equipment;
- assess and control the specific risks arising from our work activities;



- report accidents or injuries or safety concerns to the appropriate manager in the business;
- not accept the use of alcohol or illegal drugs or abuse legal drugs in the workplace;
- safeguard the health and safety of visitors, contractors and any others that may be affected by our operations; and
- provide appropriate health and safety and emergency training for all employees.

*Further reference:
Our Health and Safety Policy*

Limit our environmental impact

We observe environmentally-sound business practices throughout the world because it is the right thing to do. Coats will work to promote environmental care and awareness, with an emphasis on the need to reduce energy consumption and waste production. We will all:

- comply with environmental laws and regulations; and
- report environmental concerns to the appropriate manager.

*Further reference:
Our Environmental Policy*

Strictly adhere to anti-trust laws

We value open and fair competition and do not knowingly enter into business arrangements that eliminate or discourage competition or that provide us an improper competitive advantage. It is our policy to compete independently and not to enter into any anti-competitive agreements. We will all:

- familiarise ourselves with and adhere to all laws that apply to our areas of the business;
- not price fix, offer bribery or kickbacks, enter into agreements with competitors to divide the markets in which we compete by allocating territories or markets and/or limiting the production or sale of products or product lines, or condition the sale of one product on the sale of another unwanted product or service.

*Further reference:
Our Competition Law Policy
Our Anti-bribery and Anti-corruption Policy*

Comply with anti-bribery and corruption legislation

We will not offer, promise, give or receive (either directly or through a third party such as a family member or close associate) any financial payment or anything else of value, with the intention to induce or reward any person to perform improperly a function or activity that he/she is otherwise expected to perform in good faith, impartially or from a position of trust (e.g. the award of a contract or an order).

We prohibit bribery and facilitation payments in any form whatsoever, whether to public officials or business contacts made by Coats companies or on their behalf. We compete on the merits of our products and services and do not use the exchange of business courtesies to gain an unfair competitive advantage, nor do we offer or accept gifts of substance or inducements, particularly those that encourage or reward decisions in the course of business. We will all act honestly and with integrity to safeguard the resources for which we are responsible.

*Further reference:
Our Anti-bribery and Anti-corruption Policy*



Gifts, Entertainment and Hospitality

Our Gifts and Entertainment Policy sets out the principles and rules we must follow. The policy also details when prior approval must be sought.

We allow gifts and entertainment to be accepted and offered which are reasonable and proportionate (within the limits set by the Gifts and Entertainment Policy), have a genuine business purpose and are appropriate in the circumstances.

*Further reference:
Our Anti-bribery and Anti-corruption Policy
Our Gifts and Entertainment Policy*

Business Code of Conduct

Commitment to International Standards

Coats subscribes to a number of international standards and guidelines relevant to corporate responsibility and business conduct, including:

- The United Nations (UN) Declaration of Human Rights
- The United Nations (UN) Convention on the Rights of the Child
- The International Labour Organisation (ILO) Eight Fundamental Conventions
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- The Organisation for Economic Co-operation and Development (OECD) Convention on Combatting Bribery

Principles and requirements of these standards and guidelines are incorporated into this code.

Ethical business conduct and fair dealing

All Coats employees must accept responsibility for maintaining and enhancing the Company's reputation for integrity and fairness in its business dealings. In its everyday business transactions the Company must be seen to be dealing even-handedly and honestly with all its customers, consumers, suppliers, employees and others with whom the Company has a relationship. The foundations of this lie in all employees acting with honesty, integrity and fairness and being prepared to speak up when they feel this is not happening.

Conflicts of interest

Outside engagements – employees of the Company should not undertake any other business or profession, be an employee or agent of any other company, or have any financial interest in any other business or profession, other than: non-executive positions approved by the Company; community/voluntary activities; and bona fide investment holdings of shares or other securities. Any exceptions to this requirement, which could for example apply to a part-time employee, must be approved by the Group Chief Executive Officer.

Gifts and entertainment – employees of the Company must ensure that they deal with customers, suppliers and other business relationships in a way that avoids their independent judgement on behalf of the Company being influenced by personal advantage, or any appearance that this may be the case. All employees must adhere to our Gifts and Entertainment Policy.



Employees

Working conditions – the Company believes the human rights of its employees at work are an absolute and universal requirement.

Equal opportunities/no discrimination – in employment related matters (including recruitment, access to training and promotion, transfer, employment termination, discipline, compensation and benefits) decisions are made on the basis of the qualifications, performance record and abilities needed for the work to be undertaken, and relevant business circumstances.

The Company is committed to equal opportunities at work; employees should not engage in or support discrimination based on race, colour, language, caste, national origin, indigenous status, ethnic origin, sexual orientation, religion, disability, gender, marital status, union membership, political affiliation, or age.

Working environment and occupational health and safety – the Company is committed to providing a safe and healthy work environment and to ensuring, so far as it is reasonably practicable, the health, safety and welfare at work of its employees. The Company's Health and Safety Policy is publicly available and a Health and Safety Management System is in place to coordinate the management of occupational health and safety across the Company.

Employees have a duty to take reasonable care of their own health and safety and that of others who may be affected by their acts or omissions. Employees must use all work items provided by the Company correctly, in accordance with their training and the instructions they received to use them safely.

Suppliers and contractors

The Company is committed to proactively encourage its suppliers and contractors to demonstrate responsible business behaviour and high standards of business conduct. Suppliers and contractors are required to adhere to the Coats Anti-bribery and Anti-corruption Policy and familiarise themselves with the applicable anti-corruption laws in each jurisdiction in which they conduct business on behalf of Coats.

Delegated authorities

The existence of an agreed authority delegation structure is an essential requirement for establishing an effective financial and operational control environment. The Company delegates the authority of the Board of Directors through its Delegated Authorities Policy. All business units are required to establish and maintain appropriate levels of authority to cover all items of asset value / expenditure and all transactions which need to be subject to management approval.

Integrity of Company financial records

The books and records of the Company must accurately reflect the nature of the underlying transactions and no undisclosed or unrecorded liabilities or assets shall be established or maintained. Books and records must be maintained in all respects according to law and the accounting principles, policies and procedures that the Company has adopted. The Company will not evade tax obligations and all taxable benefits which employees may receive will be listed and declared for tax purposes.

Protecting confidential information

Employees of the Company must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the organisation and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of any existing competitive



advantage if it became known to others or became known in the public domain. This kind of information may not be revealed to anyone outside of the organisation unless an appropriate confidentiality agreement is in place and such disclosure is necessary for business purposes. See our Confidential Information Policy for further details.

Political activities

The Company is not a political organisation. It neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

Compliance with this Business Code of Conduct

All employees are required to comply with this code and are personally responsible for doing so.

The Company's Management Board will ensure, so far as is reasonably practicable, that the principles and ethical values embodied in this code and associated policies are communicated to all employees of the Company.

Senior management are required to certify compliance with this code for the operations for which they have responsibility, by obtaining at every half year end in June each year, a signed certification from all supervisory staff under their responsibility. Exceptions, if any, to the code should be approved by the Group Chief Executive Officer. Each business unit's HR department should send details of exceptions, if any, to the Group HR Director who will consolidate and present to the Group Chief Executive Officer, the list of exceptions.

Management will not be criticised for any loss of business resulting from adherence to this code. The Company undertakes that no employees will suffer as a consequence of bringing to the attention of senior management a breach or suspected breach of this code.

The Company's Whistleblowing Policy and process is in place to encourage the reporting of any non-compliance with this code and with the Ethics Code generally. See the Whistleblowing Policy for further details.