

# STAKEHOLDER ENGAGEMENT CONTINUED

## SECTION 172 STATEMENT

The Board of Directors of Coats Group plc have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct. We expect all of our colleagues, at every level of the business, to do the same. Similarly, we understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as our suppliers and the shareholders to whom we are accountable. This is reflected in our five strategic priorities and our sustainability report sets out more detail on how we manage our relationships with them.

As the Board receives presentations and make decisions, we ensure that the impact on any of these groups is considered. We review annually which are our key stakeholder relationships and examine how we engage with them. A summary of this is set out on page 19. We also consider ways to ensure that we maintain open lines of communication with those stakeholder groups and whether there are ways that the Board's engagement can be improved to help us operate more effectively.

**Culture:** We have a strong culture with shared values. We are proud that Coats people continue to live by our values – connecting, pioneering, trusted – and that their engagement keeps improving.

**Our purpose** is to harness talent and technology to benefit all our stakeholders.

### Strategy

As an example, during a meeting where the Board considered three particular potential acquisition targets, preliminary due diligence findings were presented by management which detailed the strategic rationale, synergy case, risks, financial valuation, customer reactions and cultural impact as well as potential investor reactions. The Board discussed the value creation potential and risks as well as integration effort and approach. Consequently, the Board decided which potential targets would be in the best interests of the Company to take to the next stage of the acquisition process and which ones to cease.

*See page 13 for a detailed description of our strategy.*

### Governance

As an example, in February 2019 the Board considered the operation of the Pensions Committee, an ad-hoc committee, originally established following the initiation of the UK Pensions Regulator's investigation and with sole focus on the UK defined benefit schemes. Following the conclusion of that investigation and the consequential changes implemented the Directors agreed that the Pensions Committee was no longer required and that it would be disbanded with effect from 6 March 2019. Pensions are now considered, when required, at the main Board meetings.

*See the governance section which starts on page 47 for more detail.*

### Stakeholder

As an example, in September at the Strategy Day, the Board examined how the Group engages with customers and suppliers, looking at the customer experience and how our Sustainability story was driving our relationships. The Directors also agreed to explore making more use of the DAC's expertise to further improve the customer experience.

*See page 19 for a deeper dive into our stakeholder engagement process.*