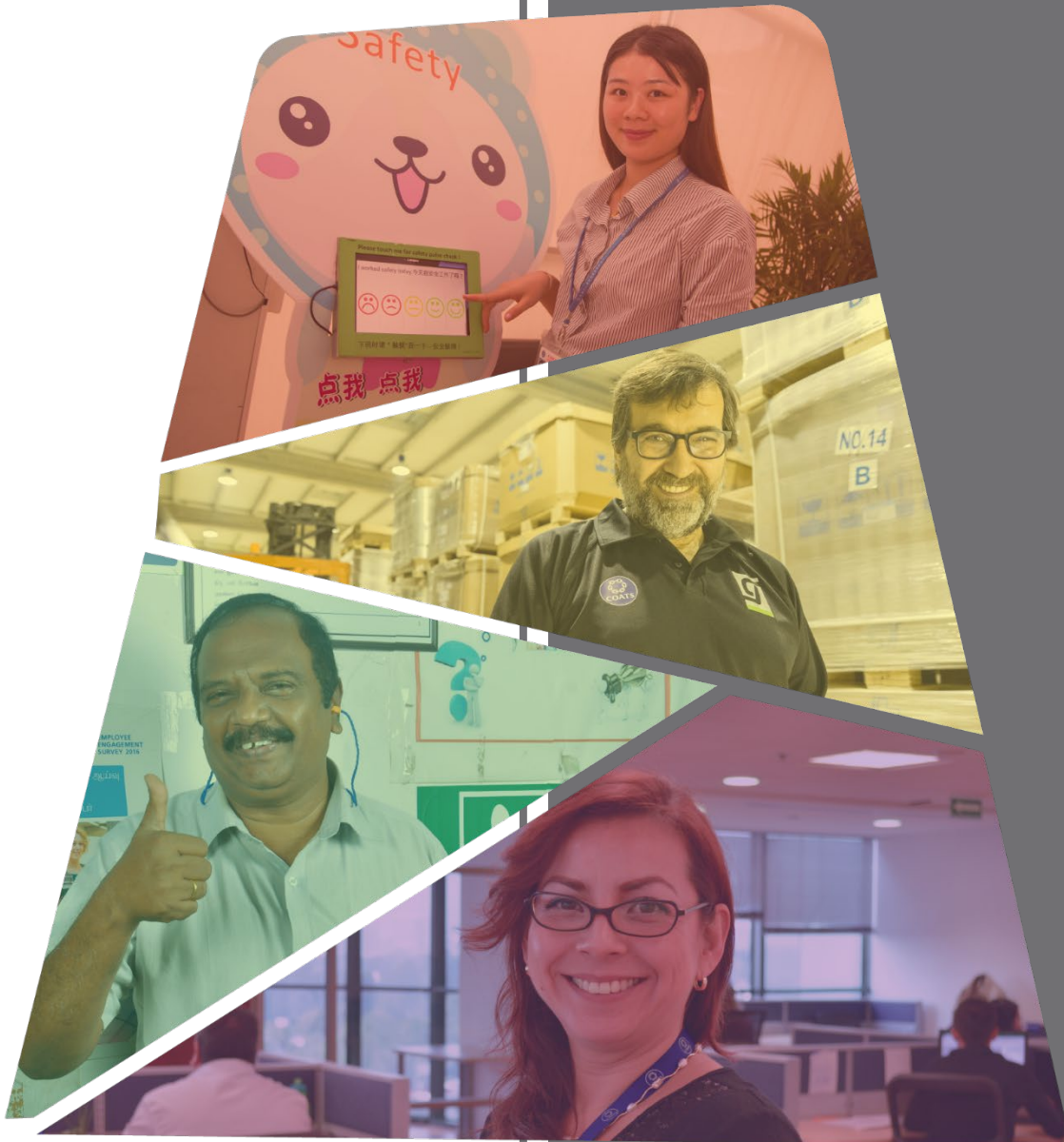




Our People Principles



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1

Key People Principles Statement

Our vision is to be the world's leading industrial textiles company delivering innovation, digital solutions and sustainable value to all stakeholders and our people are key to us delivering it. It is our aim to provide everyone with a safe, respectful and inclusive working environment and we expect all employees to help us do this. As a responsible employer, we are mindful of different cultures and customs and we are committed to uniting all of these within a worldwide culture free from bullying and harassment where people can be themselves and enjoy working. We are committed to the ongoing development and skills training of all our employees and we seek to ensure that, wherever possible, all employees are given the opportunity to pursue their career and growth objectives through their employment with Coats.

To support this aim we have a number of global policies in place including [Business Code of Conduct](#), [Diversity](#), [Worldwide Employment Standards](#), [Employment Opportunities](#), [Working Hours Policy](#), [Harassment, Bullying and Discrimination](#) as well as [Whistleblowing](#). Below is an overview of our commitments and more detail can be found within the individual policies.

We fully support and respect the Ten Principles of the United Nations Global Compact and incorporate them when developing our strategies, policies and internal procedures. We ensure that all employees understand our Key People Principles Statement through clear and effective communication of the various policies presented here and we provide training for all employees (including translation into 38 languages) on these policies. We continually seek ways to improve our approach through annual reviews and updates as necessary to reflect the changing external environment.

2

Business Code of Conduct

Our Business Code of Conduct is incorporated into our global Ethics Code and specifies the minimum standards we expect our employees to demonstrate to maintain and enhance Coats' reputation for integrity and fairness. This includes preventing conflicts of interest and zero tolerance towards discrimination and harassment. All of our employees are required to comply with this Code and are personally responsible for doing so. Senior management are expected to annually certify compliance with the Code for the operations for which they have responsibility.

3

Diversity

Coats firmly believes in the importance of a diverse workforce and is committed to having in place the policies, procedures and working environment to make it possible. A key part of being the world's leading industrial thread company is ensuring that we have a diverse and inclusive workplace to represent the diversity of the communities we operate in globally.

Diversity embraces knowledge and understanding of relevant diverse geographies, peoples and their backgrounds and includes race, social, educational and professional background, disability, gender, sexual orientation, religion, belief and age, as well as culture, personality, work-style and cognitive and personal strengths. Diversity also includes a diversity of perspectives on what motivates and interests the Company's existing and potential customers.

4

Worldwide Employment Standards

As a truly global employer, we strive to follow ethical employment standards wherever in the world we operate. With this in mind we uphold:

- To fulfil all our legal obligations in full in terms of wage and benefits practice. That wage rates reflect the rate in the sector in every country in which we operate and we recognise our commitment to the Living Wage approach in our Working Hours Policy which gives more details.
- To have no employees below the legal age of employment in the country in which we are operating, and, as an absolute rule, no employees under 18 years of age.
- That all employees have the right to collective representation within the legal framework of the country in which they work. Where there is already collective representation, Coats works closely with the groups to ensure we meet all standards required.
- No discrimination on the basis of race, colour, nationality, ethnic or national origin, sex, sexual orientation, gender identity or reassignment, marital or civil partnership status, pregnancy or maternity, religion or belief, age or disability. Our Diversity policy gives more details.
- Adequate and timely training for everyone for the job for which they are employed.
- Career advancement related to performance which includes apprenticeships programmes and graduate placements in various locations.
- A safe and healthy working environment.

Coats believes the human rights of its employees at work are an absolute and universal requirement.

Coats subscribes to the United Nations Universal Declaration of Human Rights and the Convention of the Rights of the Child.

5

Equal Opportunities Statement

We support equal opportunities in employment and consider it to be an integral part of our employee relations policy. All employees and job applicants will be treated fairly and with respect. We will ensure we comply with all applicable laws which prohibit discrimination and harassment in the workplace.

We encourage all employees to develop their potential, skills and abilities and recognise that the company's future depends on attracting and developing the right calibre of employees. All employees have the right to work in an environment free from harassment, bullying or unfair treatment for any reason, including but not limited to the grounds of race, colour, nationality, ethnic or national origin, sex, sexual orientation, gender identity or reassignment, marital or civil partnership status, pregnancy or maternity, religion or belief, age or disability. We will not tolerate harassment, bullying or discrimination by any individual or individuals.

We are committed to providing a safe and respectful work environment free from threats, violence, bullying, harassment and discrimination.

6

Working Hours Policy

The Working Hours Policy applies to our employees globally including contractual employees.

Our reputation and success in the market place is built on responsible behaviour and good corporate citizenship. These values underpin the way we do business and we aim to partner with organisations which hold a similar business. One of the ways in which we aim to deliver sustainability and responsible behaviour in our own business is to ensure that high environmental and social standards are upheld. These include respecting human rights through ethical practices, providing living wages and promoting health and wellbeing of employees. As a truly global employer, Coats strives to follow ethical employment standards wherever in the world it operates.

The purpose of the Working Hours Policy is to establish and ensure working hours per week for all Coats employees and to avoid excessive working hours including overtime hours. We expect all our markets to meet the obligations of relevant national laws. All Coats employees are responsible for strict adherence to the policy. Leaders at all levels within Coats are accountable for ensuring this policy is followed within each market. Should local legal requirements be higher than the standards set out in International Labour Organization (ILO) standards, markets must respect the local standards. This means that units should meet the higher of the two requirements whichever is more beneficial to the employee. The ILO standard on working hours is given below. *“Working hours should not be excessive and should be defined by contract. Working hours must comply with the local and national laws, collective agreements, and be no more than 48 hours per week (excluding overtime), whichever affords employees greater protection. Employees should be provided with at least one day off in every seven day period.”*

All Coats employees are responsible for strict adherence of this policy. Coats leaders at all levels are accountable for ensuring this policy is complied within each market

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Harassment, Bullying and Discrimination

Harassment, bullying or discrimination can reduce the effectiveness of Coats by creating a negative work environment and by potentially increasing staff absence and turnover. All employees have the right to work in an environment free from harassment, bullying or unfair treatment (for any reason), including but not limited to the grounds of race, colour, nationality, ethnic or national origin, sex, sexual orientation, gender identity or reassignment status, marital or civil partnership status, pregnancy or maternity, religion or belief, age or disability. We will not tolerate harassment, bullying or discrimination by any individual or individuals in any form. In addition to the recourse an employee has with respect to the above should any employee also witness or be notified of any incident of harassment, bullying or discrimination, they too can also raise their concerns to their line manager, HR department or via the Whistleblowing Process. Harassment, bullying or discrimination is a violation of company policy and will be considered as gross misconduct for which employees may be summarily dismissed without notice or pay in lieu of notice.

If an employee feels they are a target of harassment, bullying or discrimination they should immediately contact their line manager or the HR department or the group's confidential ethics hotline who will discuss their concerns with them and, where appropriate, will initiate an investigation. During any investigation or subsequent disciplinary action, the employee's confidentiality will be maintained to the extent permitted by the circumstances.

8

Whistleblowing

We are committed to the highest possible standards of integrity, openness and accountability in all of our affairs and are determined to maintain a culture of honesty, dignity and respect and oppose any actions and behaviours which may be inconsistent with these standards. Our whistleblowing policy aims to encourage employees to raise concerns about serious misconduct or report suspected violations of the law or our policies and to provide assurance that those employees will be protected from retaliation for making such reports. The Policy also outlines the ways in which employees can voice their concerns and the steps we will take in responding to disclosed breaches or violations of laws and/or our policies.

9

Pay and benefits

We are committed to paying our employees, in all countries, a fair, competitive wage with appropriate benefits. We always comply fully with any minimum wage requirements and we also go further to ensure that our pay rates are at least at the level of a local Living Wage. The level of the Living Wage is established on a country by country basis, reviewed annually and reflects independent benchmarks. This ensures that our employees are paid at least a Living Wage that is sufficient for the employee and dependents.

As well as this, we have benefits packages that provide important additional support to employees in areas such as healthcare, childcare (sometimes onsite) or pension provision. We benchmark our benefit provision locally to ensure that we remain competitive and adapt our benefit coverage to local needs and requirements.

Coats operates performance-based incentive structures to cover as many employees as practical. These incentives are tailored to the role that the individual undertakes and are aligned to the key performance indicators of the business area or function.

Where collective bargaining arrangements exist these are subject to negotiation with employee representatives.

10

Training and development

We are committed to providing our employees with an engaging work environment in which they can grow and feel fulfilled in their roles with multiple opportunities for personal and professional development.

We actively support our people to achieve success by offering career opportunities in line with modern career journeys that make horizontal, vertical and diagonal movements possible within and across functions and locations to develop depth and breadth of expertise.

Our aim is for everyone to have an equal opportunity to learn and succeed. Our learning programmes include global leadership development programmes and courses that deliver both technical and personal skills as well as job specific training and special training on key priorities such as health and safety. These training programmes are complemented by our digital learning libraries that can be accessed from any country at any time. Our immediate objective is to expand this so that all of our employees, operational as well as desk based, can benefit from these digital learning tools.