



Living Wage Policy

Policy owner/ issued by	Reviewed and approved by	Date issued/ reviewed	Effective from	Next review
Chief HR Officer	Board of Directors	January 2022	January 2022	January 2023

We are a major global manufacturer of threads and yarns. For over 250 years we have helped to connect and form the fabric of daily life on our planet.

Our purpose is to connect talent, textiles, and technology to make a better and more sustainable world.

At Coats people are at the heart of what we do. We aim to ensure that all employees receive a wage that is sufficient to afford a decent standard of living for the employee and their family.

We are committed to paying a living wage to all of our employees.

Our commitment requires us to be aware of what is a Living Wage amount for each country in which we have employees. To ensure that we are considering relevant data, we have access to the Fair Wage Network (an independent, recognised authority on fair and living wages) to provide a global solution. The Fair Wage Network (FWN) has developed a global database containing Living Wage amounts for each country.

We extract the data using the following consistently :-

- Standard family size of 2 adults and 2 children
- Local currency
- Adjusted to reflect household income earners (by country average)

Where any regional or city-level Living Wage data is available, this is also included in its database. The FWN updates its database at least annually to reflect any changes to Living Wage levels for each country.

We consider that for living wage comparison purposes we should compare the Annual Guaranteed Cash (AGC) amount of our employees in each country to the Living Wage amount taken from the FWN database, where relevant taking the regional/ city location as the basis for the calculation . AGC includes :-

1. An employee's contractual full time fixed cash pay
2. Any fixed additional cash allowances

We would also consider the cash equivalent value of any fixed benefits provided (e.g. medical, food, accommodation, transport, etc). Most Living Wage methodologies assume employees have to fund medical care, accommodation, food etc themselves, therefore if Coats provides these as benefits it is fair to include a cash equivalent value in the fixed compensation amount.

Overtime and variable bonus amounts are not included in any fixed compensation comparisons as these are neither fixed nor guaranteed. Long-term benefits, such as pensions, are not a source of current liveable income so the cash equivalent value of these is also not included in fixed compensation.

The sum of fixed compensation elements will be:-

- At or above any legal minimum standards or appropriate prevailing industry standards
- At least equal to the Living Wage amount

The fixed compensation elements do not discriminate between employees due to their race, age, role, gender, colour, religion, country of origin, sexual orientation, marital status, dependants, disability, social class or political views

The Global Reward function (part of Global HR) will review on an annual basis each country's compliance with paying a Living Wage. The Living Wage rate will be made available to all local HR teams and they will ensure that the relevant compensation for individuals in the country meet the rate as a minimum.

Coats is committed to working with suppliers to extend living wage implementation up our supply chain.

We will deploy resources and implement processes to assure implementation of this policy, which has been reviewed and approved by the Board of Coats Group plc. It is applicable to all Coats companies.

The effectiveness of this Living Wage Policy will be reviewed on a regular basis by the Remuneration Committee of Coats Group plc.