



# Undue Influence Policy

Policy owner/ issued by	Approved by	Date issued/reviewed	Effective from	Next review
Chief Legal & Risk Officer and Group Company Secretary	Group Executive Team on behalf of the Board of Directors	December 2022	December 2022	December 2023

## 1. INTRODUCTION

As a supplier to manufacturers whose products might be imported to the United States, Coats has various responsibilities under the US Consumer Product Safety Improvement Act 2008 (CPSIA) for ensuring children’s products meet the requirements of the CPSIA. Testing and certification of children’s products are important parts of the process of compliance. Compliance testing must be carried out by a laboratory which is accepted and accredited by the US Consumer Product Safety Commission (CPSC). By law, Coats must not apply undue influence on what the law calls “third party conformity assessment bodies”. These bodies are the testing laboratories we use to conduct testing of children’s products and must be CPSC accepted and accredited, unless subject to an exception. Coats will break the law if it applies undue influence to produce favourable testing results for us.

The law does not provide a definition of “undue influence.” It is Coats’ company policy that any action or statement that undermines the credibility and validity of the testing process, used for the certification of children’s products, is undue influence. Coats should report any breaches in accordance with the procedure below.

All reported incidents of undue influence will be promptly and fully investigated.

## 2. TRAINING

It is Coats’ company policy to train all employees who interact with testing laboratories to make certain that no one engages in actions, or makes statements, that will be considered undue influence. If Coats changes its undue influence policy then Coats shall retrain all the employees who interact with testing laboratories regarding those changes.

In accordance with the requirements imposed upon Coats by CPSC, all employees who are trained will be required to sign a statement attesting to that training.

## 3. PROCEDURE

All Coats employees have a responsibility to report undue influence, even though it may be difficult or uncomfortable to do so. Where appropriate, Coats will keep such reports confidential. Coats will not tolerate any retaliation against employees for reporting an incident or participating or cooperating with any investigation of an undue influence report.

Such incidents should be reported to your immediate supervisor. If an employee is uncomfortable with reporting the incident to their supervisor, for whatever reason (for example, that supervisor is involved in the incident of possible undue influence), then the incident should be reported to a higher senior manager or by

sending an email through the confidential internal Ethics Inbox at [ethics@coats.com](mailto:ethics@coats.com), voicemail to the Coats Ethics Concerns Voicemail by dialling +442082105088 from any phone or submitting a report to the external Speak Up channel ('Coats EthicsPoint') at <http://coats.ethicspoint.com/>. All disclosures to the Ethics Inbox, the Coats Ethics Concerns Voicemail and Coats EthicsPoint will be dealt with according to the highest levels of confidentiality, anonymity (if permitted by local laws) and impartially (please refer to the Speak Up (Whistleblowing) Policy).

Coats can, if it deems it appropriate and necessary, report incidents of undue influence confidentially directly to the CPSC on:

Phone: (800) 638-2772 or (800) 638 8270.

Website: [www.cpsc.gov](http://www.cpsc.gov)

Address:

U.S. Consumer Product Safety Commission

4330 East West Highway

Bethesda, MD 20814

United States of America

Supervisors and managers should immediately inform the Anti-corruption Officer- Jeffrey Soal, who will oversee the conduct of the investigation. Supervisors and managers should not conduct their own investigation.

#### **4. WHEN UNDUE INFLUENCE HAS BEEN FOUND TO HAVE OCCURRED**

Where an employee has been found guilty of engaging in undue influence, disciplinary action shall be taken against them in accordance with Coats' policies for employee disciplinary actions. As appropriate under the circumstances, the disciplinary action may range from a written or verbal warning up to and including termination of employment.

Coats will take all appropriate actions to correct the situation including retesting of the products and retraining of employees.