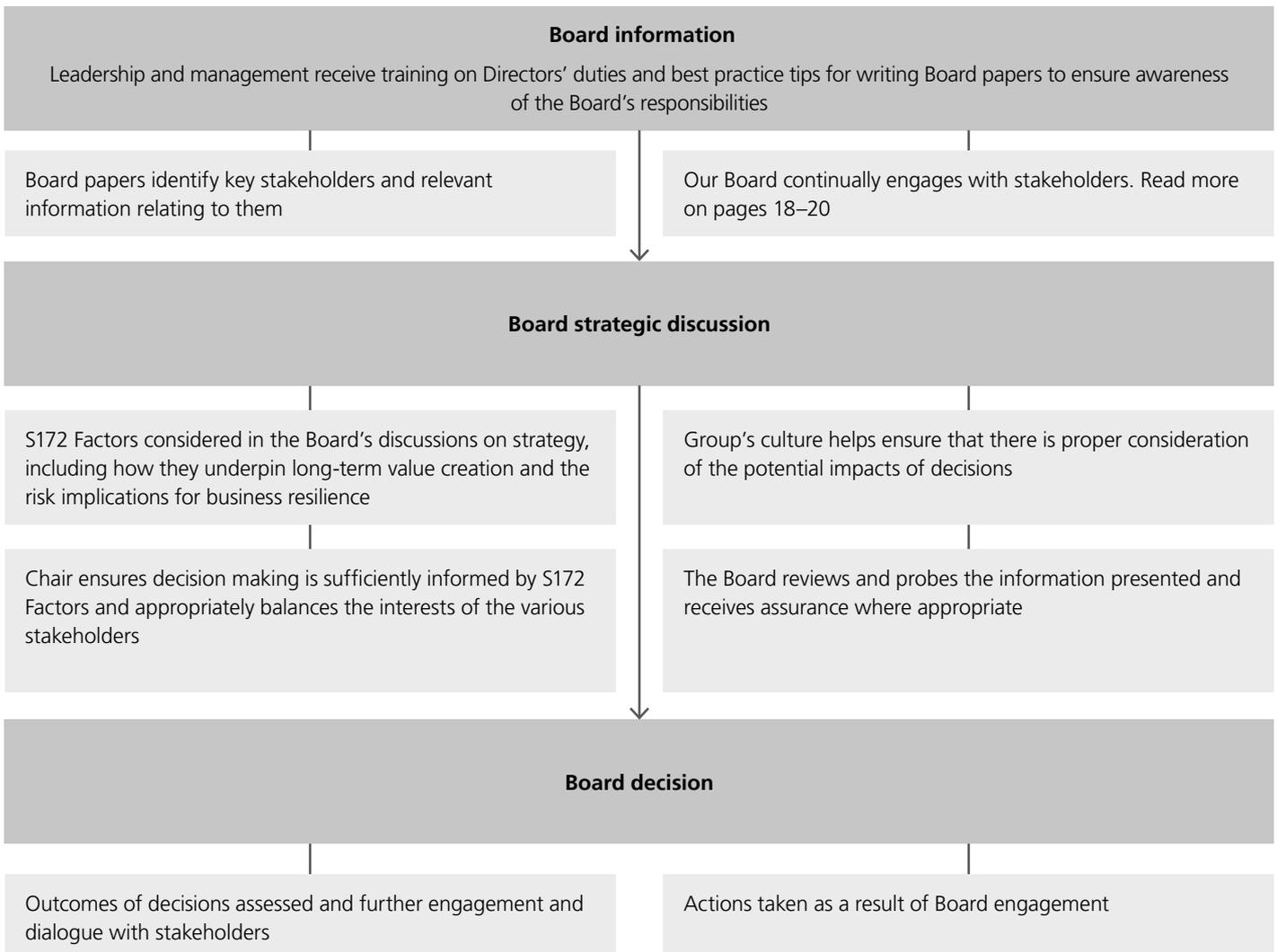


## SECTION 172 STATEMENT

As a Board, we seek to ensure that the decisions that we take in the boardroom in the interests of promoting the success of our Group are made with the appropriate consideration of our relationships with, and our impact on, our various stakeholders. The Board's intent is always to maintain high standards of business conduct and governance in all of the Company's operations, which is critical in maintaining our reputation for doing the right thing. We do not underestimate the importance of understanding our stakeholder expectations and needs to achieve our strategy and accordingly our long-term sustainable success.

On pages 18–20 we outline the ways that the Board has engaged with our six groups of stakeholders, what was learnt and how their input has shaped our decisions and what we will do as a result of this engagement. On pages 34–44 you can read about the ways we considered our stakeholders and the long-term impact of our decisions and our need to maintain high standards of business when considering our Principal and Emerging risks. Below, you can see how we ensure the correct balance of inputs into the decision making process and how the Board is able, in good faith, to make decisions that balance the factors set out in S172 (S172 Factors).



## SECTION 172 STATEMENT CONTINUED

### Case studies

Key strategic matter	Board information	Board strategic discussion	Board decision
Covid response	In March 2020, a meeting was convened to specifically discuss the impact of Covid and this was a Board topic for the remainder of the year. Detailed pre-read covering stakeholders and scenario planning was circulated in advance.	<ul style="list-style-type: none"> <li>• Overview of key areas of pre-read</li> <li>• Review of supply and customer insights in Performance Materials and Apparel &amp; Footwear segments</li> <li>• Review of financial impact scenarios and consideration of how these would impact the Group and key stakeholders in both the long and short term. The discussion also considered how to appropriately address the needs of the wider communities in which we operate</li> </ul>	The Board agreed a set of key Group priorities focusing on continuing to ensure the health and safety of employees and contractors, supporting customers, maintaining critical aspects of our supply chain and providing supplies and training to our employees and the communities in which we operate.
Review of Group purpose	Detailed proposals presented at separate Board meetings that included key stakeholder feedback on Coats' core reason for being.	<ul style="list-style-type: none"> <li>• Review of long-term fit with strategic aims, our reputation and business plan</li> <li>• Consideration of views of stakeholders including the importance of sustainability to community and the environment</li> </ul>	The Board agreed the revised Group purpose 'to connect talent, textiles and technology to make a better and more sustainable world' focusing on the connections between our employees, customers and suppliers and our long-term value creation aims for our shareholders.

The Board has had regard to S172 Factors in all of its key decisions and you can read more about these as set out below:

S172 factor	Page	More information	S172 factor	Page	More information
The likely consequences of any decision in the long term	6	Market trends	The impact of the Company's operations on the community and the environment	8	Business model
	8	Business model		15	Key performance indicators
	10	Investment case		17	Stakeholder engagement
	12	Group Chief Executive's statement		23	Working responsibly
	14	Our strategic goals		28	Sustainability Report (refer to coats.com/sustainability)
	15	Key performance indicators		34	Principal risks and uncertainties
	34	Principal risks and uncertainties			
The interests of the company's employees	8	Business model	The desirability of the Company maintaining a reputation for high standards of business conduct	8	Business model
	15	Key performance indicators		14	Our strategic goals
	17	Stakeholder engagement		15	Key performance indicators
	23	Working responsibly		17	Stakeholder engagement
	28	Sustainability Report (refer to coats.com/sustainability)		23	Working responsibly
	34	Principal risks and uncertainties		28	Sustainability Report (refer to coats.com/sustainability)
	52	Corporate Governance Report		34	Principal risks and uncertainties
	79	Remuneration Committee Report		66	Audit and Risk Committee Report
The need to foster the Company's business relationships with suppliers, customers and others	6	Market trends	The need to act fairly as between members of the Company	8	Business model
	8	Business model		10	Investment case
	10	Investment case		15	Key performance indicators
	14	Our strategic goals		17	Stakeholder engagement
	34	Principal risks and uncertainties			
	45	Operating review			