

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult with your independent financial advisor, stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the UK Financial Services and Markets Act 2000. If you are outside the UK, you should immediately consult an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Coats Group plc shares, please send this document, together with the accompanying documents (but not the personalised Form of Proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.



COATS GROUP PLC

(Incorporated and registered in England & Wales
with registered number 00103548)

Notice of Annual General Meeting

To be held on Wednesday 22 May 2024 at 2:30 p.m.

**At FTI Consulting, 200 Aldersgate, Aldersgate Street,
London, EC1A 4HD, UK**

A Form of Proxy for use at the Annual General Meeting is enclosed. To be valid, the Form of Proxy should be completed and returned in accordance with the instructions to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible but in any event so as to arrive not later than 2:30 p.m. on Monday 20 May 2024.

Letter from the Chair of Coats Group plc

(Incorporated and registered in England & Wales with registered number 00103548)

4th Floor,
14 Aldermanbury Square,
London
EC2V 7HS

19 March 2024

Dear Shareholder

Notice of Annual General Meeting

I am pleased to be writing to you with details of our Annual General Meeting (AGM or Meeting) which will be held at 2:30 p.m. on Wednesday 22 May 2024 at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK. The Meeting will also be webcast live. The formal notice of AGM is set out on pages 6 to 8 of this document.

How to participate in the AGM remotely

To continue to support engagement with our shareholders should they wish to participate remotely, this year the AGM will be webcast live to allow shareholders (or their duly appointed representatives) to see the presentations and listen to the business of the AGM.



To join the webcast, please log on to: <https://www.investis-live.com/coats/65e08e1c6195a51200d987ec/grgrii>

Please note that any such shareholder participation via the webcast will not constitute formal attendance in relation to the AGM and shareholders will not be able to vote through that facility. We therefore encourage you to register your vote in advance in one of the ways described in this document. Those who are attending the Meeting in person will be able to vote via the poll as set out below in the 'How to vote' section.

Please monitor your health in the run up to the AGM. If you feel unwell or are displaying any symptoms of COVID-19, flu or colds, we strongly advise that you stay home and appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes on pages 9 to 11 of this document.

How to ask questions

We welcome shareholders' questions in advance of the Meeting as well as during the question and answer session due to be held at the end of the AGM. Shareholders can submit their questions in advance of the Meeting to the Board by email to AGM@coats.com by no later than 2:30 p.m. on Monday 20 May 2024. Please include your full name and your shareholder reference number in your email. We will consider all questions received and, if appropriate and relating to the business of the AGM, give an answer at the AGM, or provide a written response or publish answers on our website. We will also maintain a list of 'questions and answers' on our website (www.coats.com/agm2024).

How to vote

Your vote is important to us and there are a number of ways that you can vote at or before the Meeting as set out in the notes on pages 9 to 11 of this document. Shareholders attending the Meeting in person will be able to vote via the poll. If you would like to vote on the resolutions but cannot attend the AGM in person, we strongly encourage you to appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes to this document. Shareholders can also register their votes and appoint the Chair of the Meeting as their proxy online, via CREST or by post to vote on their behalf in accordance with the instructions set out in the notes on pages 9 to 11 of this document.

Explanation of resolutions

The purpose of this letter is to explain certain elements of the business to be considered at the AGM. Resolutions 1 to 16 inclusive will be proposed as Ordinary Resolutions and Resolutions 17 to 20 inclusive will be proposed as Special Resolutions.

Resolution 1 – Annual Report and Accounts

For each financial year, the Directors must present the Directors' Report, the audited Financial Statements and the independent auditor's report to shareholders at a General Meeting. The Directors' Report and the audited Financial Statements have been approved by the Directors, and the independent auditor's report has been approved by the Auditor, copies of which may be found in the Annual Report 2023 which was published on www.coats.com on 13 March 2024.

Resolution 2 – Directors' Remuneration Report

The Company is required to seek shareholder approval for the Annual Report on Remuneration which can be found on pages 88 to 99 (inclusive) of the Annual Report 2023. The Annual Report on Remuneration discloses how the Company's existing Directors' Remuneration Policy is implemented and sets out details of each Director's remuneration during the year under review. In accordance with the relevant regulations, this resolution is an advisory vote and the Directors' entitlement to remuneration is not conditional upon it.

Resolution 3 – Dividend

The Company paid an interim dividend of 0.81 US cents on each ordinary share of £0.05 each in the Company (Ordinary Share) in November 2023. The Board recommends a final dividend of 1.99 US cents on each Ordinary Share in respect of the year ended 31 December 2023 to be paid to shareholders recorded on the Register of Members on 3 May 2024 and to be paid on 30 May 2024. This brings the total dividend for the year ended 31 December 2023 to 2.80 US cents per Ordinary Share.

Letter from the Chair of Coats Group plc continued

Resolutions 4 to 11 – Re-election and election of Directors

Resolutions 4 to 11 deal with the re-election and election of the Directors. In accordance with the provisions of the 2018 UK Corporate Governance Code (Code) and the Company's Articles of Association, all Directors, with the exception of Nicholas Bull who is not standing for re-election, will submit themselves for election or re-election at the AGM. Sarah Highfield, who was appointed to the Board on 1 November 2023 as a Non-Executive Director, is submitting herself for election at the AGM.

The Board is proposing a resolution to re-elect David Gosnell as a Director of the Company. As David has served on the Board from 2015, this would be an extension of his appointment that would exceed the usual nine year term but the Board considers this to be compliant with provision 19 of the Code which allows an extension for a limited time where the Chair was an existing director subject to a clear explanation being provided. It is proposed that David's appointment be extended for a period of up to three years, subject to annual re-election by shareholders. Full details of the process undertaken by the Senior Independent Director, acting with the Senior Independent Director Designate, and the Nomination Committee to consider and recommend this proposal are set out in the Nomination Committee report on page 86 of the Annual Report 2023. In summary, the Board is mindful of the vital need for strong and consistent leadership from the Chair to continue to guide the Board, the Committees on which he sits, and the Group following the recent significant changes that have taken place within the Group. These include the integration of the two major footwear acquisitions, completion of the Group's strategic projects and the further potential de-risking of the pension scheme. Consideration was also given to the recent changes to the Board which include two recent Non-Executive Director appointments and the forthcoming transitions that will result from Nicholas Bull stepping down from the Board at the conclusion of the 2024 AGM. The Board has also considered David's tenure as Chair, noting he assumed the role in May 2021. Finally, the Nomination Committee and the Board considered the independence of David given the length of his service on the Board and are satisfied that David continues to demonstrate independent character and judgement, and to promote constructive challenge amongst other Board members, and that he continues to be independent in accordance with the Code. Accordingly, the Board has concluded that the proposed extension of David's term of appointment is appropriate and in the best interests of the Company and its stakeholders to ensure continuity as part of a broader effective and timely succession planning process.

Further information on the Board, including the roles of the Directors, can be found in the Corporate Governance Report on pages 66 to 78 of the Annual Report 2023. The Chair confirms that following reviews, as outlined on pages 67, 76 and 77 of the Annual Report 2023, he is satisfied the Directors seeking re-election and election are performing effectively and demonstrate commitment to the role and that the balance of skill, experience, diversity, independence and knowledge of the Company group is sufficient to enable the Directors to discharge their respective duties and responsibilities effectively. The Chair is also satisfied that each Non-Executive Director is independent in accordance with the criteria set out in the Code and that there are no relationships or circumstances likely to affect their character or judgement. A summary of the skills and experience of each of the Directors seeking re-election and election can be found in Appendix 1 on pages 12 to 14 of this document.

Resolutions 12 and 13 – Re-appointment of Auditor and Auditor's Remuneration

The UK Companies Act 2006 (UK Companies Act) requires that an Auditor be appointed at each General Meeting at which accounts are laid, to hold office until the next such meeting. Resolution 12 seeks shareholder approval for the re-appointment of Ernst & Young LLP. The Audit and Risk Committee keeps under review the independence and objectivity of the external Auditor, further information on which can be found in the Annual Report 2023 on pages 83 and 84. After considering relevant information, the Audit and Risk Committee recommended to the Board that Ernst & Young LLP be re-appointed.

Resolution 13 gives the Directors the authority to determine the remuneration of the Auditor. The amount of the remuneration paid to the Auditor for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 14 – Allotment of share capital

The UK Companies Act provides that the Directors are not permitted to allot shares (or other relevant securities such as rights to subscribe for, or convert securities into, Ordinary Shares) unless they are authorised to do so by the Company's shareholders in a General Meeting.

Paragraph (i) of Resolution 14 seeks to renew the Directors' general authority to allot shares and grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £26,627,510 as permitted by the Company's Articles of Association and pursuant to the provisions of section 551 of the UK Companies Act. This amount represents approximately 33.33% (ie one-third) of the Company's issued share capital (excluding treasury shares) as at 12 noon on 12 March 2024 (being the latest practicable date before publication of this document (Latest Practicable Date)).

Paragraph (ii) of Resolution 14 would give the Directors authority to allot shares and grant rights to subscribe for or convert any securities into shares in connection with a rights issue in favour of shareholders up to an aggregate nominal amount equal to £53,255,020 (representing approximately 1,065,100,403 Ordinary Shares), as reduced by the nominal amount of any shares issued under paragraph (i) of the resolution. The Directors are aware of the latest Investment Association Share Capital Management Guidelines published in February 2023, which update the previous guidance to incorporate all fully pre-emptive offers, not just fully pre-emptive rights issues. The Directors have decided that they will limit the relevant limb of the allotment authority to rights issues in line with past practice but will keep emerging market practice under review, and consider the current limitation to rights issues provides sufficient flexibility to the Company at present.

Letter from the Chair of Coats Group plc continued

This amount (before any reduction) represents approximately 66.66% (ie two-thirds) of the Company's issued share capital (excluding treasury shares) as at the Latest Practicable Date.

Resolution 14 will be proposed as an Ordinary Resolution. The Directors have no present intention of allotting new shares except in connection with the employee share option schemes. However, renewal of this authority will ensure that the Directors continue to have flexibility in managing the Company's capital resources and so that the Directors may act in the best interests of shareholders generally. If passed, this Resolution 14 will renew the authority given by the shareholders to the Directors at the 2023 AGM.

The authorities sought under this resolution will expire at the earlier of 30 June 2025 and the conclusion of the annual general meeting of the Company held in 2025 (unless previously renewed, varied or revoked by the Company in a General Meeting).

Resolutions 15 and 16 – Approval of the Coats Group plc Long Term Incentive Plan (LTIP) and the Coats Group plc Deferred Annual Bonus Plan (DABP)

Resolutions 15 and 16, which will be proposed as Ordinary Resolutions, seek approval for two share-based incentive plans that are materially similar to the current Long Term Incentive Plan and Deferred Annual Bonus Plan (Current Plans), but which have been updated to ensure that they include provisions compliant with good governance as well as the Company's Remuneration Policy approved at the 2023 AGM. Summaries of the principal terms of the LTIP and the DABP can be found in Appendix 2 on pages 15 to 19 of this document. The two new plans will replace the Current Plans, under which no awards may be granted after May 2024 (the tenth anniversary of the date they were approved by shareholders). The Directors are of the view that the new plans to be considered at the AGM provide fair, proportionate and long-term incentives and are in the best interests of shareholders.

Resolutions 17 and 18 – Disapplication of statutory pre-emption rights

Resolutions 17 and 18 will be proposed as Special Resolutions. They would give the Directors the power to allot Ordinary Shares (or sell any Ordinary Shares which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The power set out in Resolution 17 would be limited to:

- (i) rights issues and offers to holders of other equity securities if required by the rights of those securities, or as the Directors otherwise consider necessary; and
- (ii) otherwise, allotments or sales up to an aggregate nominal amount of £7,989,051 (representing 159,781,039 Ordinary Shares and approximately 10% of the issued share capital of the Company (excluding treasury shares) as at the Latest Practicable Date).

Resolution 18 is intended to give the Company flexibility to make non-pre-emptive issues of Ordinary Shares in connection with acquisitions and specified capital investments as contemplated by the Pre-Emption Group's Statement of Principles 2022. The power under Resolution 18 is in addition to that proposed by Resolution 17 and would be limited to allotments or sales of up to an aggregate nominal amount of £7,989,051 (representing 159,781,039 Ordinary Shares and an additional 10% of the issued share capital of the Company (excluding treasury shares) as at the Latest Practicable Date).

The limits in Resolutions 17 and 18 are in line with those set out in the Pre-Emption Group's Statement of Principles 2022.

The Directors have no present intention to exercise the powers sought by Resolutions 17 or 18. If the powers sought by Resolutions 17 or 18 are used in relation to a non-pre-emptive offer, the Directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Pre-Emption Group's Statement of Principles 2022 and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of Part 2B of the Pre-Emption Group's Statement of Principles 2022.

The powers under Resolutions 17 and 18 will expire at the earlier of 30 June 2025 and the conclusion of the annual general meeting of the Company held in 2025.

Resolution 19 – Authority to purchase own shares

This resolution, which will be proposed as a Special Resolution, gives the Company general authority to buy back its own shares in the market as permitted by the UK Companies Act. This renews the authority granted at last year's AGM which expires on the date of this AGM. The authority limits the number of shares that could be purchased to a maximum of 159,781,039 (representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at the Latest Practicable Date). This resolution also sets minimum and maximum prices in accordance with the UK Listing Rules.

The authority granted pursuant to Resolution 19 will expire at the earlier of 30 June 2025 and the conclusion of the annual general meeting of the Company held in 2025.

UK-listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. If Resolution 19 is passed at the AGM, and the Company buys back its own shares, it is the Company's current intention to cancel all of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so.

Letter from the Chair of Coats Group plc continued

The Board is focused on achieving a strategy which will involve capital management initiatives as the Company's group cash flows permit. The Directors have no present intention of exercising the authority to purchase the Company's shares but will keep the matter under review, considering the cash reserves of the Company, the Company's share price and other investment opportunities. The Directors would only authorise such purchases after careful consideration, taking account of other investment opportunities, appropriate gearing levels, the overall financial position of the Company and whether the effect would be in the best interests of shareholders generally.

The total number of warrants and options to subscribe for shares that are outstanding under the Coats Group plc share option schemes is 37,607,349 as at the Latest Practicable Date. These options equate to 2.35% of the issued share capital of the Company.

If the authority to purchase the Company's Ordinary Shares being sought in Resolution 19 and the existing authority to purchase shares taken at last year's AGM (which expires at the end of this year's AGM) were to be exercised in full, the warrants and options to subscribe for shares that are outstanding would represent 2.94% of the Company's issued share capital (excluding treasury shares).

As previously notified to shareholders, the Company will continue to look to support its share-based long term incentives programme by funding an employee benefit trust to buy shares in the open market. As the employee benefit trust is an independent entity outside of the Company's group, it will not be relying on this authority when purchasing shares.

Resolution 20 – Length of notice of meeting

Resolution 20 is a resolution to allow the Company to hold General Meetings (other than AGMs) on 14 clear days' notice.

The minimum notice period for General Meetings of listed companies is 21 clear days, but companies may reduce this period to 14 clear days (other than for AGMs) provided that two conditions are met. The first condition is that the company offers a facility for shareholders to vote by electronic means. This condition is met if the company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 clear days to 14 clear days.

The Board is therefore proposing Resolution 20 as a Special Resolution to approve 14 clear days as the minimum period of notice for all General Meetings of the Company other than AGMs. The approval will be effective until the conclusion of next year's AGM, when it is intended that the approval be renewed. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time-sensitive and whether it is thought to be to the advantage of shareholders as a whole.

Recommendation

The Board considers the resolutions will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own holdings.

Voting on all resolutions at the AGM will again be by way of a poll using poll cards. We believe that this is a more transparent method of voting as shareholder votes are counted according to the number of shares held and this will ensure an exact and definitive result.

David Gosnell

Chair
Coats Group plc
19 March 2024

Notice of Annual General Meeting

Notice is hereby given that the 2024 Annual General Meeting of Coats Group plc (Company) will be held on 22 May 2024 at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD at 2:30 p.m. to consider and, if thought fit, to pass the following resolutions of which Resolutions 1 to 16 inclusive will be proposed as Ordinary Resolutions and Resolutions 17 to 20 inclusive will be proposed as Special Resolutions:

Resolution 1

To receive the Accounts and Reports of the Directors and the Auditor for the year ended 31 December 2023.

Resolution 2

To approve the Directors' Remuneration Report in the form set out in the Company's Annual Report for the year ended 31 December 2023.

Resolution 3

To declare a final dividend for the year ended 31 December 2023 of 1.99 US cents per ordinary share of £0.05 each in the Company (Ordinary Share), to be paid on 30 May 2024 to shareholders whose names appear on the Register of Members at the close of business on 3 May 2024.

Resolution 4

To re-elect Jacqueline Callaway as a Director.

Resolution 5

To re-elect David Gosnell as a Director.

Resolution 6

To re-elect Hongyan Echo Lu as a Director.

Resolution 7

To re-elect Stephen Murray as a Director.

Resolution 8

To re-elect Frances Philip as a Director.

Resolution 9

To re-elect Rajiv Sharma as a Director.

Resolution 10

To re-elect Jakob Sigurdsson as a Director.

Resolution 11

To elect Sarah Highfield as a Director.

Resolution 12

To re-appoint Ernst & Young LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

Resolution 13

To authorise the Directors to fix the remuneration of the Auditor.

Resolution 14

That the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to a nominal amount of £26,627,510 (such amount to be reduced by any allotments or grants made under paragraph (ii) below in excess of such sum); and
- (ii) comprising equity securities (as defined in section 560 of the UK Companies Act 2006 (UK Companies Act)) in the Company up to a nominal amount of £53,255,020 (such amount to be reduced by any allotments or grants made under paragraph (i) above) in connection with an offer by way of a rights issue:
 - a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

Notice of Annual General Meeting

continued

Such authority shall apply in substitution for all subsisting authorities (without prejudice to the continuing authority of the Directors to allot shares, and grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made) and shall expire (unless previously varied as to duration, revoked or renewed by the Company in a General Meeting) at the end of next year's AGM (or, if earlier, until the close of business on 30 June 2025) save that the Company shall be entitled to make offers and enter into agreements before the expiry of such authority which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors shall be entitled to allot shares and grant rights to subscribe for or convert securities into shares pursuant to any such offer or agreement as if this authority had not expired.

Resolution 15

That:

- (i) the rules of the Coats Group plc Long Term Incentive Plan in the form produced to the Meeting and initialled by the Chair of the Meeting for the purposes of identification (LTIP), the principal terms of which are summarised in Appendix 2 to this Notice of AGM, be and are hereby approved and the Directors be and are hereby authorised to adopt the LTIP and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the LTIP, and
- (ii) the Directors be and are hereby authorised to adopt further schemes based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the LTIP.

Resolution 16

That:

- (i) the rules of the Coats Group plc Deferred Annual Bonus Plan in the form produced to the Meeting and initialled by the Chair of the Meeting for the purposes of identification (DABP), the principal terms of which are summarised in Appendix 2 to this Notice of AGM, be and are hereby approved and the Directors be and are hereby authorised to adopt the DABP and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the DABP, and
- (ii) the Directors be and are hereby authorised to adopt further schemes based on the DABP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the DABP.

Resolution 17

That if Resolution 14 is passed, the Directors be given power to allot equity securities (as defined in the UK Companies Act) for cash under the authority given by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the UK Companies Act did not apply to any such allotment or sale, such power to be limited:

- (i) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (ii) of Resolution 14, by way of a rights issue):
 - a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - b) to holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matters; and

- (ii) in the case of the authority granted under paragraph (i) of Resolution 14 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £7,989,051,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 30 June 2025) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Resolution 18

That, if Resolution 14 is passed, the Directors be given the power in addition to any power granted under Resolution 17, to allot equity securities (as defined in the UK Companies Act) for cash under the authority granted under paragraph (i) of Resolution 14 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the UK Companies Act did not apply to any such allotment or sale, such power to be:

Notice of Annual General Meeting continued

- (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £7,989,051, such power to be used only for the purposes of financing a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of AGM or for the purposes of refinancing such a transaction within 12 months of its taking place,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 30 June 2025) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Resolution 19

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the UK Companies Act) of its Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be acquired is 159,781,039;
- (ii) the minimum price (exclusive of associated expenses) which may be paid for any such Ordinary Share shall not be less than the nominal value of such share;
- (iii) the maximum price which may be paid for any such Ordinary Share shall be the higher of: (a) the amount equal to 105% of the average of the middle market quotations for an Ordinary Share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased (exclusive of associated expenses); and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
- (iv) unless previously renewed, revoked or varied by the Company in a General Meeting, the authority conferred by this resolution shall expire at the end of next year's AGM (or, if earlier, until the close of business on 30 June 2025); and
- (v) the Company may contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may purchase its Ordinary Shares in pursuance of any such contract.

Resolution 20

That a General Meeting, other than an Annual General Meeting of the Company, may be called on not less than 14 clear days' notice.

Registered office

4th Floor
14 Aldermanbury Square
London
EC2V 7HS

Registered Number 00103548

By order of the Board

Stuart Morgan
Company Secretary
19 March 2024

Notes to Notice of Annual General Meeting

1. The venue for the 2024 AGM is FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK.
2. As explained on page 2 of this document, shareholders who cannot or do not wish to attend in person are encouraged to participate in the AGM remotely. Shareholders (or their duly appointed representatives) may join the webcast of the Meeting which will be provided by the Company using the methods set out on page 2 of this document. Please note that any such shareholder participation via the webcast will not constitute formal attendance in relation to the AGM and shareholders will not be able to vote through that facility. The Meeting will be formally opened by the Chair at 2:30 p.m.
3. A member who is an individual is entitled to attend, speak and vote at the Meeting or to appoint another person (who need not be a member of the Company) as their proxy to exercise all or any of their rights to attend, speak and vote at the Meeting on their behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A member that is a company can appoint one or more corporate representatives (such as a Director or employee of the company) whose attendance at the Meeting is treated as if the company were attending in person. In accordance with the provisions of the UK Companies Act, each such representative may exercise (on behalf of the company) the same powers as the company could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same Ordinary Shares. A member that is a company may also appoint one or more persons as its proxy to exercise all or any of its rights on its behalf. In each case, a person attending the Meeting will need to provide the Company or its Registrars, Computershare Investor Services PLC, with evidence of their identity and, if applicable, their appointment as a proxy or corporate representative with authority to vote on behalf of a member.
4. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Your proxy could be the Chair, another Director of the Company or another person who has agreed to represent you. Your proxy must vote as you instruct and must attend the Meeting for your vote to be counted. To appoint a proxy or proxies, shareholders must complete: (a) a printed form of proxy, sign it and return it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or (b) a CREST Proxy Instruction (for UK registered members) (as set out in paragraphs 21 to 23 below), in each case so that it is received no later than 2:30 p.m. on Monday 20 May 2024. Alternatively, you may submit your proxy electronically by accessing www.investorcentre/proxy. You will be asked to enter the control number, your SRN and PIN to validate the submission of your proxy online. The control number, and member's individual SRN and PIN numbers are shown on the printed form of proxy or email notification. To appoint more than one proxy, you will need to complete a separate form of proxy in relation to each appointment. A form of proxy for use in connection with the AGM is enclosed with this document. If you do not have a form of proxy and believe that you should, please contact the Company's Registrars, Computershare Investor Services PLC, on 0370 707 1022. Additional forms of proxy may be obtained by contacting the Company's Registrars on the number listed above or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of the multiple instructions being given. All forms must be signed and should be returned in the same envelope.
5. The Chair intends to vote any undirected proxies given to him in favour of all the resolutions set out in this Notice of AGM and will vote such undirected proxies as he thinks fit on any matters or motions before the Meeting.
6. You will need to state clearly on each form of proxy the number of Ordinary Shares in relation to which the proxy is appointed. A failure to specify the number of Ordinary Shares each proxy appointment relates to or specifying a number of Ordinary Shares in excess of those held by the member will result in the proxy appointment being invalid.
7. A shareholder must inform the Company in writing of any termination of the authority of a proxy. If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same AGM, the appointment of proxy which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them should be treated as valid in respect of that share.
8. The return of a completed form of proxy or any CREST Proxy Instruction (as described in paragraph 22 below) will not prevent a member attending the AGM and voting in person if the member wishes to do so.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).
10. Any person to whom this Notice of AGM is sent who is a person nominated under section 146 of the UK Companies Act to enjoy information rights (Nominated Person) may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

Notes to Notice of Annual General Meeting continued

11. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3, 4 and 6 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
12. Copies of (i) the Directors' service contracts and letters of appointment; (ii) indemnities in favour of each of the Directors of the Company; and (iii) the rules of the LTIP and the DABP are available for inspection at a pre-agreed time at the Company's registered office: 4th Floor, 14 Aldermanbury Square, London EC2V 7HS UK and at the AGM venue from 15 minutes before the start of the Meeting until the end of the Meeting. If you wish to inspect these documents, you should email group.legal@coats.com during normal business hours on any weekday (excluding public holidays). The rules of the LTIP and the DABP are also available on the national storage mechanism from the date of this Notice of AGM.
13. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and the UK Companies Act, the Company gives notice that only those shareholders included in the Register of Members of the Company at 8:00 p.m. on 20 May 2024 or, if the Meeting is adjourned, in the Register of Members at 8:00 p.m. on the day which is two days before the day of any adjourned meeting, will be entitled to vote at the AGM in respect of the number of Ordinary Shares registered in their names at that time. Changes to entries on the Register of Members after 8:00 p.m. on 20 May 2024, or, if the Meeting is adjourned, in the Register of Members after 8:00 p.m. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to vote at the AGM.
14. As at 12:00 noon on 12 March 2024 being the latest practicable date prior to the publication of this Notice of AGM (Latest Practicable Date), the Company had 1,597,810,385 Ordinary Shares in issue, carrying one vote each. Therefore the total voting rights in the Company are 1,597,810,385. As at 12:00 noon on the Latest Practicable Date, no shares of the Company were held as treasury shares.
15. Under section 527 of the UK Companies Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the UK Companies Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the UK Companies Act. Where the Company is required to place a statement on a website under section 527 of the UK Companies Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the UK Companies Act to publish on a website.
16. Under section 338 and section 338A of the UK Companies Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive Notice of the Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date which is six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
17. Any member attending the Meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered. Shareholder engagement remains important to us and, as such, registered shareholders may also submit questions relating to the business of the AGM as set out in this Notice of AGM in advance of the AGM and no later than 2:30 p.m. on Monday 20 May 2024 by email to AGM@coats.com. This email address can also be used to follow up on any answers given to a question at the AGM. The Board will endeavour, where appropriate, to answer such questions at the end of the AGM. Shareholders that attend in person will be able to ask questions at the AGM relating to the business of the Meeting when invited to by the Chair. Please also be advised that unacceptable behaviour – including in relation to language, disruption to the Meeting and line of questioning adopted during Q&A sessions, will not be tolerated at the Meeting and will be dealt with accordingly.
18. You may not use any electronic address provided in this Notice of AGM, or in any related documents including the form of proxy, to communicate with the Company for any purposes other than those expressly stated.

Notes to Notice of Annual General Meeting continued

19. The contents of this Notice of AGM, details of the total number of Ordinary Shares in respect of which members are entitled to exercise voting rights at the Meeting, details of the totals of the voting rights that members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of AGM will be available on the Company's website at: www.coats.com/agm2024. A recording of the AGM will be made available on the Company's website after the Meeting.
20. Voting on all resolutions at this year's AGM will be conducted by way of a poll using poll cards to accurately record the votes. As soon as practicable following the AGM, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website at: www.coats.com/investors.
21. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
22. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time for receipt of proxy appointments set out in paragraph 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid any CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
23. CREST members and, where applicable, their CREST sponsors, or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
24. Personal data provided by shareholders at or in relation to the AGM (including names, contact details, votes and shareholder reference numbers), will be processed in line with the Company's privacy policy which is available at www.coats.com.

Appendix 1

Biographical information on Directors seeking re-election and election

David Gosnell OBE



Chair of the Board

British

Appointed as a Non-Executive Director on 2 March 2015, Chair of the Board since 19 May 2021

Key skills and experience

- Strong and deep supply and procurement background in global multinational companies
- International and strategic mindset

External appointments

Was previously Chair of Old Bushmills Distillery Company Ltd and a Non-Executive Director of Brambles Ltd. David retired from Diageo plc in 2014 where he had most recently held the role of President of Global Supply and Procurement. Prior to joining Diageo, David spent 25 years at HJ Heinz in various operational roles.

Qualifications

David is a Fellow of the Institute of Engineering and Technology and holds a Bachelor of Science degree in Electrical and Electronic Engineering from Middlesex University. He has completed Supply Chain Manufacturing – Drive Operational Excellence at INSEAD (Singapore).

Rajiv Sharma



Group CEO

Singaporean

Appointed as an Executive Director in March 2015, Group CEO since 1 January 2017

Key skills and experience

- 30 years' global multi-industry leadership experience
- Growth, digital, sustainability and acquisitions track record

Previous experience and external appointments

Rajiv joined Coats in November 2010 as Global CEO Industrial and was responsible for developing and executing a growth strategy. He has lived and worked in the US, Europe and Asia.

Non-Executive Director of Senior plc. Rajiv has been on the board of joint ventures at both GE and Shell and held management positions with Saab, Honeywell, GE and Shell.

Qualifications

Rajiv holds a degree in Mechanical Engineering, as well as an MBA from the University of Pittsburgh, USA.

Jacqueline (Jackie) Callaway

Chief Financial Officer

New Zealander

Appointed as an Executive Director on 1 December 2020, Chief Financial Officer since 1 April 2021

Key skills and experience

- Strong finance track record
- Experience across multinational manufacturing and supply chain businesses

Previous experience and external appointments

Non-Executive Director of IMI plc. Member of Australian Institute of Company Directors since 2017.

Previously Chief Financial Officer of Devro plc, one of the world's leading manufacturers of collagen products for the food industry. Prior to that, Jackie was Group Financial Controller of Brambles Ltd, the ASX top 20 supply chain logistics company.

Qualifications

Jackie is a Fellow of the Chartered Accountants Australia and New Zealand, and of the Institute of Chartered Accountants in England and Wales. She has a Bachelor of Business Management Studies from the University of Waikato, New Zealand.

Appendix 1 continued

Sarah Highfield

A N S

Independent Non-Executive Director

British

Appointed as a Non-Executive Director on 1 November 2023

Key skills and experience

- Strong finance track record
- Significant experience of driving growth globally, including in the US and China

External appointments

Chief Financial Officer of Away Resorts Ltd, a UK holiday parks business. Previously Chief Executive Officer of Elvie, the female technology firm, having previously served as Chief Operating Officer & Chief Financial Officer and Deputy Chief Executive Officer. Sarah was also a Non-Executive Director and Chair of the Audit Committee at Seraphine Group plc, which was listed on the main market from 2021 to 2023. Prior to joining Elvie, Sarah was Group Chief Financial Officer at Costa Coffee for over five years, including during the c£3.9 billion sale to The Coca-Cola Company. She was also Chief Financial Officer of Tesco's Hungary and Slovakia businesses.

Qualifications

Sarah has a BSc in Mathematical Sciences from the University of Birmingham and is a qualified accountant, Chartered Institute of Management Accountants. Sarah was appointed Chair Designate of the Audit and Risk Committee on 1 November 2023 and will succeed Nicholas Bull as Chair at the conclusion of the 2024 AGM.

Hongyan Echo (Echo) Lu

N R

Independent Non-Executive Director

British/Chinese

Appointed 1 December 2017

Key skills and experience

- Global business experience gained in different sectors in Europe, Asia and the US
- Strong background in general management and track record of building strong teams and delivering positive change

External appointments

Managing Director, UK and ROI, of Sonova Group AG, the global leader for innovative hearing solutions. Previously Chief Executive Officer of Haulfryn Group Ltd, a UK leisure business, Managing Director, International of Holland & Barrett International and Managing Director of Homebase Ltd as part of Home Retail Group plc. Echo spent ten years at Tesco plc in a variety of senior leadership roles. Echo was a Non-Executive Director of Dobbies Garden Centres and was a member of the Advisory Board for Diversity in Hospitality, Travel and Leisure.

Qualifications

Echo has a Bachelor of Arts in International Economy and Finance from Fudan University, Shanghai and a Master of Science in Industrial Relations and Human Resources from West Virginia University.

Echo was appointed as Chair of the Remuneration Committee on 1 May 2021, having served on the Remuneration Committee since her appointment to the Board in December 2017. Her background and qualifications in Industrial Relations and Human Resources provide the Company with an ideally experienced Chair of the Remuneration Committee.

Stephen (Steve) Murray

A N R

Independent Non-Executive Director

British

Appointed 1 September 2022

Key skills and experience

- More than 30 years' experience in the apparel and footwear industry
- Strong background in general management and track record of delivering positive change globally and regionally

External appointments

Previously Global Brand President of The North Face and a member of the group executive leadership team at VF Corporation, one of the world's largest apparel, footwear and accessories companies and the parent company of The North Face, Timberland and Vans. Steve previously served as CEO of Airwair International (Dr. Martens, the iconic British footwear brand), and prior to that he served as Global Brand President of Vans, Global Brand President of Urban Outfitters and EMEA President of Deckers Brands.

Qualifications

Steve holds a bachelor's degree in Business Studies from Middlesex University, England.

Appendix 1

continued

Frances (Fran) Philip N R S	Jakob Sigurdsson A N
Independent Non-Executive Director, Designated Non-Executive Director for Workforce Engagement	Independent Non-Executive Director
American	Icelandic
Appointed 1 October 2016	Appointed 1 October 2020
Key skills and experience <ul style="list-style-type: none"> – Extensive speciality retailing business experience – Deep background in product innovation, design and development – Workforce dynamics experience 	Key skills and experience <ul style="list-style-type: none"> – International business experience across a diverse range of sectors with particular emphasis on growth in new or developing markets – Strong background in general management and track record of delivering positive change
External appointments Non-Executive Director of Vera Bradley Inc., Sea Bags and Totes Isotoner. Previously Fran worked for The Gap, Williams- Sonoma, The Nature Company, and LL Bean, where she initially served as Director of Product Development, Home Furnishings, going on to hold a number of roles including Vice President, Affiliated Brands, before becoming Chief Merchandising Officer until her retirement. Fran was previously a Non-Executive Director of Regent Holdings and Vista Outdoor Inc, and an industry executive for Freeman Spogli.	External appointments Chief Executive Officer of Victrex plc, an innovative world leader in high-performance polymer solutions. Jakob has more than 20 years' experience in large multinational companies, both listed and private, including nine years with Rohm & Haas (now part of Dow Chemical) in the US, as well as Chief Executive of food manufacturer Alfesca in Europe and Chief Executive of Promens. Between September 2016 and June 2017, Jakob was Chief Executive Officer of VÍS, the largest Icelandic insurance and reinsurance company. He has held various Non-Executive roles and was a Member of the University of Iceland Council and a Non-Executive Director of the Icelandic Technology and Development Board.
Qualifications Fran has a degree in English and Sociology from Bowdoin College, Maine, and an MBA from the Harvard Business School.	Qualifications Jakob has a BSc in Chemistry from the University of Iceland and an MBA from the Northwestern University.

Key to Committee memberships

- Committee chair
- Committee member
- A Audit and Risk
- N Nomination
- R Remuneration
- S Sustainability

Appendix 2

Principal terms of the Coats Group plc Long Term Incentive Plan and the Coats Group plc Deferred Annual Bonus Plan

Summaries of the principal terms of the Coats Group plc Long Term Incentive Plan (LTIP) and the Coats Group plc Deferred Annual Bonus Plan (DABP) are set out below.

Certain provisions which apply to both arrangements are summarised at the end of the specific summaries below.

The LTIP

Eligibility

Awards under the LTIP (LTIP Awards) may be granted to employees of the Company or its subsidiaries, including Executive Directors (Participants).

Awards

LTIP Awards may be granted subject to performance conditions set by the Remuneration Committee of the Board (Remuneration Committee) prior to the award date.

LTIP Awards will normally vest on the third anniversary of the award date (or, if later, on the date and to the extent that any performance conditions have been satisfied), although the Remuneration Committee has flexibility to set a different vesting period and period over which any performance conditions are measured.

The vesting period and application of performance conditions to Awards granted to Executive Directors of the Company will be consistent with the Company's latest shareholder-approved policy on directors' remuneration.

LTIP Awards will take the form of either:

- a conditional right to receive Shares, which will be automatically transferred to the participant following vesting;
- an option with a nil, nominal or market value exercise price, exercisable by the participant following vesting during a permitted exercise period (extending not later than the tenth anniversary of the date of award) (Option);
- Shares beneficially acquired by the participant on grant, subject to restrictions on disposal (Forfeitable Share Award), or
- a right to receive a cash amount which relates to the value of a certain number of notional Shares.

Dividend equivalents

Awards may be granted which give the participant a right to additional Shares (or, if the Remuneration Committee so decides, the cash equivalent) based on the value of the dividends which would have been paid on the number of Shares acquired pursuant to their LTIP Award (other than a Forfeitable Share Award) had the participant held those Shares from the grant date until the date of vesting (or, in respect of an Option which is subject to a holding period, from the grant date until the earlier of the date the option is exercised and the end of the holding period). The Remuneration Committee has discretion to determine the basis on which this additional amount will be calculated, which may assume the reinvestment of the relevant dividends into Shares.

Dividend Equivalents paid to Executive Directors will normally be in the form of Shares.

Where a LTIP Award is granted in the form of a Forfeitable Share Award, the Remuneration Committee will decide how to deal with any dividends paid on the forfeitable Shares where the record date of the dividend occurs before the vesting date of the award. Dividends paid on the forfeitable Shares where the record date falls after the vesting date will be paid to the participant.

Individual limit

The maximum market value of the Shares over which a participant may be granted an LTIP Award in any financial year shall not exceed an amount equal to 200% of the participant's gross annual basic salary at that time.

Where awards are granted without performance conditions, it is expected that award levels will be lower than where performance targets apply (eg reduced by 50%). This takes into account the higher certainty of vesting in non-performance related awards.

Performance conditions

Where awards are granted with performance conditions, these will be determined by the Remuneration Committee and, in respect of LTIP Awards granted to Executive Directors, will ordinarily be measured over a period of not less than three years.

The Remuneration Committee may adjust the extent to which an LTIP Award (or part thereof) vests if it considers that the extent to which the Award would otherwise vest is not a fair reflection of the performance of the Company, the participant's performance and/or wider circumstances.

There will be no provision for re-testing. The Remuneration Committee may alter any performance condition if they consider after the date of grant that it is no longer a fair measure of performance, provided that the revised condition is no more difficult, and not materially easier, to satisfy than the original condition was at the grant date.

Appendix 2

continued

Vesting

An LTIP Award will normally only vest while the participant remains in office or employment with the Group, and to the extent that any relevant performance conditions have been met.

If the Remuneration Committee so determines, a share-settled LTIP Award may be satisfied by a cash payment equal to the market value of the Shares which would have been issued or transferred (less the amount of any exercise price).

Holding Period

LTIP Awards may be granted with a requirement that any Shares which are acquired by participants must be held for a minimum period, not ordinarily being earlier than two years from the vesting date, save for a sale of Shares to satisfy any tax or social security liability arising in respect of the vesting or exercise of the LTIP Award. Holders of Options can comply with this requirement by deferring the exercise of their option until the end of the holding period.

LTIP Awards granted to Executive Directors will (unless the Remuneration Committee determines otherwise) be subject to at least a two-year holding period.

Leavers

An LTIP Award will normally lapse where a participant ceases to hold office or employment with a Group Company (or, if the Remuneration Committee so decides, the date they give or receive notice).

However, if the participant's cessation of employment is due to injury, disability, ill-health, redundancy, retirement with the agreement of the Remuneration Committee (save in respect of US participants), the sale of the business or subsidiary that employs him or her out of the Group, or any other reason if the Remuneration Committee so determines (each being a "Good Leaver" reason), any unvested LTIP Award he or she holds will usually continue until the normal vesting date unless the Remuneration Committee determines that the LTIP Award will vest earlier.

On the death of a participant, an LTIP Award will immediately vest. Where a participant ceases employment for a Good Leaver reason or by reason of death, an LTIP Award in the form of an Option will be exercisable during a period of six months from the date it vests, or 12 months in the case of death.

LTIP Awards will vest in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which any performance condition(s) has/have been achieved (over the shortened period where the Award vests early) and, unless the Remuneration Committee determines otherwise, the number of Shares which vest will be reduced to reflect the proportion of the performance period (or, in relation to a LTIP Award which is not subject to a performance condition, the period beginning on the grant date and ending on the normal vesting date) (Pro-Rating Period) that has elapsed at the date the participant ceases employment.

When an Award Holder is a Good Leaver, unless the Remuneration Committee decides otherwise, any Holding Period shall continue to apply. However, if an Award Holder becomes a Good Leaver by reason of death, any Holding Period which would otherwise apply to any Shares acquired pursuant to their LTIP Award by their personal representatives shall not apply.

Corporate actions

In the event of a change of control of the Company, unvested LTIP Awards will vest (where the award is subject to performance condition(s), to the extent those performance condition(s) have been met over the period ending on the date of the change of control (or would, in the opinion of the Remuneration Committee, have been achieved over the full performance period)) and, unless the Remuneration Committee determines otherwise, the number of Shares which vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the date of the change of control.

Options will then be exercisable for a period of six months, unless the Remuneration Committee requires holders of Options who wish to exercise their Option(s) to give, in advance of the change of control, a notice exercising their Option(s) with effect from immediately before the change of control.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require, LTIP Awards to be exchanged for equivalent awards which relate to shares in a different company.

LTIP Awards will also vest early if there is a voluntary and solvent winding-up of the Company and, if the Remuneration Committee so decides, if an extraordinary distribution (including a demerger or special dividend) is proposed which the Remuneration Committee considers would materially affect the market value of the Shares. In both cases, unvested LTIP Awards will vest to the extent any performance condition(s) are met (or would, in the opinion of the Remuneration Committee, have been met over the full performance period) and, unless the Remuneration Committee determines otherwise, the number of Shares which vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the relevant date.

The DABP

Eligibility

Awards under the DABP (DABP Awards) may be granted to employees of the Company or its subsidiaries (including Executive Directors) who have earned a bonus part of which is required to be deferred.

DABP Awards

Participants will be granted a DABP Award over such number of Shares as have an aggregate market value equal to the amount of the participant's annual bonus that is deferred.

In the normal course, DABP Awards vest at the end of a vesting period set by the Remuneration Committee, which in respect of DABP Awards granted to Executive Directors, will ordinarily end no earlier than the third anniversary of the Grant Date.

DABP Awards are not subject to performance conditions, because they are granted in lieu of a portion of the participant's previously earned annual bonus.

DABP Awards will take the form of either:

- a conditional right to receive Shares, which will be automatically transferred to the participant following vesting;
- a nil or nominal-cost option, exercisable by the participant following vesting during a permitted exercise period (extending not later than the tenth anniversary of the date of grant) (Option);
- Shares beneficially acquired by the participant on grant, subject to restrictions on disposal (Forfeitable Share Award), or
- a right to receive a cash amount which relates to the value of a certain number of notional Shares.

Dividend equivalents

A DABP Award (other than a Forfeitable Share Award) will include a dividend equivalent unless the Remuneration Committee decides otherwise. A dividend equivalent gives the participant a right to additional Shares (or, if the Remuneration Committee so decides, the cash equivalent) based on the value of the dividends which would have been paid on the number of Shares acquired pursuant to their DABP Award (other than a Forfeitable Share Award) had the participant held those Shares from the grant date until the date of vesting. The Remuneration Committee has discretion to determine the basis on which this additional amount will be calculated, which may assume the reinvestment of the relevant dividends into Shares.

Dividend Equivalents paid to Executive Directors will normally be in the form of Shares.

Where a DABP Award is granted in the form of a Forfeitable Share Award, the Remuneration Committee will decide how to deal with any dividends paid on the forfeitable Shares where the record date of the dividend occurs before the vesting date of the award. Dividends paid on the forfeitable Shares where the record date falls after the vesting date will be paid to the participant.

Vesting

A DABP Award will normally only vest while the participant remains in office or employment with the Group. If the Remuneration Committee so determines, a share-settled DABP Award may be satisfied by a cash payment equal to the market value of the Shares which would have been issued or transferred (less the amount of any nominal exercise price).

Leavers

Where the participant ceases to hold office or employment (unless the reason for leaving is for personal misconduct or any other reason at the discretion of the Remuneration Committee, acting fairly and reasonably) DABP Awards, which represent previously earned annual bonus, will normally vest in full on the normal vesting date, unless the Remuneration Committee decides that the award will vest earlier.

On the death of a participant, a DABP Award shall immediately vest in full.

Where a participant ceases employment in circumstances in which the DABP Award does not lapse and the award is in the form of an Option, it will be exercisable during a period of six months from the date it vests, or 12 months in the case of death.

Corporate actions

In the event of a change of control of the Company, unless the Remuneration Committee decides otherwise, unvested DABP Awards will vest in full (or to such lesser extent as the Remuneration Committee determines is appropriate, having regard to the period of employment between the date the DABP Award was granted and the date of the change of control).

Options will then be exercisable for a period of six months, unless the Remuneration Committee requires holders of Options who wish to exercise their Option(s) to give, in advance of the change of control, a notice exercising their Option(s) with effect from immediately before the change of control.

In the case of an internal reorganisation, the Remuneration Committee may require Awards to be exchanged for equivalent awards which relate to shares in a different company.

Appendix 2

continued

The Remuneration Committee may decide that DABP Awards will also vest early if an extraordinary distribution (including a demerger or special dividend) is proposed which the Remuneration Committee considers would materially affect the market value of the Shares, as if that distribution was a change of control.

DABP Awards will vest early and in full if shareholders of the Company pass a resolution for the voluntary winding-up of the Company.

Provisions common to both the LTIP and DABP

Administration

LTIP and DABP Awards (together, Awards) will be granted, and the LTIP and the DABP will be administered, by the Remuneration Committee.

Nothing is payable by a participant for the grant of an Award.

Timing of Awards

Awards may only be granted within the 42-day period beginning with (a) the approval of the LTIP or DABP (as applicable) by shareholders or (b) the dealing day after the date on which the Company announces its results for any period. If the Company is restricted from granting Awards during any such period, awards may be granted in the period of 42 days following the relevant restriction being lifted. Awards may also be granted at any other time the Remuneration Committee determines that exceptional circumstances have arisen which justify the grant of an Award.

Where possible, DABP Awards will normally be granted as soon as reasonably practicable following the determination of the annual bonus.

Awards under the LTIP and DABP may not be granted more than ten years after approval of the relevant plan by the Company's shareholders in a General Meeting.

Plan Limit

Shares may be newly issued, transferred from treasury or market purchased for the purposes of the Plans.

In any 10 year period, the number of Shares which may be issued (or committed to be issued) under the LTIP, DABP and under any other employee share plan adopted by the Company may not exceed 10% of the issued share capital of the Company from time to time.

In any 10 year period, the number of Shares which may be issued (or committed to be issued) under the LTIP, DABP and under any other discretionary share plan adopted by the Company may not exceed 5 per cent of the issued share capital of the Company from time to time.

These limits do not include rights to Shares which have been surrendered, lapsed or otherwise become incapable of exercise or vesting. Any option or award which the Remuneration Committee has determined will only be satisfied with existing Shares (or which is granted on such terms), will not be subject to or counted in calculating the above limit. Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

Non-Transferable and Non-Pensionable

Awards are non-transferable (other than to a participant's personal representatives following his or her death) and do not form part of pensionable earnings.

Variation of capital

The number of Shares subject to Awards, and/or the per Share exercise price of an Option, may be adjusted, in such manner as the Remuneration Committee may determine, following any variation of share capital of the Company or a demerger, a special dividend or a similar event materially affecting the value of such Awards.

Malus and Clawback

The Remuneration Committee may, in its absolute discretion, decide at any time prior to the vesting of an Award (and, in the case of an Option, at any time before it is exercised) to reduce the number of Shares to which an Award relates (including to nil) in certain circumstances, including where:

- the Committee forms the view that the Company materially misstated any financial information which was taken into account in determining the size or the vesting of the Award;
- the Committee forms the view that the assessment of a performance condition (in respect of LTIP Awards only) or other condition was based on an error, or on inaccurate information;
- there is evidence of fraud, serious misconduct, gross negligence, dishonesty, a breach of the Company's Code of Business Conduct, or material wrongdoing, by the participant;
- the Award Holder has contributed to serious reputational damage to the Company, any Group Company or a relevant business unit; or
- the Remuneration Committee, at its discretion, determines that a Group Company or business unit that employs or employed the participant, or for which the participant is or was (in whole or as to a material part) responsible, has suffered a corporate failure or a material failure of risk management.

The participant can be required to give back some or all of the Shares or cash received pursuant to an Award (or pay an amount equal to the value of such Shares) if, within three years of an Award vesting, the Remuneration Committee becomes aware that any of the events described above have occurred. The clawback obligation can be enforced against any other Awards the participant holds, any cash bonus payable to the participant, or any other award under an incentive scheme operated by a member of the Company's group.

Alterations

The Remuneration Committee may amend the LTIP and DABP at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an Award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the LTIP or DABP, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment (for participants or for a Group Company) may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of a participant in the LTIP or DABP unless it is made with the participant's prior written consent, with the consent of 75% of participants in the relevant plan whose Awards would be affected, or to enable any Group Company to comply with any relevant legal or regulatory requirement.

The LTIP and DABP will terminate on the tenth anniversary of their approval by shareholders. The rights of existing participants will not be affected by any termination.

Overseas plans

The LTIP and DABP contain provisions which permit the Committee to establish further plans for the benefit of overseas employees based on the relevant plan rules but modified to take account of overseas tax, exchange control, securities or certain other laws. Any Shares issued under such further plans would count towards the individual and overall plan limits outlined above.