

CLIMATE CHANGE AND EMISSIONS

Climate Change and Emissions

Coats recognises that climate change poses a substantial challenge to global ecosystems and acknowledges the role of industrial activity in contributing to anthropogenic climate change.

Climate change is a principal risk at Coats and a key focus for the Board. We are committed to implementing prompt measures to reduce the climate impact of our operations, while concurrently evaluating how climate change may affect our business. This approach will facilitate the mitigation of associated risks and support the identification and development of new opportunities.

We make comprehensive climate-related disclosure in our annual CDP Climate submission and are proud to have been awarded an ‘A-’ score by CDP in our 2025 disclosures, which places us firmly within the leadership category.

For 25 years, CDP has stood shoulder to shoulder with companies leading the way on environmental action and creating a world where people, planet and profit are balanced and protected.

Environmental risk is financial risk and operational risk. By disclosing data through CDP, companies like Coats Group plc are taking the first step in measuring and managing their impacts, reducing the risks to their bottom line and seizing opportunities for growth. And the results are clear - investing in resilience and mitigating climate risk can deliver returns of up to \$21 for every \$1 spent, while within two years of their first CDP disclosure, companies can reduce their emissions by 7-10%.

Tackling environmental risks head-on creates a more resilient economy, increases companies’ ability to innovate and invest, and protects our planet. Disclosure is a critical tool, underpinning and guiding the action companies take to drive change for the future. We truly appreciate the support of Coats Group plc as we encourage transparency, action and Earth-positive decision making for the benefit of all.

- Simon Fischweicher, Chief Delivery Officer, CDP



Risk Assessment

The Taskforce for Climate-related Financial Disclosures (TCFD) report, featured within our Annual Report, delivers detailed insight into our approach to identifying and managing climate risk. This report forms an integral part of our business risk management framework and is routinely reviewed by senior management and members of the Board.

Our assessments of risks evaluate three different scenarios based on the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) data sets. We use one low carbon scenario (SSP1), a medium carbon scenario (SSP3) and a high carbon scenario (SSP5).

For each scenario we evaluate three time horizons spanning short-, medium- and long-term. For transitional risks and opportunities, these time horizons are pegged to 2030, 2045 and 2070 respectively, and given the longer term impacts associated with physical risks we peg these to 2030, 2050 and 2100. For physical risks, we use an external geospatial Location Risk Intelligence tool for Climate Change, which is a comprehensive tool designed to help understand and manage physical risks associated with climate change. This report leverages one of the world’s most extensive databases for natural disasters and hazard modelling under various climate scenarios. It provides detailed information on the physical risk exposure for locations worldwide and has helped us assess risks such as extreme heat, water stress, floods and sea level rise.

The physical risks associated with the effects of climate change on our units are medium- to long-term in nature and will be addressed through future mitigation strategies. However, the necessity to

urgently reduce emissions was identified early in the process, leading to the development of our emissions reduction strategy. We have adopted the Science Based Targets initiative (SBTi) methodology for our emissions reduction objectives, as it is endorsed by the United Nations Global Compact and aligns with the most current scientific insights regarding the climate crisis. Additionally, this framework is increasingly prevalent within the textile sector, facilitating requirements among brands, customers, and supply chain partners. Coats are well placed and meeting these requirements.

A copy of our Environmental Policy and Climate Policy can be found in the downloads section of www.coats.com



Climate Change and Emissions

Science Based Targets

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reduction targets submitted by Coats Group plc conform with the SBTi Corporate Net Zero Standard and has classified our scope 1, 2 and 3 targets as being in line with a 1.5° C trajectory.

Our approved interim 2030 targets are as follows:

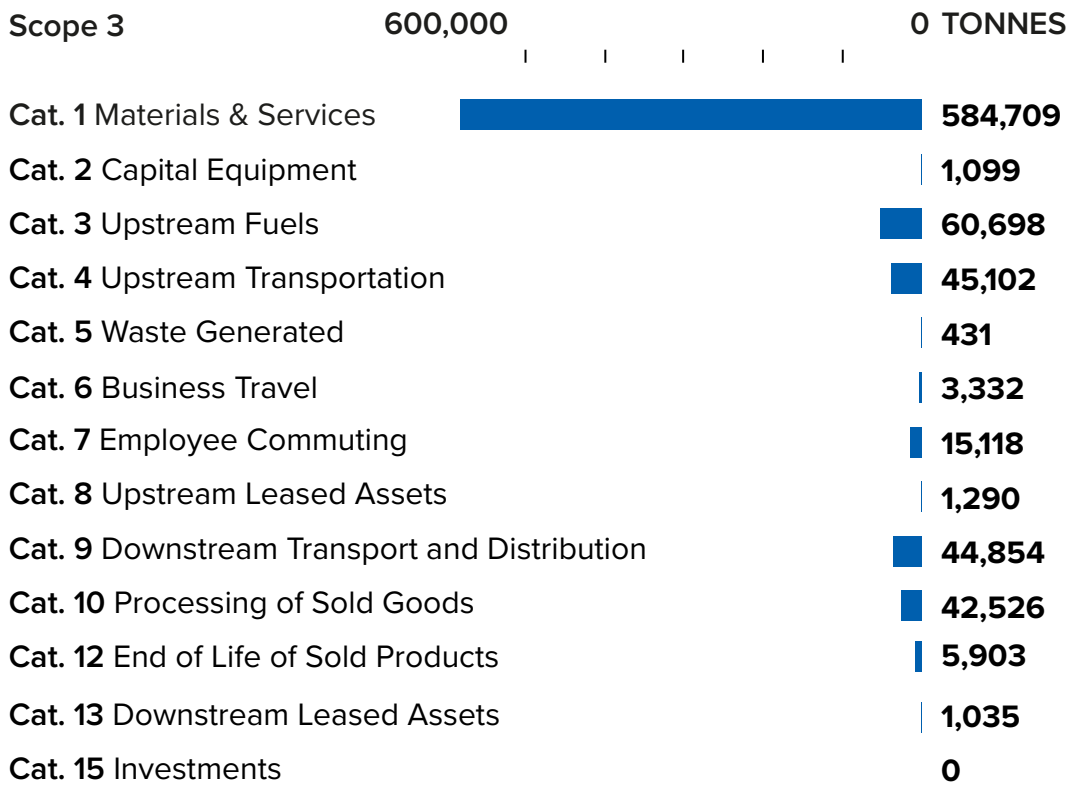
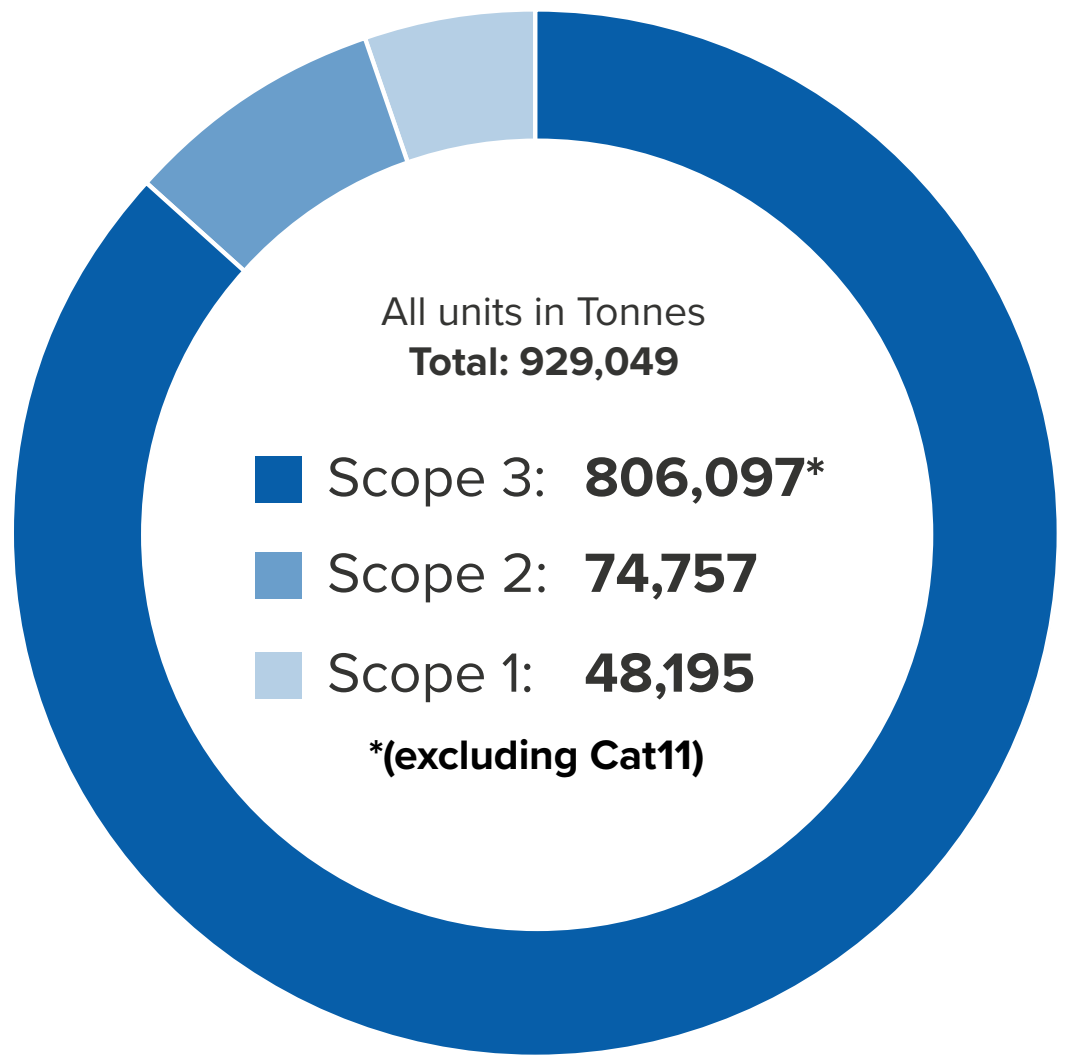
- Coats Group plc commits to reduce absolute scope 1 and 2 GHG emissions by 46% by 2030 from a 2019 base year.
- Coats Group plc also commits to increase annual sourcing of renewable electricity from 5% in 2019 to 100% by 2030.
- Coats Group plc further commits to reduce absolute scope 3 GHG emissions by 33% by 2030 from a 2019 base year.

Our 2050 Net Zero targets are as follows:

- Coats Group plc commits to reach Net Zero greenhouse gas emissions across the value chain by 2050.
- Coats Group plc commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 base year.
- Coats Group plc commits to reduce absolute Scope 3 GHG emissions 90% within the same timeframe.

The chart below shows our 2025 breakdown of Scope 1 to 3 emissions. Scope 2 emissions here are shown on a market basis.

Through 2026 we will build Scope 1, 2 and 3 emissions inventories for OrthoLite, which is expected to result in a rebase lining of our emissions for SBTi.



2025 PROGRESS

The Energy Section of this report gives further details on our strategy and performance related to Scope 1 and 2 emissions reduction.

In terms of Scope 3 emissions, our main area of focus to date has been on materials transition from virgin oil-based raw materials to recycled or bio-based materials. Scope 3 Category 1 constitutes 73% of our Scope 3 emissions in 2025, and therefore this has been given priority focus. Excellent progress has been made in this space, with our percentage of materials transitioned increasing from 31% in 2022 to 52% in 2025. Our 2026 materials transition target is to deliver 60% transition of raw materials to non-virgin oil-based materials. Further details of this work is outlined in the Materials section of this report.

Through 2025, we worked with key suppliers on development of Lifecycle Assessments (LCAs) for the main raw materials supplied by them, and this enabled us to better understand the impact that the energy consumption of our suppliers has on our Scope 3 emissions. As a result of this work, we became members of Cascale (formerly the Sustainable Apparel Coalition), who own and develop the Higg Index, the most widely used framework for measuring environmental and social impacts in the apparel and textile value chain. Joining Cascale connects Coats to a global network of 300+ brands, retailers, manufacturers and NGOs working towards shared climate goals.

Our Cascale membership will support Scope 3 emissions reduction through structured supplier engagement programmes. In H2 2025, we kicked off a Supplier Decarbonisation Programme where we invited strategic suppliers to a one-day onsite decarbonisation workshop which was attended by strategic suppliers from across our value chain, including polymer chip, fibre and filament, grey thread, dyestuffs and chemicals, and packaging materials. The workshop provided training on climate science, GHG protocol for calculation

of Scope 1 and 2 emissions and explained the SBTi emissions reduction targets that Coats have committed to and the collective action we need from our suppliers to ensure delivery of our Scope 3 emissions reduction targets. The workshop also showcased many of the energy intensity initiatives that Coats have implemented across our manufacturing facilities, and we outlined the necessity for our suppliers to undertake similar initiatives to help underpin reductions in their energy intensity.

Additionally, we sought to onboard our strategic suppliers into Higg FEM, which alongside measuring comprehensive environmental performance will also monitor their facility-level carbon inventories and verify progress via accredited audits.

Besides Scope 3 Category 1 (Materials and Services), Category 4 (Upstream transportation) is the next most significant area of Scope 3 emissions. Principally this includes transport of raw materials from our suppliers to our plants, the transport of semi-processed products between our plants and the shipment of finished products between our plants, and warehouses.

We continue to use our newly developed in-house generative AI technologies, first implemented in 2023, to build a comprehensive system for tracking movement and identifying the emissions linked to individual shipments. Now this system is complete, we can begin factoring emissions impact more actively into our transportation decisions. Shipment quantity, route, means of transport, and choice of supplier all significantly affect emissions, and our initial goal is to minimise the supply chain’s emission footprint, acknowledging that zero-emissions goods transport remains a long-term objective in most cases.

Climate Change and Emissions

Our total emissions are shown below:

Thousand tonnes of CO ₂ e ¹		2019	2022	2022 ⁶	2023	2023 ⁶	2024	2024 ⁶	2025
Scope 1 Direct ²		73.5	59.7	59.6	51.9	52.4	52.4	52.1	48.2
Scope 2 Indirect ³	Location-based	232.6	201.8	175.0	172.2	155.6	181.2	163.4	167.3
	Market-based	190.9	122.3	116.4	59.3	59.1	37.3	34.5	74.8
Scope 3 Value Chain ⁴	Cat 1 Products and Services	746.2	731.9		609.8		642.5		584.7
	Cat 3 Upstream Energy	50.9	54.9		53.7		55.7		60.7
	Cat 4 Upstream transportation and distribution	64.8	44.1		48.1		47.6		45.1
	Other Scope 3	148.0	113.9		112.7		119.7		115.6
	Total Scope 3 emissions	1009.9	944.7		824.2		865.5		806.1
Total Scope 1, 2 & 3 emissions		1274.1	1126.8	1120.7	935.4	935.7	955.2	952.1	929
Biogenic Emissions CO ₂ ⁵		38.2	27.5	40.4	24.1	28.2	25.7	28.6	30.7

¹ All data is calculated following GHG Protocol guidelines and excludes the impact of OrthoLite.

² Direct emissions relate to the use of fuels to generate energy on Group facilities, mainly the use of oil and gas to generate heat in the form of steam for use in processing. On-site generation of electricity using diesel or gas fired generators and the use of diesel, petrol and LPG for on-site transport is also included. The calculation methodology here is to convert fuel purchased in each country to kWh and then to CO2e equivalent using DESNZ conversion factors; the data is consolidated globally.

³ Indirect emissions relate mainly to the purchase of electricity from third-party suppliers. This is mostly taken from local electricity grids, but does include some on-site generation of electricity or steam from third-party suppliers. The methodology converts the electricity or other purchased energy from kWh to CO2e using the country level conversion factors published by the International Energy Authority (IEA) for electricity and DESNZ conversion factors for other energy types. This provides the location-based calculation. Market-based calculation deducts any certified renewable energy that is purchased by country and continues to calculate the residue of the energy consumed at the IEA country or DESNZ conversion factors as appropriate. The data is then consolidated globally.

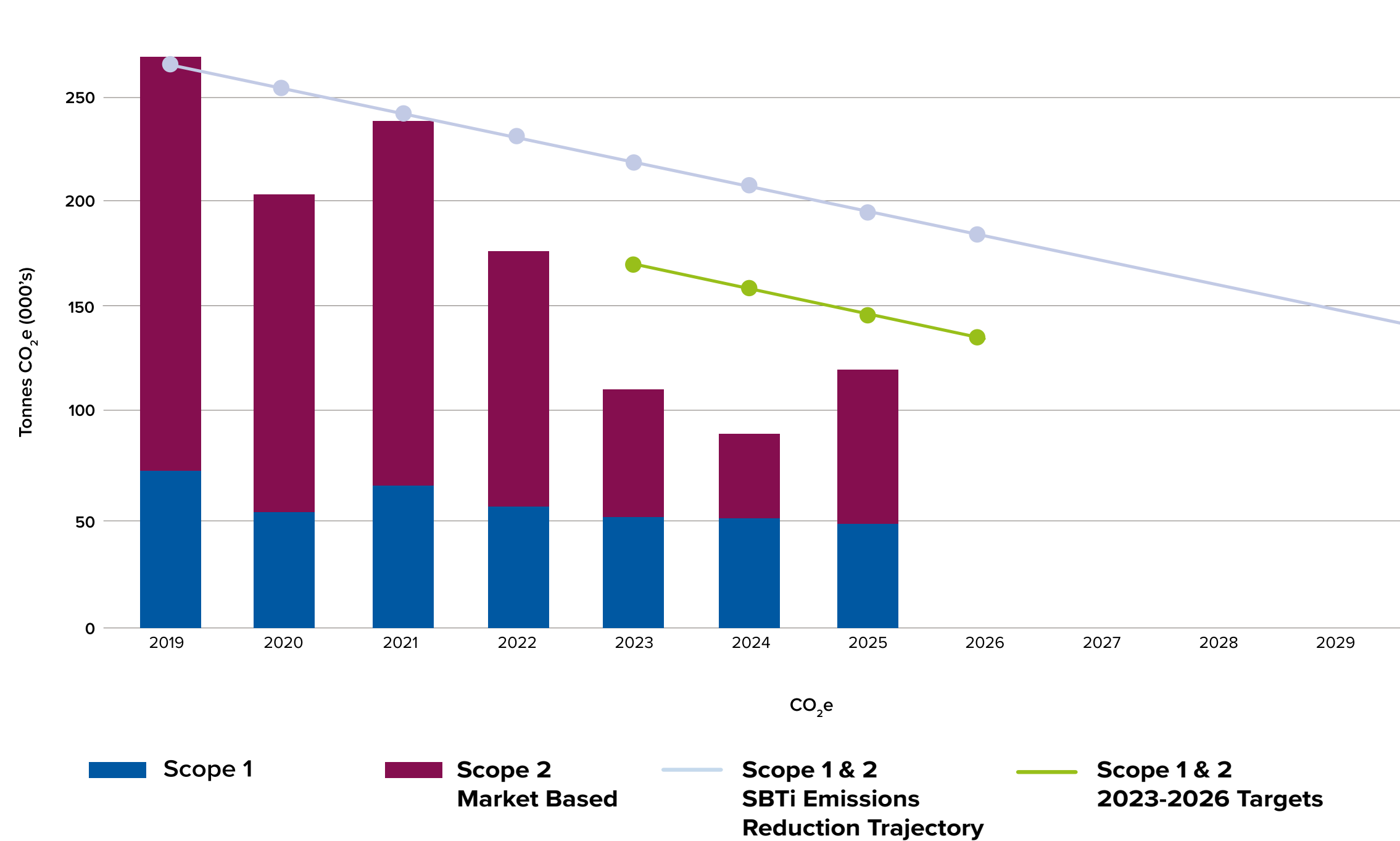
⁴ Scope 3 value chain emissions cover all other emissions that occur throughout our product and business value chain. This includes the cumulative emissions to produce our raw materials and capital equipment and installations, product and people transport at all stages, downstream processing and consumer use of our sold products and treatment for our waste and our products at the end of their life. The methodology for this varies for each Scope 3 category and follows the GHG Protocol hierarchy of data quality to determine the best available inventory calculation approach. Calculation models are maintained for each individual category and are updated annually as required and consolidated globally.

⁵ Biogenic emissions cover CO₂ emissions that occur from burning bio-mass for the purposes of steam generation. These CO₂ emissions are excluded from our reported emissions, however the CH₄ and N₂O emissions associated with bio-mass are included in our reported.

⁶ Scope 1 and 2 emissions have been restated for 2022 to 2024 to reflect the sale of the Americas yarns business and associated Americas Yarns / Toluca facility closure and transfer of emissions calculations from manual Excel spreadsheet to use of Normative carbon accounting software.

The below graph shows our Scope 1 & 2 emissions by year from 2019 to 2025, along with our SBT trendline, and our 2023-2026 emissions target trajectory.

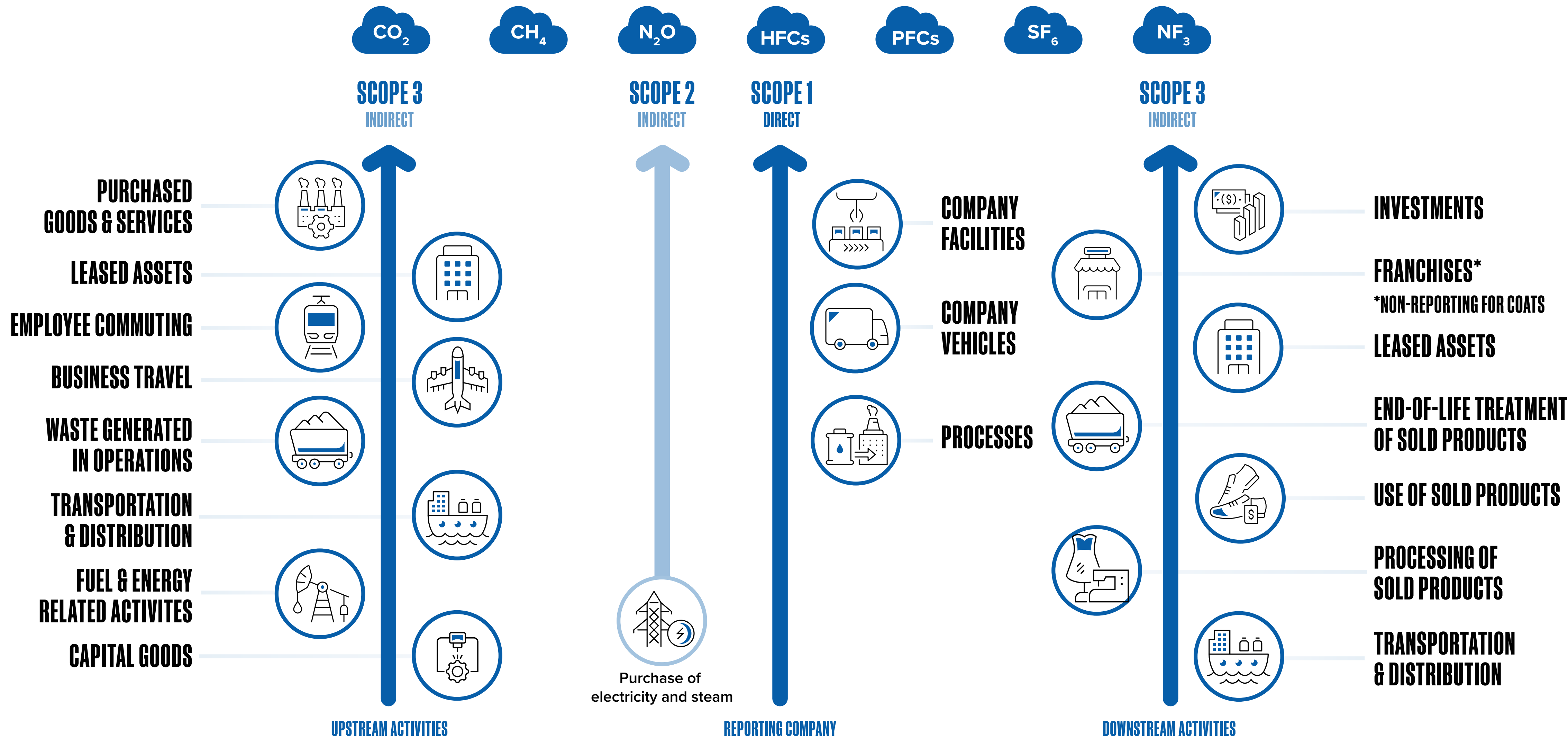
Scope 1 and 2 Emissions by Year Versus Target



Scope 2 emissions have increased in 2025 due to regulatory change in Tamil Nadu, India, which has transferred ownership rights of energy attribute certificates for offsite generated electricity from Coats India to the Tamil government. Despite this, in 2025 we remain ahead of the reduction trajectory that is required to fully ensure delivery of our 2030 SBTi Scope 1 and 2 emissions reduction target.

Climate Change and Emissions

CARBON EMISSIONS SCOPE



Climate Change and Emissions

CARBON EMISSIONS PROFILE

