



# 2025 SUSTAINABILITY REPORT

Coats Group plc



## About this report

The information in this report covers the period from 1 January 2025 to 31 December 2025. Unless otherwise specified, data relates to all operations owned and controlled by Coats Group plc and joint ventures, except for OrthoLite which was acquired by Coats in October 2025. OrthoLite Holdings LLP will be integrated into our external sustainability reporting through the course of 2026.

This report has been produced in landscape format to optimise the reading experience online.

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Further information about Coats Group Plc, our approach to sustainability and our performance can be found online at [www.coats.com](http://www.coats.com), including key policies available for download.

2022 is the baseline year for our 2026 targets outlined in this report. At the end of 2026 our targets will be reviewed to cover the period 2027 to 2030.

This report is also our formal Communication on Progress as participants of the UN Global Compact. We continue to report in line with the requirements of the Global Reporting Initiative (GRI) and this year we have again produced an additional tailored index for our investors offering more direct navigation to relevant Environmental, Social and Governance (ESG) information of interest to them. This is available on our [website](#).

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## MARKET-LEADING BENCHMARK PERFORMANCE

We continue to improve our scoring against the leading sustainability and ESG benchmarks, demonstrating our commitment to continual performance enhancement.



**CDP**

**Water A rating**

**Climate A- rating**

In 2025, we upgraded our rating for climate to 'A-', and maintained our 'A' rating for water security.

**MSCI**  
ESG RATINGS



CCC B BB BBB **A** AA AAA

**MSCI\***

In 2025, Coats Group plc received a rating of A (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment.



**SUSTAINALYTICS**

**9.5 (Negligible risk)**

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## DID YOU KNOW?

Scope 1 and Scope 2 emissions avoided since 2019  
**100,322 tonnes**

Equivalent to emissions from

**45,601**

**UK homes via gas heating on annual basis**

1 UK home = 2.2 tCO<sub>2</sub>e emissions per home per year

Source: NAO Report 2023-24



Fresh water extraction saved since 2019

**10,005,385 m<sup>3</sup>**

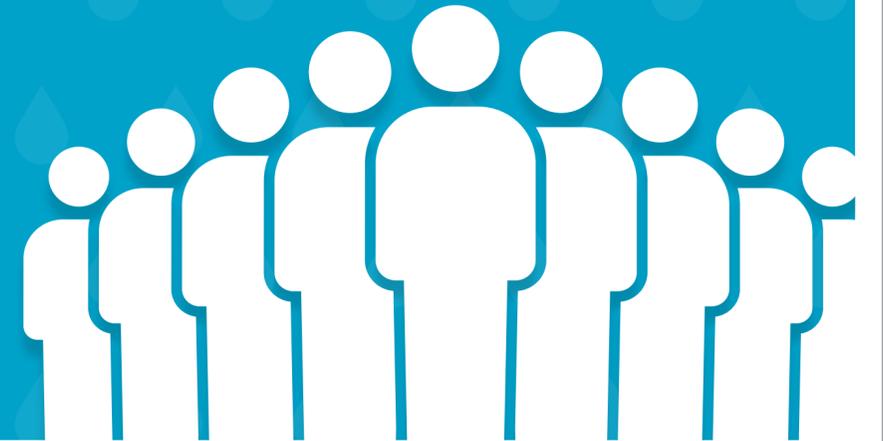
Equivalent to drinking water for

**~11 million**

**People for one year**

Average drinking water = 2.5 litres per person per day

Source: WHO



Waste diverted from landfill since 2021

**100,322 tonnes**

Equivalent to the weight of

**1,441 fully loaded**

**London black cabs**

1 London Black Cab = 2.6 tons (Fully loaded weight)

Source: www.london.gov.uk



# ABOUT GOATS

## Coats at a Glance

Coats is a world-leading Tier 2 supplier of critical components to the apparel and footwear industries.

We are transforming the global apparel and footwear supply chain by delivering the essential materials and solutions that keep the industry moving forward. Our commitment to innovation, digital leadership, and sustainability is accelerating growth and creating long-term value for our shareholders. Around the world, our employees are connected by a commitment to excellence, care for our communities and a shared mission to shape the future of apparel and footwear.

With over 250 years of industry expertise, we're shaping the future of the apparel and footwear supply chain through insight-led innovation, impactful sustainability practices, and digital technologies that unlock better product quality, efficiency and performance.

Headquartered in the UK, Coats is a FTSE 250 company and a constituent of the FTSE4Good Index. In 2025, we generated \$1.5 billion in revenue, with operating profit of \$241 million, and employed circa 19,000 people worldwide; all united by a spirit of innovation, quality and service. Learn more at [www.coats.com](http://www.coats.com) or follow us on [LinkedIn](https://www.linkedin.com/company/coats).

Our products are sold in over 100 countries and we work with more than 25,000 valued customers.

**WE'RE PROUD OF WHERE WE'VE BEEN AND EVEN MORE EXCITED ABOUT WHERE WE'RE GOING.**



- Headquarters
- Innovation / Sustainability Hub
- Manufacturing site
- OrthoLite\*
- Presence in market

**50+**  
Countries

**25,000+**  
Customers globally

**c.19,000**  
Permanent Employees

**>250**  
Years of textiles experience

### Revenue (\$m)



### Operating profit (\$m)



\*Revenue and profit numbers in 2025 include OrthoLite since its acquisition in October 2025.

## 2025 Communication on Progress



### Coats' Commitment to the UN Global Compact and Sustainable Leadership

#### INTRODUCTION FROM THE GROUP CEO

As Chief Executive of Coats, I am honoured to present our 2025 Communication on Progress to the United Nations Global Compact. This report underscores our unwavering commitment to the Compact's Ten Principles, and reaffirms sustainability as an integral part of our identity and decision-making. At Coats, it is at the very heart of who we are and how we operate. Our journey is one of continuous improvement, transparency, and ambition, driven by a sense of responsibility to our people, partners, and the planet.

#### 2025 Climate Context: Navigating Unprecedented Challenges

The year 2025 has brought further evidence of the urgent need for climate action. Communities across the globe have experienced record-breaking heatwaves, devastating floods, and other extreme weather events, all emphasising the intensifying impacts of climate change. These developments reinforce our resolve to accelerate the transition to a low-carbon future, and to play a leading role in building resilience within our industry, in a way that is positive for our business growth and profitability.

### Sustainability Embedded in Coats' DNA

Sustainability is woven into every facet of Coats' operations and strategy. We have embedded responsible sourcing, resource efficiency, and circularity into our processes, ensuring that our growth is both inclusive and sustainable. Our global employees are empowered to champion sustainable practices, and our leadership is held accountable for delivering meaningful progress.

#### Our People: The Heart of Sustainable Success

A skilled, diverse, and engaged workforce is essential to driving innovation and growth. Creating an environment where every individual can thrive remains a top priority.

Our commitment to diversity, inclusion, and belonging is central to our people strategy. Our "Coats for All" and "Coats for Her" programmes have driven significant progress, notably increasing female representation in senior leadership from 19% in 2022 to 33% in 2025, exceeding our 2026 target of 30%.

In 2025, 99% of our workforce (up from 95% in 2024) achieved country-level Great Place to Work certification, reflecting our ongoing efforts to foster a positive and inclusive workplace. Coats has also been recognized by Great Place to Work as one of the Best Workplaces in Asia, as well as Coats India listed in the Best Workplaces in Manufacturing and Production and Coats China listed in the Best Workplaces for Women.

We invest in comprehensive training, upskilling, and development programmes designed to equip employees with the knowledge and capabilities needed to deliver excellence every day. Through

initiatives that foster technical expertise, leadership growth, and well-being such as our global learning platforms and performance focused programmes we create an environment where individuals can thrive, innovate, and bring the best version of themselves to work.

We have implemented leading programmes to support the health and wellbeing of our employees and their families, including the 'Energy4Performance' initiative, which promotes physical, mental, and emotional wellbeing. This comprehensive approach helps our teams maintain a healthy work-life balance and perform at their best.

#### OrthoLite Acquisition: Advancing Sustainable Innovation

In 2025, Coats completed the acquisition of OrthoLite, a global leader in open-cell foam technology renowned for its commitment to sustainability. OrthoLite's pioneering work in developing environmentally responsible materials for footwear brands and manufacturers perfectly complements Coats' own sustainability ambitions. By integrating OrthoLite's expertise, we are expanding our portfolio of sustainable solutions and accelerating progress towards our shared environmental goals.

## 2025 Communication on Progress

### From Textile Waste to Premium Threads: A Sustainable Breakthrough

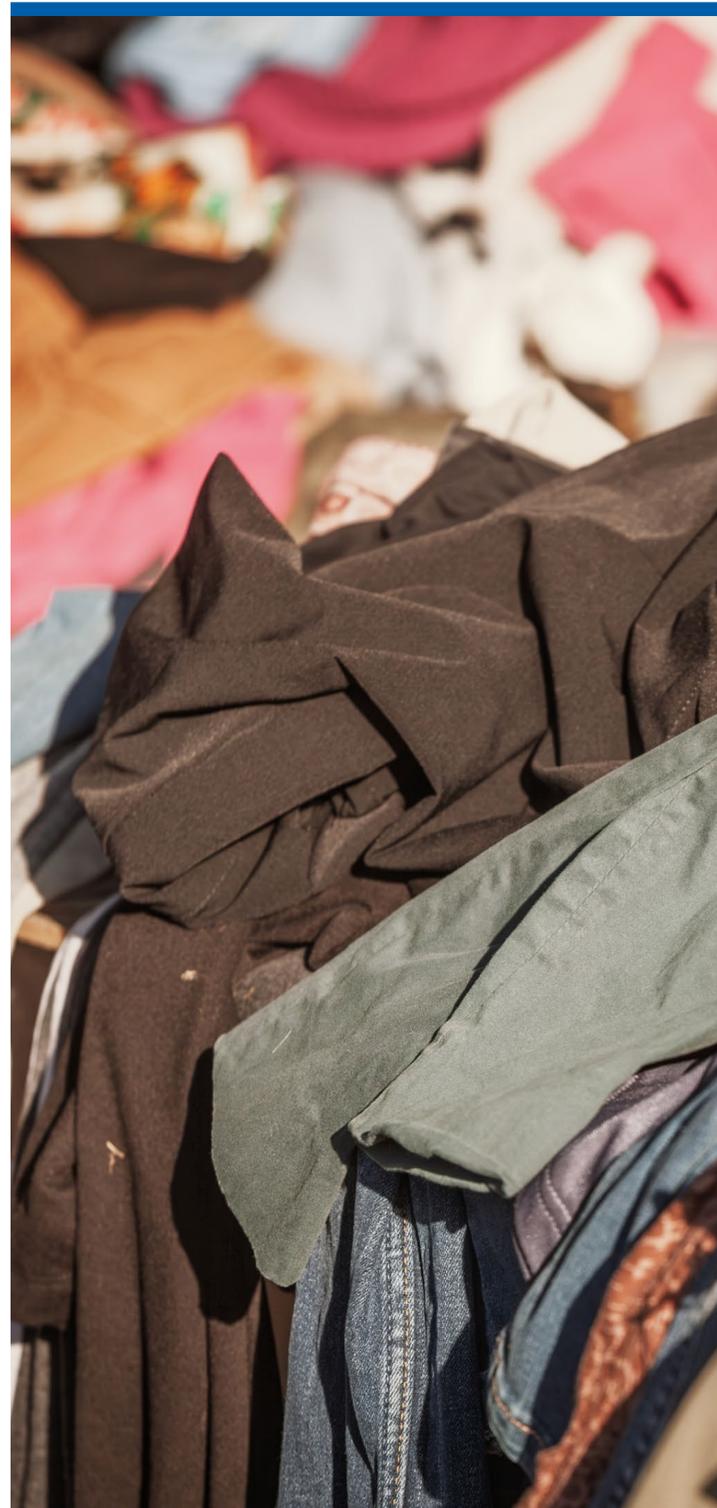
This year, Coats launched a highly innovative textile-to-textile recycled polyester thread, now available in both our Epic and Gramax premium brands. This breakthrough product is designed to support apparel brands in their efforts to decarbonise raw materials, directly addressing the environmental impact of textile production.

**BY UTILISING RECYCLED POLYESTER SOURCED FROM POST-INDUSTRIAL AND POST-CONSUMER TEXTILES, COATS IS HELPING TO PREVENT TEXTILE WASTE FROM ENDING UP IN LANDFILL, CLOSING THE LOOP AND ADVANCING CIRCULARITY WITHIN THE INDUSTRY.**

### Emissions Reduction Achievements

We are proud to report substantial progress in reducing our greenhouse gas emissions. Since 2019, Coats has achieved a 50% reduction in Scope 1 and 2 CO2e emissions, and a 30% reduction since 2022, which is a testament to our relentless focus on energy efficiency, renewable energy adoption, and operational excellence. These results demonstrate our ability to set ambitious targets and deliver tangible outcomes, while also laying the groundwork for future reductions across our value chain.

We have made further positive progress on our transition to non-virgin oil-based raw materials, which is a primary driver of Scope 3 emissions



reduction, delivering a transition of 52% raw materials, up from 46% in 2024. Further details can be found in the Materials section of this report.

### Partnering for Progress: Collective Action in Supplier Decarbonisation

In November 2025, we launched our Supplier Decarbonisation Programme, bringing together key suppliers across Asia to align with our climate goals and build capability in emissions measurement, target setting and reduction planning.

Participants are currently being on-boarded onto Cascale's Higg platform, providing a common system for data, benchmarking and transparency. This work marks an important evolution in our Scope 3 strategy, reflecting our belief that meaningful decarbonisation requires collaboration across the entire value chain and that we can help drive this at scale.

By 2026, supplier decarbonisation will be more firmly embedded in Coats' overall sustainability strategy, ensuring our approach to climate action is both comprehensive and inclusive. This evolution reflects our commitment to driving progress not only within our own operations but also across our broader ecosystem of partners.

### Recognition and Awards: CDP Leadership Ratings

I am proud our efforts have been recognised by independent organisations. In the most recent CDP assessments, Coats achieved an A- rating for climate leadership and an A rating, the highest possible, for water stewardship. These results reflect the dedication of our teams and the effectiveness of our sustainability strategy, while also motivating us to set even higher standards for the future.

### Conclusion: Reaffirming Our Commitment and Looking Forward

As I reflect on our achievements and the challenges ahead, Coats remains steadfast in its commitment to the UN Global Compact and to the pursuit of a more sustainable and equitable world.



**“We will continue to drive progress through innovation, collaboration, and responsible leadership. I invite all of our stakeholders to join us on this journey—together, we can shape a brighter, more sustainable future for all.”**

**David Paja,**  
Group CEO

## United Nations Global Compact

As Participants of the United Nations Global Compact (UNGC), we are delighted to present this report as our seventh Communication on Progress (COP). Our integrated reporting approach continues to embed our COP as part of our wider sustainability reporting and we believe that this reflects that the UNGC principles and the Sustainable Development Goals (SDGs) are at the heart of our strategy.

Coats remains firmly committed to the ten principles of the UN Global Compact, covering human rights, labour standards, environmental stewardship, and anti-corruption. These principles are woven into our business strategy and operations, fostering a culture of integrity, respect, and sustainability. Our commitment is evident in ongoing efforts to uphold ethical practices, minimise environmental impact, and promote the well-being of our employees and communities. Through transparent reporting and active engagement, Coats demonstrates its steadfast support for the UN Global Compact and its vision of a more sustainable and inclusive global economy. In addition, we fully endorse the 2030 UN Sustainable Development Goals, aligning our initiatives to help create a better future for all.

All policies can be found at:

[www.coats.com/en/Sustainability/Policies-and-downloads](http://www.coats.com/en/Sustainability/Policies-and-downloads) (\*)

[www.coats.com/en/Modern-Slavery-Act-Statement](http://www.coats.com/en/Modern-Slavery-Act-Statement) (\*\*)

### HUMAN RIGHTS



#### UNGC 'Ten Principles'

- Pr.1: Businesses should support and respect the protection of internationally proclaimed human rights
- Pr.2: Make sure that they are not complicit in human rights abuses

#### Coats actions and relevant policies

Coats actions and relevant policies	Page
Biennial Human Rights Risk Assessment	55
Supplier Code, updated in 2023	56
Supplier Code implementation and audits	56
Group Internal Audits	56
Living Wage implementation	56
Anti-Modern Slavery programme**	55
Whistleblowing hotline*	56
Anti-Bribery and Corruption actions	55

### LABOUR



- Pr.3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Pr.4: The elimination of all forms of forced and compulsory labour
- Pr.5: The effective abolition of child labour
- Pr.6: The elimination of discrimination in respect of employment and occupation

Unionisation and collective bargaining performance	55
Anti-Modern Slavery activities**	55
Supplier Code update and implementation*	56
Group Internal Audit programme	56
Supplier Code update and implementation*	56
Human Rights Risk Assessment	55
Diversity, Equity and Inclusion programme	49
Gender diversity statistics	50

### ENVIRONMENT



- Pr.7: Businesses should support a precautionary approach to environmental challenges
- Pr.8: Undertake initiatives to promote greater environmental responsibility
- Pr.9: Encourage the development and diffusion of environmentally friendly technologies

Coats Restricted Substances list	53
Water Stress analysis	38
Environmental Policy*	23
Online tracking of permits, incidents and projects	53
Online monitoring of effluent	42
Adoption of global effluent standards	44
Investment in effluent treatment	44
Recycled polyester project	34
Packaging reduction projects	33
Additionality in renewable energy	29
Development of circularity	42

### ANTI-CORRUPTION



- Pr.10: Businesses should work against corruption in all its forms, including extortion and bribery

Group Internal Audit programme	56
Anti-Bribery and Corruption training	55
Whistleblowing hotline*	56

# STRATEGY OVERVIEW

## Strategy Overview

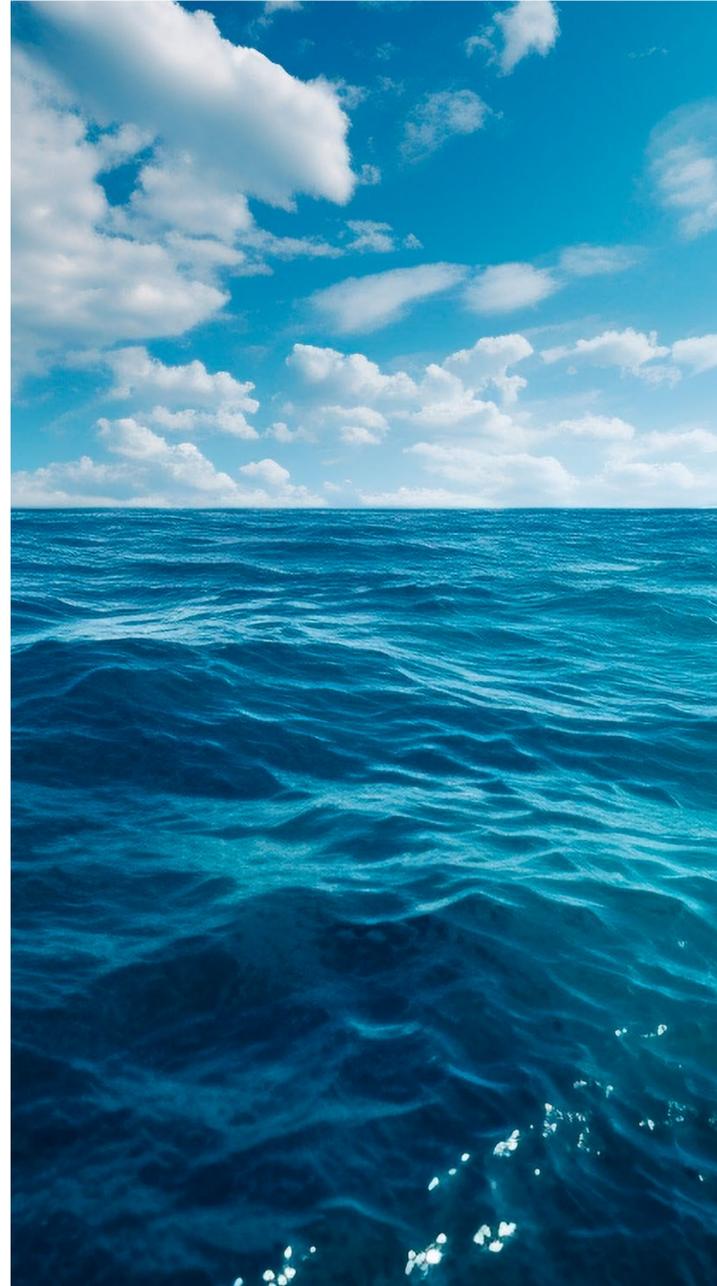
The aim of this report is to describe in detail the progress than we have made in 2025, the penultimate year of our 2023 to 2026 strategy period. Through 2025 we have made further significant progress towards achievement of our 2026 targets that span across our 5-pillar sustainability framework.

We continue to embed sustainability across our operations, driving continuous improvement in our environmental, social, and governance practices. This commitment is reflected in our strategy and the short-, medium-, and long-term targets we have established.

In 2025, we have once again secured independent limited assurance for disclosed results on our seven core sustainability metrics, including Scope 1 and 2 emissions, and Category 3 Scope 3 emissions, adhering to the ISAE 3000 auditing standards. This ongoing commitment to independent verification demonstrates our dedication to maintaining high standards of accuracy and transparency in our sustainability disclosures. The EY assurance statement provides further detail and can be found on page 69 of this report.

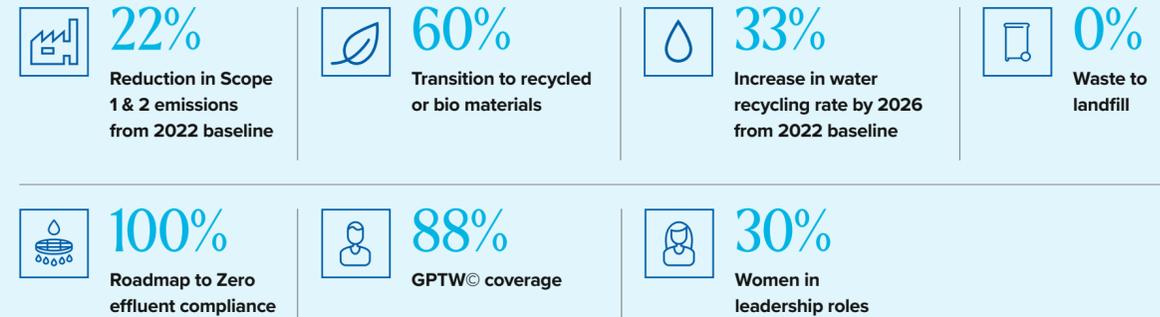
In 2025, we finalised work on our Double Materiality Assessment in preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD), and we have aligned our material ESG topics to relevant European Sustainability Reporting Standards. This work has reaffirmed that our current sustainability strategy and targets are aligned to our material issues, and do not need to be changed. Further details on our double materiality process are outlined in the Managing Sustainability section of this report, on page 61.

The roadmap shown on the right describes our journey towards delivery of our Net Zero target in 2050, our interim 2030 Science Based Targets for emissions reduction and our short-term 2026 targets.

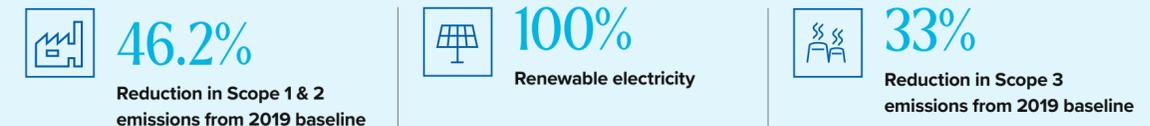


## OUR JOURNEY TO NET ZERO\*

### 2026: OUR SHORT-TERM TARGETS



### 2030: APPROVED SCIENCE-BASED TARGETS



### FURTHER TRANSFORMATIONAL TARGETS



### 2050: LONG-TERM TARGET



\*These targets currently exclude impact of OrthoLite, which will be incorporated into future targets in 2026.

## Strategy Overview

# OUR STRATEGIC FRAMEWORK

Our five-pillar strategic framework remains aligned with our material topics detailed in this report (on page 62) and critical sustainability issues relevant to our business. For each pillar, we have identified the United Nations Sustainable Development Goals that are fundamentally connected.



### ENERGY



Our processes rely on energy, mainly for kinetic and thermal purposes. Our use of energy causes greenhouse gas emissions that contribute to climate change. Reducing emissions through more efficient use of energy and using less emitting sources of energy is crucial to combat climate change.



### MATERIALS



The materials we use to make our products are largely oil-based and energy intensive in terms of upstream production.

They are our main overall source of greenhouse gas emissions. Transitioning to materials with lower inherent emissions, by moving to recycled or bio-based materials, is a priority to combat climate change.



### WATER



Some of our processes, especially dyeing, are water-intensive. Many of our manufacturing facilities are located in areas of water stress.

Ensuring we are minimising additional water stress caused through our operations is important to other users and to the environment.



### WASTE



We produce solid and liquid waste in our processes. Through all our processes we need to ensure we recover as much material as possible from waste streams and we are responsibly dealing with waste to have the lowest environmental impact.

We are committed to eliminating all waste to landfill where local regulations permit.

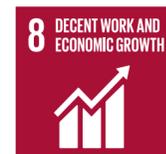


### PEOPLE



Our employees, their families, our suppliers, and our neighbouring communities are immediately touched by our business.

Our programmes are there to ensure that safety, well-being, fairness, equality, diversity and opportunity are prioritised.



## Strategy Overview

Our 2026 targets are based on our 2022 baseline performance delivery for each metric. At this point, our recent acquisition of OrthoLite has not been included in the baseline, and will not be included in any of our reported 2025 metrics.

Our aspirations beyond 2026 are supported by our Science Based Targets initiative (SBTi) approved 2030 emission reduction targets across Scope 1, 2 and 3, as well as our SBTi approved 2050 Net Zero target.



STRATEGY PILLAR	2026 MILESTONE TARGETS			2030 ASPIRATIONS	2030 SBTi COMMITMENTS	2050 TARGET
	METRIC	2022 BASELINE*	END 2026 TARGETS			
<b>ENERGY</b>	 Scope 1 & 2 emissions reduction	<b>176.0K TONNES</b>	<b>22% REDUCTION</b>	70% of energy to come from renewables	46.2% reduction in Scope 1&2 emissions vs 2019 baseline	Net Zero emissions in our value chain
<b>MATERIALS</b>	 % preferred primary raw materials	<b>31%</b>	<b>60%</b>	<b>100%</b>	33% reduction in Scope 3 emissions vs 2019 baseline	
<b>WATER</b>	 Water recycling rate	<b>24%</b>	<b>33% INCREASE IN RECYCLING RATE</b>			
<b>WASTE</b>	 Zero waste to landfill	<b>2.1K TONNES</b>	<b>ZERO TO LANDFILL</b>			
		% effluent compliance to the Roadmap to Zero standards	<b>99.76%</b>	<b>100%</b>		
<b>PEOPLE</b>	 % employees covered by Great Place to Work certification	<b>86%</b>	<b>88%</b>	<b>90%</b>		
		% of females in senior leadership	<b>19%</b>	<b>30%</b>	<b>40%</b>	

## Strategy Overview

# COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
	<p>Coats operates in over 50 countries, many of which face poverty challenges. With 19,000+ employees, Coats improve livelihoods through fair wages and safe workplaces. It supports low-income communities via ethical sourcing and community investment. Poverty reduction strengthens trust and resilience. As a UN Global Compact signatory, Coats is committed to advancing SDG 1 through inclusive growth and responsible business practices.</p>	<p>Coats prioritises fair pay, mental and physical wellbeing, inclusive employment, and community investment. It ensures ethical practices across its supply chain, promotes diversity, and supports under-served communities through education and infrastructure. These actions aim to uplift livelihoods, foster equity, and create a responsible, resilient business aligned with global sustainability goals.</p> <p>Our work in this area is described in following sections of this report:  <b>Community</b> - Page 57  <b>Living wage</b> - Page 56</p>	<p>Through rigorous ESG compliance audits of our suppliers, we drive ethical labour practices and fair wages across the value chain, helping reduce poverty not just within Coats, but throughout the communities and partners we work with.</p>
	<p>At Coats, safeguarding the health, safety, and wellbeing of all our employees is fundamental to our purpose. Operating in manufacturing environments, we proactively strive to manage physical and mental health risks. By fostering a culture of care, we aspire to enhance engagement and productivity, while advancing SDG 3 and our commitment to the UN Global Compact.</p>	<p>We focus on expanding mental health support through inclusive policies, training, and awareness initiatives.</p> <p>To ensure physical safety, we are upgrading risk assessments and deploying AI-enabled monitoring systems.</p> <p>We foster a positive workplace culture that values appreciation, inclusion, and career development.</p> <p>Our activities in this area can be found in the following sections of this report, with page numbers:  <b>Health &amp; Well-Being</b> - Page 54  <b>H&amp;S Management</b> - Page 52  <b>Career Management</b> - Page 56</p>	<p>Coats is committed to zero fatalities and zero work related or commuting injuries, ensuring safe and secure workplaces. With 99% of employees covered by Great Place To Work® certification, we continue to build high engagement. Global mental health training, AI-enabled safety systems, and consistent safety campaigns strengthen wellbeing, reinforce compliance, and enhance operational excellence across all sites.</p>
	<p>Quality education is a powerful enabler of social mobility, economic empowerment, and sustainable development. Coats operates in diverse regions where access to education, especially for women and rural communities, can be limited. As a global employer, Coats has the opportunity and responsibility to upskill its workforce, promote lifelong learning, and support inclusive education initiatives that strengthen communities and drive sustainable growth across its value chain.</p>	<p>Coats is committed to advancing quality education by establishing skill development centres in under-served regions and offering vocational training through partnerships with NGOs and local institutions. We promote digital literacy and entrepreneurship via community programmes, while also investing in employee growth through internal learning platforms.</p> <p>Our initiatives on imparting education can be found described in the following section of this report, with page number:  <b>Community</b> - Page 57</p>	<p>Coats measures its progress through the number of individuals who benefit from its learning, skills development, and community training programmes.</p> <p>Across our global operations, we support initiatives that enhance employability, build confidence, and promote economic participation, particularly for women, youth, and under-served groups. These programmes strengthen community resilience while advancing inclusive growth and lifelong learning.</p>

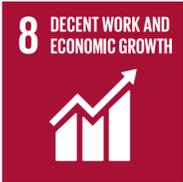
## Strategy Overview

# COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
	<p>Coats aims to achieve 40% females in senior leadership roles by 2030. Tracking female representation ensures progress toward inclusive decision-making. These efforts empower women across our value chain, helping eliminate workplace discrimination and fostering leadership—directly contributing to SDG 5 and driving sustainable, equitable growth across global operations.</p>	<p>Gender equality is central to Coats’ sustainability agenda. We aim to increase women’s representation in senior leadership through mentoring and succession planning. Our inclusive policies promote flexible work and zero tolerance for discrimination. Regular ESG materiality assessments ensure gender equity remains a strategic focus. Through community partnerships, we support women’s wellbeing, skill-building, and economic empowerment across our global operations, driving long-term impact and inclusive growth.</p> <p>Our Programmes for gender equality and our current performance are described in the following page numbers of this report:  <b>Coats for Her</b> - Page 49  <b>Diversity &amp; Inclusion</b> - Page 49</p>	<p>Our ambition is to achieve high levels of gender equality at both Board and senior management levels, recognising that diverse leadership strengthens our ability to attract and retain talent, drive productivity and enhance competitiveness.</p> <p>Board representation remained strong with 14% females in 2025.</p> <p>In 2025, we surpassed our 2026 senior management target of 30%, reaching 33%, and remain firmly on track toward our ambition of 40% by 2030.</p>
	<p>Water is critical to Coats’ manufacturing processes, particularly dyeing, which is highly water intensive. With some facilities in water-stressed regions, responsible water management is essential. Coats has a duty to reduce water consumption, prevent pollution, and ensure treated water is safely returned to the environment. This also presents an opportunity to lead sustainable water practices across the textile industry, setting new standards for environmental stewardship.</p>	<p>Coats is deeply committed to responsible water stewardship across its global operations. We aim to reduce freshwater extraction, especially in water-stressed regions, by increasing water recycling and reuse. Through continuous monitoring and investment in clean technologies, we protect ecosystems and promote long-term water security.</p> <p>Our best practice in this area is described in the following page numbers of this report:  <b>Reducing water intensity</b> - Page 39  <b>Recycling of water</b> - Page 38</p>	<p>Coats targets a 33% increase in water recycling by 2026, using 2022 as the baseline. Progress is tracked through the percentage of water recycled across operations. These efforts aim to reduce freshwater extraction and improve water quality, supporting SDG 6 by promoting sustainable water use, protecting ecosystems, and ensuring clean water access for surrounding communities.</p>
	<p>Energy is central to Coats’ manufacturing operations, particularly in dyeing and finishing processes that require significant thermal energy. This consumption contributes to greenhouse gas emissions, making climate action a priority. Coats has a responsibility to reduce its carbon footprint by transitioning to renewable energy sources and improving energy efficiency. As a global leader, Coats can set industry benchmarks in clean energy adoption and sustainable production.</p>	<p>Coats is accelerating its transition to clean energy across global operations by upgrading heat systems to cleaner alternatives, improving efficiency through LED retrofits and smart metering, and driving local innovation to cut energy intensity. Our Net Zero Transition Plan further commits to replacing legacy systems with electric boilers, reinforcing a decisive shift toward a low carbon future.</p> <p>Our programmes in this area are described on Page 29</p>	<p>Coats is accelerating its shift to clean energy, targeting 70% global renewable energy consumption and 100% renewable electricity by 2030. Progress is measured through the share of renewables across our operations. This transition cuts emissions, boosts efficiency, and advances SDG 7, driving cleaner production, reduced environmental impact, and meaningful contribution to global climate goals.</p>

## Strategy Overview

# COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
	<p>Coats employs a large, diverse workforce across multiple regions, making decent work central to its operations. Ensuring fair, safe and inclusive working conditions is essential for wellbeing, productivity and long-term retention. Sustainable growth depends on ethical labour practices and equitable opportunities, reflecting Coats' commitment to fair wages, strong labour standards and maintaining safe, respectful workplaces across all operations.</p>	<p>Coats aims to contribute to local economic growth by embedding responsible sourcing and inclusive employment practices into its operations.</p> <p>Our programmes in this area are described in the following sections of this report, with page numbers:</p> <ul style="list-style-type: none"> <li><b>Great Place to Work certifications</b> - Page 48</li> <li><b>Whistleblowing hotline results</b> - Page 56</li> <li><b>Living Wage implementation</b> - Page 56</li> <li><b>Group Internal Audits</b> - Page 56</li> <li><b>Supplier Code implementation</b> - Page 56</li> <li><b>Anti Modern Slavery work</b> - Page 55</li> </ul>	<p>In 2025, we continued to strengthen employee engagement through our Great Place To Work® programme, with 99% coverage across our global workforce.</p> <p>Oversight of employment standards is ensured through our global data systems, Group Internal Audit reviews, and our confidential, independently managed whistleblowing channels.</p> <p>Monitoring of Supplier Code compliance is conducted through risk based internal and external audits.</p> <p>Our ambition is to see these standards extend progressively across our value chain, amplifying positive social impact well beyond our direct workforce.</p>
	<p>As a global leader in industrial manufacturing, Coats depends on strong infrastructure and continuous innovation to maintain its competitive edge. Embracing sustainable industrial practices is essential for long-term growth and resilience. Innovation plays a key role in developing new products, improving process efficiency, and enhancing environmental performance. At the same time, upgrading infrastructure is critical to enable digital transformation and support the shift toward low-carbon operations.</p>	<p>Coats is accelerating sustainable growth by scaling eco innovations and modernising its operations. We are expanding sustainable product platforms like Coats EcoVerde and EcoCycle, upgrading facilities with smart, energy efficient technologies, and investing in a dedicated Sustainability Hub to drive research partnerships and industry best practices.</p> <p>Our best practices in this area are described on page 34.</p>	<p>Coats tracks its progress through clear goals and indicators, growing revenue from sustainable and innovative products, expanding smart infrastructure upgrades, and increasing R&amp;D investment. These efforts strengthen competitiveness, reduce environmental impact, and enhance operational efficiency, contributing to resilient and sustainable industrial systems aligned with SDG 9.</p>
	<p>Coats operates in a resource intensive industry, making responsible consumption and production central to its strategy. By using materials efficiently and minimising waste, the company reduces environmental impact while improving operational efficiency. With rising expectations for transparency, Coats is strengthening circularity, resource efficiency and sustainable innovation across its operations, ensuring responsible, accountable and future-ready production practices.</p>	<p>Coats advances responsible consumption and production by reducing waste, improving resource efficiency, and expanding circular solutions including our fully circular textile-to-textile thread launched in 2025. We enhance traceability through digital tools, strengthen supplier alignment on sustainable sourcing, and monitor key metrics such as waste diversion and material sustainability to drive continuous improvement across the value chain.</p> <p>These programmes are described in the following sections of this report, with page number 43.</p>	<p>Coats is driving SDG12 by achieving Zero Waste to Landfill in 2024 and continuing this commitment in 2025.</p> <p>We continue to collaborate with upstream suppliers on identification of circularity opportunities, and in 2025 we diverted &gt;3,600 tonnes of materials into circular flows.</p> <p>Transitioning to recycled, recyclable packaging remains a priority, building a resilient value chain.</p>
	<p>Climate action is a strategic priority for Coats, as manufacturing, logistics and energy use contribute to its emissions profile. With rising climate risks and growing expectations from customers, investors and regulators, Coats is reducing value chain emissions and aligning with science based targets. This ensures responsible, resilient and future ready operations that support global climate goals.</p>	<p>Coats is committed to meaningful climate action by reducing Scope 1, 2 and 3 emissions, expanding renewable energy use, and strengthening site level climate adaptation plans. As an SBTi aligned company, we are transitioning to low carbon technologies, improving energy efficiency across operations, and increasing renewable electricity. We work closely with suppliers on emissions reduction and ensure transparent climate reporting through CDP and TCFD aligned disclosures to support the global 1.5°C goal.</p> <p>Our programmes in this area are described in the following sections of this report, with page numbers:</p> <ul style="list-style-type: none"> <li><b>Climate Change</b> - Page 23-25</li> </ul>	<p>By 2030, Coats is committed to:</p> <ul style="list-style-type: none"> <li>- reduce Scope 1 and 2 emissions by 46% from our 2019 baseline.</li> <li>- reduce Scope 3 emissions by 33% from our 2019 baseline.</li> <li>- transition to 100% renewable electricity (up from 5% in 2019)</li> </ul> <p>These targets form the backbone of our Net Zero Transition Plan, setting a clear roadmap for long-term emissions reduction. They underpin the Group's ambition to achieve net-zero greenhouse gas emissions across the entire value chain by 2050, accelerating the transition to a low-carbon and more sustainable future.</p>

## Strategy Overview

### SUMMARY OF PROGRESS AGAINST OUR 2026 TARGETS

2025 is the third year of delivery against our 2026 targets. Throughout 2026, we will review our strategy to define new metrics and targets that will get us to our 2030 goals. will be set for the period 2027 until 2030.

The adjacent table illustrates the advancements made towards our 2026 targets and highlights the positive outcomes achieved in 2025. The commentary on each strategic pillar within this report provides further details and examples of the initiatives undertaken to achieve these results across the organisation.

Results achieved in 2025 have undergone independent limited assurance aligned to ISAE3000 audit standards ensuring the full integrity and credibility of reported performance levels.

All sustainability performance data reported in this report excludes the impact of OrthoLite, which was acquired in October 2025. An initial assessment has indicated that OrthoLite’s impact on the Group’s 2025 sustainability performance, with exception of waste generated and waste to landfill, is not material in nature. Commentary relating to OrthoLite has been included for each core metric in the relevant sections of this report. During 2026, further work will be undertaken to integrate OrthoLite fully into the Group’s sustainability reporting processes, controls and disclosures, including the incorporation of quantitative data where appropriate.

STRATEGY PILLAR	METRIC	2026 TARGET	2025 PERFORMANCE	% ACHIEVEMENT OF 2026 TARGET
 <b>ENERGY</b>	Scope 1 & 2 emissions reduction	22% reduction from 2022 baseline	30% reduction	136%
 <b>MATERIALS</b>	% preferred primary raw materials	60%	52%	87%
 <b>WATER</b>	Water recycling rate	33% increase in rate of water recycling from 2022 baseline	25% increase	76%
 <b>WASTE</b>	Zero waste to landfill % effluent compliance to the Roadmap to Zero standards	Zero waste to landfill 100% compliance	Zero 99.97%	100% 99.97%
 <b>PEOPLE</b>	% females in senior leadership % employees covered by GPTW certification	30% 88%	33% 99%	110% 113%

Full definitions of our metrics can be found in our [Basis of Reporting](#) document.

## Strategy Overview

## LEADERS' VOICES

### HANNAH NICHOLS

Chief Finance Officer



Despite a turbulent geopolitical landscape and macro-economic uncertainty, Coats remains committed to embedding sustainability at the core of our strategy.

We are committed to achieving Net Zero by 2050, with targets validated by the Science Based Targets initiative (SBTi). This commitment drives action across our value chain reducing emissions, moving to recycled and biobased materials, and investing in energy efficiency. Innovation remains central, ensuring our products meet the highest technical standards and support customers on their own Net Zero journeys.

Our leadership in sustainable innovation strengthens partnerships and drives growth, with an increasing share of sales from recycled or non-virgin-based materials. We continue to allocate significant capital expenditure to projects that deliver strong returns, supported by our innovation and sustainability hubs in Shenzhen and Madurai. The recent OrthoLite acquisition expands our ability to deliver sustainable solutions at scale.

To build resilience, we integrate TCFD principles into risk management and accelerate digital transformation for better data and transparency. Looking ahead, we will continue linking sustainability goals with financial performance, driving responsible growth and creating value for all stakeholders.



### ADRIAN ELLIOTT

Divisional Chief Executive Officer Apparel Division



Over the past year, geopolitical and economic factors have made for a tougher operating environment, one where many corporates have had to rethink or re-set their sustainability ambitions.

For Coats, this has proved challenging at times, but with sustainability at the core of our strategy, our focus has adapted but not wavered from our long-term ambition of excellence in innovation and sustainable manufacturing practices.

The combination of political instability, policy uncertainty and rising tariffs has shifted many companies' near-term priorities. In parallel, consumer confidence, particularly in Europe, remains fragile. Although sustainability remains a vital credential for market-leading brands, many are now prioritising cost control, inventory reduction, and operational resilience. Sustainability remains critical to brand credibility, risk management, and long-term value creation but in the last year we have observed some shift towards initiatives that deliver clear, measurable shorter-term impact.

In 2025, within our net zero transition plan, our emphasis has shifted upstream. Reducing direct emissions and energy intensity at our suppliers is often more controllable, faster to implement, and more cost-effective than transforming entire material ecosystems. Our recently launched Supplier Decarbonisation Programme is a key milestone on this journey.

Coats remains committed to reducing waste, water, and energy as a cornerstone of our environmental initiatives. These remain a business imperative as they lower costs while simultaneously delivering environmental benefits to our company and communities. We are proud of our sustainability track record, which continues to attract talented individuals to Coats across the world.

Sustainability-led innovation remains a core pillar of our competitiveness and future growth. However, we are conscious that our progress must be resilient to economic and regulatory shifts, where impacts are real and costs are defensible. This balance and the increased transparency in our supply chain, mean our sustainability strategy will continue to be a source of strength for Coats in the years to come.

## Strategy Overview

## LEADERS' VOICES

**PASQUALE  
ABRUZZESE**

Divisional Chief Executive  
Officer Footwear Division



The global footwear industry is heavily concentrated across key manufacturing hubs in Asia, with large global brands as customers. Within the high-performance athletic footwear and athleisure segments, sustained consumer loyalty depends on continuous innovation that enhances comfort, performance, and design.

Sustainability continues to contribute to brands' abilities to win customers, attract talent, and justify investment in new materials and processes. However, in the current difficult commercial environment, the value proposition has begun to moderate. This year customer priorities have shifted somewhat as sales volumes have come under pressure in the sector.

At Coats, our ambitious target to achieve 60% preferred non-virgin oil-based materials by 2026, remains in place, and to achieve this we will continue to invest and innovate. In the near-term our focus will continue to shift towards continuous improvement, with waste reduction becoming one of the most powerful levers available to Coats in terms of both commercial and environmental benefits.

Improving processing capabilities, embedding initiatives like the implementation of smart metering and the enhancement of cutting accuracy helps to tackle the root causes of waste, enabling Coats to address changing market dynamics whilst continuing to make progress against its Net Zero targets. Operational excellence across manufacturing is delivering tangible benefits in reducing our Scope 3 emissions and improving our resilience and operating margins.

Longer term, the strategic imperative of materials transition at Coats remains unchanged. Our most recent acquisition, OrthoLite, builds on existing synergies between our industry-leading sustainability and innovation practices. OrthoLite's Cirql™ brand, exemplifies this. Targeting the elimination of restricted chemicals used in traditional footwear manufacturing, Cirql has pioneered midsole and insole products ranging from 50% post-industrial content to 100% industrially compostable materials. While cost and manufacturing scaling considerations remain, this acquisition provides a strong basis for continued product innovation towards our sustainability targets.

At Coats we continue to embed sustainability at the core of our business, driven by both innovation and commercial execution of our sustainability targets and strategy.

**STUART MORGAN**

Chief Legal and Risk  
Office



Integrity is the foundation of our ESG strategy and the lens through which every decision is made at Coats. It is fundamental to sustaining trust and engagement across our global network of stakeholders.

This commitment is stronger than ever, as we recognize that responsible business is the cornerstone of long-term resilience and growth.

Our unwavering focus on ethics, integrity, and compliance is embedded in our Ethics Code and Business Code of Conduct, which guide every decision and interaction. These principles are reinforced through extensive training, transparent communications, recognition programmes, and rigorous auditing and investigation processes. By embedding these standards across our employees, partners, and suppliers, we create a culture where doing the right thing is not optional, it is expected. This culture continues to be a clear source of competitive advantage for Coats.

We tirelessly convey our values throughout the Group, setting the highest ethical standards and ensuring that all stakeholders have a voice and that every voice is heard. Our inclusive "Speak Up" whistle-blowing policy reflects this commitment, providing a safe and confidential channel for concerns to be raised and comprehensively investigated. Ethical dialogue is not just encouraged; it is integral to our progress.

We have strengthened our framework with new dimensions of Digital Ethics & AI Governance, Human Rights Due Diligence, and integrated climate regulatory measures well embedded in Coats' business strategy. These initiatives ensure that our principles evolve with the world around us, reinforcing our foundational values of openness, honesty, and integrity. From this position of strength, we continue to uphold our ethical reputation and deliver on our ESG strategy with confidence and purpose.

Our vision is to lead with integrity, inspire trust, and set the global standard for ethical business. This is more than a responsibility it's an opportunity to create lasting value for people and the planet. Together, we will continue proving that doing what's right is the most powerful strategy.

## Strategy Overview

## LEADERS' VOICES



**MEGAN GIANNINI**  
Chief People Officer

**Our people are the possibility of our future. When they thrive, our business and the world thrive with them. We reaffirm a simple truth, the social dimension of sustainability is not an adjunct to strategy; it is the strategy. Lasting performance is built on dignity at work, trust in leadership, and everyday respect.**

In 2025, GPTW certification covered 99% of our global workforce and we earned recognition across Asia and key markets, including Best Workplaces in Asia 2025 and India's Best Workplaces for Woman 2025. Women now hold 33% of senior leadership roles at Coats, exceeding our 2026 target of 30%.

We are shaping a culture where belonging is felt, fairness is evident, and every voice is heard. This commitment is strengthened not only through external recognition like GPTW but also through our internal 'Your Voice Matters' survey, which gives employees the platform to influence how we evolve. That starts with equitable recognition, safe workplaces, and the confidence that growth is open to all. Our "Coats for All" programme continues to champion diversity, equity, and inclusion globally, while "Coats for Her" accelerates opportunities for women to lead and succeed. These initiatives are not campaigns; they are commitments embedded in how we hire, develop, and celebrate talent.

Technology increasingly touches every role, so our pledge is clear; innovation must serve people. We ensure emerging tools such as AI empower rather than exclude, protecting privacy, elevating skills, and widening access so colleagues can work smarter without compromising values.

Our "Coats Cares" initiative mobilises employees to give back to communities through education, wellbeing, and environmental projects, making social impact tangible where we live and work.

Our invitation is to create workplaces where inclusion sparks imagination, integrity shapes every choice, and human potential knows no limits. When people stand at the heart of progress, sustainability becomes more than a goal and becomes a legacy that transforms business and society for generations to come.



## Strategy Overview

# COATS THREAD SUPPLY CHAIN

### UPSTREAM



#### RAW MATERIALS

Nearly 95% of our raw materials are oil-based plastic fibres. We are expanding our use of recycled polyester from drinks bottles. Using recycled fibres reduces oil use, extends the life of the polymers and reduces CO<sub>2</sub> emissions in the fibres by 40%.



#### SPINNING & TWISTING

This process converts the raw fibres into yarns and threads. The process uses a lot of electrical energy, accounting for about 39% of our total energy use. Good production planning and machine maintenance is key to minimising energy use.

#### DYEING

This process colours the thread. It is done with hot water and at high pressures. Overall the process accounts for around 44% of our energy use, both as electricity and fossil fuels, and 90% of our water use. Improving processes and using modern machinery is key to minimising energy and water use.



#### COATING & FINISHING

Here we apply finishes to the thread and put it onto a sales support. Packaging accounts for about 20% of sales material weight – we are working to reduce this. This process uses about 11% of our energy, mainly as electricity.



#### DISTRIBUTION

Most Coats warehouses are located alongside production units. This is because many products are manufactured against customer orders. Distribution from warehouse to customers is normally done by third parties.



#### SEWING

Thread is used largely to sew the seams that hold apparel and footwear products together. The volume of thread in the final product is normally very small, <3%. In some countries we have set up systems for collecting and reusing empty cones. At the moment, virtually all product goes to waste at the end-of-life. We are working on products that will enable greater recovery and circularity of materials.

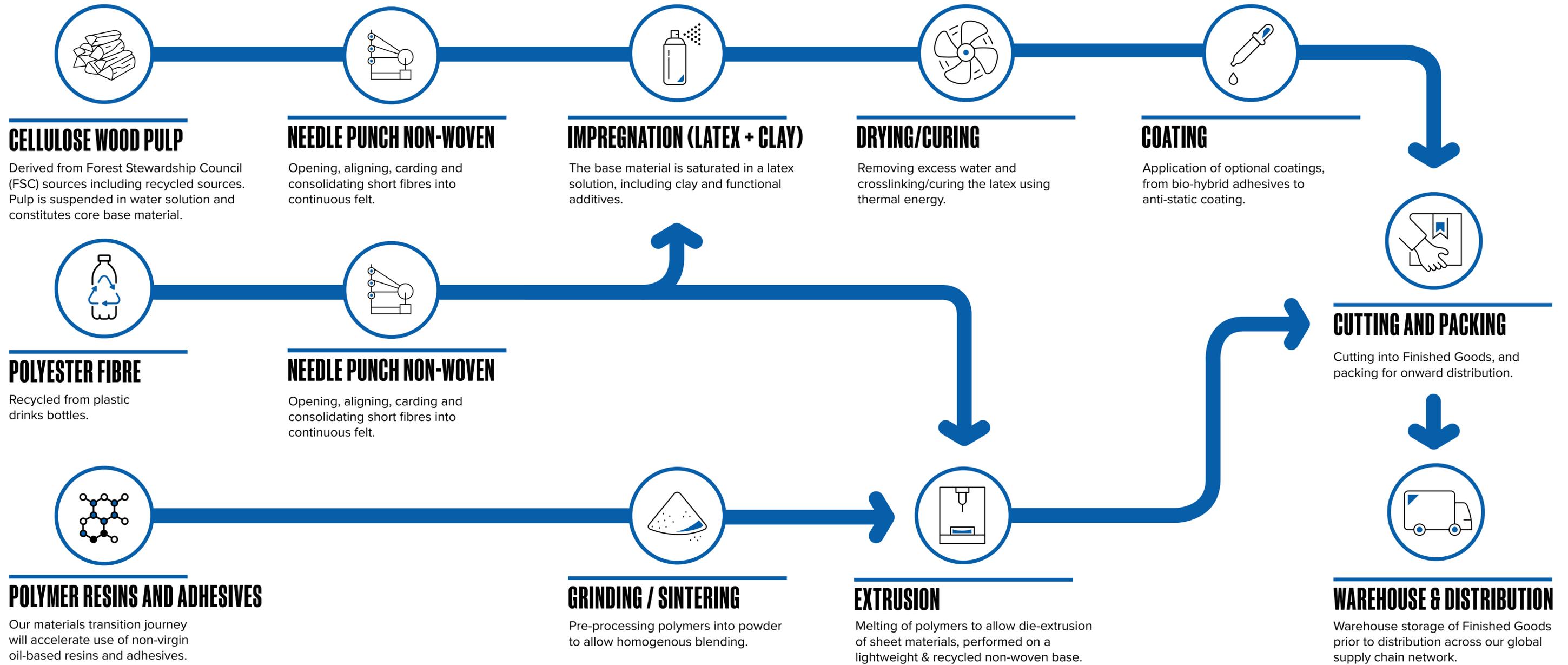
### DOWNSTREAM

## Strategy Overview

# COATS FOOTWEAR STRUCTURAL COMPONENTS SUPPLY CHAIN

### UPSTREAM

### DOWNSTREAM



# 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.

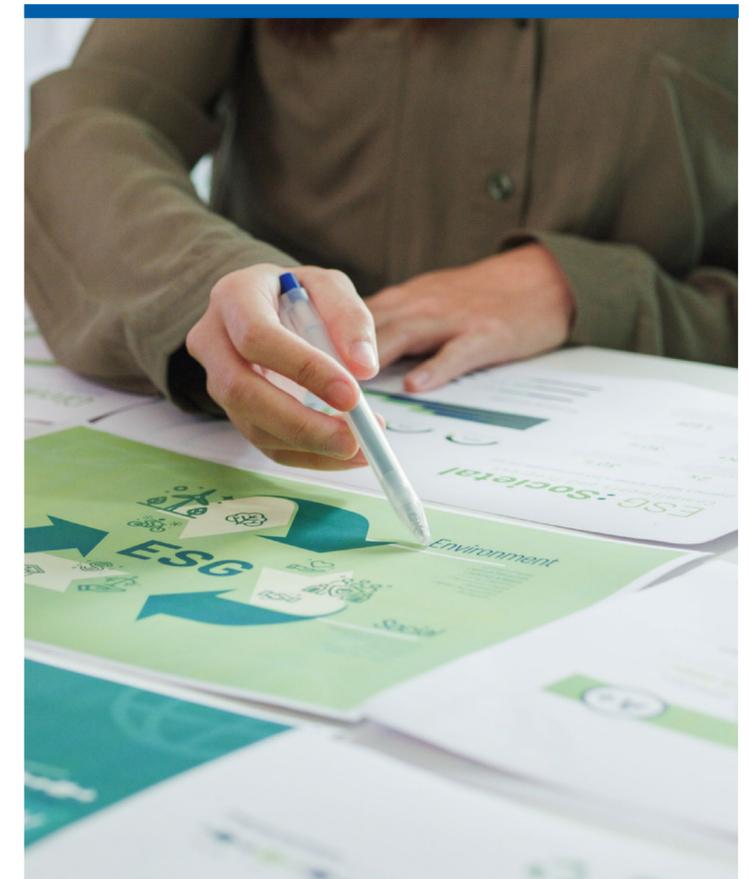
Our assessments of risks evaluate three different scenarios based on the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) data sets. We use one low carbon scenario (SSP1), a medium carbon scenario (SSP3) and a high carbon scenario (SSP5).

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](http://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:

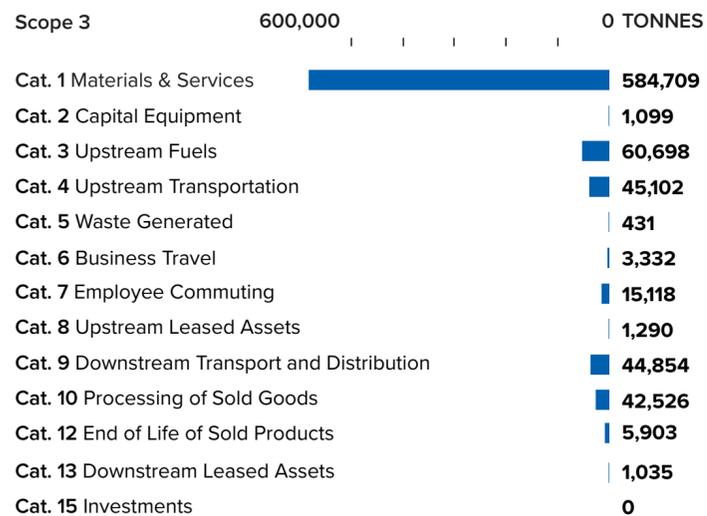
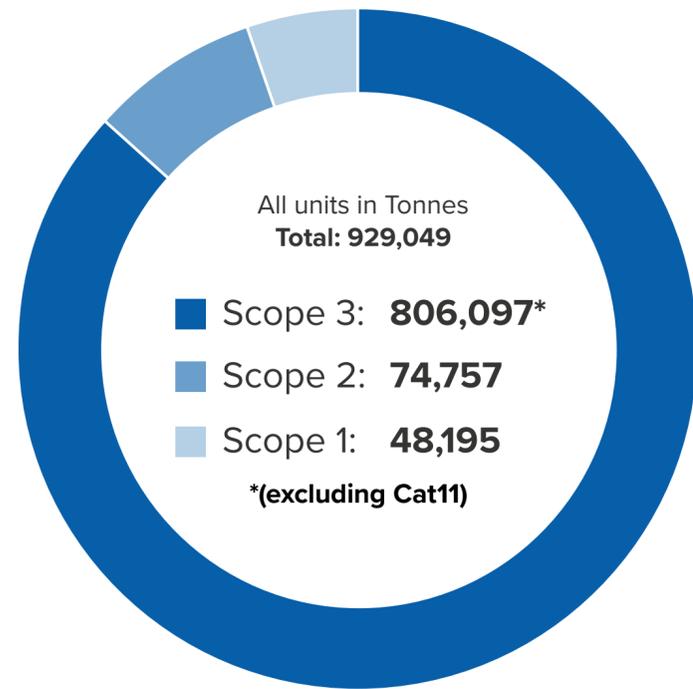
- Coats Group plc commits to reduce absolute scope 1 and 2 GHG emissions by 46% by 2030 from a 2019 base year.
- Coats Group plc also commits to increase annual sourcing of renewable electricity from 5% in 2019 to 100% by 2030.
- Coats Group plc further commits to reduce absolute scope 3 GHG emissions 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 <sub>2</sub> e <sup>1</sup>		2019	2022	2022 <sup>6</sup>	2023	2023 <sup>6</sup>	2024	2024 <sup>6</sup>	2025
<b>Scope 1 Direct<sup>2</sup></b>		73.5	59.7	59.6	51.9	52.4	52.4	52.1	48.2
<b>Scope 2 Indirect<sup>3</sup></b>	<b>Location-based</b>	232.6	201.8	175.0	172.2	155.6	181.2	163.4	167.3
	<b>Market-based</b>	190.9	122.3	116.4	59.3	59.1	37.3	34.5	74.8
<b>Scope 3 Value Chain<sup>4</sup></b>	<b>Cat 1 Products and Services</b>	746.2	731.9		609.8		642.5		584.7
	<b>Cat 3 Upstream Energy</b>	50.9	54.9		53.7		55.7		60.7
	<b>Cat 4 Upstream transportation and distribution</b>	64.8	44.1		48.1		47.6		45.1
	<b>Other Scope 3</b>	148.0	113.9		112.7		119.7		115.6
	<b>Total Scope 3 emissions</b>	1009.9	944.7		824.2		865.5		806.1
<b>Total Scope 1, 2 &amp; 3 emissions</b>		<b>1274.1</b>	<b>1126.8</b>	<b>1120.7</b>	<b>935.4</b>	<b>935.7</b>	<b>955.2</b>	<b>952.1</b>	<b>929</b>
<b>Biogenic Emissions CO<sub>2</sub><sup>5</sup></b>		<b>38.2</b>	<b>27.5</b>	<b>40.4</b>	<b>24.1</b>	<b>28.2</b>	<b>25.7</b>	<b>28.6</b>	<b>30.7</b>

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

<sup>2</sup> 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 CO<sub>2</sub>e equivalent using DESNZ conversion factors; the data is consolidated globally.

<sup>3</sup> 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 CO<sub>2</sub>e 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.

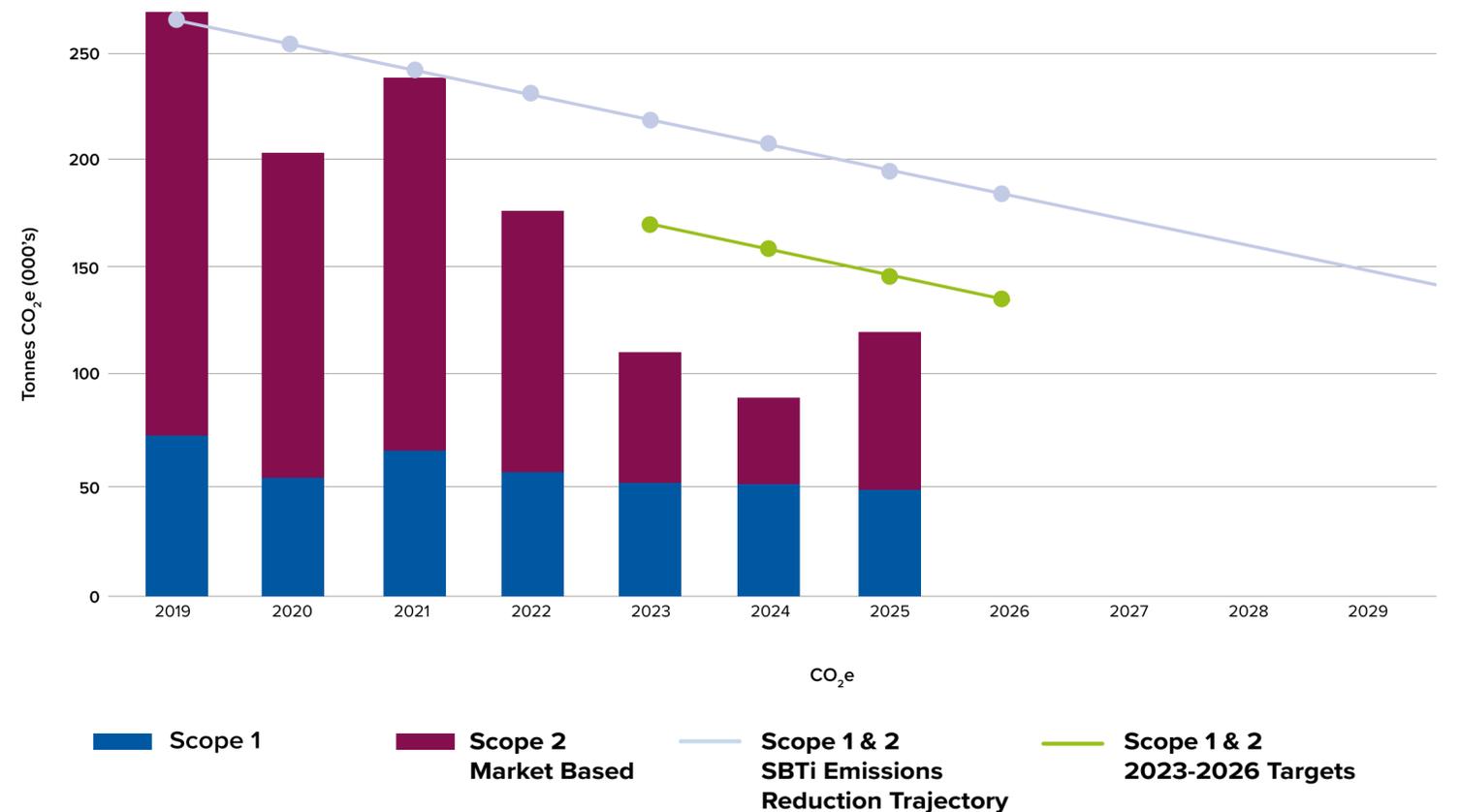
<sup>4</sup> Scope 3 value chain emissions cover all other emissions that occur throughout our product and business value chain. This includes the cumulative emissions to produce our raw materials and capital equipment and installations, product and people transport at all stages, downstream processing 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.

<sup>5</sup> Biogenic emissions cover CO<sub>2</sub> emissions that occur from burning bio-mass for the purposes of steam generation. These CO<sub>2</sub> emissions are excluded from our reported emissions, however the CH<sub>4</sub> and N<sub>2</sub>O emissions associated with bio-mass are included in our reported.

<sup>6</sup> 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.

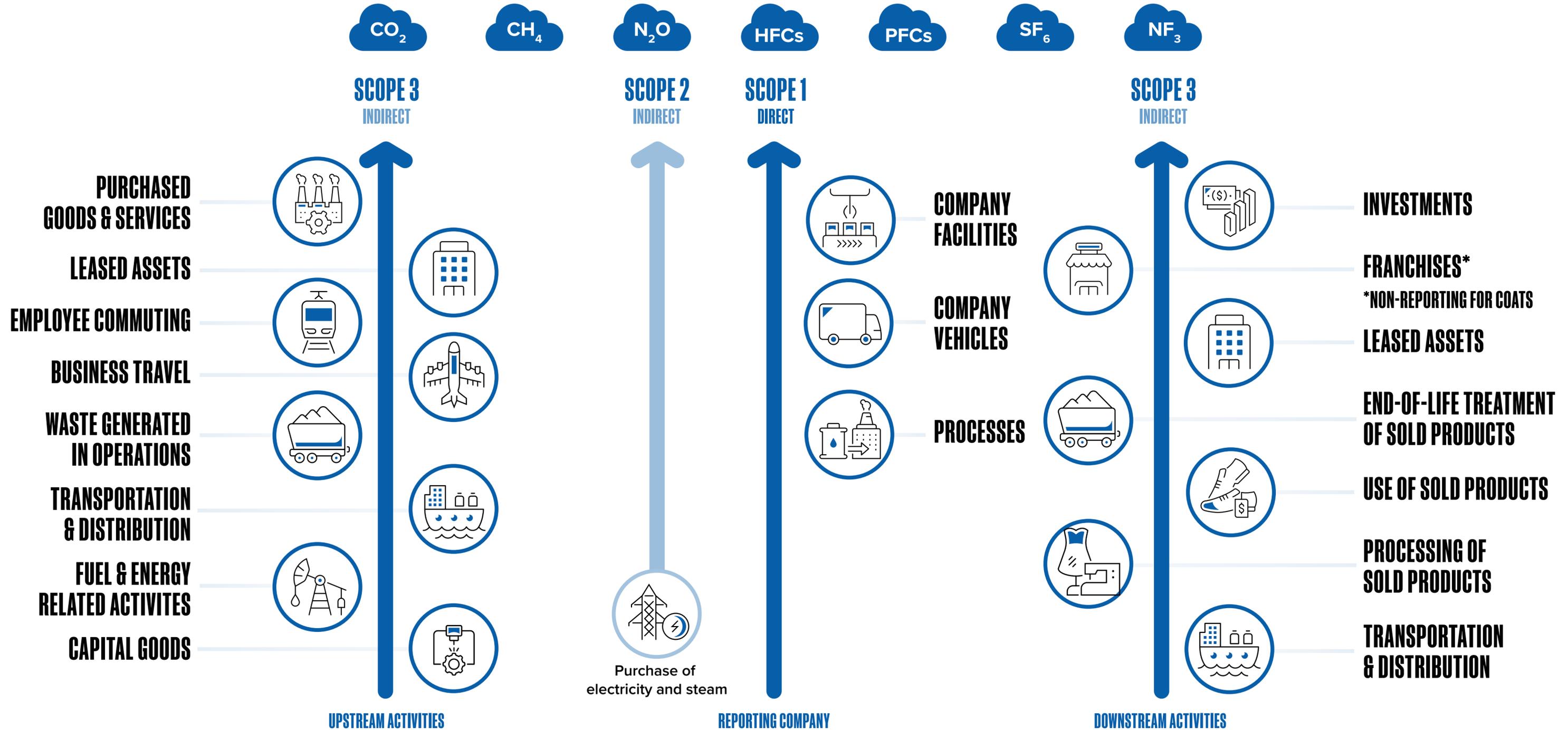
**Scope 1 and 2 Emissions by Year Versus Target**



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.

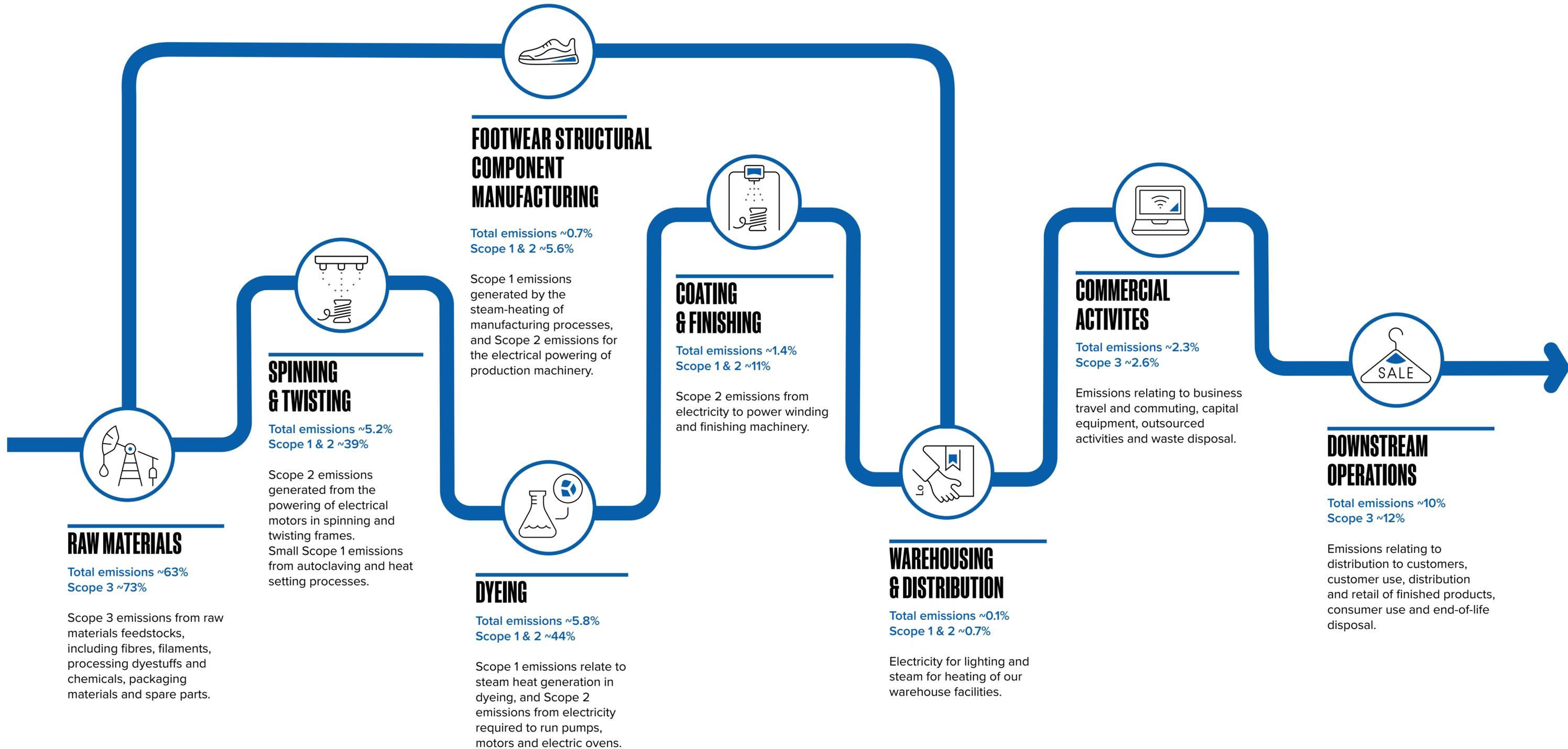
# Climate Change and Emissions

## CARBON EMISSIONS SCOPE



# Climate Change and Emissions

## CARBON EMISSIONS PROFILE



### RAW MATERIALS

Total emissions ~63%  
Scope 3 ~73%

Scope 3 emissions from raw materials feedstocks, including fibres, filaments, processing dyestuffs and chemicals, packaging materials and spare parts.

### SPINNING & TWISTING

Total emissions ~5.2%  
Scope 1 & 2 ~39%

Scope 2 emissions generated from the powering of electrical motors in spinning and twisting frames. Small Scope 1 emissions from autoclaving and heat setting processes.

### FOOTWEAR STRUCTURAL COMPONENT MANUFACTURING

Total emissions ~0.7%  
Scope 1 & 2 ~5.6%

Scope 1 emissions generated by the steam-heating of manufacturing processes, and Scope 2 emissions for the electrical powering of production machinery.

### DYEING

Total emissions ~5.8%  
Scope 1 & 2 ~44%

Scope 1 emissions relate to steam heat generation in dyeing, and Scope 2 emissions from electricity required to run pumps, motors and electric ovens.

### COATING & FINISHING

Total emissions ~1.4%  
Scope 1 & 2 ~11%

Scope 2 emissions from electricity to power winding and finishing machinery.

### WAREHOUSING & DISTRIBUTION

Total emissions ~0.1%  
Scope 1 & 2 ~0.7%

Electricity for lighting and steam for heating of our warehouse facilities.

### COMMERCIAL ACTIVITIES

Total emissions ~2.3%  
Scope 3 ~2.6%

Emissions relating to business travel and commuting, capital equipment, outsourced activities and waste disposal.

### DOWNSTREAM OPERATIONS

Total emissions ~10%  
Scope 3 ~12%

Emissions relating to distribution to customers, customer use, distribution and retail of finished products, consumer use and end-of-life disposal.



# ENERGY



## Energy Pillar



### 2025 PERFORMANCE HIGHLIGHTS

**30%**  
REDUCTION IN ABSOLUTE SCOPE 1 & 2 EMISSIONS FROM 2022

**61.6%**  
OF ELECTRICITY COVERED BY ENERGY ATTRIBUTE CERTIFICATES

At Coats Group, energy is a vital resource required for all operations and remains central to our sustainability strategy.

In 2025, our focus remains on using energy responsibly, efficiently, and innovatively, guided by our Science Based Targets and a vision for a greener future. Our energy strategy is directly linked to reducing Scope 1 and 2 CO<sub>2</sub>e emissions, with emphasis on reducing the fossil fuels burned at our production facilities to generate heat and expanding the adoption of purchased electricity from renewable sources across the Group.

#### Leading the Way in Operational Emissions Reduction

Driving our 2026 energy target, Coats committed to reducing Scope 1 and 2 emissions by 22%. By the end of 2025, we have exceeded this target, having delivered a 30% reduction in such emissions.

Our production volume output has declined by 4% in 2025 versus 2024, and whilst we have seen a 2% reduction in our absolute energy consumption, our energy intensity has increased by 1.7%. Comparing against 2022, our energy intensity has reduced by 2.9%.

In addition, Coats has surpassed our 2030 near-term target of a 46% reduction in Scope 1 & 2 emissions, having this year achieved a 50.5% reduction since the 2019 baseline. While Scope 1 emissions have been reduced by 25,000 tonnes of CO<sub>2</sub>e (34.2% reduction), primarily driven through delivery of energy efficiency programs, we have now reduced our Scope 2 emissions by 100,600 tonnes of CO<sub>2</sub>e (57.4% reduction) with continued focus on transitioning to renewable energy where possible.

These achievements reflect our dedication to both operational excellence and environmental stewardship, and while our Scope 1 & 2 reduction targets have been achieved in advance of 2030, we continue to drive further reduction in delivery of our longer-term Net Zero goal.

#### Accelerating the Transition to Renewables

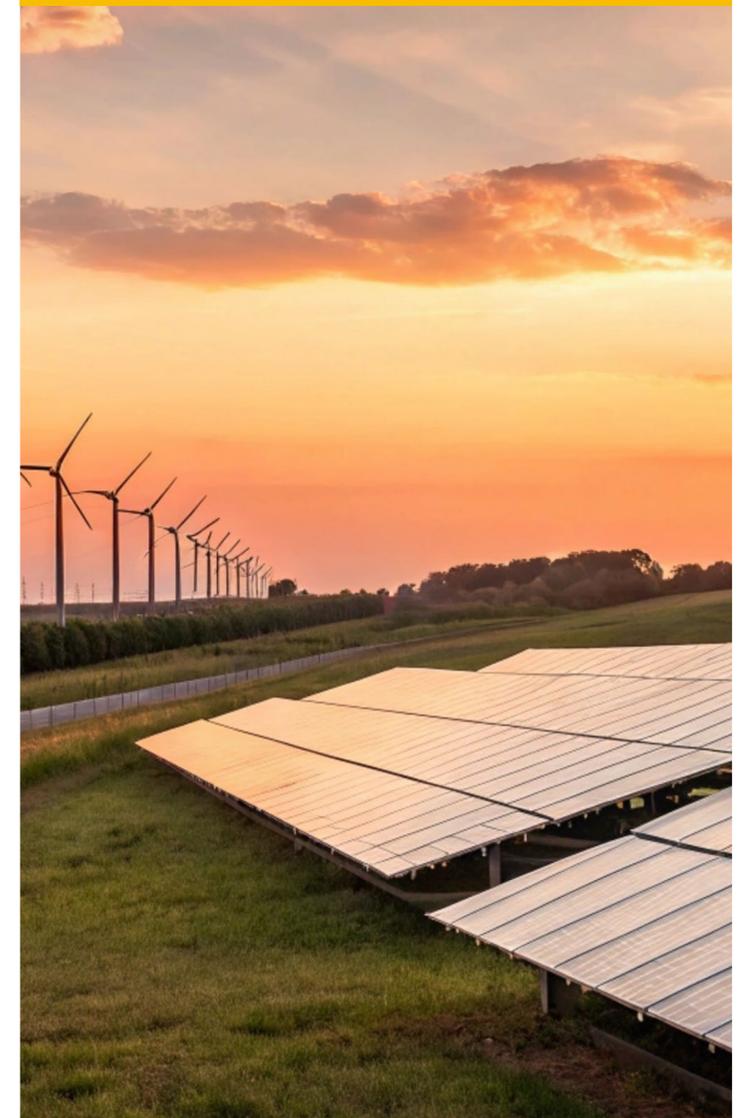
Renewable energy is at the heart of our strategy. By 2030, we aim for 70% of our total energy consumption to originate from renewable sources, and for all of our electricity to be certified renewable. As electricity accounts for 49.5% of total energy use, transitioning to renewables is the main lever for reducing Scope 2 emissions. In 2025, through our Create, Collaborate, Compensate programme, Coats generated 9.2 million kWh of onsite solar electricity and purchased 110 million kWh of certified renewable electricity via Power Purchase Agreements (PPAs), covering 2.9% and 34% of total electricity consumption, respectively. Where PPAs are unavailable, standalone Renewable Energy Certificates (RECs) compensate for non-renewable electricity, with 79.5 million kWh covered by standalone RECs this year, and representing 24.7% of total electricity consumption.

Our total percentage of electricity covered by energy attribute certificates (EACs) dropped from 74% in 2024 to 61.6% in 2025, yet our overall renewable electricity mix increased. This reduction is due to a Tamil Nadu regulatory change requiring EAC ownership transfer for offsite windfarm power to the state government, decreasing Coats India's green certified electricity from 74% to 13%. As India accounts for the highest share of our electricity use (28.6% in 2025), this rule significantly impacts both EAC coverage and Scope 2 emissions, leading to higher market-based Scope 2 emissions in 2025

versus 2024. Nevertheless, we remain ahead of our validated SBTi Scope 1 and 2 emissions targets.

#### OrthoLite Energy Impact

OrthoLite's energy consumption is less than 5% of Coats legacy and therefore its impact on Scope 1 and 2 emissions is considered immaterial.

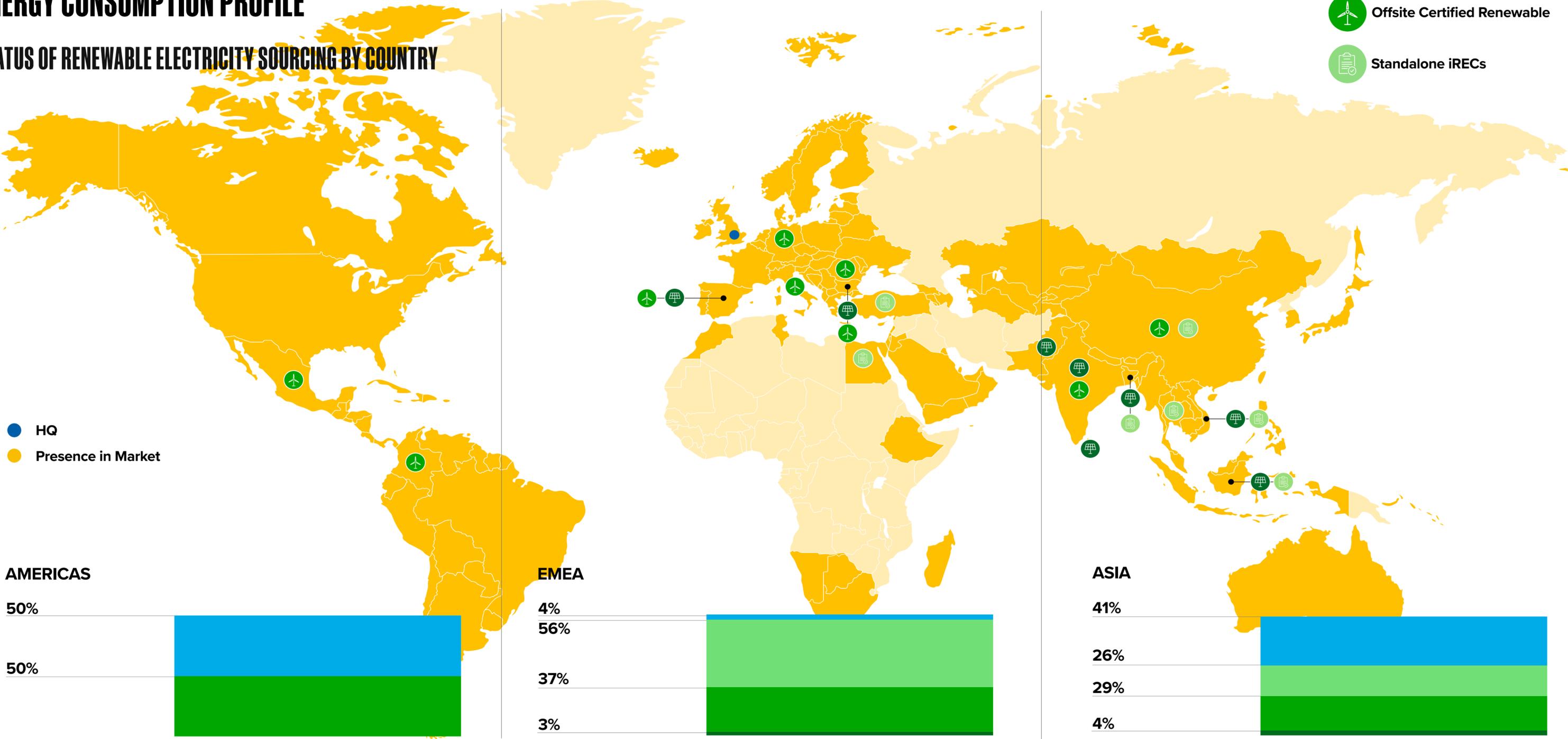


# Energy Pillar

## ENERGY CONSUMPTION PROFILE

### STATUS OF RENEWABLE ELECTRICITY SOURCING BY COUNTRY

-  Onsite Rooftop Solar
-  Offsite Certified Renewable
-  Standalone iRECs

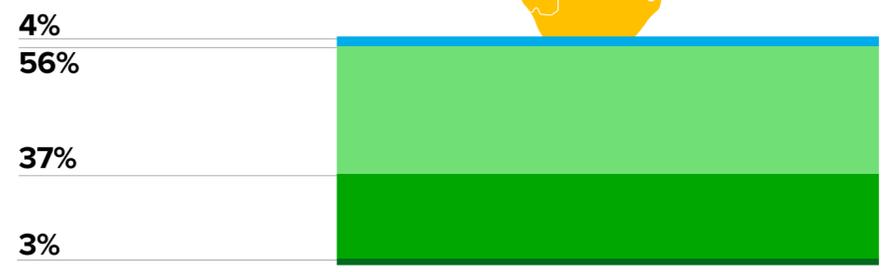


-  HQ
-  Presence in Market

#### AMERICAS



#### EMEA



#### ASIA



-  Onsite Rooftop Solar
-  Offsite Certified Renewable
-  Standalone iRECs
-  Non-Renewable

## Energy Pillar

### Investing in a Renewable Future

In 2025, 13 facilities across the Group have onsite solar facilities installed, generating 7% of their electricity consumption, with further feasibility studies planned for 2026. In addition, 18 business units have active PPAs in place, delivering certified renewable electricity from offsite solar and windfarm installations.

We work with global suppliers to ensure that replacement manufacturing equipment benefits from improved operating efficiencies and is capable of being powered by renewable sources. Traditionally, steam for our manufacturing processes has been produced by gas-fired boilers. In accordance with our Net Zero Transition Plan, we are assessing the potential to replace gas-fired boilers with electric alternatives at end of life, enabling greater efficiency, flexibility and the use of renewable electricity for heat. Our plans for this remain subject to assessment of technology readiness, electricity supply constraints and economic impacts.

### Driving Efficiency & Energy Intensity Reduction Through Innovation

Enhancing energy efficiency across our operations directly contributes to the reduction of our Scope 1 and 2 emissions. Coats remains committed to implementing both local and centrally managed initiatives aimed at lowering energy intensity throughout the organisation. Our energy intensity has improved from 6.2 kWh/kg in our 2022 baseline year to 6.1 kWh/kg in 2025. Through 2025 we tracked a total of 173 energy saving actions, delivering an overall saving of over 14 million kWhrs through process optimisation, development programmes, efficient machine parts replacement programmes, and rolling out centrally-governed change across the group.

The eSight program, launched in 2021, leverages real-time data from smart meters and sensors to

help us monitor, analyse, and optimise energy use across 12 sites. This technology empowers our teams to identify and address inefficiencies quickly, contributing to the overall energy savings delivered across the Group. Combined with data from our ERP system, eSight ensures that inter-connected departments can track and improve their energy profile, complementing our embedded culture of continuous improvement.

### SCIENCE BASED TARGETS: 2050 NET ZERO APPROVAL

Building on the approval of our interim 2030 targets to reduce Scope 1 & 2 emissions by 46%, and Scope 3 by 33%, the Science Based Targets initiative (SBTi) has confirmed that our 2050 Net Zero goal aligns with the 1.5°C pathway. By 2050, we pledge to cut absolute Scope 1, 2, and 3 emissions by 90% from our 2019 baseline, achieving Net Zero across our value chain.

Our Net Zero Transition Plan, aligned with the UK Transition Plan Taskforce framework, sets out actions to reach these targets. Key priorities include increasing recycled and bio-based materials, sourcing renewable energy, reducing fossil fuel use, and promoting electric vehicles and sustainable travel. Progress will be reviewed regularly by our Sustainability Committee, and the plan will be updated as our strategy evolves.

Coats Group's energy strategy is a testament to our belief that sustainability and business success go hand in hand. Through bold targets, innovative programs, and a relentless pursuit of efficiency, we are shaping a future where responsible energy use powers progress for our company, our communities, and our planet.

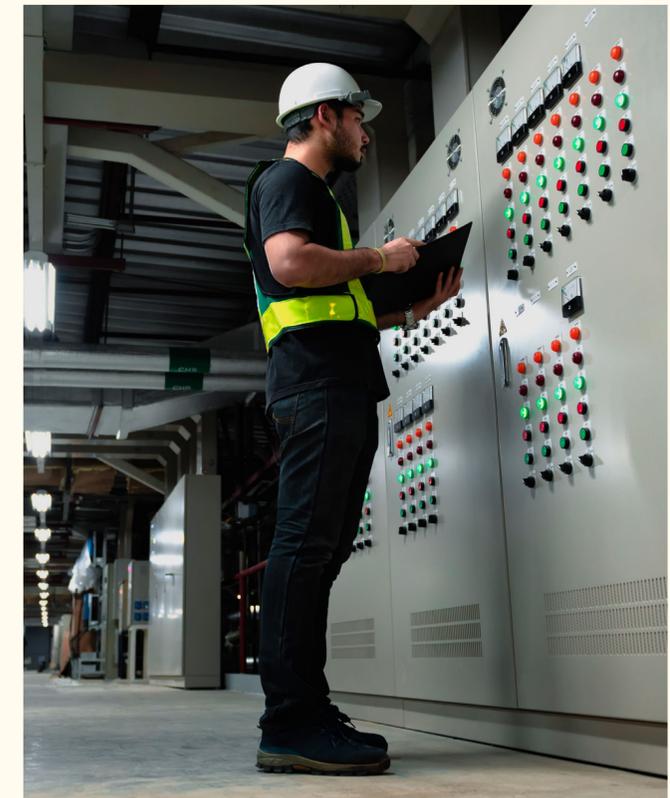
### CASE STUDY FOOTWEAR ENERGY OPTIMISATION

In 2025, our Footwear Components team in Vietnam achieved significant reductions in waste and energy use through targeted process improvements and innovative design. By redesigning die-cutters and optimising cutting patterns on composite sheets, the team reduced energy consumption per sheet by 43%, delivering an annual saving of 110,500 kWh and cutting emissions by over 70 tonnes.

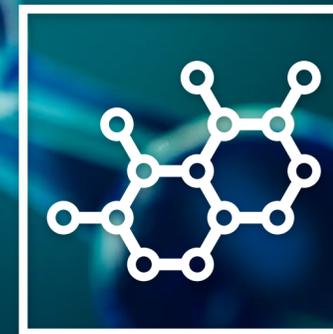


### CASE STUDY EXTERNAL ENERGY AUDITS

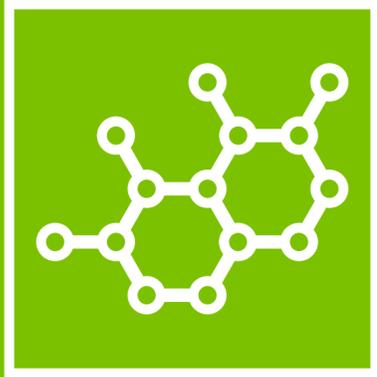
Underpinning our commitment to energy intensity reduction, Coats engaged with independent energy consultants in 2025 to carry out extensive energy audits at pilot facilities across the group. The audits target efficiency improvement opportunities concerning our operational energy and steam consumption. With agreed actions implemented at pilot sites, significant energy consumption savings are expected, justifying future audits at key facilities throughout 2026 and beyond.



# MATERIALS



## Materials Pillar



### 2025 PERFORMANCE HIGHLIGHTS

**82 kTonnes**

OF PRIMARY RAW MATERIALS - THREAD AND YARN PRODUCTS

**39 kTonnes**

OF PRIMARY RAW MATERIALS - FOOTWEAR COMPONENTS

**52%**

PREFERRED PRIMARY RAW MATERIALS

Approximately 63% of our total value chain emissions originate from the raw materials we process into finished goods. Achieving both our interim 2030 Scope 3 Science Based emissions reduction target and our 2050 Net Zero commitment depends on our successful transition to materials with lower embedded emissions.

We are committed to reducing our absolute Scope 3 emissions by 33% by 2030, compared to our 2019 baseline, in alignment with our 2030 SBTi target. Additionally, our SBTi-approved Net Zero goal is to achieve a 90% reduction in absolute Scope 3 emissions by 2050 from the same baseline year.

To date, our primary lever for reducing Scope 3 emissions associated with our raw materials has been through transition to preferred non-virgin oil-based materials. We are progressing well against our 2026 interim target to transition to 60% of non-virgin oil-based materials, achieving 52% transition in 2025, up from 31% in our 2022 baseline year.

Despite this positive progress in increasing the use of preferred materials, we are now approaching the limit of customer acceptance given the price increases that are necessary due to the higher cost of these recycled and bio-based feedstocks.

Moving forward, our approach to materials decarbonisation will place increased emphasis on supplier initiatives to complement ongoing materials innovation work. In 2025, through comprehensive collaboration with suppliers and conducting lifecycle impact assessments on several high-volume raw materials, we identified that a significant proportion of embedded carbon is attributable to the energy

used in upstream manufacturing processes rather than exclusively from the original raw material feedstock.

In the long-term, we expect the EU Green Deal regulations to increase the availability of non-virgin oil-based materials making their supply more cost competitive. While transitioning to alternative materials will remain integral to our long-term Net Zero decarbonisation strategy, we will pursue these opportunities only where they make commercial sense to do so.

Across our Apparel and Footwear Divisions, our products are designed to ensure superior performance while reducing raw material and energy consumption throughout the manufacturing process. Achieving consistently high product quality without over-engineering requires careful management, a goal our innovation and product development teams pursue by sourcing optimal raw materials and continually refining process technologies. This commitment extends to our indirect materials, particularly packaging that safeguards our products in transit and supports that ensure smooth thread unwinding with minimal customer waste. Recognising that our operations form part of a broader supply chain, we collaborate closely with suppliers and customers to ensure that inter-company product transfers maximise productivity and performance while minimising waste.



#### OrthoLite Materials Impact

Use of preferred materials is a core element of OrthoLite's sustainability strategy with high levels of recycled content across their in-soles portfolio. We will work to integrate this into Coats reporting though 2026.

## Materials Pillar

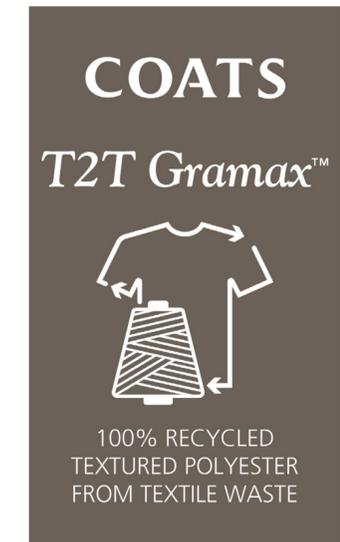


### AT COATS WE ARE COMMITTED TO IMPLEMENTING CIRCULAR MATERIAL FLOWS WHERE EXTERNAL INFRASTRUCTURES ALLOW.

After many months of supplier collaboration and product trials in our Madurai Sustainability Hub, in 2025 we launched Textile-to-Textile proof of concept sewing threads made from post-industrial and post-consumer textile waste. Using a patented chemical recycling process, the strength, durability and colour fastness of Coats Textile-to-Textile sewing threads are on a par with standard Coats threads, and they can be switched out on sewing machine lines without any level of downtime.

Every year, millions of textile garments end up being sent to landfill, or are incinerated. The Coats Textile-to-Textile thread products repurpose textile waste, reducing environmental impact. This new innovation will further support our Brand partners on their own strategic materials transitions towards a circular economy, enabling circular content from textile waste for the most critical ingredient of the garment.

Our innovation teams are collaborating with material technology companies and emerging start-ups to assess a variety of materials that utilize monomer building blocks synthesized from bio-based feedstocks, including agricultural waste. While this technology remains in its early development phase, we are committed to pursuing new material solutions to reduce our long-term reliance on virgin oil-based resources.



In 2025 we have become members of Cascale, formerly the Sustainable Apparel Coalition, who support organisations in decarbonising their upstream supply chain through a multifaceted approach. Cascale develops and maintains the Higg Index suite which enables suppliers to measure environmental performance across their supply chains, covering energy, water, materials and greenhouse gas emissions. Cascale have introduced an Industry decarbonisation Roadmap, developed in collaboration with the Apparel Impact Institute and RESET Carbon to help guide strategic emissions reduction efforts in high-impact suppliers.

During 2025, we identified our key strategic suppliers who significantly contribute to the carbon embedded within our raw materials and convened our inaugural decarbonisation workshop. This session included suppliers representing primary categories such as polymer chip, fibres and filaments, dyes and chemicals, and packaging materials. We outlined Coats' climate commitments and emphasised the necessity of a collaborative approach from our principal suppliers to achieve

## Materials Pillar

emissions reductions across our broader value chain. All participating suppliers were encouraged to enrol in the Higg Facility Environmental Module (FEM) to enhance transparency regarding their emissions profiles and to establish targets for reducing emissions through adoption of renewable electricity and implementation of energy efficiency programmes. Suppliers were also asked to provide Cradle to Gate Life Cycle Impact Assessments for the main raw materials supplied to Coats. Supplier engagement in this initiative has been highly positive, and we plan to expand this methodology to further contribute to our Scope 3 decarbonisation efforts through 2026 and beyond.

Through 2025, our operations utilised 121 thousand tonnes of direct raw materials. The majority of these materials consist of fibres and filaments incorporated into our thread products, with 96% being synthetic plastics and the remaining 4% primarily comprising cellulosic fibres. For our footwear structural components, a broader array of primary raw materials is employed, including cellulose, polyester fibres, latex, thermoplastic polyurethanes, and ethylene vinyl acetates.

The manufacturing of footwear structural components requires a wider and more diverse selection of raw materials than the production of thread or yarn. This complexity arises from the numerous types of structural components used in footwear, each with distinct technical requirements necessary for optimal performance throughout the shoe's lifespan. Our Footwear Innovation Team manages material transitions on a product-specific basis, prioritizing raw materials that are both high in volume and environmental impact. Throughout this process, we ensure that technical properties are maintained when adopting more sustainable alternatives.

Of the total 121 thousand tonnes of direct raw materials used by Coats Group, 82 thousand tonnes are allocated to threads and yarns, while 39 thousand tonnes are utilized for raw materials in structural footwear components.

We define sustainable materials according to Textile Exchange's "Preferred Materials" guidelines, focusing on fibres with better environmental or social outcomes than conventional options. Our sustainable materials include recycled synthetics, Canopy-certified cellulose, renewable cotton (organic and BCI), and bio-based PLA. We measure material transition by purchase volumes and goods received, in line with Greenhouse Gas Protocol Scope 3 requirements.

We remain highly conscious of the necessity to uphold sustainable sourcing standards throughout our entire upstream supply base; a responsibility that grows more intricate as we expand our materials portfolio. Although accounting for less than 3% of our raw materials, we have enforced robust procurement policies ensuring that all cotton is sourced exclusively from suppliers who mitigate social and environmental risks commonly associated with certain regions within the global cotton industry. We actively support responsible sourcing organisations, such as the Better Cotton Initiative, and have maintained a longstanding prohibition on procuring cotton from high-risk areas.

Our supply chain utilises animal-based products only to a minimal extent. The sole use of such materials is in our new footwear units, where we recycle waste leather into new products and do not incorporate any virgin leather. Additionally, we do not use any animal-based fibres.

### CASE STUDY FOOTWEAR MATERIALS INNOVATION

In 2025, we advanced sustainable materials innovation with the launch of our Rhenoprint™ RP Flow and RP Wave toe box solutions—the first high-performance Rhenoprint toe boxes to incorporate significant recycled content. Both products use approximately 70% recycled materials, including recycled TPU, recycled acrylic glass, and post-consumer cork from bottle closures, marking a major shift from previous formulations.

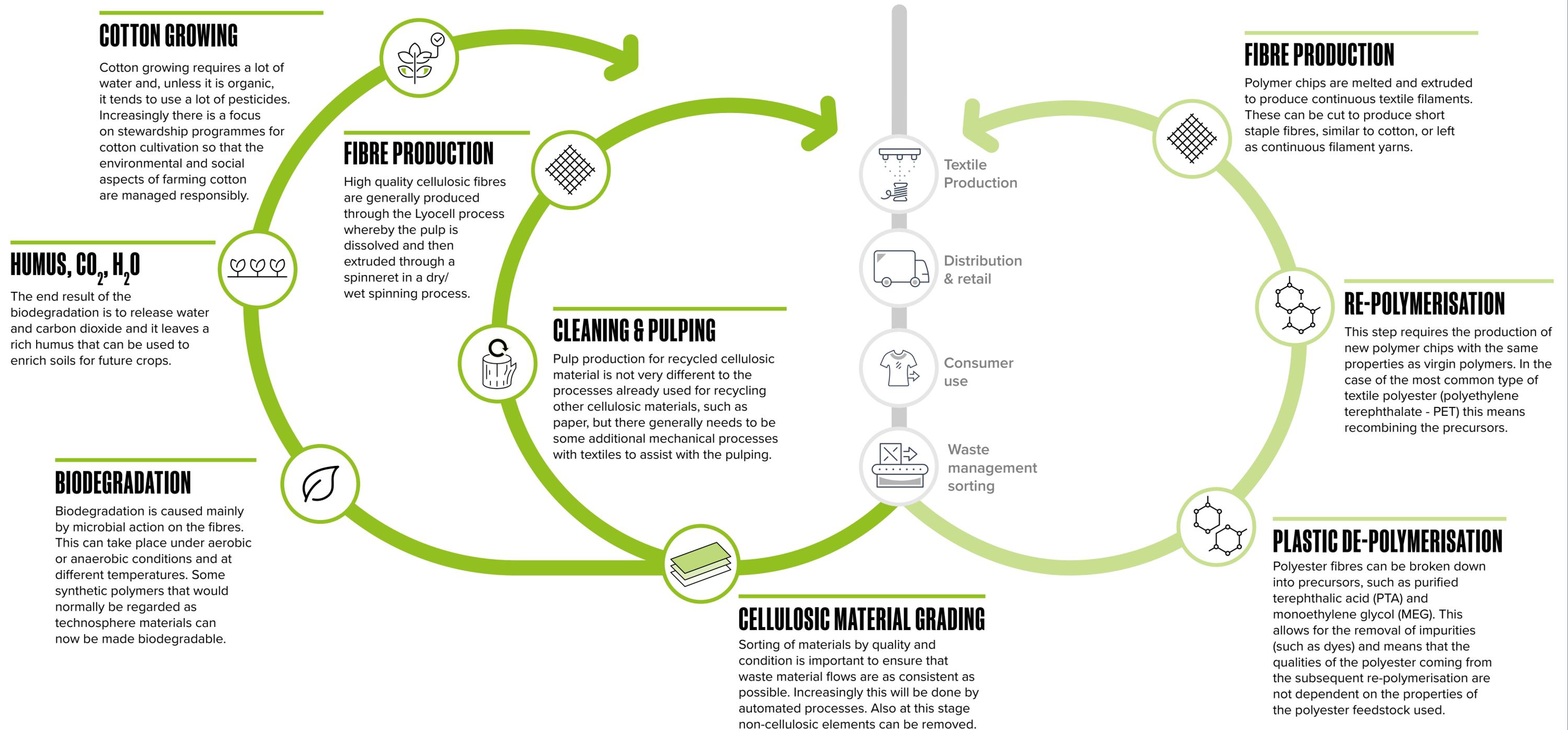
Manufactured through a zero-waste Rhenoprint process that eliminates cutting and skiving losses, RP Flow and RP Wave significantly improve material efficiency while delivering the durability, waterproofness, and shaping precision required for performance and lifestyle footwear. Both solutions are GRS certified, ensuring credible verification of recycled content and traceability.

As our most sustainable Rhenoprint toe box materials to date, RP Flow and RP Wave support our strategy to decarbonise footwear components through targeted material innovation. They help our customers reduce the environmental footprint of footwear manufacturing without compromising quality or process reliability, demonstrating measurable progress toward a more circular materials portfolio.



## Materials Pillar

# COATS GLOBAL CIRCULARITY

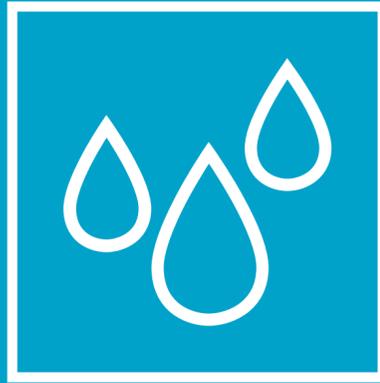




# WATER



## Water Pillar



### 2025 PERFORMANCE HIGHLIGHTS

**25%**  
INCREASE IN WATER RECYLING RATE FROM 2022

**3.9 million**  
INDIVIDUAL THREAD BATCHES DYED

**10%**  
WATER INTENSITY REDUCTION FROM 2022

**210,000**  
DISCRETE SHADES DYED ON THREAD

Water is an essential resource and the textile industry, in particular, is dependent on water for dyeing and washing operations, placing a demand on freshwater extraction in the regions where we operate.

Recognising the importance of water, we continue to prioritise water management as a core pillar in our sustainability strategy.

Our overarching objective under our water pillar is to reduce freshwater extraction and this is delivered through increases in our water recycling rate, coupled with reduced water intensity across our operations.

We are committed to managing our water consumption responsibly. We actively monitor two key water related metrics to underpin our journey towards sustainable operations. While we continue to reduce our overall water intensity through various initiatives, we have made significant progress towards our 2026 goal of increasing our water recycling rate by 33% from a 2022 baseline. In 2025, we recycled over 1.1 million cubic meters of water from our operations, which translates to a 25% recycling rate increase since 2022, and an 11% improvement since 2024. In addition, Coats saved 23,800 cubic meters of process water usage through continuous improvement initiatives adopted in 2025.

## WATER RECYCLING

### Water Demand at locations Where Water Stress Levels are Considered High

Water Consumed in High Water Stress Areas (m <sup>3</sup> )	933,817
% of Total Water Consumed in Areas of High Water Stress	27%
Fresh Water Extraction In High Water Stress Areas (m <sup>3</sup> )	793,361
% of Total Water Extracted in Areas of High Water Stress	33%

Water plays a critical role in our dyehouse operations as it serves as the solvent in which dyestuffs are applied to textile substrates. While we continuously pursue initiatives to reduce the water intensity of our dyeing operations, we recognise the technology constraints presented by existing process technologies. Nonetheless, our challenging water recycling goals further reflect our ongoing commitment to minimising overall freshwater extraction.

In 2025, we invested in two high-capacity water recycling installations at our thread manufacturing units in Bogor (Indonesia) and Chittagong (Bangladesh) with the former fully commissioned and operational from December 2025 and the latter expected to be commissioned later in 2026. The designed capacity at each location targets a minimum 50% recycling rate of total water consumption, with a combined saving over 180,000 cubic metres of fresh water extraction per year.

We now operate 15 manufacturing facilities across the Group with water recycling capacity, recycling 1.1 million cubic meters of water in 2025, representing over 30% of our total water consumption: a volume now equivalent to over 440 Olympic-sized swimming pools and delivering a 25% improvement from our 2022 baseline year. Approximately 46% of the water which we recycle takes place in higher water-stressed regions, as identified by the World Resources Institute Aqueduct Tool, reducing the impact of our water-reliant operations.

While we have continued to improve our water recycling rate across the business, one of our key sites in India, historically our largest recycler by volume, has significantly reduced its water use overall through ongoing process and operational optimisation. Because this site now requires much less water to operate, the total amount of water available to recycle has naturally decreased, even though the site is still recycling a very high percentage of what it uses.

## Water Pillar

This reduction in the absolute volume of recycled water at such an important site has had a notable impact on our global recycling results, limiting the increase in our overall recycling rate. From an environmental standpoint, however, this is a positive outcome: the reduction in water intensity at the site supports our broader goal of lowering freshwater extraction.

### WATER INTENSITY

Water intensity refers to the volume of water required to produce a specified quantity of finished goods, measured in litres consumed per kilogram of product (Ltr/Kg). In 2025, our thread operations manufactured 62.8 million kilograms of thread across more than 3.9 million individual batches, and our Footwear Structural Components operations produced 43.9 million kilograms of finished goods. Throughout all manufacturing sites, total water consumption amounted to 3.76 million cubic meters, with 90% allocated to dyehouse operations and 10% dedicated to Footwear Components production.

Since 2022 we have delivered a further 0.6% improvement in water intensity, reducing from 35.4 Ltr/Kg to 35.2 Ltr/Kg in 2025. This has been possible through continued focus on innovation, process optimisation, and roll out of best practice water-saving initiatives, ensuring all business units, and the communities in which they operate, benefit from such improvements.

Water-saving initiatives are essential for both environmental preservation and supporting local communities. By reducing consumption, we help to protect ecosystems, safeguard water resources for communities, and in parallel build operational resilience.



### CASE STUDY PERFORMANCE PROTECTING WATER

Continuous improvement remains core to advancing operational excellence across the Coats Group, and successful implementation improves not only productivity, energy efficiency, and waste reduction, but also has a positive impact on our water consumption.

In 2025, the Apparel division improved key performance indicators through workshops, peer reviews, employee upskilling, and the transfer of new best practices to all production units. Enhanced 'Right First Time' performance saved over 11 million litres of water previously used for dyehouse reprocessing, equivalent to 4.5 Olympic-sized swimming pools.



### CASE STUDY CLEANER BY DESIGN

Innovation is a key enabler for delivery of sustainability at Coats. Our global Innovation Hubs develop solutions that reduce environmental impact, while partnerships with leading equipment manufacturers help us integrate advanced technologies into our operations.

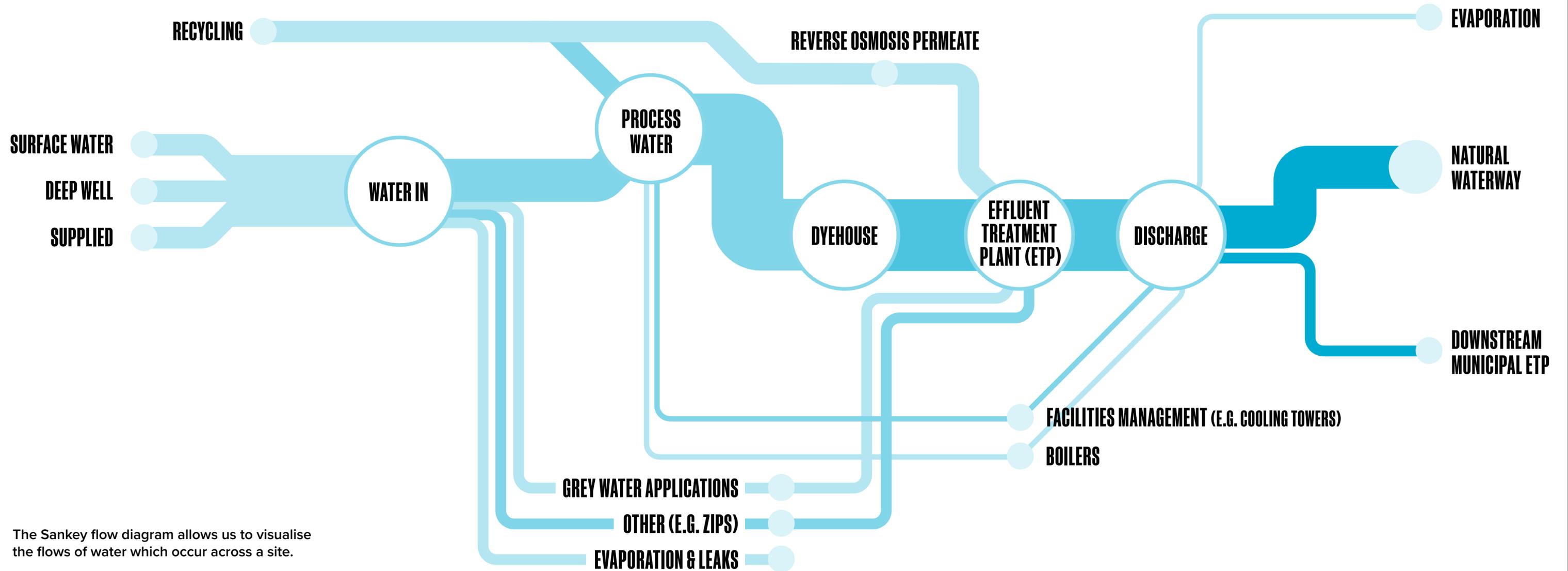
One challenge is the regular cleaning of factory equipment, which traditionally consumes significant water and energy. In China, we have collaborated with a manufacturer specialising in automotive machinery to design a bespoke standalone cleaning system to Coats specifications. The prototype, now under construction, will deliver superior cleaning performance while using less energy, water, and fewer chemicals. Each year, we consume over 50,000 cubic metres of water to clean thread dyeing equipment. With the enhanced feature of integrated water recycling, the new technology aims to half the respective consumption at sites where the system is deployed.



## Water Pillar

# WATER PROCESS

With the majority of our water consumption required by dyeing operations, this illustration charts the incoming and outgoing water courses at a typical thread and yarn dyeing facility.



The Sankey flow diagram allows us to visualise the flows of water which occur across a site.

The use of these tools at a unit level can help us to understand where there are performance differentials and hence opportunities between our plants, and this is the focus of our ESG Utilities programme.

# WASTE



## Waste Pillar



### 2025 PERFORMANCE HIGHLIGHTS

**100%**  
WASTE TO LANDFILL REDUCTION  
FROM 2022 BASELINE

**69%**  
OF WASTE RECYCLED OR REUSED

**99.97%**  
EFFLUENT COMPLIANCE  
(ROADMAP TO ZERO PROGRAMME)

At Coats, our approach to waste management remains integral to our Sustainability Strategy and forms one of our five core sustainability pillars.

In 2025, we reaffirmed our commitment to responsible waste stewardship through continued focus on two primary targets: achieving a zero waste to landfill status, and driving 100% effluent compliance in the Roadmap to Zero programme. In addition, our production, procurement, and environmental teams across Coats have implemented waste intensity reduction and circularity initiatives with significant environmental impact, detailed throughout this section.

#### Achieving Zero Waste to Landfill

In our 2022 baseline year, 28 business units sent 2,102 tonnes of waste to landfill. By 2024, this figure dropped to 237 tonnes, equivalent to an 89% reduction, and representing just 1.4% of total waste generated. By the end of 2024, Coats reduced landfill waste to zero across our global operations, and we successfully maintained this status through 2025, one year ahead of our 2026 target (with regulatory and permissible exceptions excluded, where the processing of certain hazardous waste is limited to specific treatment and disposal pathways, or where controlled landfill is mandated).

#### Waste Management through Systems Application

Our success in reducing landfill waste is underpinned by a deep understanding of waste origins and improved coordination of non-landfill disposal routes. Our strong waste performance is facilitated through our Sustainability App, which collects, analyses, and generate insights from waste data across more than 60 business units. The application, aligned with the EU Waste Framework, categorises waste

into 36 types and tracks destinations such as reuse, recycling, incineration (energy conversion), and landfill. Waste is sub-classified as hazardous or non-hazardous. Monthly data uploads provide a rich source for trend analysis and aid identification of improvement opportunities, which are then actioned by local teams.

- **Reuse:** Items removed from Coats facilities and repurposed offsite, such as donating office furniture to community centres or schools. In 2025, 2,498 tonnes (14%) of our waste was reused.
- **Recycle:** Materials sent to certified recycling stations. In 2025, 10,186 tonnes (55%) of our waste was recycled.
- **Incineration:** Waste that cannot be reused or recycled is incinerated under controlled conditions for energy conversion. In 2025, 5,071 tonnes (27%) of waste was converted to energy.
- **Landfill:** In 2025 we delivered zero waste to landfill (with two tonnes of hazardous medical and asbestos materials excluded due to the limited treatment and disposal pathway regulation).

#### Waste Intensity

Using the data from our Sustainability App, we track waste intensity at Group, Divisional, and business unit levels, quickly identifying and providing insights which enable the rapid delivery of remedial activities. In 2025, despite successful delivery of waste reduction programs across the group, our waste intensity performance marginally increased by 8.3% from the previous year. This was largely due to the disposal of accumulated thread and composite waste materials, following Divisional continuous improvement activities. However, with new circular recycling operations established for such materials in 2025, we foresee a strong opportunity to deliver a reduction in waste intensity in 2026.

#### Advancing Circularity in Textiles

Coats is committed to advancing circularity and addressing the challenges of building a circular economy. As the shift from traditional linear waste models is gaining traction among consumers and throughout the value chain, we embed circularity through three main approaches: internal waste processing, materials innovation, and developing new products that promote circularity across the textile industry. Our internal circular program aims to convert waste into feedstock for manufacturing items supplied back to Coats. Our innovation and sustainability teams focus on developing threads and trims that support a circular economy, dedicating resources to R&D for new, innovative products. Following the 2025 pilot launch of our Textile to Textile premium sewing threads, we also aim to increase our use of recycled textile waste, moving beyond the reliance of recycled PET bottle feedstocks.



#### Internal Circular Recycling

Our teams continue to identify opportunities for closed-loop circular recycling for plastic, cardboard, composite, and wood packaging waste materials. Examples include re-chipping plastic dyeing centres to create feedstock for thread supports and returning cardboard boxes to recyclers for repulping into new packaging.

## Waste Pillar

Achieving internal circularity requires strong engagement with suppliers and manufacturers, and our procurement and innovation teams are developing methods to recycle thread production waste in a circular manner. In 2025, our footwear components teams used new technologies to circularly reprocess 526 tonnes of composite production waste into new feedstock (see Case Study on the right).

Circular Reprocessing	
Materials which have been reprocessed through circular pathways, converted to feedstock to produce products used at Coats facilities.	
WOOD	149 TONNES
COMPOSITES	203 TONNES
THREAD & FIBRE	206 TONNES
PLASTICS	1,357 TONNES
PAPER & CARDBOARD	1,726 TONNES

### Circular Product Innovation

At Coats, we assess the needs of the textile industry and seek innovative solutions for two circular product pathways: garment and footwear reuse, and effective recycling of end-of-life materials. In 2024, around 120 million tonnes of garments were discarded, but only 12% were collected, sorted, and reused in their exiting form<sup>1</sup>. Durability is essential for garments to be resold or reused, so we continue to develop new threads that enhance garment longevity.

When garments reach end-of-life, their materials can still contribute to the circular economy through textile recycling. However, less than 1% of discarded clothing is collected and recycled into new textile fibres annually due to recycling constraints<sup>1</sup>. More effective recycling requires materials separation to avoid contamination. By developing and supplying products that support garment disassembly and facilitate mono-material recycling, Coats takes a pioneering lead in support of the wider textile circular economy.

To date, our recycled premium polyester threads have been made from polymer chips derived from recycled PET bottles. As the drinks industry shifts to circular PET bottle returns, our innovation teams collaborate with fibre and filament manufacturers to transition to recycled textile feedstock, with the goal of creating a truly closed-loop textile-to-textile production system.

<sup>1</sup>Statistic Reference: Boston Consulting Group Spinning Textile Waste into Value (12 August, 2025)

## CASE STUDY

### CLOSING THE LOOP FOR A SUSTAINABLE FUTURE

Traditionally, our Footwear Division has championed circularity through Ecopel, a pioneering material created from factory cutting waste, recycled into pellets, and reused in Reform heel counter production. Over time, the use of Ecopel has increased with the growth of the Reform product range, scaling up the circular recycled feedstock opportunity across new materials. In 2025, Coats consumed 526 tonnes of such Ecopel feedstock in our production processes, saving the equivalent consumption of virgin raw materials, having increased in volume by 85% since the previous year.

With the Reform line refreshed to include higher recycled content than initially designed, through our committed development of circular materials and processes, we continue to push boundaries in sustainable design, reducing waste and driving a closed-loop future for footwear manufacturing.



## Waste Pillar

### CASE STUDY CUTTING EDGE SOLUTIONS REDUCING WASTE INTENSITY AT SOURCE

Cross-functional collaboration at our Vietnam Footwear Division’s composite sheet cutting facility delivered measurable operational gains in 2025. By combining operational and engineering expertise, the team achieved a 27% reduction in composite waste, saving 66 tonnes of associated raw materials, and eliminating associated disposal impacts.

Residual waste from cutting structural components is unavoidable, however, through optimised cutting patterns and bespoke tooling designed to tight engineering specifications, waste volume was significantly reduced. In addition, the enhancements improved production efficiencies (see Energy, Case Study Page 31), delivering both environmental and operational benefits.



### EFFLUENT COMPLIANCE - ROADMAP TO ZERO

Coats remains committed to eliminating hazardous chemicals from our supply chain. Compliance is assessed through the Roadmap to Zero programme under the Zero Discharge of Hazardous Chemicals (ZDHC) framework, with our manufacturing units evaluated against the updated standard in 2025.

Effluent control begins with strict governance of incoming chemicals via our restricted substances list, ensuring raw materials meet compliance before entering production. This approach is supported by enhanced procurement processes, chemical inventory reviews, and expanded Chemical Officer training. In 2025, over 12,000 analytical tests were conducted\*, with only four marginally outside the ZDHC foundational limit delivering a compliance rate of 99.97%. This marks another year of improvement since joining the programme in 2016.

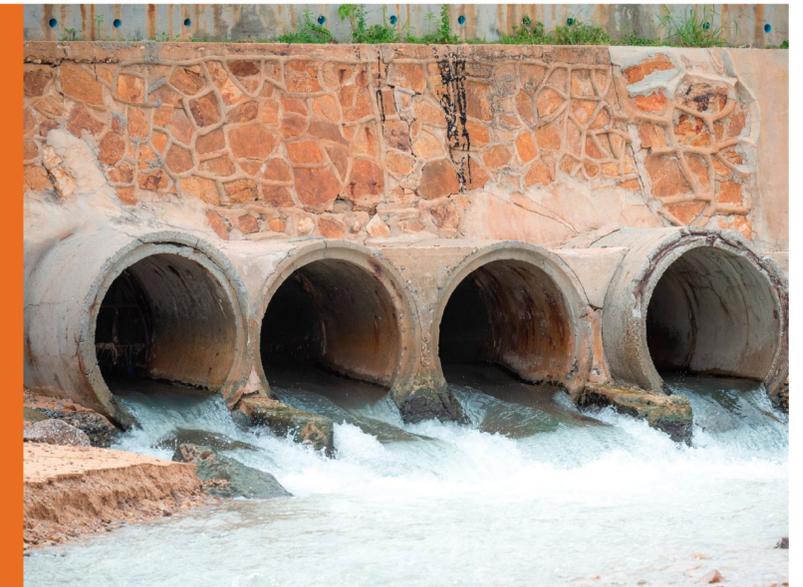
As material specifications tighten and we expand the use of recycled and bio-based inputs, Coats is strengthening measures to prevent contaminants from entering the supply chain. Enhanced internal controls, close collaboration with suppliers, and global investigative resources underpin our approach to maintaining compliance and achieving KPI targets.

All of our discharged effluent complies with local regulatory limits. Effluent quality is monitored continuously at sites with direct discharge wastewater treatment plants. Online sensors track key parameters (temperature, pH, chemical oxygen demand, biological oxygen demand, and total suspended solids) supported by real-time dashboards and automated alerts that activate when readings approach tolerance limits.

\*Direct discharge production sites in Sevier, US, and Pereira, Colombia, are excluded due to absence of ZDHC approved test laboratory in proximity.

#### OrthoLite Waste Impact

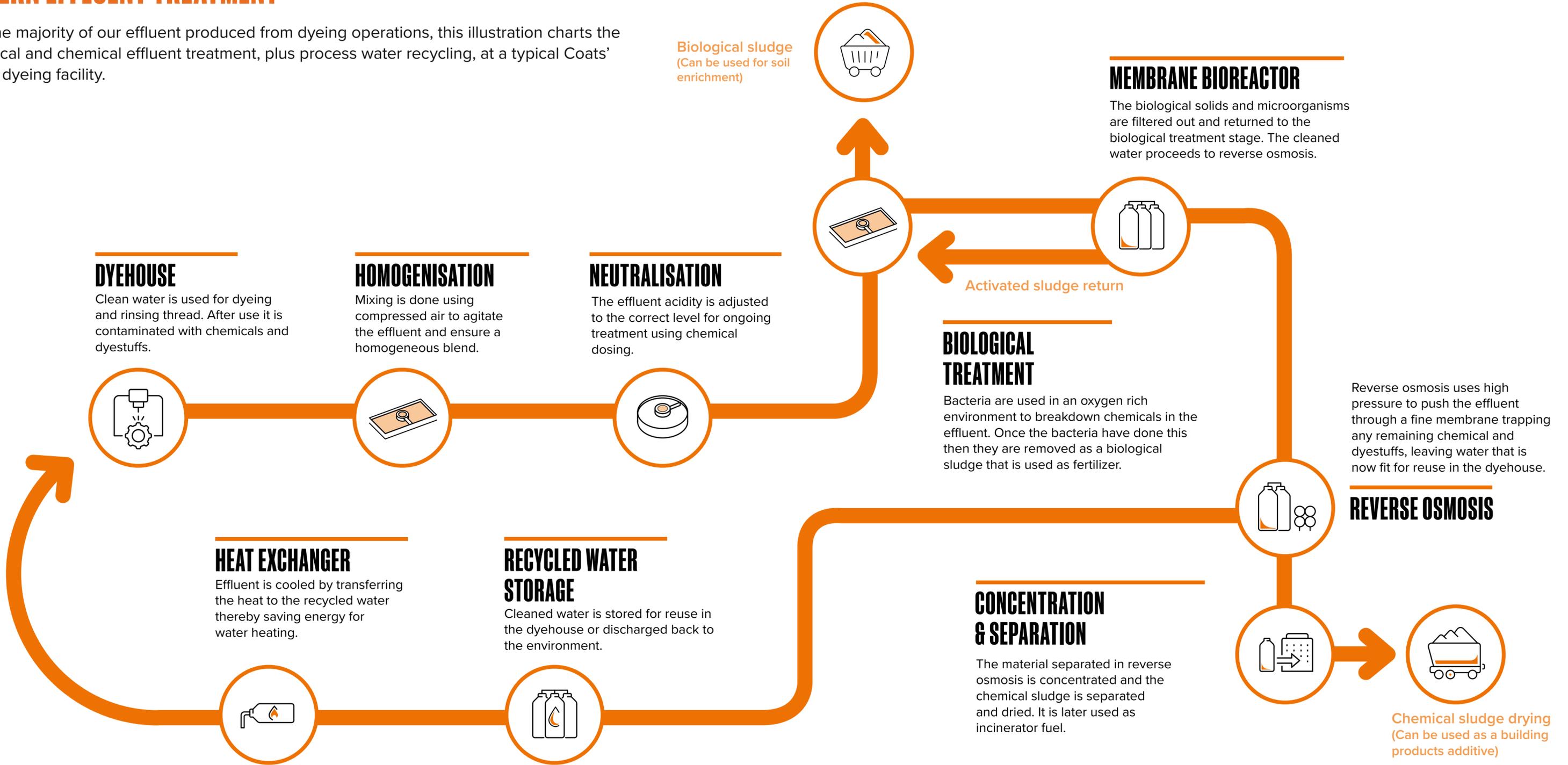
- Data on landfill waste from OrthoLite is not currently measured and systems will be implemented in 2026 to measure this. Our early analysis indicates that OrthoLite does send portions of waste to landfill, however at this point we are unable to quantify.
- OrthoLite does not have wet processing dyehouse facilities and therefore Coats’ effluent compliance metric is considered out of scope.



## Waste Pillar

### MODERN EFFLUENT TREATMENT

With the majority of our effluent produced from dyeing operations, this illustration charts the biological and chemical effluent treatment, plus process water recycling, at a typical Coats' thread dyeing facility.

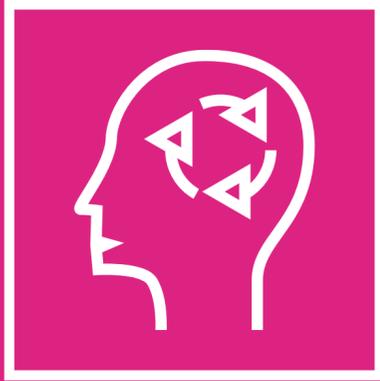




# PEOPLE



## People Pillar



### 2025 PERFORMANCE HIGHLIGHTS

33%

FEMALE EMPLOYEES - SENIOR MANAGEMENT

38%

FEMALE EMPLOYEES - TOTAL BUSINESS

54

NATIONALITIES

99%

EMPLOYEES COVERED BY GPTW CERTIFICATION

86%

GLOBAL EMPLOYEE ENGAGEMENT SCORE

At Coats, our greatest strength lies in our people, the talent we nurture across the organisation. Recognising their unmatched value, we are committed to creating an environment where every individual can thrive and contribute to shared success.

Sustainability is central to our business, and our approach to social responsibility is built on the involvement of all employees, contractors and individuals working for or on behalf of Coats. We uphold transparency on human rights, health and safety, diversity, inclusion, and fair labour standards across our operations and supply chain.

This year, we conducted detailed risk assessments across our workforce and workers in our value chain. Through safety audits, diversity programmes, grievance mechanisms, and continuous monitoring, Coats safeguards employee wellbeing and proactively manages compliance risks.

Beyond our own operations, Coats is committed to ethical sourcing and human rights protection across its global supply chain. By 2030, we aim for 100% strategic supplier coverage through human rights risk mapping of regions vulnerable to child labour, forced labour, and unsafe conditions. In 2025, we conducted 216 supplier audits, supported by regular self-assessments and recognised international certifications to help ensure high labour and environmental standards across our supply chain. Through our ongoing collaboration with suppliers, customers, and investors, we strengthen governance, reduce vulnerabilities, and enhance resilience, tracking our progress through KPIs such as audit completion and corrective action closure rates.

Our broader social commitment is reflected through initiatives such as Coats Cares, which promote community engagement and volunteerism across our global operations. As we advance toward our 2030 and 2050 sustainability targets, our people and partners remain at the centre of this journey: empowered, protected, and integral to building a better and more sustainable future.

We also have a comprehensive suite of policies, procedures and programmes in place to ensure that health and safety, human rights, wellbeing, fairness, equality, diversity and opportunity are an integral part of our relationship with our people. These policies can be accessed through our website at the following [link](#).

### YOUR VOICE MATTERS OUR INTERNAL LISTENING MOVEMENT

In 2025, Coats Group plc strengthened its commitment to building a truly people-focused culture by placing even greater emphasis on listening to our employees. At the heart of this commitment is our internal Your Voice Matters survey, which continues to be one of our most powerful tools for understanding what our people value and what they need to thrive. The 2025 survey achieved an exceptional 96% participation rate, demonstrating the trust our employees place in this process and their strong desire to shape the future of our workplace. It also delivered a strong employee engagement score of 86%, reflecting high levels of pride, connection, and motivation across our global workforce. Importantly, this feedback is driving meaningful action. As a direct result of the insights gathered through Your Voice Matters, 80% of our people leaders are now actively



## People Pillar

working on action plans designed to strengthen team experience, improve communication, and enhance everyday ways of working. These plans ensure that employee feedback translates into visible, tangible improvements. In addition to our internal survey, we continue to participate in the Great Place To Work® (GPTW) external assessment, which provides a globally benchmarked view of our culture. In 2025, Coats achieved 99% global coverage and earned GPTW certification in 23 countries, supported by a strong Trust Index score of 89%. These recognitions reinforce the strength of our culture and validate the progress our people help us create. Our 2025 workforce engagement assessment, led by our designated Non-Executive Director, further demonstrates our commitment to employee voice. Through 10 structured listening sessions—four in-person and six virtual—across seven countries, employees shared perspectives on resiliency, teamwork and trust, global collaboration, sustainability, environmental compliance, and opportunities for development. These conversations deepen our understanding of the employee experience and guide actions that make Coats a better place to work every day. As we build on the momentum of 2025, we remain focused on creating a truly people-focused culture; one where every employee feels valued, heard, and supported. Through continuous listening, visible action, and meaningful collaboration, we aim to strengthen engagement, enhance well-being, and ensure Coats continues to be a place where our people can grow and succeed.

### OrthoLite People Impact

- Coats 2025 GPTW assessments were completed prior to the acquisition of OrthoLite and therefore OrthoLite is not considered in-scope for this metric in 2025.
- Inclusion of OrthoLite senior leadership roles is not expected to have material impact on Coats Women in Leadership DEI metric and will be included in 2026.



### Recognition as a Best Workplace in Asia

In 2025, Coats Group was honoured as one of the Best Workplaces™ in Asia by Great Place To Work®, ranking among the top 15 companies in the region. This prestigious recognition was based on survey data from millions of employees across Asia and the Middle East.

Coats’ commitment to a positive workplace culture is clearly reflected in its Asia operations. The latest GPTW assessment shows that Coats achieved 87% fair pay perception, 91% healthy work-life balance, and 90% psychological well-being - figures that significantly surpass regional benchmarks. Furthermore, retention intent and discretionary effort are exceptionally strong, with up to 96% of employees in China, Indonesia, and Vietnam, and 92% in India, expressing a desire to stay long-term and go the extra mile. These results underscore Coats’ dedication to fostering an inclusive, supportive, and high-performing environment for its people throughout Asia.

Coats continued to strengthen its position as an employer of choice for women in 2025, with multiple sites earning Best Workplaces for Women™ recognition, including China and India. This achievement reflects the impact of our Coats for Her initiatives and our sustained focus on fair pay, safety, wellbeing, and gender-inclusive development pathways across our global operations.

Coats’ achievements in workplace culture directly support its sustainability goals and responsible business practices. By creating environments where employees feel safe, respected, and empowered, Coats not only fulfils its social responsibilities but also builds a resilient, high-performing organisation prepared for future challenges.



“Being named in the Best Workplaces in Asia List is a reflection of our commitment to fostering an inclusive, engaging, and supportive workplace culture. We are proud of this recognition, which celebrates the voices of our colleagues across the region.”

David Paja,  
Group Chief Executive Officer

## People Pillar

### DIVERSITY, EQUITY, INCLUSION AND BELONGING (DEI&B)

At Coats, we believe our greatest competitive advantage comes from embracing the unique backgrounds, perspectives, and talents of our global workforce. With over 19,000 employees representing 54 nationalities and a gender balance of 38:62 female to male, our diversity fuels innovation and drives our success in more than 50 countries worldwide.

Everyone at Coats regardless of race, ethnicity, nationality, gender, age, social background, religious beliefs, disability, family responsibilities, sexual orientation, education, political opinion, or medical conditions is treated fairly and with respect. Elevating diversity, equity, inclusion, and belonging (DEI&B) is integral to driving sustainable growth and innovation. We are committed to ensuring every voice is valued and cultivating a deep sense of belonging, recognising that celebrating differences empowers our teams to navigate challenges, develop creative solutions, and deliver exceptional value. In 2025, we continued to enhance diversity at all levels of leadership. Our Board now includes representation from 7 nationalities and maintains a gender balance of 40:60 female to male, guided by our Board Diversity policy and aligned with the Hampton Alexander Review and Financial Conduct Authority targets. Our focused efforts to enhance diversity have enabled Coats to achieve and surpass its 2025 & 2026 target, recording 33% women in senior leadership with a gender balance of 33:67, a milestone the organisation is proud of.

In addition, Coats India was recognised as one of India's Best Workplaces for Women 2025, reflecting a strong culture of trust, care, and inclusion,

supported by equitable hiring, transparent growth pathways, and wellbeing programmes that empower women across all career stages.

The 'Coats for All' program brings our DEI&B commitments to life, with leaders and employees championing inclusion and belonging through active involvement in local and global initiatives. In 2025, colleagues participated in a wide range of activities, including International Women's Day, International Disability Day, and Movember, as well as new campaigns focused on neurodiversity. Two global virtual events brought together Coats for All champions, senior leaders, and employees worldwide to share updates and engage in meaningful DEI&B discussions.

Looking ahead, we are launching targeted mentorship programs for underrepresented groups, expanding flexible work options, and introducing new DEI&B learning modules. These efforts reinforce our commitment to building a workplace where every individual feels connected, valued, and empowered to contribute to our shared purpose.



### COATS FOR HER

In 2025, advancing female representation in senior leadership remained a core priority within our diversity strategy and a key pillar of the Coats for Her initiative. The programme continued to expand its reach through targeted leadership development sessions, capability building workshops, structured succession planning and DEI training programmes for high-potential women across regions. Our structured approach, supported by continuous monitoring and monthly reporting to the Group Executive Team (GET) and the Board, continues to strengthen a more inclusive leadership succession pipeline. The Board and GET have clear oversight of, and are responsible for, the DEI strategy, ensuring sustained accountability and long term progress across the organisation.

During the year, we conducted organisation-wide talent reviews, strengthened the Women in Leadership pipeline, and introduced enhanced support mechanisms, including personalised development plans and leadership readiness assessments. Global Leadership Programmes will be launched in 2026. In 2025, our local teams managed leadership skills training based on their needs. These focused interventions drove strong progress in 2025, with Coats exceeding our 2026 target of 30% ahead of schedule and reinforcing our commitment to building a more inclusive and balanced leadership structure as we progress towards 40% female representation by 2030, aligned with the UN Sustainable Development Goal on gender equality.



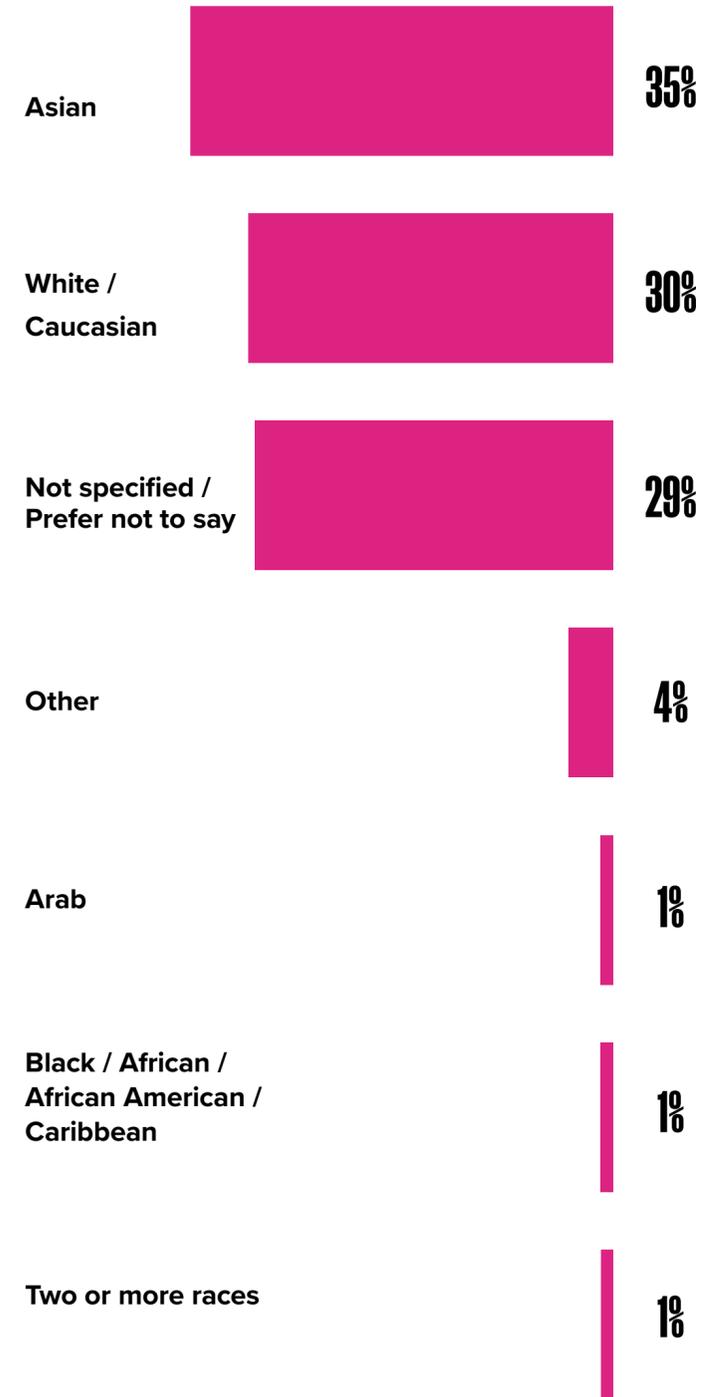
## People Pillar

### Ethnicity and Racial Diversity

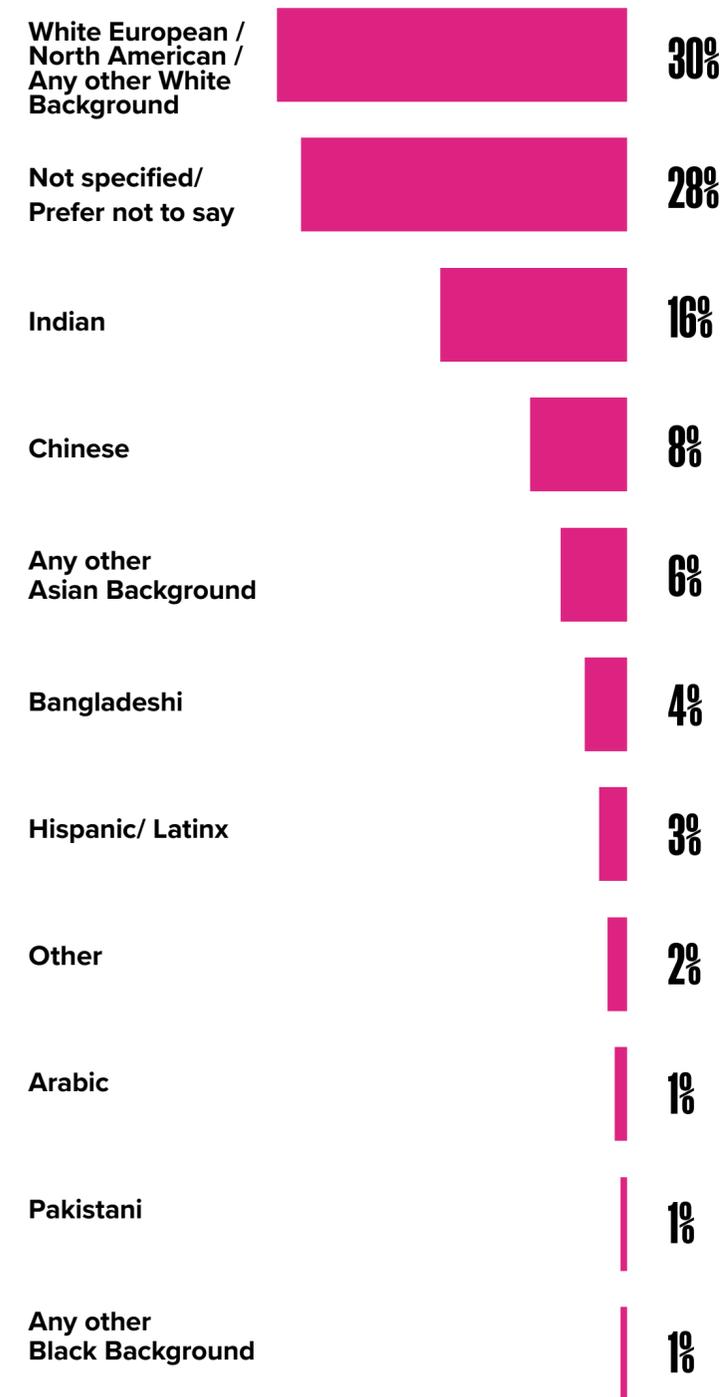
In 2025, Coats strengthened its commitment to fostering an inclusive and globally representative leadership community, reflecting the diverse cultural and geographic footprint of our operations. Through enhanced data transparency, expanded regional diversity reviews, and the integration of ethnicity metrics into succession planning, we deepened our understanding of representation across our senior leadership group. The accompanying graphics illustrate the racial and ethnic diversity profile of our leaders, complemented by a broader view of global diversity on the next page. By upholding an environment that values equity and equal opportunity, we ensure that advancement into senior roles remains accessible to individuals of all racial and ethnic backgrounds. Additional details on Board level ethnicity are available in our Annual Report.



### SENIOR LEADERSHIP - RACIAL DIVERSITY

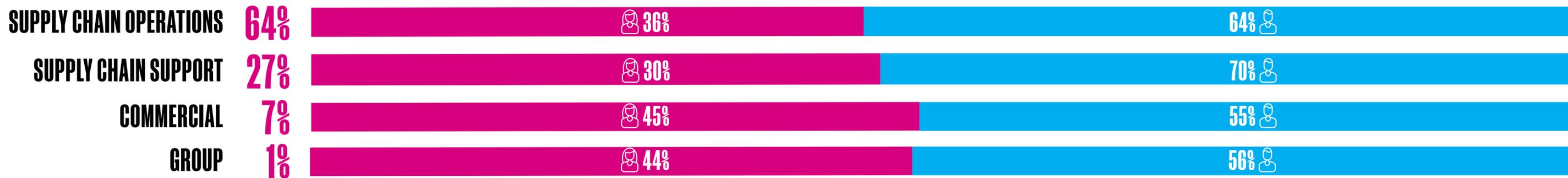
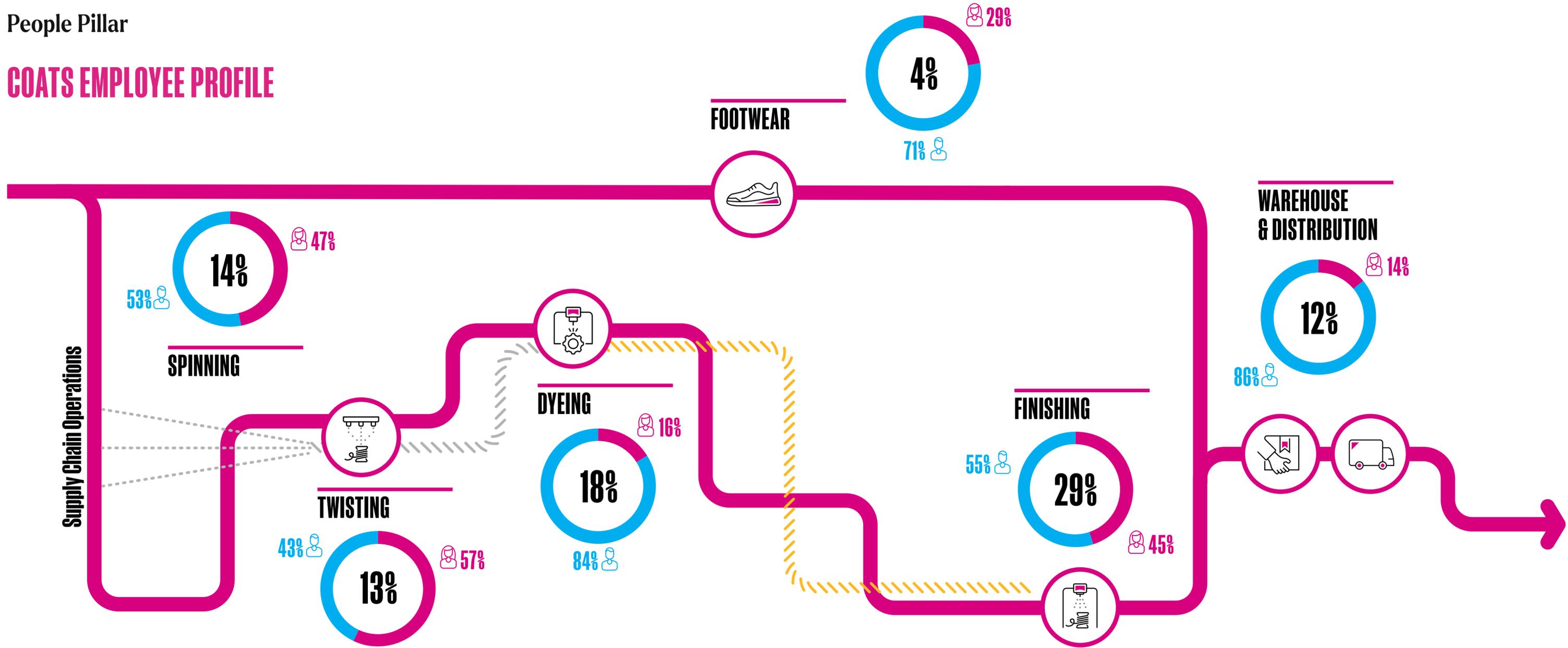


### SENIOR LEADERSHIP - ETHNIC DIVERSITY



People Pillar

COATS EMPLOYEE PROFILE



## People Pillar

### HEALTH AND SAFETY

#### 2025 Theme: Introducing Red Lines, Strengthening Our Commitment to Safety

Health and Safety remains at the heart of Coats sustainability strategy and operational excellence. Building on our strong track record, in 2025 we launched the RedLine initiative, a clear, organisation-wide commitment to eliminating high risk behaviours and strengthening personal accountability for safety. This globally-activated programme reinforces Coats' Zero Tolerance approach and embeds consistent, proactive risk management across all sites.

The initiative sets out the non-negotiable rules that protect our people and ensure that every individual, regardless of role or location, understands the critical standards required to maintain a safe working environment.

Red Lines represent the core safety principles that must never be compromised. They are designed to drive consistent, proactive risk management and to strengthen a shared accountability for safety across all levels of the business. Upholding these rules is central to our Zero Tolerance approach, which requires full adherence from every employee, contractor, and visitor.

To embed this commitment globally, the Red Lines initiative was introduced through a comprehensive communications and engagement campaign. Branded toolkits, including training materials, posters, billboards, booklets, and leadership messages supported local activation across sites. Digital learning modules were delivered through the Arist AI-powered platform, enabling fast, practical, and accessible training for all employees.

The launch was coordinated with our annual global safety week, titled Journey to Zero: Red Lines Week, celebrated across all regions with training sessions, educational activities, and interactive safety events. These efforts reinforced awareness, strengthened participation, and ensured that Red Lines are firmly embedded in the day-to-day behaviour of our teams.



#### Health & Safety: A Shared Commitment Across Coats

Coats strengthened its commitment to safe and healthy workplaces by enhancing its Group Health & Safety function, creating stronger alignment across regions and unifying teams under a shared safety vision to ensure consistent governance across global operations.

The Board and Group Executive Team provide regular oversight of Health & Safety performance, with monthly structured reporting cycles that ensure leadership remains closely informed of emerging risks, progress, and site level performance. The CEO holds ultimate responsibility for Health & Safety across the organisation, reinforcing a clear tone from the top and driving accountability for a safe working environment everywhere we operate.

To accelerate capability building, a Safety Summit was held for selected Safety Managers, fostering leadership alignment and knowledge sharing. Building on this momentum, we launched a comprehensive Peer Review Audit Programme supported by an internal audit team. The first cycle brought together nine Health & Safety Managers from nine countries, initiating a global review process with audits conducted across 15 sites.

Beyond improving communication between sites, countries, and divisions, the peer review model enables Coats to:

- Share learnings and replicate best practices
- Identify weaknesses and areas for improvement
- Strengthen onboarding and capability development for new team members
- Enhance cross regional collaboration and alignment

This programme establishes the foundation for a unified, transparent, and continuously improving safety culture, one that ensures every employee can work confidently and return home safely each day.



## People Pillar

### Advancing Zero Harm Through Artificial Intelligence

Coats' partnership with Intenseye is accelerating our "Journey to Zero" by deploying ethical, AI-powered risk detection across 24 sites in 14 countries. Since its launch, the system has evolved into a global real-time safety intelligence network that uses existing CCTV to detect risks, such as working at height or vehicle/pedestrian interactions, and alert teams instantly. Fully integrated with Coats' digital ecosystem, Intenseye provides a scalable, privacy-compliant platform that strengthens proactive safety prevention. The positive Q4 2024 to Q4 2025 results from the programme include:

- Medium severity alerts reduced by ~95.5%
- High severity alerts reduced by ~62%

All AI deployment follows strict ethical standards. Intenseye complies with GDPR, uses privacy-by-design principles, and applies irreversible anonymisation and encryption to ensure safety improvement and not just surveillance. Together, intelligent detection, real-time alerts, and ethical oversight have reduced risks and strengthened Coats' Zero Harm commitment, keeping employee safety and transparency at the core.



### 10 Golden Safety Rules

Coats further advanced its global safety culture in 2025 by launching 3D animated training videos for the 10 Golden Safety Rules. Designed without text or speech, these animations eliminate language barriers and make safety guidance universally accessible to every employee, regardless of geography or language. These animations are not only educational but also engaging, helping reinforce safe behaviours and expectations in a consistent and inclusive way. They serve as a unifying safety resource across all sites, standardising expectations, supporting onboarding, and embedding a consistent safety mindset company wide. With accessible training, Coats is equipping teams across all regions with the knowledge, tools, and immediate insights they need to prevent incidents and support its long term Zero Harm commitment.



### Empowering Leaders Through Safety Education

Coats advanced its safety culture by placing leadership capability at the centre of its strategy. Over 200 leaders completed IOSH Managing Safety, and 15 Health and Safety professionals are in a process to achieve NEBOSH certification, reinforcing consistent global standards. Targeted machinery-safety initiatives and ongoing machine guarding training enhanced risk control across key sites. In 2025, Coats delivered 582,300 hours of safety training and ran campaigns on hand safety, slips and trips, and safe commuting, contributing to year-on-year LTIR improvement. The Group recorded zero fatalities, supported by strong hazard reporting, near-miss identification, and leadership oversight. With 23 sites certified to ISO 45001 and robust policies embedded through digital workflows, safety performance and governance remain a strategic priority.

Our Health & Safety Policy is supported by a comprehensive suite of sub-policies and procedures that are rigorously applied across all Coats units and integrated into digital workflows via the Health & Safety SharePoint site. Both leading and lagging indicators are reviewed at every Board meeting, ensuring strong governance and continued focus on safety performance.

### Chemical Safety

Coats maintains robust chemical safety governance, with a trained Chemicals Officer in every manufacturing unit overseeing strict control of all input materials and compliance with global chemical, health & safety, and environmental regulations. Comprehensive procedures guide the safe handling, storage, and disposal of chemicals, reinforced through regular spill response drills and scenario-based training. Employees receive structured

training, with 133 hours delivered in 2025 covering Safety Data Sheet management, Global Harmonised System classification, and correct personal protective equipment use, embedding strong safe work practices and a culture of compliance across all sites.

To uphold product integrity, Coats applies stringent limits through its Manufacturing Restricted Substances List (MRSL), which goes further than regulatory limits, ZDHC MRSL v3.1, and customer-specific requirements. Our Apparel and Footwear MRSL covers more than 1,100 substances, making it one of the most rigorous in the textile sector. Extensive testing ensures compliance with OEKO TEX® STANDARD 100, Class I, and full alignment with REACH requirements for substances of very high concern.



We further strengthen our approach through the Higg FEM programme, which in 2025 covered 33 facilities and included independent assessments of our chemical management systems. These insights support ongoing improvement, benchmarking, and informed decision making across our global supply chain, with results accessible via the Worldly platform.



## People Pillar

By prioritising chemical compliance throughout our operations, we protect our people, reduce environmental impact, and maintain industry-leading product safety standards.

### HEALTH & WELLBEING

Energy4Performance (E4P) is Coats' flagship global wellbeing programme, designed to support employees across four key dimensions: mental, physical, social, and emotional health. In 2025, E4P conducted over 590 events with activities worldwide, including yoga, mental health training, team building, and community service. These efforts have led to measurable improvements in employee engagement and wellbeing, with a 86% engagement score and 84% in wellbeing scores. The programme's flexible framework allows local adaptation, ensuring relevance and impact across Coats' 50+ country footprint.

Building on E4P's success, Coats expanded its commitment to reducing stress or promoting wellbeing & mental health through the launch of the Lyra Wellbeing Programme. Lyra sets a new standard for holistic support, offering confidential 24/7 access to professional counselling, digital resources, and wellbeing champions at every site. The programme focuses on three pillars: Access, Awareness, and Action, empowering employees to take charge of their mental, physical, and emotional health. Lyra's outreach includes webinars, workshops, and personalised wellbeing plans, making support accessible to all employees and their families, regardless of location or role. Together, Energy4Performance and Lyra Wellbeing are driving a higher sense of belonging and ensuring that every employee feels valued and supported.

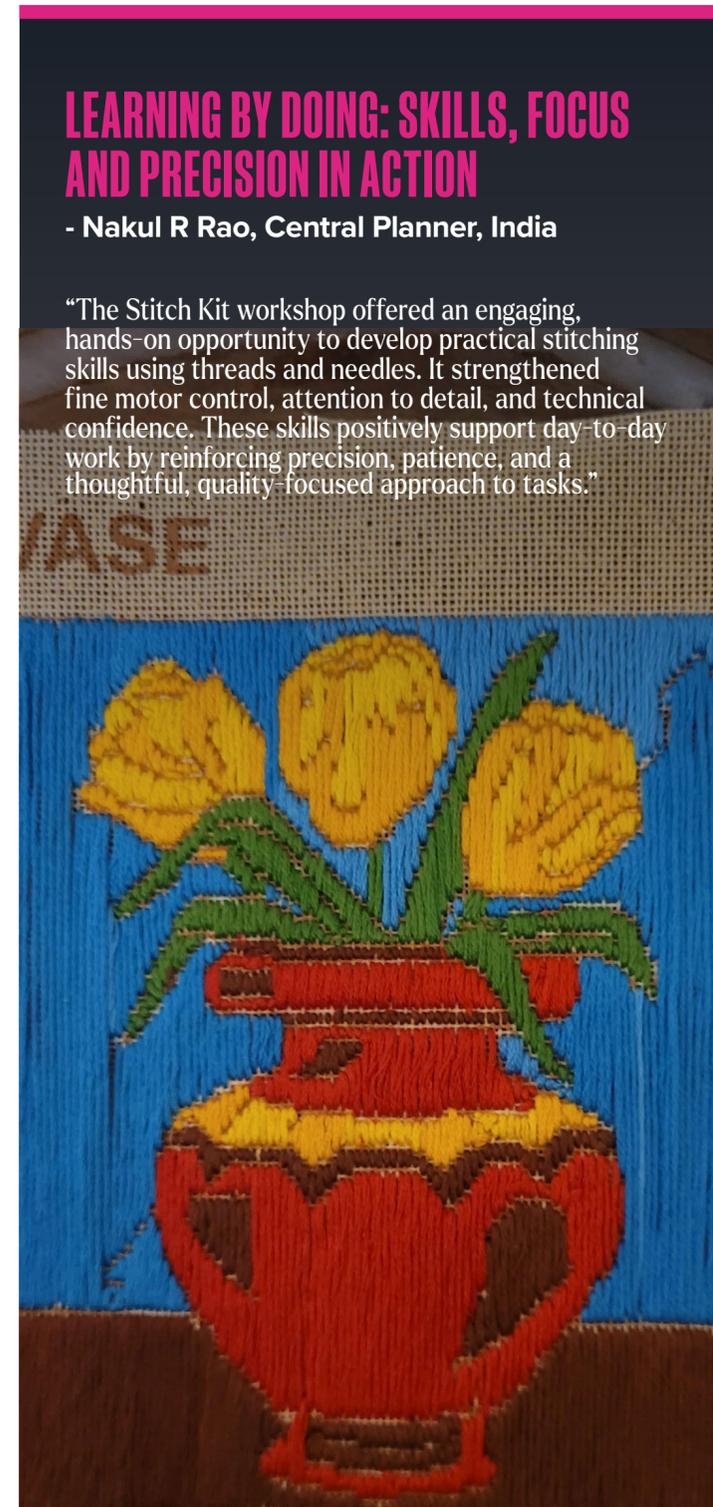
We measure the success of E4P through both internal and external wellbeing indicators. In 2025, our Your Voice Matters survey showed a strong 15 points higher than the global benchmark and 2 points better than 2024.

Feedback from our GPTW partnership gives us another view of how our wellbeing efforts are working. In 2025, Coats achieved an impressive 87% on the GPTW wellbeing question, which measures how psychologically and emotionally healthy our workplaces are. This year's score is eight points higher than the top-10 GPTW companies, demonstrating that our sustained investment in mental and physical wellbeing is delivering tangible results.

#### Strengthening Mental Health and Wellbeing at Coats

In 2025, Coats empowered training managers globally to recognise early mental wellbeing issues and provide informed support, complemented by awareness campaigns such as World Mental Health Day and Movember that helped break stigma and encourage open conversations. Across all sites, doctors, nurses, and trained first aiders continued to support employees through the four Energy4Performance pillars.

Our approach aligns with the Mental Health Foundation's principles of good work ensuring fair, market-aligned pay through Fair Wage Networks Fair Wage Database, offering clear career progression, providing continuous learning opportunities, and maintaining zero tolerance for bullying and harassment. Through these measures, and ongoing global feedback and monitoring, we continue to build a workplace where people feel supported, respected, and able to thrive.



## People Pillar

Coats' Red Lines, Health & Safety Management System, and Wellbeing Programme form an integrated approach to protecting our people. The Management System sets policies and risk-based controls, Red Lines define non-negotiable safe behaviours, and our Wellbeing Programme supports mental and emotional health. Together, they embed safety, accountability, and holistic wellbeing into Coats' everyday culture.

### ETHICS AND COMPLIANCE:

#### Upholding Integrity at Coats Group

At Coats, ethical conduct is a core expectation for everyone we work with, including employees, contractors and suppliers. We operate with the highest standards of integrity across all our global operations and supply chain, supported by clear policies, training, and strong governance. All employees, including contingent staff, receive the tools and training needed to apply these principles in their daily work, and all suppliers must meet the requirements of our Supplier Code.

Our ethics framework is grounded in group-wide policies that are reviewed annually, translated into over 20 languages, and made accessible to all teams. Dedicated functions, including HR, Health & Safety, and Sustainability oversee key areas such as employment standards, anti-discrimination, living wage commitments, modern slavery, and environmental compliance. To reinforce expectations, employees have access to practical guidance such as pocket guides, podcasts, and resources covering topics including anti-bribery, competition law, sanctions, human rights, and data protection. We also provide a robust, multichannel grievance mechanism for suppliers through our

multilingual Speak Up platform, enabling concerns to be raised in local languages. Our system ensures full confidentiality, offers anonymous reporting options, and is backed by a strict non-retaliation policy to protect all users. These safeguards reinforce transparency and trust across our value chain.

The ethics programme is built around three core pillars: a strong Code of Conduct (CoC), comprehensive training and awareness, and robust compliance monitoring. Our CoC applies to all employees, contractors, suppliers, and individuals working for or on behalf of Coats, ensuring consistent ethical standards across our entire value chain. In 2025, this included delivering nine in-person ethics sessions across twelve markets, while ongoing audits and risk assessments ensured policies were consistently applied and areas for improvement proactively identified.

We maintain a comprehensive suite of mandatory training modules including Ethics at Work, Anti Bribery, Competition Law, Cyber Security and Data Protection, which all relevant employees complete on a biennial cycle. New joiners must complete these modules upon onboarding. Each course includes an assessment and employees receive support if they need additional help. We also provide targeted training throughout the year when laws or policies change and in order to address business needs as they arise.

Our global "Doing the Right Thing" programme further strengthens our culture of ethics and compliance. Led by the legal function and supported by ethics champions across all units, this initiative uses engaging presentations, team sessions and videos to spark open discussion and reinforce ethical behaviour. In 2025, we conducted

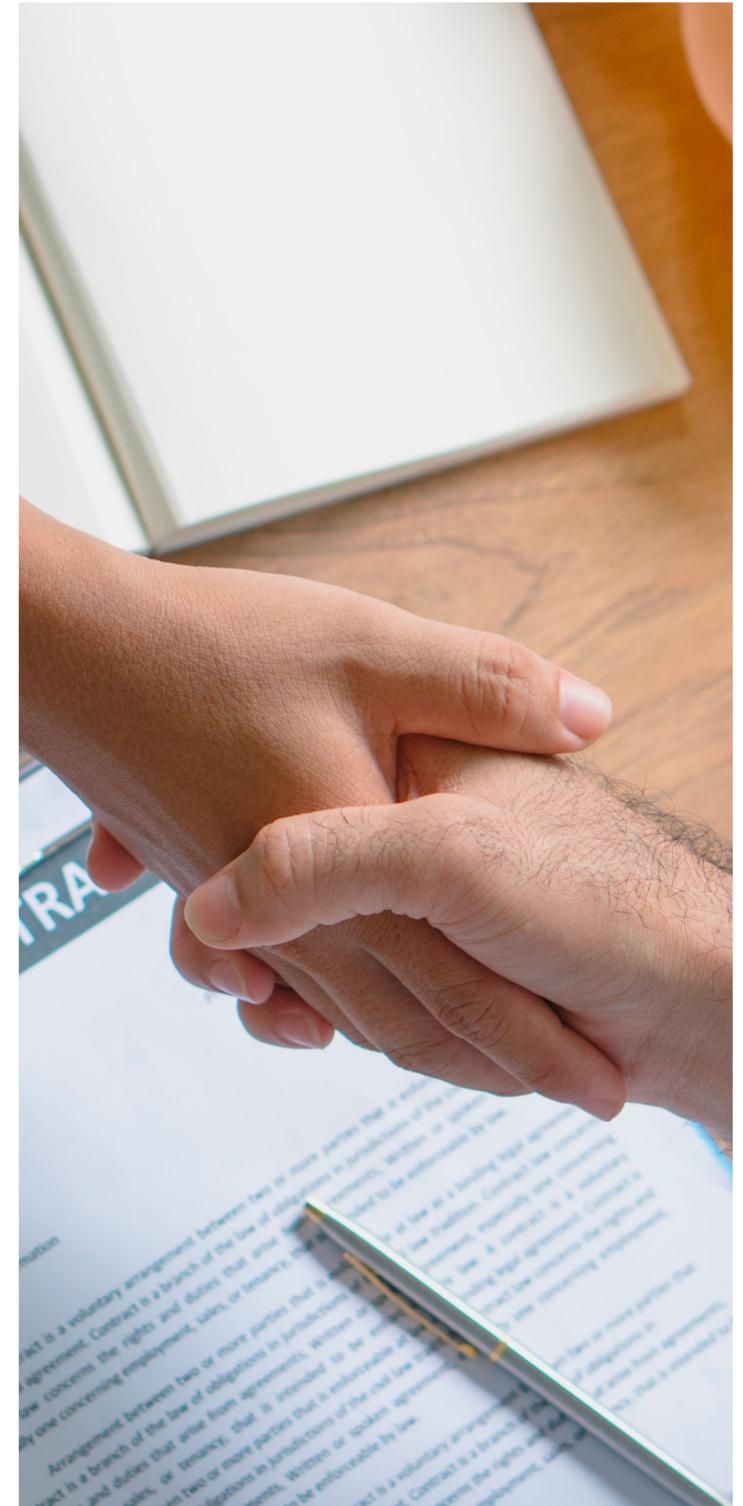
extensive sessions covering areas such as ethics, anti harassment, anti-bullying, health & safety, whistleblowing and trade sanctions, and marked Global Ethics Day with messages from senior leaders and local activities.

### HUMAN RIGHTS

Coats is committed to protecting the Human Rights of our employees and those working in our supply chain. We recognise and respect employees' rights to unionisation and collective bargaining, without intimidation or disadvantage, in line with local legislation.

We fully support the United Nations (UN) Guiding Principles on Business and Human Rights in our operations, and we uphold: the UN Declaration of Human Rights; the UN Convention on the Rights of the Child; the core International Labour Organisation (ILO) Conventions; and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the related Due Diligence Guidelines for the Garment and Footwear sector.

In 2025, Coats completed its biennial data-driven human rights country risk assessment using internationally recognised indices such as the World Bank Governance Indicator, UNICEF child protection data, the UNDP Human Development Index and the Global Slavery Index. The assessment identified persistent medium inherent risk in certain geographies, managed through targeted due diligence, supplier oversight and strengthened preventive controls. Risk exposure will continue to be monitored ahead of the next on-the-ground assessment. No cases of underage employment were identified during the reporting period.



## People Pillar



Coats strengthened responsible sourcing through Supplier Code workshops and a risk-based supplier audit programme to identify and mitigate human rights and compliance risks across the supply chain. In 2025, 210 supplier audits were completed by Bureau Veritas (332 in 2024) using a consistent global methodology, with around 90% achieving a good rating. Remaining issues were addressed through time-bound corrective action plans, defined re-audit cycles, or supplier exit where controls were ineffective. Coats applies a zero-tolerance approach to serious breaches, including child labour, forced labour, abuse, corruption and wage non-compliance.

We uphold the requirements of the California Transparency in Supply Chains Act and the UK Modern Slavery Act, publishing our efforts openly. Our approach ensures that all employees can work in a safe, fair and respectful environment, and that our supply chain partners operate to the same high ethical standards. [Policies and Downloads](#)

### Group Internal Audit

In 2025, our Group Internal Audit (GIA) programme continued to strengthen governance and risk management across the business. GIA's Key Control Review cycle covers all manufacturing units over a five-year period (with the top 10 units reviewed over a three-year cycle), focusing on the highest-risk areas and key controls across multiple functions, including human resources and sustainability.

Additional audits focused on critical areas such as cyber security, Digital and Technology, and the management of supply chain risks. Overall, 22 audits were completed in 2025, alongside action tracking, follow-up activities, and the consolidation of findings into thematic reports, reflecting a continued strengthening of internal oversight.

Based on our work, our opinion is that risk management, control, and governance processes are generally satisfactory, with further improvements in progress to enhance controls and mitigate risks. Where areas for improvement were identified, management responded promptly with robust action plans, resulting in timely risk reduction and stronger overall control performance.

### Living Wage

Coats is committed to ensuring that every employee earns a living wage: a wage sufficient to support a decent standard of living for workers and their families. Our Living Wage Policy forms a central part of our human rights and employment standards framework and reflects our belief that fair pay is fundamental to dignity, wellbeing, and sustainable livelihoods. We apply a living wage across all our operations and use annual remuneration assessments, supported by our membership in the Fair Wage Network, to verify that pay levels remain fair, equitable, and aligned with local conditions.

We also integrate living wage expectations into our Supplier Code, requiring suppliers to meet or exceed local minimums and ensure wages cover basic needs and allow for some discretionary income. This approach strengthens fair labour practices across our value chain and supports Coats' broader commitment to responsible sourcing and poverty reduction.

### Whistleblowing Channels and Speak Up Policy

Our Speak Up (Whistleblowing) Policy continued to provide employees with safe and confidential ways to report concerns. Alongside internal reporting options, we offer external channels, including a multilingual online platform and a confidential voicemail system within units located

in the European Union. This year, of the 171 cases of completed investigations, only 42 cases (25%) were upheld, with most relating to ethics code breaches, disrespectful behaviour, and unfair employment practices. In every upheld case, Coats took firm corrective action, up to and including dismissal, supported by remedial actions and enhancements to internal controls to address underlying issues and prevent recurrence. The geographic distribution of reports closely mirrors our workforce footprint, demonstrating the effectiveness of our ongoing efforts to promote and publicise the Speak Up system globally.

## CAREER MANAGEMENT, TRAINING AND MENTORING

Coats continued to build a strong, future-ready workforce through the GROW Talent Strategy. Designed to help every individual reach their full potential, GROW focuses on two pillars: Grow Ready, which strengthens self awareness, development planning and succession readiness; and Grow Learning, which builds the skills and capabilities our people need to deliver today and lead tomorrow.

Through Grow Ready, employees gain clarity on their career aspirations and strengths, supported by career maps, ongoing dialogue, regular feedback and structured succession planning to build a strong talent pipeline. Grow Learning offers diverse development opportunities that deepen expertise, broaden experience and foster leadership behaviours aligned with customer needs.

In 2025 we supported individual growth through a suite of practical GROW tools and resources:

## People Pillar

- 1. Regular dialogue and feedback** equipped managers, employees and mentors with actionable insights to guide meaningful career conversations, align short and long-term goals, and track progress, fostering open communication and continuous development.
- 2. Succession planning** continued to be a vital part of building a strong talent pipeline, helping managers identify and prepare future leaders for critical roles. Through tailored development plans, assessments, job rotations, stretch assignments and mentorship opportunities, managers actively nurture talent and strengthen organisational capability. Together, these tools ensure employees are supported, engaged and ready to contribute to Coats' long term success.
- 3. Learning & Development:** The Global Foundation Programme, launched in 2025, provides leaders with a strong platform to support the growth and development of their teams. It strengthens a sense of belonging by immersing employees in Coats' culture and giving them the tools and knowledge needed to succeed. Through tailored learning resources and access to more than 80,000 multi-language courses on our Learning Management System, leaders can promote continuous development. New bite-sized learning tools introduced in 2025 further enabled personalised, flexible, and impactful training aligned to individual development goals. Together, these resources empower leaders to accelerate employee success in a scalable and dynamic way.

The Coats GROW Talent Strategy supports our commitment to promote career development by aligning individual aspirations with business needs and offering structured pathways through Grow Ready and Grow Learning, the programmes which

strengthen skills, innovation, and performance across the organisation.

Mentoring and support from our Wellbeing Champions further reinforce employee growth and wellbeing.

Together, these initiatives make GROW a key driver of personal development, customer value, and long term organisational success. The policy document is available on Coats' internal site.



## COMMUNITY

### Driving Purpose Through Action

Coats Cares represents our commitment to creating a positive impact on people, communities, and the planet. As part of our broader sustainability and corporate social responsibility (CSR) strategy, this program builds on Coats' long-standing tradition of giving back, which is amplified through structured initiatives aligned with global priorities.

The Coats Cares framework is anchored on three pillars: Better for People, Better for Business, and Better for the World. These pillars guide our efforts to leverage global scale and expertise for local impact. Our approach integrates the United Nations Sustainable Development Goals (UN SDGs) into actionable priorities, ensuring that every initiative contributes to meaningful change.

Key Focus Areas:

- **Education and Empowerment:** Providing life skills, formal education, scholarships, and facilities to uplift communities.
- **Environment and Wellbeing:** Promoting responsible consumption, energy conservation, waste and water management, and carbon footprint reduction.
- **Health and Safety:** Embedding wellbeing (mental, physical, emotional, and social) into our operations and outreach programmes.

In 2025, Coats Cares delivered over 4,141 volunteer hours, engaged 8,154 participants, and contributed more than \$438,000 in donations globally. These numbers reflect not just corporate responsibility, but a culture of care embraced by employees across regions.



## People Pillar

### INDONESIA

#### Stunting Prevention Programme in Bogor



**SDG 3: Good Health & Well Being**

In the Pakuan District of Bogor, Coats Indonesia launched a child nutrition and healthy growth initiative focused on improving nutrition and supporting the well-being of children under five. The initiative, in collaboration with local authorities, provided essential nutritional support to toddlers, including milk, eggs, chicken and biscuits, ensuring they received adequate daily nutrition. Monthly growth monitoring sessions were conducted, measuring children’s height and weight, while parents received guidance and encouragement to maintain healthy practices at home. This program aligns with the Indonesian government’s national effort to reduce stunting rates and reflects Coats’ dedication to building healthier, more resilient communities through the Coats Cares program.



### INDIA

#### PLWA School Toilet Construction Initiative



**SDG 4: Quality Education**

Coats India identified the need to improve sanitation at PLWA Higher Secondary School, which serves over 3,000 students. The school’s restrooms were outdated and insufficient, prompting the construction of new toilet blocks with modern facilities—separate restrooms for boys and girls, proper ventilation, continuous water supply, and handwashing stations. To ensure lasting impact, students received training on proper use and maintenance of the new facilities.

Supported by 30 employee volunteers and a \$7,800 investment, the project launched in January 2025 with school and community partners resulting in improving hygiene, health, and attendance at PLWA Higher Secondary School while strengthening student awareness and responsibility, demonstrating Coats’ continued commitment to education and community well-being.



### INDIA

#### Women Skill Development Centres



**SDG 5: Gender Equality**

Coats India, with Shahi Exports, launched Women Skill Development Centres to empower women through practical tailoring and industrial sewing training. The 60-day program provides hands-on skills in cutting, stitching, and garment making, awarding a recognised certificate upon completion. So far, 419 women across Madurai, Ambasamudram, and Ballabgarh have completed the course. Many graduates now run home-based tailoring units or work in garment factories, boosting their families’ income. This initiative demonstrates Madura Coats’ commitment to inclusive growth, skill development, and women’s empowerment, embodying the true spirit of Coats Cares.



### BANGLADESH

#### Flood Recovery and Resilience



**SDG 13: Climate Action**

In response to severe flooding in Bangladesh which devastated 11 districts and impacted approximately 5.8 million people, the “Rising Hope: Flood Recovery and Resilience Project” was launched in Chhagalnaiya, Feni District, with the support of the JAAGO Foundation and Coats employees. The project directly benefited 4,192 people by restoring livelihoods through the distribution of 218 fishing nets and crop seeds, establishing 20 hygiene corners in schools for girls, and installing two deep tube wells for safe drinking water. Additionally, 22 youth volunteers were trained in emergency response and first aid, strengthening local disaster readiness. The initiative involved 1,171 Coats employees, who contributed 155 volunteer hours and \$12,500 in donations. This collaborative effort not only rebuilt essential infrastructure but also empowered the community for long-term resilience against future disasters.



# People Pillar

## COATS CARES 2025

### GLOBAL IMPACT AT A GLANCE

**151** - 44 Internal  
- 107 External  
Activities

**8,154**  
Volunteers

**>4,141** - Wellbeing  
- Environment  
Volunteer Hours - Education

**>\$438 k**  
Donations  
\*US Dollars

### TOP SDGs SUPPORTED

<b>Good Health and Well-Being</b> 3 GOOD HEALTH AND WELL-BEING <b>55</b>	<b>Quality Education</b> 4 QUALITY EDUCATION <b>19</b>
<b>Reduced Inequalities</b> 10 REDUCED INEQUALITIES <b>44</b>	<b>Climate Action</b> 13 CLIMATE ACTION <b>21</b>



# MANAGING SUSTAINABILITY

## Managing Sustainability

In 2024, Coats completed a CSRD aligned double materiality assessment (DMA), which identified Coats’ most material topics. We identified 16 key ESG topics through desktop research and engagement with stakeholders such as investors, lenders, customers, suppliers, and employees.

These 16 topics were subsequently mapped to the 10 ESRS topics defined by CSRD (See Table 1). Following on from this, we identified individual impacts, risks and opportunities (IROs) for each topic considering a range of factors including material topic definitions, ESRS topics, and risks and opportunities previously defined by Coats through our risk register and our TCFD report. In addition we considered the entire value chain as well as sector and peer group analysis.



**Table 1: Revised and consolidated short list of 16 Topics:**

Material Topic	Relevant ESRS Topic(s)	Sub-topic(s)
<b>Materials</b>	E5 – Circular Economy	Resources inflows, including resource use
<b>Energy</b>	E1 – Climate Change	Energy
<b>Water</b>	E3 – Water and marine resources	Water consumption Water withdrawals
<b>Human Rights</b>	S1 – Own workforce S2 – Workers in value chain	Working conditions
<b>Health, Safety &amp; Wellbeing</b>	S1 – Own workforce	Working conditions
<b>Business Ethics</b>	G1 – Business Conduct	Corporate culture
<b>Environmental Compliance</b>	E1 – Climate Change	Climate change adaptation Climate change mitigation
<b>Waste</b>	E5 – Circular Economy	Waste
<b>Circularity</b>	E5 – Circular Economy	Resources inflows, including resource use Resources outflows related to products and services
<b>Diversity, Equity &amp; Inclusion</b>	S1 – Own Workforce	Equal treatment and opportunities for all
<b>Data Protection &amp; Privacy</b>	S1 – Own Workforce S4 – Consumers and end user	Other work-related rights - privacy
<b>GHG Emissions</b>	E1 – Climate change	Climate change mitigation
<b>Pollution</b>	E2 - Pollution	Pollution of air      Substances of concern Pollution of water      Substances of very high concern Pollution of soil      Microplastics
<b>Climate Risk</b>	E1 – Climate change	Climate change adaptation Climate change mitigation
<b>Biodiversity</b>	E4 – Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss
<b>Community</b>	S3 – Affected Communities	Communities’ economic, social and cultural rights

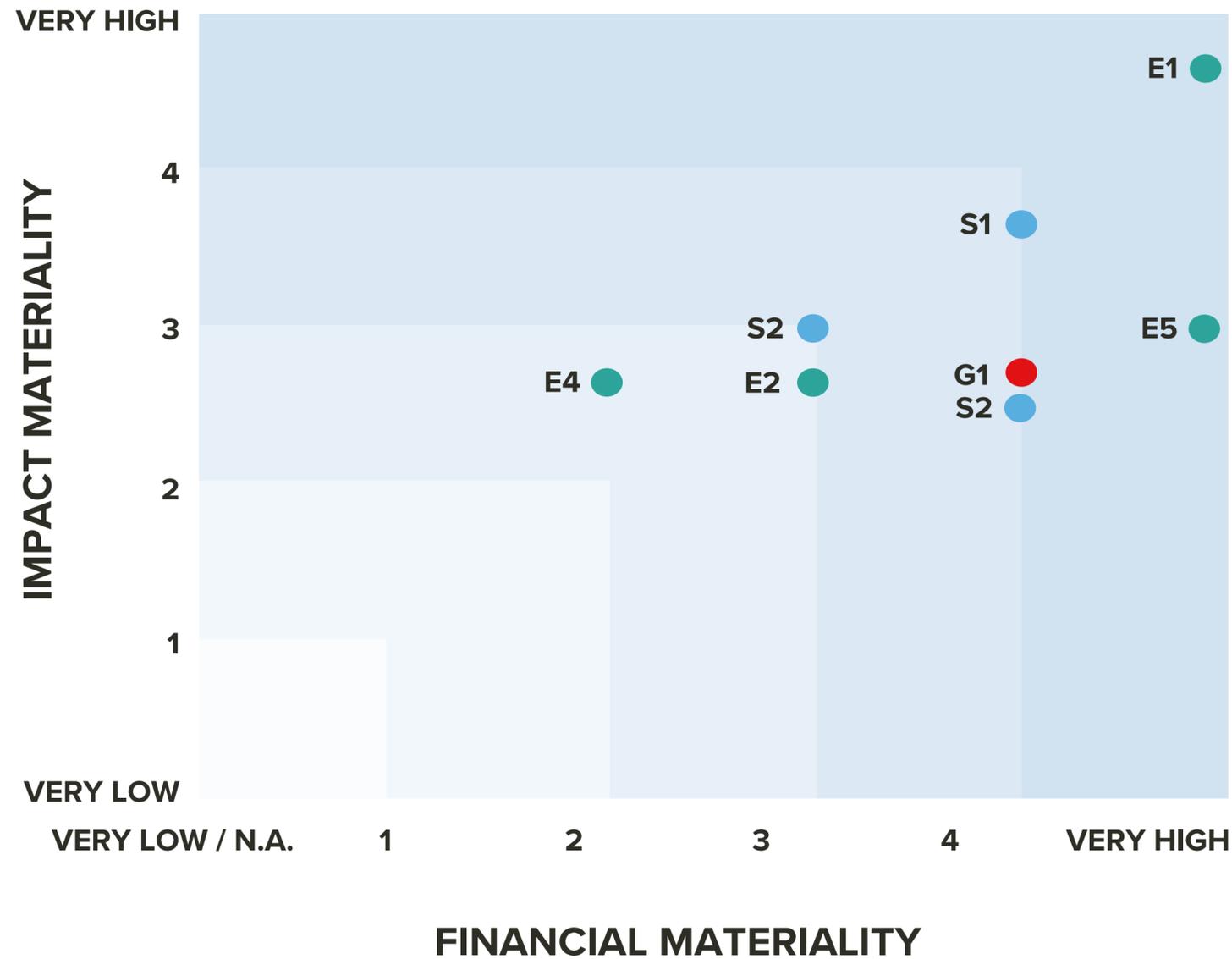
Each of the identified impacts, risks and opportunities, were then scored (on a scale of 1 to 5) considering both the potential magnitude of the financial effects plus the likelihood of them occurring. Both Coats’ own operations and our entire value chain, from raw material sourcing to our customers and brands were included in this exercise. Both internal and external stakeholder insights were incorporated along with the Coats Risk Management Framework.

A materiality threshold was then determined based on the combined scoring of magnitude and likelihood. Table 2 maps our identified IROs. In line with CSRD guidelines, these IROs were scored on a pre-mitigated basis, however, the Board are confident that Coats have adequate mitigating actions and processes in place to manage any negative impacts or risks.

It should be noted that this double materiality assessment represents an initial exercise towards alignment with the CSRD guidelines. Looking forward, following the recently announced Omnibus, Coats will reassess and update our materiality assessment for the fiscal year of 2027 to ensure compliance with the most up-to-date ESRS standards.

# Managing Sustainability

**Table 2: Materiality threshold results**



Abbreviations are listed below:

<b>S1</b> - Own workforce	<b>E5</b> - Circular Economy	<b>ESRS E2</b> - Pollution
<b>G1</b> - Business Conduct	<b>ESRS S4</b> - Consumers and end user	<b>ESRS E4</b> - Biodiversity and Ecosystems
<b>E1</b> - Climate Change	<b>ESRS E1</b> - Climate change	<b>ESRS S3</b> - Affected Communities

## Governance and Management

Our DMA assessed both impact and financial materiality by evaluating the magnitude and likelihood of each impact, risk, and opportunity. This included analysing positive and negative effects, both actual and potential, across all material topics, ensuring a comprehensive understanding of where we face risks and where meaningful opportunities for value creation can be created.

The process was overseen by the Group Sustainability Director and the Group Executive Team (GET), with input from a cross-functional CSRD Working Group. Each ESRS topic then received final signoff of its material IROs from the relevant GET Sponsor, ensuring accountability, rigour, and strategic alignment. Our sustainability governance is anchored in Board-level oversight through our Sustainability Board Subcommittee, chaired by David Gosnell and supported by our Non-Executive Directors, Group Chief Executive, Divisional Chief Executives and Group Sustainability Director. Sustainability leadership is guided by our Group Chief Executive and Group Executive Team, and delivery is driven by our cross-divisional Sustainability Delivery Team, established in 2023 and composed of senior leaders across key functions to ensure coordinated and effective execution of our strategy.

Our DMA has provided a future-focused understanding of where our most significant impacts, risks and opportunities truly lie. By assessing the magnitude and likelihood of each factor across all material topics, we gained a comprehensive understanding of both the challenges we must manage and the value-creation opportunities we can unlock. The process was guided by our Group Sustainability Director

and our Group Executive Team, supported by a cross-functional CSRD Working Group, with each ESRS topic receiving final approval from its designated GET Sponsor. This strengthened governance ensures rigour, accountability and strong alignment with our strategic priorities, enabling us to embed materiality insights directly into our decision-making and enterprise-wide sustainability actions.

## STAKEHOLDER ENGAGEMENT

Our success depends on the trust and input of our stakeholders, and their perspectives played an important role in conducting our DMA. We engaged employees, customers, suppliers, shareholders, communities and environmental stakeholders through surveys, discussions and workshops to understand what matters most to them. Their insights directly informed our assessment of impacts, risks and opportunities across all material topics. We continue to communicate openly through our reports and digital channels and value the feedback that helps us strengthen our relationships and guide our actions toward a more sustainable future.

### Looking Ahead

The DMA at Coats Group marks a pivotal step in embedding sustainability at the heart of business strategy. By rigorously identifying and prioritising key impacts, risks, and opportunities, Coats demonstrates leadership, transparency, and a genuine commitment to long-term value creation for all stakeholders and the environment, and will be reflected in our upcoming sustainability framework.

# PERFORMANCE SUMMARY

# Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED <sup>1</sup>	2020	2020 RESTATED <sup>1</sup>	2021	2021 RESTATED <sup>1</sup>	2022	2022 RESTATED <sup>1,2</sup>	2023	2023 RESTATED <sup>1,2</sup>	2024	2024 RESTATED <sup>1,2</sup>	2025	2026 TARGETS	2030 TARGETS
 <b>ENERGY</b>	<b>Total carbon footprint, Scope 1, 2 &amp; 3</b>	Thousand tonnes CO <sub>2</sub> e	1,274		1,026		1,375		1,127	1,121	935	936	955	952	929		
	<b>Scope 1 &amp; 2 footprint<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	264.4	248.5	212.8	199.1	246.8	235.9	182.0	176.0	111.2	111.5	89.7	86.6	123.0	137.3	147.3
	<b>% reduction in Scopes 1 &amp; 2 emissions (since 2022)</b>	%									39%	37%	51%	51%	30%		
	<b>Scope 1 emissions footprint<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	73.5	73.2	56.8	56.5	68.7	68.4	59.7	59.6	51.9	52.4	52.4	52.1	48.2		
	<b>Scope 1 HFCs emissions<sup>1</sup></b>	Tonnes HFCs		1,317	1,470	1,470	1,175	1,138	1,255	1,171	2,336	3,003	1,985	1,880	1,283		
	<b>Scope 1 PFCs emissions</b>	Tonnes PFCs	0		0		0		0		0		0		0		
	<b>Scope 1 SF<sub>6</sub> emissions</b>	Tonnes SF <sub>6</sub>	0		0		0		0		0		0		0		
	<b>Scope 1 NF<sub>3</sub> emissions</b>	Tonnes NF <sub>3</sub>	0		0		0		0		0		0		0		
	<b>Scope 2 emissions footprint (Location based)<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	232.6	220.0	183.7	172.3	213.3	208.5	201.8	175.0	172.2	155.6	181.2	163.4	167.3		
	<b>Scope 2 emissions footprint (Market based)<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	190.9	175.3	149.2	142.6	172.4	167.5	122.3	116.4	59.3	59.1	37.3	34.5	74.8		
	<b>Out-of-scope biofuels, Scope 2 CO<sub>2</sub> emissions<sup>1</sup></b>	Tonnes CO <sub>2</sub>	38,163	49,398	26,960	37,824	32,789	47,983	27,519	40,350	24,090	28,209	25,683	28,640	30,652		
	<b>% scope 2 emissions covered by renewable certificates</b>	%	5%		6%		8%		29%	32%	54%	57%	74%	77%	62%		
	<b>Scope 1&amp;2 (Location based) Emissions volume intensity<sup>1</sup></b>	CO <sub>2</sub> e kg/kg production	3.4		3.2		3.0		2.2	2.0	2.2	2.1	2	2	2		
	<b>Scope 1&amp;2 (Location based) Emissions value intensity<sup>1</sup></b>	CO <sub>2</sub> e tonnes/\$m sales	231		209		195		170	166	161	157	156	150	147		
	<b>Scope 1&amp;2 (Market based) Emissions volume intensity<sup>1</sup></b>	CO <sub>2</sub> e kg/kg production	2.9		2.8		2.6		1.5	1.5	1.1	1.1	0.80	0.78	1.15		
	<b>Scope 1 NF<sub>3</sub> emissions</b>	Tonnes NF <sub>3</sub>	0		0		0		0		0		0		0		
	<b>Scope 2 emissions footprint (location based)<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	232.6	220.0	183.7	172.3	213.3	208.5	201.8	175.0	172.2	155.6	181.2	163.4	167.3		
	<b>Scope 2 emissions footprint (market based)<sup>1</sup></b>	Thousand tonnes CO <sub>2</sub> e	190.9	175.3	149.2	142.6	172.4	167.5	122.3	116.4	59.3	59.1	37.3	34.5	74.8		
	<b>Out-of-scope biofuels, Scope 2 CO<sub>2</sub> emissions<sup>1</sup></b>	Tonnes CO <sub>2</sub>	38,163	49,398	26,960	37,824	32,789	47,983	27,519	40,350	24,090	28,209	25,683	28,640	30,652		
	<b>% scope 2 emissions covered by renewable certificates</b>	%	5%		6%		8%		29%	32%	54%	57%	74%	77%	62%		
<b>Scope 1&amp;2 (Location based) Emissions volume intensity<sup>1</sup></b>	CO <sub>2</sub> e kg/kg production	3.4		3.2		3.0		2.2	2.0	2.2	2.1	2	2	2			
<b>Scope 1&amp;2 (Location based) Emissions value intensity<sup>1</sup></b>	CO <sub>2</sub> e tonnes/\$m sales	231		209		195		170	166	161	157	156	150	147			
<b>Scope 1&amp;2 (Market based) Emissions volume intensity<sup>1</sup></b>	CO <sub>2</sub> e kg/kg production	2.9		2.8		2.6		1.5	1.5	1.1	1.1	0.80	0.78	1.15			

# Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED <sup>1</sup>	2020	2020 RESTATED <sup>1</sup>	2021	2021 RESTATED <sup>1</sup>	2022	2022 RESTATED <sup>1,2</sup>	2023	2023 RESTATED <sup>1,2</sup>	2024	2024 RESTATED <sup>1,2</sup>	2025	2026 TARGETS	2030 TARGETS
	Scope 1&2 (Market based) Emissions value intensity <sup>1</sup>	CO <sub>2</sub> e tonnes/\$m sales	199		191		167		118	125	80	84	60	60	84		
	Scope 3 emissions footprint <sup>3</sup>	Thousand tonnes CO <sub>2</sub> e	1,009.9		820.1		1,133.9		944.7		824.2		865.5		806.1		666.5
MATERIALS	Total primary raw materials purchased by Coats Group	Tonnes							144,118		115,596		128,500		120,821		
	Total preferred primary raw materials purchased by Coats Group	Tonnes							44,874		40,789		58,537		63,307		
	% of preferred primary raw materials	%							31.1%		35.3%		45.6%		52.4%	60%	100%
	Total materials purchased by Coats Group	Tonnes	180,355		154,209		202,587		186,108		151,522		163,616		162,390		
	Total materials purchased by Coats (Footwear Components)	Tonnes	38,868		32,747		44,143		55,086		40,145		43,376		44,756		
	Total materials purchased by Coats (thread products)	Tonnes	141,487		121,462		158,444		131,022		111,377		120,240		117,634		
	Process chemicals used in Coats thread products	Tonnes	16,034		13,820		17,101		13,577		11,795		11,255		11,300		
	Packaging materials used in Coats thread products	Tonnes	24,077		22,486		22,482		23,878		19,520		19,979		21,958		
	Materials used in Coats thread products	Tonnes	101,376		85,156		118,861		93,567		80,062		89,005		84,377		
	Textile fibres used in Coats thread products	Tonnes	96,565		81,102		113,918		91,530		78,391		85,494		80,906		
Dyes and chemicals used in Coats thread products	Tonnes	4,811		4,054		4,943		3,965		3,323		3,512		3,471			
WATER	Total water used <sup>2</sup>	Million cubic metres	7.2		5.4		5.9		4.5	4.5	3.6	3.6	3.9	3.9	3.8		
	Water intensity <sup>2</sup>	Litres/kg produced	79.2		72.5		63.5		37.7	38.2	35.6	38.9	35.3	35.4	35.2		
	Total water recycled <sup>2</sup>	Million cubic metres							11	11	10	10	11	11	11		
	% of water recycled <sup>2</sup>	%	22%		20%		23%		24%	24%	27%	27%	27%	27%	30%	32%	
	Withdrawal from municipal supply <sup>2</sup>	Million cubic metres	2.6		2.1		2.3		1.7	1.7	1.4	1.4	1.6	1.6	1.4		
	% water from municipal supply <sup>2</sup>	%	36%		38%		39%		38%	37%	38%	38%	41%	40%	38%		
	Withdrawal from ground water sources <sup>2</sup>	Million cubic metres	1.6		1.2		1.4		1.1	1.1	0.8	0.8	0.9	0.9	0.9		
	% of water from ground water sources <sup>2</sup>	%	22%		22%		24%		23%	24%	22%	22%	22%	22%	25%		
	Withdrawal from natural watercourses, reservoirs and rainwater harvesting <sup>2</sup>	Million cubic metres	1.5		1.1		0.9		0.7	0.7	0.5	0.5	0.4	0.4	0.3		
	% water from natural watercourses and reservoirs and rainwater harvesting <sup>2</sup>	%	21%		20%		15%		15%	15%	13%	13%	10%	10%	7%		
Total water withdrawal <sup>2</sup>	Million cubic metres	5.6		4.3		4.6		3.5	3.4	2.7	2.6	2.9	2.8	2.6			

# Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED <sup>1</sup>	2020	2020 RESTATED <sup>1</sup>	2021	2021 RESTATED <sup>1</sup>	2022	2022 RESTATED <sup>1,2</sup>	2023	2023 RESTATED <sup>1,2</sup>	2024	2024 RESTATED <sup>1,2</sup>	2025	2026 TARGETS	2030 TARGETS	
<b>WASTE</b>	% of water discharged as effluent <sup>2</sup>	%	61%		67%		67%		76%	75%	79%	79%	73%	73%	72%			
	Treated effluent discharge to surface water course <sup>2</sup>	Million cubic metres	3.2		2.7		3.0		2.7	2.7	2.3	2.3	2.2	2.2	1.8			
	Effluent discharge to offsite treatment plant <sup>2</sup>	Million cubic metres	1.2		0.9		1.0		0.8	0.7	0.6	0.6	0.7	0.7	0.9			
	Total effluent discharge <sup>2</sup>	Million cubic metres	4.4		3.6		4.0		3.4	3.4	2.9	2.9	2.9	2.9	2.7			
	Environmental prosecutions	No.	0		0		0		0	0	0	0	0	0	0			
	% effluent compliance to the Roadmap to Zero standards	%	63.00%		74.00%		82.00%		99.76%		99.83%		99.85%		99.97%	100%		
	Investment in effluent treatment plants and technology	Million \$	4.6		1.5		2.2		1.5		0.3		1.1		4.1			
	Total waste generated <sup>2</sup>	Tonnes	23,834		17,202		22,117		17,413	17,055	15,168	14,869	17,833	17,444	18,460			
	Hazardous waste generated <sup>2,4</sup>	Tonnes	7,784		4,085		5,810		3,931	3,931	3,440	3,440	3,755	3,755	3,684			
	Waste as % of Finished Goods Produced <sup>2</sup>	%	26.3%		23.1%		23.7%		14.5%	14.6%	14.8%	14.7%	16.0%	15.7%	17.3%			
	Reused or recycled waste <sup>2</sup>	% of waste	65%		62%		68%		55%	55%	59%	59%	68%	68%	69%			
	Waste going to landfill <sup>2</sup>	Tonnes	3,602		3,442		2,872		2,296	2,102	1,449	1,359	288	237	0	0	0	
	% of waste going to landfill <sup>2</sup>	%							13.2%	12.3%	9.6%	9.1%	1.6%	1%	0%			
	% units sending zero waste to landfill <sup>2</sup>	%	56%		52%		47%		59%	60%	48%	58%	25%	78%	0%			
<b>PEOPLE</b>	Permanent employee headcount <sup>5</sup>	No.	17,725		17,943		18,811		16,243		15,364		16,000		15,664			
	Permanent employee average tenure	Years	11.1		10.3		9.7		9.9		9.8		8.8		9.7			
	Permanent employee turnover	%	25%		20%		23%		36%		19%		21%		16%			
	Permanent employee turnover (voluntary)	%							19%		13%		17%		12%			
	Permanent employee turnover (involuntary)	%							17%		7%		4%		4%			
	Temporary Employee Headcount	No.			3,163		4,104		3,692		3,528		4,068		3,974			
	Total senior leadership headcount	No.							182		165		177		191			
	% female permanent employees	%	41%		42%		42%		37%		39%		40%		38%			
	Female senior leadership headcount	No.							38		38		53		63			
	% of females in senior leadership	%	24%		22%		23%		19%		23%		30%		33%	30%		

# Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED <sup>1</sup>	2020	2020 RESTATED <sup>1</sup>	2021	2021 RESTATED <sup>1</sup>	2022	2022 RESTATED <sup>1,2</sup>	2023	2023 RESTATED <sup>1,2</sup>	2024	2024 RESTATED <sup>1,2</sup>	2025	2026 TARGETS	2030 TARGETS	
 <b>PEOPLE</b>	% female Board members	%	33%		40%		50%		44%		44%		44%		40%			
	Employee engagement score	%					83%				79%		85%		86%			
	Safety training	Hours/employee			23.0		29.0		29.8		30.0		29.7		30.7			
	Sites accredited to OHSAS 18001	No.			7		7		0		0		0		0			
	Sites accredited to ISO 45001	No.			4		5		14		14		15		23			
	Near misses reported	No.			1,320		1,765		1,566		1,291		1,267		1,075			
	Near miss reporting rate	No./100 FTE			6.1		6.6		6.6		6.7		6.28		5.25			
	Hazards reported	No.			35,083		47,400		46,658		44,048		48,845		44,328			
	Hazard reporting rate	No./100 FTE			162.0		179.0		197.7		229.2		242.2		216.4			
	Improvement actions completed	No.			39,689		54,228		52,460		42,410		53,150		61,567			
	Improvement actions completion rate	No./100 FTE			183		204		222		221		264		301			
	Work related incident rate	Incidents/100 FTE					0.45		0.37		0.45		0.37		0.35			
	Number of recordable incidents	No.		127		129		120		87		87		75		71		
	Average lost days per lost time incident	Days		19.6		24.3		20.7		14.5		20.2		25.9		27.3		
	Total lost days from incidents	Days		1,567		1,699		1,916		754		1,209		1,375		1,038		
	Lost time case rate	Lost time incidents/100 FTE		0.30		0.36		0.34		0.22		0.31		0.26		0.19		
	Work related fatalities	No.			0		0		0		0		1 (Contractor)		0			
	Health & safety prosecutions	No.			0		0		0		0		0		0			
	Commuting incident rate	Incidents/100 FTE			0.37		0.37		0.38		0.30		0.32		0.31			
	Number of commuting incidents	No.			80		98		90		57		65		63			
Total workforce headcount (for 'Great Place to Work' calculation)	No.							19,441		18,404		19,553		19,101				
Workforce with a 'Great Place to Work' certification	No.							16,719		16,058		18,616		19,003				
% of workforce with 'Great Place to Work' certification	% workforce			6%		83%		86%		87%		95%		99%	88%			
Permanent employees subject to a collective agreement	%		43%		46%		53%		49%		51%		59%		48%			

## Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED <sup>1</sup>	2020	2020 RESTATED <sup>1</sup>	2021	2021 RESTATED <sup>1</sup>	2022	2022 RESTATED <sup>1,2</sup>	2023	2023 RESTATED <sup>1,2</sup>	2024	2024 RESTATED <sup>1,2</sup>	2025	2026 TARGETS	2030 TARGETS
	Permanent employees that are members of a union	%	43%		47%		40%		43%		44%		40%		41%		
	Diversity in employees	No. of nationalities	60		60		62		55		49		52		54		
	Diversity in senior managers	No. of nationalities	31		31		32		29		29		32		30		
 <b>OTHER</b>	Employees completing compliance training	No.	>4,000		>4,200		>4,700		>2,500		>5,000		4,946		3,195		
	Employees completing modern slavery training	No.	3,828		699		>700		>2,500		>5,000		4,940		606		
	Number of colours dyed	Thousand	176		158		179		184		188		200		211		
	Number of dye batches produced	Million	3.8		3.1		3.8		3.8		3.6		4		4		
	Direct economic value generated and distributed	\$ million	1,396		1,166		1,508		1,614		1,405		1,504		1,476		
	% economic value distributed to suppliers	%	60%		62%		60%		61%		57%		57%		55%		

## FOOTNOTES

<sup>1</sup> Scope 1 and 2 emissions have been restated for 2019 to 2024 to reflect the sale of the Americas yarns business and associated Toluca facility closure and transfer of emissions calculations from a manual Excel spreadsheet to the use of Normative carbon accounting software.

<sup>2</sup> Energy, water and waste data has been restated from 2022 to 2024 to reflect the sale of the Americas yarns business and associated Toluca facility closure.

<sup>3</sup> Scope 3 methodology. Scope 3 emissions are calculated annually using multiple sources for data (base activity data comes from internal data sources and conversion factors are generated from various sources, including suppliers, life cycle assessment data providers and industry data sources). The most critical data, covering primary raw materials, is largely sourced from suppliers. Each Scope 3 category is calculated with the best available set of data sources, and is consistent over the reported years in this table.

<sup>4</sup> Hazardous waste includes all of the following categories: dyes, chemicals, solid and aqueous sludge, fuels, oils, toner cartridges, hazardous packaging waste, hazardous cleaning cloths, items containing CFCs, HCFCs & HFCs, batteries, inorganic waste, organic waste, laboratory waste, medical waste, construction materials containing asbestos, fluorescent tubes, paints, inks, adhesives, resins and electrical and electronic equipment.

<sup>5</sup> Permanent headcount includes JV operations in China so the numbers don't reconcile exactly to the statutory headcount in the Annual Report.

## Independent Practitioner's Assurance Report

Ernst & Young LLP ('EY') was engaged by Coats Group plc ('the Company') to perform a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and ISAE 3410: Assurance Engagements on Greenhouse Gas Statements, to report on Coats Group Plc (Appendix A) selected sustainability (the 'Subject Matter') presented in Appendix A. In preparing the Subject Matter, the Company applied the basis of reporting as set out on Coats' website (the 'Criteria').

The Subject Matter is listed in Appendix A. Other than as described in the preceding paragraph we did not perform assurance procedures on any other information included in the Sustainability Report, and accordingly, we do not express an opinion or conclusion on any information, other than the sustainability metrics listed in Appendix A.

### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria.

### Emphasis of matter – exclusion of Ortholite, the newly acquired entities sustainability data

As disclosed in the 'Sustainability KPIs' page the reporting of sustainability KPIs, excludes information relating to the newly acquired business, OrthoLite Holdings LLC. Accordingly, the KPIs within EY's assurance scope does not represent the performance of the entire Coats Group plc group as of 31 December 2025.

Our conclusion is not modified in respect of this matter.

### Basis for our conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as promulgated by the International Auditing and Assurance Standards Board (IAASB) and the terms of our engagement letter dated 23 July 2025 as agreed with Coats Group plc.

In performing this engagement, we have applied International Standard on Quality Management ('ISQM') 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and other ethical requirements of the Institute of Chartered Accountants of England and Wales ('ICAEW') Code of Ethics (which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ('IESBA')). We are the independent auditor of the Company and therefore we will also comply with the independence requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities.

### Responsibilities of the Company

The Subject Matter needs to be read and understood together with the Criteria. The directors of the Company are solely responsible for:

- the selection of the Subject Matter to be assured;
- selecting suitable Criteria against which the Subject Matter is to be evaluated and ensuring the Criteria is relevant and appropriate;
- preparing and presenting the Subject Matter in accordance with the Criteria; and
- designing and implementing internal controls and other processes they determine is necessary, to enable the Subject Matter to be free from material misstatement, whether due to fraud or error.

### Responsibilities of Ernst & Young LLP

It is our responsibility to:

- plan and perform the engagement to obtain limited assurance in respect of whether the Subject Matter has not been prepared in all material respects in accordance with the Criteria;
- form an independent conclusion on the basis of the work performed and evidence obtained; and
- report our conclusion to the directors of the Company.

### Our approach

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, as promulgated by the International Auditing and Assurance Standards Board (IAASB).

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

[> Continues on next page](#)

## Independent Practitioner's Assurance Report

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Because a limited assurance engagement can cover a range of assurance, the detail of the procedures we have performed is included below, so that our conclusion can be understood in the context of the nature, timing and extent of procedures we performed:

1. Interviewing a selection of the Group's management to understand the processes of data collection through to reporting for each KPI within the public assurance scope, as well as to understand the ESG performance during the reporting year.
2. Performing analytical testing on the Subject Matter and carried out the following activities to assess the Subject Matter:
  - a. Undertaking analytical review procedures to understand the appropriateness of the data.
  - b. Performing testing, on a risk-based sample basis, against underlying source information to check the accuracy and completeness of the data and the appropriate application of the Criteria.
3. Understanding the assumptions used by management, obtaining explanations for the rationale and assess whether the assumptions used are appropriate and have been consistently applied in the preparation of the Subject Matter.
4. Conducted on-site visits at the most material locations to obtain an understanding of the local data collection and reporting environment, observe key controls in operation, perform walkthroughs of end-to-end data flows, engage with site management to assess the application of Group reporting guidelines, and verify the traceability of selected data points to underlying source records.
5. We also performed such other procedures as we considered necessary in the circumstances.

### Inherent limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter. Because there is not yet a large body of established practice upon which to base measurement and evaluation techniques, the methods used for measuring or evaluating non-financial information, including the precision of different techniques, can differ, yet be equally acceptable. This may affect the comparability between entities, and over time.

Our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate.

### Use of our report

This report is produced in accordance with the terms of our engagement letter dated 23 July 2025 and the addendum to the engagement letter dated 13 February 2026, solely for the purpose of reporting to the directors of Coats Group plc in connection with the Subject Matter for the period ended 31 December 2025.

Those terms permit disclosure on Coats' website, solely for the purpose of Coats Group plc showing that it has obtained an independent assurance report in connection with the Subject Matter.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our work, for this report, or for the conclusions we have formed. This engagement is separate to, and distinct from, our appointment as the auditor to the Company.

**Ernst & Young LLP**  
**5 March 2025**  
**Luton, United Kingdom**

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# Independent Practitioner’s Assurance Report

## Appendix A

EY’s assurance procedures related to the legal structure of Coats Group plc, before the acquisition of OrthoLite Holdings LLP on 29 October 2025.

The ‘Subject Matter’ Information comprises the following data:

KPI	Units
Scope 1 GHG emissions footprint	thousand tonnes CO2e
Scope 2 GHG emissions footprint (location-based)	thousand tonnes CO2e
Scope 2 GHG emissions footprint (market-based)	thousand tonnes CO2e
% reduction in Scope 1 & 2 GHG emissions footprint (since 2022)	%
Scope 3 – Category 3 emissions footprint	thousand tonnes CO2e
Total materials purchased by Coats	tonnes
Total preferred materials purchased by Coats	tonnes
% preferred materials purchased by Coats	%
Total water used	Million cubic meters
Total water recycled	Million cubic meters
% of water recycled	%
Total waste generated	tonnes
Waste going to landfill	tonnes
% of waste to landfill	%
% effluent compliance to the Roadmap to Zero standards	%
Total workforce headcount	Number
Workforce with ‘Great Place to Work’ or equivalent certification	Number
% employees in units covered by ‘Great Place to Work’ certification	%
Total senior leadership headcount	Number
Female senior leadership headcount	Number
% of females in senior leadership	%

