



Coats Group Plc

Sustainability Metrics – Basis of Reporting

Document owner	Reviewed and approved by	Date issued/ reviewed	Effective from	Next review	Next independent review
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1.0 Introduction

This document provides definitions and methodologies for reporting of sustainability Key Performance Indicators (KPIs) which have targets set under our 2023 to 2026 sustainability framework. In total, we have 7 defined KPIs which sit under the 5 strategic pillar framework of Energy, Materials, Water, Waste and People as outlined in the below table.

Sustainability Pillar	Metric
Energy	% reduction in Scopes 1&2 emission
Materials	% non-virgin oil-based materials
Water	% water recycled
Waste	Zero waste to landfill
	% Effluent compliance to Roadmap to Zero standards
People	% employees in units covered by Great Place to Work certification
	% of females in senior leadership positions

Additionally, we have included basis of reporting for Scope 3 Category 3 (Upstream Energy) emissions disclosures.

2.0 Reporting Frequency

We report on these KPIs internally on a monthly basis where year to date delivery is measured and reported, and report publicly on an annual basis as part of our annual Sustainability Report.

3.0 Scope of Reporting

We apply an operational control boundary on all ESG metrics, with the exception of our Energy pillar (% reduction in Scope 1&2 emissions) where, as per GHG Protocol guidelines we account for emissions based on the “equity share” approach to boundary setting for Science Based Target (SBT) accounting as this means we are closest to our financial accounting approach.

For all the business units that are fully consolidated into Coats Sustainability reporting, Coats fully directs operations and has full financial control even though there might be minority shareholders. In the case of the Joint Ventures (JV) we have joint control as our JV partners are involved in financial and other decision making. For this reason, Joint Ventures are not fully consolidated into the company accounts, and an “equity share” approach is therefore applied to emissions reporting.

ESG metrics under the Materials, Water and Waste Pillars are reported 100% under operational control approach for all locations, including the JVs. For the People Pillar, we do not include JV employees.

ESG data from company acquisitions are incorporated into Coats Sustainability reporting within 12 months from the point at which financial control takes place. It is our intention to include OrthoLite data in our FY26 reporting.

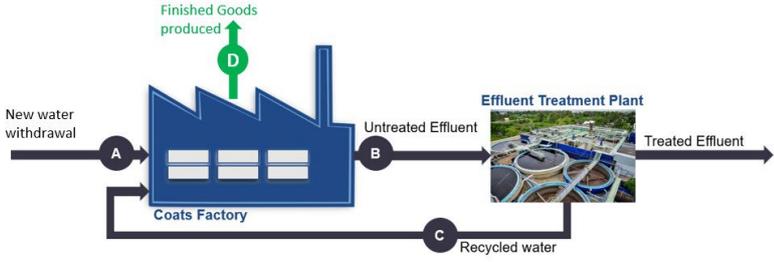
Data relating to business units which have been closed will continue to be reported until operations have ceased, or the property is either sold or returned to the landlord. Data from closed business units will be included in all retrospective reporting.

Data relating to business units from Coats companies which have been sold will be excluded from current and retrospective sustainability reporting. A reporting restatement will take place if a 5% materiality level is reached as a result of any data exclusion.

4.0 Definitions of Metrics

Sustainability Pillar / Metric Name	Details
<p>Energy Pillar</p> <p>Metric Scope 1&2 emissions; Scope 3 (Category 3) emissions</p> <p>2026 Target 22% reduction in scope 1&2 emissions from 2022 baseline</p>	<p>Metric Definition Tonnes of CO2e Scope 1 and 2 emissions, and Scope 3 (Category 3) emissions. We use the Greenhouse Gas (GHG) Protocol Corporate Standard to guide our reporting of Scope 1, Scope 2, and Scope 3 Carbon Dioxide equivalent (CO2e) emissions. We report emissions where we have Financial Control and include CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3 within our CO2e emission reporting. For Scope 2, we report both location based and market based emissions, however it is the market based emissions which is used as the basis for determining emissions reduction.</p> <p>Metric Data Sources</p> <ul style="list-style-type: none"> - Energy consumption data is collected from all business units on a monthly basis with kWh unit of measure across all energy sources. Local calorific conversion factors are used as appropriate to convert fuels from local units of measure into kWh. - Energy consumption is aligned to invoices for local suppliers. - Department for Energy Security and Net Zero (DESNZ) emissions conversion factors will be used to calculate Scope 1 emissions; and International Energy Agency (IEA) emissions conversion factors are used to convert kWh energy consumption into Scope 2 CO2e emissions data. - Scope 2 market-based emissions are calculated using the residual emission factors for all the locations where these factors are available in line with GHG protocol guidance. Residual emissions are determined taking into account Energy Attribute Certificates (EACs). - Refrigerant gas weights for fugitive emissions are supplied directly from local business units and incorporated into Scope 1 emissions calculations. - For Biogenic, N2O and CH4 emissions are included in Scope 2 Location Based and Market Based reporting. The emissions are associated with our purchase of steam energy at certain business units (to heat production machines), where the

	<p>steam is generated using biomass by a third party supplier. Coats does not generate Scope 1 biogenic emissions at any business unit.</p> <ul style="list-style-type: none"> - Scope 3 (Category 3) emissions cover the emissions associated with Well to Tank (WTT) fuels used in Scope 1 calculations, and purchased electricity used in Scope 2 calculations. WTT Fuels emissions are calculated through the application of WTT Fuels DESNZ V1.0 (2025), while WTT Electricity emissions are calculated through the application of country-based IEA (2025) factors, covering both electricity generation and transmission & distribution losses. <p>Scope, Assumptions and Exclusions</p> <p>Scope covers all units over which Coats exert financial control. We have 2 business units which operate as Joint Ventures (Faridabad in India, and JYSC in China) and their emissions are apportioned to Coats based on ownership equity.</p> <p>Where leased or owned car mileage is required, a distance of 12,000 miles per annum per vehicle is assumed and applied in relevant emissions calculations. This distance is aligned with the UK’s HMRC main tax threshold for claimed business mileage (10,000 miles) in the Approved Mileage Allowance Payments (AMAP) system, with a 20% buffer applied given the more frequent usage expected for company owned vehicles.</p>
<p>Materials Pillar</p> <p>Metric % preferred primary raw materials</p> <p>2026 Target 60% preferred primary raw materials</p>	<p>Metric Definition</p> <p>Preferred primary raw materials are those derived from non-virgin oil-based constituents or from sustainable plant-based sources. We classify materials into 5 sustainability attribute groups as follows;</p> <ul style="list-style-type: none"> - Virgin (considered non-preferred) Where material constituents are derived from virgin oil. For example virgin polyester, virgin nylon, virgin aramid etc. - Renewable (considered preferred) Where materials constituents are plant based. For example cotton and man-made cellulosic fibres. - Recycled Circular (considered preferred) Where material constituents are recycled on a circular basis. For example from textile or bio waste. - Recycled Others (considered preferred) Where material constituents are recycled on a non-circular basis. For example from PET bottles or other industrial by-product or post-consumer waste. - Bio (considered preferred) Where material constituents are derived from bio-based means. For example, synthetic polymeric fibres where constituent monomers have been generated from bio technologies. For example from rice husks, corn, sugar etc. <p>The % preferred primary raw materials metric is determined based on the weight (Kgs) of preferred materials goods receipted into a Coats facility as a percentage of the total weight (Kgs) of materials receipted into a Coats facility for the financial year and for material groups which are considered in-scope.</p> <p>Metric Data Sources</p> <p>Data for measurement of preferred primary raw materials is derived from our Enterprise Resource Planning (ERP) systems. The base level data is goods receipt transaction data at product material code level with associated goods receipt volumes (Kgs).</p> <p>Scope, Assumptions and Exclusions</p> <p>Our scope for materials transition is designed to cover our primary raw materials. Every material code links to a material group, and we have determined in-scope materials groups which are considered for reporting of this metric. For Performance Materials and Apparel Divisions, dyestuff, chemicals and make-up materials, and for Footwear Division, products that are <5% of formulation are considered out of scope for measurement of preferred materials.</p>
<p>Water Pillar</p>	<p>Metric Definition</p> <p>Water that is recycled for reuse as a percentage of total water consumed for the financial reporting period. Unit of measure is Cubic Metres (Millions).</p>

<p>Metric Water recycling rate</p> <p>2026 Target 33% increase in water recycling rate</p>	 <p>In reference to above Diagram, we measure this as follows;</p> $\frac{\text{Volume of recycled water (C)}}{\text{Volume of new water withdrawal (A) + Volume of recycled water (C)}}$ <p>Metric Data Sources New water withdrawal data and water recycling data is collected at business unit level using a combination of meter readings and supplier invoices.</p> <p>Scope, Assumptions and Exclusions All sites under operational control considered in-scope. Operational control covers those units where we have financial control and 100% of our Joint Ventures.</p>
<p>Waste Pillar</p> <p>Metric Waste to Landfill</p> <p>2026 Target Zero Waste to Landfill</p>	<p>Metric Definition % Reduction in weight of waste to landfill from our 2022 baseline.</p> <p>Metric Data Sources Waste data is recorded at site level on a monthly basis. Within this, we record waste by destination, and focus for this metric is specifically on the weight (Tons) of waste sent to landfill.</p> <p>Scope, Assumptions and Exclusions All sites under operational control considered in-scope. Operational control covers those units where we have financial control and 100% of our Joint Ventures.</p> <p>Selected hazardous wastes (including medical and asbestos) which have regulated treatment and disposal pathways, plus wastes where regulation mandates the use of controlled landfill, are excluded from our Zero Waste to Landfill measurement.</p>
<p>Waste Pillar</p> <p>Metric Effluent Compliance (Roadmap to Zero programme)</p> <p>2026 Target 100% Compliance</p>	<p>Metric Definition Effluent compliance is a measure of the sum of individual wastewater and sludge parameters analysed across the H1 and H2 reporting windows, within a given year, that have achieved their minimum ZDHC foundational limit, expressed as a percentage of all of the wastewater and sludge parameters analysed in the same time period.</p> $\% \frac{\sum n(\text{All wastewater parameters achieving ZDHC foundational limit}) + \sum n(\text{All sludge and leachate parameters achieving ZDHC foundational limit})}{\sum n(\text{All wastewater parameters}) + \sum n(\text{All sludge and leachate parameters})}$ <p>Metric Data Sources The dataset applied to the compliance calculation comprises the combined number of parameters in all the H1 and H2 laboratory test reports that have been uploaded to the ZDHC Gateway for a given year. An exemption is made where a unit that is closed (rather than divested) in a given year has their test results excluded from the calculation.</p>

	<p>Note</p> <p>(i) The total number of parameters which form the combined sum are taken from the expected number of reported parameters for each site’s H1 and H2 test in a given year. In the event that a unit fails a parameter and instructs resampling, the total number of analyses used to calculate compliance from that unit is <u>not</u> the combined number of analyses from the two reports (<i>i.e.</i> two sets of samples) but only the number from the report that is uploaded to the ZDHC Gateway.</p> <p>(ii) Leachate extraction is not to be counted as an additional parameter: Where a sludge sample value exceeds the foundational limit, a second analysis is automatically conducted by the ZDHC approved laboratory on the leachate component. For reporting purposes this should be viewed as a two stage assessment for a single parameter and is not to be considered an additional parameter for compliance purposes.</p> <p>The number of individual parameters for wastewater and for sludge, and the corresponding foundational limit value, are detailed in latest version of the ZDHC Wastewater Guidelines;</p> <p>https://downloads.roadmaptozero.com/output/ZDHC-Wastewater-Guidelines (as of 1st November 2022, V2.1 (November 2022))</p> <hr/> <p>Scope, Assumptions and Exclusions</p> <p>This metric is only applicable to units who manufacture apparel and/or footwear finished goods, and then subsequently only those who meet the qualifying criteria of the latest version of the ZDHC Wastewater Guidelines;</p> <p>https://downloads.roadmaptozero.com/output/ZDHC-Wastewater-Guidelines (as of 1st November 2022, V2.1 (November 2022))</p> <p>The Coats units that are currently excluded from the ZDHC programme include:</p> <ul style="list-style-type: none"> • all offices and warehouse facilities; • units which only manufacture Performance Materials finished goods; • units which undertake no wet processing (<i>e.g.</i> Spinning & Twisting sites); • units which undertake wet processing but on average discharge less than 15m³/d; however sites are scoped in if their average discharge has the potential to exceed 15m³/d based on production changes; • units for whom, on the first day of given reporting window, there is no approved laboratory available according to the ZDHC Approved Laboratories list: https://www.roadmaptozero.com/landingpage/lab-certifier-accreditation https://knowledge-base.roadmaptozero.com/hc/en-gb/articles/4403500078481-ZDHC-Approved-Wastewater-Laboratories. <p>(Note: H1 = 1st November and H2 = 1st May)</p>
<p>People Pillar</p> <p>Metric % Employees Covered by Country level Great Place to Work Certification</p> <p>2026 Target 88% Employees Covered by Country level Great Place to Work Certification</p>	<p>Metric Definition % Employees Covered by Country level Great Place to Work Certification</p> <hr/> <p>Metric Data Sources Employee data supplied from our Human Resources Information System, and Great Place to Work certificates available at country level.</p> <hr/> <p>Scope, Assumptions and Exclusions Headcount data is taken as a snapshot as of 31st December in the year, and excludes headcount associated with any acquisition within the reported calendar year.</p>

	<p>Only permanent employees are surveyed but for calculation, both permanent and contractual individuals are included. JV employees and contingent workers are not included in-scope.</p> <p>As a general approach, Countries with an employee headcount greater than 100 are considered in scope, however management reserve the right to exclude countries with greater than 100 employees from inclusion in the survey in the event that we have already surpassed our group target. On such occasions, the headcount of those employees excluded from the survey is still included in the total group number of employees.</p> <p>In some cases, where countries have an employee headcount less than 100, but the country has been considered as strategically important for Coats, such countries are considered in scope.</p>
<p>People Pillar</p> <p>Metric % female in Senior Leadership roles</p> <p>2026 Target 30% female in Senior Leadership roles</p>	<p>Metric Definition % of females holding roles at Coats which are assigned at Group Executive Team (GET), band 1, band 2 and band 3.</p> <hr/> <p>Metric Data Sources Data supplied from our Human Resources Information System, with exception of JV employees and contingent workers who are excluded from scope.</p> <hr/> <p>Scope, Assumptions and Exclusions Covers all Group Executive Team and band 1, band 2 and band 3 employees contracted on either full-time or part-time basis.</p> <p>While data will be monitored on a month by month basis throughout the year, our final annual target will be based on the % females in leadership (GET to Band 3) as of 31st December each year.</p>