



# UNDUE INFLUENCE POLICY

**POLICY OWNER/ ISSUED BY**  
Chief Legal & Risk Officer and Group  
Company Secretary

**APPROVED BY**  
Group Executive Team on behalf  
of the Board of Directors

**DATE ISSUED/ REVIEWED**  
December 2025

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# 1. INTRODUCTION & PURPOSE

The purpose of this policy is to ensure that Coats complies with the US Consumer Product Safety Improvement Act 2008 by not applying undue influence to the laboratories used to conduct testing of children’s products.

For the purposes of this policy, all companies within the Coats Group plc group will be referred to as ‘Coats’ or the ‘Company’.

As a supplier to manufacturers whose products might be imported to the United States, Coats has various responsibilities under the US Consumer Product Safety Improvement Act 2008 (CPSIA) for ensuring children’s products meet the requirements of the CPSIA. Testing and certification of children’s products are important parts of the process of compliance. Such compliance testing must be carried out by a laboratory which is accepted and accredited by the US Consumer Product Safety Commission (CPSC).

By law, Coats must not apply undue influence on what the law calls “third party conformity assessment bodies”. These bodies are the testing laboratories Coats uses to conduct testing of children’s products and must be CPSC accepted and accredited, unless subject to an exception. Coats will break the law if it applies undue influence to produce favourable testing results for us.

Although, the law does not provide a definition of “undue influence”, it is Coats’ policy that any action or statement that undermines the credibility and validity of the testing process, used for the certification of children’s products, is undue influence. Coats should report any breaches in accordance with the procedure below.

All reported incidents of undue influence will be promptly and fully investigated.



# 2. TRAINING

Coats’ policy is to train all employees who interact with testing laboratories to make certain that no one engages in actions, or makes statements, that will be considered undue influence. If Coats changes its undue influence policy, then Coats shall retrain all the employees who interact with testing laboratories regarding those changes.



In accordance with the requirements imposed upon Coats by CPSC, all employees who are trained will be required to sign a statement attesting to that training.



# 3. PROCEDURE

All Coats employees have a responsibility to report undue influence, even though it may be difficult or uncomfortable to do so. Where appropriate, Coats will keep such reports confidential. Coats must not tolerate any retaliation against employees for reporting an incident or participating in or cooperating with any investigation of an undue influence report.

Such incidents should be reported to your immediate supervisor.

If an employee is uncomfortable with reporting the incident to their supervisor, for whatever reason (for example, that supervisor is involved in the incident of possible undue influence), then the incident should be reported to a higher senior manager or by sending an email through the confidential internal Ethics Inbox at [ethics@coats.com](mailto:ethics@coats.com), voicemail to the Coats Ethics Concerns Voicemail by dialling +442082105088 from any phone or submitting a report to the external Speak Up channel ('Coats EthicsPoint') at <http://coats.ethicspoint.com/>. All disclosures to the Ethics Inbox, the Coats Ethics Concerns Voicemail and Coats EthicsPoint will be dealt with according to the highest levels of confidentiality, anonymity (if permitted by local laws) and impartially (please refer to the [Speak Up \(Whistleblowing\) Policy](#)).

Coats can, if it deems it appropriate and necessary, report incidents of undue influence confidentially directly to the CPSC on:

- **Phone:** (800) 638-2772 or (800) 638 8270.
- **Website:** [www.cpsc.gov](http://www.cpsc.gov)
- **Address:** U.S. Consumer Product Safety Commission 4330 East West Highway. Bethesda, MD 20814 United States of America



Supervisors and managers should immediately inform the Anti-corruption Officer, who will oversee the conduct of the investigation. Supervisors and managers should refrain from conducting their own investigation.



## 4. WHEN UNDUE INFLUENCE HAS BEEN FOUND TO HAVE OCCURRED

Where an employee has been found guilty of engaging in undue influence, disciplinary action shall be taken against them in accordance with Coats' policies for employee disciplinary actions. As appropriate under the circumstances, the disciplinary action may range from a written or verbal warning up to and including termination of employment.

Coats will take all appropriate actions to correct the situation including retesting of the products and retraining of employees.





# CONTACT

For questions, feedback, or further information regarding this code, please contact Jeffrey Soal at [Jeffrey.Soal@coats.com](mailto:Jeffrey.Soal@coats.com).

**Coats Group plc**

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

<https://www.coats.com/en/>

# REVISION HISTORY

REVISION DATE	DESCRIPTION OF CHANGES	REVISED BY
23 February 2025	<ul style="list-style-type: none"><li>• Addition of 1. Purpose</li></ul>	Jeffrey Soal
December 2025	<ul style="list-style-type: none"><li>• Revamp of this policy in the new format</li></ul>	Avinash Kumar and Fernanda Insua