SUSTAINABILITY REPORT 2023

Coats Group plc

Sustainability Report 2023

About this report

The information in this report covers the period from 1 January 2023 to 31 December 2023. Unless otherwise specified, data relates to all operations owned and controlled by Coats Group Plc and joint ventures.

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, including key policies that are available for download.

With our new 2023 to 2026 sustainability targets set at the end of 2022, the reporting on sustainability performance in this report includes the Texon and Rhenoflex businesses that we acquired in 2022 and excludes the European zips businesses and Mauritius and Madagascar which were divested in 2023.

2022 is the baseline for our current targets and so has been restated to include the footwear acquisitions and exclude the divestments made in 2023. On emissions reporting, we have restated our 2019 baseline and subsequent years on the same basis across all Scopes 1, 2 & 3 emissions categories.

In 2023 we commenced assurance of our core 7 sustainability metrics, giving assurance of our 2022 baseline and 2023 performance. It is our intention to transition to public limited assurance at the point of reporting of our full year 2024 performance on these metrics.

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 again we have 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.

ABOUT COATS

Coats at a Glance

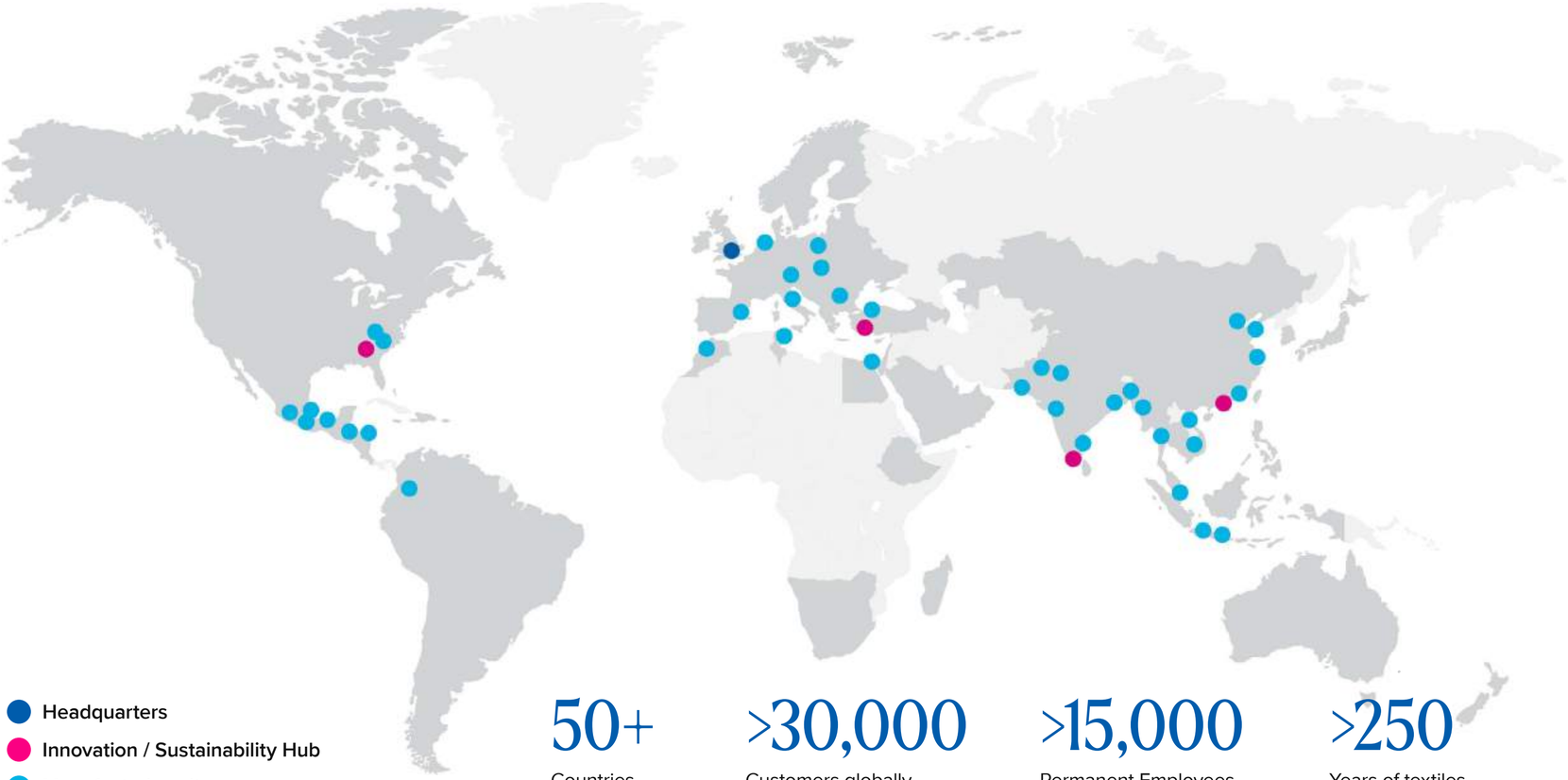
Coats is a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials.

These critical solutions are used to create a wide range of products, including ones that provide safety and protection for people and the environment. Headquartered in the UK, Coats is a FTSE250 company and a FTSE4Good Index constituent.

Our products are sold in over 100 countries with digital platforms enabling us to serve customers wherever they are located. We employ more than 15,000 permanent staff across six continents and operate in approximately 50 countries, offering an unrivaled global footprint

We work with more than 30,000 apparel and footwear manufacturers and 4,000 retailers and brands globally, as well as with 8,500 performance materials customers.

In 2023 our group revenue was $1,394 million with operating profit of $184 million.



- Headquarters
- Innovation / Sustainability Hub
- Manufacturing site
- Presence in market

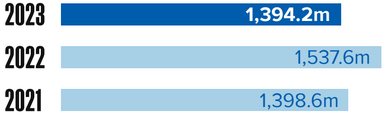
50+
Countries

>30,000
Customers globally

>15,000
Permanent Employees

>250
Years of textiles experience

Revenue ($m)



Operating profit ($m)

Welcome from our Group Chief Executive

"2023 was the first year of delivery on our new 2026 sustainability targets, and I am pleased to say that the strong progress achieved during our previous 2019 to 2022 target period has continued this year."

2023 HIGHLIGHTS

39%
REDUCTION IN SCOPES 1 & 2 GHG EMISSIONS

37%
REDUCTION IN WASTE TO LANDFILL

25
TOP GPTW* WORLD'S BEST WORKPLACES™ 2023
* Great Place To Work

Continues on next page

Welcome from our Group Chief Executive cont.

> The new targets are tightly focussed on our key material issues and reflect the areas in which we can deliver the greatest impact to all of our stakeholders while also underpinning our company strategy. Sustainability is an integral part of all decision making at Coats."

Rajiv Sharma
Group CEO

Our new divisional structure, introduced after the footwear component acquisitions made in 2022, has enabled us to have dedicated, specialist sustainability teams for each manufacturing profile and their supply chain.

A lot of work during this year has been focussed to ensure that the footwear component businesses have been embedded into our sustainability strategy and targets, including extensive work to re baseline our Scopes 1, 2 & 3 GHG emissions to reflect acquisitions and disposals made since 2019.

With global CO_2 levels continuing to climb and extreme weather events becoming more frequent and severe, managing our climate impact and understanding the climate risks and opportunities for our business continue to be at the forefront of our sustainability strategy. Our Net Zero targets were submitted to the Science-based Targets initiative (SBTi) at the beginning of 2023, and are still pending approval, due to the significant increase in submissions that they have experienced. Our re-baselining of our short term targets is also likely to take considerable time for them to review and approve, but that will not stop us from continuing to make progress on delivering our emissions reduction plans. Our absolute Scopes 1 and 2 emissions have dropped significantly during 2023 due to lower production levels caused by continued destocking in the textile supply chain. However, beyond that volume impact we have made considerable progress in decarbonising our Scope 2 energy and hence our Scopes 1 & 2 emissions intensity on a like-for-like basis when compared to 2022 has dropped by 29%.

We have also continued to make substantial further progress on our material transition journey, which is the principal lever we have towards delivering Scope 3 emissions reductions. We have increased the percentage of sustainable materials in our products from 25% to 29%. This has been mainly achieved through greater use of recycled polyester fibres and filaments in our thread products. The footwear component business is ahead of the rest of the Group in terms of the material transition, but has suffered in 2023 by reduced demand for cellulosic components due to supply chain destocking, and this has slowed the rate of materials transition in the Footwear Division through 2023.

Supporting the health and wellbeing of our employees and their families remains a key goal for us and during 2023 we have introduced a number of new initiatives under our 'Energy 4 Performance' programme, as well as continuing to develop existing programmes. Mental health especially is a major focus for us and we continued to develop our policies and procedures in this area. Providing information and training sessions and ensuring that our employees are clear about the support that we can provide is key to moving this agenda forward. These activities, along with many others around diversity and inclusion, appreciation, the continued provision of fair pay, and career development, collectively result in our excellent levels of employee engagement and enable us to deliver on our goal of ensuring as many employees as possible are operating at locations which have been granted the Great Place to Work (GPTW) certification. This year not only have we achieved 87% GPTW coverage, in addition we ranked 19th in the GPTW Best Workplace in Asia list. I am delighted and incredibly proud that Coats has been recognised in the World's 25 Best Workplaces list, by Fortune magazine and GPTW. As one of only two listed UK companies receiving this accolade it reflects the dedication and passion that exists across Coats to ensure that our workplaces meet the highest standards across multiple measures.

Welcome from our Group Chief Executive cont.

Operational safety continues to be a major priority for us. Areas of focus in 2023 have been on upgrading our risk assessment and mitigation process for high risk machinery, building and extending our use of Artificial Intelligence (AI) enabled cameras to identify behavioural risk improvement opportunities, using our comprehensive incident, near miss and hazard reporting and investigation system to deliver data driven insights and a heightened commuting safety programme as part of our Journey to Zero safety activities.

I am very happy to reconfirm our strong commitment to the United National Global Compact (UNGC) and the 10 UNGC principles, covering Human Rights, Labour, the Environment and Anti-corruption, and we have been and will continue to strive to implement these principles across our operations and in our wider supply chain. We have identified 8 Sustainable Development Goals (SDGs) where our activities can help support delivery and we continue to ensure that our activities are aligned with the delivery of these goals. As in previous years this report acts as our UNGC Communication on Progress (COP) for the last year and also contains a wider overview of all of our progress on sustainability issues.

Overstocking in the textile supply chain and consequent low activity levels have made 2023 a challenging year, but I am very proud that in these difficult circumstances we have continued to make solid progress on our sustainability strategy and I am confident that, while 2024 might be no less turbulent, we are well positioned to continue this journey.

"I am delighted and incredibly proud that Coats has been recognised in the World's 25 Best Workplaces list, by Fortune magazine and GPTW"

Rajiv Sharma
Group CEO

United Nations Global Compact

As in previous years we are pleased to present this report as our fifth Communication on Progress (COP) as Participants of the UN Global Compact (UNGC). We will continue to develop an integrated reporting approach that embeds our COP as part of our wider sustainability reporting, as we believe that this reflects the way in which the UNGC principles and the SDGs are at the heart of our strategy.

We are fully committed to and supportive of the Ten Principles of the UNGC, covering Human Rights, Labour, the Environment and Anti-corruption issues. We work to ensure that these are embedded in our own operations and promulgate them in our supply chain with the goal of supporting the delivery of the 2030 UN Sustainable Development Goals (SDGs).

All policies can be found at:

www.coats.com/en/download-centre (*)

www.coats.com/en/modern-slavery-act-statement (**)

HUMAN RIGHTS

UNGC 'Ten Principles'	Coats actions and relevant policies	Page
Pr.1: Businesses should support and respect the protection of internationally proclaimed human rights	Biennial Human Rights Risk Assessment	57
	Supplier Code, updated in 2023	58
Pr.2: Make sure that they are not complicit in human rights abuses	Supplier Code implementation and audits	58
	Group Internal Audits	58
	Living Wage implementation	58
	Anti-Modern Slavery programme**	58
	Whistleblowing hotline*	58
	Anti-Bribery and Corruption actions	57

LABOUR

Pr.3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Unionisation and collective bargaining performance	57
Pr.4: The elimination of all forms of forced and compulsory labour	Anti-Modern Slavery activities**	58
	Supplier Code update and implementation*	58
Pr.5: The effective abolition of child labour	Group Internal Audit programme	58
	Supplier Code update and implementation*	58
	Human Rights Risk Assessment	57
Pr.6: The elimination of discrimination in respect of employment and occupation	Diversity, Equity and Inclusion programme	54
	Gender diversity statistics	54

ENVIRONMENT

Pr.7: Businesses should support a precautionary approach to environmental challenges	Coats Restricted Substances list	58
	Water Stress analysis	41
	Environmental Policy*	46
Pr.8: Undertake initiatives to promote greater environmental responsibility	Online tracking of permits, incidents and projects	48
	Online monitoring of effluent	48
	Adoption of global effluent standards	48
	Investment in effluent treatment	69
Pr.9: Encourage the development and diffusion of environmentally friendly technologies	Recycled polyester project	33
	Packaging reduction projects	46
	Development of water-free dyeing	43
	Additionality in renewable energy	23
	Development of circularity	34

ANTI-CORRUPTION

Pr.10: Businesses should work against corruption in all its forms, including extortion and bribery	Group Internal Audit programme	58
	Anti-Bribery and Corruption training	57
	Whistleblowing hotline*	58

STRATEGY OVERVIEW

Strategy Overview

Having completed a full review of our sustainability strategy and targets in 2022, 2023 has been focussed on delivering progress against those new 2026 targets. Progress is described in detail in the body of this report.

Integrating our 2022 footwear structural component businesses, Texon and Rhenoflex, into our strategy has been a significant project during the year because of the different supply chains, manufacturing processes and product profiles of these businesses. At the time of establishing our 2022 targets we factored in these businesses, but we were in the early stages of post-merger integration then, so we did not have full transparency of data for the new units. Having completed the integration we have confirmed our analysis and the integrated businesses are fully reflected in the 2026 targets.

During 2023 we disposed of our EMEA zips business and outsourced our Chinese zip business. Zip manufacturing activities constituted a minor portion of Coats' overall business and were never a strategic focus. Therefore, the removal and outsourcing of these operations does not affect our strategy.

During 2023 we have completed our biennial materiality assessment update. While the 2023 update does reflect some changes, especially with regard to climate related issues, the current strategy and targets continue to be highly relevant as a response to our key material issues and no changes are required. Details of our 2023 materiality assessment process and results are contained later in the Managing Sustainability section of this report.

The roadmap shown in the right hand panel describes our journey towards delivery of our Net-Zero target in 2050 and our interim 2030 Science-based Targets for emissions reduction.

2026 OUR NEXT CHAPTER SHORT-TERM TARGET

- **22%** reduction in scopes 1 & 2 emissions
- **60%** transition to recycled or bio materials
- **33%** increase in water recycling rate by 2026 from 2022 baseline
- **0%** waste to landfill
- **100%** effluent compliance (Roadmap to Zero)
- **88%** GPTW© coverage
- **30%** Women in leadership roles

2030 OUR GOALS FOR 2030 ARE CLEAR AND AMBITIOUS

APPROVED SCIENCE BASED TARGETS WITH 2019 BASELINE THAT COMMIT US TO

- **46.2%** reduction in Scopes 1 & 2 emissions
- **100%** renewable electricity
- **33%** reduction in Scope 3 emissions

FURTHER TRANSFORMATIONAL TARGETS

- Zero products from virgin oil-based materials
- 70% of total energy from renewable sources
- Circular product and packaging solutions
- Increased positive social impact

2050 LONG-TERM TARGET

- **Net-Zero** emissions in our value chain by 2050

Strategy Overview

OUR STRATEGY FRAMEWORK

Our 5 pillar strategy framework, updated in 2022 is shown to the right and continues to align to our materiality assessment (described in this report on page 66) and the key sustainability issues for delivery of our commercial goals.

ENERGY

Our processes rely on energy, mainly for kinetic and thermal purposes. Our use of energy causes emissions of greenhouse gases 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 are 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 plants are located in areas of water stress.

Ensuring that we are minimising the 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 that we recover as much material as possible from waste streams and that we are then ensuring that any residual waste product is dealt with responsibly and with the smallest impact on the environment.

PEOPLE

Our employees, their families, our neighbouring communities and those in our wider value chain are all the people that are immediately touched by our business. We have a responsibility to them all and our policies, procedures and programmes are there to ensure that safety, wellbeing, fairness, equality, diversity and opportunity are part of that relationship.

Strategy Overview

Across this strategic framework we have identified the most important metrics to track us on our journey and we are now embarked on delivering progress towards our next short-term milestone being 2026.

Our aspirations beyond 2026, are underpinned by our SBTi approved 2030 emission reduction targets and our 2050 Net-Zero target covering the entire value chain has been submitted to SBTi for approval.

STRATEGY PILLAR	2026 MILESTONE TARGETS			2030 ASPIRATIONS	2030 SBTi COMMITMENTS	2050 TARGET
	METRIC	2022 BASELINE*	END 2026 TARGETS			
ENERGY	% reduction in Scopes 1&2 CO_2e emissions	182.0K TONNES	22% REDUCTION	70% of energy to come from renewables	-46.2% in Scopes 1&2 emissions vs 2019 baseline	Net-Zero emissions in our value chain
MATERIALS	% volume free from new oil-extraction raw materials	25%	60%	100%	-33% in Scope 3 emissions vs 2019 baseline	
WATER	% of water to be recycled	24%	33% INCREASE IN RECYCLING RATE			
WASTE	No waste to landfill	2.30K TONNES	ZERO TO LANDFILL			
	All effluent to meet ZDHC limits	99.76%	100%			
PEOPLE	% employees in units with Great Place to Work certification	86%	88%	90%		
	% of females in Senior Leadership positions	21%	30%	40%		

*2022 Baseline has been updated to exclude divestments of EU Zips business and Madagascar/Mauritius made through the course of 2023.

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
	We employ over 15,000 permanent staff in more than 50 countries. Many families are dependent on us directly for their principal source of income and it is our responsibility to ensure that that income is sufficient to lift people out of poverty. We can also use our purchasing power to ensure that those in our upstream supply chain have the same opportunity.	Our principal focus has been on ensuring that all of our employees receive a Living Wage. To this end we have established a policy and calculation methodology, using external benchmark data to measure our remuneration packages. We have then taken action in any cases where we have found that the benchmark for a Living Wage is not achieved. Our work on ensuring a Living Wage is described on page 61 of this report.	Having established a robust methodology for our own operations, our goal is now to extend our focus to encapsulate our upstream supply chain by revising and enhancing our supplier code and ensuring that this is included in our supplier audit programmes.
	A large percentage of our manufacturing operations are sited in developing countries and in some locations we operate in communities where we are the principal employer. Our business is dependent on having motivated and healthy employees and our employees and their communities depend on us to provide safe and fair employment. Ensuring the health and wellbeing of our employees, their families and our neighbouring communities is therefore of mutual interest to us and our employees.	Our priority is that our employees and those working on our sites are able to return home safely each day and that their health is maintained or improved while working with us. We maintain a robust H&S programme that focusses on developing leading actions such as hazard identification, near miss reporting and frequent training to ensure that our incident rates are as low as possible. In addition we have recently launched a new programme to focus on wellbeing: ‘Coats Cares’ Our activities in this area cane be found in the following sections of this report, with page numbers: **H&S management** - 57 **Journey to Zero** - 57 **Commuting Safety** - 57 **Coats Cares** - 62	Our aspiration is obviously to have zero incidents for both workplace and commuting, but our goal is to reduce our incident rate each year. Every incident is fully investigated and remedial actions identified and implemented. We publish a broad range of leading and lagging indicators and ensuring that our leading indicators continue to improve is a principal lever to ensure that our incident rates continue to drop from the already very low levels that we have compared to our industry norm.
	Employing the highest quality employees is obviously good for our business. With a large employee population like ours that should lead to broad gender equality at all levels. At a global employee level our female:male ratio is 39:61, but at senior management levels the ratio is 23:77. At Board level the ratio is 44:56. We recognise the need to further increase female diversity at senior management levels and have set a target to achieve 30% females in senior leadership positions by 2026. This is a clear opportunity for us and it is our responsibility to ensure that we are providing our female employees with career enhancement opportunities.	Our priority is to ensure that our practices and procedures give female employees the support and opportunity they need to flourish in their career aspirations. We have an active Diversity, Equity and Inclusion Network that is led from the very top of the organisation. Network meetings are led by our CEO and frequently involve contributions from Board members as well as external speakers. Through 2023 we continued to enhance gender equality through our ‘Coats for Her’ programme. In filling role vacancies we seek to have short lists that are gender balanced whether for internal or external candidates. Our programmes for gender equality and our current performance are described in the following section of this report, with page number: **Coats for Her** - 53 **Promoting Diversity and Inclusion** - 52	Our aspiration is to achieve high levels of gender equality at Board and senior management levels. This will lead to an enhanced ability to attract and retain skilled employees which will deliver greater productivity and increased competitiveness for the business. Our Board female representation has remained at 44% throughout 2023. Our focus over the coming years is to make strong progress in our female representation at senior management levels and our goal for 2026 is to achieve 30% with an aspiration to achieve 40% by 2030.

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
	Most of our thread and yarn products require dyeing and this currently is mainly dependent on the use of water. Many of the locations in which we operate are water stressed and our use of water, though temporary, could restrict availability for others. Our industrial use of water can also lead to degradation of water quality when returned to the environment. Our responsibility is to minimise fresh water abstraction, especially in areas of high water stress and to return the water we have used to the environment in a fit state for use by others. We are focused on opportunities to reduce or eliminate water use, on recycling water where necessary, and on technologies that reduce contamination of water in the first place or that provide better remediation after use.	Our priority during this last period has continued to be on the reduction of water use in our processes, eliminating any wasteful or unnecessary uses, and re-engineering processes to reduce water use or reduce the use of chemicals that can lead to degradation of water quality. Continued investment in remediation of water after use is also a high priority and looking forward our focus will shift onto ensuring that we are cleaning and recycling more water to reduce our fresh water abstraction in areas of high water stress. We also have an ongoing interest and active project in developing water-free dyeing technology. These programmes are described in the following sections of this report, with page numbers: **Reducing water use** – 42 **Recycling of water** – 43 **Treatment of effluent** – 48	We have increased our water recycling rate by 14% against the 2022 baseline, and are firmly on track to delivering the 2026 target of 33% increase. We continue to effectively manage our water consumption, and have further reduced our water intensity by 5.5% (from 37.7 Lt/Kg in 2022, to 35.6 Lt/Kg in 2023). Our focus going forward will be to reduce our fresh water abstraction in high water stress areas, while maintaining effluent and sludge compliance through our Roadmap to Zero programme. Our desired outcome is for there to be no harmful water-related impact from our activities on our stakeholders (especially our Communities and the Environment).
	Our processes require energy for process heat and for powering our machines. The former relies mainly on the burning of fuels to generate super-heated steam, while the latter is mainly provided as electricity from third party suppliers. Our responsibility here is to ensure that we are using the cleanest available fuels in our steam boilers and that we are promoting the use of clean and renewable electricity generation through agreements with suppliers for both on and off-site renewable programmes. The opportunity we have is to convert all of our electricity to renewable sources and to progressively convert our heat energy to electrical or other clean generation systems.	We eliminated any use of coal in our operations in 2019, and our sites seek to use gas rather than oil in their boilers where possible. We continue to hold off boiler replacement activities while we review the options for clean steam generation. We have a programme in place for transitioning to renewable electricity that includes both on and off-site supply agreements. Our programmes in this area are described on page 31	Our stated goal, under our approved Science-based Targets is to increase sourcing of renewable electricity to 100% by 2030. In addition we have made the commitment that 70% of all our energy will be from renewable sources by 2030. Our desired outcome here is to use our economic leverage to help accelerate the supply of clean, affordable and renewable energy.
	We directly employ over 15,000 permanent staff and they and their families are directly dependent on our employment. Our upstream supply chain partners also employ many people and their employment is partially or fully dependent on our activities. Our responsibility is to ensure that we and our supply chain provide stable, decent and appropriately remunerated employment conditions and that our activity provides economic growth opportunities for our employees, our neighbouring communities and the employees of our suppliers. Our principal opportunity is to use our purchasing leverage to extend responsible employment throughout our supply chain.	Our priority is to continue to ensure that all of our employment norms are rigorously applied to our own operations and to progressively extend these to our upstream supply chain. Our programmes to support this work are described in the following sections of this report with page numbers: **Great Place to Work certifications** – 51 **Whistleblowing hotline results** – 61 **Living Wage implementation** – 61 **Group Internal Audits** – 61 **Supplier Code implementation** – 60 **Anti Modern Slavery work** – 61	We continue to drive employee engagement through our Great Place to Work programme, where by 2026 we aim to have 88% of our employees covered by county level certification. In 2023 we achieved 87% coverage, and will continue to seek opportunities to exceed our 2026 targets. Monitoring of employment standards is provided by our global data system, by Group Internal Audit checks and by our externally managed whistleblowing hotline. Supplier Code compliance is monitored, based on risk evaluations, by both internal and external audits. Our desired outcome here is to see our standards progressively spread along our supply chain, which would have a beneficial impact on many more than our direct employment numbers.

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
	The textile industry is principally a user of virgin raw materials from both natural and synthetic sources, and the trend in recent years is for garments to be used for a shorter lifespan and then to be disposed of in ways that don't recycle the useful materials. This is a wasteful model and it is our responsibility to ensure not only that we don't persist with this model in our own business, but that, where possible, we support the rest of the industry to move away from this model. The opportunity we have is that progressively we are introducing more recycled or regenerated or renewable materials into our product lines, and that we also have an emerging line of products that will assist in dismantling of garments at the end-of-life to promote easier recycling.	We are currently prioritising the development of recycled, regenerated and bio-based products in our range and seeking to reduce waste in our operations and, by focussing on packaging also reduce waste for our suppliers and our customers. We have developed multiple circular models for packaging materials with our suppliers this year to reduce waste in this area. We also launched in 2022 our first thread that will assist with the recycling of garments at the end-of-life. These programmes are described in the following sections of this report, with page number 37.	To drive physical waste reduction, we set a 2026 target of Zero Waste to Landfill, and have made good progress towards this target in 2023, having delivered a 37% reduction versus our 2022 baseline. We continue to collaborate with upstream suppliers on identification of circularity opportunities, and in 2023 we diverted ~9000 tonnes of materials into circular flows. We have a major programme of material transition, converting virgin oil-based products to recycled materials, and our goal for 2026 is to have 60% of our raw materials originating from recycled or renewable sources. We have also committed that by 2030 all of our products will be made without any use of new oil-extraction materials. We are also focussing on developing new bio-based material streams and our Innovation Hub in China is focussed on developing both bio-based and recycled materials. Making our packaging more sustainable is also a key goal for us. Our desired outcome is to have a suite of products that are recycled and/or bio-based and that support the recycling of garments, footwear and other products at the end-of-life through mono-materiality or separation and recycling. Particularly in the case of our threads, because these are what holds garments together then the impact we can have in this area is proportionally greater.
	Our activities contribute to global warming and our responsibility is to ensure that we reduce our emissions, and those of our value chain, in line with what is required to minimise the damage from climate change. The principal opportunity we have to achieve this is via the transition to renewable electricity, though energy conservation will continue to play a significant part.	Our near-term Science-based Targets, to 2030, were approved early in 2022 and we have submitted our long term Net Zero commitment for approval. During 2023 we have made further progress in our transition to renewable energy. We increased our proportion of renewable electricity from 29% in 2022 to 54% in 2023. Our programmes in this area are described in the following sections of this report, with page numbers: **Climate change** – 24	Our approved Science-based Targets commit us to: – Reduce absolute Scopes 1 & 2 GHG emissions 46.2% by 2030 from a 2019 base year. – Increase annual sourcing of renewable electricity from 5% in 2019 to 100% by 2030. – Reduce absolute scope 3 emissions 33% by 2030 from a 2019 base year. Our Net Zero targets for 2050 are currently under review by Science-based Targets initiative. These targets are in line with a 1.5°C trajectory and this will allow us to maximise our impact in supporting global actions to reduce climate change.

Strategy Overview

SUMMARY OF PROGRESS AGAINST OUR 2026 TARGETS

2023 is the first year of delivery against our recently set 2026 targets.

The table on the right shows the progress made towards our 2026 targets and outlines the positive outcomes delivered in 2023. The commentary on each strategic pillar in this report gives more details and examples of the work done to deliver on this performance across the business.

In 2023 we commenced assurance of our core 7 sustainability metrics, giving assurance of our 2022 baseline and 2023 performance. It is our intention to transition to public limited assurance at the point of reporting of our full year 2024 performance on these metrics.

STRATEGY PILLAR	METRIC	2026 TARGET	2023 PERFORMANCE	% ACHIEVEMENT OF 2026 TARGET VS 2022 BASELINE
ENERGY	Scopes 1 & 2 emissions reduction	22% reduction from 2022 baseline	39% reduction	177%
MATERIALS	Transition to sustainable materials	60% sustainable materials	29%	48%
WATER	Water recycling rate	33% increase in rate of water recycling from 2022 baseline	13.5% increase	41%
EFFLUENT	Zero waste to landfill	Zero waste to landfill	37% reduction	37%
	ZDHC compliance	100% compliance	99.83%	99.83%
SOCIAL	% females in senior leadership	30%	23%	77%
	% employees covered by GPTW certification	88%	87%	99%

Strategy Overview

LEADERS' VOICES

Adrian Elliott

Divisional Chief Executive Officer - Apparel

The Apparel Division has an extensive global reach that aligns with the industry's centres of manufacturing.

Our garment making customers are working in a highly competitive market, with pressure to meet tight deadlines with exceptional colour matching. To meet these requirements Coats has a widely distributed downstream manufacturing network. We produce small batch sizes of hundreds of thousands of distinct colours annually, where consistency and quality is paramount.

Each year the proportion of our brand customers focused on supply chain sustainability increases. We expect this trend to continue upwards as consumers, pressure groups and regulation increase pressure on the textile industry to consider both the social and environmental aspects of their supply chain. Emissions reduction, low carbon materials, life cycle analysis, water abstraction, waste reduction and all aspects of employment and human rights are critical issues across the industry and are determined as highly material to Coats. During the year, demand from leading brands has increasingly focussed on traceability, transparency and compliance with legislation. Meeting new regulatory requirements and supply chain visibility are of paramount importance to Coats' supply chain.

In the apparel industry, sustainability entails addressing each of these challenges. In an increasingly demanding environment, the suppliers who, like Coats, can commit to working with brands to support their transition towards sustainability will be the ones that progress and, over time, increase market share. In the last few years, leading brands have started to consider sustainability in their suppliers as a prerequisite to do business rather than an added benefit. Supply chain traceability at the product level is important, and Coats are working with suppliers on life cycle assessments aiming, in coming years, to understand the carbon footprint for every product we sell.

Emissions reduction and energy transition are increasingly considered a requirement for supply by major brands, as they impose their own net zero targets on us. This, as well as transition to sustainable materials, remain consistent material concerns in terms of Coats' own sustainability targets. With the Apparel Division, innovation remains a key priority as we continue to invest in new technologies like water free dyeing processes and biomaterials development.

For the Apparel Division therefore, supply chain visibility and traceability is becoming the number one sustainability priority. This will be achieved through supplier life cycle analysis, more detailed product specifications and continued product innovation, all of which are already well underway in Coats. We are proud of our track record but it is clear we, and our supply chain must keep improving our sustainability credentials.

Adrian Elliott
Divisional CEO - Apparel

Strategy Overview

Frederic Verague
Divisional CEO – Footwear

LEADERS' VOICES

Frederic Verague

Divisional Chief Executive Officer - Footwear

The footwear industry, and especially performance athleisure, is a concentrated market with the vast majority of the production located in Asia where manufactures have the expertise to deliver volume and quality for such a complex product, combining performance comfort and design.

It is a segment that combines well known, long established brands with strong consumer loyalty, continued innovation and strong commitment toward sustainability.

This year Coats' Footwear Division has overcome destocking challenges and integrated new acquisitions Texon & Rhenoflex, while continuing to increase the amount of sustainable materials contained in our structural components and threads. A crucial requirement set by our brands for these products is technical product performance. A challenging year for the industry, it is gratifying to see the focus on sustainability has not been compromised. Leading brands are setting higher standards for themselves in a quest to produce goods with superior product performance while reducing their environmental impact. Disclosure of environmental credentials is becoming a pre-requisite to supply all major brands and is evidence of continued improvement of circularity in production processes and components.

Coats' Footwear Division is in a strong position to meet these expanding requirements. Coats Texon and Rhenoflex are leading brands in term of innovation and sustainability which are being leveraged and enhanced by being one organisation.

As expected, this year has seen an emphasis on the provision of transparent life cycle analyses to support brands in making complex choices that strike a balance between product compliance requirements and performance, and the priority of reducing their own product emissions footprints. Our own work on setting Net Zero targets has facilitated the provision of product level emission data to our customers, as well as these detailed life cycle assessments. We are able to provide brand customers with a sustainability focus that is aligned with their requirements across nearly all of the fundamental structural elements of their goods. As we continue to make progress towards our own medium and longer term emissions targets, this plays an important role in the reduction of value chain emissions for our customers. Our detailed emissions data means we are able to meet the increasing emissions disclosure requests, giving us a key competitive advantage.

An area of focus for Coats is the use of recycled and renewable materials to reduce the carbon footprint of our products. Our new Sustainability Hub in Madurai, is working hard to provide opportunities to increase the recycled content for all of our new product development, as materials transition underpins the delivery of our own Net Zero target.

Simultaneously, process innovation is continually identifying new opportunities for cutting waste in the manufacturing processes by moving closer towards 3D printing models. Increasing movement towards mono-material design concepts is also addressing end-of-life concerns.

We expect these trends to continue unabated into the next years and and we are confident that Coats Footwear is well positioned to meet the needs of our customers with our sustainability led innovation.

Strategy Overview

LEADERS' VOICES

Soundar Rajan

Divisional Chief Executive Officer - PM

The Coats Performance Materials Division is dedicated to serving a diverse customer base, spanning various sectors from personal protection to performance threads and composites.

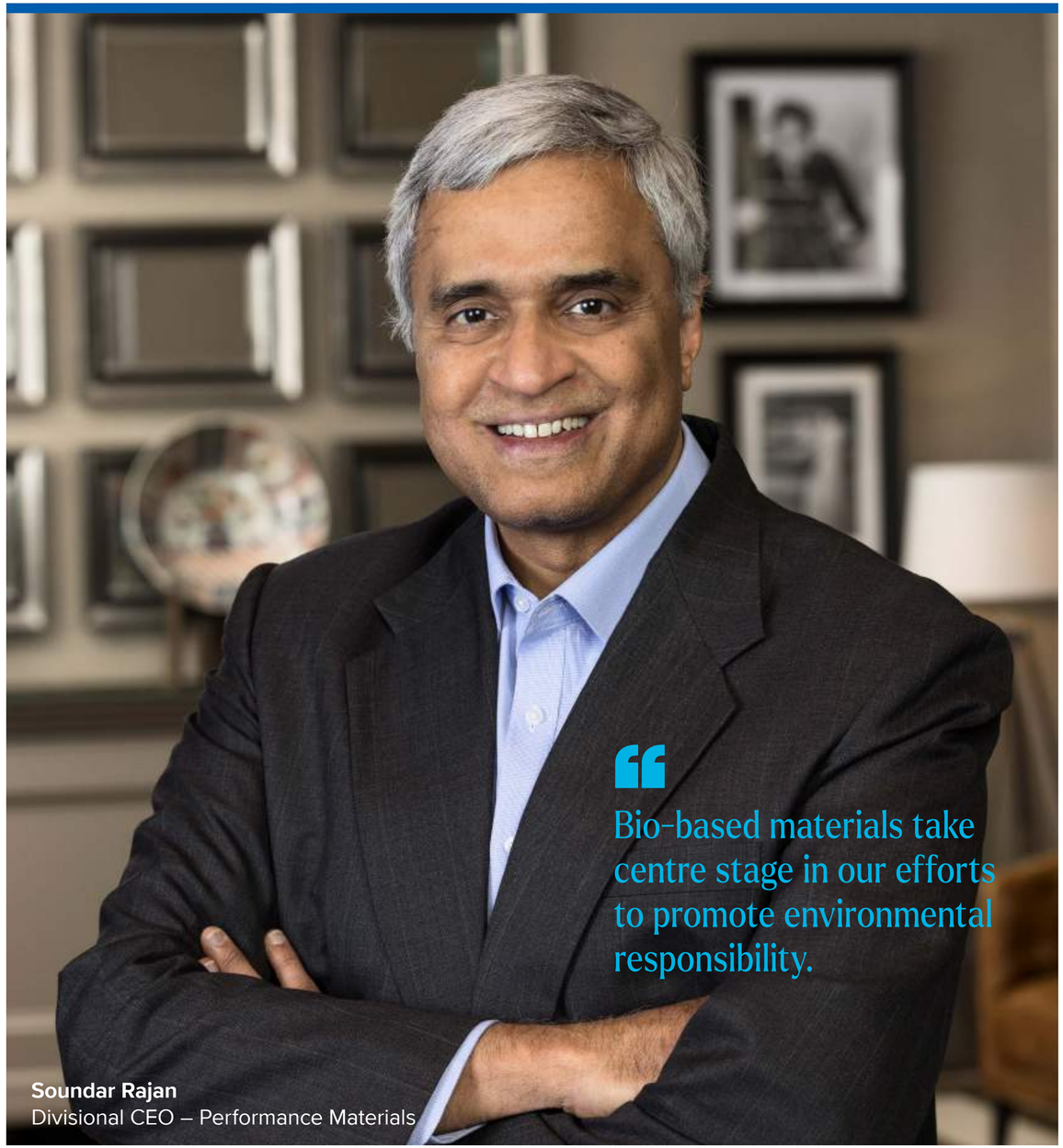
Despite the distinct product requirements across these categories, a common thread unifies them – the necessity for underlying thread or yarn components that adhere to stringent performance and compliance standards. These performance materials play a crucial role in critical end products such as protective clothing, automotive safety components, and composite yarns for cables, where technical demands are exacting, and quality is of the utmost importance.

In the current landscape, global supply chain scrutiny has intensified, with sustainability emerging as a pivotal factor across diverse segments. Shared concerns include the demand for life cycle assessments throughout the value chain, the pursuit of lightweighting in end products, and the utilisation of sustainable or recycled raw materials to enhance the final product's durability and mitigate premature obsolescence. Notably, in the realm of performance threads, where consumer preferences and brand focus wield considerable influence, there is a pronounced emphasis on adopting new, more sustainable technology choices to align with emission reduction targets and minimize embedded carbon throughout operations.

Proudly reflecting on the strides made this year, particularly in environmental stewardship, our division has achieved noteworthy reductions in water intensity and waste to landfill. A meticulous analysis of our waste chain resulted in a remarkable decrease of over 30% in landfill waste during the year. Progress has also been marked in enhancing water and energy efficiency within the dyeing process. Efforts have been directed towards the colouration of fibers at the supplier level, thereby reducing water and energy usage. Additionally, the adoption of pigment-infused fibers contributes to sustainable practices.

Our commitment to sustainability extends to our dedicated sustainability hub, where ongoing research focuses on next-generation sustainable materials. Bio-based materials take centre stage in our efforts to promote environmental responsibility. The incorporation of new infrared bonding technology not only aids in energy conservation but also significantly reduces waste, especially in catering to smaller customer orders.

These collective initiatives position us strongly to not only meet but exceed our customer requirements. Our commitment to detailed life analysis and the early integration of sustainable materials into the product design process underscore our dedication to fostering a more sustainable and resilient future.



Soundar Rajan
Divisional CEO – Performance Materials

Strategy Overview

LEADERS' VOICES

Jackie Callaway
Chief Financial Officer

Sustainability is integral to our strategy at Coats, and we know that remaining at the forefront of emission reduction and materials transition provides us a strong competitive advantage and is now a prerequisite for many of our customers.

We have an ambitious Net Zero target and continue to make good progress towards achieving it. Value chain emission reductions, through material transition to recycled, circular or bio-based materials and energy reductions initiatives across all divisions are key components of our Net Zero plan.

Continued innovation within materials transition is crucial to reducing our Scope 3 emissions. Our customers are leading brands, who constantly seek pioneering products, with technical performance characteristics and strong quality control. Our new Sustainability Hub seeks to deliver this through the use of recycled and renewable materials in our product design. With a lower carbon footprint, these products should help us gain market share as they support our customers on their own net zero pathways.

Going forward our businesses will continue to focus on developing products that while generating financial returns for our shareholders, also reduce the carbon footprints of our customers, consumers, and investors.

Stuart Morgan
Chief Legal & Risk Officer

Ethics and integrity at Coats isn't just about compliance - it's a fundamental part of our DNA and a source of clear competitive differentiation. To that end, we spend a great deal of time training, testing and auditing (supported by a robust, well-publicised and used set of whistleblowing channels) both our own employees right across our Group and also our extensive global network of suppliers on a very broad range of legal and broader ethical areas.

We also communicate and engage extensively in interactive discussions with them about what doing the right thing means for them in practice in their daily working lives - to ensure that our entire ecosphere, or ethisphere, is operating consistently with the highest possible ethical standards. This is a key, and vital, element of our ESG programme and right at the heart of what we mean when we refer to running and continuing to grow a sustainable business.

Strategy Overview

LEADERS' VOICES

Farnaz Ranjbar
Chief Human Resources Officer

Never before has the "S" in ESG been more relevant than it is today, and never before have we as an organisation focused more on People as our most important asset.

Throughout the pandemic we put people first, sending people home where possible and protecting those who were still delivering important goods to the world. Post pandemic, our caring leadership continued, and Coats leaders have demonstrated this care in many ways.

With a high-trust culture, Coats has created a workplace where employees can belong and be their authentic selves, where they are appreciated and paid fairly. This has been highlighted through our DE&I program "Coats for All", whilst we have continued to push boundaries for gender parity through our "Coat for Her" providing mentoring and visibility to our female talent, helping their development journey. Our employees want to stay at their jobs and are proud of where they work and what they do. Coats has been caring for the world not only for decades but for over 270 years. This unwavering dedication and sense of purpose has been part of the DNA of our people, propelled forward with our "Coats Cares" program. Coats Cares shines the light on our unsung heroes who use their time to give back to the world.

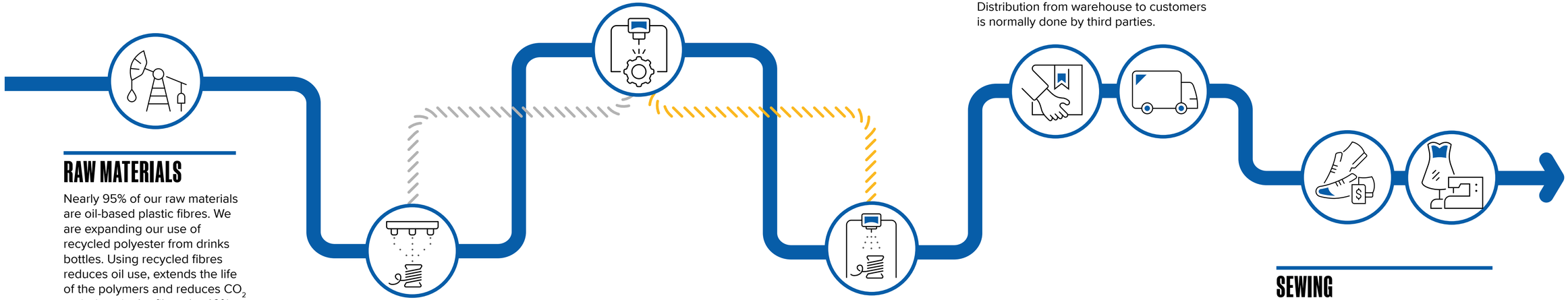
Our people are at the heart of what we do and their dedication, creativity and diverse perspectives drive our innovation and growth. That's why we are proud to have been named in 2023 as one of the Top 25 World's Best Workplaces by the Great Place to Work organisation and Fortune magazine. And that's why we will remain focused on our people who will lead us to success in our ambitions of being an employer, provider and investment of choice.

Strategy Overview

COATS THREAD SUPPLY CHAIN

UPSTREAM

DOWNSTREAM



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_2 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 27% 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 52% of our energy use, both as electricity and fossil fuels, and 78.5% 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 9% 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.

CLIMATE CHANGE AND EMISSIONS

Climate Change and Emissions

Coats recognises that climate change is a major challenge facing us and that our industrial activities are responsible for emissions that contribute towards man-made climate change. We are committed to taking urgent action to reduce the climate impact of our activities, while at the same time studying the likely impacts of climate change on our business so that we can take action to mitigate any risks and develop any opportunities.

Risk Assessment

Our Taskforce for Climate-related Financial Disclosures (TCFD) report in our Annual Report gives substantial details on how we manage climate as a risk. It is embedded into our business risk management process and is subject to regular review by senior management and Board members. At the heart of our analysis is a bespoke scenarios which analysis that we have developed over the last 4 years. This looks at 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 look at three time horizons, 2030, 2045 and 2070 and we look at transitional and physical impacts down to individual site level. To supplement the SSP datasets and get the required granularity we use the World Resources Institute Aqueduct tool to identify water stress, water depletion and flood risks and a National Geographic climate modelling tool to identify weather related issues. Where significant physical risks are identified we gather site-level intelligence to give even greater granularity in the assessment.

Most of the physical risks associated with climate change effects on our units are medium to long term in nature and will be the subject of future mitigation strategies, but the need to urgently reduce emissions was identified early on in the process and led to our emissions reduction strategy. We adopted the Science-based Targets initiative (SBTi) for our emissions reduction targets because it is endorsed by the UNGC and aligns with the most current scientific understanding of the climate crisis. It is also a framework that is becoming more widely used in the textile industry and hence is increasingly understood by brands, customers and our supply chain partners.

Science-based Targets

We developed our full Scopes 1, 2 and 3 inventories of emissions for our 2019 baseline year during 2021. We submitted these and our interim reduction targets (for 2030) to SBTi for review and approval during 2021 and they were approved in early 2022. During 2023 we worked on our longer term Net-Zero targets (for 2050) and these were submitted to SBTi for approval towards the end of 2023 and are currently under review for under review for approval. The backlog in the SBTi approval process has not stopped us working on our interim reduction targets and we will be developing those longer term strategies that will enable us to meet our Net Zero commitments. With the acquisition of the footwear component businesses in 2022 and the disposal of a number of businesses in 2022 and 2023 there have been sufficient structural changes in the Group to trigger our emissions re-baselining threshold of 5%, and so this has been undertaken during 2023 and will be submitted to SBTi for review in early 2024. The changes in baseline do not make any difference to our approved interim targets which continue to be as follows:

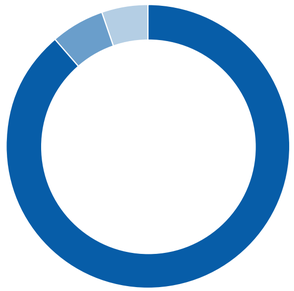
- Coats Group plc commits to reduce absolute Scope 1 and 2 GHG emissions 46.2% by 2030 from a 2019 base year.
- Coats Group plc also commits to increase annual sourcing of renewable electricity from 5% in 2019 to 100% by 2030.
- Coats Group plc further commits to reducing absolute Scope 3 emissions 33% within the same timeframe.

Our committed, but not yet approved, Net-Zero target is as follows;

COATS GROUP PLC COMMITS TO REDUCE ABSOLUTE SCOPES 1, 2 & 3 GHG EMISSIONS 90% BY 2050 FROM A 2019 BASE YEAR.

Climate Change and Emissions

The chart below shows our 2023 breakdown of Scopes 1 to 3 emissions. Scope 2 emissions here are shown on a market basis. This excludes emissions from divestments made during 2023.



Scope 3:	**882,775**
Scope 2:	**59,384**
Scope 1:	**51,744**

All units in Tonnes
Total: 993,903

Cat. 1 Materials & Services	**608,514**
Cat. 2 Capital Equipment	**2,499**
Cat. 3 Upstream Fuels	**53,679**
Cat. 4 Upstream Transportation	**48,072**
Cat. 5 Waste Generated	**1,885**
Cat. 6 Business Travel	**2,478**
Cat. 7 Employee Commuting	**11,015**
Cat. 8 Upstream Leased Assets	**1,132**
Cat. 9 Downstream Transport and Distribution	**39,119**
Cat. 10 Processing of Sold Goods	**44,405**
Cat. 11 Use of Sold Products	**59,847**
Cat. 12 End of Life of Sold Products	**7,601**
Cat. 13 Downstream Leased Assets	**2,482**
Cat. 15 Investments	**48**

CREATE, COLLABORATE & COMPENSATE

2023 PROGRESS

Our strategy to deliver our Scopes 1 & 2 interim targets for 2030 is largely dependent on ongoing reductions in energy intensity and, more significantly, progressive decarbonisation of our Scope 2 electricity supply. During 2023 textile demand in general has been low due to overstocking in the supply chain, and because of this our processing volumes have reduced ~15% compared to 2022. This has caused a substantial drop in absolute energy use in the year and a consequent drop in emissions. However, in addition to the effect of the demand drop we have made substantial progress in our energy transition during the year.

Our strategy for energy transition is to implement one of three approaches in each country depending on the maturity of the renewable energy market in that country.

Our preferred approach is to CREATE new renewable energy assets mainly through Power Purchase Agreements (PPAs) with third party suppliers for on-site (mainly rooftop) solar power arrays on our premises. On-site arrays will only ever cover a fraction of our demand due to the energy intensity of our operations so we are also keen to find opportunities to participate as a customer in new off-site projects which also create new renewable capacity.

Where our CREATE approach cannot be achieved or there is a portion of electricity demand that is not covered, our next priority is to COLLABORATE with existing third party renewable suppliers by buying their certified renewable electricity. If we are unable to cover our needs through the CREATE and COLLABORATE routes then the third priority is to COMPENSATE by buying Energy Attribute Certificates (EACs) to cover our residual electricity requirements.

During 2023 we have made progress across all of these approaches.

- Under **CREATE**, new PPAs for onsite solar arrays have been signed and are in various stages of implementation for sites in Indonesia, Bangladesh, Spain, Romania and Pakistan. These are all additional to the existing installations that we have in sites in India, Vietnam and Bangladesh.
- In terms of **COLLABORATE**, we are now getting certified renewable electricity in Mexico and in the pipeline for 2024 we have a new agreement signed for supply in Shenzhen, China and an extension of scope of our existing arrangements in India. These are all in addition to the existing agreements we had in place in Romania, India, China, UK and Italy.
- Finally in terms of **COMPENSATE,** we have extended purchase of EACs during 2023 to include Indonesia and Thailand and more sites in China. This is on top of existing purchase agreements in China, Vietnam, Turkey and India.

Climate Change and Emissions

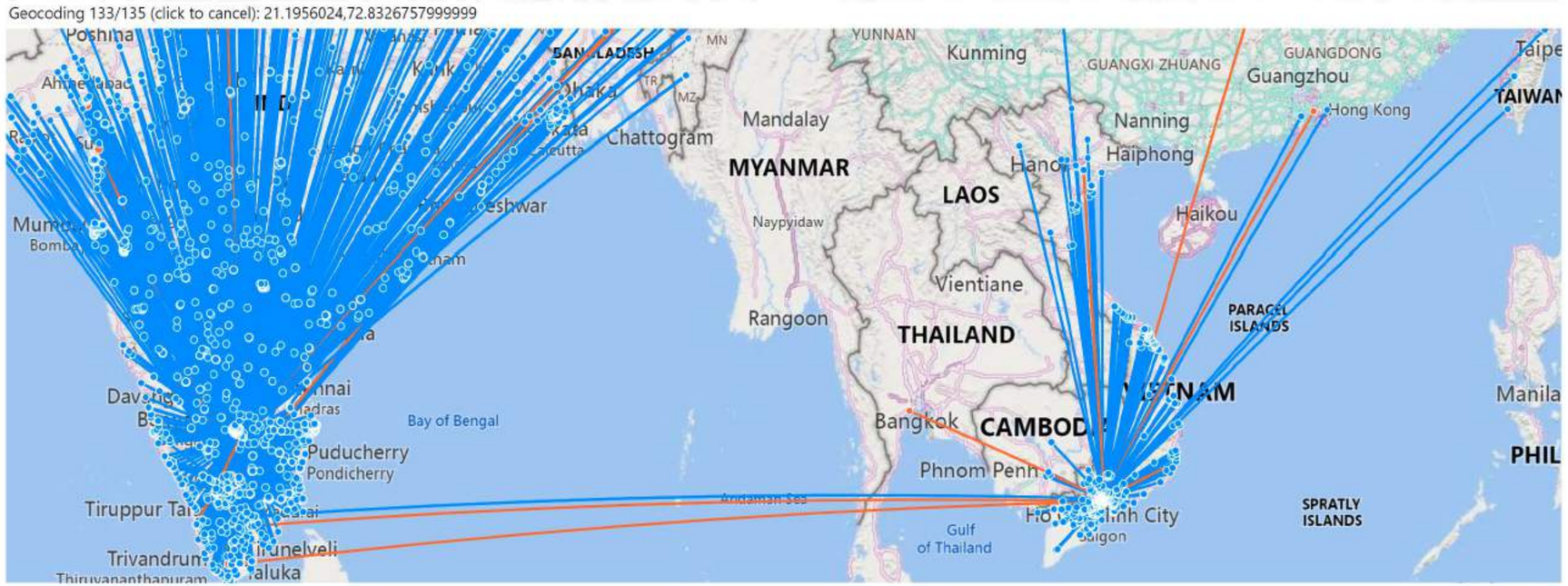
As a result of all of these activities our absolute Scopes 1 & 2 emissions intensity has dropped by 39% in 2023, which is well ahead of the rate of reduction that we need to achieve to meet our SBTs, and our more ambitious target to deliver a 22% reduction in Scopes 1 & 2 emissions by 2026 from a 2022 baseline.

Energy intensity is analysed in detail in the Energy section of this report, but the significant volume drop has undermined the effect of energy intensity measures during the year.

In terms of Scope 3 emissions the main area of focus is our material transition strategy from virgin oil-based raw materials to recycled or bio-based materials. This is discussed in detail under the Materials section of this report. Upstream energy and upstream transportation are the next most significant areas of Scope 3 emissions under our direct control.

As we continue to drive our energy transition to renewables, we will deliver further reductions in upstream energy emissions. On upstream transportation, this principally 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 from our plants to warehouses. All of these material flows are, or can be, in our management, whereas we are often not directly responsible for shipment of finished products to our customers. During 2023 we have utilised new generative AI technologies to develop a comprehensive movements tracking system that allows us to identify the emissions attributable to individual shipments. Having completed this we will now be able to start building emissions impact more actively into our transportation decisions. Criteria such as shipment quantity, shipment route and means and choice of transport supplier can all have a significant impact on the emissions, and our first aim is to minimise the emissions footprint of our current supply chain, recognising that zero emissions goods transportation is still over the horizon in most cases. Below is an image from our new, in-house developed, transportation emissions tracker dashboard.

145,529	88,598,264	131,037,733	3,790,229	20,726,934	20,517,447	3,229	206,258
Volume in Tons	*Ton KMs Road*	*Ton KMs Sea*	*WTT Total KG Co2e*	*TTW Total KG Co2e*	*TTW Total KG Co2*	*TTW Total KG CH4*	*TTW Total KG N2O*



Climate Change and Emissions

Our total emissions are shown below:

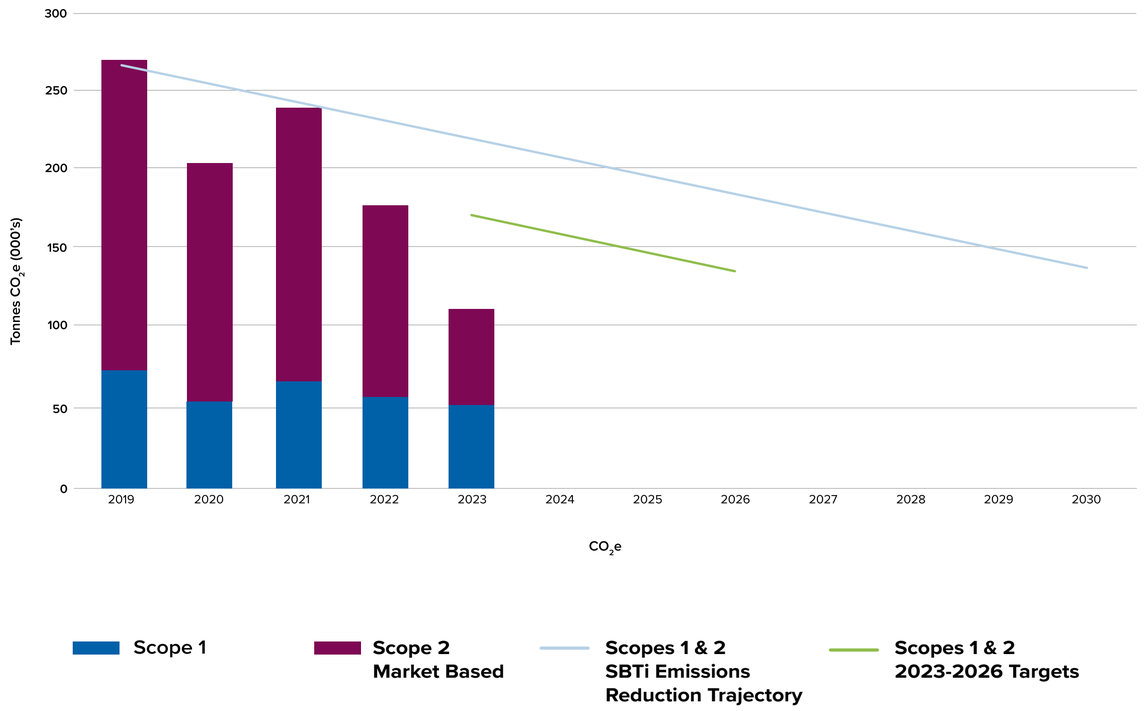
Thousands of tonnes CO_2e [1]		2023	2022	2021	2019 Baseline
Scope 1		**51.7**	59.6	68.7	73.5
Scope 2	**Location Based**	**172.2**	201.9	213.3	232.6
Scope 2	**Market Based**	**59.4**	122.4	172.4	190.9
Scope 3	**Cat 1 Products and Services**	**608.5**	730.8	838.9	744.5
	Cat 3 Upstream Energy	**53.7**	54.9	68.6	50.9
	Cat 4 Upstream transportation and distribution	**48.1**	44.1	73.9	64.8
	Other Scope 3	**283.6**	351.4	440.7	200.6
Total Scope 1, 2 & 3 emissions		**993.9**	1,181.2	1,422.1	1,060.8
Biogenic Emissions CO_2 [2]		24.1	27.5	32.8	38.2

[1] To enable like-for-like comparison, all yearly data has been calculated to exclude divestments made during the reported period. Footwear Division acquisitions (Texon and Rhenoflex) have been fully included across all years, for Scopes 1, 2 & 3, including the 2019 baseline year. All data is calculated following GHG Protocol guideline.

[2] Biogenic emissions cover CO_2 emissions that occur from burning bio-mass for the purposes of steam generation. These CO_2 emissions are excluded from our reported market-based emissions, however the CH_4 and N_20 emissions associated with bio-mass are included in our reported Scope 2 emissions as per GHG protocol guidelines.

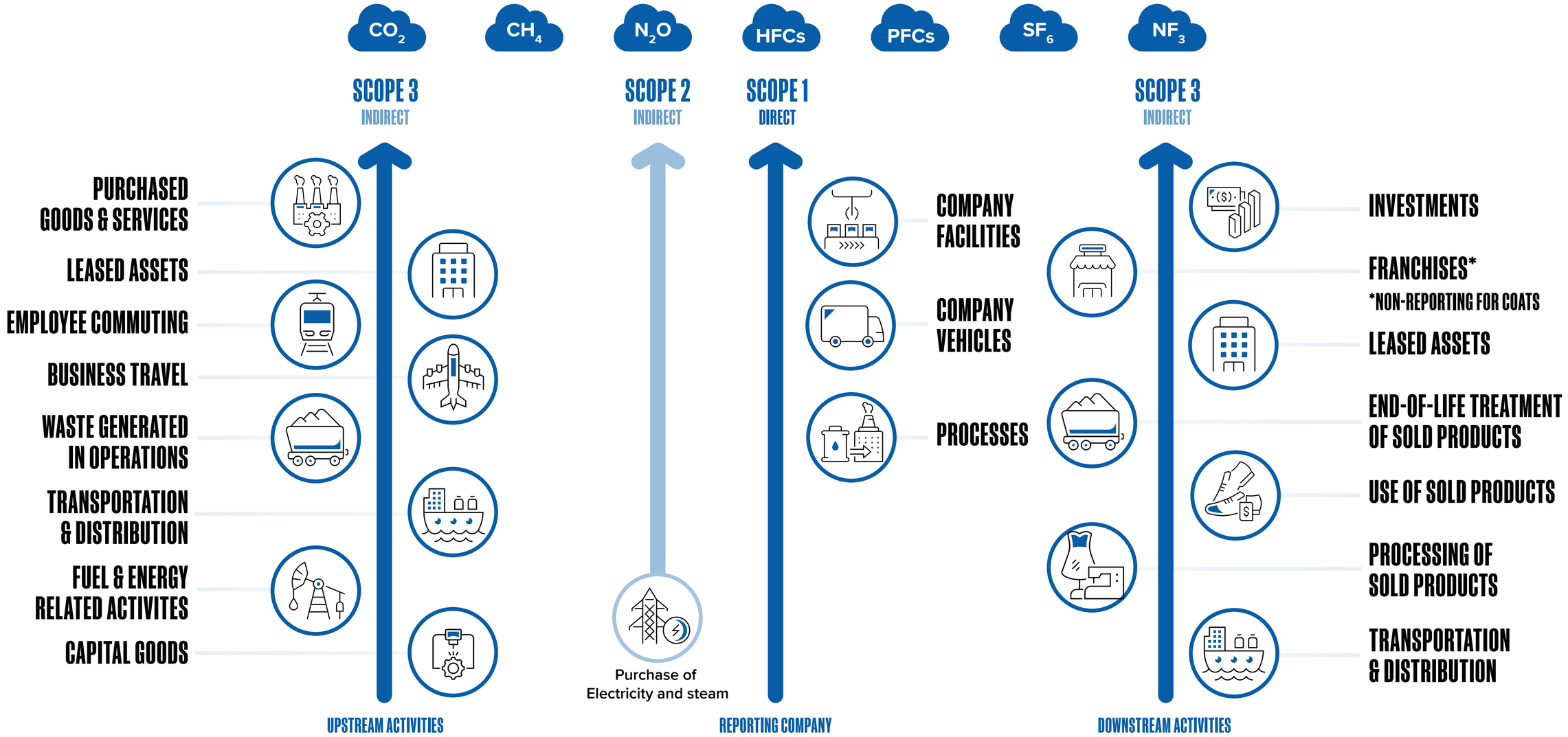
The below graph shows our Scopes 1 & 2 emissions by year from 2019, along with our SBT trendline, and our 2023-2026 emissions target trajectory.

Scopes 1 and 2 Emissions by Year Versus Target



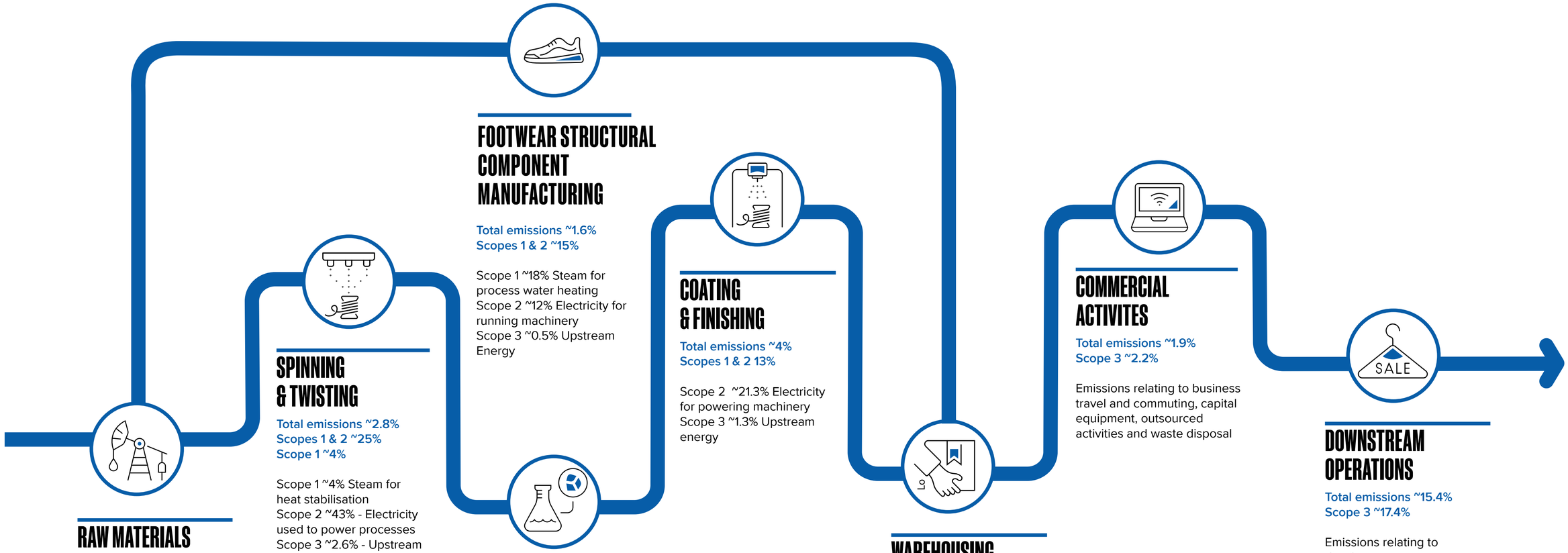
Climate Change and Emissions

CARBON EMISSIONS SCOPES



Climate Change and Emissions

CARBON EMISSIONS PROFILE



RAW MATERIALS

Total emissions ~61.2%
Scope 3 ~68.9%

Emissions from production of raw materials. This includes any emissions that relate to recycled raw materials

SPINNING & TWISTING

Total emissions ~2.8%
Scopes 1 & 2 ~25%
Scope 1 ~4%

Scope 1 ~4% Steam for heat stabilisation
Scope 2 ~43% - Electricity used to power processes
Scope 3 ~2.6% - Upstream power and internal product distribution

FOOTWEAR STRUCTURAL COMPONENT MANUFACTURING

Total emissions ~1.6%
Scopes 1 & 2 ~15%

Scope 1 ~18% Steam for process water heating
Scope 2 ~12% Electricity for running machinery
Scope 3 ~0.5% Upstream Energy

DYEING

Total emissions ~5.4%
Scopes 1 & 2 ~48%

Scope 1 ~78% steam for heating in dyeing
Scope 2 ~22% electricity for pumps and dryers
Scope 3 ~2.8% Upsteam energy

COATING & FINISHING

Total emissions ~4%
Scopes 1 & 2 13%

Scope 2 ~21.3% Electricity for powering machinery
Scope 3 ~1.3% Upstream energy

WAREHOUSING & DISTRIBUTION

Total emissions ~0.1%
Scopes 1 & 2 ~1%

Electricity for lighting and steam for heating
Scope 3 ~0.01% Upstream energy

COMMERCIAL ACTIVITES

Total emissions ~1.9%
Scope 3 ~2.2%

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

DOWNSTREAM OPERATIONS

Total emissions ~15.4%
Scope 3 ~17.4%

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

ENERGY

Energy Pillar

2023 PERFORMANCE HIGHLIGHTS

39%
REDUCTION IN ABSOLUTE SCOPES 1 & 2 EMISSIONS FROM 2022

54%
OF ELECTRICITY COVERED BY EACs

29%
REDUCTION IN SCOPES 1 & 2 EMISSIONS INTENSITY (VOLUME BASED)

Energy remains a core pillar of our sustainability strategy. After delivering a 10% energy intensity reduction in 2022, our new 2023 – 2026 Energy Pillar target is to reduce Scopes 1 & 2 CO_2e emissions by 22% from our 2022 baseline.

Reduction of energy intensity continues to be a strategic lever in reducing our emissions, along with our sustained transition to renewable energy through our Create, Collaborate and Compensate programme. Our Environmental and Climate Change Policies cover our energy and emissions aims and objectives.

Following the acquisitions of Footwear structural components businesses in 2022, our overall energy usage metric has reduced significantly. This is due to the lower energy intensity of the footwear component manufacturing processes, which are less reliant on high temperature processing compared with processes for sewing thread manufacture. Taking such acquisitions into consideration, our 2022 energy intensity has been restated from 8.2 kWh/Kg to 6.3 kWh/Kg.

During 2023 our group energy intensity increased by 1% to 6.4 kWhr/Kg. Production volumes have declined ~15% in 2023 due to customer overstocking and supply chain rebalancing, and this impacted negatively on overall energy intensity due to factory fixed energy overheads not reducing in proportion with reduced factory output. During this period, batch sizes have reduced, further impacting overall energy efficiency. Managing to hold 2023 energy intensity at almost the same level as in 2022, in the face of such a steep drop in factory output, is a notable achievement and reflects the significant efforts and resultant benefits from our ongoing energy saving projects that we continued to run throughout the year.

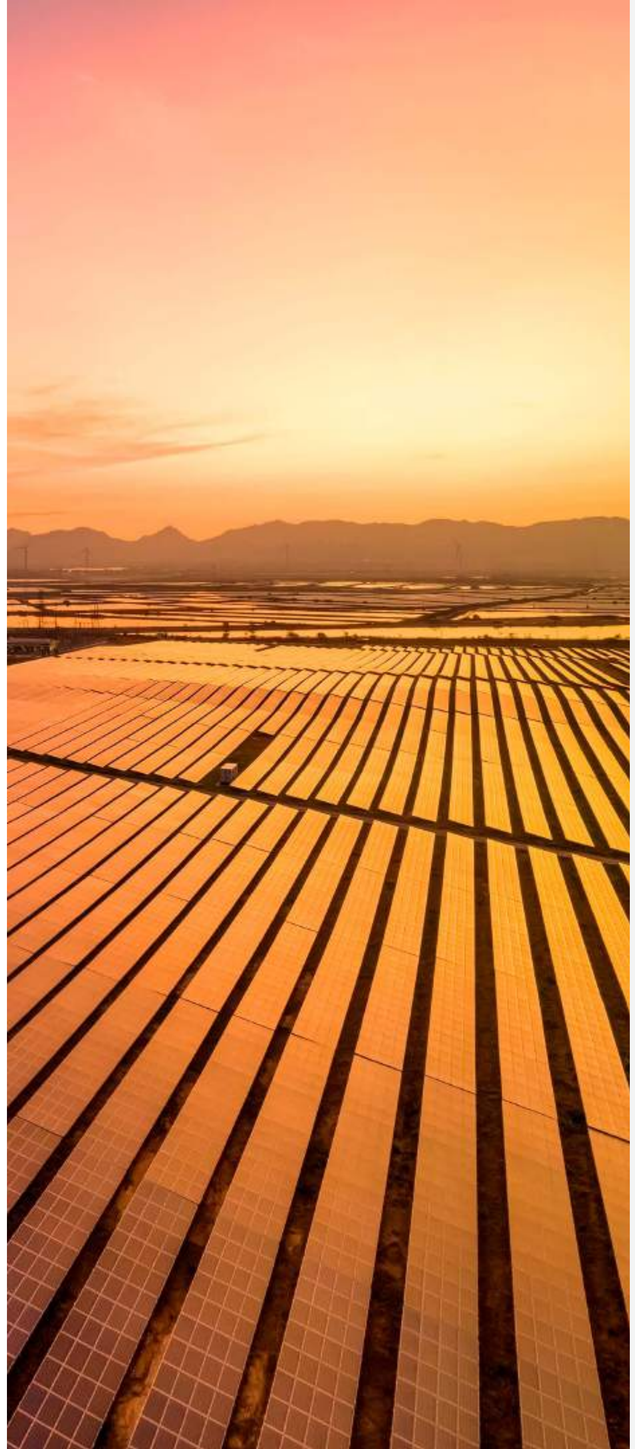
Through 2023, we are delighted to confirm that we have reduced absolute Scopes 1 & 2 emissions by 39% from our 2022 baseline. Whilst a large portion of this reduction is attributed to factory volume output reduction, a large element is related to the significant progress we have made with energy transition to renewables. The following sections expand on this success in more detail with case studies added to highlight specific examples that have contributed to the high-level reductions in Scopes 1 & 2 emissions in 2023.

Energy Transition

In 2022, in line with the Intergovernmental Panel on Climate Change 1.5C pathway, Coats received approval for near-term 2030 Science-based Targets, where we have committed to an absolute 46.2% reduction in CO_2e Scopes 1 & 2 emissions based on our 2019 inventory baseline, and a 22% reduction by 2026, with both targets taking into consideration our new Footwear acquisitions.

49% of the energy we use at Coats comes from purchased electricity used, for example, to drive motors, with the remaining 51% being from fuels we burn on-site. In 2023, 71% of fuel consumed is natural gas with the remainder composed 21% in biomass, 7.5% in oil, and 1% relating to diesel and petrol. We ceased use of any coal derived energy in our operations in 2019, and our fuel strategy continues to promote use of natural gas over oil and we seek to transition to biomass where feasible.

To reduce Scopes 1 and 2 CO_2e emissions, Coats must not only reduce overall energy intensity, but also reduce the reliance upon fossil fuels to generate heat and electricity on-site, and to



Energy Pillar

generate the energy (largely electricity) which we purchase from public and private energy providers. The transition to renewable energy sources is therefore vital to our success in meeting emissions reduction targets, thus we have committed to transitioning to 70% renewable energy sources by 2030 and 100% renewable electricity in the same period.

We have introduced programmes to replace natural gas with electric and biomass steam generation, and we have taken steps to be supplied electricity which is derived from renewable sources where possible. However, with reliable access to such sources varying from market to market we have introduced a Create, Collaborate, Compensate programme to ensure that all manufacturing units can actively contribute to our sustainability strategy while utilising the varying degrees of resource available:

CREATE - the generation of renewable electricity on-site via rooftop solar installations

COLLABORATE – using Power Purchase Agreements (PPAs) to facilitate the supply of electricity from certified off-site renewable sources such as solar or wind farms.

COMPENSATE – where supply of electricity from renewable energy sources is not possible due to local market regulations, we purchase Energy Attribute Certificates (EACs) to cover the energy consumption from non-renewable sources.

In 2023, with this programme now rolled out across all divisions, 54% of our electrical energy purchases are now from certified renewable sources, up from 29% in 2022. As mentioned above, our 2026 target is to reduce Scopes 1 and 2 emissions by an overall 22% from the 2022 baseline. With the Create, Collaborate and Compensate programmes in place, and with several local initiatives reducing the use of fossil fuels for heat energy generation, Coats has to date reduced Scopes 1 and Scope 2 emissions by 13% and 51% respectively, giving a combined reduction of 39%. As emissions reduction are calculated as absolute, the ~15% reduction in our production volume accounts for a proportion of our overall emissions reductions. However, given our extensive shift to renewable energy in 2023, we have delivered a 29% reduction in Scope 1 and Scope 2 emissions intensity per kilogram of production, highlighting the improvement on a like-for-like volume basis.

Reduction of Energy Intensity

Further emissions reductions are achievable by reducing our energy intensity. Coats has implemented several new energy reduction initiatives in 2023, many of which were identified through three ongoing programmes, Cleaner Lighter, Energy Basics, and Lift and Shift. In conjunction with such programmes, the E-Sight initiative (real-time smart metering streaming data to our cloud-based utilities management system) has been rolled out to a further 4 units in 2023, allowing local engineering teams to quickly identify potential opportunities for immediate and longer-term energy intensity reductions.

Our Energy Basics program ensures that all units have access to new energy saving insights and opportunities, delivered through online webinar training events and standard operating procedures, and involving manufacturing and engineering staff across the group. The E-Sight initiative has delivered groundbreaking visibility through enhanced granularity in the real-time monitoring of energy consumption data, enabling site level, departmental, work centre and individual manufacturing asset level monitoring, quicky detecting energy saving opportunities which may otherwise have remained undetected, and providing our teams with necessary data with which to deliver effective energy management solutions. Increases in air compressor and steam generation efficiencies are examples of common successes which have been delivered across sites through use of the E-Sight programme.

With the combined learning from Energy Basics and the E-sight initiatives, our Lift and Shift program quickly and carefully coordinates the transfer of energy saving success from host sites into other manufacturing locations, without the need for immediate metering resource and investment, extending the savings scope further across the group. The electric steam generation case study example on next page highlights one such initiative which Coats identified through E-Sight and now aims to roll out across the group in 2024 due to the minimum investment and short-term payback advantages.

Energy Pillar

CASE STUDY
LABORATORY AND SAMPLE BATCH STEAM GENERATION

Many of our manufacturing units do not operate 24x7, but still run customer sample laboratories and small service units over the weekends. Steam to heat certain machinery is still necessary, and typically supplied from industrial-sized production boilers. By installing right sized electric steam generators, a laboratory unit can not only significantly save on energy intensity, but can also take advantage of the electricity transition to renewable sources, thus reducing both Scope 1 and 2 emissions accordingly. Having first identified the high yielding opportunity in Shenzhen, where energy savings of up to 550kWhr/ day are reported for one set of laboratory dye machines, this initiative will quickly be rolled out to other manufacturing units, and at relatively low cost.

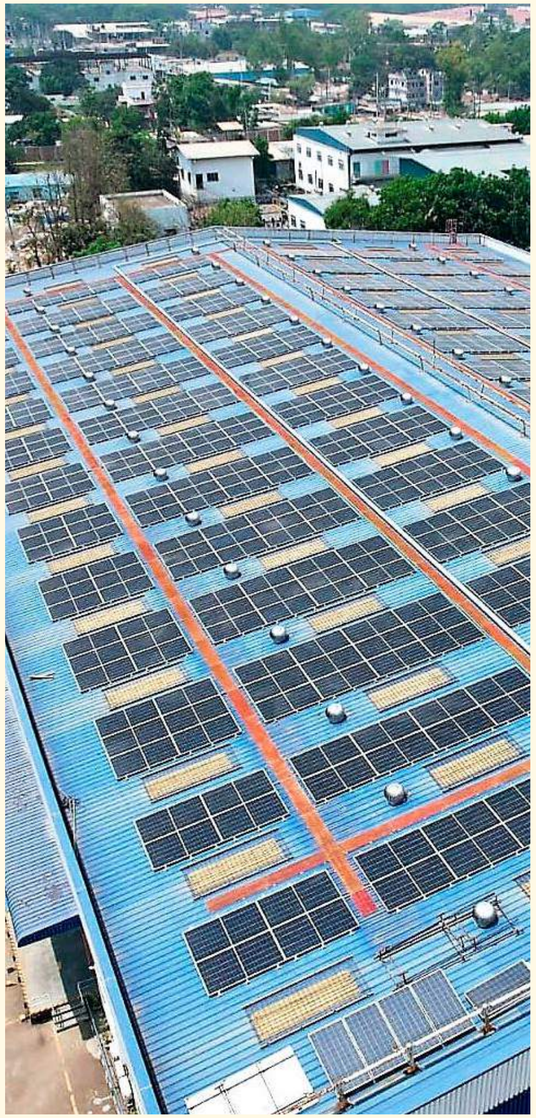
CASE STUDY
SRI LANKA STEAM MANAGEMENT

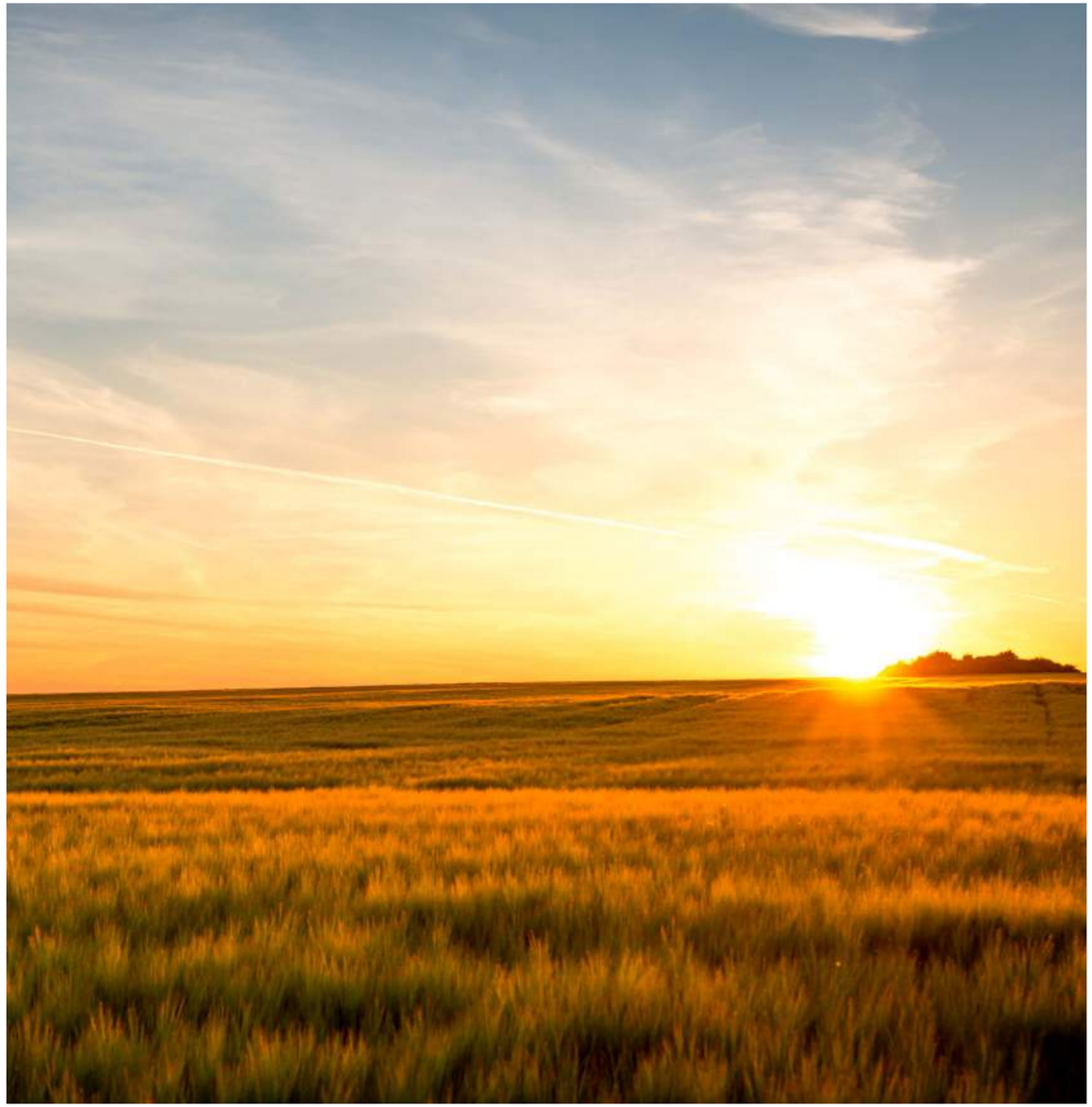
In 2023, our manufacturing unit at Horana, Sri Lanka set a task of reducing emissions from steam generation. To initiate the project, an expert consultancy team carried out an end-to-end factory energy audit, providing a deep dive understanding of their steam usage and yield potential. With the comprehensive findings in hand, the local team produced an extensive, prioritised plan listing several low-cost actions with rapid payback. Three such actions include steam trap replacement, heat recovery system upgrade, and the installation of a flash steam recovery system. In combination these actions provided an immediate overall reduction of steam usage of over 10%.

Energy Pillar

CASE STUDY
ENERGY TRANSITION, SOLAR INVESTMENT IN BANGLADESH

In 2023 Coats Bangladesh successfully installed a 421 kW rooftop solar power plant at its Gazipur factory, in collaboration with SOLARIC Energy. The solar project yields an annual generation of 850 MWh of renewable energy, contributing to a 12% reduction in energy consumption derived from fossil fuel-based sources and reducing approximately 528 tonnes of CO2 emissions (equivalent to the environmental benefit of planting each year up to 45,000 trees). Utilising 50,000 square feet of the Gazipur warehouse roof, the manufacturing unit now draws up to 40% of electricity supply from renewable sources during daylight hours. On the back of this success, a similar solar facility is planned in 2024 for our factory in Chittagong, where the 550 kW installation will accelerate our group transition to renewable energy.





Energy Pillar

COATS ENERGY PROFILE

FOOTWEAR STRUCTURAL COMPONENTS

Total emissions ~1.6%
Scopes 1 & 2 ~15%

Scope 1 ~18% Steam for process water heating
Scope 2 ~12% Electricity for running machinery
Scope 3 ~0.5% Upstream Energy

RAW MATERIALS PROCUREMENT

SPINNING & TWISTING

Accounts for around 27% of our energy consumption mainly in the form of electricity for powering process equipment.

DYEING

Total emissions ~5.4%
Scopes 1 & 2 ~48%

Scope 1 ~78% steam for heating in dyeing
Scope 2 ~22% electricity for pumps and dryers
Scope 3 ~2.8% Upsteam energy

COATING & FINISHING

Total emissions ~4%
Scopes 1 & 2 13%

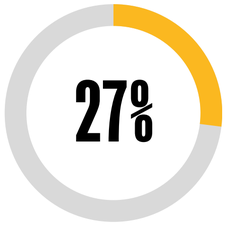
Scope 2 ~21.3% Electricity for powering machinery
Scope 3 ~1.3% Upstream energy

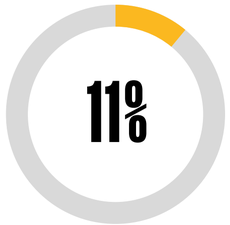
WAREHOUSING

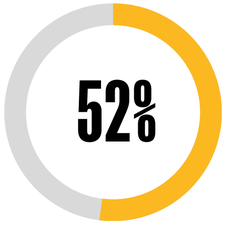
Total emissions ~0.1%
Scopes 1 & 2 ~1%

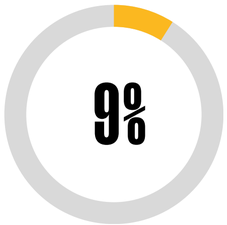
Electricity for lighting and steam for heating
Scope 3 ~0.01% Upstream energy

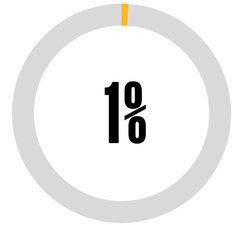
ENERGY CONSUMPTION











MATERIALS

Materials Pillar

2023 PERFORMANCE HIGHLIGHTS

78 kTonnes
OF RAW MATERIALS - THREAD AND YARN PRODUCTS

37 kTonnes
OF RAW MATERIALS - FOOTWEAR COMPONENTS

29.2%
SUSTAINABLE MATERIALS

Embedded emissions in our raw materials make up around 50% of our total emissions and reducing these is a critical part of our Net Zero journey. Our materials transition programme of moving to recycled or bio-based raw materials is designed to significantly reduce these embedded emissions and is a key part of delivering our near term 2030 SBTs.

Across all of our divisions we focus on engineering our products to provide a guarantee of high product performance without excessive use of materials. Avoiding over-engineering, while providing reliably high quality, is a fine balance and one that we are constantly working on as we seek out the best raw materials and develop and tune our process technologies. The same balance applies to our indirect materials, which are mainly the packaging in which we protect our products during shipment to customers and the supports required to ensure that the thread products wind off smoothly in use, resulting in minimum waste for our customers. As our operations are only a stage in a complex supply chain we have to work closely with our suppliers and customers to ensure that products transferring between companies do so in a form that optimises the productivity and performance for both parties and with minimal waste potential.

Close collaboration with key suppliers is an ongoing area of focus for Coats to ensure we reduce embodied carbon in our raw materials, and to ensure we continually embrace and embed latest technologies to optimise our production processes and reduce associated emissions. Through 2023, we have run many innovation workshops with a range of raw materials suppliers, spanning across fibre, filament, dyestuff and chemical materials.

During 2023 we consumed 116 thousand tonnes of direct raw materials in our thread manufacturing operations, 78 thousand tonnes of this material is made up of the fibres and filaments used in our products, of which 93% comprises oil derived plastics with the remaining 7% mainly being cellulosic fibres, such as cotton, or fibres derived from cellulosic sources such as wood pulp.

We have an SBTi commitment to reduce our absolute Scope 3 emissions by 33% by 2030 from a 2019 baseline. Embedded emissions in our raw materials make up most of our Scope 3 emissions and our roadmap to delivering this target reduction is through the transition of our raw materials to lower emissions sustainable sources. Moving away entirely from the use of virgin oil-based materials is the most significant part of this transition and this is why we have established a target of eliminating all virgin oil-based raw materials by 2030.

With the acquisition of the footwear structural component businesses, Texon and Rhenoflex, in 2022 we extended this same target to those operations. Both businesses had already made good progress in transitioning to recycled polyester prior to the acquisitions; we have spent 2023 developing plans to accelerate the transition and to find solutions for the more complex material types in their portfolio.

Our definition of sustainable materials is based on “Preferred Materials” guidelines issued by Textile Exchange, which defines a preferred fibre or material as one which results in improved environmental and/or social sustainability outcomes and impacts in comparison to conventional production. Our sustainable materials include

Materials Pillar

recycled synthetic fibres, Canopy certified man-made cellulosic fibres, renewable materials like cotton, organic cotton, BCI Cotton and bio based materials like Poly Lactic Acid (PLA).

Through early Q1 2023 we conducted a mass refresh of our raw materials master data, including addition of new data fields which enable each material to be assigned a sustainability attribute. This new classification system flags materials as being virgin oil-based, recycled, renewable or bio-based, and enables us to track progress on our materials transition journey on a real-time basis, with monthly reporting and insights shared with senior management.

Our interim material transition target is to have 60% of all of our primary raw material coming from sustainable sources by 2026. This compares to our 2022 baseline level of 25%. During 2023 we achieved a level of 29%. This uplift is driven by a significant increase in the production of sewing threads from recycled polyester, where we have broadened the range from premium threads to all product types. The performance in 2023 would have been higher had it not been for a drop in demand for cellulosic footwear components during the year and hence a decline in the procurement of these materials. We anticipate that this will correct during 2024 as the global supply chain overstocking continues to decline.

DURING 2023 WE INAUGURATED OUR NEW SUSTAINABILITY HUB IN MADURAI, INDIA.

The Sustainability Hub is set up with a full range of upstream processing equipment that will allow it to take new, more sustainable, raw material types and process them into innovative thread types. To achieve this they have a number of partnership agreements already in place, with more to come, working closely with established companies and startups that have innovative material solutions which meet our performance and sustainability criteria.

CASE STUDY
SUSTAINABLE MATERIALS IN MADURAI

Guruprasad is one of our talented researchers at the Madurai Sustainability Hub with responsibility for developing new products from renewable fibres, recycled fibres and bio-based fibres. He is passionate about finding innovative ways to create sustainable materials that are functional, durable, and fully meet the demanding requirements of our customers.

Having a background in textile engineering, Guruprasad has also completed his PhD at a reputed university in India. He joined the Hub following an extended period working within the fibre production industry, and was attracted to Coats by the opportunity to lead cutting-edge projects that have positive environmental and societal impacts. His role involves high levels of collaborative work with Brand and Retailer innovation teams to deliver research and prototype development of new sustainable materials, which meet the demanding technical and quality specifications for their highly diverse end-use applications.

Early innovation projects have included new product developments where lycocell has substituted cotton in tea-bag threads and tampon cords and delivered higher strength and more product uniformity. The team have worked on further refinement of our water dissolvable sewing threads designed to aid garment disassembly for circularity where we have extended the available shade range to include more vibrant colours. The Hub sustainability team are focussing on the concepts of bio-based materials, mono-material design, circularity and biodegradability.

> “I am delighted to work with such a forward thinking company that is committed to sustainability and has ambitious targets to transition to low carbon impact raw materials. It is a pleasure to be associated with Coats who are leading the way in the field of sustainability”

Guruprasad, Material Innovation Manager

Materials Pillar

The Madurai Sustainability Hub has built a strong team of experts and professionals who are passionate about sustainability and innovation. The hub has recruited and trained local talent from various fields, such as textile engineering, chemistry, biotechnology, design, marketing, and management. The hub also collaborates with external partners, such as universities, research institutes, NGOs, and industry associations, to access the latest knowledge and technologies. Our team in the Madurai hub works closely with the already established Innovation Hub in Shenzhen, China, which takes the threads developed in Madurai and turns them into prototype finished products. Many of the developments taking place in these two Hubs are on innovative bio-materials, but work is also progressing on recycled or more sustainable plastic materials.

Across all of our upstream supply base we are acutely aware of the need to ensure sustainable provenance criteria are adhered to, and this is increasing in complexity as we expand the range of materials that we work with. We have long had in place strict procurement policies that ensure that we only purchase cotton from sources that ensure we are not complicit in the social and environmental risks that are prevalent in certain parts of the global cotton supply chain. We are very supportive of responsible sourcing organisations such as the Better Cotton Initiative and have long had a ban of cotton from high risk locations.

In our supply chain we have minimal use of animal based products. The recycling of waste leather into new products in our new footwear units is the only animal-based material we use, and here we use no virgin leather at all. We do not use any animal-based fibres.

CASE STUDY
FOOTWEAR MATERIALS TRANSITION

Our Footwear Division research and development team is based across three geographic locations and consists of 7 graduate and PhD educated scientists, 4 engineers and 4 technicians. Their focus is on development of new structural footwear component products, and also new technologies for footwear and lifestyle applications.

In their work, innovation and sustainability are inextricably linked. When developing new products, the raw materials selection are critical both to the technical and sustainability performance. The team draw on a feedstock of more than 115 sustainable raw materials and efforts are ongoing to continuously extend the available sustainable materials for incorporation into our products.

The sustainability aspect of new product development is front of mind in all we do; it is an integral part of decision stage-gate process to guarantee reduction in embedded carbon and ensure reduced CO_2 footprint with every single development project. Key improvements in this manner have recently been delivered with new Rhenoprint powders containing groundbreaking 70% of recycled polymers and new impregnated materials with reduced content of virgin-oil based latex dispersions.

Materials Pillar

COATS GLOBAL CIRCULARITY

COTTON GROWING

Cotton growing requires a lot of water and, unless it is organic, it tends to use a lot of pesticides. Increasingly there is a focus on stewardship programmes for cotton cultivation so that the environmental and social aspects of farming cotton are managed responsibly.

HUMUS, CO_2, H_2O

The end result of the biodegradation is to release water and carbon dioxide and it leaves a rich humus that can be used to enrich soils for future crops.

BIODEGRADATION

Biodegradation is caused mainly by microbial action on the fibres. This can take place under aerobic or anaerobic conditions and at different temperatures. Some synthetic polymers that would normally be regarded as technosphere materials can now be made biodegradable.

FIBRE PRODUCTION

High quality cellulosic fibres are generally produced through the Lyocell process whereby the pulp is dissolved and then extruded through a spinneret in a dry/ wet spinning process.

CLEANING & PULPING

Pulp production for recycled cellulosic material is not very different to the processes already used for recycling other cellulosic materials, such as paper, but there generally need to be some additional mechanical processes with textiles to assist with the pulping.

CELLULOSIC MATERIAL GRADING

Sorting of materials by quality and condition is important to ensure that waste material flows are as consistent as possible. Increasingly this will be done by automated processes. Also at this stage non-cellulosic elements can be removed.

Textile Production

Distribution & retail

Consumer use

Waste management sorting

FIBRE PRODUCTION

Polymer chips are melted and extruded to produce continuous textile filaments. These can be cut to produce short staple fibres, similar to cotton, or left as continuous filament yarns.

RE-POLYMERISATION

This step requires the production of new polymer chips with the same properties as virgin polymers. In the case of the most common type of textile polyester (polyethylene terephthalate - PET) this means recombining the precursors.

PLASTIC DE-POLYMERISATION

Polyester fibres can be broken down into precursors, such as purified terephthalic acid (PTA) and monoethylene glycol (MEG). This allows for the removal of impurities such as dyes and means that the qualities of the polyester coming from the subsequent re-polymerisation are not dependent on the properties of the polyester feedstock used.

WATER

Water Pillar

2023 PERFORMANCE HIGHLIGHTS

13.5%
INCREASE IN WATER RECYLING RATE

3.6 million
INDIVIDUAL THREAD BATCHES DYED

5.5%
WATER INTENSITY REDUCTION

188 thousand
DISCRETE SHADES DYED ON THREAD

Water is a vital resource and is placed under increasing demand in many countries across the globe. The textile industry utilises a significant volume of water throughout its operations, and in particular by dyeing processes.

At Coats, we are committed to using water as efficiently as possible, and to responsibly manage water consumption, plus subsequent wastewater discharge, in a manner which bears no impact on the environment or communities around the areas in which we operate. Our commitment is underpinned by our continuous drive to reduce water intensity across the group through the adoption of advancing technologies, where we have made significant progress in the period 2019 – 2023. In addition, from 2023 our continued strategy is set to increase the rate at which we recycle water, to reuse in our wet processing facilities, particularly in areas where water stress factors could increase in future high carbon Socio Economic Pathways (please refer to TCFD section of 2023 Annual Report). By 2026, we have committed to increase our water recycling rate by 33% from our 2022 baseline; a target which sets the foundations of our strategic sustainability pillar, Water.

> "Having delivered a 38% reduction in water intensity between 2019 and 2022, we have delivered a further 5.5% reduction in 2023, reducing to 35.6 Ltr/Kg"

2023 PERFORMANCE

In 2023, we dyed 3.6 million individual thread batches and 188 discrete shades across our 26 dyehouse and laboratory operations globally. 50% of our water consumption globally is attributed to sites with dyehouse operations. The current available technology for most textile dyeing functions is reliant on water as the medium to carry dyestuff molecules into fibres, in order to achieve the target colour specified by the brands, retailers and end customers whom we serve. In addition, water is necessary in certain conditions to enable process pretreatments and post-dyeing rinses to meet our highest product quality expectations, and to supply machinery cleaning programs which eliminate shade contamination risks, again essential for controlling product quality, and maintaining highly efficient productivity standards.

Water Intensity

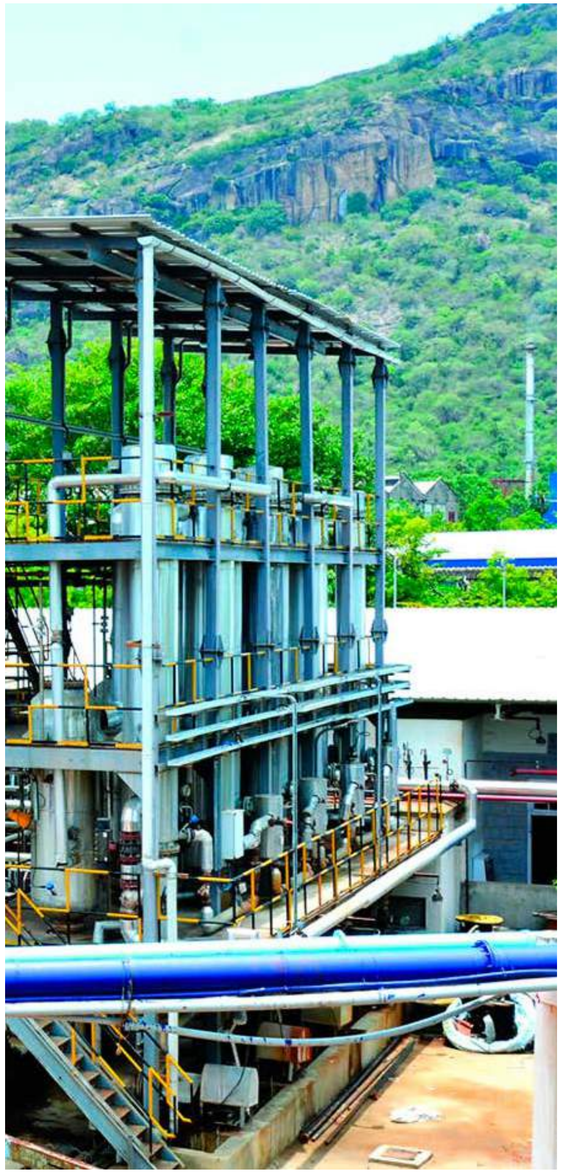
Our water intensity metric is defined by the ratios of volume of water consumed in litres versus the kilograms of finished goods produced. Having delivered a 38% reduction in water intensity between 2019 and 2022, we have delivered a further 5.5% reduction in 2023, reducing to 35.6 Ltr/Kg. Improving water intensity has been a significant achievement in 2023 in the wake of a ~15% decline in customer demand due to supply chain overstocking. Water intensity is closely linked to production volume and batch sizes, thus, as customer orders reduce in size, the expectation is for water intensity to rise accordingly. However, continued focus on delivering process optimisation, chemical supplier collaboration, and fine-tuning existing initiatives, we not only prevented such an increase, but also notably improved on the 2022 reduction achievement.

Water Pillar

Water Recycling

While we push the boundaries of water intensity reduction, there are process limitations bound by the current technologies and chemistries available. Retaining Water as a strategic pillar, and maintaining control over our water intensity, we now focus on protecting our operations and the environment by increasing our water recycling capability across the group. Of particular focus are our manufacturing units with greater water consumption, coupled with operating in locations of predicted higher water stress and increased regulatory requirements. Our 2026 target of increasing the water recycling rate by 33% will be delivered by improving existing water recycling capabilities and establishing new facilities through capital investment. With upgrades to the water recycling facility in Ambasamudram (India) our operations are now considered 100% Zero Liquid Discharge (ZLD), and in 2024 we have planned to install new, highly efficient water recycling facilities in both Bogor (Indonesia) and Chittagong (Bangladesh). In 2023, we increased overall water recycling rate by 13.5% from our 2022 baseline, which amounts to 995 thousand cubic metres of recycled process water.

In support of our water intensity reduction program, and in partnership with Twine Solutions, through 2023 Coats rolled out waterless digital thread dyeing technology to pilot markets in Europe and Asia. The pilot sites specialise in providing rapid customer colour sampling solutions, without the requirement of water and chemical auxiliaries, and at speeds far greater than that which wet processing allows. We continue to invest in next-generation innovation such as in-line, waterless dyeing, and with chemical and machine manufacturing partners, to push forward the innovative technologies and set new standards with which to operate in an increasingly sustainable environment.

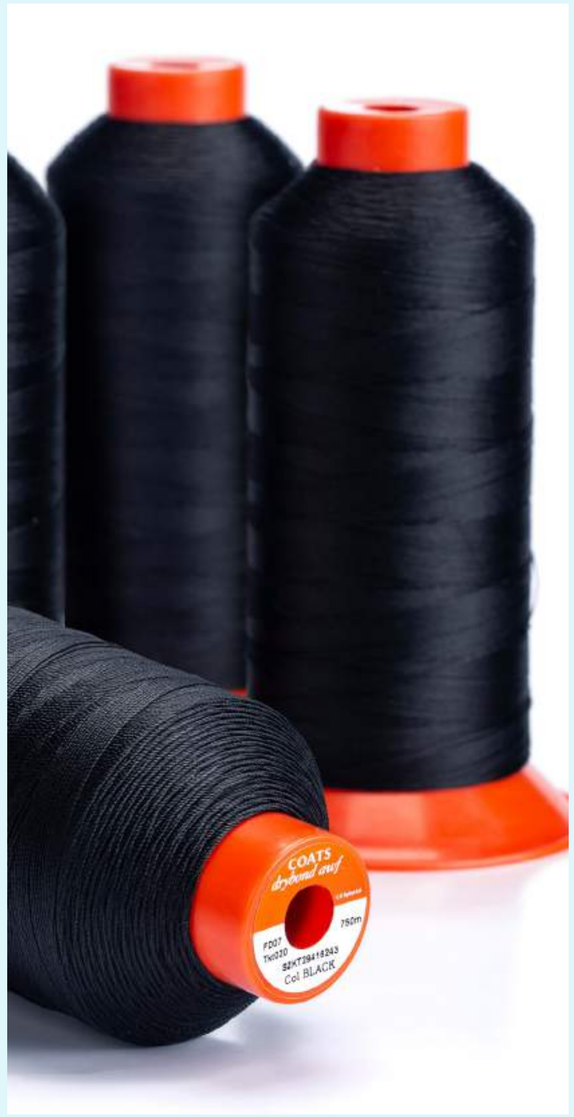


CASE STUDY

NYLON BLACK – PROCESS OPTIMISATION

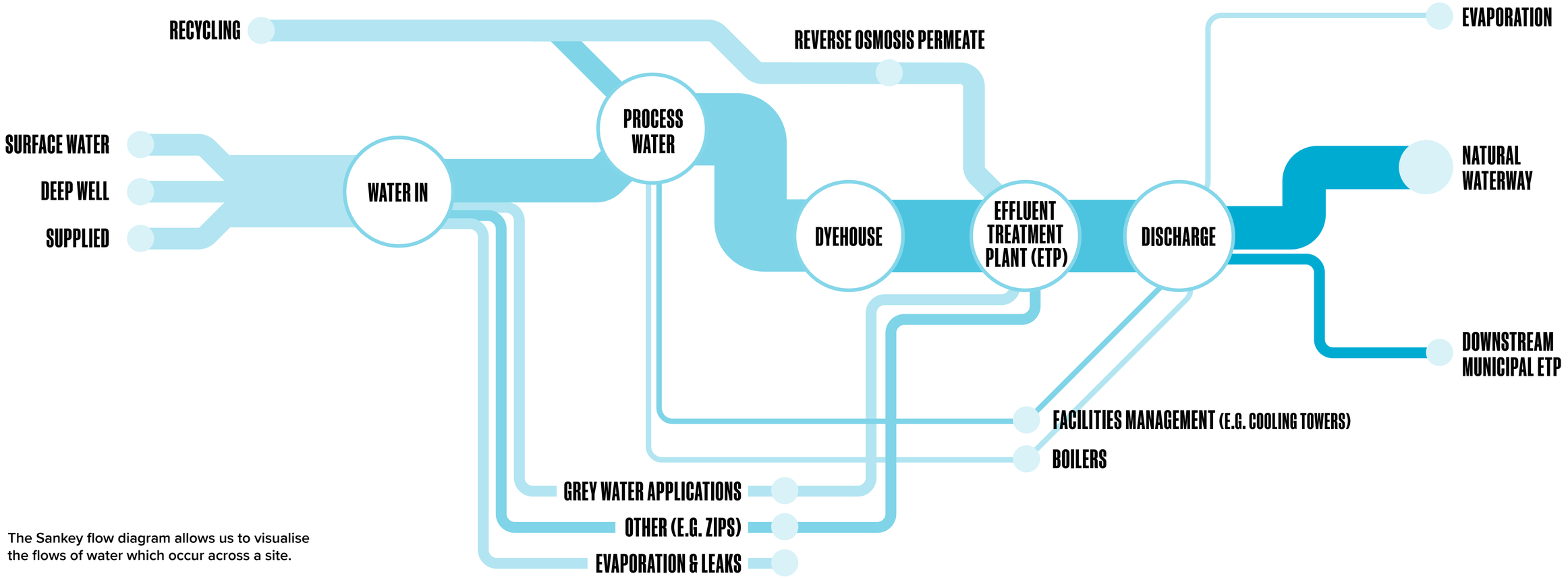
Dyeing nylon threads with black shades traditionally involves long cycle times to allow the dyestuff to evenly exhaust from the dyeing bath to the thread packages, and further water-related post treatments are necessary to rinse excess dyestuff from the thread surface to ensure colour fastness on the finished goods. Rinsed dyesuff and chemical auxiliaries are inevitably discharged into the effluent treatment plants, increasing the burden on the chemistries required to treat the effluent.

Through laboratory trials, extensive analysis and supplier collaboration, our team in China optimised the nylon black dyeing process to not only improve product quality, but also to halve the number of water-related treatments, halve the number of chemicals used in the process, and to significantly shorten the overall dyeing cycle time, thus increasing energy efficiency. In 2023, since launching the new process in January 2023, across the group we have saved 9,559 cubic metres of water, 2.4 tonnes of dyestuff, and 8.7 tonnes of chemical auxiliaries.



Water Pillar

WATER PROCESS



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

2023 PERFORMANCE HIGHLIGHTS

37%
WASTE TO LANDFILL REDUCTION

59%
OF WASTE RECYCLED OR REUSED

99.83%
EFFLUENT COMPLIANCE
(ROADMAP TO ZERO PROGRAMME)

Reducing materials usage and minimising the impact of the materials that we consume is a very high priority for us and a key part of our Net Zero pathway.

At Coats, our waste is generated from our operations, and from our supply chain. Packaging and product waste generally originates from input materials and manufacturing activities, while liquid effluent and sludge are generated from wet processing activities. Reflecting the importance of addressing both solid and liquid forms of waste, in 2022 we reviewed our Sustainability pillars, creating a new pillar, Waste, with two distinct targets Physical waste reduction is now measured through our Zero Waste to Landfill (ZWTL) initiative, while effluent compliance is assessed through the Roadmap to Zero programme. Our Environmental Policy covers our aims and objectives around waste.

Coats has made significant progress in waste reduction in 2023, largely as a result of advances in the tracking of waste data on our extensively upgraded Sustainability App, and from the data-driven analysis that such granularity provides. By detailed understanding of our waste sources, we have been able to better segregate and treat our waste more sustainably, reducing the reliance upon landfill facilities. This has further presented an increase in reuse and recycling opportunities, many of which would never have been possible without the heightened understanding of our waste flows. Coats set a target for 2023 to reduce waste to landfill from the 2022 total by 30%, in support of our 2026 zero waste to landfill goal.

Coats signed up to the ZDHC programme in 2016 (renamed to Effluent Compliance - Roadmap to Zero programme) to monitor our effluent, and the program's criteria and standards have evolved year on year. With a recent change to the sampling points, where samples of effluent water are now collected both before and after treatment, the control of our process inputs are of equal importance to the subsequent treatment of effluent, in order to restrict the use of durable chemicals and prevent such from entering the effluent treatment facilities in the first place.

ZERO WASTE TO LANDFILL

We have made further advances with the way in which we collect and process waste data, providing us with more granular visibility about the origins and end destinations of the waste materials. This new tracking capability will enable us to better track emissions through the value chain, and will help facilitate improvements in our Net Zero emissions abatement plans. Upgrades to our Sustainability App allow all of our sites to specify up to 36 waste types in alignment with the EU Waste Framework Directive, and in addition, each waste type can now be assigned specific disposal destinations, aiding the benchmarking and progress against our zero waste to landfill 2026 target. As an alternative to landfill, our waste destinations encompass Reuse, Recycle, and Incineration (conversion to energy). From our total 15,168 tonnes of waste in 2023, 1,449 tonnes was sent to landfill. This is a significant reduction from the 2,296 tonnes that was sent to landfill in 2022, and represents a 37% reduction in waste to landfill against our 2022 baseline. Through 2022 we had 28 sites generating waste to landfill; at the half year the number was decreased to 22 sites, and by Q4 of 2023 this has reduced to just 15 sites.

Waste Pillar

2023 Solid Waste Management	Non-hazardous Waste	Hazardous Waste	Total Waste
Tonnes to landfill	1,023.7	425.7	1,449.4
Tonnes recycled /reused	7,930.0	994.1	8,924.1
Tonnes incinerated	2,443.5	1,055.0	3,498.5
Other	330.0	965.5	1,295.6
Total Tonnes	**11,727.2**	**3,440.4**	**15,167.6**
Waste %	**11.6%**	**3.4%**	**15.0%**

Coats has a long history of recycling waste materials; however, to highlight the importance of the concept, as the industry and economies become more circular, our definitions have changed to reflect the greener credentials of our waste disposal destinations.

Reuse – categorises any material or items which can be reused in its current form, internally or externally, and rather than scrapping or sending to landfill. 4,081.8 tonnes (27%) of our waste is Reused.

Recycle – where material can be broken down to provide feedstock to produce items of the same material. Coats recycles almost all cardboard packaging relating to our incoming grey thread, and sends most plastic thread package centres to be ground down, re-chipped, and utilised as feedstock for recycled plastic goods. 4,842.3 tonnes (32%) of our waste is Recycled.

Incineration – where waste materials cannot be reused or recycled, as an alternative to discarding to landfill many materials can be safely incinerated in controlled conditions for the conversion to heat energy. 3,498.5 tonnes (23%) of our waste is converted to energy.

CIRCULARITY

In 2023, Coats continued to promote circularity within our waste management program. We have worked collaboratively with many of our supply chain partners to not only reduce waste in packaging materials, but also to adopt circular reuse and recycling methodologies on the materials which must remain in the supply chain. Circular materials are not categorised as waste, and must therefore meet exacting specifications. To claim this credential, eligible materials must be routed back into the supply chain of our original supplier, enabling their re-use with the same function as their earlier use, and without down-cycling to a lower value usage function. In 2023, we were re-supplied with a significant 2,591 tonnes of circular materials which would otherwise have been considered waste.

Waste Pillar

CASE STUDY
CIRCULAR CASE STUDIES

A significant portion of the plastic cone supports, which we use for winding finished goods thread products, is sourced from circular plastic feedstocks. These feedstocks are derived from recycled and remoulded plastic, forming a closed-loop system originating from the plastic 'dyeing centers' utilized in our dyeing process.

Our manufacturing facility in Ho Chi Minh City, Vietman, circular recycled in excess of 216 tonnes of plastic in this way in 2023, with our Romania factory circular recycling in excess of 60 tonnes in the same period.

The wood pallets upon which our incoming grey thread is supplied can be returned to the raw materials supplier, for reuse, and thus creating a circular loop relating to shipping materials. In 2023, 95 tonnes of wood was processed in this circular manner.

Similarly, all manufacturing units traditionally arrange to recycle the large quantities of carboard packaging materials which are required to protect incoming raw materials from damage. Many of those sites have been able to work with their suppliers to ensure that the same volume of pulped material has been used to generate the recycled carboard packing now reused for such thread deliveries. Our manufacturing units in Vietnam and Shenzhen, China, have recorded 377 tonnes and 67 tonnes circular recycling of cardboard material in 2023 respectively.

EFFLUENT COMPLIANCE
(ROADMAP TO ZERO PROGRAMME)

At the start of the new 2023-2026 reporting window we have reflected on the considerable improvements we have made to our chemical and wastewater management processes since we signed up to the ZDHC programme in 2016.

We have reviewed our customer and stakeholder expectations and have confirmed that we will retain our 100% compliance target for the 2023-2026 reporting window whilst renaming the programme Effluent Compliance (Roadmap to Zero).

Prior to commencement of our 2023 programme, we conducted extensive staff training on the updated ZDHC Waste Water Guidelines and given our recent acquisitions and divestments, reviewed which of our manufacturing units fell within scope for assessment. In order to align with our customer expectations we also investigated how our compliance data is being used, revealing that those who publish their supply chain data use a similar calculation methodology. Our customers' approach is to report the percentage of parameters that pass the foundation limits and, unlike us, they do not apply a weighting to the volume of water consumed. On re-examination we have identified that our calculation introduces statistical bias to any non-compliance at our units which consume the greatest volumes of water. By adopting the same approach as our customers and recalculating our historic compliance, we have identified that for the seven years we have participated in the programme, we are significantly closer to our 100% target than we had previously reported.

Applying the new guidance and compliance methodology to our 24 in-scope units in 2023, we conducted analysis of 12,032 separate parameters and recorded 99.83% compliance with the ZDHC foundational limits. In all cases we continued to meet regulatory limits, and of the 12,032 tested parameters we failed to achieve the ZDHC foundational limits on 20 instances, and in all cases by a marginal degree. We remain focussed on achieving the 100% compliance target and will continue to work closely with our material and chemical suppliers to eliminate all substances of concern.

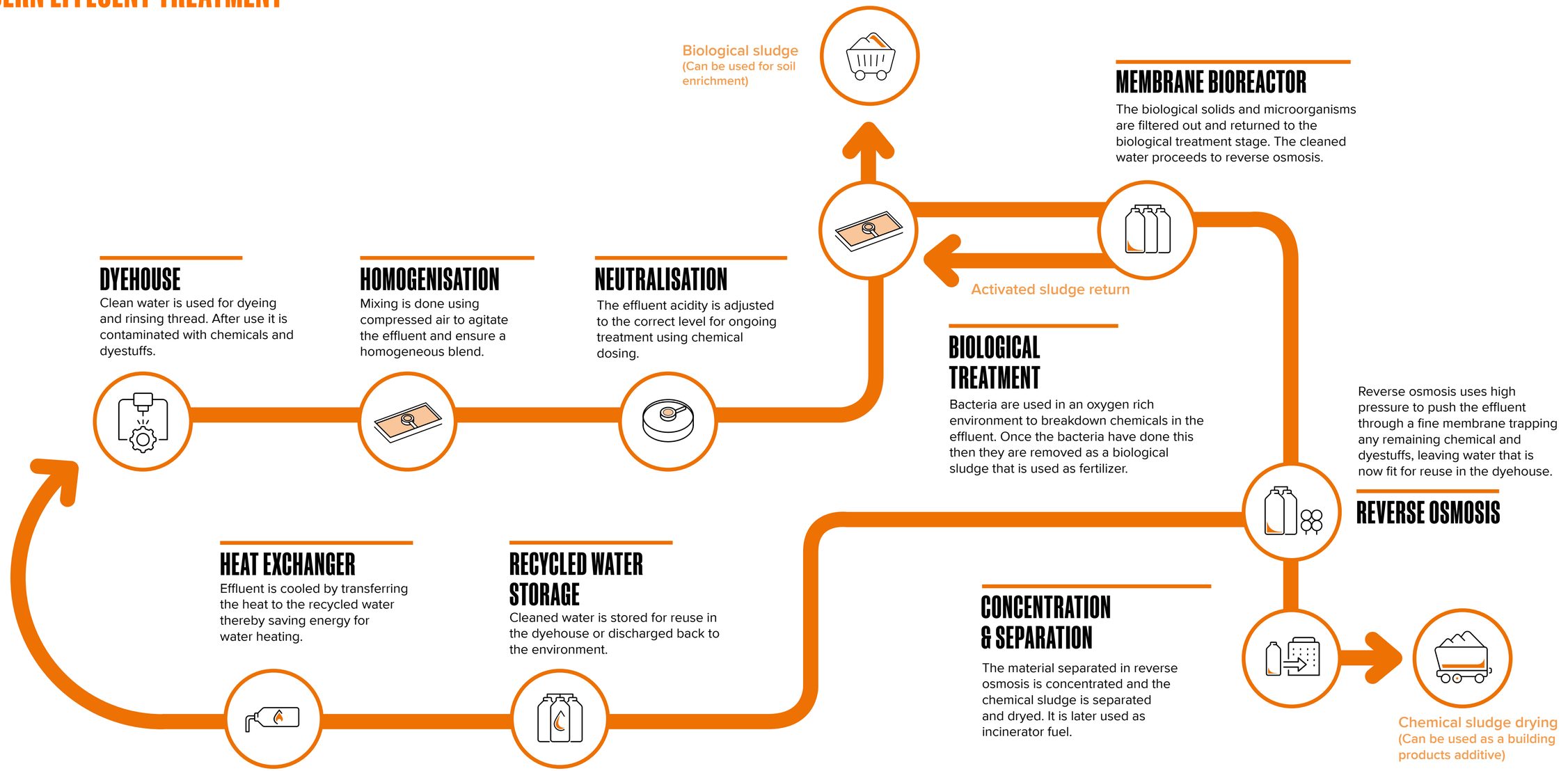
Effluent Compliance (Roadmap to Zero) Wastewater Test Parameters

Alkylphenol (AP) and Alkylphenol Ethoxylates (APEOs): including all isomers	97.73%
Anti-Microbials & Biocides	100.00%
Chlorinated Parafins	100.00%
Chlorobenzenes and Chlorotoluenes	100.00%
Chlorophenols	100.00%
N,N-di-methylformamide (DMFa)	100.00%
Dyes – Carcinogenic or Equivalent Concern	100.00%
Dyes – Disperse (Allergenic)	100.00%
Dyes – Navy Blue Colourant	100.00%
Flame Retardants	100.00%
Glycols / Glycol Ethers	100.00%
Halogenated Solvents	100.00%
Organotin Compounds	99.77%
Other/Miscellaneous Chemicals	98.86%
Perfluorinated and Polyfluorinated Chemicals (PFCs)	98.86%
Phthalates – including all other esters of ortho-phthalic acid	99.62%
Polycyclic Aromatic Hydrocarbons (PAHs)	100.00%
Restricted Aromatic Amines (Cleavable from Azo-colourants)	99.84%
UV Absorbers	100.00%
Volatile Organic Compounds (VOC)	99.24%
Heavy Metals	100.00%
Conventional Parameters and Anions	99.48%

0 20 40 60 80 100

Waste Pillar

MODERN EFFLUENT TREATMENT



PEOPLE

People Pillar

2023 PERFORMANCE HIGHLIGHTS

23%
FEMALE EMPLOYEES - SENIOR MANAGEMENT

39%
FEMALE EMPLOYEES - TOTAL BUSINESS

49
NATIONALITIES

87%
EMPLOYEES COVERED BY GPTW CERTIFICATION

Our People Pillar is centred around our purpose 'Connecting talent, textiles and technology to make a better and more sustainable world'. To achieve our purpose, talent is our most valuable asset and we are dedicated to building a Great Place to Work for our people.

We are powered by the invaluable input of our employees, and we turn their capabilities and insights into action. Our dynamic approach involves two annual surveys dedicated to measuring and enhancing our people's engagement.

Internally, we champion 'Your Voice Matters,' a survey featuring questions that gauge leadership, culture, well-being, and other people-related topics. Externally, we've joined forces with the prestigious Great Place to Work® (GPTW) organisation, offering a comprehensive survey that delves into every facet of employee satisfaction in the workplace.

In 2023, we are proud to have achieved country-level GPTW certification which covers 87% of our employees globally. Our Trust index was 86% in 2023 and our standout strengths from our GPTW surveys were as follows;

- That Coats is a physically safe place to work.
- Employees feel a sense of pride.
- Employees are treated fairly regardless of their race, ethnic origin or gender.
- When you join Coats, you are made to feel welcome.
- That employees feel good about the ways we contribute to the community.
- That employees are given the resources and equipment to do their job.

In addition, **Coats Group has been recognised by Great Place to Work® and Fortune magazine as one of the World's Best Workplaces™ in November 2023, placing us in the top 25 companies globally.** This prestigious accolade follows a meticulous assessment of 6.2 million employees at GPTW certified organisations. To be eligible, companies must earn a spot on the national Best Workplaces list in five or more countries and have more than 5,000 global employees. With a global workforce of over 15,000 permanent employess and 15 countries certified as Great Places to Work, we are excited to announce that we secured a coveted spot on the list of global companies with the most exceptional workplace cultures.

In the Asian region, we clinched one of the top spots in the Best Multinational Workplaces category, and we were proudly listed among other outstanding multinational organisations.

Our journey to becoming a great place to work has been enriched by numerous factors. This recognition is a testament to our unwavering commitment to fostering a positive and meaningful work experience. In 2023, we introduced several new programs as part of our employee experience strategy, with a primary focus on enhancing employee well-being. Details of the new programs will be outlined further in this section of the report.

To capture the voices of our employees right from the top, we complemented our internal and external surveys with employee listening sessions led by our dedicated Non-Executive Director responsible for workforce engagement, Fran Philip. The feedback from these sessions was invaluable and brought to the boardroom through the #EmployeeListeningSessions initiative, where we continue to drive positive change. Through 2023 a total of 9 employee listening sessions (3 in-person and 6 virtual) were conducted with involvement from employees in 10 countries.

As we celebrate our Great Place to Work achievements of 2023, we look forward to building upon this success and remaining committed to our journey of making Coats Group one of the best places to work in the world.

We have a comprehensive suite of policies, procedures and programmes in place to ensure that safety, wellbeing, fairness, equality, diversity and opportunity are an integral part of our relationship with our people.

People Pillar

DIVERSITY, EQUITY AND INCLUSION

At Coats we believe that a diverse, equitable and inclusive workplace is not only a moral imperative, but also a key driver of business performance. Our approach to diversity, equity and inclusion is focused on hiring, developing and retaining the best people. Our Chief Human Resources Officer has overall responsibility for diversity at Coats.

We believe the best way to service our customers' needs is to have a workforce which reflects our customer base. Being fully committed to our customers, Coats celebrates diversity as one of our core values and holds a strong commitment to uniting a global employee population in a safe, inclusive, and engaging workplace.

We recognise that people are our greatest asset and we value the diversity of perspectives, experiences, and backgrounds that they bring to our organisation. We are committed to fostering a culture of mutual respect, belonging and empowerment, and a spirit of trust and cooperation where everyone can thrive and contribute to delivery of our shared vision and goals.

At Coats, everyone, regardless of race, ethnicity, nationality, gender, age, social background, religious beliefs, disability, pregnancy or maternity, family responsibilities, sexual orientation, education, political opinion, and sensitive medical conditions must be treated fairly and with respect.

As a global employer, with operations in some 50 countries, Diversity, Equity and Inclusion (DE&I) is part of our DNA and a top priority on our social sustainability agenda. We employ more than 15,000 colleagues worldwide and are proud to bring together talented people from diverse backgrounds and identities.

At a global level we employ people from 49 nationalities and our gender balance is 39:61 female to male. At a Board level we have 6 nationalities and a gender balance of 44:56 female to male, meeting the Hampton Alexander Review and Financial Conduct Authority targets for female representation at Board level. Our Executive Management team has a gender balance of 29:71 female to male. Our goal is to improve gender diversity at all management levels with a particular focus on senior management levels where our balance at the end of 2023 is 23:77 female to male.

People Pillar

COATS FOR HER
RAISING THE BAR ON GENDER DIVERSITY

At the end of 2022 we have set a clear, measurable and ambitious target for increasing the representation of women in senior leadership positions at Coats, and regularly report on our progress on this to the Group Executive Team and Board.

Our target is to set to achieve 30% women in senior leadership positions by 2026 and 40% by 2030. This target subscribes to the United Nation's goals of gender equality and women's empowerment, and also links strongly to Coats' purpose of connecting talent, textiles and technology to make a better and more sustainable world. At Coats, we recognise the clear links between our position on 'Diversity, Equity and Inclusion' and good work and workplace mental health.

Through the course of 2023 we have implemented various programmes and initiatives to promote female diversity across our business and have delivered an increase in the female representation in senior leadership roles from 21% as of end 2022 to 23% as of end 2023.

In 2022, we introduced a groundbreaking initiative, 'Coats for All', that consolidates all our Diversity, Equity, Inclusion, and Belonging (DEI&B) efforts into one unified global framework. This cohesive approach allows us to concentrate our energies on key initiatives, ensuring they have the strategic impact they deserve.

Under the 'Coats For All' framework, we have launched our 'Coats for Her' program to drive greater balance in female diversity. This program constitutes initiatives, including the 'Female Recruitment Campaign', 'Women in Leadership Fast-Track Programme', 'Mentoring', 'Women's Visibility' and 'Return to Work Programme'.

Our Female Recruitment Campaign contributed to attracting more female candidates by ensuring jobs were advertised using inclusive language and looking for equal gender representation on shortlists for job vacancies.

Through our Fast Track Programme, we identified female leaders across the business with the potential to step into more senior roles and provided them with development, raised visibility, coaching and mentoring.

COATS FOR *Her*

We posted impressive career trajectories of twelve women within Coats through our Women's Visibility initiative and invited all employees to discuss how we can forge higher levels of diversity across our business through our 'Coats for All' events. Our Return to Work Programme supports parents as they prepare for an exciting period of leave and are targeted at supporting return to work for both Maternity and Paternity leavers, with return to work guidelines established and shared with Expectant Mothers, HR Teams and Managers.

We are happy that we have set in place the foundations to build progress in this critical area, however we also acknowledge that we have more work to do.

People Pillar

Ethnicity and Racial Diversity

Due to the extremely wide geographical footprint over which Coats operates, we naturally have a high level of racial diversity, however such is our commitment to Diversity and Inclusion, in 2023 we have implemented a survey process where all employees, on a voluntary and highly confidential basis, can share data on their social identities and any protected characteristics. Collection and reporting on this data across different sections of our business helps generates insights that enable us to better understand how well we are faring on diversity and inclusion.

Across our global employee base, in 2023, we had 68% of our employees participate in our racial and ethnicity diversity survey, with a 94% response rate from our senior leadership group. The graphics in the right hand panels show the racial and ethnic diversity mix of our senior leadership group in 2023, which reflects the rich tapestry of geographical diversity of the locations in which we operate. A more detailed overview of our geographic diversity can be found on the world map in the next page.

By fostering an environment that values and promotes diversity, **we ensure that opportunities to ascend to more senior roles within our organisation are equally accessible to all races and ethnicities.**

Details of our board ethnicity is outlined in our 2023 Annual Report.

SENIOR LEADERSHIP - RACIAL DIVERSITY

- Asian - 48%
- White / Caucasian - 38%
- Other - 5%
- Prefer not to say - 5%
- Arab, Middle Eastern or North African - 3%
- Mestizo - 1%
- Black African / African - 1%
- Hispanic / Latin X - 1%

SENIOR LEADERSHIP - ETHNIC DIVERSITY

- White European / North American - 34.59%
- Indian - 21.38%
- Other Asian background - 10.06%
- Chinese - 9.43%
- Not completed - 6.29%
- Hispanic / Latin X - 5.03%
- Bangladeshi - 4.40%
- Other White background - 3.14%
- Prefer not to say - 3.14%
- Arabic - 1.89%
- Pakistani - 0.63%

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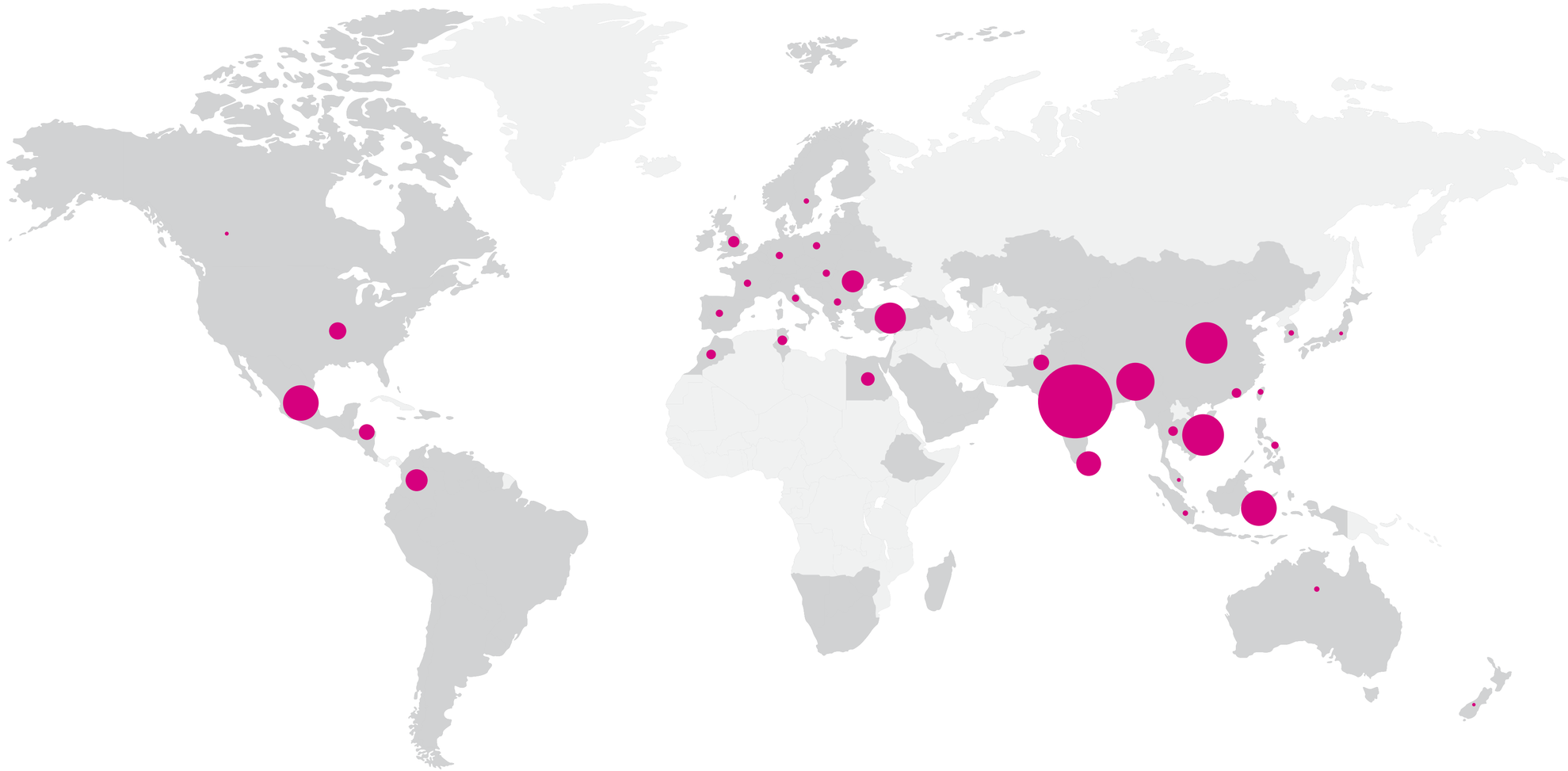
COATS GEOGRAPHIC EMPLOYEE FOOTPRINT

India	25.27%
Vietnam	12.00%
China	11.80%
Bangladesh	7.62%
Mexico	6.90%
Indonesia	6.27%
Turkey	5.06%
Sri Lanka	3.88%
Romania	3.21%
Colombia	2.90%
United States	2.73%
Honduras	2.38%
Pakistan	1.81%
Egypt	1.61%
United Kingdom	1.15%
Germany	1.05%
Thailand	1.03%
Tunisia	0.66%
Spain	0.52%
Morocco	0.44%
Italy	0.40%
Bulgaria	0.40%
Hong Kong	0.14%
Hungary	0.12%
Poland	0.11%
Philippines	0.10%
France	0.08%
Taiwan	0.08%
Sweden	0.06%
Singapore	0.05%
Australia	0.05%
Korea, Republic of	0.05%
New Zealand	0.03%
Canada	0.01%
Malaysia	0.01%
Japan	0.01%



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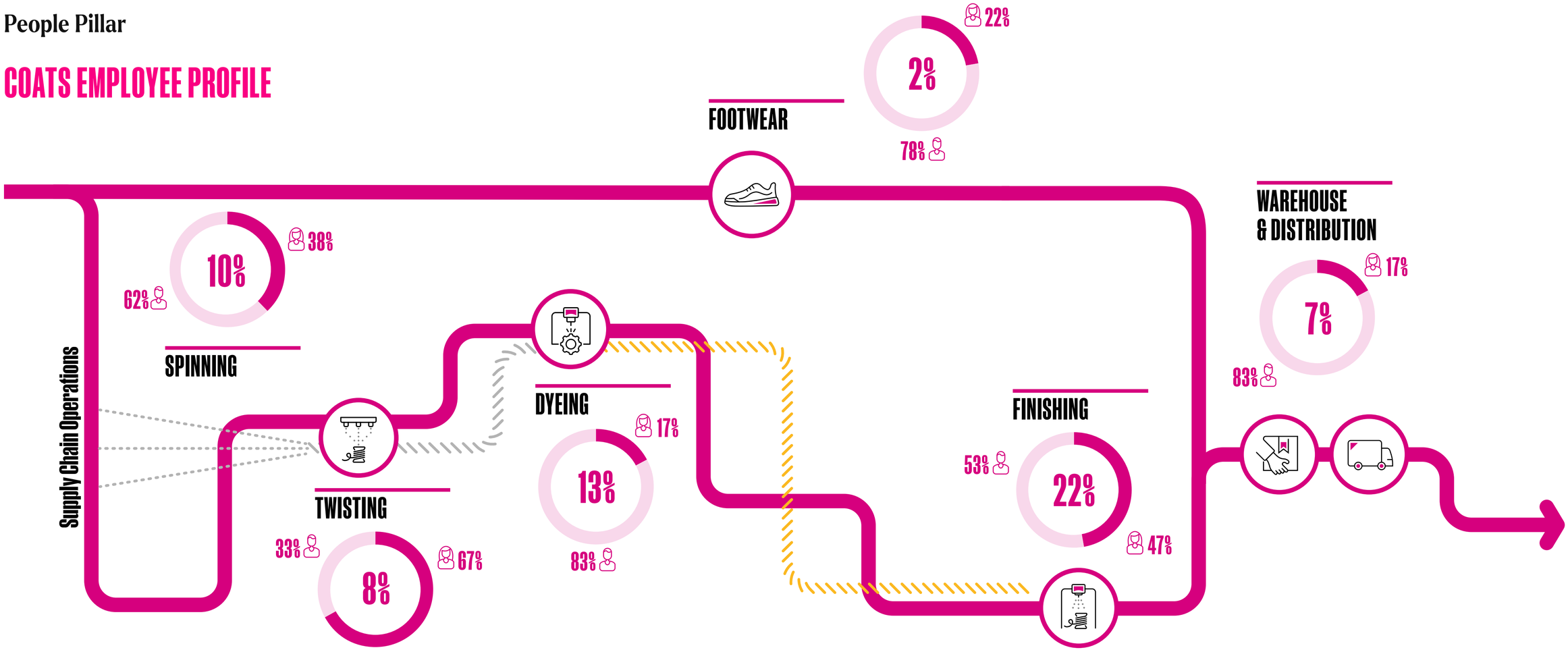
COATS EMPLOYEE PROFILE



SUPPLY CHAIN OPERATIONS	64%	37%	63%
SUPPLY CHAIN SUPPORT	28%	31%	69%
COMMERCIAL	7%	42%	58%
GROUP	1%	39%	61%

People Pillar

HEALTH AND SAFETY

Occupational Safety

At Coats, safety is our number one priority, both on-site and while working from home or commuting. The way we operate is consistent globally, maintaining high standards across the organisation. To achieve this, we have a dedicated Group Health and Safety function that creates a comprehensive framework for our global systems, enabling our facilities to consistently decrease the occurrence and impact of injuries. By working closely with all business operations, we enhance our ability to identify and manage risks, adopt industry-standard practices, and maintain a secure, healthy, and compliant work environment for all Coats personnel.

In 2018, we launched our Journey to Zero strategy, which is based on the fundamental belief that all injuries are preventable. This program focusses firmly on 'leading measures' which we take to ensure that safety behaviour, training and hazard identification are embedded in our daily business practices. Leading measures are those which are aimed at identifying and reducing hazards, plus improving safety related behaviour, and lagging indicators are incident rates and their outcomes, such as lost days.

To raise awareness of our safety culture, we have introduced an annual global safety week, 'Journey to Zero' with global, regional and unit level campaigns to ensure safety remains front of mind for all employees. Our Health and Safety cloud based hazard and near miss reporting system underpins the delivery of a safe and healthy workplace for all employees. From shop floor workers to senior leaders, everyone can contribute to improving safety practices and behaviours using a digital app and physical kiosks to make reporting hazards and unsafe conditions easy and convenient, enabling employees to report in real time. We also provide regular health and safety training to increase awareness of hazardous conditions and coach employees to improve safety mindsets and behaviours. Our goal is to foster a culture of safety and best practices, ensuring that everyone can work in a secure and protected environment. In 2023, a total of 44,048 hazards and 1,291 near misses were reported by Coats employees, which reflects a strong commitment and involvement of all Coats employees to Health and Safety.

Our main theme in 2023 was "Commuting Safety", with Coats being one of the few companies globally that considers employee commuting safety a key focus area with investments in time and resources to ensure our employees get to work safely for the start of their shift, and return home safely at the end of the day.

Many countries have conducted classroom and virtual reality safety training, workshops and hazard hunting activities on health and safety topics. Apart from compulsory safety training, they also provide induction training on H&S for new employees and contractors at the site. It is believed that every employee can benefit from training and apply the learned skills in practical situations to keep themselves safe. Through 2023, an average of 30 hours of safety training has been conducted per employee globally. 14 sites globally are covered by ISO 45001, ISO standard for management systems of occupational health and safety (OHS).

Innovative and forward-thinking, Coats has harnessed the power of AI to revolutionize health and safety in the workplace. By implementing cutting-edge AI technologies with machine learning and computer vision, we have not only reduced accidents and incidents but have also fostered an increased culture of safety among employees. This new capability gives round the clock monitoring for unsafe acts and automated alerts to management, enabling corrective actions and retraining of employees to be undertaken to ensure the highest levels of shopfloor safety. This success story showcases Coats commitment to innovation and safety, while Coats data-driven approach sets a new industry standard for health and safety practices.

Figure 1: AI enabled CCTV footage from our Sevier, North America site - proactively identifying and reporting on unsafe acts

The ultimate measure of success in this arena is consistent reduction in our 'lagging' indicators and most notably in our Lost Time Incident Rate (LTIR). At 0.31 (incidents per 100 employees) our LTIR continues to be significantly below equivalent textile industry rates (latest US rates are 1.0).

Our Health and Safety Policy is underpinned by a full suite of sub-policies and procedures which are rigorously applied across all Coats units and which are incorporated into our digital workflows in our Health and Safety cloud based reporting system. Health and Safety reports on leading and lagging indicators are presented during every Board meeting.

Health & Wellbeing

We take great pride in our flagship program, "Energy4Performance," or E4P which is led by every people leader on a daily basis across our business. The core objective of this initiative is to prioritize the 360° well-being of our employees, ensuring they maintain robust health and vitality, both within the workplace and in their personal lives. The E4P program is designed to provide comprehensive support for our employees' health and well-being, encompassing structured programs that address physical, mental, emotional, and social dimensions.

Our E4P strategy will provide health-promoting and enabling workplaces, focussing on the following areas:

- **Mental energy:** Taking time to unwind our minds, using techniques and taking action to invigorate and enrich our focus.
- **Physical energy:** The foundation for all other energies, consisting of sleep, fitness, nutrition, and intermittent daytime rest and renewal.

People Pillar

- **Social energy:** Derived from focusing on the greater good, dedicated to serving something greater than ourselves.
- **Emotional energy:** Capturing the specific emotions and actions that bring us joy.

This framework is our north star of well-being which allows countries to tailor their programs based on the local needs with E4P being their flagship. Through 2023 we have more than 150 programmes introduced in Coats's countries to support the well-being of our employees, with topics covered including: yoga, fitness challenges, aerobic dance, fruit day, sports activities, mental health awareness sessions, medical camp and disease awareness sessions.

The company uses multiple internal and external means of tracking success in E4P. A great example is our wellbeing score from our 2023 internal employee opinion survey with a score of 76%, which is 5% higher against the external benchmark.

Additionally, by partnering with GPTW, we are able to build on reviewing our wellbeing programmes through the feedback received by employees. In 2023, under the GPTW wellbeing KPI which measures psychologically and emotionally healthy places to work, Coats scored 82% globally, 1 point higher than the top 10 GPTW company's score. This demonstrates our employees recognition of the interest invested in their wellbeing while working at Coats.

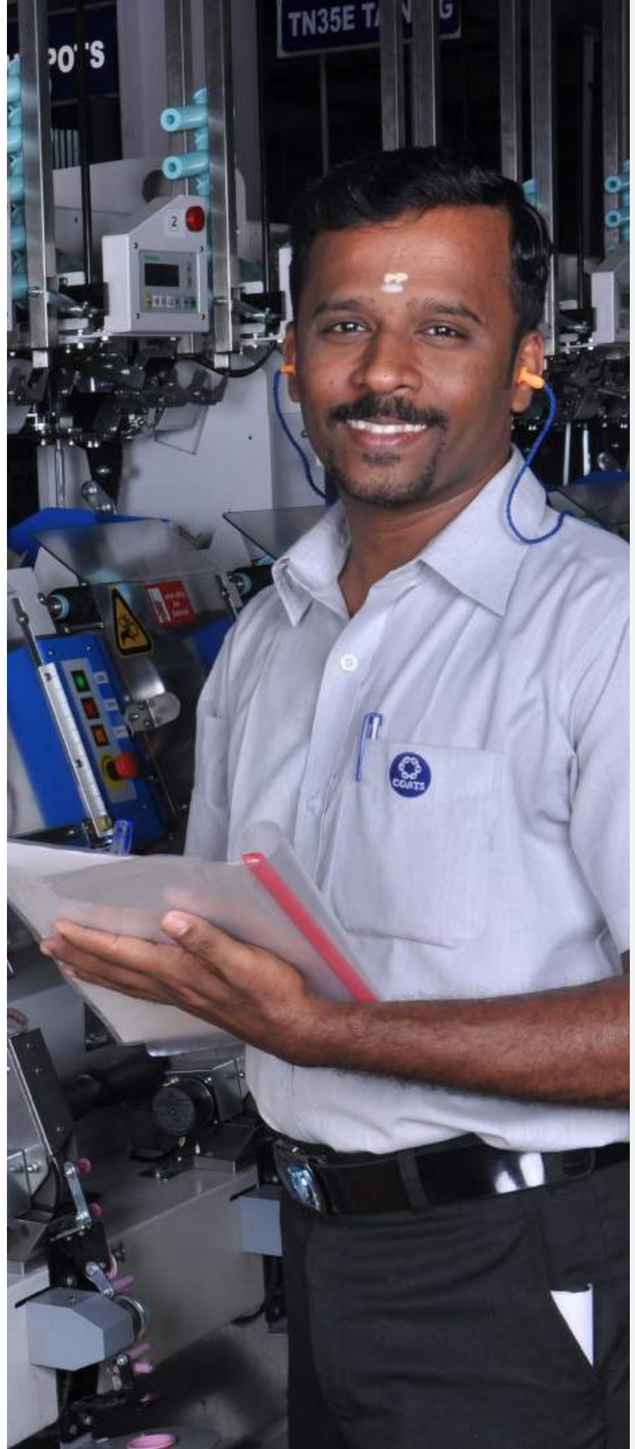
At Coats, we recognise that the mental health and well-being of all global employees, both permanent and contingent, across all geographies in which we operate, is essential for our success and sustainability. We are committed to creating a positive and supportive work environment, where our employees can feel valued, respected and empowered. We align our policies and practices with the principles of good work, as defined by the Mental Health Foundation, which are:

- **Fair pay:** We recognise the links between financial wellbeing and workplace mental health and ensure that all our employees are paid fairly and equitably, based on their skills, performance and contribution. We also provide competitive benefits and rewards, such as health insurance, pension schemes and recognition programmes.
- **Career progression:** We invest in the learning and development of our employees, and provide them with opportunities for career growth and advancement. We also encourage feedback and coaching, and support our employees to achieve their personal and professional goals.
- **Continuous education and training (CET):** We offer a range of CET programmes and resources, such as online courses, webinars, workshops and mentoring, to help our employees enhance their knowledge, skills and competencies. We also support our employees to pursue further education and qualifications, and to acquire new and emerging skills.
- **Anti-bullying and non-harassment:** We have a zero-tolerance policy for any form of bullying, harassment or discrimination in our workplace. We promote a culture of respect, dignity and inclusion, and we provide training and guidance on how to prevent and address any inappropriate or unacceptable behaviour. We also have a confidential and impartial reporting and investigation process, and we take swift and appropriate action against any perpetrators.

By following these principles, we aim to improve the mental health and well-being of our employees, and to foster a culture of trust, engagement and productivity. This is spearheaded by our Energy 4 Performance framework which educates, enables and supports our people to perform at home and at work. We monitor and measure global and local activities, and we seek feedback and suggestions from our employees and stakeholders on how we can further improve. We are committed to continuous improvement and innovation, and we welcome the challenges and opportunities ahead.

Through 2023, we have launched a programme of mental health training sessions for managers and employees, with training topics covering stress awareness, grief, sleep hygiene, suicide awareness, positive thinking and wellbeing in the dark months.

Our **Mental Health and Wellbeing Statement** can be accessed at: https://coats.com/en/download-centre



People Pillar

ETHICS

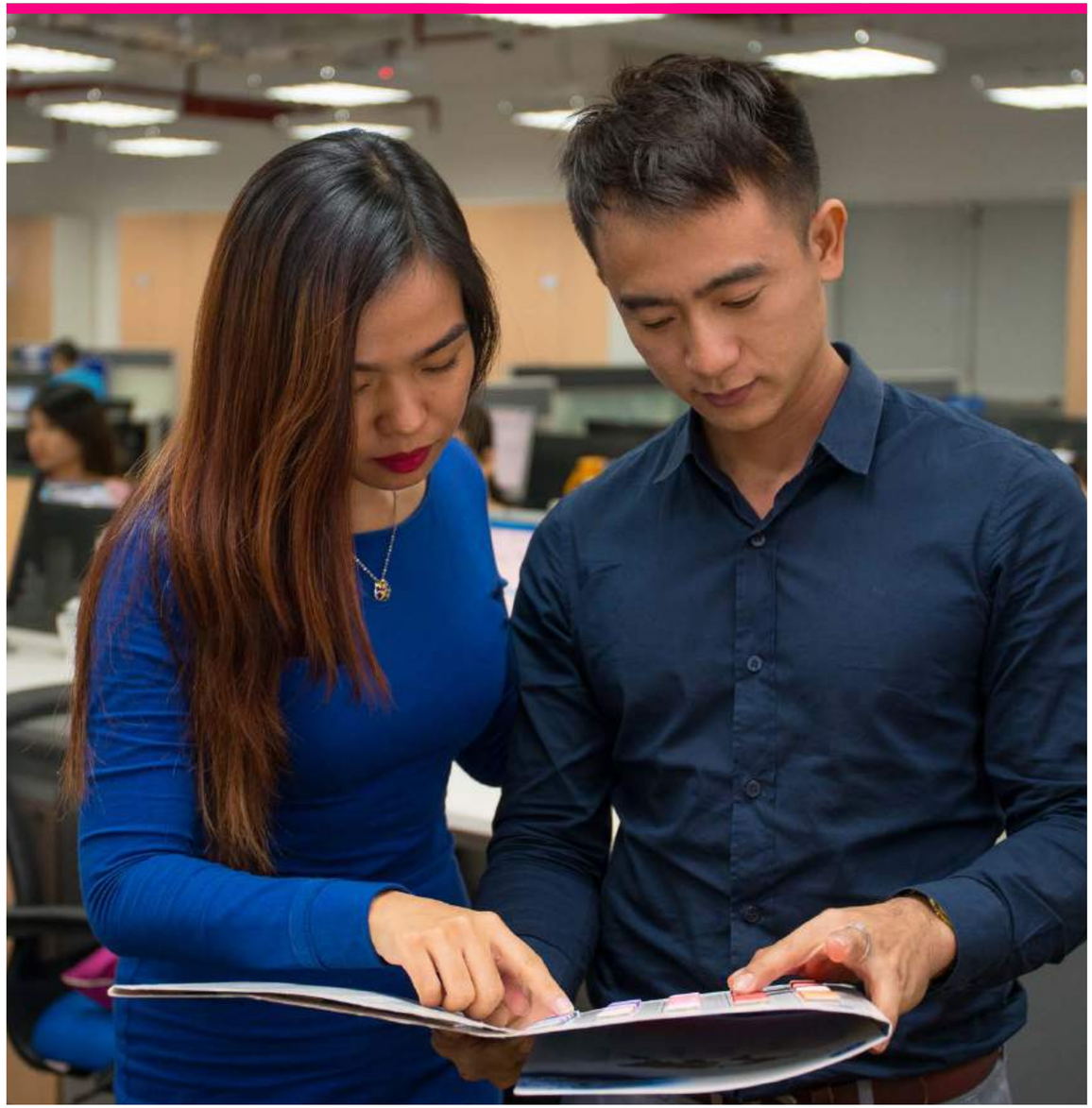
Our business is guided by the principles of ethics and integrity, and we expect the same from our employees and suppliers. We take our responsibility to embed our ethical standards across our supply chain seriously, and we equip our employees with the necessary tools and training to achieve this.

We are deeply committed to operating our business with the highest possible levels of ethics and integrity and fully expect all our employees and suppliers to deliver on this commitment. To ensure our high ethical standards are embedded across our supply chain, we make it our responsibility to provide our employees, both permanent and contingent, with the correct tools and training to achieve this.

We implement our ethical standards through laws, policies and standards which apply to the group worldwide. We promulgate group wide policies, which are reviewed and updated on at least an annual basis. Our group policies are published and available through our intranet, and published on our website Download Centre - Coats. Our policies are supported by guidance and training materials, pocket guides and podcasts, which are all available on our intranet. These cover areas such as: Anti-bribery and anti-corruption, Sanctions, Competition/ Anti-trust, Share Dealing, Modern Slavery, Human Rights and Data Protection. We also apply, through our group-wide Ethics Code, international standards and guidelines, such as the UN Declaration of Human Rights, the UN Convention on the Rights of the Child, the ILO Eight Fundamental Conventions, the OECD Guidelines for Multinational Enterprises and the OECD Convention for Combatting Bribery. In addition, relevant Functions across the group also promulgate group-wide policies, e.g. our Worldwide Employment Standards, Anti-discrimination and Harassment, Living Wage, Modern Slavery and Exploitative Employment Practices policies through our HR function; Health and Safety compliance through our Operations teams and compliance with Environmental regulations through our Sustainability function.

We have a comprehensive, multi-language suite of mandatory compliance training covering Ethics at Work, Anti-bribery, Competition Law, Cyber Security, Data Protection and Anti-Slavery that are completed by all relevant employees on a biennial basis, and by all new starters. This training was scheduled across the business in 2023, delivering over 20,000 training modules to over 5,000 employees. The training includes short post training examinations to prove understanding.

In addition to our formal, mandatory training programme, we carry out targeted training to specific groups and functions throughout the year where we identify additional training needs or significant changes in law or policy. We also continue to promote open discussions around the importance of ethics and to highlight different issues through our global ‘Doing The Right Thing’ programme, led by members of senior management and supported by ethics champions within each unit and function. In 2023 our ‘Doing The Right Thing’ programme focussed on Anti-bribery, Data protection and Cybersecurity and Competition Law compliance. We also observed Global Ethics Day in October, with our Chief Legal & Risk Officer leading our ethics messaging through a global digital live event and our ethics champions leading multiple local team-based training and activities.



People Pillar

A particular focus in 2023 has been to strengthen our Human Rights policy to complement our Ethics Code and other key ethics-related policies, such as our Worldwide Employment Standards, Key People Principles, Living Wage Policy and Speak Up (Whistleblowing) Policy. We support the 10 principles of the UN Global Compact and adhere to all internationally declared human rights standards, including the United Nations (UN) Guiding Principles on Business and Human Rights in our operations. We uphold the UN Declaration of Human Rights and the 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. Where we identify that there is potential for adverse impacts on vulnerable people or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including indigenous peoples, women, national, ethnic, religious and linguistic minorities, children, disabled people, migrant workers and their families and human rights defenders. This includes, for example, the Convention on the Elimination of All Forms of Discrimination Against Women.

We accept the responsibility we have for responsible sourcing, as stated in our Supplier Code. We have a comprehensive Supplier Code that considers geographical risks in line with external indices such as the World Bank Governance Indicator. This indicator measures the quality of governance in countries based on six dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law and control of

corruption. We use this indicator to assess the level of risk in the countries where our suppliers operate and to determine the appropriate level of due diligence and monitoring.

We also consider specific sectors when evaluating risk, as some industries may have higher exposure to human rights violations than others. For example, we pay special attention to specific sectors which are particularly prone to the use of low-wage labour where there is the potential for abuse and exploitation of workers.

All suppliers have to sign off on our Supplier Code as a condition of doing business with Coats, and suppliers with annual spend over a defined threshold, plus any supplier that falls under a high risk category, must undergo a mandatory on-site supplier audit as part of their on-boarding process, on a recurring basis, and with the frequency being dependant on the score of their previous audit. Our policy has 5 red flags for child labour, forced labour, physical/mental abuse, anti-bribery and corruption, and minimum wage as per country standards and we have a zero-tolerance approach to any violations in these 5 areas. In such cases, the business with the supplier is terminated both immediately and permanently.

We use internal and external audit partners to allow us to conduct a thorough and effective assessment of our suppliers' compliance with our Supplier Code and identify any areas for improvement or remediation.

On our behalf, Bureau Veritas completed 131 supplier audits in 2023 using a common global template. As a result of the audits, we determined that 4 suppliers failed to meet our standards and the supply arrangements had to be terminated.

Of the remaining, 85% received a good rating while approximately 15% were termed acceptable with some areas for improvement. These findings were mainly in the area of improving systems and processes across a range of safety, labour, and environmental requirements, and we are actively working with all these suppliers for time bound corrective action plans. All suppliers who received an acceptable rating will be audited afresh within a 12 month period, while those with a good rating will be audited again within a 3 year period.

In 2023 we carried out an update to our biennial Human Rights Risk Assessment. As in previous years we utilised data on child protection from Unicef, the Human Development Index from the United Nations Development Programme, the Freedom in the World Index from Freedom House, the Global Rights Index from the International Trade Union Confederation and the Global Slavery Index from Walk Free. All indices used in our assessment were updated in 2023.

We factor all indices by normalising and weighting them equally to produce a final score for each country in which we operate, and then our employee numbers are appplied to weight these scores into a global total. Our latest analysis demonstrates a deterioration in the external environment risk level in a number of countries in the Americas and Asia.

By drilling into the detail we have identified that the bulk of this deterioration is driven by worse country level child labour risk ratings and is caused by the filling of gaps in the Unicef data sets as they improve their access to reliable data. This indicates that the overall risk level in these countries might not have actually deteriorated in the last two years, but that we are more accurately measuring the

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risk. We police employee age very rigorously and have had no cases of underage employment in our operations.

Nevertheless, this continues to highlight the necessity to ensure very robust application of the policies and procedures that we have in place to ensure that child labour, modern slavery, and human rights violations do not occur in our operations, and that where legally permissible, freedom of association and access to collective bargaining are open to all our employees.

Our Group Internal Audit (GIA) team include a series of 20 human resource audit areas in their audit templates. Most of these are related to compliance with our employment policies or directly with human rights issues. During 2023 they completed 10 audits (compared to 8 in 2022) and identified 20 minor issues requiring remediation within a number of people-related process areas, compared to 14 in 2022.

Following our earlier work on 'living wage' analysis across all our units, we completed the small amount of remedial action necessary to ensure that all employees met this benchmark. Our Living Wage Policy which describes our approach is available to download from our website. In addition, our membership of the Fair Wage Network, provides a source of information for our annual remuneration assessments.

We aspire for all our suppliers to be fully compliant with Coats' health and safety, labour and environmental standards, and will increasingly transfer our operational standards into firm targets for our suppliers. Having updated our Supplier Code in 2023 we have continued our programme of audits that are targeted at suppliers that have a high risk profile.

We uphold the aims of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015 and publish a statement on our website on what we are doing to prevent modern slavery in our business and supply chains. Policies and downloads »

Our Speak Up (Whistleblowing) Policy can be found at our Download Center. As well as internal options for whistleblowing, we have two external options for whistle blowers to use; a confidential external voicemail system and a confidential multi-language external web-based reporting system. Through our whistleblowing channels, we received notification of 138 incidents (compared to 91 in 2022). Of the investigations that have been completed, 20 (14.6%) have been upheld (versus 20% in 2022).

Nearly 40% of the upheld incidents relate to disrespectful behaviour while ethics code violations, health & safety issues and unfair employment practices make up most of the rest. In all cases we take robust action, up to and including dismissal, where an incident is found to be justified. The geographical distribution of incidents by region is broadly aligned with our employee distribution which indicates that our work to broadly publicise the availability of the whistleblowing system is successful.

CAREER MANAGEMENT, TRAINING AND MENTORING

At Coats Group, we're not just about supporting our people; we're about empowering them to reach new heights of success. We understand that a fulfilling career is a dynamic journey, not a static destination. That's why we offer an array of exciting career opportunities that enable individuals to chart their course in any direction—horizontally, vertically, or diagonally—across various functions and locations. Our goal is to help broaden everyone's expertise and deepen their knowledge base and we are committed to ensuring training and development all employees.

We firmly believe that all employees should be equipped to step into new roles seamlessly and swiftly, and we actively encourage individuals to take the reins of their career and embark on life-long learning and development.

To support their journey, Coats provides a robust structure and framework, along with various tools and resources. These assets are designed to help everyone envision what growth and success mean for both the individual and Coats.

Tools for Career Management:

1. Career Maps: Think of these as the individuals' GPS for career progression. They are visual representations of job families, providing a bird's-eye view of the different roles and potential career pathways. Career maps are the compass for meaningful career conversations with a manager.

2. Career Transition Guidelines: Clear path with guidelines that outline prerequisites, challenges, and opportunities for various career moves. This tool offers a road map for the next career destination.

3. Career Conversation Guidelines: Equips everyone with practical insights and a structured process for conducting effective career conversations. These guidelines are the keys to unlocking meaningful career discussions.

4. Career Conversation Tools (Self-Assessment + CDP): The heart of our career empowerment toolkit, these tools include the Career and Individual Development Plan (IDP) template. With this, everyone can articulate their career aspirations, identify their strengths, and pinpoint

People Pillar

areas for development. It serves as the launchpad for productive career conversations. After the discussion, every individual will be able to craft a development plan, capture it in the IDP template, put it into action, and track the journey. The development pathway is tailored for the short term (2-5 years) or the long term (5 years and beyond).

Everyone's career at Coats is an ever-evolving adventure, and we provide the tools, resources, and unwavering support to navigate everyone's unique path. Each individual's success is our success, and together we make a career journey as rewarding and fulfilling as possible.

In 2023, we ran commercial training programmes spanning across topics including sales leadership, account planning and value verification, advanced negotiation and persuasive selling for customer service, with 140 delegates undertaking the comprehensive training.

Our Learning Management System, Skillsoft, is fully integrated into our Human Resources Information System, Success Factors, and offers employees a comprehensive source of >80,000 courses with multi-language support. Through 2023, we logged >42,000 training hours through this system.

COMMUNITY

Aligned to our Group Purpose of "Connecting talent, textiles and technology to make a better and more sustainable world", we recognise the need and are fully committed to being a good corporate citizen and an active member of the local communities in which we operate. Coats has a long heritage of caring in the communities in which it works, and this continues today with many amazing examples of making a positive difference. Coats Cares embodies our unwavering commitment to giving back and making a lasting difference in the world.

Following the launch of our 'Coats Cares' programme in late 2022 we have refined our 'Coats Cares' strategy through 2023 with the goal of delivering responsible business growth by creating long-lasting, impactful value for society. Our approach for delivery of this strategy is to leverage our global scale, reach and knowledge to maximise local impact.

The 'Coats Cares' programme centres around 3 central pillars of Environment, Education and Well-being and is sponsored by our Group Chief Executive, Rajiv Sharma, and Group Human Resources Officer, Farnaz Ranjbar with a global 'Coats Cares' Sounding Board and team of regional and in-country 'Coats Cares' Ambassadors.

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TURKEY

Earthquake Response

A huge earthquake shook Turkey in February 2023 with 10 cities badly impacted. The Coats Turkey rapid response team, consisting of 11 well-trained employees travelled to the earthquake epi-centre and joined coordinated rescue working teams, supporting in the rescue efforts day and night for more than one week. They were a hope for all people in the earthquake area. Mothers, fathers and children called our team to report hearing voices under the wreckage. Coats team members supported in call centres which relayed communications to our team of heroes on the ground who attended the location and worked to remove wreckage to free trapped family members. Our highly courageous team enabled many families to retrieve their relatives from the rubble and worked in very harsh conditions in the extreme cold, sleeping in tents during short break periods. We are extremely proud and forever grateful to this team for their significant contributions during a time of such hardship.

ROMANIA

First Aid Training

Our production facility in Romania is located in Odorheiu Secuiesc, which is often referred to as a school town due to its five secondary schools. Our team of qualified first aiders in Romania have led a programme for provision of first aid training to up to 10 students in each of these schools, enabling the trained students to assist fellow students in need within the school and reducing the consequences of injuries in case of accidents or emergencies in all aspects of life. In Romania, first aid education is not a part of the free curriculum, and with some students coming from isolated regions into the small town environment, it has made it even more crucial to provide them with essential first aid skills.

VIETNAM

Donations to Thao Dien Specialised School in Ho Chi Minh City

In November 2023, Coats Vietnam held a ceremony to inaugurate facilities and presented donations to Thao Dien Specialized School in Ho Chi Minh City which is taking care of more than 100 children from 3 to 18 years old with development disabilities such as cerebral palsy, autism, and developmental delay.

Our team in Vietnam inaugurated an artificial lawn project with an area of more than 140m^2, gifted sets of tables and chairs, a colour printer, gift sets for all students and other teaching equipment to the school. We also had the opportunity to visit classrooms and other school facilities, visited students and teachers, and attended real teaching sessions. We hope that with the contributions of Coats Vietnam in this CSR program, we can partly join hands to support Thao Dien Specialized School in better developing teaching and learning activities, creating the best conditions for students to develop their full potential and integrate well with their peers in the future.

SRI LANKA

Moragahahena Maha Vidyalaya School and Lady Ridgeway Hospital for Children

CEO Rajiv Sharma, and the Board of Directors transformed their 2023 meeting in Sri Lanka into a powerful catalyst for change by engaging in two impactful corporate social responsibility events which breathe life into Coats' commitment to go beyond business. This lasting impact resonates far beyond the boardroom.

The first event was a donation of an ultrasound scanner machine to Sri Lanka's National Children's Hospital - Lady Ridgeway Hospital in Colombo. This is the largest no-cost pediatric healthcare institute in Sri Lanka and has a bed capacity of 900. This hospital had an urgent need for an ultrasound scanner machine, which the Sri Lankan Government was unable to meet the request due to the economic challenges in the country.

Hence Coats stepped up to support this very important requirement for the benefit of Sri Lankan children.

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The second being a transformative initiative revitalising a local school in Horana and providing improved sanitary facilities and clean drinking water as the 1st phase of the project. This is to be followed up with more facilities such as improved infrastructure and a computer lab facility, during a 3-year project in different phases.

COATS CARES

Shining a bright light on the incredible efforts of our colleagues on both on global and local level.

175 ACTIVITIES

- **75** INTERNAL COATS CARES ACTIVITIES
- **100** EXTERNAL COATS CARES ACTIVITIES WITH OUR LOCAL COMMUNITIES

11,371 VOLUNTEER ENGAGEMENTS

10,426 HOURS

- WELLBEING
- ENVIRONMENT
- EDUCATION

>$200K DONATIONS

MANAGING SUSTAINABILITY

Managing Sustainability

MATERIALITY ASSESSMENT

At Coats, we care about the sustainability issues that matter most to our business and our stakeholders. We have conducted comprehensive materiality assessments every two years since 2011 to evaluate the environmental, social and governance issues that are most significant for us and our stakeholders, with the most recent review conducted through the course of 2023. We use the results of these assessments to guide our sustainability strategy and reporting, ensuring that we focus on the themes that are most important to our stakeholders.

In 2023, we identified a total of 71 issues for review (marginally down from 73 in 2021). The team ranked each issue by level of importance following an evaluation against its relevance to Coats' three commercial goals (i.e. profitable sales growth, value delivery and business transformation) as well as the importance to each of our key stakeholder groups (i.e. employees, customers, shareholders, the environment, communities and suppliers).

Following the initial review on importance of each ESG issue, we then further assessed the risk rating by considering the impact and probability of not fully meeting expectations for each.

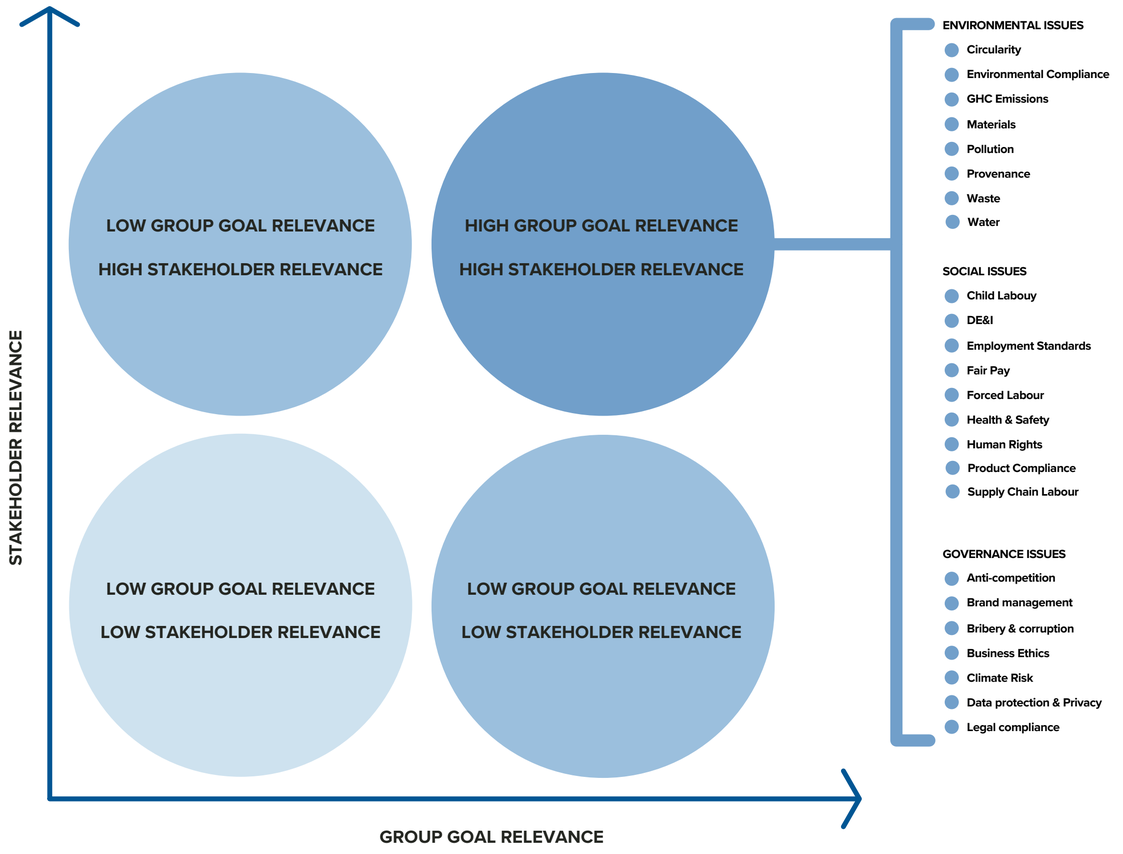
Our 25 most material ESG issues are highlighted in the matrix on the right hand side, where the axes represent relevance to Coats Commercial Goals (X) and Importance to our stakeholders (Y). The 25 most material issues sit in the top right quadrant, representing high levels of relevance both to achievement of Coats' group goals as well as to our key stakeholder groups. Our most material ESG issues span across environmental, social and governance related groupings.

In our 2023 assessment, we continue to see the most relevant ESG issues being directly related to our 5 Pillar sustainability strategy of Energy, Materials, Waste, Water and People, reinforcing the continued alignment and relevance of our underlying sustainability strategy to the needs of our business and those of our key stakeholders. Climate risk, GHG emissions, environmental compliance and pollution all remain of very high relevance, and this year we are seeing heightened relevance of human rights, child labour, Diversity, Equity & Inclusion (DE&I), as well as product provenance and data protection and privacy.

Evolving European Commission Directives with regulatory requirements on supply chain due diligence and increased requirements for product and social transparency are escalating the importance of related ESG issues and we believe this has been reflected in the output of our latest assessment.

With the upcoming EU Corporate Sustainability Reporting Directive (CSRD) becoming effective in the short term, our next materiality assessment in 2025 will adopt the European Sustainability Reporting Standard (ESRS) requirements of double materiality.

TOP 25 ESG ISSUES



Managing Sustainability

GOVERNANCE AND MANAGEMENT

The Board of Directors oversees and is ultimately accountable for the sustainability strategy at Coats. In 2022 we instigated a Sustainability Board Subcommittee, which has met twice through 2023 and is led by the Board Chair, David Gosnell, and comprises the Senior Non-Executive Director (NED) and designated Board Sustainability Advocate, Nicholas Bull, the Designated NED for workforce engagement, Fran Philip, and the Group Chief Executive, Rajiv Sharma. Our Group Sustainability Director is the committee secretary.

Within the executive team, our sustainability programme is championed by our Group Chief Executive and the whole Group Executive Team (GET). This group takes responsibility for setting the direction, and ensuring that we deliver on our short and long term sustainability targets.

Following the establishment of 3 new business divisions at the end of 2022, we setup a new cross-divisional Sustainability Delivery Team in early 2023 which comprises senior leaders from across divisions and functions including procurement, supply chain, finance, legal and commercial functions ensuring we have the right mix of experience and expertise to continue the effective delivery of our strategy. The SDT is sponsored by the Group Chief Executive and all GET members, and is managed by our Group Sustainability Director.

Managing Sustainability

STAKEHOLDER ENGAGEMENT

We believe that our success depends on the trust and satisfaction of our key stakeholders. We are committed to engaging with them regularly and transparently, and to incorporating their views and needs into our strategic decisions. Our key stakeholders include our employees, our customers (both direct and indirect), our shareholders, the environment, the communities where we operate, and our suppliers. We have various channels and platforms to communicate with them, such as surveys, meetings, webinars, reports, newsletters, social media, and more. We also conduct a biennial materiality assessment, as outlined previously, to identify the most relevant environmental, social, and governance topics for our business and our stakeholders. Based on this assessment, we set our sustainability goals and priorities, and monitor our progress and performance. We report our results and achievements to our stakeholders through our Annual Report, our Sustainability Report, and our website. We welcome feedback and suggestions from our stakeholders, and we are always looking for ways to improve our relationships and collaborations with them. We believe that by working together, we can create a more sustainable and prosperous future for everyone.

PERFORMANCE SUMMARY

Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED[1]	2020	2020 RESTATED[1]	2021	2021 RESTATED[1]	2022	2022 RESTATED[2]	2023[3]	2023 RESTATED[2]	2026 TARGETS	2030 TARGETS
ENERGY	Total energy used in operations	Million kWh	826	804	661	641	792	769	774	756	663	653		
	Energy intensity	kWh/kg produced	9.1	8.9	8.9	8.6	8.5	8.2	6.4	6.3	6.5	6.4		
	Non-renewable electricity used	%	28%	29%	29%	29%	28%	28%	24%	24%	23%	23%		
	Natural gas used	%	32%	31%	33%	33%	34%	33%	34%	34%	37%	36%		
	Oil used	%	5%	4%	4%	4%	4%	4%	5%	5%	4%	4%		
	Coal used	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
	Renewable energy used	%	35%	36%	34%	34%	34%	35%	36%	36%	37%	37%		
	% Electricity covered by renewable certificates	%	7%	7%	8%	8%	7%	8%	29%	29%	54%	54%		100%
	Total carbon footprint, Scopes 1, 2 & 3	Thousand tonnes CO_2e	1,118		884		1,157.0							
	Scopes 1 & 2 footprint	Thousand tonnes CO_2e	269.2		212.8		246.8		188.7	182.0	113.9	111.1	160.6	147.3
	Scope 1 emissions footprint[4]	Thousand tonnes CO_2e	62.3	73.5	48.7	56.8	58.2	68.7	61.77	59.6	53.0	51.7		
	Scope 1 CO_2 emissions	Tonnes CO_2	60,789	72,173	46,935	55,400	56,925	67,476	60,298	58,095	50,360	49,287		
	Scope 1 CH_4 emissions	Tonnes CH_4	80.7	97.4	63.7	76.8	78.5	95.6	83.2	80.2	77.3	75.7		
	Scope 1 N_2O emissions	Tonnes N_2O	75.2	91.7	45.9	59.7	56.6	73.7	70.9	69.0	45.5	45.0		
	Scope 1 HFCs emissions	Tonnes HFCs	1,317.0		1,470.0		1,174.8		1,255.2	1,255.2	2,516.1	2,336.5		
	Scope 1 PFCs emissions	Tonnes PFCs	0	0	0	0	0	0	0	0	0	0		
	Scope 1 SF_6 emissions	Tonnes SF_6	0	0	0	0	0	0	0	0	0	0		
	Scope 1 NF_3 emissions	Tonnes NF_3	0	0	0	0	0	0	0	0	0	0		
	Scope 2 emissions footprint (location based)[5]	Thousand tonnes CO_2e	232.9	232.6	184.3	183.7	213.9	213.3	206.2	201.9	174.0	172.2		
	Scope 2 CO_2 emissions	Tonnes CO_2	231,625	231,266	183,278	182,613	212,741	212,237	205,138	200,862	173,058	171,261		
	Scope 2 CH_4 emissions	Tonnes CH_4	275	277	214	215	232	235	225	221	194	193		
	Scope 2 N_2O emissions	Tonnes N_2O	1,043	1,041	829	827	944	944	864	848	745	738		

Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED[1]	2020	2020 RESTATED[1]	2021	2021 RESTATED[1]	2022	2022 RESTATED[2]	2023[3]	2023 RESTATED[2]	2026 TARGETS	2030 TARGETS
ENERGY	Scope 2 emissions footprint (market based)[16]	Thousand tonnes CO_2e	206.9	190.9	164.1	149.2	188.6	172.4	126.9	122.4	60.9	59.4		
	Scope 2 CO_2 emissions	Tonnes CO_2	204,510	188,708	162,323	147,274	186,503	170,309	125,038	120,587	59,790	58,293		
	Scope 2 CH_4 emissions	Tonnes CH_4	153.8	70.9	128.1	109.6	126.6	108.5	165.5	165.0	123.6	123.6		
	Scope 2 N_2O emissions	Tonnes N_2O	622.7	416.3	526.3	608.6	585.2	712.0	508.1	506.4	228.0	228.0		
	Out-of-scope biofuels, Scope 2 CO_2 emissions	Tonnes CO_2	38,163.0	38,163.0	26,960.0	26,960.1	32,789.0	32,789.1	27,518.8	27,518.8	24,090.4	24,090.4		
	% scope 2 emissions covered by renewable certificates	%	5%	5%	6%	6%	8%	8%	29%	29%	54%	54%		
	Scope 1&2 (Location based) Emissions volume intensity	CO_2e kg/kg production	3.3	3.4	3.1	3.2	2.9	3.0	2.2	2.2	2.2	2.2		
	Scope 1&2 (Location based) Emissions value intensity	CO_2e tonnes/$m sales	223	-	209	-	195	195	169	170	-	161		
	Scope 1&2 (Market based) Emissions volume intensity	CO_2e kg/kg production	3.0	2.9	2.9	2.8	2.6	2.6	1.6	1.5	1.1	1.1		
	Scope 1&2 (Market based) Emissions value intensity	CO_2e tonnes/$m sales	203	-	191	-	176	167	119	118	-	80		
	Scope 3 emissions footprint[7]	Thousand tonnes CO_2e	849.2	1,060.8	671.0	869.7	891.3	1,181.0	777.6	999.2	-	882.8		700.1
	Scope 3 CO_2 emissions	Tonnes CO_2	722,740	865,823	579,979	721,451	738,782	958,678	641,210	837,310	-	764,891		
	Scope 3 CH_4 emissions	Tonnes CH_4	6,748	42,624	4,419	33,912	7,106	46,030	7,589	38,430	-	30,663		
	Scope 3 N_2O emissions	Tonnes N_2O	30,525	10,586	23,590	8,814	31,994	12,038	26,128	9,751	-	9,165		
MATERIALS	% of sustainable raw materials	%							26%	25%	29%	29%	60%	100%
	Total materials purchased by Coats Group	Tonnes		180,355		154,209		202,587		186,108		151,522		
	Total materials purchased by Coats (Footwear Components)	Tonnes		38,868		32,747		44,143		55,086		40,145		
	Total materials purchased by Coats (thread products)	Tonnes		141,487		121,462		158,444		131,022		111,377		
	Process chemicals used in Coats thread products	Tonnes		16,034		13,820		17,101		13,577		11,795		
	Packaging materials used in Coats thread products	Tonnes		24,077		22,486		22,482		23,878		19,520		
	Materials used in Coats thread products	Tonnes		101,376		85,156		118,861		93,567		80,062		
	Textile fibres used in Coats thread products	Tonnes		96,565		81,102		113,918		91,530		78,391		
	Dyes and chemicals used in Coats thread products	Tonnes		4,811		4,054		4,943		3,965		3,323		

Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED[1]	2020	2020 RESTATED[1]	2021	2021 RESTATED[1]	2022	2022 RESTATED[2]	2023[3]	2023 RESTATED[2]	2026 TARGETS	2030 TARGETS
WATER	Total water used	Million cubic metres	7.3	7.2	5.5	5.4	6.0	5.9	4.7	4.5	3.7	3.6		
	Water intensity	Litres/kg produced	80.3	79.2	73.5	72.5	64.5	63.5	38.8	37.7	36.1	35.6		
	% of water recycled	%	22%	22%	20%	20%	23%	23%	21%	24%	27%	27%	28%	
	Withdrawal from municipal supply	Million cubic metres	2.6	2.6	2.1	2.1	2.4	2.3	1.9	1.7	1.4	1.4		
	% water from municipal supply	%	36%	36%	38%	38%	40%	39%	40%	38%	39%	38%		
	Withdrawal from ground water sources	Million cubic metres	1.5	1.6	1.2	1.2	1.4	1.4	1.1	1.1	0.8	0.8		
	% of water from ground water sources	%	21%	22%	22%	22%	23%	24%	23%	23%	22%	22%		
	Withdrawal from natural watercourses, reservoirs and rainwater harvesting	Million cubic metres	1.5	1.5	1.1	1.1	0.8	0.9	0.6	0.7	0.5	0.5		
	% water from natural watercourses and reservoirs and rainwater harvesting	%	21%	21%	20%	20%	13%	15%	13%	15%	13%	13%		
	Total water withdrawal	Million cubic metres	5.6	5.6	4.4	4.3	4.6	4.6	3.6	3.5	2.7	2.7		
WASTE	% of water discharged as effluent	%	62%	61%	68%	67%	68%	67%	76%	76%	79%	79%		
	Treated effluent discharge to surface water course	Million cubic metres	3.2	3.2	2.7	2.7	3.0	3.0	2.5	2.7	2.3	2.3		
	Effluent discharge to offsite treatment plant	Million cubic metres	1.3	1.2	1.0	0.9	1.1	1.0	1.1	0.8	0.6	0.6		
	Total effluent discharge	Million cubic metres	4.5	4.4	3.7	3.6	4.1	4.0	3.6	3.4	2.9	2.9		
	Environmental prosecutions	No.	0	0	0	0	0	0	0	0	0	0		
	% effluent that is compliant with ZDHC	%	63%		74%		82%		92%	99.756%	99.834%	99.834%	100%	
	Investment in effluent treatment plants and technology	Million $	4.6	4.6	1.5	1.5	2.2	2.2	1.5	1.5	0.32	0.32		
	Total waste generated	Tonnes	24,207	23,834	17,558	17,202	22,530	22,117	17,727	17,413	15,343	15,168		
	Hazardous waste generated[9]	Tonnes	7,905	7,784	4,074	4,085	5,754	5,810	3,954	3,931	3,452	3,440		
	Waste as % of Finished Goods Produced		21.1%	26.3%	19.0%	23.1%	19.4%	23.7%	14.7%	14.5%	15.0%	14.8%		
	Reused or recycled waste	% of waste	67%	65%	61.7%	62%	67.4%	68%	55%	55%	59%	59%		
	Waste going to landfill	Tonnes	3,700	3,602	3,532	3,442	2,977	2,872	2,312	2296	1,457	1,449	0	0
	% units sending zero waste to landfill	%	58%	56%	49%	52%	46%	47%	59%	59%	47%	48%		

Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED[1]	2020	2020 RESTATED[1]	2021	2021 RESTATED[1]	2022	2022 RESTATED[2]	2023[3]	2023 RESTATED[2]	2026 TARGETS	2030 TARGETS
PEOPLE	Permanent employee headcount[8]	No.	17,725		17,943		18,811		16,709	16,243	15,367	15,364		
	Permanent employee average tenure	Years	11.1		10.3		9.7		10.0	9.9	9.8	9.8		
	Permanent employee turnover	%	25%		20%		23%		28%	36%	21%	19%		
	Permanent employee turnover (voluntary)	%							19%	19%	12%	13%		
	Permanent employee turnover (involuntary)	%							9%	17%	9%	7%		
	Temporary Employee Headcount	No.	-		3,163		4,104		3,702	3,692	3,528	3,528		
	% female permanent employees	%	41%		42%		42%		38%	37%	39%	39%		
	% female senior managers	%	24%		22%		23%		21%	19%	23%	23%	30%	
	% female Board members	%	33%		40%		50%		44%	44%	44%	44%		
	Employee engagement score	%	-	-	-	-	83%	-	-	-	79%	79%		
	Safety training	Hours/employee			23.0	-	29.0	-	30.0	29.8	29.8	30.0		
	Sites accredited to OHSAS 18001	No.			7	-	7	-	5	0	0	0		
	Sites accredited to ISO 45001	No.			4	-	5	-	6	14	14	14		
	Near misses reported	No.			1,320	-	1,765	-	1,653	1,566	1,319	1,291		
	Near miss reporting rate	No./100 FTE			6.1	-	6.6	-	6.9	6.6	6.8	6.7		
	Hazards reported	No.			35,083	-	47,400	-	47,369	46,658	44,236	44,048		
	Hazard reporting rate	No./100 FTE			162	-	179	-	196	197.7	226.9	229.2		
	Improvement actions completed	No.			39,689	-	54,228	-	53,389	52,460	42,723	42,410		
	Improvement actions completion rate	No./100 FTE			183	-	204.3	-	221.3	222.3	219.1	220.6		
	Work related incident rate	Incidents/100 FTE				-	0.45	-	0.40	0.37	0.47	0.45		
	Number of recordable incidents	No.	135	127	129	-	120	-	97	87	91	87		
	Average lost days per lost time incident	Days	19.7	19.6	24.3	-	20.7	-	13.3	14.5	19.5	20.2		
	Total lost days from incidents	Days	1,672	1567	1,699	-	1,916	-	785	754	1,230	1,209		
	Lost time case rate	Lost time incidents/100 FTE	0.31	0.30	0.36	-	0.34	-	0.24	0.22	0.32	0.31		

Performance Summary

PILLAR	INDICATOR	UNIT	2019	2019 RESTATED[1]	2020	2020 RESTATED[1]	2021	2021 RESTATED[1]	2022	2022 RESTATED[2]	2023[3]	2023 RESTATED[2]	2026 TARGETS	2030 TARGETS
PEOPLE	Work related fatalities	No.			0	-	0	-	0	0	0	0		
	Health & safety prosecutions	No.			0	-	0	-	0	0	0	0		
	Commuting incident rate	Incidents/100 FTE			0.37	-	0.37	-	0.38	0.38	0.31	0.30		
	Number of commuting incidents	No.			80	-	98	-	92	90	61	57		
	% workforce with 'Great Place to Work' or equivalent certification	% workforce		-	6%	-	83%	-	86%	86%	87%	87%	88%	
	Permanent employees subject to a collective agreement	%	43%	-	46%	-	53%	-	50%	49%	51%	51%		
	Permanent employees that are members of a union	%	43%	-	47%	-	40%	-	44%	43%	44%	44%		
	Diversity in employees	No. of nationalities	60	-	60	-	62	-	57	55	49	49		
	Diversity in senior managers	No. of nationalities	31	-	31	-	32	-	30	29	29	29		
OTHER	Employees completing compliance training	No.	>4,000		>4,200		>4,700		>2,500	>2,500	>5,000	>5,000		
	Employees completing modern slavery training	No.	3,828		699		>700		>2,500	>2,5000	>5,000	>5,000		
	Number of colours dyed	Thousand	176		158		179		185	184	190	188		
	Number of dye batches produced	Million	3.8		3.1		3.8		3.8	3.8	3.6	3.6		
	Direct economic value generated and distributed	$ million	1,396		1,166		1,508		1,614	1,541	1,429	1,405		
	% economic value distributed to suppliers	%	60%		62%		60%		61%	61%	57%	57%		

Performance Summary

FOOTNOTES

[1] Restated data excludes divestments made in 2023 ie. European Zips/Madagascar/Mauritius. Does not include data for FW Division Acquisitions made in 2022, with exception of their Scopes 1, 2 & 3 emissions data which is included.

[2] Restatements same as 1, however also includes all data for FW Division acquisitions made in 2022.

[3] Data includes FW acquisitions made in 2022 and European Zips/Madagascar/Mauritius up to point of divestment in 2023.

[4] Scope 1 methodology - Fuel consumption data is collected from all units monthly, based on metred or invoiced consumption coverted into kWh. This is converted into emissions using DEFRA gross calorific value conversion factors published each year. This is then consolidated as per the boundary methodology.

[5] Scope 2 Location based methodology. Electricity or steam purchase volumes are collected from all units monthly in kWh. For location based calculations, all electricity kWhs are converted using IEA country level conversion factors for the year in question, and purchased steam or heating is converted using DEFRA conversion factors for the year in question. Data is then consolidated using the boundary methodology explained in note 2.

[6] Scope 2 Market based methodology. Electricity or steam purchase volumes are collected from all units monthly in kWh. For market based calculations, electricity kWhs that are covered by energy attribute certificates directly from suppliers or purchased on official markets are removed and the remainder are converted using supplier level conversion factors, if available or IEA country level conversion factors for the year in question. Purchased steam or heating is converted using DEFRA conversion factors for the year in question except for biogenic steam volumes where the CO_2 component of the emissions is removed and reported separately. Data is then consolidated using the boundary methodology explained in note 2.

[7] 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.

[8] Permanent headcount includes JV operations in China so the numbers don't reconcile exactly to the statutory headcount in the Annual Report.

[9] 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.