



SUSTAINABILITY REPORT 2024

Coats Group plc
Sustainability Report 2024



THREADS OF CHANGE

In 2024, we unveiled our sustainability narrative through a short film that underscores our steadfast commitment to sustainability and highlights our innovative initiatives across the supply chain to ensure ongoing positive environmental and social impacts.

We are immensely proud to present Coats' journey towards a more sustainable future with "Threads of Change." We encourage you to watch this nine minute film and believe this will enhance and further illustrate the content featured in this Sustainability Report.



Scan the QR code to
watch the full film
Threads of Change



About this report

The information in this report covers the period from 1 January 2024 to 31 December 2024. 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.

2022 is the baseline for our current (2023-2026) targets and all metrics have been restated to include the footwear components businesses and excludes divestments made through 2022.

Other than emissions data, the reporting of sustainability performance metrics prior to 2021 does not include the footwear components businesses, Texon and Rhenoflex, that we acquired in 2022. However, for emissions data, all reported figures - dating back to our 2019 Science Based Targets baseline - include our 2022 footwear component acquisitions.

This report is also serves as our formal Communication On Progress as Participants in 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](#).

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ENERGY



MATERIALS



WATER



WASTE



PEOPLE

MARKET-LEADING BENCHMARK PERFORMANCE

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



CDP

Water **A-** rating

Climate **B** rating

In 2024 we maintained our B rating for climate and improved our water rating to A-.



MSCI ESG RATINGS

CCC

B

BB

BBB

A

AA

AAA

MSCI*

In 2024, Coats Group plc received a rating of A (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment.



SUSTAINALYTICS

9.5 (Negligible risk)



FINANCIAL TIMES & STATISTA

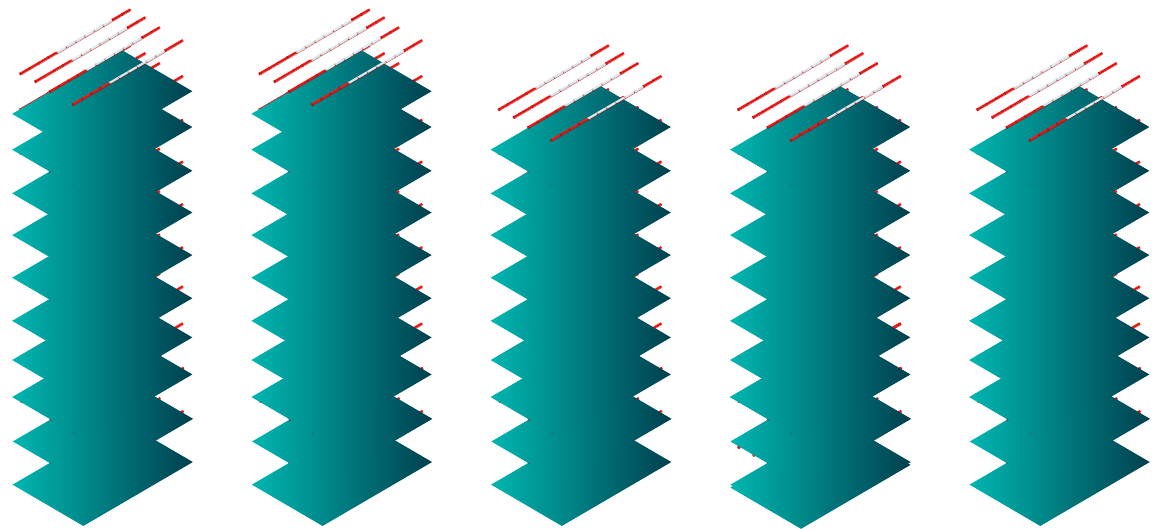
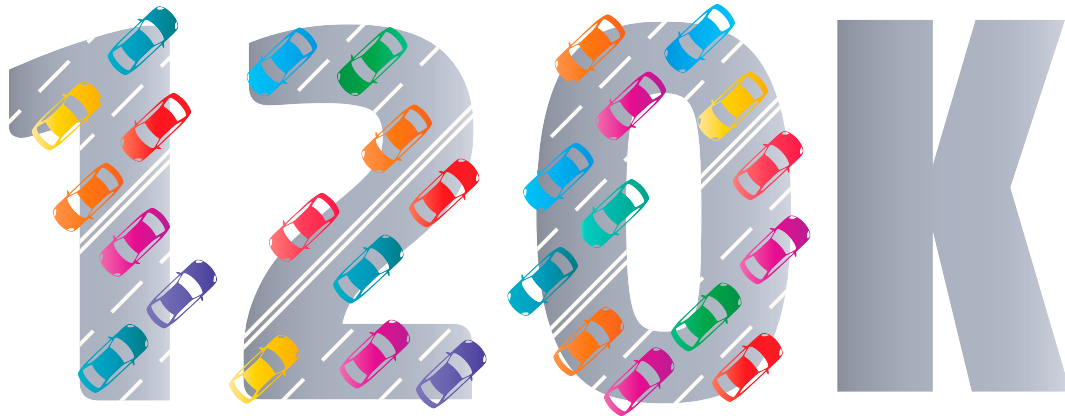
We were awarded a Climate leaders award in 2024 by the Financial Times and Statista.

* The use by Coats Group plc of any MSCI ESG Research llc or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Coats Group plc by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

DID YOU KNOW?

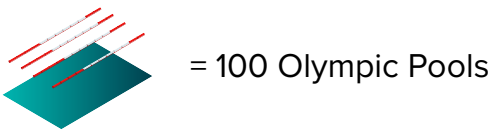
CO_{2e} emissions avoided since 2019

141,209 tonnes
Equivalent of taking
120,000 saloon cars
off the road for one year



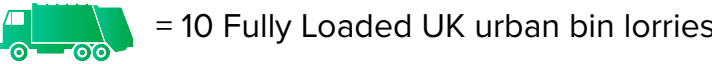
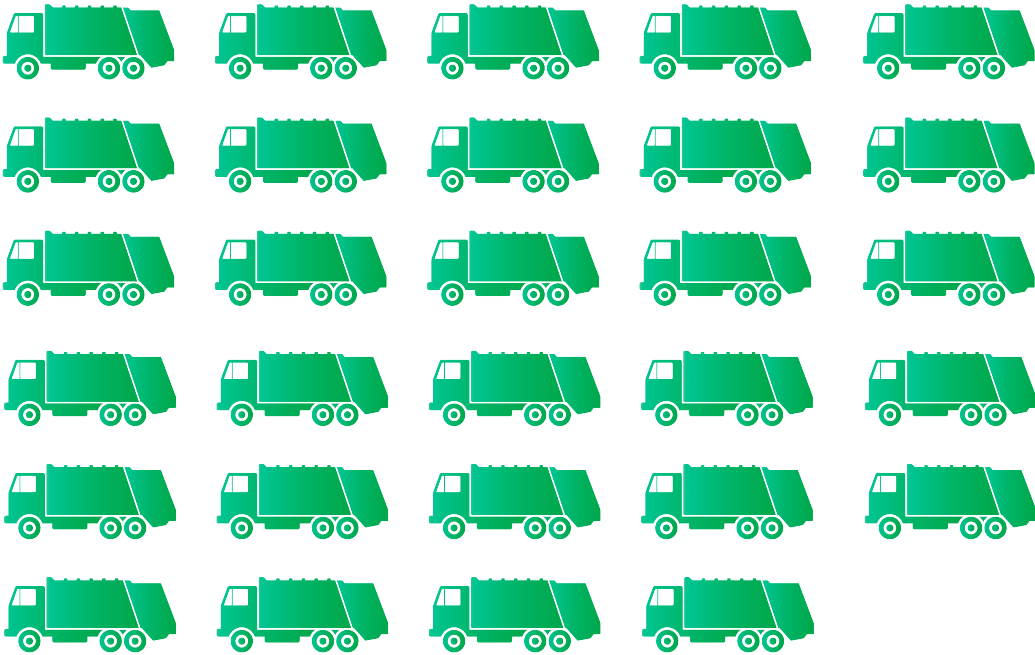
Fresh water extraction saved since 2019

4,701,083 m³
Equivalent of
4,755 Olympic pools
of fresh water extraction saved



Waste diverted from landfill since 2021

3,485 tonnes
Equivalent of the waste from
290 fully loaded
UK urban bin lorries diverted from landfill



ABOUT COATS

Coats at a Glance

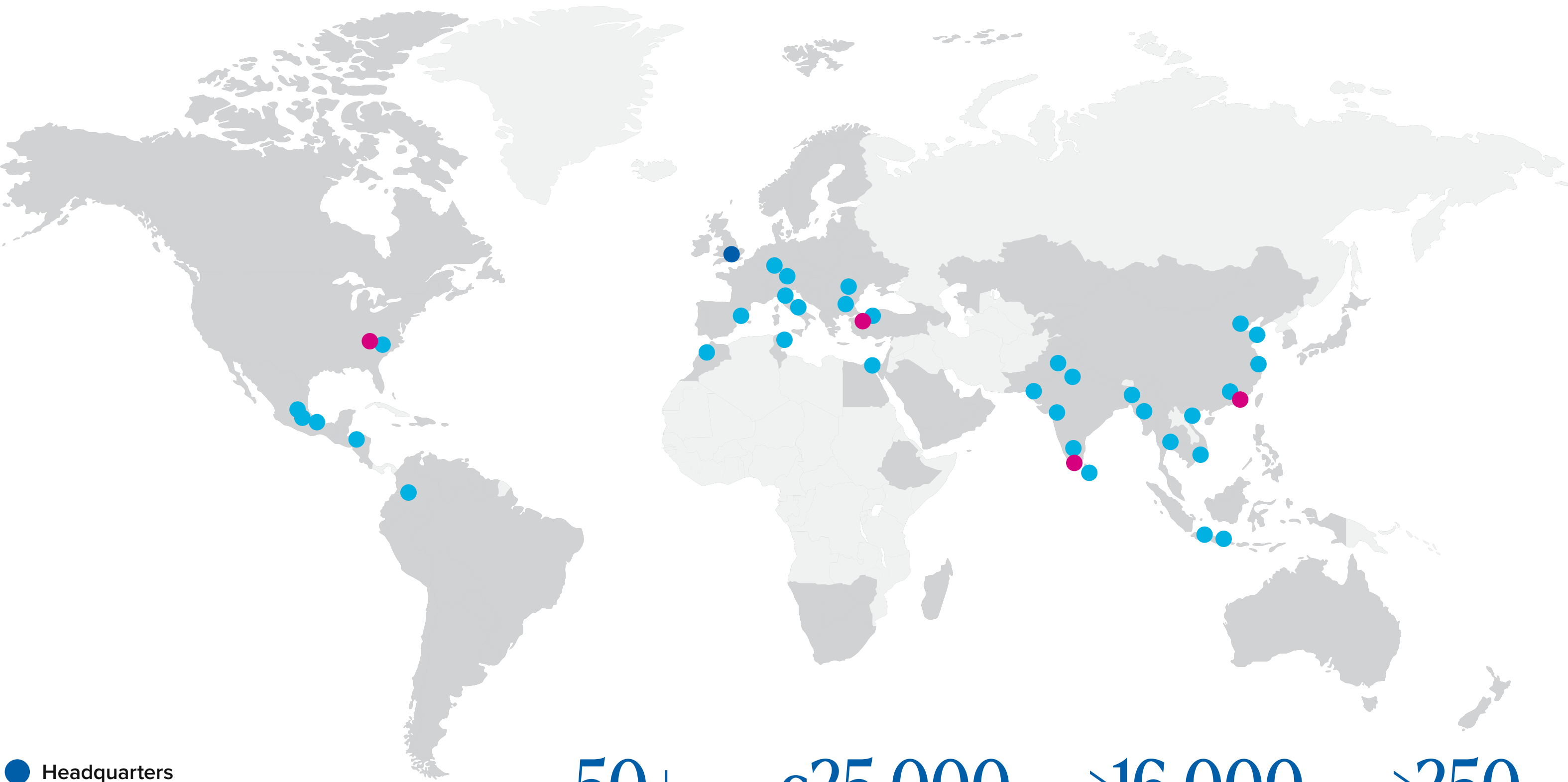
Coats is a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials.

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 efficiently serve customers wherever they are located. We provide employment to over 16,000 people across six continents, and we operate in some 50 countries which provides an unrivalled global footprint.

We work with approximately 25,000 customers globally, which are split into ~16,500 Apparel customers, ~2,500 Footwear customers, and ~6,000 Performance Material customers. As a Group, we work directly with ~2,000 brands, retailers and OEM groups.

In 2024 our group revenue was \$1,501 million with operating profit of \$270 million.



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

50+

Countries

c25,000

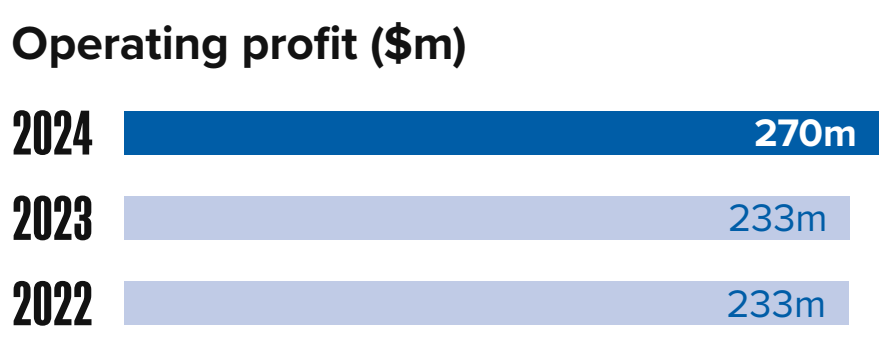
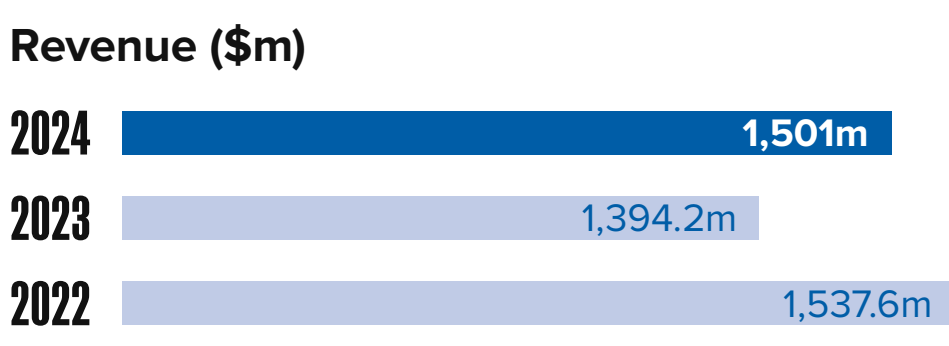
Customers globally

>16,000

Permanent Employees

>250

Years of textiles experience



Welcome from our Group Chief Executive

2024 HIGHLIGHTS

51%
REDUCTION IN
SCOPES 1 & 2
GHG EMISSIONS*

87%
REDUCTION
IN WASTE
TO LANDFILL*

46%
TRANSITION TO
PREFERRED
MATERIALS

*vs 2022 Baseline



“Sustainability is ingrained in the DNA of Coats and it is a central tenet to all key decisions made in the business.

David Paja
Group CEO



DAVID PAJA
Group CEO

> Continues on next page

Welcome from our Group Chief Executive cont.

Sustainability: A personal and corporate priority

I am honoured and excited to be the CEO of Coats, a company that has a long and proud history of innovation, excellence, and social and environmental responsibility. Since I joined in October, I have been impressed at the level to which sustainability is ingrained in the DNA of Coats and how it is a central tenet to all key decisions made in the business. Sustainability is not only a moral duty, but also a strategic advantage and a source of value creation for our stakeholders. As the world’s leading industrial thread, Performance Materials and structural footwear components company, we have a unique opportunity and responsibility to make a positive impact on the planet and the people we serve and this is reflected in Coats purpose statement which outlines that “we connect talent, textiles, and technology to make a better and more sustainable world”.

Climate: A leader in emissions reduction and Net-Zero ambition

One of the most urgent and important challenges we face as a global community is climate change. The most recent World Meteorological Organization (WMO) State of the Climate 2024 update issued a red alert on the unprecedented pace of climate change within a single generation, exacerbated by ever-increasing greenhouse gas levels in the atmosphere.

In 2024, further climate records were broken with extreme weather events happening across the world, highlighting the increasing urgency for businesses to take bold steps to mitigate climate change.

At Coats, we are committed to doing our part to reduce our greenhouse gas emissions and to achieve net zero by 2050. I am proud to announce that in 2024 we have made further significant progress against our Scope 1 and 2 emissions reductions targets, having reduced by 51% against the company’s 2022 baseline. This is a remarkable achievement that reflects our continuous efforts to improve our energy efficiency, switch to renewable sources, and invest in low-carbon technologies.

The transition to lower carbon raw materials is of significant importance and is the single biggest lever for Coats to deliver material reductions in GHG emissions, making up 74% of Scope 3 emissions and 67% of our entire value chain emissions. In 2024, we made significant progress, increasing preferred primary sustainable materials from 31% in 2022 (baseline year) to 46% in 2024. We are making positive progress towards our 60% target transition for 2026 and remain confident in achieving it.

We are also delighted to have received the approval of our 2050 Net-Zero target by the Science Based Targets initiative (SBTi), a global initiative that validates and supports companies’ climate goals. Furthermore, we are honoured to have been awarded a European Climate Leaders Award from the *Financial Times* in May 2024, recognising our leadership and innovation in the transition to a low-carbon economy.

2024 marks the first year where our sustainability performance has been externally validated under limited assurance in line with the ISAE 3000 assurance standard. I am proud that we are now able to publish our 2022 baseline, full year 2023 and full year 2024 metrics with an unqualified limited assurance statement from EY (see page 81), giving a higher level of external credibility to the integrity of our sustainability disclosures.

Valuing Our People: The key to our future

At Coats we firmly believe that our greatest asset is our people. The imperative of having a highly skilled, diverse, and engaged workforce cannot be overstated. It is the cornerstone of our success and the driving force behind our innovation and growth. Our commitment to fostering a workplace where every individual can thrive is unwavering.

We have implemented numerous industry-leading programmes to ensure the health and well-being of our employees and their families. Central to this effort is our ‘Energy 4 Performance’ programme, which focuses on enhancing physical, mental, and emotional well-being. This comprehensive initiative provides our employees with the tools and resources they need to maintain a healthy work-life balance, stay motivated, and perform at their best.

Our commitment to diversity, inclusion, and belonging is a foundation of our people strategy at Coats with our “Coats for All” and “Coats for Her” programmes driving significant positive momentum in this critical area. We are delighted to report substantial progress in female representation in senior leadership roles, increasing from 19% in 2022 to 30% in 2024, hitting our 2026 target two years early.

This year, we are proud to report that 95% of our workforce is covered by country-level Great Place to Work® (GPTW) certification, a testament to our ongoing efforts to create a positive and inclusive work environment. Additionally, in 2024 we have been recognised by GPTW and *Fortune* magazine as one of the best workplaces in manufacturing and production globally and were also listed as one of UK’s best workplaces for women.



Welcome from our Group Chief Executive cont.

These accolades reflect our dedication to excellence and our commitment to our employees. We will continue to invest in their development, well-being, and engagement, ensuring that Coats remains a great place to work for all. At Coats, we are deeply committed to making a positive impact on the communities where we operate. Our dedication to community engagement is reflected in our comprehensive approach to corporate responsibility, which aims to build stronger relationships with local communities, enhance employee pride, and support sustainable development.

Our ‘Coats Cares’ initiative is a testament to this commitment. For years, Coats has been actively supporting charities and communities, and ‘Coats Cares’ is our way of continuing this tradition and giving back even more to our communities.. This year, we received over 100 entries for our annual ‘Coats Cares’ competition, celebrating our unsung heroes and employees who dedicate their time and efforts to improving the lives of others in our communities.

I firmly believe that community engagement is not only about giving back but also about creating lasting positive impacts.

I am very happy to reconfirm our strong commitment to the United National Global Compact (UNGC) and its ten principles, which cover Human Rights, Labour, the Environment, and Anti-Corruption. We have been, and will continue to be, dedicated to implementing these principles across our operations and throughout our wider supply chain. We have identified eight 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 serves as our UNGC Communication on Progress (COP) for the past year and also provides a broader overview of our progress on sustainability issues.



United Nations Global Compact

As Participants in the United Nations Global Compact (UNGC), we are delighted to present this report as our sixth Communication on Progress (COP). 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 that the UNGC principles and the SDGs are at the heart of our strategy.

Coats is deeply committed to upholding the ten principles of the UNGC, which encompass human rights, labour standards, environmental sustainability, and anti-corruption measures. By integrating these principles into our business strategy and operations, we strive to foster a culture of integrity, respect, and sustainability. Our dedication is reflected in our continuous efforts to mandate ethical practices, reduce our environmental footprint, and support the well-being of our employees and communities. Through transparent reporting and active engagement, Coats demonstrates its unwavering support for the UNGC and its vision for a more sustainable and inclusive global economy. Additionally, we fully support the delivery of the 2030 UN Sustainable Development Goals, aligning our initiatives to contribute to a better future for all.

All policies can be found at:

www.coats.com/en/Sustainability/Policies-and-downloads (*)

www.coats.com/en/Modern-Slavery-Act-Statement (**)

HUMAN RIGHTS



UNGC ‘Ten Principles’

Pr.1: Businesses should support and respect the protection of internationally proclaimed human rights

Pr.2: Businesses should make sure that they are not complicit in human rights abuses.

Coats actions and relevant policies

Biennial Human Rights Risk Assessment

Supplier Code, updated in 2023

Supplier Code implementation and audits

Group Internal Audits

Living Wage implementation

Anti-Modern Slavery programme**

Whistleblowing hotline*

Anti-Bribery and Corruption actions

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LABOUR



Pr.3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Pr.4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Pr.5: The effective abolition of child labour

Pr.6: The elimination of discrimination in respect of employment and occupation

Unionisation and collective bargaining performance

Anti-Modern Slavery activities**

Supplier Code update and implementation*

Group Internal Audit programme

Supplier Code update and implementation*

Human Rights Risk Assessment

Diversity, Equity and Inclusion programme

Gender diversity statistics

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ENVIRONMENT



Pr.7: Businesses should support a precautionary approach to environmental challenges

Pr.8: Undertake initiatives to promote greater environmental responsibility

Pr.9: Encourage the development and diffusion of environmentally friendly technologies

Coats Restricted Substances list

Water Stress analysis

Environmental Policy*

Online tracking of permits, incidents and projects

Online monitoring of effluent

Adoption of global effluent standards

Investment in effluent treatment

Recycled polyester project

Packaging reduction projects

Additionality in renewable energy

Development of circularity

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ANTI-CORRUPTION



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

Group Internal Audit programme

Anti-Bribery and Corruption training

Whistleblowing hotline*

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STRATEGY OVERVIEW



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[PERFORMANCE SUMMARY](#)

Strategy Overview

We are now half way through our 2023 to 2026 strategy period and through 2024 we have made further significant strides towards achievement of our 2026 targets. The aim of this report is to describe in detail the progress that we have made in the last year.

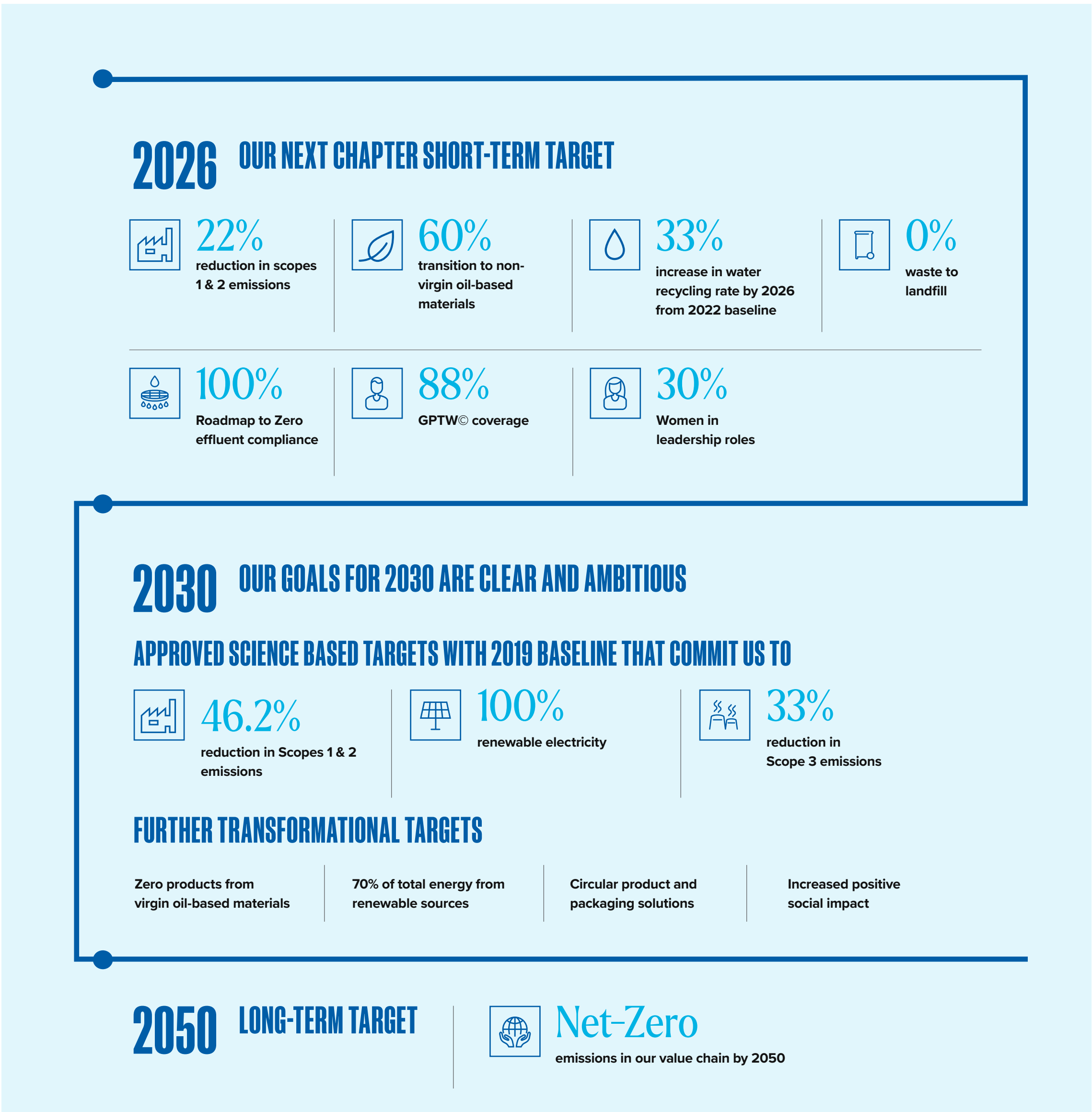
We are dedicated to integrating sustainability into our operations, continuously improving our environmental, social, and governance practices and this is reflected in our strategy and the short-, medium-, and long-term targets we have set.

As outlined last year, we have been working to deliver external limited assurance under ISAE 3000 assurance standard for the seven core sustainability metrics where we have externally disclosed 2026 targets, and we are proud to be able to report an unqualified report has been issued by EY for these metrics in full years 2022, 2023 and 2024. A copy of the EY limited assurance statement can be found on page 81 of this report. Details of our Basis of Reporting for our seven core sustainability metrics can be found [here](#).

Through 2024, as a key element of our work to prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD), we commenced work on our Double Materiality Assessment and have aligned our material ESG topics to the relevant European Sustainability Reporting Standards. The conclusions of this work to date, in conjunction with the output of our biennial materiality assessment update last conducted in 2023, demonstrate that our current strategy and targets continue to be highly relevant as a response to our key material issues and nono material changes are required.

Details of our 2023 materiality assessment process and work conducted to date on our CSRD double materiality process are outlined later in this report in the Managing Sustainability section.

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



Strategy Overview

OUR STRATEGY FRAMEWORK

Our five-pillar strategic framework is illustrated on the right and remains aligned with our material topics detailed in this report (on page 72) as well as the critical sustainability issues pertinent to achieving our commercial objectives.

For each pillar, we have identified the United Nations Sustainable Development Goals that are fundamentally connected.



ENERGY



Our processes rely on energy, mainly for kinetic and thermal purposes. Our use of energy causes 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



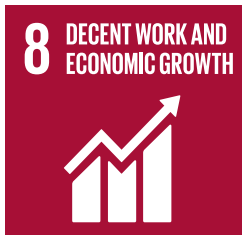
We produce solid and liquid waste in our processes. Through all our processes we need to ensure that we recover as much material as possible from waste streams and that we are then ensuring that any residual waste product is dealt with responsibly and with the smallest impact on the environment. We are committed to eliminating all waste to landfill where local regulations permit.



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

Within this strategic framework, we have identified the key metrics to monitor our progress. We are currently focused on achieving our next short-term milestone set for 2026.

Our 2026 targets are based on our 2022 baseline performance delivery for each metric, and we have restated the 2022 performance levels post acquisitions of the Texon and Rhenoflex footwear structural component businesses.

Our aspirations beyond 2026 are supported by our Science Based Targets initiative (SBTi) approved 2030 emission reduction targets across Scopes 1, 2 and 3, as well as our SBTi approved 2050 Net-Zero target that encompasses the entire value chain.

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



STRATEGY PILLAR		2026 MILESTONE TARGETS		2030 ASPIRATIONS	2030 SBTi COMMITMENTS	2050 TARGET
		METRIC	2022 BASELINE*			
ENERGY		% reduction in Scopes 1&2 CO ₂ e emissions	182.0K TONNES	22% REDUCTION	70% of energy to come from renewables	-46.2% in Scopes 1&2 emissions vs 2019 baseline
MATERIALS		% preferred primary raw materials	31% (restated)**	60%	100%	-33% in Scope 3 emissions vs 2019 baseline
WATER		% of water recycled	24%	33% INCREASE IN RECYCLING RATE		
WASTE		No waste to landfill	2.3K TONNES	ZERO TO LANDFILL		
		% effluent compliance to the Roadmap to Zero standards	99.76%	100%		
PEOPLE		% of workforce with 'Great Place to Work' certification	86%	88%	90%	
		% of females in senior leadership	19%	30%	40%	

*2022 Baseline has been updated to include Texon and Rhenoflex acquisitions in 2022, and updated to exclude divestments of EU Zips business and Madagascar/Mauritius made through the course of 2023.

**Preferred primary raw materials restated due to reclassification of fibreglass and clay raw materials

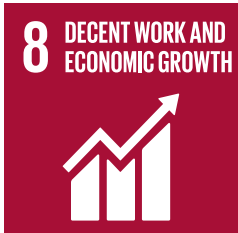
Strategy Overview

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 16,000 permanent employees in more than 35 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 66 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 well-being 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 well-being: ‘Coats Cares’ Our activities in this area can be found in the following sections of this report, with page numbers: H&S management - 60 Journey to Zero - 60 Commuting Safety - 60 Coats Cares - 68	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 key lever in driving further reductions in our already very low incident rates compared to industry norms.
	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 40:60, but at senior management levels the ratio is 30:70. 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 40% females in senior leadership positions by 2030. 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. Throughout 2024 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 - 56 Promoting Diversity and Inclusion - 55	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 2024. 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 – 45 Recycling of water – 44 Treatment of effluent – 51	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. In 2024, we reduced our water intensity by 6.5% from our 2022 baseline (reducing from 37.7 Lt/Kg in 2022 to 35.3% in 2024). 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 34	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 16,000 permanent employees 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 – 54 Whistleblowing hotline results – 66 Living Wage implementation – 66 Group Internal Audits – 66 Supplier Code implementation – 64 Anti Modern Slavery work – 64	We continue to drive employee engagement through our Great Place to Work programme. In 2024 we achieved 95% of our employees covered by country level GTPW certification, significantly surpassing our 2026 target of 88%. 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 while also seeking to reduce waste in our operations. By focusing on packaging, we aim to further minimise waste for our suppliers and customers. We have developed multiple circular models for packaging materials with our suppliers this year to reduce waste in this area. In 2022, we also launched 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 50.	To drive physical waste reduction, we set a 2026 target of Zero Waste to Landfill, and have made excellent progress towards this target in 2024, having delivered a 87% reduction versus our 2022 baseline. We continue to collaborate with upstream suppliers on identification of circularity opportunities, and in 2024 we diverted >3,000 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 hold garments together therefore 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 in 2024 we had our long term 2050 Net-Zero target approved by Science Based Targets Initiative. During 2024 we have made further progress in our transition to renewable energy. We increased our proportion of renewable electricity from 29% in 2022 to 74% in 2024. 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 were approved by SBTi in 2024 and the target wording is outlined in the Climate section of this report. 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

2024 is the second year of delivery against our 2026 targets and is therefore the mid-point in the four year time horizon over which the targets have been set.

The adjacent table illustrates the advancements made towards our 2026 targets and highlights the positive outcomes achieved in 2024. The commentary on each strategic pillar within this report provides further details and examples of the initiatives undertaken to achieve these results across the organisation.

The results achieved in 2024 across these seven core metrics have undergone public limited assurance aligned with ISAE 3000 assurance standards, providing confidence in the integrity and credibility of reported performance levels.



STRATEGY PILLAR	METRIC	2026 TARGET	2024 PERFORMANCE	% ACHIEVEMENT OF 2026 TARGET VS 2022 BASELINE
 ENERGY	Scopes 1 & 2 emissions reduction	22% reduction from 2022 baseline	51% reduction	232%
 MATERIALS	% preferred primary raw materials	60%	46%	76%
 WATER	Water recycling rate	33% increase in rate of water recycling from 2022 baseline	14% increase	44%
 WASTE	Zero waste to landfill % effluent compliance to the Roadmap to Zero standards	Zero waste to landfill 100% compliance	87% reduction 99.8%	87% 99.8%
 PEOPLE	% females in senior leadership % employees covered by GPTW certification	30% 88%	30% 95%	100% 108%

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

Strategy Overview

LEADERS' VOICES

Adrian Elliott
Divisional Chief Executive Officer
Apparel



The sustainability landscape is evolving rapidly, influenced by geopolitics, legislative pressures, and growing investment in circularity. For Coats, these dynamics present both challenges and opportunities with our global reach and excellence in innovation and sustainable manufacturing practices.

Our components are in garments retailed globally with approx one third sold in North America, so consumer sentiment in that continent remains important. On balance, we believe the legislative pressure, especially in Europe, is pushing the sustainability agenda to the forefront with a greater sense of urgency, which reinforces Coats' commitment to reducing emissions, increasing supply chain transparency, and innovation in materials and processes.

Sustainability has long been a priority for apparel leaders, and we are now beginning to see that an increase in capital flows toward circularity is reshaping the industry. Venture capital and private equity funds are targeting startups focused on driving technological advancements in reuse, recycling and bio based raw materials. Coats remains a leader in this space with our Innovation Hubs continually working on new products that include bio-based and recycled raw materials, providing an important source of competitive differentiation. While currently most of our recycled polyester is sourced from recycled PET bottles, our

ambition is to transition to a circularity production model, using recycled textile waste.

For our customers and brands in the apparel sector, supply chain traceability and transparency continue to be a challenge, meaning that collaboration within the value chain is key to success. Coats continues to work with our suppliers to push for life cycle assessments and better disclosure of emissions and reduction targets. While we are seeing an increased focus on clean energy, it is clear more work needs to be done in this area. Coats continues to increase the percentage of renewable energy used in sites across the world. With a clear focus on traceability, compliance, and environmental impact reduction, we are strengthening our role as a trusted partner for brands and retailers who are navigating their own sustainability journeys toward Net-Zero.

These initiatives together have strengthened Coats' position with our leading brands, increasing our market share in recent years. We are proud of the progress we have made to date but will continue to work hard to commercialise our innovative products within the apparel sector as we continue to reduce emissions and increase transparency throughout the supply chain.

Frederic Verague
Divisional Chief Executive Officer
Footwear



Sustainability continues to be of critical importance in the global footwear industry, which remains highly concentrated in key Asian countries. Within the high-performance athletic footwear and athleisure segment, strong consumer loyalty is dependent on continued innovation to improve performance comfort and design, with sustainability a key differentiator.

Leading brands are committed to reducing their environmental impact as a prerequisite alongside delivering superior product performance. This involves reducing their carbon emissions and an increased focus on circularity. We are making significant progress on materially increasing content of recycled and bio-based material content. We are very pleased to report that Coats Footwear is now zero waste to landfill. The other focus area over the last years has been on energy transition to green energy and rebalancing our footprint to be closer to our customers which are also key contributors to reducing our CO₂ emissions. Coats Footwear has achieved significant progress in the data accuracy of its emissions, which is important given the trend from brands, who are increasingly collecting emissions data across the value chain. We are a front-runner in this area, providing brands and customers with transparent life cycle assessments supporting the industry in the journey to reduce emissions. This transparency will provide a strong competitive advantage going

forward. Our Innovation is focused on improving design processes, working closely with designers and development teams offering sustainable product and circular solutions. The integration of recent acquisitions, Texon and Rhenoflex, have strengthened Coats' capacity to deliver sustainable solutions in structural components and threads. An example of this is the Rhenoprint product range, which is made from recycled polymers and brings the perfect balance with performance and environmental responsibility, with roughly 70% recycled content and zero waste production technology. By targeting new technology that develops mono material designs, without water use and 3D printing models, Coats can offer customers precision manufacturing and material efficiency which is a strong competitive advantage.

We are well-positioned to address the sustainability requirements of our brand customers. Our history of innovation, coupled with advancements in use of emissions data and process improvements, ensures alignment with client priorities. The Division's strong focus on sustainability-led innovation provides a foundation for future growth and competitiveness.

Strategy Overview

Pasquale Abruzzese
Divisional Chief Executive Officer
Performance Materials



The Coats Performance Materials Division produces threads, coated yarns and extruded tapes used in a variety of different end products, spanning segments such as Automotive, Oil & Gas, Household Goods and Personal Protection. While these categories demand unique product specifications, a unifying factor is the critical need for thread or yarn components to meet stringent performance and compliance standards. Our products are integral to critical end-use applications such as protective clothing, automotive safety components, and composite yarns for cables, where exceptional technical performance and quality are non-negotiable.

Sustainability is becoming a significant focus across these segments, driven by regulatory shifts and the need for customers to reduce their own carbon emissions. However, the pace of adoption varies. For instance, European Automotive OEMs are moving towards disclosure of Scope 1 and 2 emissions, embodied carbon data, and lifecycle assessments (LCAs) as prerequisites for tendering for new business while their US counterparts are slower to adopt these standards. In other product segments, new trends are emerging. A case in point is the feminine hygiene product segment where we are seeing increasing interest in use of natural and cellulosic materials like cotton and viscose. Within the Oil & Gas and Telecom segments, the emphasis is now on improving durability and longevity

to extend product lifespans and reduce early obsolescence.

Despite these trends, challenges persist. Coats faces barriers such as the limited quantity and quality of recycled or bio-based raw materials, which constrain progress toward sustainable material use. Besides the additional costs of non-virgin raw materials, no viable recycled options currently exist for key substrates, highlighting an area of key focus for both Coats and the industry.

Our Sustainability Hub is driving research into next-generation sustainable materials, focusing on bio-based alternatives and recycled components at commercial price points. Further investment in research and development, and collaboration throughout the value chain are critical to enable both Coats and its customers achieve their Net-Zero ambitions. Regulation must continue to evolve to drive broader adoption, and customers must be willing to absorb higher costs to support sustainable solutions. Despite the challenges, Coats remains committed to reducing its environmental footprint and its material transition strategy, with a strong focus on engagement across the value chain.

By addressing these challenges head-on and driving innovation, Coats is well-positioned to remain a trusted partner in the transition to sustainable performance materials.

Jackie Callaway
Chief Financial Officer



Sustainability is at the heart of our strategy at Coats. Beyond being a competitive advantage, we recognise it as a moral imperative, ensuring we do the right thing for all stakeholders, including our customers, shareholders, employees, and the communities in which we operate. By prioritising sustainability, we align with our commitment to long-term value creation while addressing global environmental challenges.

We remain committed to our ambitious Net-Zero target by 2050 and have made significant progress toward achieving it. This is underpinned by a clear focus on reducing value chain emissions through the transition to recycled, circular, or bio-based materials and energy reduction initiatives across all divisions. Innovation in materials transition remains critical, and is at the core of our operations. It provides differentiation in the market, giving our customers the confidence and peace of mind that our products meet rigorous environmental and technical standards and helping them with their own Net-Zero journeys.

Our leadership in sustainable innovation continues to provide a strong competitive advantage with our customers. Brands increasingly seek pioneering products with technical excellence and a lower carbon footprint. Our ability to meet this demand, has driven growth in market share and pricing power, with an increasing portion of our sales now stemming from products made with

recycled or “sustainable” materials. This not only strengthens our differentiation against competitors but also enables us to be a trusted partner for our customers.

We continue to allocate a significant percentage of our capital expenditure toward sustainability initiatives, which consistently achieve strong returns. Our Sustainability Hubs in Shenzhen and Madurai, play a pivotal role in advancing this agenda, focusing on the development of recycled and renewable materials in product design. These products meet our customer requirements and bolster our growth trajectory and profitability, ensuring shareholder value.

As we look ahead, our business remains committed to delivering products that generate financial returns while reducing the carbon footprints of our customers, consumers, and investors. This dual focus on profitability and sustainability reinforces our position as a leader in the market and ensures we meet the evolving needs of our stakeholders.

Strategy Overview

Stuart Morgan
Chief Legan & Risk Officer



Operating ethically and with integrity is central to our ESG strategy and fundamental to sustaining trust and engagement across our framework of both internal and external stakeholders. Our continuous commitment to upholding ethics, integrity and compliance, our ethics code, and a robust business code of conduct, all engrained within our global network of employees, partners and suppliers through extensive training, communications, recognition, auditing and investigation programmes, generates a clear source of competitive advantage for Coats.

We tirelessly convey our values and principles throughout that Group network, setting the highest possible ethical standards, and ensuring that all stakeholders not only have a voice, but are equally and fairly heard including through our inclusive “Speak Up” whistle-blowing policy and process. By reinforcing our foundational values of openness, honesty and integrity at Coats, and by acting consistently in line with those values, we continue to uphold our ethical reputation – and, from that place of strength, to deliver our ESG strategy.

Farnaz Ranjbar
Chief Human Resources Officer



Our people are at the heart of everything we do at Coats with their dedication, creativity and diverse perspectives driving our innovation and growth. The “S” in ESG is at the forefront of my mind in everything we do.

We want our employees to feel a sense of belonging and have the ability to be their authentic selves, knowing they will be appropriately recognised and paid fairly, supported by our DE&I programme “Coats for All” which underpins our way of being. Further, “Coats for Her” continues to provide support and visibility for our female talent, to help them excel in their careers. We are proud to say Women In Leadership now make up 30% of our leadership population, exceeding our goal in 2024 and we are recognised in the UK as being one of the GPTW Best Workplaces™ for Women 2024.

Coats cares for so much more than just our people, Coats has been caring for the world for over 270 years; it is part of our DNA and culture. Our employees’ caring nature enables “Coats Cares” to continue to flourish. Through this important initiative our employees share their caring nature, using their skills and abilities to give back to the wider communities in which we operate.

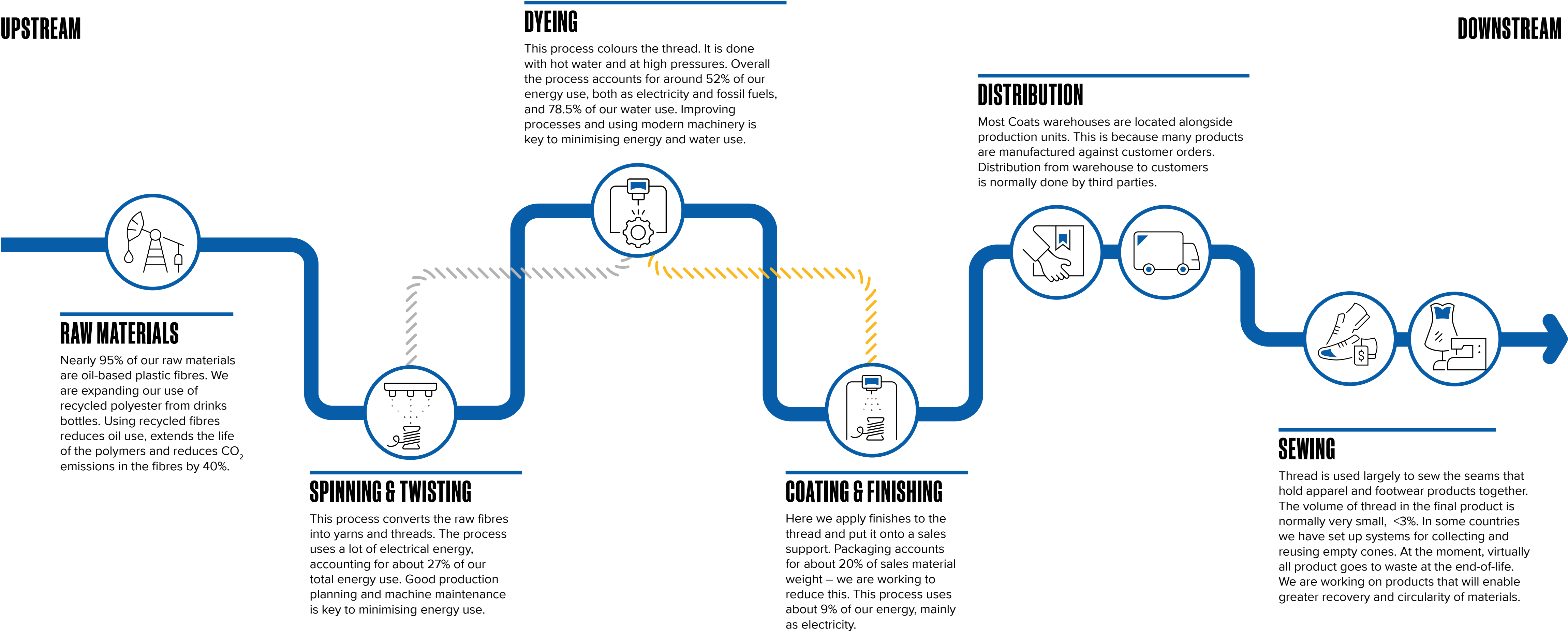


Strategy Overview

COATS THREAD SUPPLY CHAIN

UPSTREAM

DOWNSTREAM

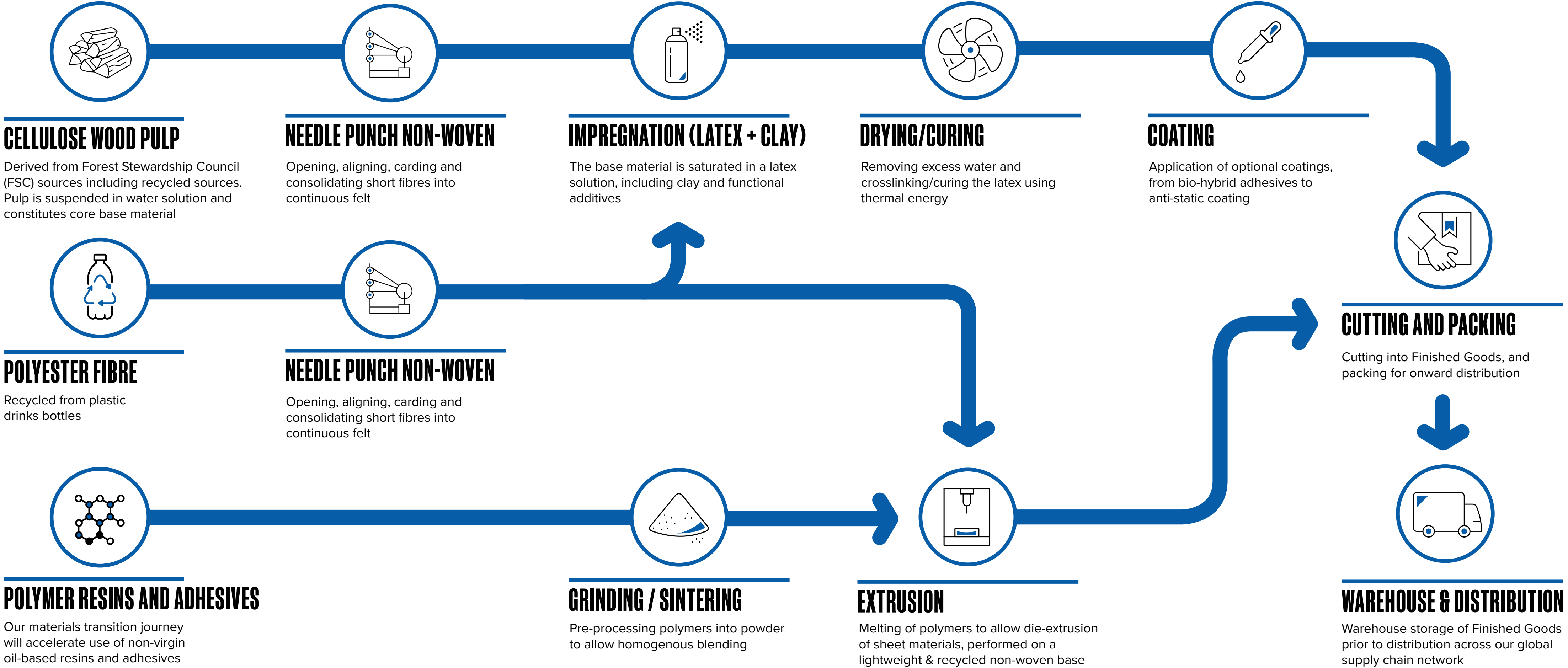


Strategy Overview

COATS FOOTWEAR STRUCTURAL COMPONENTS SUPPLY CHAIN

UPSTREAM

DOWNSTREAM



CLIMATE CHANGE AND EMISSIONS

Climate Change and Emissions

Coats acknowledges that climate change presents a significant challenge to our planet's eco-systems and that our industrial activities contribute to anthropogenic climate change.

We are committed to taking urgent action to minimise the climate change impact of our operations while simultaneously assessing the potential effects of climate change on our business. This will enable us to mitigate any associated risks and identify and develop opportunities.

In 2024, we were proud to be awarded a Climate Leaders award from the *Financial Times* and *Statista* for the positive progress we have made in emissions reduction.

CLIMATE LEADERS 2024

WE ARE HONORED TO BE INCLUDED ON THE FINANCIAL TIMES AND STATISTA CLIMATE LEADERS 2024 AWARD LIST



CLIMATE LEADERS 2024



Risk Assessment

Our Taskforce for Climate-related Financial Disclosures (TCFD) report, included in our [Annual Report](#), provides substantial detail on how we manage climate-related risks. It is embedded into our business risk management process and is subject to regular review by senior management and Board members. In 2024 we made changes to our review of physical climate risks, where instead of using in-house developed risk models we have instead incorporated use of the Munich Re Location Risk Intelligence Tool to help understand, measure and manage physical risks associated with climate change. Within this assessment, we evaluate three different climate scenarios based on the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) datasets. We use one low carbon scenario (SSP1), a medium carbon scenario (SSP3) and a high carbon scenario (SSP5), and evaluate risks under short-, medium- and long-term time horizons. 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 emissions inventories for our 2019 baseline during 2021, and these along with our 2030 emissions reduction targets were reviewed and approved by Science Based Targets Initiative (SBTi) in 2022. Our longer term 2050 Net-Zero targets were approved by SBTi in the early part of 2024. The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reduction targets submitted by Coats Group plc conform with the SBTi Corporate Net Zero Standard and has classified our scope 1, 2 and 3 target ambition are in line with a 1.5 °C trajectory.

The acquisition of the footwear structural components businesses, Texon and Rhenoflex, in 2022 and the divestment of a number of business in both 2022 and 2023 resulted in sufficient structural changes in the Group to trigger our emissions re-baselining threshold of 5%. Our rebaselined 2019 emissions were submitted to SBTi for their review and approval in H2 2024 and we have recently received their approval. During the rebaseline process, we were advised by SBTi to remove Category 11 (Use of Sold Products) emissions from our inventory due to refinement of SBTi definitions and updated guidelines where their assessment considers these as indirect use-phase emissions and beyond the reporting boundary.



Climate Change and Emissions

The changes in baseline do not make any difference to our approved interim targets which continue to be as follows:

INTERIM (2030) SCIENCE BASED TARGETS

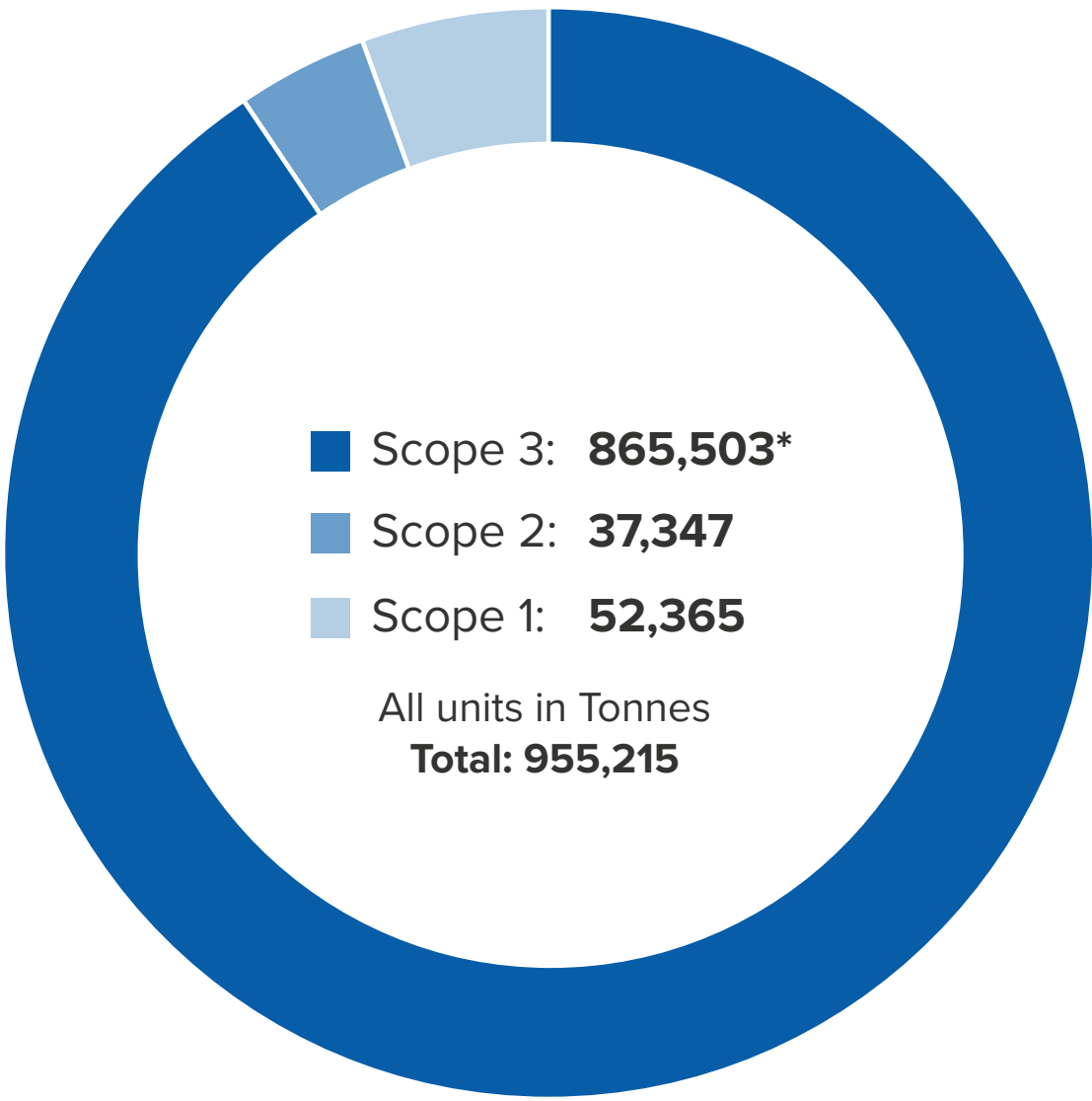
- Coats Group plc commits to reduce absolutescope 1 and 2 GHG emissions 46% by 2030 from a 2019 base year.
- Coats Group plc also commits to increase annual sourcing of renewable electricity from 5% in 2019 to 100% by 2030.
- Coats Group plc finally commits to reducing absolute scope 3 emissions from purchased goods and services, fuel and energy related activities and upstream transportation and distribution 33% by 2030 from a 2019 base year.

2050 NET-ZERO TARGETS

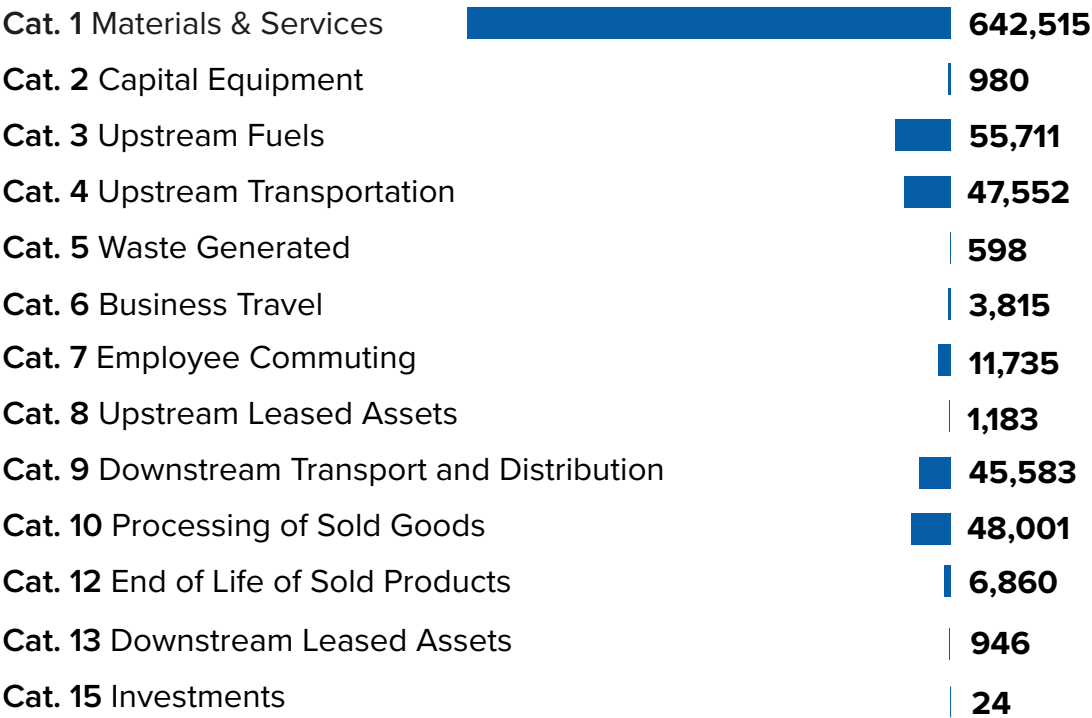
Our Net-Zero targets are as follows:

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

The chart below shows our 2024 breakdown of Scopes 1 to 3 emissions. Scope 2 emissions here are shown on a market basis, and all emissions are on the rebaselined basis.



*(excluding Cat11)



2024 PROGRESS

Our strategy to deliver our combined 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.

Following a notable reduction in demand in 2023 due to supply chain destocking, we have seen an 9% increase in production volume output in 2024, which across the entire Group still sits marginally below 2022 processing volumes.

Our absolute energy usage has therefore increased versus last year, however still sits marginally below the usage levels of 2022. Despite our volumes remaining slightly lower than 2022, at Group level we have delivered a 2% reduction in energy intensity in 2024.

Further substantial progress in energy transition to renewables has been made across the Group in 2024 and this remains the primary driver for our step reductions in Scope 2 market-based emissions.

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 then 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 standalone Energy Attribute Certificates (EACs) to cover our residual electricity requirements.

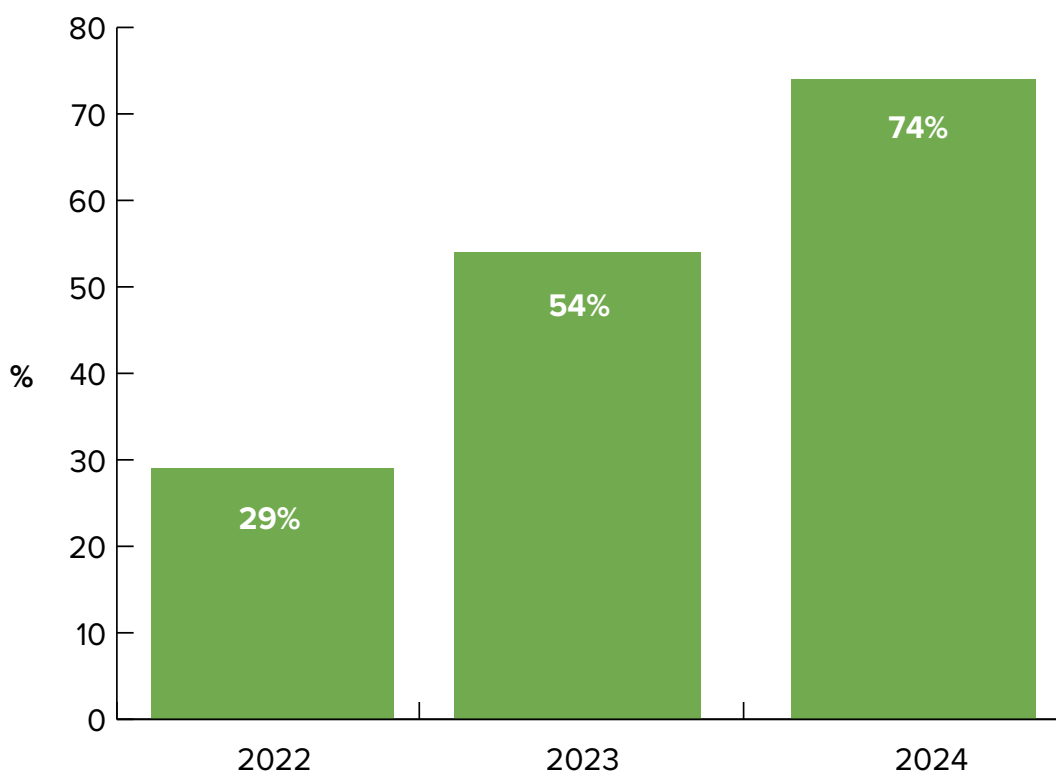


Climate Change and Emissions

During 2024 we have made progress across all of these approaches.

- Under CREATE, following signing of new onsite PPA contracts in 2024, we successfully installed and commissions new rooftop solar capacity in our Chittagong site in Bangladesh, our Pleret site in Indonesia and our Karachi site in Pakistan. We expect to completely commission new capacity in our Spanish Gotex site, Romania and Tunisia sites in early 2025.
- In terms of COLLABORATE, in 2024 we have finalised PPA contracts for our main Chinese production facilities in Shenzhen and Tianjin, leading to >90% of our electricity in China being green certified.
- Finally in terms of COMPENSATE, our focus here is primarily on regulated markets such as Vietnam where regulations prevent PPA contracts from being implemented. We are closely monitoring changes to regulations and plan to transition from standalone iREC purchase to COLLABORATE/CREATE models.

Electricity Consumption Covered by Energy Attribute Certificates

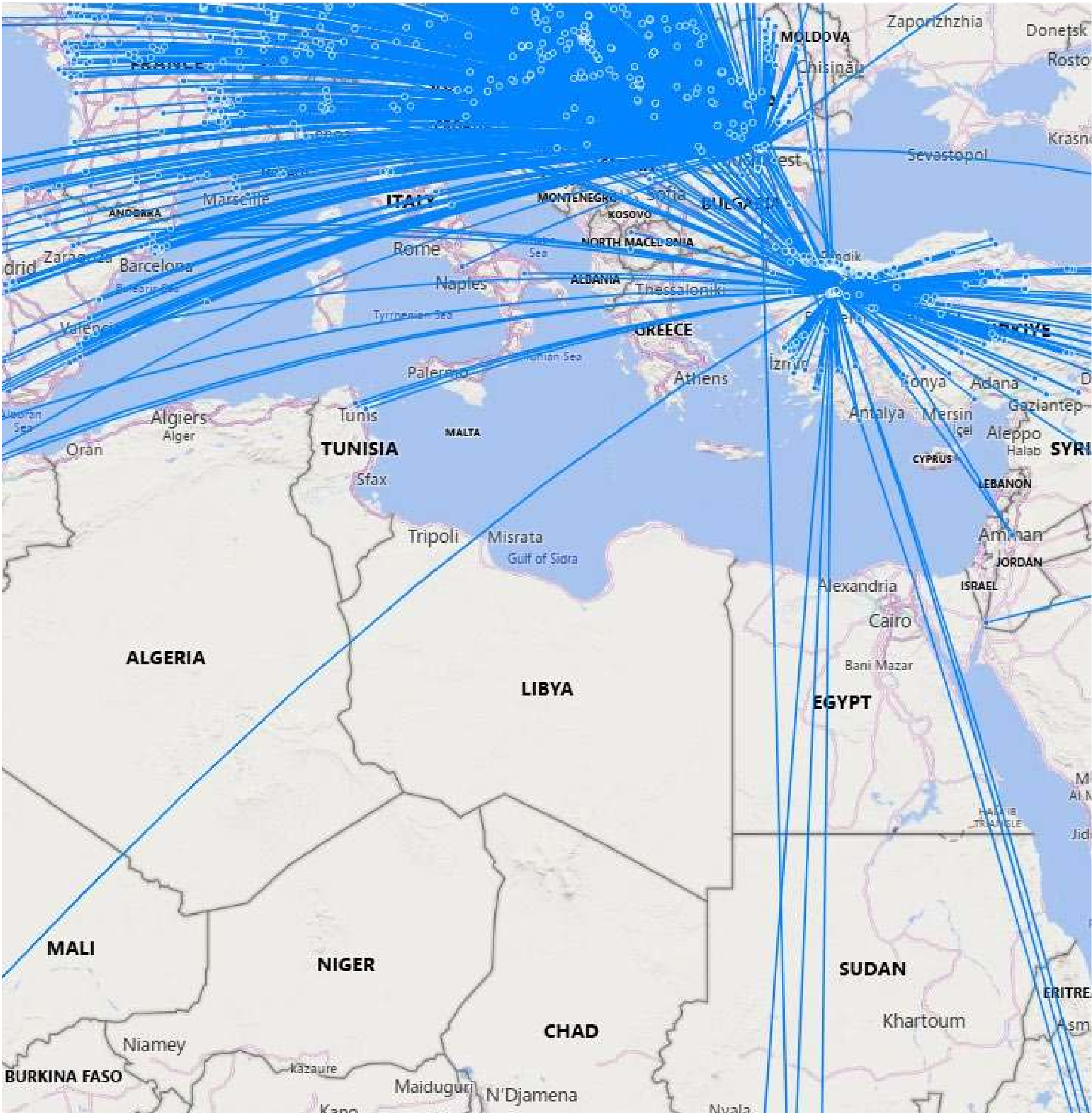


As a result of the improvements delivered in energy intensity and the further decarbonisation of our energy supplies, our Scopes 1 & 2 emissions intensity has dropped by 26% in 2024, which is well ahead of the rate of reduction that we need to achieve to meet our SBTs.

Energy intensity is analysed in detail in the Energy section of this report.

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. Goods transportation is the next most significant area of Scope 3 emissions. Principally this includes transport of raw materials from our suppliers to our plants, the transport of semi-processed products between our plants and the shipment of finished products from our plants to warehouses.

We continue to utilise new in-house developed generative AI technologies that were initially implemented in 2023 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 longer term horizon in most cases. In the panel to the right is an image from our new upstream transportation emissions tracker dashboard.



Climate Change and Emissions

Our total emissions are shown below:

Thousand tonnes of CO ₂ e ¹		2019	2019 ⁶	2022	2022 ⁶	2023	2023 ⁶	2024
Scope 1 Direct ²		73.5		59.6	59.7	51.7	51.9	52.4
Scope 2 Indirect ³	Location-based	232.6		201.9	201.8	172.2	172.2	181.2
	Market-based	190.9		122.4	122.3	59.4	59.3	37.3
Scope 3 Value Chain ⁴	Cat 1 Products and Services	744.5		730.8		608.5		642.5
	Cat 3 Upstream Energy	50.9		54.9		53.7		55.7
	Cat 4 Upstream transportation and distribution	64.8		44.1		48.1		47.6
	Other Scope 3	200.6	149.7	351.4	296.9	283.6	225.0	119.7
	Total Scope 3 emissions	1,060.8	1,009.9	999.2	944.7	882.8	824.2	865.5
Total Scope 1, 2 & 3 emissions		1,325.2	1,274.3	1,181.2	1,126.7	993.9	935.3	955.2
Biogenic Emissions CO ₂ ⁵		38.2		27.5		24.1		25.7

¹ All data is calculated following GHG Protocol guidelines.

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

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

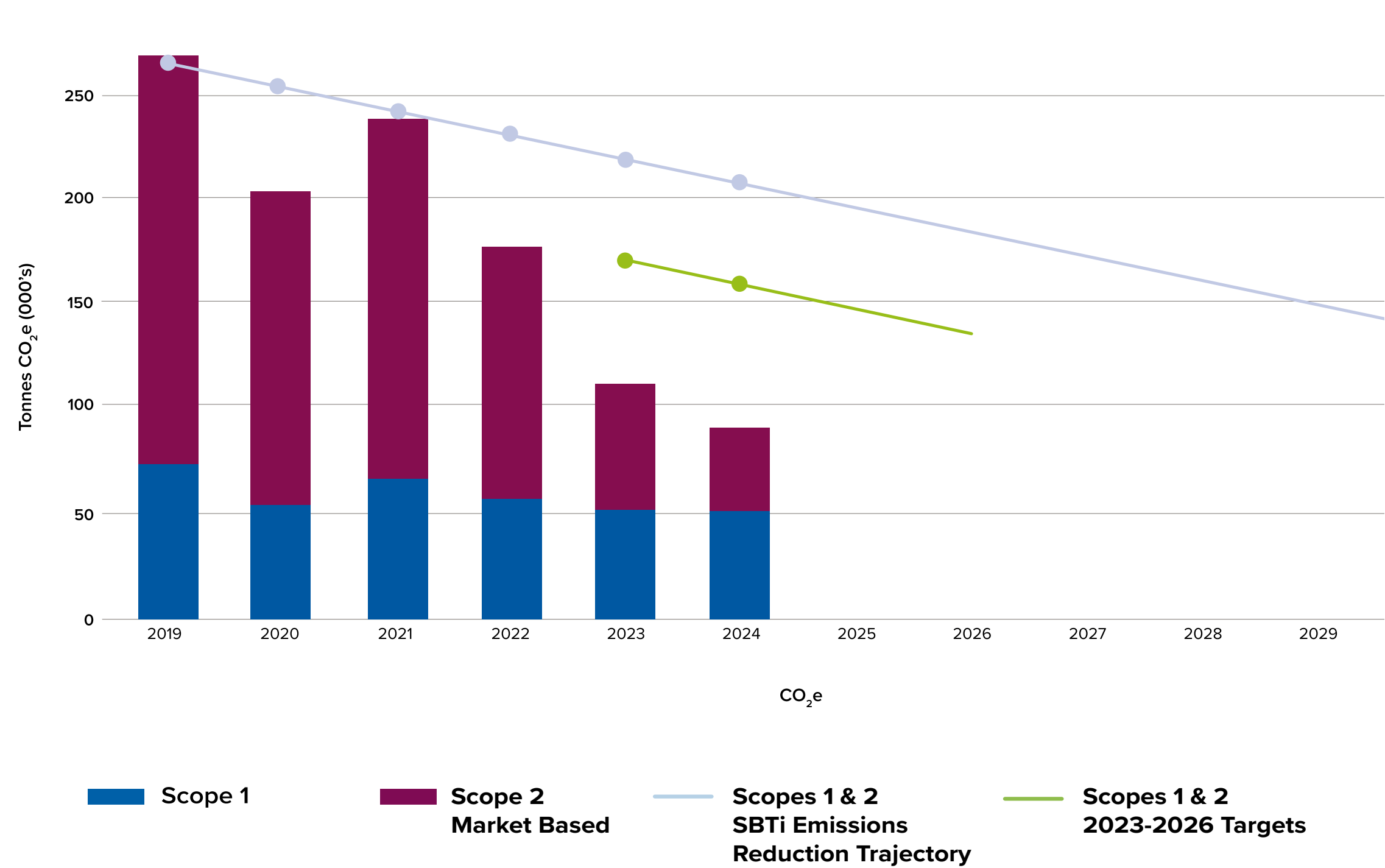
⁴ Scope 3 value chain emissions cover all other emissions that occur throughout our product and business value chain. This includes the cumulative emissions to produce our raw materials and capital equipment and installations, product and people transport at all stages, downstream processing and consumer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

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

⁶ Scope 3 emissions values up to 2023 have been restated by eliminating the impact associated with Category 11 (Use of sold goods) emisssons. This change was requested by SBTi during our recent re-baseline approval process. Minor restatement has been made to Scope 1 & 2 emissions in 2022 and 2023 due to reclassificaion of fuel energy in a single manufacturing location.

The below graph shows our Scopes 1 & 2 emissions by year from 2019 to 2024, along with our SBT trendline, and our 2023-2026 emissions target trajectory.

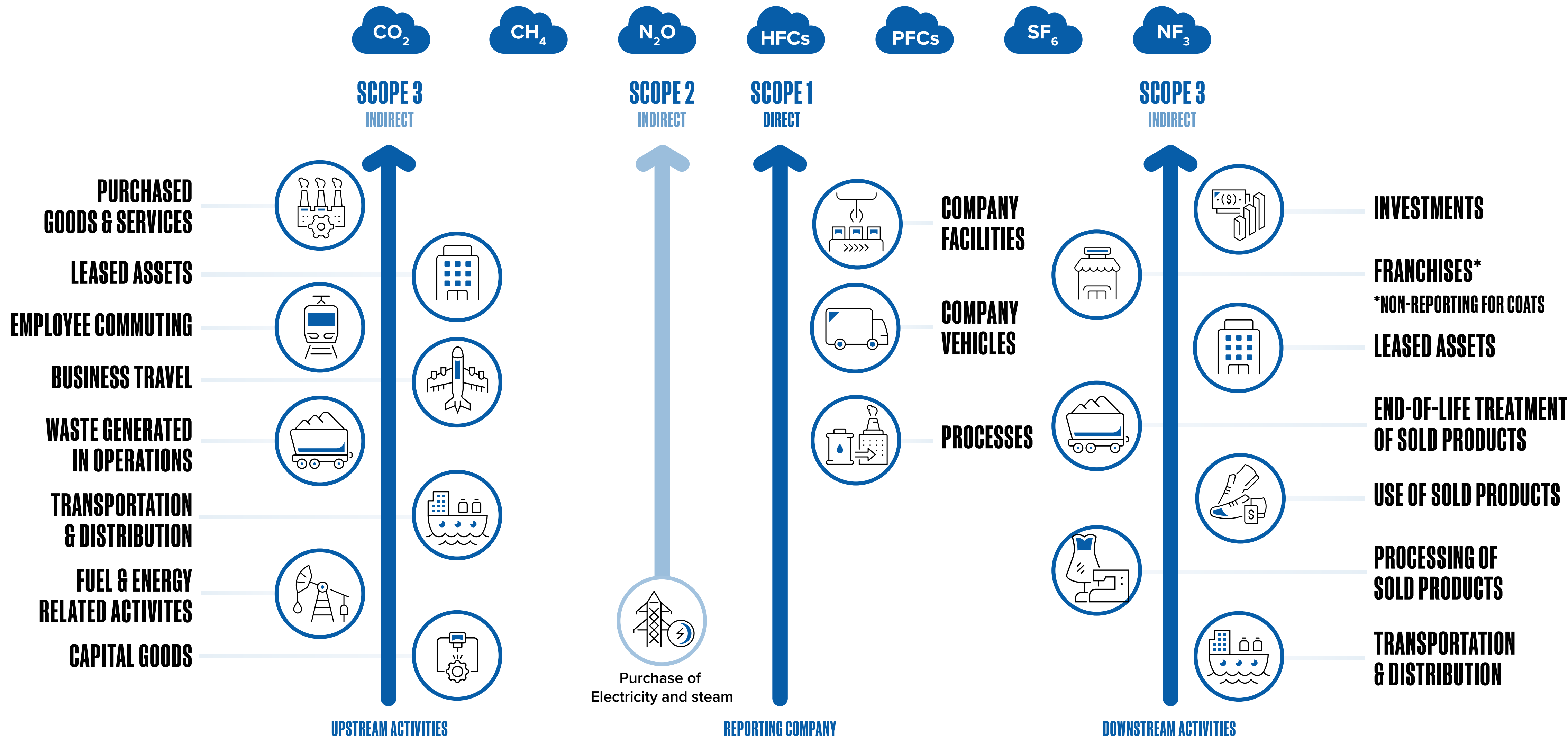
Scopes 1 and 2 Emissions by Year Versus Target



The graph above shows the extent to which we have reduced our Scopes 1 and 2 emissions since 2019. As of 2024, we are significantly ahead of the reduction trajectory that is required to fully ensure delivery of our 2030 SBTi Scope 1 and 2 emissions reduction target.

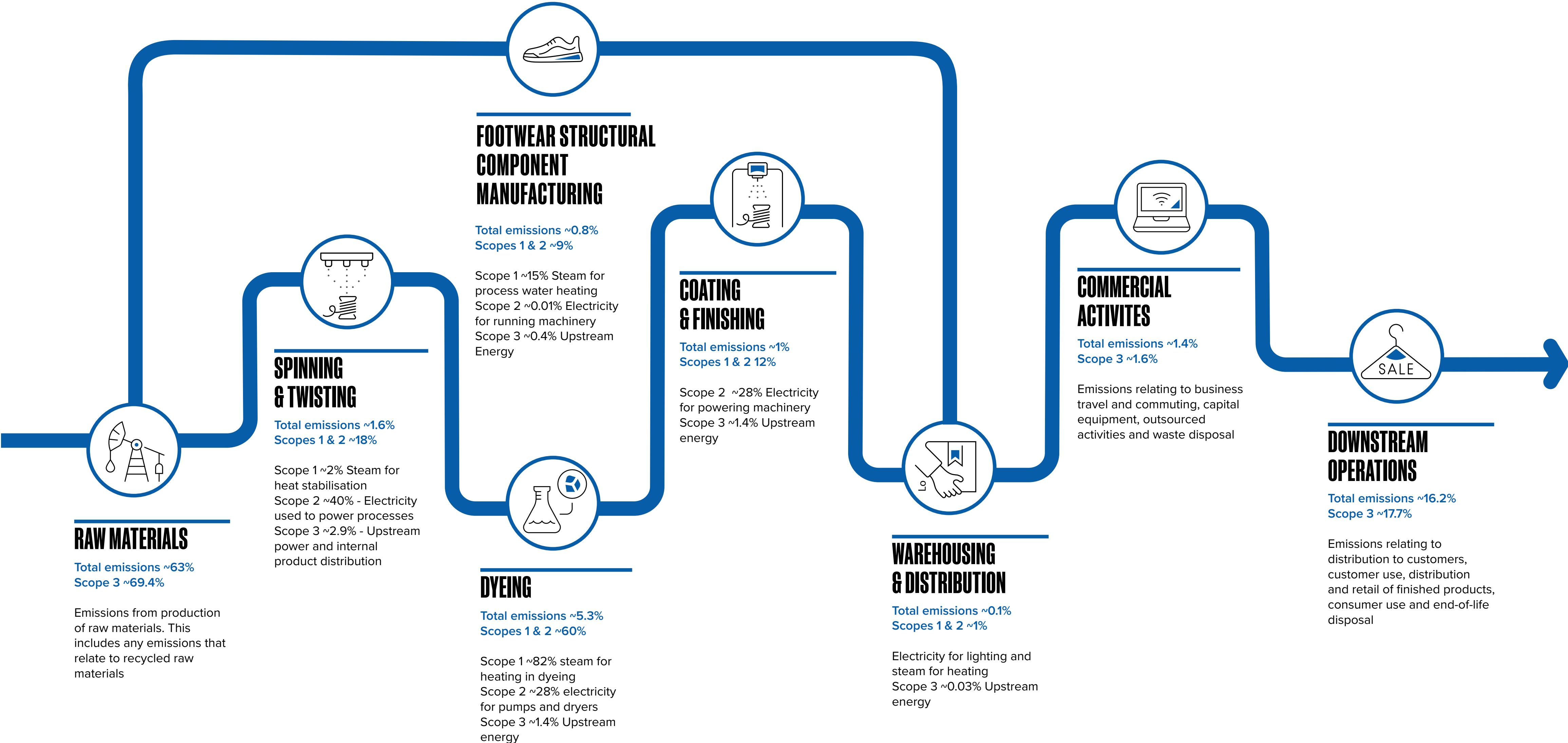
Climate Change and Emissions

CARBON EMISSIONS SCOPES

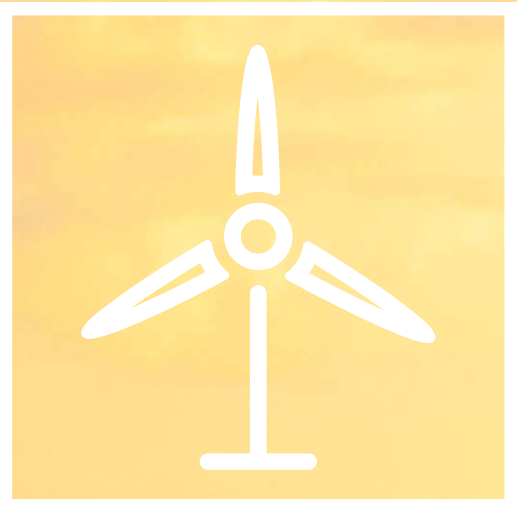


Climate Change and Emissions

CARBON EMISSIONS PROFILE



ENERGY



ABOUT

STRATEGY OVERVIEW

CLIMATE REPORT

ENERGY

MATERIALS

WATER

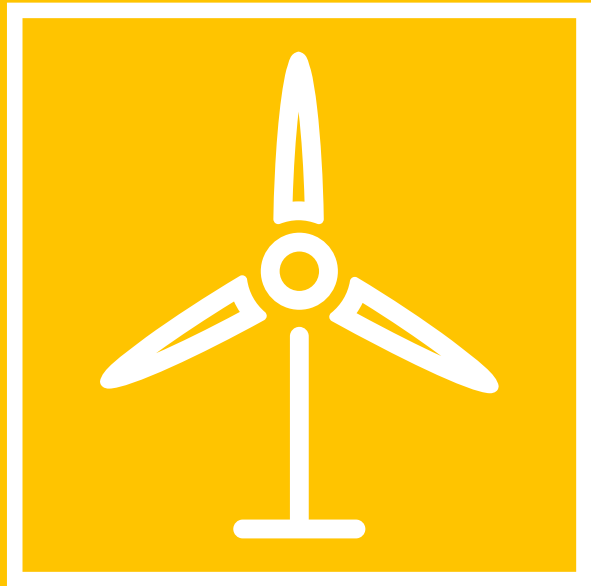
WASTE

PEOPLE

MANAGING SUSTAINABILITY

PERFORMANCE SUMMARY

Energy Pillar



2024 PERFORMANCE HIGHLIGHTS

51%
REDUCTION IN ABSOLUTE SCOPES 1 & 2 EMISSIONS
FROM 2022

74%
OF ELECTRICITY COVERED BY ENERGY ATTRIBUTE
CERTIFICATES

2.2%
ENERGY INTENSITY REDUCTION

Energy, a core pillar within our sustainability strategy, is central to Coats' operations. We remain committed to using this resource responsibly, efficiently, and innovatively, driving the reduction of our Scopes 1 and 2 CO2e emissions in line with our approved Science Based Targets.

The majority of our emissions reduction relates to the expansion of our transition to renewable energy. However, with much of our energy consumption linked to our divisional production processes, we continue to control and identify further initiatives to reduce our energy intensity, providing additional opportunities for emissions reduction.

Coats remains on track to achieve its 2030 near-term targets to reduce Scope 1 & 2 emissions by 46.2%. Supporting this core metric, we have set internal and challenging aspirations where, by 2030, 70% of the energy which we consume must come from renewable sources, and 100% of all electricity used must be considered renewable or green certified. Since our 2022 baseline, Coats has reduced Scope 1 & 2 absolute emissions by 51%, and delivered a 2.2% reduction in energy intensity. 74% of our electricity consumption is now green certified, which is a marked increase from 28.7% in the 2022 baseline year.

Energy Transition

Since 2022, Coats has reduced Scope 1 emissions by 7,204 tonnes (12.1%); achieved through energy efficiency programmes initiated across the Group.

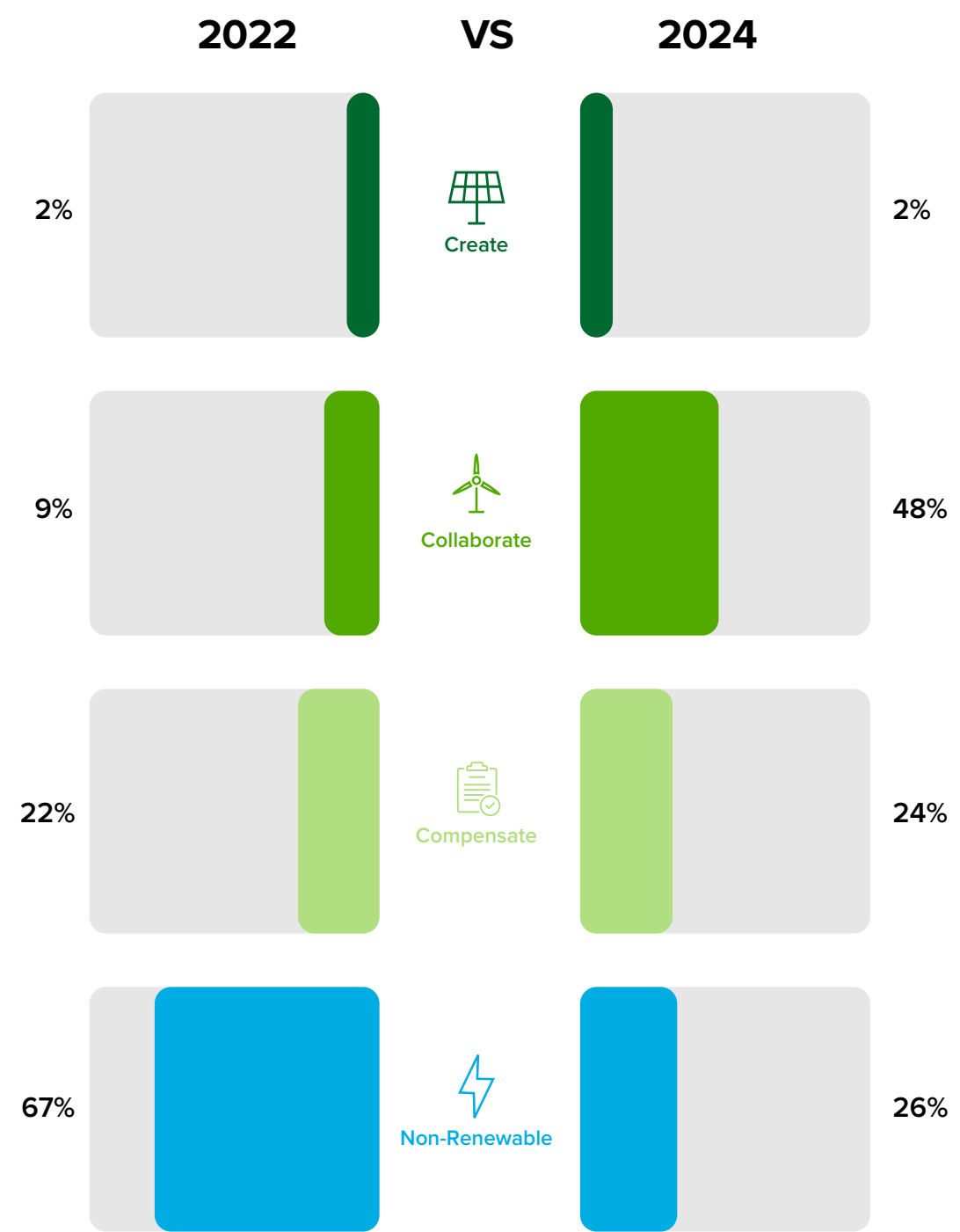
However, our electricity usage accounts for 49% of our overall energy supplies, and therefore transitioning our electricity consumption to

renewable sources remains a primary lever to reducing the associated Scope 2 emissions, and subsequently achieving our overall energy targets across all timeframes.

Introduced in 2022, the Create, Collaborate, Compensate programme has been central to our transition to renewable energy. With new installations and contracts established in 2024, Coats generated a total of 5.9 million kWhrs of solar electricity, and purchased 162 million kWhrs of certified renewable electricity through contracted Power Purchase Agreements (PPAs). This equates to 2% and 48% of our total electricity consumption respectively. At sites where PPAs are not yet available, we compensate the use of electricity which has been generated from non-renewable sources through the purchase of standalone Renewable Energy Certificates (RECs). In 2024, 79 million kWhrs of our electricity consumption is covered by standalone RECs.

In 2024 we consumed a total of 335 million kWhrs of electricity, of which 247 million kWhrs (74%) were covered by certified green electricity. This coverage has contributed to 69.5% of Scope 2 emissions reduction since the 2022 baseline.

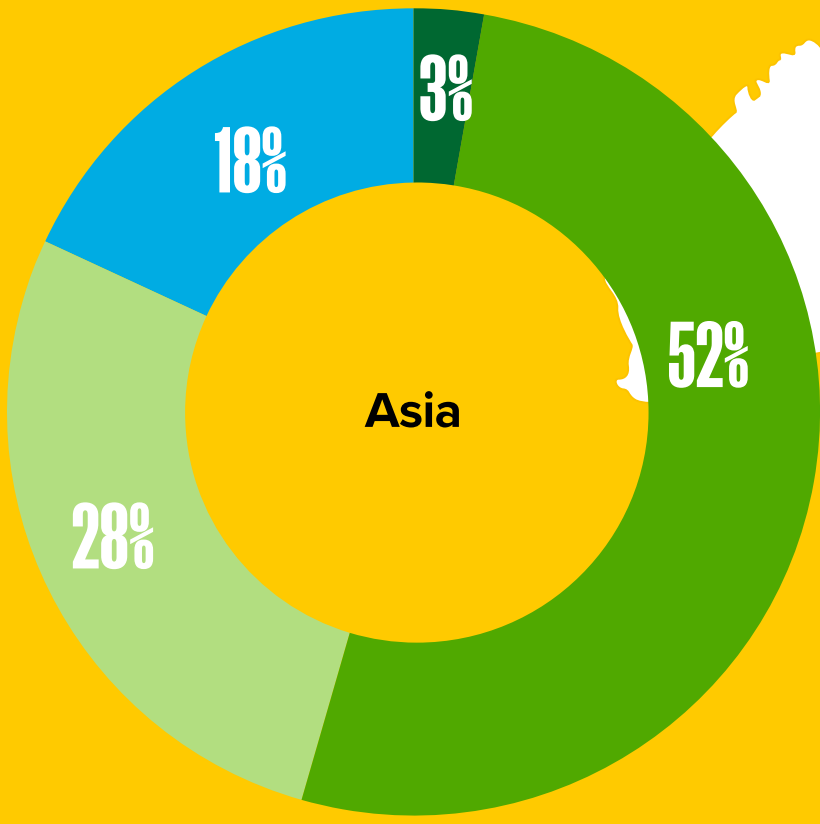
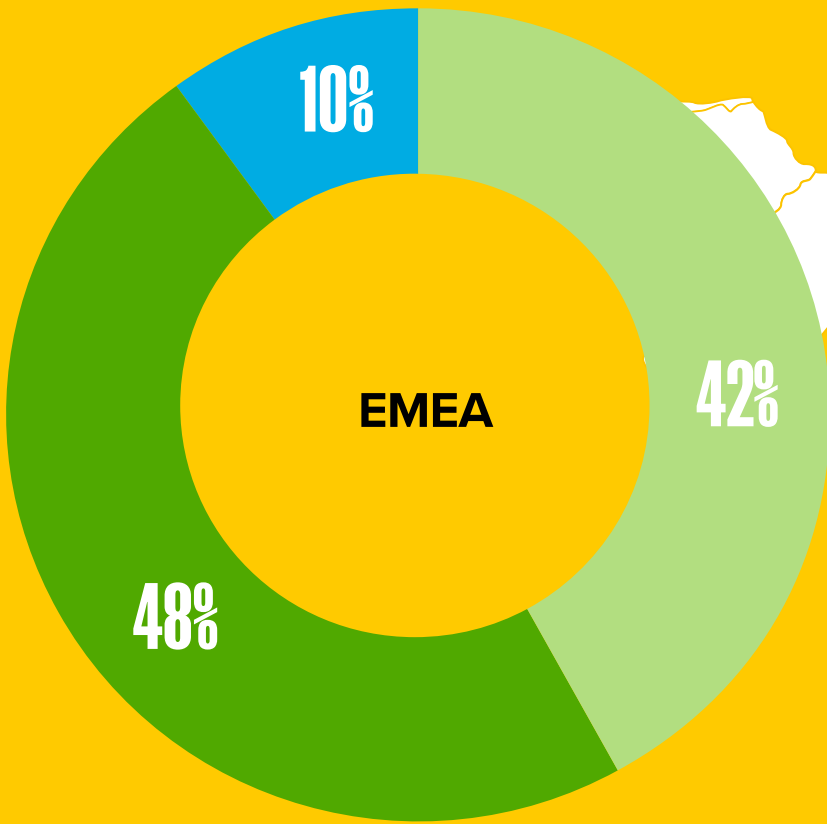
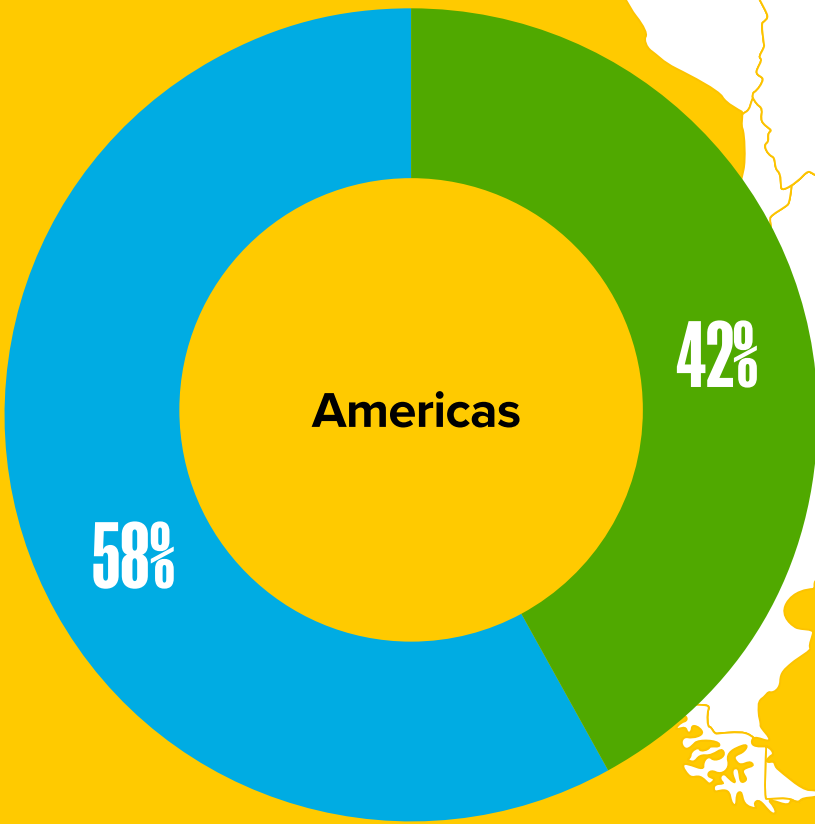
Renewable Energy Profile



Energy Pillar

ENERGY CONSUMPTION PROFILE

- HQ
- Manufacturing Sites
- Presence in Market



Energy Pillar



Investing in Renewables

The key highlights in 2024 include two new industrial solar panel installations at our thread manufacturing unit in Chittagong, Bangladesh, and at our Footwear Components production unit in Pleret, Indonesia. In Q4 2024, the new solar installations generated approximately 10% of the electricity demand at each location. In addition, new PPAs have been established in Shenzhen (China), Orizaba and Tlaxcala (Mexico), where approximately 20 million kilowatt hours of electricity consumption will be supplied from renewable energy sources. For 2025, plans are in place to extend the PPA capacities across operations in China, India, Colombia and Indonesia, and further our investment in solar electricity generation in Romania, Spain, Tunisia and Sri Lanka.

We continually monitor markets and government positioning on energy supplies, ensuring that we are ready to quickly take advantage of renewable energy sources as they become available. Our procurement teams in Vietnam and Turkey are preparing for such opportunities, with planned transitioning in 2025.

ENERGY INTENSITY

Using less energy to produce the same volume of Finished Goods further reduces our overall Scope 1 & 2 Emissions. Coats continues to drive local and centrally governed energy intensity reduction programmes across the group. Our energy intensity, measured in kilowatt hours of energy consumed per kilogram of finished goods produced (kWhrs/kg), has reduced from 6.4 kWhrs/kg in our baseline year of 2022 to 6.1 kWhrs/kg in 2024. Variations in volume can impact energy intensity, and in 2024 we

produced an increase in volume compared to 2022, which naturally reduces our intensity readings. However, through energy saving initiatives rolled out at local manufacturing units, such as Energy Basics training, and eSight (see below), we prevent our energy intensity from rising during periods of lower production volume.

A Focus on Energy Efficiency with eSight

Coats launched the eSight programme in 2021 to leverage energy intensity reduction without the need for excessive capital outlay. Now installed in 12 geographically dispersed sites across the Coats Group, through dynamic process monitoring and data streaming capability, the eSight tools promote heightened operational control, creating opportunities for process improvement, energy reduction and cost savings.

Automated real-time data replaces manual logging, and is streamed from an array of smart meters and sensors. Processed through intuitive eSight software, rapid and remote trend analysis is made possible, allowing our teams to quickly identify areas of potential efficiency loss, and implement solutions before any issues escalate.

Efficiency through Integration

Integration with our existing metering, management, and ERP systems, such as SAP, is a key lever in delivering eSight energy reduction benefits. Configurable software dashboards, alarm systems, and high levels of connectivity allow individual departments to map out their energy consumption profiles, promoting data driven analysis with increased granularity, and improving both preventative and corrective engineering activities.

Business Impact

In 2024 a further four sites were added to our Energy Smart Metering program. Since the eSight conception, and with over 150 energy reduction opportunities identified to date, our total eSight savings now amount to over 22 million kWhrs.

“eSight is configurable and adaptable, and met our needs right from the get go. It’s easy to train out and up-skill our personnel to power-user level, so they feel empowered to use the software.”

- Ray Smith
Head of Group Engineering



Energy Pillar

Insightful Cases for Change

The following case studies illustrate a selection of the energy saving opportunities which have been uncovered by eSight data driven analysis.

CASE STUDY INTENSIFYING NATURAL LIGHT IN BANGLADESH

Our manufacturing plants in Bangladesh have benefitted from eSight for over two years. Using the eSight monitoring data in Chittagong and Gazipur, the team implemented an initiative to improve daytime factory shop-floor light intensity, while in parallel reducing our energy consumption. Through the rooftop installation of innovative, reflective solar tubing, the dimmest of external natural light can be intensified and channelled internally to internal work-stations. With marginal investment, the tracked energy savings across both plants are in excess of 25 megawatt hours per annum.



CASE STUDY DATA DRIVEN BONDING MACHINE RECYCLING

In Shenzhen, China, eSight data helped improve the operational efficiency of several ageing thread bonders. The eSight data aided maintenance teams in identifying specific areas of mechanical efficiency loss on the bonding machines, creating bespoke upgrade opportunities allowing the machinery to return to 100% operational efficiency potential. Since installing the upgrades, the increased efficiencies reduced the bonders’ energy consumption by 2.5%, and saved over 200 megawatts hours of electricity to date since 2022. Furthermore, by using eSight data to refurbish and breathe new life into the bonders, their operational longevities were sustainably increased.



SCIENCE BASED TARGETS – 2050 NET ZERO APPROVAL

Building on the SBTi approval of our near term 2030 targets, SBTi has now confirmed that our long term 2050 Net Zero targets are also aligned with the 1.5 mitigation pathway. As outlined in the Climate Report section on page 24, our re-baselined 2019 emissions (which included our 2022 acquisitions) were submitted to SBTi for review in H2 2024, and we have now received their approval.

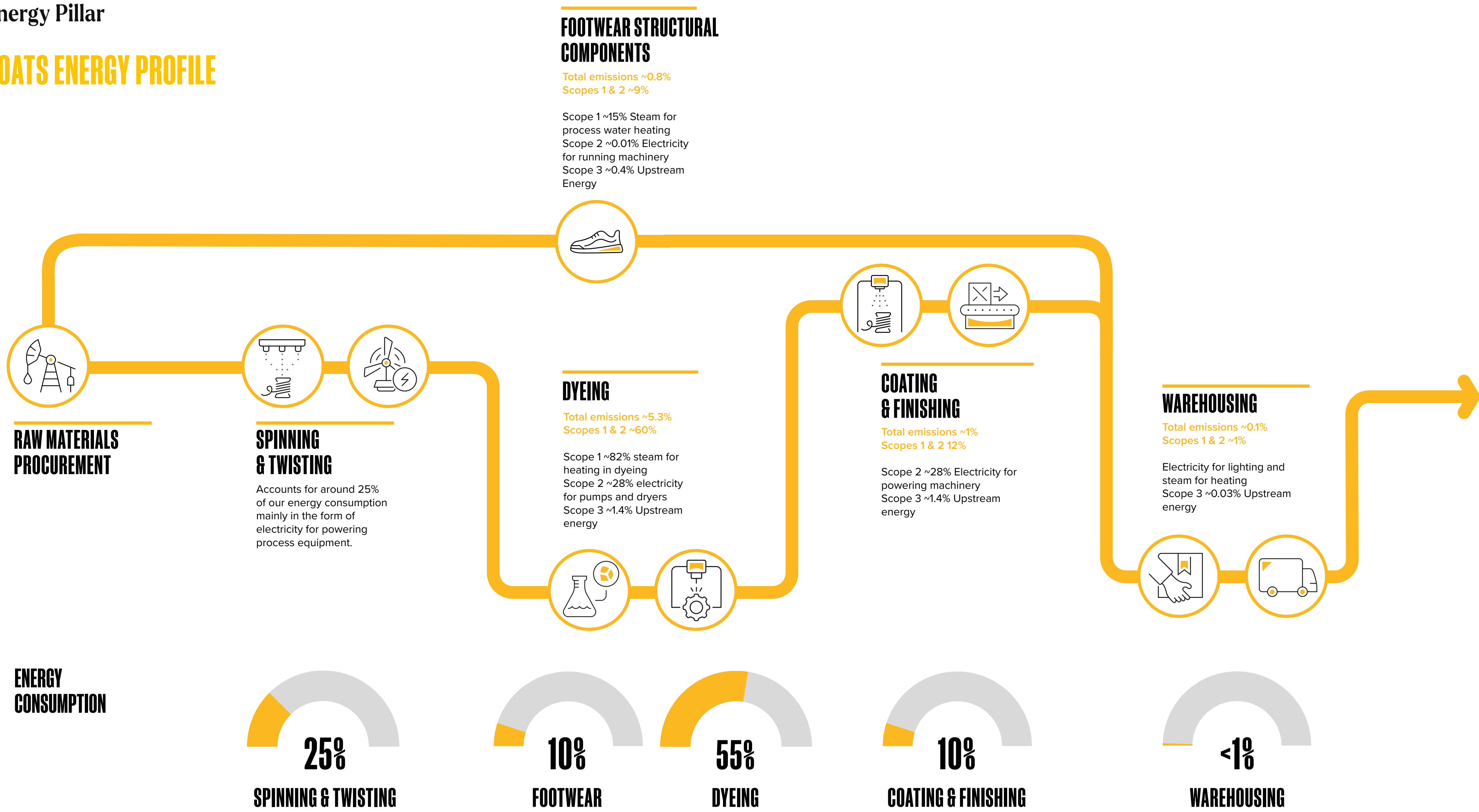
This latest independent verification is a further key milestone in the Coats Group’s sustainability strategy and demonstrates significant progress in the Group’s commitment to achieve its 2050 net-zero targets across the value chain.

- Coats’ validated long-term and net-zero targets include:
- Coats commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 base year.
 - Coats also commits to reduce absolute scope 3 GHG emissions by 90% within the same timeframe.
 - Coats commits to reach net-zero greenhouse gas emissions across the value chain by 2050.



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COATS ENERGY PROFILE



MATERIALS



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2024 PERFORMANCE HIGHLIGHTS

87 kTonnes
OF PRIMARY RAW MATERIALS - THREAD AND YARN PRODUCTS

42 kTonnes
OF PRIMARY RAW MATERIALS - FOOTWEAR COMPONENTS

46%
PREFERRED PRIMARY RAW MATERIALS

The raw materials that we convert into finished goods contain more than 65% of our total value chain emissions and delivery of both our interim 2030 Scope 3 Science Based emissions reduction target and our 2050 Net Zero targets are contingent on us transitioning to materials with lower embedded emissions.

Our 2030 SBTi commitment is to reduce our absolute Scope 3 emissions by 33% by 2030 from our 2019 baseline, and our SBTi approved Net Zero Target is to reduce our absolute Scope 3 emissions by 90% by 2050 from our 2019 baseline.

Moving away from virgin oil-based materials is an imperative for Coats to underpin delivery of Scope 3 emissions reduction, and we have set an ambitious materials transition target to transition away entirely from the use of virgin oil-based raw materials by 2030, with an interim 2026 target set to transition to 60% of non-virgin oil-based primary raw materials.

ACROSS ALL 3 OF OUR DIVISIONS, OUR PRODUCTS ARE ENGINEERED TO PROVIDE A GUARANTEE OF HIGH PRODUCT PERFORMANCE WHILE MINIMISING THE USE OF RAW MATERIALS AND ENERGY IN THE PRODUCTION PROCESS.

Provision of reliably high product quality without over-engineering is a fine balance and one that our innovation and product development teams are constantly working on as we seek out the best raw materials and develop and fine tune our process technologies. This applies equally to our indirect materials, which are primarily the packaging materials in which we protect our products during shipment to customers and the supports required to ensure that our thread products wind off smoothly in use and cause minimum waste for our customers. As our operations are only one piece of 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.

Our Madurai Sustainability Hub is equipped with a comprehensive range of upstream processing equipment enabling it to convert new, more sustainable raw materials into innovative thread types. To achieve this, the unit has numerous partnership agreements in place, collaborating closely with established companies and startups that offer innovative material solutions aligned with our performance and sustainability criteria. Our team in the Madurai hub works in close collaboration with the established Innovation Hub in Shenzhen, China, which takes the threads developed in Madurai and transforms them into prototype finished products.

We have assembled a team of experts and professionals who are deeply committed to sustainability and innovation and have successfully recruited and trained local talent from various disciplines, including textile engineering, chemistry, biotechnology, design, marketing, and management. Our team collaborates with external partners,

Materials Pillar

such as universities, research institutes, NGOs, and industry associations, to access the latest knowledge and technologies.

In 2024, we added new resource to this team with expertise in LifeCycle Impact Assessment and we have now commenced a programme of development of detailed LifeCycle Impact Assessments for a range of our premium thread products. This structured approach will enable us to better understand where product related emissions hotspots lie, enabling us to further refine and optimise materials selection and manufacturing processes with the target of further reductions in product embedded emissions.

Close collaboration with key suppliers remains a strong focal point for Coats, ensuring both the reduction of embodied carbon in our raw materials and the continuous adoption of the latest technologies to optimise production processes and minimise emissions. Today, the most significant progress in our materials transition for thread products has been the shift from virgin oil-based polyester to mechanically recycled polyester, sourced from recycled PET bottles from the drinks industry. This approach not only conserves natural resources but also reduces greenhouse gas emissions, aligning with our climate goals.

In the long term, our strategy for polyester is to achieve a fully circular approach by using post-industrial and post-consumer recycled textile waste as feedstock, preventing disposal in landfill or incineration at the end of its lifecycle. Our innovation teams have intensively focused on this strategy throughout 2024, collaborating with material innovators and start-ups to meet the stringent high-tenacity and elongation properties necessary for high-quality sewing threads.

The expert team at our Madurai Sustainability Hub has led these efforts, making significant progress in developing initial prototype samples and beginning customer acceptance testing. Transitioning this new technology from pilot scale to full industrial production is a complex process and will be a primary focus in our materials transition journey over the coming years.

Our innovation team is also working closely with material technology companies and emerging start-ups to evaluate a range of materials where monomer building blocks can be synthesized from bio-based feedstocks such as agricultural waste. Although this technology is still in its early stages, we continue to explore new material development options to eliminate our dependency on virgin oil-based materials.

128,000 tonnes of primary raw materials were consumed in our operations through 2024. The bulk of this material is consists of the fibres and filaments used in our thread products, of which 95% comprises synthetic plastics with the remaining 5% mainly being cellulosic fibres such as cotton or fibres derived from cellulosic sources, such wood pulp. Within our footwear structural components there are a wider range of primary raw materials which include cellulotics, polyester fibres, latex, thermoplastic polyurethanes, and ethylene vinyl acetates.

Due to the distinct technical properties and end-use requirements between thread/yarn products and structural footwear components, we have established separate innovation teams. Each team comprises specialists with product development and end-use application expertise, who are responsible for driving the materials transition roadmaps in these respective areas of our business.



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The production of footwear structural components involves a broader and more varied array of raw materials compared to the production of thread and yarns. This is mainly attributed to the diverse range of structural components within shoe manufacturing, each necessitating specific technical specifications to achieve the required performance throughout the lifecycle of the finished shoe. Our Footwear Innovation Team addresses materials transition on a product-by-product basis, prioritising transition of raw materials with the highest volume and greatest environmental impact, and ensuring that their technical properties remain uncompromised when transitioning to more environmentally friendly alternatives.

An example of materials transition in footwear structural components is in the use of ethylene vinyl acetate (EVA) which is used as a soft and resilient matrix polymer which enhances the performance of toe-puffs. The EVA aids shape retention and “bounce back” of the toe-puff which is a primary technical requirement for this structural component. The composition of EVA within a toe-puff can vary from 30-80% and therefore this product represents a relatively significant raw material for the Footwear Division by volume. Our Footwear Innovation team have made significant strides in developing and industrialising use of recycled EVA and Bio-EVA as alternatives to the original virgin-oil derived alternative. The bio-based material utilises feedstocks from sugar cane waste and used cooking oil. Since 2019 this has led to ~46% reduction in our use of virgin EVA and has contributed to reduction in embedded carbon in this product group.

Out of our total 128,000 tonnes of primary raw materials utilised across Coats Group, 86,800 tonnes pertain to thread/yarns, and 41,600 tonnes



pertain to raw materials used in structural footwear components.

Our definition of preferred 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 preferred materials are non-virgin oil-based and include 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).

In line with the requirements set out by the Greenhouse Gas Protocol rules for Scope 3 carbon accounting, we base the measurement of our materials transition on the volumes at the point of their purchase and goods receipt into our business.

Our interim material transition target is to have 60% of all of our primary raw materials coming from preferred sources by 2026. This compares to our 2022 baseline level of 31%. During 2024 we achieved a level of 46%, up from 35% in 2023. This increase 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.

In 2024 we saw continued drop in demand in cellulosic footwear components, and therefore a further decline in the procurement of these materials. This resulted in an overall marginal decline in the materials transition level for our FW Division from a 2022 baseline of 50% to 48% transition in 2024. On thread and yarn products, we saw a steep increase from our 20% 2022 baseline to 28% in 2023 and 44% in 2024.

To facilitate real-time reporting on our materials transition journey, we have implemented enhancements in the management of master data for raw materials within our procurement systems. These enhancements introduced a sustainability attribute, enabling each raw material to be classified as virgin oil-based, recycled, renewable, or bio-based. This data structure was further enhanced in 2024 enabling us to better classify materials which have mixed composition and allowing us to better track materials which may have a mixed percentage of virgin oil-based and recycled origin 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

We have assembled a team of experts and professionals who are deeply committed to sustainability and innovation and have successfully recruited and trained local talent from various disciplines, including textile engineering, chemistry, biotechnology, design, marketing, and management.



Materials Pillar

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.

Very positive progress has been made in materials transition in 2024, and we are now focusing on the additional gains that we need to make in order to achieve delivery of our 2026 target of 60% materials transition to preferred primary raw materials. As we progress beyond 2026, we will increasingly be impacted by technology barriers and increased cost of delivering the transition and further deep dives will be conducted in 2025 to better understand the risks associated with these.



CASE STUDY
PRODUCT EMISSIONS IN FOCUS

Lifecycle Analysis (LCA) is critical in climate change mitigation because it allows us to quantify the environmental impact of our products across their entire lifecycle—from raw material sourcing to end-of-life disposal. By identifying the hotspots of carbon emissions and resource use, we can prioritise interventions that drive meaningful reductions in our carbon footprint. The Product Carbon Footprint framework enables us to set actionable targets for reducing greenhouse gas emissions, an essential part of Coats’ broader sustainability strategy.

Achieving our material transition target is crucial for reducing our reliance on fossil fuels and lowering the overall environmental impact of our products. LCA plays a critical role in evaluating and guiding this transition. Through detailed lifecycle analysis, we can assess the sustainability benefits and trade-offs of recycled and bio-based materials, helping us identify the most viable alternatives that align with our climate goals.

I’ve approached my role by closely collaborating with cross-functional teams, including Innovation, production, and other technical experts, to integrate LCA into product development processes. This collaborative approach ensures that sustainability considerations are embedded from the earliest stages of product design. I also work to build

a deeper understanding of LCA principles within the organisation, helping teams make data-driven decisions to optimise environmental performance.

One of my early initiatives has been conducting detailed LCA studies for key product lines, allowing us to identify opportunities for using more sustainable materials and refining production methods to reduce carbon intensity.

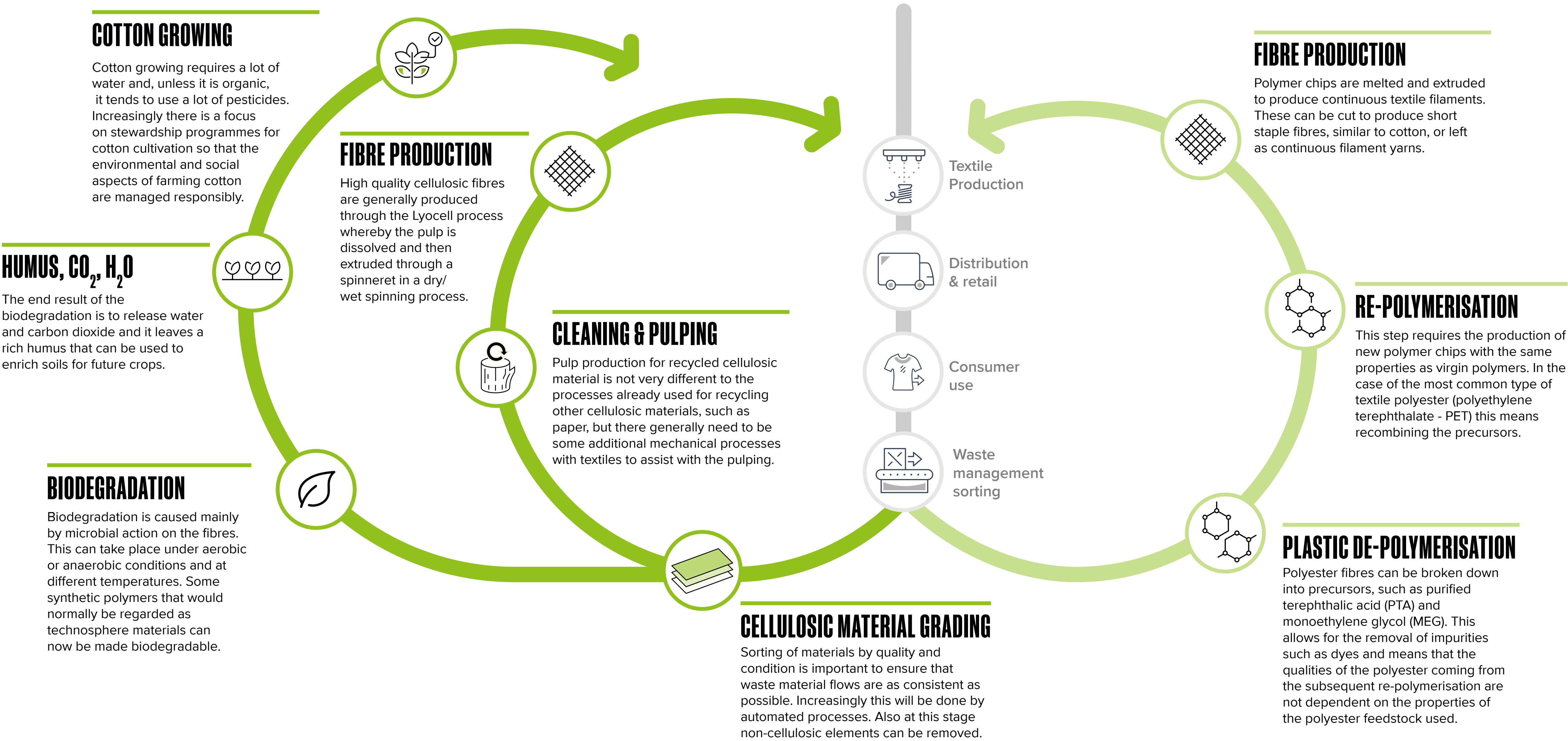
- Vinothkumar G
Lifecycle Assessment Manager



“My goal is to ensure that Coats’ products not only meet the highest quality standards but also contribute positively to our climate goals.”

Materials Pillar

COATS GLOBAL CIRCULARITY



WATER



Water Pillar



2024 PERFORMANCE HIGHLIGHTS

14%
INCREASE IN WATER RECYLING RATE FROM 2022

3.9 million
INDIVIDUAL THREAD BATCHES DYED

6%
WATER INTENSITY REDUCTION FROM 2022

200,000
DISCRETE SHADES DYED ON THREAD

Water is a critical resource used in many different ways, maintaining life on Earth and across our ecosystems, and is a key component across many industries. The textile industry is reliant upon water, using significant volumes throughout the industry's dyeing and washing operations, adding to the demand from societies and countries in which we operate. The United Nations recognises the importance of water through links to several Sustainable Development Goals, and at Coats, we continue to place water at the core of our sustainability strategy.

At Coats, we understand our need to manage water consumption responsibly, and actively drive two key metrics to support our journey to a sustainable operational future. While we remain committed to reducing our overall water intensity through a series of new and established initiatives, we have advanced further with our 2026 ambition to increase our water recycling rate by 33% (from a 2022 baseline). In 2024, Coats saved 269,000 cubic metres of water across the group through continuous improvement initiatives, and reused a total of over 1 million cubic metres of water recycled from dyeing operations.

WATER RECYCLING

While the use of water in our manufacturing operations is essential in the delivery of the highest product quality, as more water intensity reduction initiatives are identified and introduced,

we are bound by the limitations of current process technologies and chemical packages available. However, our core sustainability metric to increase water recycling by 33% from a 2022 baseline further strengthens our commitment to continue reducing fresh water consumption.

In 2024, 13 manufacturing facilities across the group now operate with water recycling capacity, recycling 1 million cubic metres of water this year, making up 27% of our total water consumption – a volume equating to over 400 Olympic-sized swimming pools.

This is currently a 14% improvement from our 2022 baseline year. In addition, works have begun on two high-capacity water recycling installations at our thread manufacturing units in Chittagong (Bangladesh), and Bogor (Indonesia), which combined will create an additional 650 thousand litres of water recycling capacity in those locations, accounting for over 40% of each facility’s process water consumption.

With water recycling facility works in Bangladesh and Indonesia due to complete in 2025, and from increasing recycling capacities at existing recycling facilities, we remain confident that our 2026 water recycling target will be achieved. However, we continue to seek new opportunities to reduce our water consumption in areas which pose higher risk to water stress and regulatory constraint.



Water Pillar

WATER INTENSITY

Water intensity is a key measure of consumption, illustrating what volume of water is required to produce a quantity of finished goods. We measure water intensity in litres of water consumed per kilogram of finished goods produced (Ltr/Kg). In 2024, Coats produced 75 million kilograms of Apparel and Performance Materials thread over 3.9 million individual batches, and generated 37 million kilograms of Footwear Components finished goods. We utilised a total of 3.9 million cubic metres of water across all manufacturing facilities, with 90% coming from dyehouse operations, and 10% from Footwear Components production.

Prior to our baseline year, Coats introduced a number of water consumption reduction initiatives which were applied to our manufacturing processes throughout the Group, delivering a 38% reduction in water intensity between 2019 and 2022. Since 2022, we have improved a further 6.4% in water intensity across all operations, reducing from 37.8 Ltr/Kg to 35.3 Ltr/Kg.

With collaboration between our manufacturing, laboratory and Innovation Hub teams, we continue to seek out and develop new opportunities to save on both operational and domestic water consumption. Due to our global reach, centrally rolling out initiatives ensures that all business units benefit from proven water saving opportunities.



CASE STUDY
RECYCLING THE RECYCLERS - VIETNAM

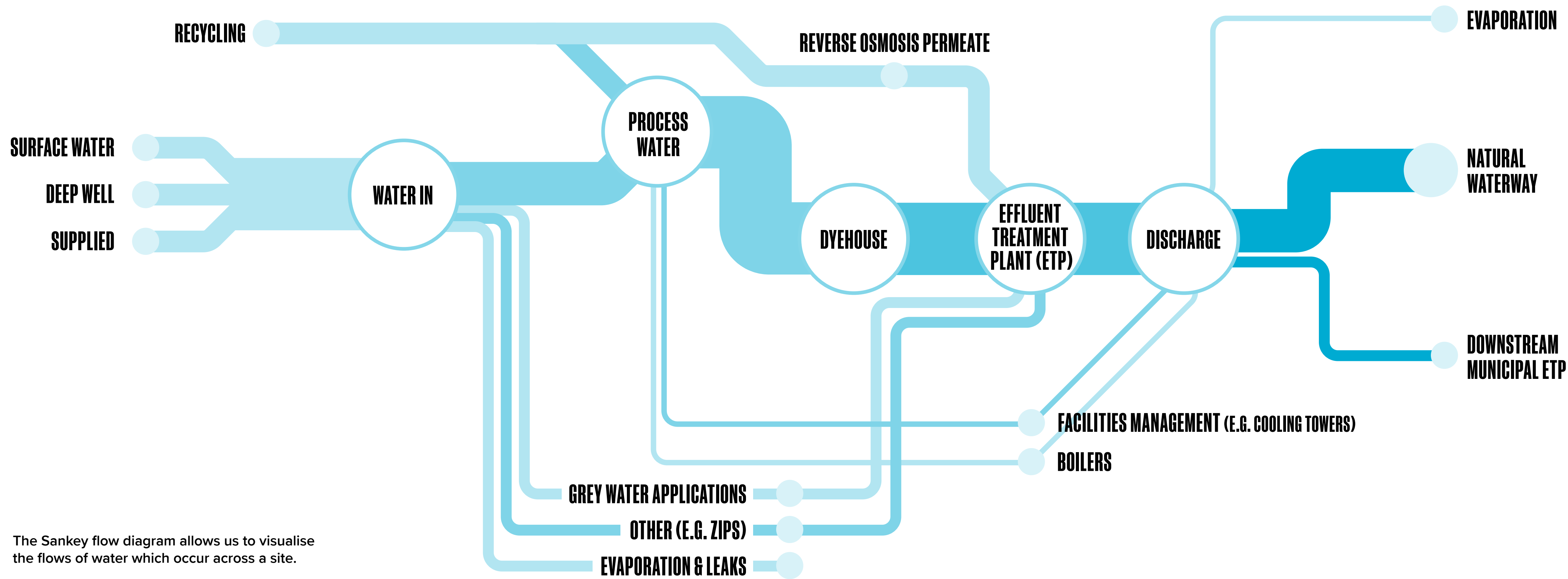
As a new concept within our business, the recycling of water from dyeing operations, for use in subsequent dyeing operations, was not without its challenges. However, as more water recycling facilities were installed across the group, we have had sufficient opportunity to evaluate the performance of the prototype recycling stations and apply targeted continuous improvement programmes.

Our manufacturing facility in Ho Chi Minh, Vietnam, is one such site which pioneered with an initial water recycling facility. Having continuously studied the recycling operations, together with the tracking of metering data, the team identified several areas to improve operational efficiency. By improving existing structures and maintenance routines, the team achieved a 29% recycling rate in 2024. Through further investment in capacity, Ho Chi Minh expects to recycle in excess of 50% their water consumption by 2026; an equivalent of up to 613,000 litres of water recycled per day. And 224 million litres per annum.



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



2024 PERFORMANCE HIGHLIGHTS

87%
WASTE TO LANDFILL REDUCTION
FROM 2022 BASELINE

68%
OF WASTE RECYCLED OR REUSED

99.85%
EFFLUENT COMPLIANCE
(ROADMAP TO ZERO PROGRAMME)

At Coats we take waste seriously. Waste management plays a vital role in our Sustainability Strategy, and is emphasised as one of the five sustainability pillars.

The waste pillar is split between two key metrics; reducing landfill waste to zero, and adopting the Effluent Compliance - Roadmap to Zero programme to coincide with our waste water and sludge management.

While ensuring delivery of our waste targets – sending zero waste to landfill by 2026, and securing a 100% compliance rate to the Roadmap to Zero programme by 2026 – at Coats we focus on understanding the sources of our waste to allow effective categorisation of all waste types and destinations, and subsequently in adopting programs across the group to reduce our overall waste meintensity. Where we are unable to reuse our waste internally, our recycling programmes are adopted to limit any potential harm against the environment, and to keep such waste material out of unregulated landfill zones. zones. Our [Environmental Policy](#) further covers our aims and objectives around waste.

With our extensive global footprint, Coats has a responsibility to not only reduce the physical generation of waste materials, but also aims to prevent our wastes from having an impact on the environment and societies within which we operate.

- Colin MacAulay
Group Sustainability Manager

ZERO WASTE TO LANDFILL (ZWTL)
ACCELERATING REDUCTION

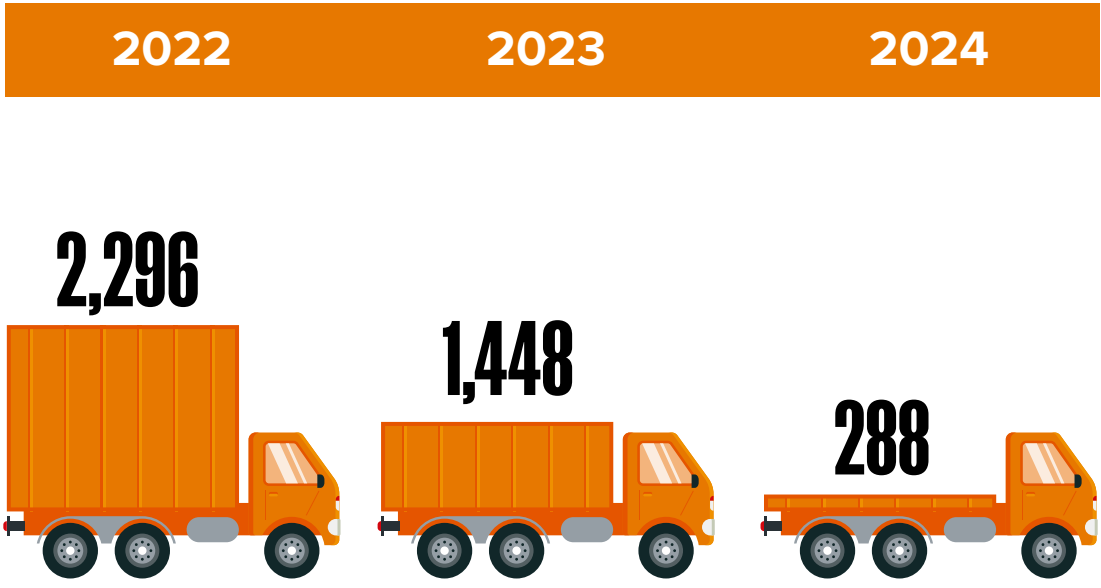
Coats generates waste from operations, and from our supply chain. Across the Group, in our 2022 baseline year a total of 28 business units were responsible for sending 2,296 tonnes of waste to landfill. We continued to drive our ZWTL programme in 2024, sending 288 tonnes of waste to landfill, which is an 87% reduction since 2022, and now constitutes 1.6% of our total generated waste volume.

Our landfill waste reduction programme was accelerated in 2024, and in the last two months of the year we achieved ZWTL across our entire business, setting a very strong foundation for 2025 and beyond. This notable progress was made possible through effective internal and external stakeholder collaboration, facilitating the transfer and implementation of locally developed initiatives across the Group, and by establishing strong relationships with the waste contractors who partner with Coats.

As we neared achievement of our ZWTL goal, there remained certain waste types at a small number of locations where local regulations stipulated that controlled landfill zones must be used. In such cases, Coats will always adhere to local regulatory requirements and waste diverted under such conditions will not contribute to achievement of our ZWTL target. Examples of regulatory landfill controls apply to specific waste construction materials in Colombia, and both construction and medical waste in Turkey.

To clearly differentiate, from 2025, we will separately report operational and non-operational waste, with the latter relating to waste which is not generated from business as usual operations and where regulations dictate that we must send to landfill.

Waste to Landfill Reduction Progress



Waste Pillar

Data Driven Waste Management

Our success in reducing landfill waste has been supported and driven by an improved understanding of our waste origins, and coordinating the transfer of waste to alternative disposal destinations. This has been made possible through the introduction of our Sustainability Application which has been developed over the years to collect, analyse and build insights on our waste related activities. Aligned with the EU Waste Framework, the App separates waste into 36 categories, and is split across destination types of reuse, recycle, incineration (conversion to energy) and landfill. Waste data is further sub-classified into hazardous and non-hazardous categories. With the monthly upload of data from over 58 business units, the App provides a rich data source from which trends can be analysed and insights developed to identify improvement opportunities. These are then actioned by local manufacturing and procurement teams.

Reuse – waste material items which are removed from any Coats facility, but which are repurposed offsite, such as the use of replaced office furniture in local community centres or schools. 3,462 tonnes (19%) of our waste was reused in 2024.

Recycle – waste material which leaves Coats’ facility and is recycled offsite at an approved or certified material recycling station. 8,751 tonnes (49%) of our waste was recycled in 2024.

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. 4,469 tonnes (25%) of our waste was converted to energy in 2024.

2024 Solid Waste Management	Non-hazardous Waste	Hazardous Waste	Total Waste
Tonnes to landfill	186	102	288
Tonnes recycled / reused	10,173	2,039	12,212
Tonnes incinerated	3,215	1,253	4,469
Other	503	361	864
Total Tonnes	14,078	3,755	17,833
Waste %	10.9%	2.9%	13.8%

HARNESSING CIRCULARITY

As textile leaders, Coats recognises the importance of circularity, and the challenges that delivering a circular economy brings. The ambition to replace the traditional linear textile waste models across the industry is establishing amongst consumers, and subsequently driving changes in perceptions across the wider value chain.

At Coats, we build circularity into our strategy through three distinct approaches – internal waste processing, materials innovation, and the provision of new products to promote wider circularity across the textile industry. We continue to expand on our internal circular program, designed to ultimately convert wasted materials into feedstock for the manufacturing of items which will be supplied back to Coats. Our innovation and sustainability teams assess the textile industry requirements

for how threads and trims can support a circular economy, dedicating resource to the research and development of new and innovative thread and yarn products which meet those needs. In addition, and to further grow our percentage of preferred materials, Coats aims to source recycled feedstock material derived from textile waste (as a circular alternative to recycled PET bottles).

Internal Circular Processing

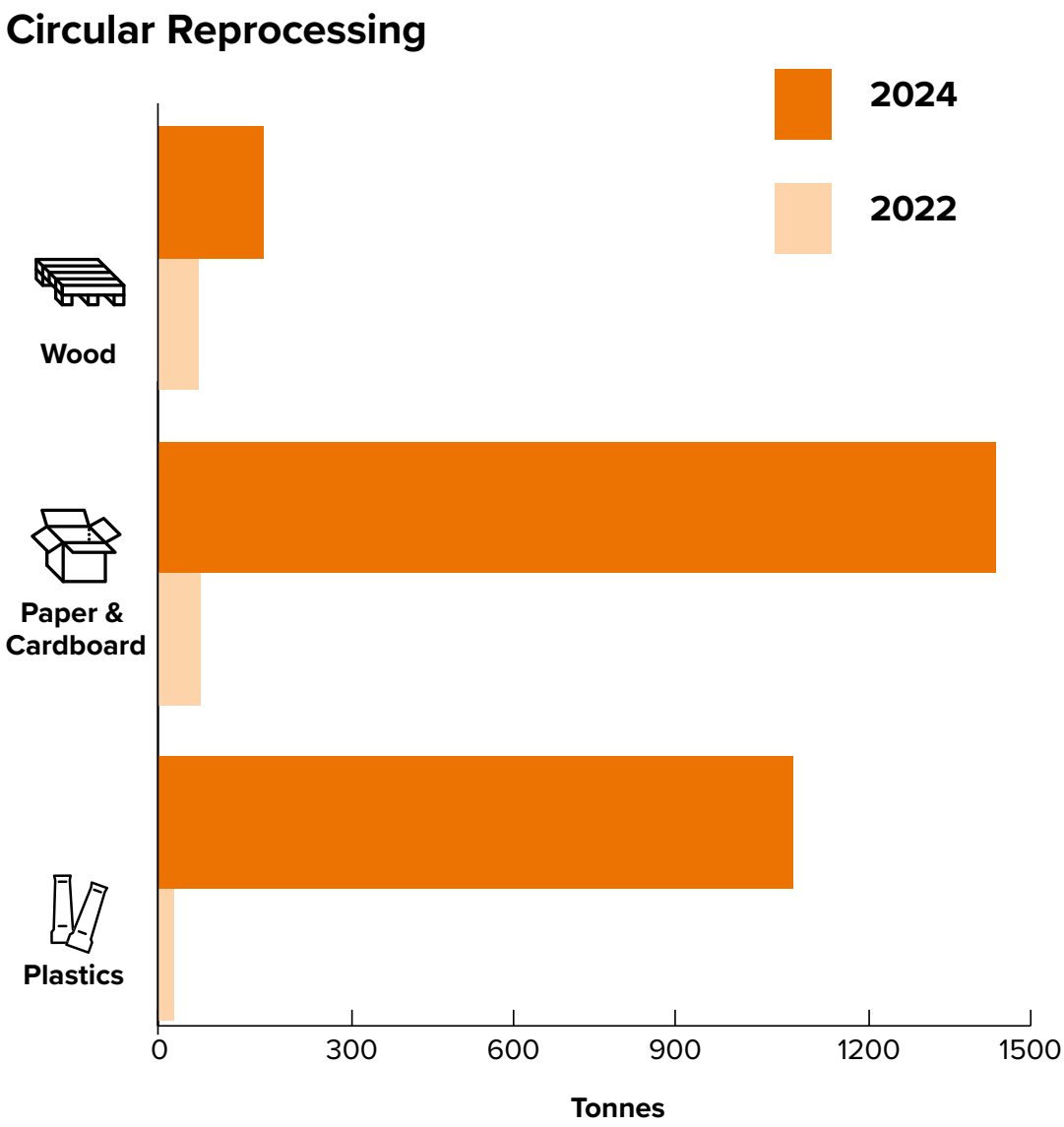
In 2022, Coats introduced the concept of circularity to our waste management program, and continued in 2024 to rollout initiatives to transition more waste into value-adding circular feedstock material. Our teams continue to identify new opportunities to develop closed-loop circular material flows for plastic, cardboard and wood packaging materials. Examples of such circularity include the re-chipping of plastic dyeing centres to create feedstock for the manufacture of the thread supports on which our finished thread products are wound, or the



Waste Pillar

returning of cardboard packaging boxes to paper recyclers, who re-pulp and use the material as feedstock for the production of our finished goods boxes and cartons.

Achieving internal circularity requires strong partnership with suppliers and manufacturers throughout our value chains. Our wide reaching procurement and innovation teams work tirelessly alongside such partners to forge the relationships and material flows required to establish robust circular processes. Additionally, the same teams are developing methodologies which will allow us to recycle thread production waste in a circular manner. In 2024 our footwear components manufacturing teams have established new technologies which enabled 326 tonnes of composite production waste to be circularly reprocessed into new feedstock for their own production.



Catalysing the Circular Economy

Coats listens to the circular requirements of the textile industry, and applies resource in seeking the most innovative solutions to address the two circular pathways – the reuse of garments and footwear, and the effective recycling of materials which are considered to be at end-of-life. Each year, approximately 100 million tonnes of garments are discarded, while only 8% of old clothes are collected, sorted and reused. Durability is vital for any garment to meet the conditions of re-sale or reuse, thus Coats maintains its responsibility to develop new and enhanced thread products to meet the increasing quality demands to ensure garment longevity.

When a garment reaches the end of its useful life, that item can still add value to the circular economy by transitioning its materials back to feedstock in the value chain, through effective recycling. In one year, approximately 1 million tonnes of clothing is collected across the globe and recycled back to textile feedstock. In order to recycle effectively, separation is vital to avoid material cross-contamination. Coats aims to play a leading part in this circular ambition by developing innovative products which support disassembly of multi-component garments and eases direct recycling for mono-material garments.

To date, our suite of recycled premium polyester threads has been produced using polymer chips from recycled PET bottles. With the drinks industry now focussing on the circular returns of PET bottles, Coats’ innovation teams are collaborating with synthetic fibre and filament manufacturers and recyclers to switch our material feedstock supply to the use of polymer chips generated from recycled textiles. This will create a true circular closed-loop textile production system.

COATS EcoVerde™

WHERE IT ALL STARTED

100% RECYCLED

100% PERFORMANCE

34,500 TONNES
of CO₂ Saved

>1,480 MILLION
Recycled PET Bottles

COATS

EcoCycle™

WATER
DISSOLVABLE PVA

SUPPORTING THE

CIRCULAR ECONOMY

Waste Pillar

EFFLUENT COMPLIANCE –
ROADMAP TO ZERO

In 2024, capital investment of \$1.1 million was made on upgrading effluent treatment plants across the Group. We continued to deliver on our Effluent Compliance commitments which are focussed on eliminating hazardous chemicals from our supply chain. The core of this approach uses the Roadmap to Zero programme to assess chemical discharge compliance under the Zero Discharge of Hazardous Chemicals (ZDHC) framework. We extended the number of sites included in 2024, with 25 manufacturing units now in-scope.

Our primary control for ensuring effluent compliance is the governance of incoming chemicals through strict adherence to our restricted substances list which applies to all incoming raw materials. We work on the basis that by controlling raw materials



ROADMAP TO
ZERO
By Ø ZDHC

at source, we can be confident of controlling the composition of effluent at the point of discharge. To further support the programme we refined our internal procurement processes, upgraded our chemical inventory and management controls, and delivered additional compliance-related Chemical Officer training programmes.

In 2024, out of 12,590 analytical tests against the framework, only 19 narrowly missed their minimum ZDHC foundational limits, delivering an effluent compliance level of 99.85%. This is an uplift from

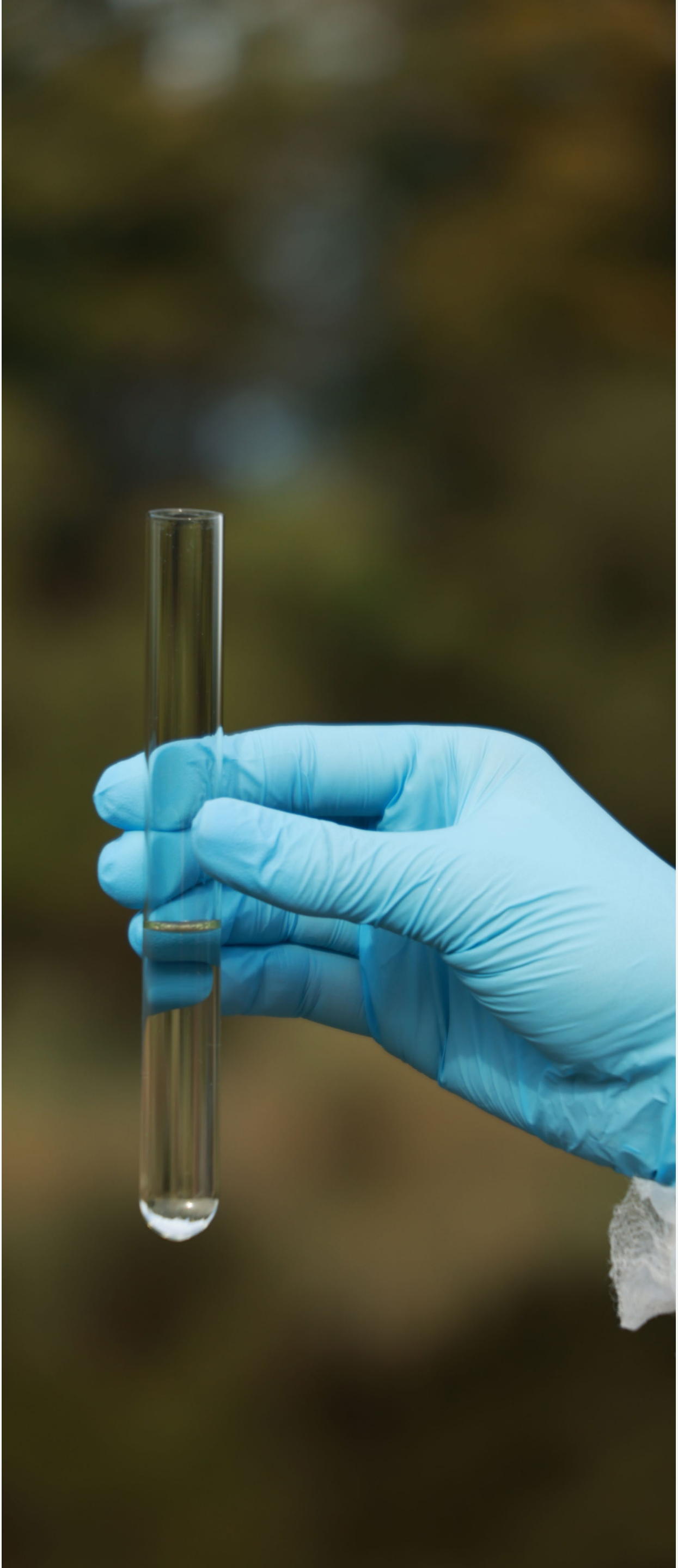
our 2023 performance levels and continues our year on year trend of annual increases in compliance levels. With tolerance limits tightening, and as we transition to recycled and bio-based materials, we remain proactive in mitigating risk from external and incidental contaminants entering our supply chain. Through evolving internal controls, continued supplier collaboration, and the application of global investigative resources, we are confident of delivering sustained levels of compliance as we advance towards our KPI target.

We continue to monitor key effluent parameters (temperature, pH, chemical oxygen demand, biological oxygen demand, total suspended solids) via online sensor technologies for our direct discharge waste water treatment plants. Sites with this capability are equipped with real-time dashboards and automated alerts which trigger in the event of any parameter approaching an out-of-tolerance measurement.

EFFLUENT SLUDGE

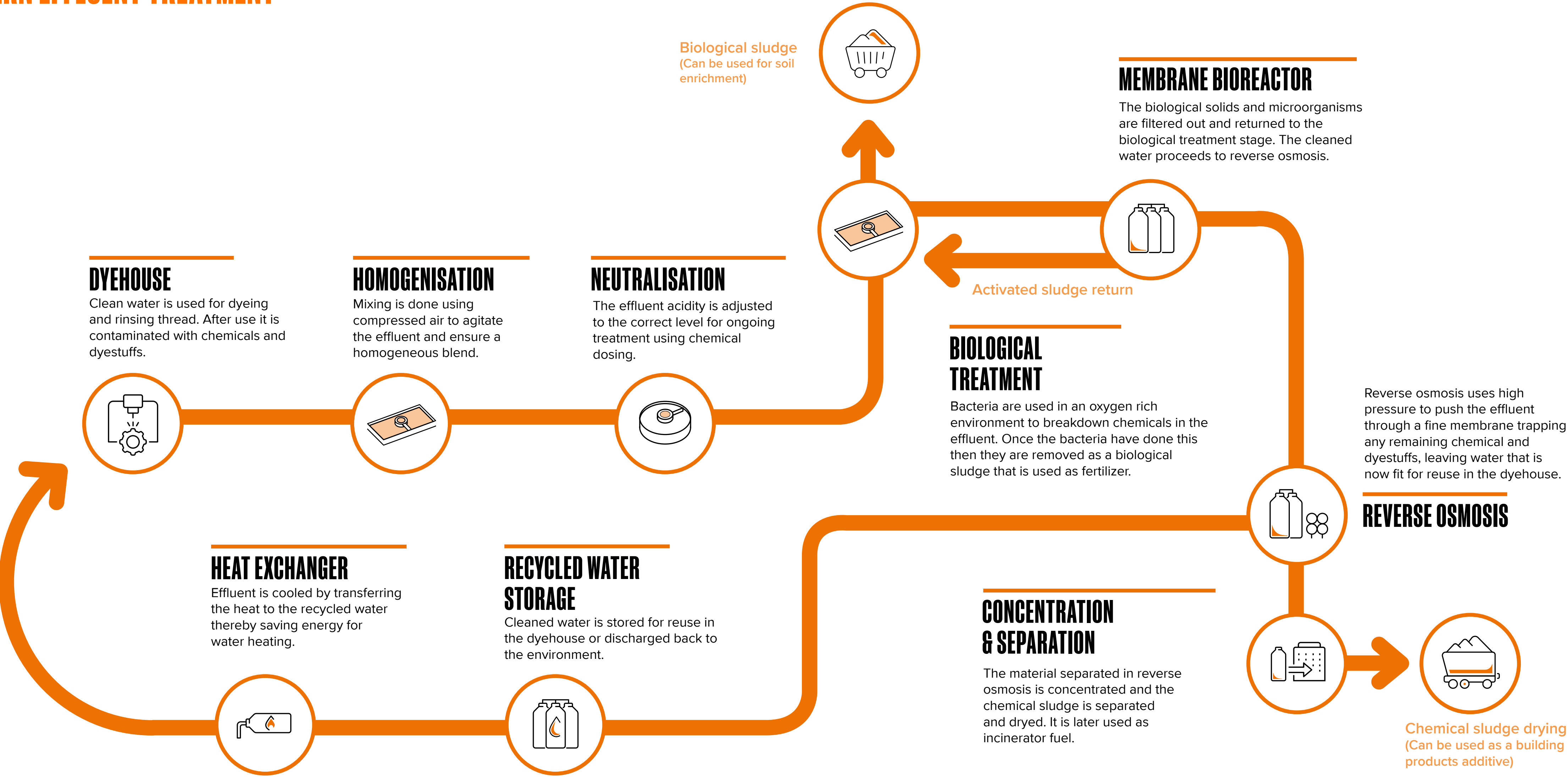
Our effluent treatment processes generate sludge; the reduction of which is managed by our local teams. Reducing the ratio of water in our dyeing processes naturally reduces the effluent to be treated, and by improving the selection of chemicals used in our effluent treatment facilities, we can actively reduce the volume of sludge created.

Remaining sludge must be removed from our manufacturing facilities, and in the past would have been transferred to landfill. In conjunction with our Zero Waste to Landfill programme, many sites have engaged in initiatives to find alternative disposal methods and beneficial reuses of the sludge by-product (including waste to energy, conversion to cement mix, construction bricks, and fertiliser material).



Waste Pillar

MODERN EFFLUENT TREATMENT



PEOPLE



People Pillar



2024 PERFORMANCE HIGHLIGHTS

30%
FEMALE EMPLOYEES - SENIOR MANAGEMENT

40%
FEMALE EMPLOYEES - TOTAL BUSINESS

52
NATIONALITIES

95%
EMPLOYEES COVERED BY GPTW CERTIFICATION

The most critical asset that Coats has, which contributes to long-term value creation for our business and wider stakeholder groups, is the talent that we nurture through our employees. Recognising the unparalleled value that our people bring, we have made it our mission to foster an environment where every team member can thrive and contribute to our shared success.

Our People Pillar is therefore at the heart of our purpose of “Connecting talent, textiles and technology to make a better and more sustainable world”, and stands as a testament to our commitment to attract, develop and retain talent.

Talented individuals are capable of adding value, but bringing these individuals together as highly engaged teams within the Coats employee network, delivers a multiplier of the value that can be delivered from our business. To harness this potential, we prioritise teamwork and collaborative efforts, ensuring that every voice is heard and valued.

We are powered by the invaluable input of our people, transforming their insights and capabilities into meaningful action. To measure and enhance engagement, we employ a dynamic approach through two key annual surveys in which every employee has a voice. These surveys are;

- **Your Voice Matters Survey:** This internal survey captures employee perspectives on leadership, culture, well-being, and other people-focused topics that matter most.
- **Great Place to Work® (GPTW) Survey:** Partnering with the GPTW organisation, this external survey

provides a thorough assessment of employee satisfaction, covering every aspect of workplace experience.

These surveys and the actions they initiate reflect our commitment to fostering a supportive, engaging, and fulfilling environment for our people. Your voice is vital to our growth, and we value every perspective shared by every employee.

In 2024, we are proud to have achieved country-level GPTW certification which covers 95% of our employees globally, up from 87% in 2023. Our Global Trust index was 90% in 2024 and our standout strengths from our GPTW surveys were as follows;

- Coats is a physically safe place to work.
- When I look at what we accomplish, I feel a sense of pride.
- People here are treated fairly regardless of their race or ethnic origin.
- When you join Coats, you are made to feel welcome.
- People at Coats are treated fairly regardless of their gender.
- I feel good about the ways we contribute to the community.
- I am given the resources and equipment to do my job.

In September, Coats Group plc was recognised by Great Place to Work® and Fortune magazine as one of Fortune’s Best Workplaces in Manufacturing & Production™ 2024. The award is based on an analysis of survey responses from over 96,000 current employees at Great Place To Work Certified™ companies in the manufacturing and production industry. The survey also considers the breadth and impact of company workplace programmes.



People Pillar

Organisations are assessed on their efforts to create great workplaces and positively impact people and communities across multiple countries. Coats India, Honduras, and the UK were also named among the local Best Workplaces in Manufacturing & Production, reflecting the company’s approach to workplace culture. In 2024, Coats was listed as one of the UK’s Best Workplaces for Women, and Coats Turkey was listed as Best Workplaces for Innovation. This recognition highlights the company’s commitment to creating a positive work experience.

Our journey to becoming a great workplace is rooted in collaboration, innovation, and listening to our people. We have cultivated a culture of inclusivity and growth, prioritising employee well-being and engagement. This recognition reflects our commitment to creating a valued, supported, and empowered workforce. By fostering positive experiences, we aim to inspire our teams and keep their contributions central to our success.

To amplify the voices of our employees at every level, we enhanced our internal and external surveys with employee listening sessions led by our Designated Non-Executive Director for Workforce Engagement, Fran Philip. These sessions provided invaluable insights, which were brought directly to the boardroom through our #EmployeeListeningSessions initiative, driving meaningful change. In 2024, Fran conducted nine listening sessions, including two in-person and seven virtual meetings, engaging employees across twelve countries. Themes discussed with employees included diversity and inclusion, teamwork, continued integration of acquisitions Texon and Rhenoflex into Coats, leadership development and onboarding of new employees.

This approach underscores our steadfast commitment to understanding and addressing

the needs of our workforce, promoting a culture of continuous improvement and collaboration globally. As we celebrate our Great Place to Work achievements for 2024, we are dedicated to building upon this success and continuing our mission to establish Coats as one of the premier workplaces worldwide.

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



DIVERSITY, EQUITY AND INCLUSION

Our strength lies in the diversity and richness of our workforce. A wealth of skills, perspectives, and experiences is critical to understanding and representing the diverse perspectives of our stakeholders. At Coats we believe that a diverse, equitable and inclusive workplace is not only a moral imperative, but also a key driver of business success. As a global employer with operations spanning >50 countries, we proudly connect 16,000 individuals representing 52 nationalities and our gender balance stands at 40:60 female to male across the organisation.

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.

Elevating diversity, equity, inclusion and belonging (DEI&B) is integral to sustainably driving business growth and innovation. We are focused on ensuring every voice is valued and cultivating a deep sense of belonging. We recognise that we are better equipped to navigate complex challenges, develop creative solutions and deliver exceptional value if we continue building a workplace where differences are celebrated and teams feel a genuine connection to their work and company purpose.

We remain committed to enhancing diversity at all levels of leadership. At the Board level, we have representation from five different nationalities and a gender balance of 44:56 female to male. This is guided by our Board Diversity policy, which sets out the Board’s approach to diversity and confirms our target to continue to meet the Hampton Alexander



Review and Financial Conduct Authority targets for gender diversity on our Board. Our Executive Management team has a gender balance of 29:71 female to male.

Our ‘Coats for All’ program brings to life our commitments to DEI&B in every aspect of our operations. Our leaders and employees are strong proponents of DEI&B and help us cultivate a culture of inclusion and belonging with active involvement in local and global people initiatives.

In 2024, colleagues engaged in a wide range of activities designed to promote diversity, inclusivity, and awareness. Campaigns included International Women’s Day, International Disability Day and ‘Movember’, dedicated to raise awareness of men’s health issues. These activities were complemented by two global virtual events where Coats for All champions, senior leaders, and employees around the world came together to exchange updates and participate in meaningful DEI&B discussions.

People Pillar

COATS FOR HER
ACCELERATING FEMALE REPRESENTATION
IN LEADERSHIP

The focus on increasing female representation in senior leadership positions at Coats remains a top priority in our diversity strategy and aligns closely with our sustainability targets. We continue to embed Coats for Her programme aimed at ensuring women have an equal access to opportunities, resources and support to make the most of their potential and step into more senior roles.



In 2022, we established a target for 2026 to achieve 30% female representation in senior leadership roles, an increase from our 2022 baseline of 19%. Our target for 2030 is to increase this to 40%. This target aligns with the United Nations' Sustainable Development goal of gender equality and women's empowerment.

In 2024, we continued to advance our Coats for Her programme, which is dedicated to ensuring that women have equal opportunities to realise their potential and ascend to senior roles.

During this period, we carried out talent reviews across the organisation to identify high-potential women with the capability and ambition to rise into more senior positions. Through panel discussions, we updated the 'Women in Leadership' list and deliberated on the opportunities and support these candidates require to refine their leadership skills and succeed. By investing in their development, we are actively working towards increasing gender diversity in senior roles at Coats and establishing a more inclusive leadership pipeline for future successors.

We are proud to share that a clear gender diversity approach with specific targets and deliverables has helped us drive significant progress. Through the course of 2024 we monitored and reported gender equity advancement to the Group Executive Team on a monthly basis and at every Board meeting. Against our target for women in senior leadership roles, we delivered a meaningful increase we delivered a meaningful increase from 23% in 2023 to 30% in 2024, meeting our target of 30% by 2026 ahead of schedule and remain on track to achieve our ambitious goal of 40% female representation by 2030.

CASE STUDY
STRENGTHENING WOMEN LEADERSHIP

In 2024 our global female population in senior leadership roles increased from 23% in 2023 to 30% in 2024, reflecting a positive trend toward greater gender diversity in our workforce. Through Coats for Her programme twofold approach of hiring top candidates and nurturing our internal talent, we have elevated the voices and contributions of women across our senior management team. We are proud of the progress we have made in our journey of increasing female representation in leadership roles.

For every leadership opening, we ensured that our candidate pool was diverse with equal gender representation and helped our hiring managers reduce unconscious bias throughout the selection process.

While hiring external talent is a key part of this improvement, we also focused on making women visible and providing an equal chance to our female employees ready to take on greater responsibilities.

These efforts are part of our long-term strategy to ensure women are well-represented in leadership roles by creating pathways for them to thrive. We recognise that increasing our overall female headcount is vital not only to continue building an inclusive work environment but also to creating a robust bench strength for our future success.



- Adriana Morasco,
SVP Apparel Commercial



- Akanksha Purswani,
Human Resources Director of Coats India

People Pillar

Ethnicity and Racial Diversity

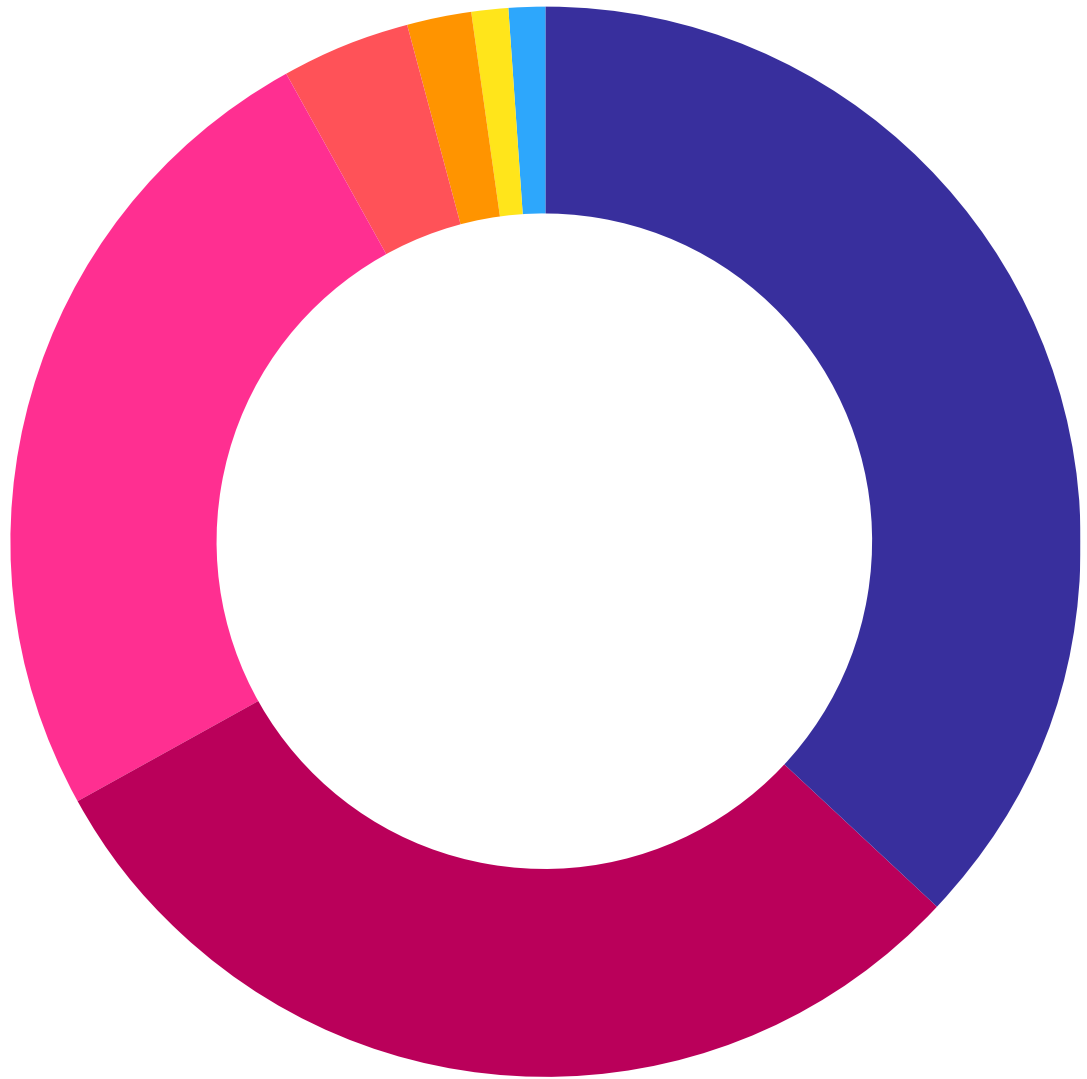
The graphics in the right hand panels show the racial and ethnic diversity mix of our senior leadership group in 2024, which reflects the rich tapestry of geographical diversity of the locations in which we operate. A more detailed overview of our geographic diversity can be found on the world map in 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 are outlined in our 2024 Annual Report.

Across our senior leadership group of 177 employees, statistics for racial and ethnic diversity as follows:



SENIOR LEADERSHIP - RACIAL DIVERSITY

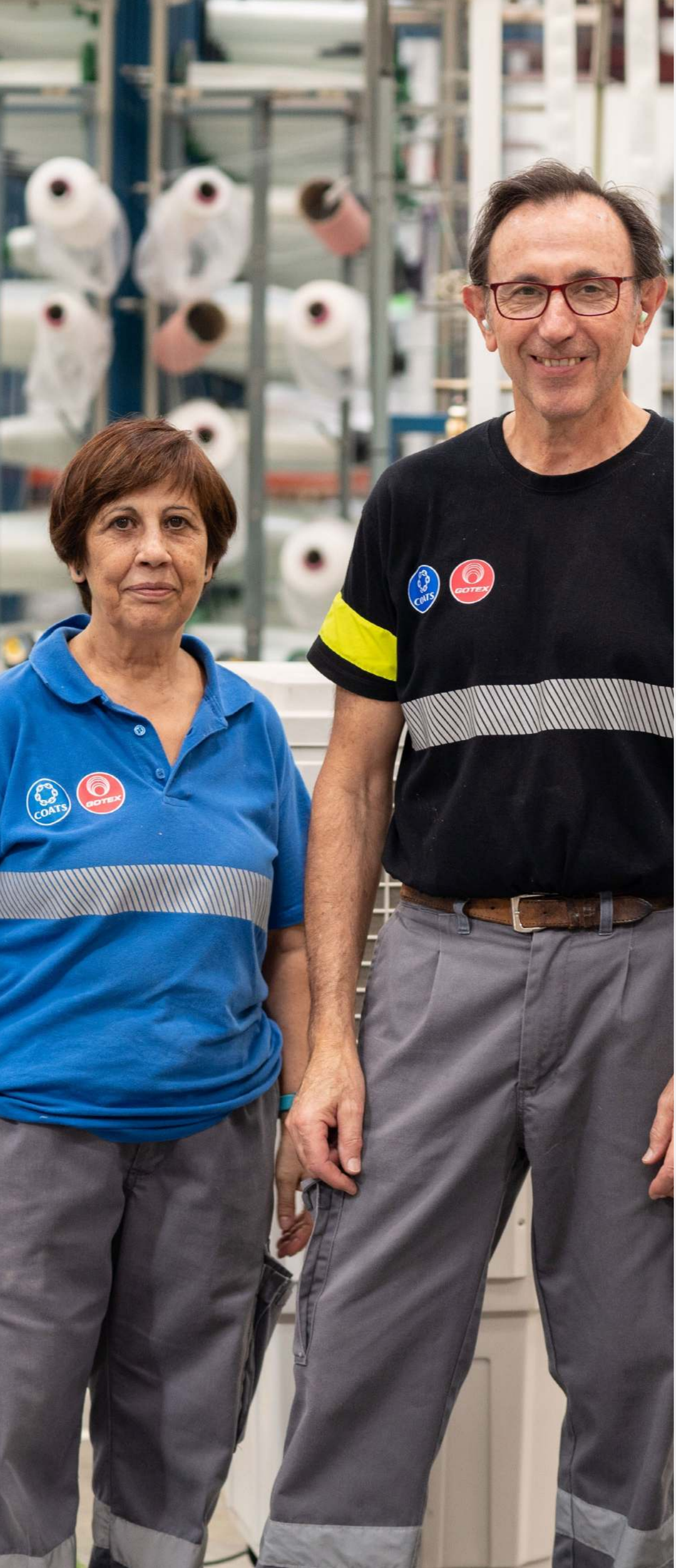


Asian	37%
White/ Caucasian	30%
Not specified/ Prefer not to say	25%
Other	4%
Arab	2%
Black/African/African American/ Caribbean	1%
Two or more races	1%

SENIOR LEADERSHIP - ETHNIC DIVERSITY

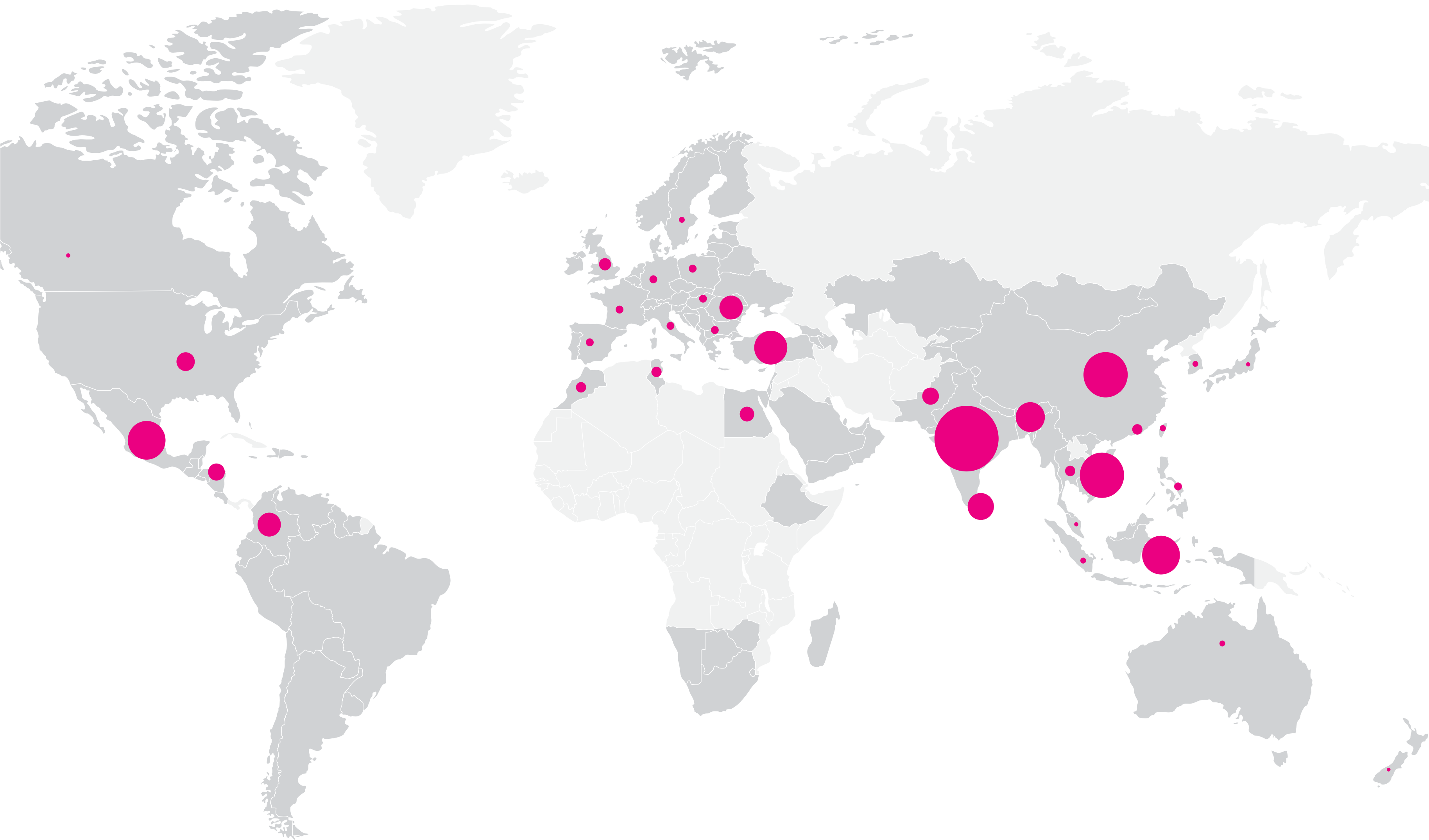


White European/North American	30%
Not specified/ Prefer not to say	23%
Indian	16%
Chinese	9%
Any other Asian Background	7%
Bangladeshi	5%
Any other White Background	3%
Hispanic/ Latin	3%
Other	2%
Arabic	2%
Pakistani	1%



People Pillar

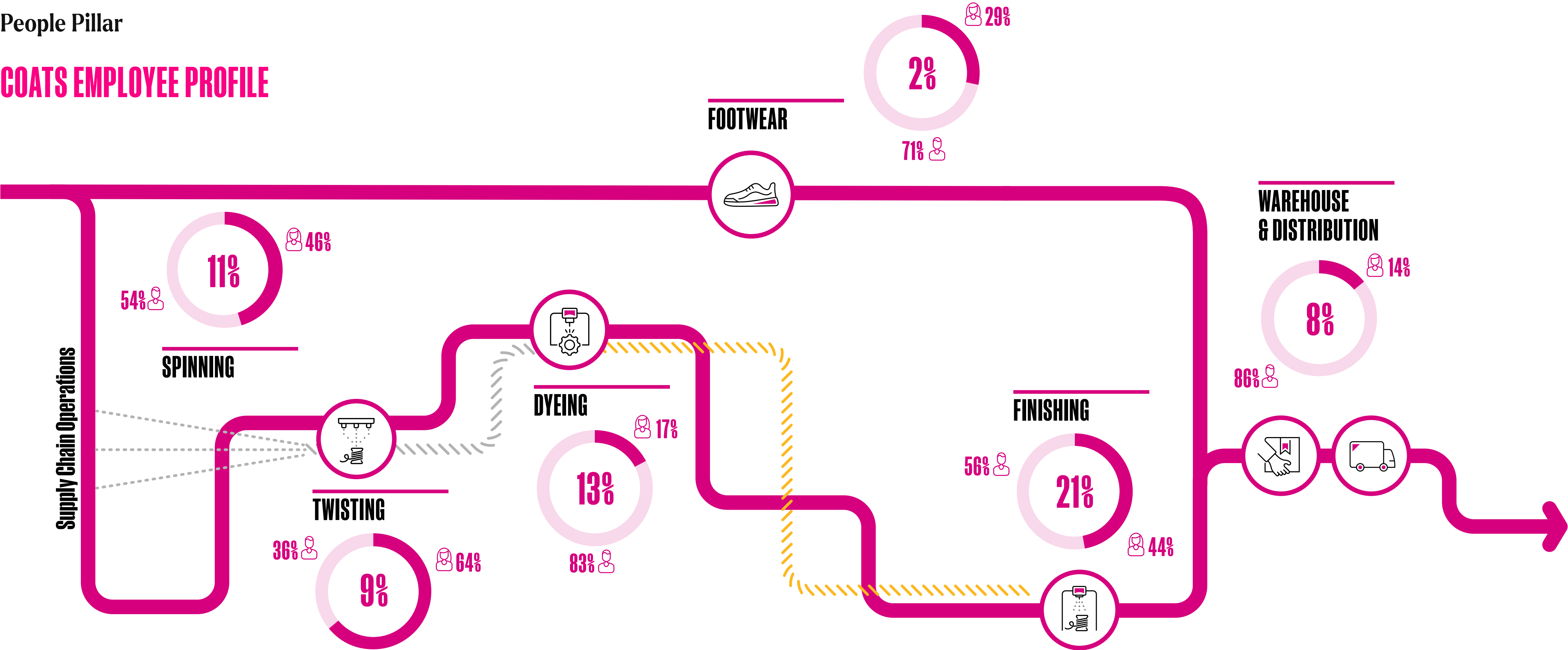
COATS GEOGRAPHIC EMPLOYEE FOOTPRINT



	Percentage of employess by country	 Female	 Male
India	26.5%	52%	48%
Vietnam	13.0%	49%	51%
China	12.6%	41%	59%
Bangladesh	7.2%	4%	96%
Indonesia	7.0%	24%	76%
Mexico	5.2%	40%	60%
Turkey	4.3%	52%	48%
Sri Lanka	3.9%	18%	82%
Romania	2.9%	67%	33%
Honduras	2.8%	26%	74%
Colombia	2.5%	37%	63%
United States	2.4%	45%	55%
Pakistan	1.8%	5%	95%
Egypt	1.6%	10%	90%
Thailand	1.1%	68%	32%
Germany	1%	32%	68%
Tunisia	< 1%	23%	77%
Spain	< 1%	39%	61%
United Kingdom	< 1%	42%	58%
Morocco	< 1%	10%	90%
Italy	< 1%	29%	71%
Bulgaria	< 1%	58%	42%
Hong Kong	< 1%	52%	48%
Hungary	< 1%	75%	25%
Philippines	< 1%	33%	67%
France	< 1%	57%	43%
Poland	< 1%	64%	36%
Australia	< 1%	40%	60%
Taiwan	< 1%	67%	33%
Sweden	< 1%	50%	50%
Cambodia	< 1%	43%	57%
Singapore	< 1%	29%	71%
Korea, Republic of	< 1%	67%	33%
New Zealand	< 1%	0%	100%
Canada	< 1%	50%	50%
Malaysia	< 1%	50%	50%
Japan	< 1%	0%	100%

People Pillar

COATS EMPLOYEE PROFILE



SUPPLY CHAIN OPERATIONS	65%	37%	63%
SUPPLY CHAIN SUPPORT	27%	31%	69%
COMMERCIAL	7%	45%	55%
GROUP	1%	44%	56%

People Pillar

HEALTH AND SAFETY

Occupational Safety

A top priority, and a promise we make to each other daily

At Coats, safety remains our top priority, whether on-site, working remotely, or commuting. Our global operations consistently uphold high standards throughout the organisation. To support this, we have established a dedicated Group Health and Safety function that develops a comprehensive framework for our worldwide systems, effectively reducing the frequency and severity of injuries at our facilities. By closely collaborating with all business units, we enhance our capacity to identify and manage risks, implement industry best practices, and ensure a safe, healthy, and compliant work environment for all Coats employees. Our commitment to safety is a common thread that unites use across borders and cultures and is a universal language that ensures constancy in our standards, regardless of where we operate.

In 2018, we introduced our Journey to Zero strategy, which is founded on the core principle that all injuries are preventable. This initiative places a strong emphasis on ‘leading measures’ designed to integrate safety behaviour, training, and hazard identification into our everyday business activities. Leading measures focus on identifying and mitigating hazards, as well as enhancing safety-related behaviours. In contrast, lagging indicators include incident rates and their outcomes, such as lost workdays.

Acknowledging the unique challenges faced by each of our business units, we adopt a tailored approach to risk management. At every facility, we identify the top five critical risks through rigorous assessments each year. Customized action

plans are then developed to mitigate these risks effectively, addressing site-specific needs while upholding organizational safety standards.

We maintain that achieving excellence in health and safety necessitates a dynamic approach and continuous evolution in risk identification and remediation. Our strategy is fundamentally grounded in the principles of ongoing learning and improvement. We have three principle feedback looks which help us drive continuous improvement as follows;

- **Coats Hazard Reporting Program** encourages employees to provide insights on improving safety practices. This program is supported by our Intelx Health and Safety cloud-based hazard and near-miss reporting system and enables creation of a safe and healthy workplace for all employees by facilitating risk identification and promoting improvements in behaviour and conditions. 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. Through this program in 2024, a total of 43,895 hazards and 1,177 near misses were reported by employees and have been evaluated with corrective measures taken. Additionally, through our Safety Hero Applause Program, top performers are recognized for their contributions. This year, 400 employees have been acknowledged as Safety Heroes for their achievements and commitment to safety excellence.
- **Coats Safety Circle Program** involves sites exchanging information regularly to promote safety learnings globally within Coats. Monthly editions of the Safety Circle are published on selected

topics and serve as materials for Safety Briefings, employee onboarding programs, and periodic training sessions.

- **Coats Safety Knowledge Asset** serves as a long-term repository for safety knowledge, preserving lessons learned, best practices, and innovations. It ensures continuity despite changes in employees or leadership and is continuously built and shared globally through meetings.

In addition to utilisation of the Intelx System, we have also integrated Power BI into our reporting processes, enabling real-time visualizations of our data. Through this platform, we continuously analyse trends in safety metrics, a process we call ‘Master Trend Analysis.’ This approach provides a comprehensive view of safety performance across the Group and helps us identify insights that inform proactive decision-making.

To enhance our safety culture, we have established an annual global safety week titled ‘Journey to Zero,’ featuring global, regional, and unit-level campaigns designed to keep safety at the forefront for all employees. The 2024 theme, “Our Safety is in Your Hands,” focused on promoting hand safety and underscored the essential role hands play in ensuring personal and workplace safety. To effectively communicate this theme, we developed a range of engaging materials and initiatives including a specialized training program focused on hand safety which was developed and implemented specifically for Coats’ workforce. This program offered practical insights, best practices, and hands-on guidance to ensure that every employee understands the critical importance of protecting their hands while performing their duties. A total of 15,618 employees, including contractors, completed the training through 2024.



In 2024, a total of 510,010 hours of safety training were delivered to employees across the Group, and 80 hand safety, 56 slip and trip, and 91 commuting awareness campaigns were conducted.

The ultimate measure of success in this area is the consistent reduction in our “lagging” indicators, most notably in our Lost Time Incident Rate (LTIR) which has continued to improve year on year. With a rate of 0.26 incidents per 100 employees over a one-year period (50 weeks based on a 40-hour work week), we remain significantly below the equivalent rates in the textile industry, which stand at 1.0 according to the latest US data. 14 sites globally are covered by ISO 45001, ISO standard for management systems of occupational health and safety (OHS).

Our [Health and Safety Policy](#) is supported by a comprehensive set of sub-policies and procedures

People Pillar

that are rigorously applied across all Coats units. These are integrated into our digital workflows via our Health and Safety Sharepoint Site. Health and Safety reports, detailing both leading and lagging indicators, are presented at every Board meeting.

We continue to harness the power of the Intenseye artificial intelligence tool with machine learning which real-time monitors our facilities with computer vision and helps us identify risks, unsafe acts and supports us in improving behaviours and conditions.

While we maintain a strong focus on Health and Safety throughout our operations, we were extremely saddened by the loss of a contractor in a fatal accident during a routine plant equipment service in Bangladesh. This incident has had a significant impact on all of us at Coats. The safety and wellbeing of all individuals within our operations remain our highest priority. We are committed to continuously improving our safety protocols to prevent such incidents in the future.

In response to this devastating event, we have conducted a thorough investigation into the root causes of the accident. Our team has meticulously identified the factors that led to this unfortunate occurrence, and we have taken immediate steps to implement the learnings from this incident.

Ensuring the safety of everyone within our facilities remains our utmost priority, and we continually strive to enhance our safety protocols to mitigate risks and prevent such tragedies in the future.



Chemical Safety

Effective chemical safety management is a cornerstone of our compliance programme. It ensures a safe working environment while mitigating risks associated occupational health and safety, environmental and product safety in all our finished goods.

To facilitate the elimination of potentially hazardous materials from Coats’ Supply Chain all of our manufacturing units have a designated Chemicals Officer. This role is responsible for the rigorous control of all manufacturing input raw materials used on site to in turn ensure compliance with global chemical, health & safety (H&S), and environmental regulations. Chemical Officers are required to attend a comprehensive in-house training programme and an annual refresher course. This role aligns closely with our dedicated site health and safety personnel who manage all occupational H&S requirements, and compliance officers who ensure all environmental compliance obligations are fulfilled.

We have robust chemical management procedures to ensure that the proper handling, storage and disposal of chemicals is implemented and maintained across all operational sites. This is complemented with training drills and simulations to prepare site teams for real-life scenarios such as chemical spills and hazard identification. Coupled to this our bespoke training programme addresses the requirements for maintaining up to date records of safety data sheets (SDS) for all chemicals held on site and for all staff to understand the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and need for appropriate Personal Protective Equipment (PPE).

Through these comprehensive training programmes, comprising over 66 hours in 2024, we ensure that all employees are equipped with the appropriate knowledge and skills required to for responsible chemical management. The integration of training with safe systems of work promotes a culture of safety and compliance across all operational function, reducing incidents and fostering operational excellence.

To ensure that our finished goods comply with all applicable global legislative requirements and industry standards we impose maximum permitted limits through our own bespoke manufacturing restricted substances list (MRSL) with which all our suppliers of all raw materials, dyestuffs, chemicals and packaging must comply as a prerequisite to supply. Our Apparel and Footwear MRSL comprises a comprehensive list of over 1100 chemical substances with limits that are, as a minimum, equivalent to those required by numerous extensive global regulations, those as stated in ZDHC MRSL v3.1 and those imposed by our customers own requirements. We believe our Coats Restricted Substance Lists (both our Products RSL and our



People Pillar

Manufacturing RSL) are the most stringent in the textile industry. This is further compounded by our extensive testing programme which ensures that all our finished goods thread products align to OEKO-TEX® STANDARD 100, Class I, internationally recognised as one of the principal benchmarks for textile chemical compliance.



We fully meet the requirements of REACH relating to presence of SVHC in our products.

By prioritising chemical compliance across all aspects of our operations we reinforce our commitment to protecting our workforce, the environment, and the communities in which we operate. This continue application for improvement not only meets, but we consider often exceeds, regulatory requirements and sets a higher benchmark for industry best practice.

Since 2017 Coats has adopted the Higg Facility Environmental Module (Higg FEM) to inform our existing and prospective customers of the environmental performance of our facilities. The programme, which in 2024 covered 32 of our units, includes a rigorous external assessment of our chemical management processes. We utilise the results of this process to seek further improvements and to benchmark ourselves against the textile industry as a whole. This allows us to make better informed sustainable choices in respect to supply chain and facility performance. Access to this data is available from the Worldly platform.



Health & Wellbeing

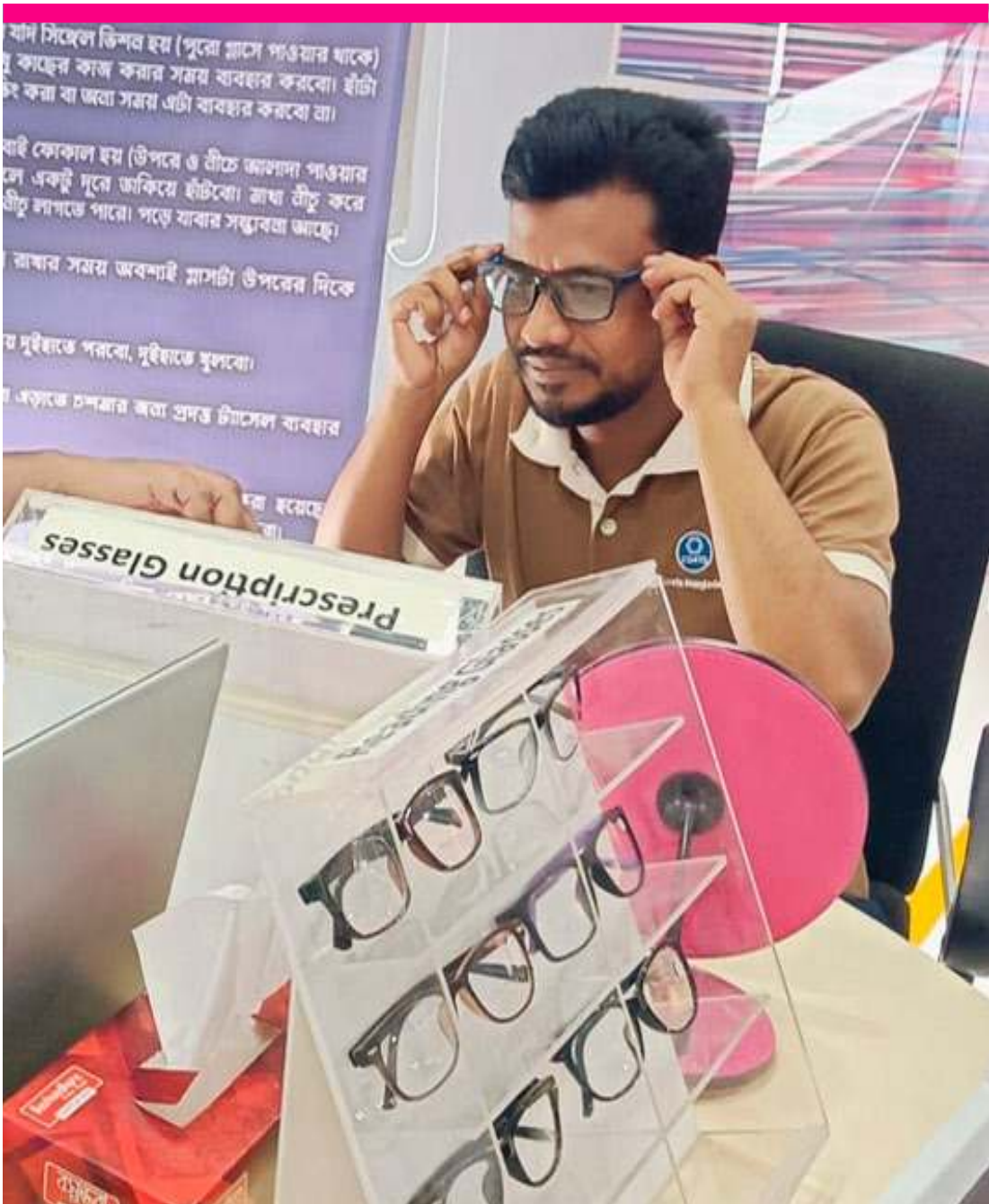
The health and well-being of our employees is critically important to us. At the heart of our approach is our “Energy4Performance programme,” (E4P), which is led by every people leader on a daily basis across our business. E4P is all about helping our employees to prioritise every aspect of their wellbeing, ensuring they maintain robust health and vitality, both within the workplace and in their personal lives.

The E4P strategy provides a health-promoting and enabling workplace, focusing 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.
- **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 allows countries to tailor their programmes based on the local needs and priorities, whilst ensuring the key E4P principles are incorporated win all initiatives. During 2024 more than 350 programmes were run in Coats’s countries to support the well-being of our employees, 200 more than in 2023, illustrating just how Coats’s countries have embraced wellbeing. Of particular note this year were;

- **The Clear Vision programme in Bangladesh.** Providing comprehensive eye screening for all operators across two factories addressing the lack of access to affordable eye care by detecting vision issues in the workplace and providing glasses to improve well-being and productivity.



- **Support for new mothers in Indonesia.** Lactation rooms have been set up offering private, safe and hygienic spaces for nursing during working hours. This helps our new mums return to work knowing that their baby’s nutritional needs are met.



- **Yoga sessions at Turkey factories.** An employee was so inspired by the three times weekly yoga group she undertook her yoga training and now conducts yoga training that can be carried out at employee’s desks, helping them manage stress and keep their bodies healthy.



People Pillar

The company uses multiple internal and external means of tracking success in E4P. A great example is our well-being score from our 2024 internal Glint employee opinion survey with a score of 82%, which is 13% higher against the Glint global benchmark. This has improved by 6% since 2023 showing how valued the programme is for our employees.

Through our partnership with GPTW, we are able to build on reviewing our well-being programmes through the feedback received by employees. In 2024, under the GPTW wellbeing KPI which measures psychologically and emotionally healthy places to work, Coats scored 88% globally, this is 9 points higher than the top 10 GPTW company’s score and 6% higher than 2023. This shows just how much our people recognise and value the investment we make in their psychological and physical wellbeing.

We know that good mental health, and ensuring employees who are struggling with mental health issues know where to seek help is at the core of wellbeing.

We have ramped up our focus on mental health throughout 2024 with comprehensive manager training across the globe. The training is focused on helping managers understand common mental health issues in their employees and in themselves and how to best manage them. This helps our managers take care of their people and themselves. Almost 900 people leaders have participated in the training. This will now form part of how we induct managers into the business and will be repeated on a regular basis.

We focused on mental health with a number of our global initiatives in 2024 including World Mental Health Day where countries ran fun and relaxing activities such as mandala colouring and awareness sessions on mental health to remove the stigma attached with discussing mental health at the workplace. With Movember, we saw a strong focus on men’s mental health, in particular raising awareness of suicide prevention.

In addition, we have dedicated doctors, nurses and first aiders globally, who are trained to provide wellbeing support across all four Energy 4 Performance pillars.

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 well-being and workplace mental health and ensure that all our employees are paid fairly and equitably, based on their skills, performance and contribution. We commit to paying a living wage across every Coats business. 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 all 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.

ETHICS

At Coats, we place the highest priority on ethical conduct. Our business operates with the highest standards of ethics and integrity, and we expect the same commitment from our employees and suppliers. We take this responsibility seriously across our business and throughout our entire supply chain. To support this, we provide all



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employees, both permanent and contingent, with the tools and training needed to embed these principles into their daily work. Additionally, we ensure our suppliers uphold the highest ethical standards in their operations by rigorously enforcing our Supplier Code.

Our ethical standards are maintained through policies and standards that apply across our Group, worldwide. We issue group-wide policies that are reviewed and updated at least annually. Also, to ensure wider accessibility and understanding across our global teams we translate our key policies into 20 languages. These policies are accessible via our intranet and are also available to the public via the Download Centre on our website. In addition, various functions across the Group are responsible for specific group-wide policies. For example, our HR function oversees policies on worldwide employment standards, anti-discrimination and harassment, living wage, modern slavery, and exploitative employment practices. Health and safety compliance is managed by our Group Health & Safety function, while environmental compliance is overseen by our Sustainability function.

To support our ethics policies, we offer a range of guidance and training materials, including pocket guides and podcasts, all available on our intranet. These resources focus on key risk areas such as anti-bribery and anti-corruption, sanctions compliance, competition/anti-trust, share dealing, modern slavery, human rights, and data protection. Additionally, our group-wide Ethics Code aligns with international standards and guidelines, including 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.

We have a comprehensive, multi-language suite of mandatory compliance training modules that cover key risk areas such as Ethics at Work, Anti-bribery, Competition Law, Cyber Security, Data Protection and Anti-Slavery. These modules are completed biennially by all relevant employees and are also a requirement for all new starters. The most recent training cycle, which ran from 2022 to 2024, concluded with strong completion rates across the Group. In 2024, we redeployed this training to all employees, except for those who had completed it within six months of the rollout date. Each module includes a mandatory summative assessment to demonstrate understanding of the key conceptual and practical elements covered in the training. Participants who encounter difficulties or do not pass the assessments on their first attempt are provided with additional support to help them successfully complete the training.

In addition to our formal, mandatory training programme, we conduct targeted training sessions throughout the year for specific groups and functions to address new or updated training needs resulting from significant changes in laws or policies. We reinforce our commitment to ethics, controls and compliance through our global ‘Doing the Right Thing’ initiative, which is led by the legal function and supported by ethical cultural champions located within each unit and function. This initiative encourages open discussions on ethics and utilises diverse, engaging formats—such as in-person presentations, recorded sessions, team activities and videos—to communicate and uphold ethical standards across the Group.

In 2024, we conducted numerous training sessions on the following topics: Ethics, Integrity and Controls, Anti-Harassment, Anti-Bullying & Anti-Discrimination, Health & Safety, Whistleblowing

and Trade Sanctions Compliance. Additionally, we observed Global Ethics Day in October, during which our Chief Legal & Risk Officer along with senior management shared key messages on ethical business practices and culture, while our ethical cultural champions facilitated team-based training sessions and activities at the local level.

Our primary focus in 2024 has been on enhancing compliance, controls, and ethical practices across our operations and supply chain. Alongside rolling out our mandatory compliance training and hosting tailored Doing the Right Thing training sessions, we conducted several in-person Supplier Code workshops with key suppliers in Egypt, India, Sri Lanka, Indonesia and Thailand, as well as virtual sessions with suppliers in China and across Europe. As part of our commitment to continuous improvement, we performed a comprehensive benchmarking exercise, evaluating our ethics and compliance programme against global industry best practices. This initiative enabled us to assess our programme’s effectiveness, highlight areas of strength and identify opportunities for enhancement. Leveraging these insights, we performed a detailed gap analysis and developed a roadmap to address identified gaps, ensuring our ethics and compliance programme remains robust and aligned with industry best practice in 2025 and beyond.

We acknowledge our responsibility in ensuring responsible sourcing, as outlined in our Supplier Code. This comprehensive code takes into account geographical risks by referencing external indices such as the World Bank Governance Indicator. This indicator evaluates governance quality in countries based on six dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory

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quality, rule of law, and control of corruption. We utilize this indicator to assess the risk levels in the countries where our suppliers operate, enabling us to determine the appropriate levels of due diligence and monitoring.

Additionally, we consider specific industries when evaluating risk, recognizing that certain sectors may be more susceptible to human rights violations than others. For instance, we pay particular attention to sectors known for employing low-wage labour, where there is a heightened potential for worker abuse and exploitation.

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 and any supplier that falls under a high risk category have to undergo a mandatory on-site supplier audit as part their on-boarding process and on a recurring basis, with frequency dependant on the score of their previous audit. Our policy has five red flags for child labour, forced labour, physical/mental abuse, anti-bribery & corruption, and minimum wage as per country standards and we have a zero-tolerance approach to any violations in these five areas. In such cases, the business with the supplier is terminated both immediately and permanently.

We use internal and external supply chain 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 322 supplier audits in 2024 (167 in 2023) using a common global template. As a result of the audits, we determined that four suppliers failed to meet our standards and the supply arrangements had to be



terminated. Of the remaining, 90% received a good rating while about 10% 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, 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 three year period. In addition to the above, supply arrangements with 10 suppliers were terminated outside of our supplier code audits, for ethical breaches of our supplier code. A further three suppliers were terminated for refusing to undertake our supplier code audit and the resultant inability to provide any alternate evidence of compliance to our ethical standards, based on the risk associated with the supplier.

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 »](#)

We conducted our last biennial Human Rights Risk Assessment in 2023 and 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 and will next be reviewed in 2025.

We factor all of these indices by normalising them and weighting them all equally to produce a final score for each country in which we operate and then we apply our employee numbers to weight those scores into a global total. Our latest analysis is showing 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 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.



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Group Internal Audit Activities

Our Group Internal Audit (GIA) Key Control Review programme provides coverage of all manufacturing sites over a three year period. The units audited in 2024 were identified through a risk-based prioritisation process considering revenue, profit, controls self-assessment, market complexity and GIA activity (timing of the last audit and reported rating). In 2024 GIA completed five Key Controls Reviews and also audited four further units including a series of key controls, including human resources, in their audit templates. Other GIA audits in the year focused on key Information Technology vendors, our purchase to pay process, sanctions compliance, digital and technology risk management and Corporate Social Reporting Directive planning and preparations. In total, GIA completed 16 audits in 2024, compared to 10 in 2023.

GIA audits in the year confirmed a number of controls operating effectively and identified no catastrophic risk findings. Management have responded to issues identified with comprehensive and prompt action plans and implementation of these in the year has reduced the risks identified.

Living Wage

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.

Whistleblowing

Our Speak Up (Whistleblowing) Policy can be found at [Download Center](#). As well as internal options for whistleblowing, we have multiple external options for whistle blowers to use; a confidential external voicemail system and a confidential multi-language external web-based reporting system. Our Whistleblowing Hotline has continued to provide support to our employees and received 228 incidents (compared to 125 in 2023). Of the investigations that have been completed 35 (16%) have been upheld (versus 19% in 2023).

Nearly 29% of the upheld incidents relate to ethics code violations while disrespectful behaviour, 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, we believe human capability helps us succeed in the marketplace by creating value for our customers and stakeholders. We do this by unlocking the potential within every individual, shaping the skills and capabilities that will define the workforce of tomorrow. Our GROW Talent Strategy is designed to empower individuals to reach their full potential and be their best self. It equips everyone with the skills and attributes to deliver today and reimagine tomorrow.

GROW is made up of two areas of focus; the first is Grow Ready - understanding the individuals potential and interest, and the second– Grow Learning - the development of the skills, attributes and capabilities an individual needs to bring value to our customers.

The **GROW READY**, focuses on Individual Development, Performance and Succession Planning, fostering a culture of self-awareness, understanding potential and personal growth. By aligning personal goals with organisational objectives, we help our people build a future where they can thrive.

Through **GROW LEARNING**, we offer a menu of exciting career development opportunities that enable individuals to create value for our customers by broadening expertise, deepening knowledge, and fostering leadership attributes. We aim to create an ecosystem where both individual aspirations and organisational success can flourish.

We deliver this through the following tools and resources tailored to individual growth:

- 1. Career Maps:** using the GROW ready tools we empower employees to envision their next steps and actively shape their career journey. The process is dynamic, includes assessment of current skills and potential and helps in setting realistic and achievable career goals.
- 2.Regular Dialog and Feedback:** serves as a practical tool for managers to support their team members effectively. It provides managers, employees, and mentors with actionable insights to facilitate meaningful career discussions, establish both short- and long-term goals, and track progress. These guidelines help managers foster open and constructive communication, enabling them to unlock their team members’ potential and aspirations while supporting their growth and career development.
- 3.Succession planning:** is a critical tool for managers to build a strong talent pipeline and ensure readiness for key roles essential to achieving and sustaining market success. This

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process supports managers in identifying and developing individuals eager to step into critical positions. By creating tailored development plans, conducting assessments, facilitating job rotations, assigning stretch projects, and providing mentorship opportunities, managers can actively nurture their team members’ growth. This structured approach empowers managers to cultivate the talent needed to drive business growth and maintain a competitive edge.

4. Learning & Development: The Global Foundation Programme is a powerful tool for leaders to support the development of their teams. Launching in 2025, this initiative fosters a sense of belonging by immersing employees in the company culture and equipping them with the resources and knowledge they need to excel in their roles. Leaders can leverage the programme’s learning resources, tailored to meet diverse employee needs, to encourage continuous growth. The Learning Management System provides access to over 80,000 courses in multiple languages, enabling leaders to guide their teams in developing essential skills. As the company expands, leaders can also utilize new bite-sized learning tools, set to launch in 2025, to deliver personalized, impactful training sessions that align with individual development goals and schedules. These tools empower leaders to drive employee success and career advancement in a dynamic, scalable way.

Coats GROW Talent Strategy is a transformative initiative that not only empowers individuals to unlock their potential and thrive but also drives the company’s success by creating greater value for customers and improving market competitiveness. By fostering self-awareness, aligning personal and organizational goals, and offering diverse

development opportunities through Grow Ready and Grow Learning, the strategy enhances workforce capability and innovation. This directly translates into improved customer experiences, strengthened market positioning, and increased organisational value, ensuring sustainable growth and long-term success for Coats Group and its stakeholders.

Our Learning Management System, Skillsoft, is fully integrated into our Human Resources Information System, Success Factors, and offers employees a comprehensive suite of >80,000 courses with multi-language support. Through 2024 we logged >48,000 training hours through this system.



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COMMUNITY

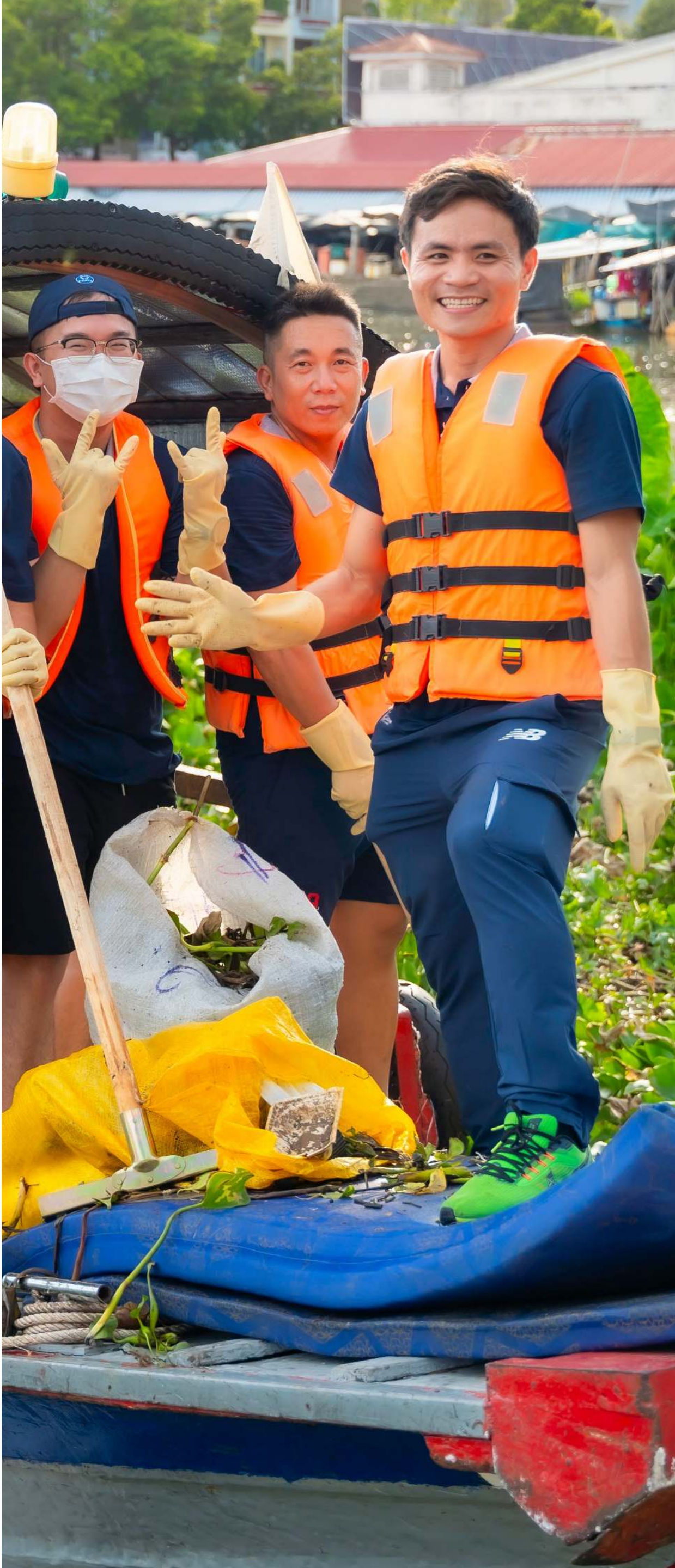
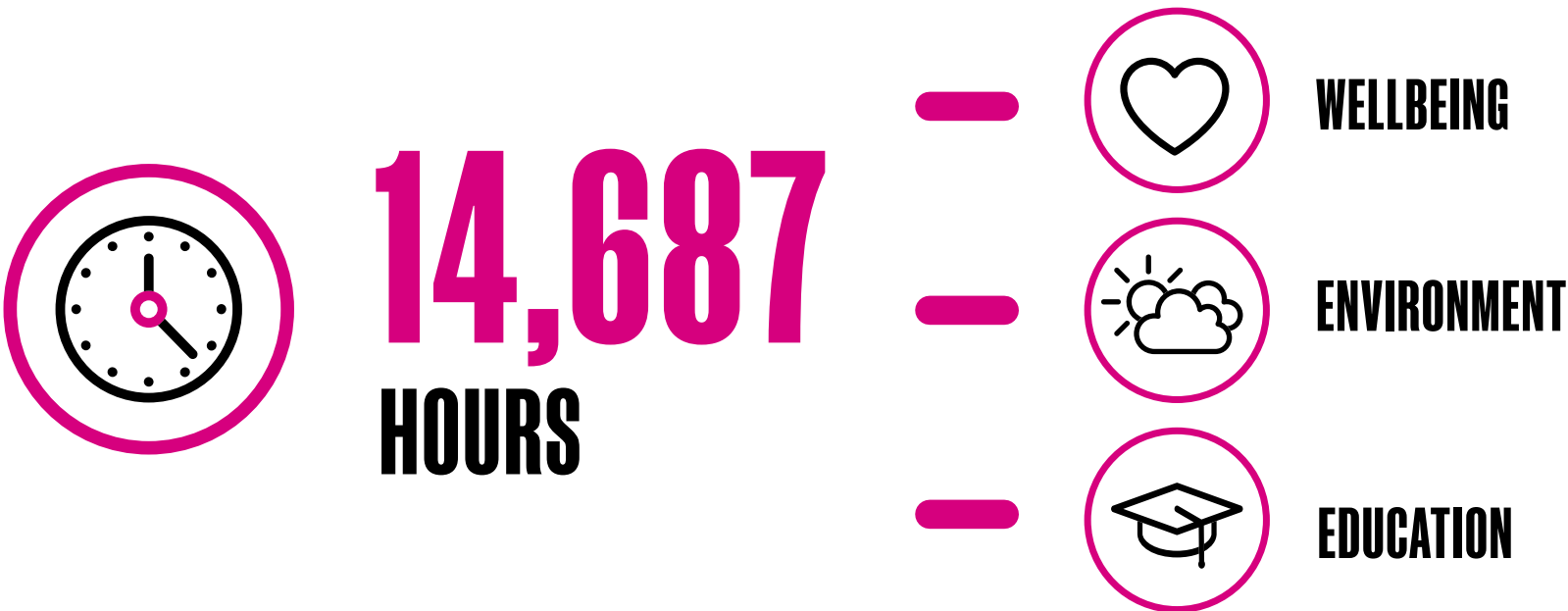
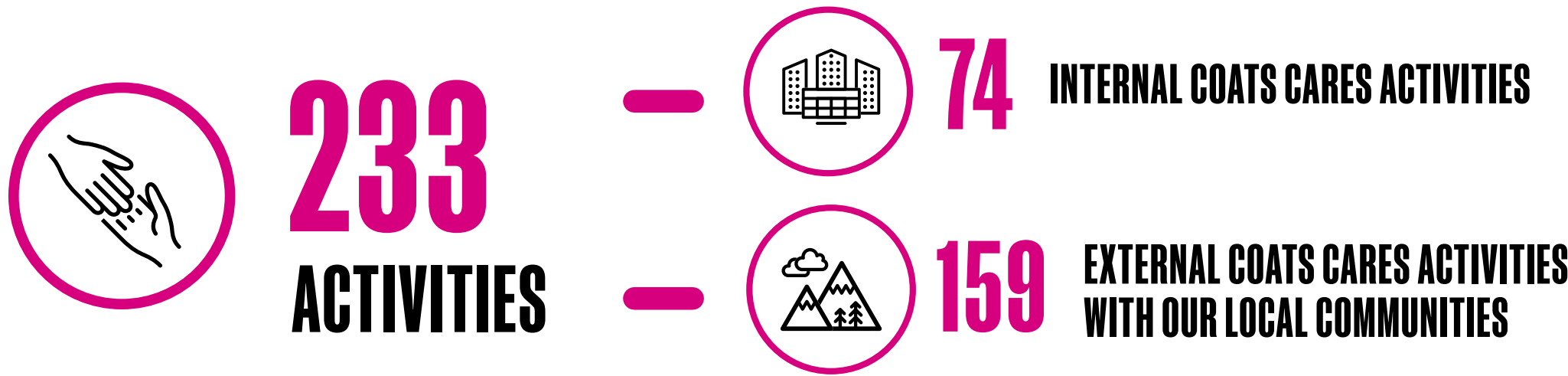
Coats Cares

Coats has a longstanding commitment to support the communities in which we operate, aiming to make a positive impact on society and assist those most in need. In 2022, we initiated our global “Coats Cares” programme, which has received substantial support from our employees round the world who are eager to contribute to philanthropic activities and societal well-being. Feedback from our workforce has overwhelmingly confirmed that this initiative has increased their sense of pride in being part of Coats. This opportunity to align with a purpose and effect positive change enhances employee engagement levels and embeds a sense of belonging while working with Coats.

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

The ‘Coats Cares’ programme encourages our employees to engage in volunteer activities within their local communities and beyond. The initiative supports various causes, including children’s cancer care and homeless assistance programmes. Across Coats we have many examples of employees dedicating their time outside work for volunteering activities in their local communities and beyond.

Through 2024, we recorded 233 Coats Cares activities and initiatives globally, supported by 8,791 employee volunteers across the business, and resulting in 14,687 hours and donations in excess of \$400,000. Some examples of activities from our 2024 Coats Cares programme are outlined in the next page;



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SDG Impact of Coats Cares 2024

		Number of Events	Employees Taking Part	Volunteer Hours	US \$ Donation
3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being	89	3,108	3,890	25,529
4 QUALITY EDUCATION	Quality Education	25	1,166	1,644	226,669
5 GENDER EQUALITY	Gender Equality	5	51	320	13,542
10 REDUCED INEQUALITIES	Reduced Inequalities	48	1,857	6,335	67,114
11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable Cities and Communities	27	402	275	56,791
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Consumption and Production	6	216	151	2,560
13 CLIMATE ACTION	Climate Action	29	1,931	2,208	27,576
14 LIFE BELOW WATER	Life Below Water	4	60	377	382



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VIETNAM

Vocational training for disabled students

When Coats Vietnam first launched a charity programme to support the Khoai Chau School for Function Rehabilitation and Vocational Training for People with disabilities in October 2023.

The initiative began with a call for contributions from employees, resulting in a generous donation of books, notebooks, clothing, toys, and more. When Coats Vietnam visited the school to present gifts of essential personal items for the students daily lives, they were deeply moved to see the children, despite their challenges, filled with joy and excitement.

Recognising the need for vocational training materials, Coats Vietnam also donated threads for sewing and embroidery classes. Both the students and the school benefitted from learning tools which were provided to enhance the effectiveness of vocational training in garment making, contributing to future employment opportunities.



INDONESIA

Clean River Program

In October 2024, Coats Indonesia launched the Clean River Program to tackle river pollution caused by plastic waste. The initiative, supported by the Environmental Agency of Bogor City and Pakuan Village, aimed to improve the environment surrounding the site area and strengthen connections with the local community.

34 employees volunteered their time and ideas, resulting in the collection of around one ton of plastic waste. The programme not only addressed waste management issues but also highlighted the company’s commitment to environmental responsibility and community engagement.

Over 200 hours were invested during 10 days demonstrating the positive impact of corporate social responsibility efforts in creating a cleaner and healthier environment for all.



TURKEY

Universal Right to Work

Employees of Coats Turkey volunteered to help in the construction of a greenhouse at a local school where children with learning disabilities can explore professions suited to their abilities—such as weaving, ceramics, and hospitality—while nurturing plants and building social connections.

This initiative supports Coats Turkey’s commitment to sustainability, as the greenhouse is more than just a space for growth; it’s a place for these children to discover their strengths and embrace agriculture.

Our children, who have long been nurtured through the halls of education, will embrace the art of farming as they cultivate their skills at Coats Greenhouse, these young stewards will play a vital role in agriculture, a cornerstone of global strategies.

This initiative is destined to leave an indelible mark for generations to come.



HONDURAS

Empower Children with Hearing Loss

The son of one of our Spinning Operators has profound bilateral hearing loss and needs special education, which is how they become involved with the Municipal Institute of Special Education (IMDEE).

The institution does not receive funding from other entities, so the parents, neighbours and people with a big heart are the ones who keep the institution afloat. Carrying out activities very frequently to raise funds and subsidise what is needed for the children to have the necessary care takes over 500 hours of voluntary work each year.

The result of this initiative is incredible, they have specialised teachers who help them communicate, develop their skills, each case is different but there is certainly a before and after with the support of the institution. Volunteers are key to these results because we are the biggest drivers for raising funds.



MANAGING SUSTAINABILITY

Managing Sustainability

MATERIALITY ASSESSMENT

At Coats, we regularly review and address the sustainability issues that are crucial to our business and stakeholders. Since 2011, we have conducted comprehensive materiality assessments every two years, with the latest in 2023. These assessments guide our sustainability strategy and reporting, focusing on environmental, social and governance issues that are most important for us and our stakeholders.

In our 2023 materiality assessment update, we formed a Group-wide team representing external stakeholders from our three divisions and business functions. The team reviewed 71 issues, slightly down from 73 in 2021, ranking each by its importance to Coats’ commercial goals (Profitable Sales Growth, Value Delivery, Business Transformation) and key stakeholders (Employees, Customers, Shareholders, Environment, Communities, Suppliers). We then assessed the risk rating for each issue based on its impact and the likelihood not meeting expectations for each.

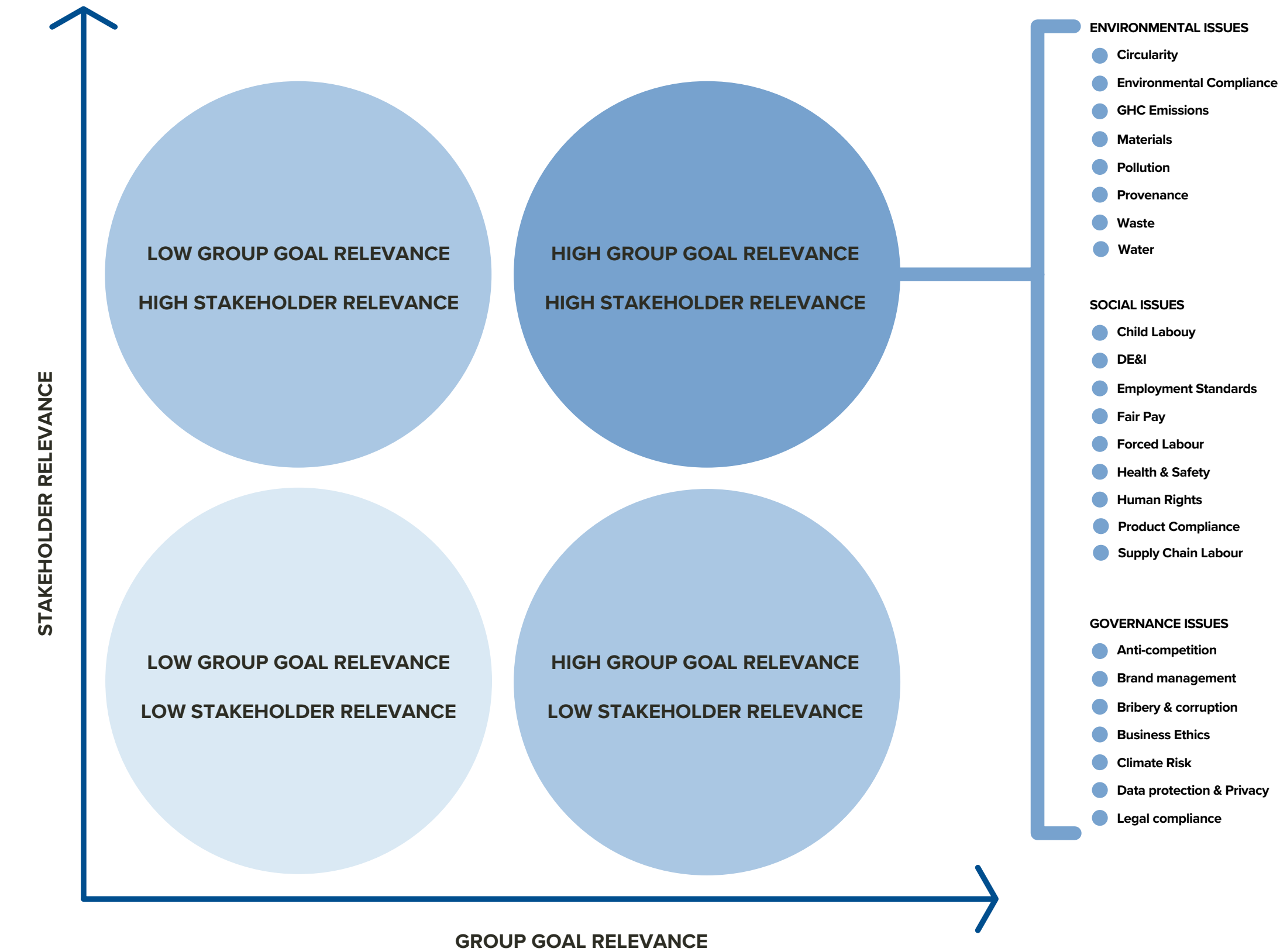
The output of this work is highlighted in the matrix diagram on the right hand side, where the x-axis represents the relevance of the ESG topic to Coats Commercial Goals and the y-axis represents the Importance of the ESG issue to our stakeholders. The top right hand quadrant represents the those 25 ESG issues with the highest levels of relevance to both achievement of Coats’ group goals as well as to our stakeholder groups, and it is these 25 issues that we consider of highest materiality.

From this assessment, there is a very high degree of correlation between the highest material issues and our 5 Pillar sustainability strategy encompassing Energy, Materials, Water, Waste and People, underlining the continued alignment of our underlying sustainability strategy to the needs of our business and those of our key stakeholders.

In 2024, we have started to focus on the new EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Reporting Sustainability Standards (ESRS) which will come into scope for Coats. We conducted extensive work in 2024 on development of a Double Materiality Assessment (DMA) with reference to the relevant ESRS topics. An internal cross-Divisional and cross-functional CSRD working group was formed to fulfill the DMA requirements, and our list of 25 most material topics reported in our 2023 materiality assessment was distilled down into 16 material topics which were then aligned to the relevant ESRS topics.

Following the EU Omnibus update on CSRD in February 2025 we are awaiting further clarification from the EU on revised reporting dates for Coats as well as changes to mandatory disclosure points. Further work will be conducted in this space when the required clarity is available.

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 created a Sustainability Board Subcommittee, which has met twice annually in both 2023 and 2024. The Subcommittee is led by the Board Chair, David Gosnell, and includes Non-Executive Directors Fran Philip and Sarah Highfield, the Group Chief Executive, David Paja, and in 2024 we extended membership of the Subcommittee to include respectively our Apparel, Footwear and Performance Materials Divisional Chief Executives Adrian Elliott, Frederic Verague and Soundar Rajan. Our Group Sustainability Director, Chris Dearing, is also a member of the Subcommittee and serves as the secretary.

Our sustainability programme is led by our Group Chief Executive and the entire Group Executive Team (GET). This team is responsible for setting the strategic direction and ensuring that both short-term and long-term sustainability targets are met.

Following the establishment of three new business divisions at the end of 2022, we also 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.



STAKEHOLDER ENGAGEMENT

Our success relies on the trust and satisfaction of our stakeholders. We engage regularly and transparently with employees, customers, shareholders, the environment, communities, and suppliers to incorporate their views into our strategic decisions. We utilise a range of channels and platforms to communicate with them, including surveys, meetings, webinars, reports, newsletters, social media, and other methods. Our results and achievements are communicated to stakeholders through our Annual Report, Sustainability Report, and website. We value feedback from our stakeholders and seek ways to enhance our relationships and collaborations. Together, we aim for a sustainable and prosperous future for all.

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Performance Summary

PILLAR	INDICATOR	UNIT	2019 ¹	2019 RESTATED ²	2020 ¹	2020 RESTATED ²	2021 ¹	2021 RESTATED ²	2022	2022 RESTATED ³	2023	2023 RESTATED ³	2024	2026 TARGETS	2030 TARGETS
 ENERGY	Total energy used in operations	Million kWh	804		641		769		756		653		686		
	Energy intensity	kWh/kg produced	8.9		8.6		8.2		6.3		6.4		6.1		
	Non-renewable electricity used	%	29%		29%		28%		24%		23%		17%		
	Natural gas used	%	31%		33%		33%		34%		36%		35%		
	Oil used	%	4%		4%		4%		5%		4%		3%		
	Coal used	%	0%		0%		0%		0%		0%		0%		
	Renewable energy used	%	36%		34%		35%		36%		37%		44%		
	% Electricity covered by renewable certificates	%	7%		8%		8%		29%		54%		74%		100%
	Total carbon footprint, Scopes 1, 2 & 3	Thousand tonnes CO ₂ e	1,325	1,273	884	1,025	1,157.0	1,374	1,181.2	1,125.7	993.9	934.1	949.6		
	Scopes 1 & 2 footprint	Thousand tonnes CO ₂ e	264.4		212.8		246.8		182.0	182.0	111.1	111.2	89.7	160.6	147.3
	% reduction in Scopes 1 & 2 emissions (since 2022)	%									39	39	51		
	Scope 1 GHG emissions footprint ⁴	Thousand tonnes CO ₂ e	73.5		56.8		68.7		59.6	59.7	51.7	51.9	52.4		
	Scope 1 CO ₂ emissions	Tonnes CO ₂	72,173		55,400		67,476		58,095	58,219	49,287	49,421	50,254		
	Scope 1 CH ₄ emissions	Tonnes CH ₄	97.4		76.8		95.6		80.2	80.2	75.7	75.8	76.0		
	Scope 1 N ₂ O emissions	Tonnes N ₂ O	91.7		59.7		73.7		69.0	70.3	45.0	45.6	50.0		
	Scope 1 HFCs emissions	Tonnes HFCs			1,470.0		1,174.8		1,255.2		2,336.5		1,985.2		
	Scope 1 PFCs emissions	Tonnes PFCs	0		0		0		0		0		0		
	Scope 1 SF ₆ emissions	Tonnes SF ₆	0		0		0		0		0		0		
	Scope 1 NF ₃ emissions	Tonnes NF ₃	0		0		0		0		0		0		
	Scope 2 GHG emissions footprint (location based) ⁵	Thousand tonnes CO ₂ e	232.6		183.7		213.3		201.9	201.8	172.2	172.2	181.2		
	Scope 2 CO ₂ emissions	Tonnes CO ₂	231,266		182,613		212,237		200,862	200,750	171,261	171,261	180,214		
	Scope 2 CH ₄ emissions	Tonnes CH ₄	277		215		235		221	221	193	193	210		
	Scope 2 N ₂ O emissions	Tonnes N ₂ O	1,041		827		944		848	847	738	738	743		



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PILLAR	INDICATOR	UNIT	2019 ¹	2019 RESTATED ²	2020 ¹	2020 RESTATED ²	2021 ¹	2021 RESTATED ²	2022	2022 RESTATED ³	2023	2023 RESTATED ³	2024	2026 TARGETS	2030 TARGETS
 ENERGY	Scope 2 GHG emissions footprint (market based) ⁶	Thousand tonnes CO ₂ e	190.9		149.2		172.4		122.43	122.32	59.38	59.28	37.35		
	Scope 2 CO ₂ emissions	Tonnes CO ₂	188,708		147,274		170,309		120,587	120,475	58,293	58,186	36,288		
	Scope 2 CH ₄ emissions	Tonnes CH ₄	70.9		109.6		108.5		165.0	164.9	123.6	123.6	117.7		
	Scope 2 N ₂ O emissions	Tonnes N ₂ O	416.3		608.6		712.0		506.4	505.9	228.0	227.5	152.6		
	Out-of-scope biofuels, Scope 2 CO ₂ emissions	Tonnes CO ₂	38,163.0		26,960.1		32,789.1		27,518.8		24,090.4		25,682.6		
	% scope 2 emissions covered by renewable certificates	%	5%		6%		8%		29%		54%		74%		
	Scope 1&2 (Location based) Emissions volume intensity	CO ₂ e kg/kg production	3.4		3.2		3.0		2.2		2.2		2.1		
	Scope 1&2 (Location based) Emissions value intensity	CO ₂ e tonnes/\$m sales	231		209		195		170		161		156		
	Scope 1&2 (Market based) Emissions volume intensity	CO ₂ e kg/kg production	2.9		2.8		2.6		1.5		1.1		0.8		
	Scope 1&2 (Market based) Emissions value intensity	CO ₂ e tonnes/\$m sales	199		191		167		118		80		60		
	Scope 3 emissions footprint ⁷	Thousand tonnes CO ₂ e	1,060.8	1,008.1	869.7	818.7	1,181.0	1,132.7	999.2	943.6	882.8	823.0	865.5		700.1
	Scope 3 CO ₂ emissions	Tonnes CO ₂	865,823	813,557	721,451	670,875	958,678	910,763	837,310	782,128	764,891	705,442	746,511		
	Scope 3 CH ₄ emissions	Tonnes CH ₄	42,624	42,576	33,912	33,864	46,030	45,983	38,430	38,376	30,663	30,663	26,666		
	Scope 3 N ₂ O emissions	Tonnes N ₂ O	10,586	10,256	8,814	8,489	12,038	11,730	9,751	9,397	9,165	8,769	13,062		
 MATERIALS	Total primary raw materials purchased by Coats Group	Tonnes							144,118		115,596		128,500		
	Total preferred primary raw materials purchased by Coats Group	Tonnes							35,870	44,874	33,776	40,789	58,537		
	% of preferred raw materials	%							25%	31%	29%	35%	46%	60%	100%
	Total materials purchased by Coats Group	Tonnes	180,355		154,209		202,587		186,108		151,522		163,616		
	Total materials purchased by Coats (Footwear Components)	Tonnes	38,868		32,747		44,143		55,086		40,145		43,376		
	Total materials purchased by Coats (thread products)	Tonnes	141,487		121,462		158,444		131,022		111,377		120,240		
	Process chemicals used in Coats thread product	Tonnes	16,034		13,820		17,101		13,577		11,795		11,255		
	Packaging materials used in Coats thread products	Tonnes	24,077		22,486		22,482		23,878		19,520		19,979		
	Materials used in Coats thread products	Tonnes	101,376		85,156		118,861		93,567		80,062		89,005		



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	Textile fibres used in Coats thread products	Tonnes	96,565		81,102		113,918		91,530		78,391		85,494		
	Dyes and chemicals used in Coats thread products	Tonnes	4,811		4,054		4,943		3,965		3,323		3,512		
 WATER	Total water used	Million cubic metres	7.2		5.4		5.9		4.5		3.6		3.9		
	Water intensity	Litres/kg produced	79.2		72.5		63.5		37.7		35.6		35.3		
	Total water recycled	Million cubic metres							1.091		0.994		1.080		
	% of water recycled	%	22%		20%		23%		24%		27%		27%	28%	
	Withdrawal from municipal supply	Million cubic metres	2.6		2.1		2.3		1.7		1.4		1.6		
	% water from municipal supply	%	36%		38%		39%		38%		38%		41%		
	Withdrawal from ground water sources	Million cubic metres	1.6		1.2		1.4		1.1		0.8		0.9		
	% of water from ground water sources	%	22%		22%		24%		23%		22%		22%		
	Withdrawal from natural watercourses, reservoirs and rainwater harvesting	Million cubic metres	1.5		1.1		0.9		0.7		0.5		0.4		
	% water from natural watercourses and reservoirs and rainwater harvesting	%	21%		20%		15%		15%		13%		10%		
	Total water withdrawal	Million cubic metres	5.6		4.3		4.6		3.5		2.7		2.9		
	% of water discharged as effluent	%	61%		67%		67%		76%		79%		73%		
 WASTE	Treated effluent discharge to surface water course	Million cubic metres	3.2		2.7		3.0		2.7		2.3		2.2		
	Effluent discharge to offsite treatment plant	Million cubic metres	1.2		0.9		1.0		0.8		0.6		0.7		
	Total effluent discharge	Million cubic metres	4.4		3.6		4.0		3.4		2.9		2.9		
	Environmental prosecutions	No.	0		0		0		0		0		0		
	% effluent compliance to the Roadmap to Zero standards	%	63%		74%		82%		99.756%		99.834%		99.849%	100%	
	Investment in effluent treatment plants and technology	Million \$	4.6		1.5		2.2		1.5		0.32		1.12		
	Total waste generated	Tonnes	23,834		17,202		22,117		17,413		15,168		17,833		
	Hazardous waste generated⁹	Tonnes	7,784		4,085		5,810		3,931		3,440		3,755		
	Waste as % of Finished Goods Produced		26.3%		23.1%		23.7%		14.5%		14.8%		16.0%		
	Reused or recycled waste	% of waste	65%		62%		68%		55%		59%		68%		



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	Total waste going to landfill	Tonnes	3,602		3,442		2,872		2,296		1,449		288	0	0
	% of waste going to landfill	%							13.2%		9.6%		1.6%		
	% units sending zero waste to landfill	%	56%		52%		47%		59%		48%		25%		
 PEOPLE	Permanent employee headcount⁸	No.	17,725		17,943		18,811		16,243		15,364		16,000		
	Permanent employee average tenure	Years	11.1		10.3		9.7		9.9		9.8		8.8		
	Permanent employee turnover	%	25%		20%		23%		36%		19%		21%		
	Permanent employee turnover (voluntary)	%							19%		13%		17%		
	Permanent employee turnover (involuntary)	%							17%		7%		4%		
	Temporary Employee Headcount	No.	-		3,163		4,104		3,692		3,528		4,068		
	Total senior leadership headcount	No.							182		165		177		
	% female permanent employees	%	41%		42%		42%		37%		39%		40%		
	Female senior leadership headcount	No.							38		38		53		
	% of females in senior leadership	%	24%		22%		23%		19%		23%		30%	30%	
	% female Board members	%	33%		40%		50%		44%		44%		44%		
	Employee engagement score	%	-		-		83%		-	-	79		85		
	Safety training	Hours/employee			23.0		29.0		29.8		30.0		29.7		
	Sites accredited to OHSAS 18001	No.			7		7		0		0		0		
	Sites accredited to ISO 45001	No.			4		5		14		14		15		
	Near misses reported	No.			1,320		1,765		1,566		1,291		1,267		
	Near miss reporting rate	No./100 FTE			6.1		6.6		6.6		6.7		6.3		
	Hazards reported	No.			35,083		47,400		46,658		44,048		48,845		
	Hazard reporting rate	No./100 FTE			162		179		197.7		229.2		242.2		
	Improvement actions completed	No.			39,689		54,228		52,460		42,410		53,150		
	Improvement actions completion rate	No./100 FTE			183		204.3		222.3		220.6		263.5		



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 PEOPLE	Work related incident rate	Incidents/100 FTE					0.45		0.37		0.45		0.37		
	Number of recordable incidents	No.	127		129		120		87		87		75		
	Average lost days per lost time incident	Days	19.6		24.3		20.7		14.5		20.2		25.9		
	Total lost days from incidents	Days	1567		1,699		1,916		754		1,209		1,375		
	Lost time case rate	Lost time incidents/100 FTE	0.30		0.36		0.34		0.22		0.31		0.26		
	Work related fatalities	No.			0		0		0		0		1		
	Health & safety prosecutions	No.			0		0		0		0		0		
	Commuting incident rate	Incidents/100 FTE			0.37		0.37		0.38		0.30		0.32		
	Number of commuting incidents	No.			80		98		90		57		65		
	Total workforce headcount (for 'Great Place to Work' calculation)	No.							19,441		18,404		19,553		
	Workforce with a 'Great Place to Work' certification	No.							16,719		16,058		18,616		
	% of workforce with 'Great Place to Work' certification	% workforce	-		6%		83%		86%		87%		95%	88%	
	Permanent employees subject to a collective agreement	%	43%		46%		53%		49%		51%		59%		
	Permanent employees that are members of a union	%	43%		47%		40%		43%		44%		40%		
 OTHER	Diversity in employees	No. of nationalities	60		60		62		55		49		52		
	Diversity in senior managers	No. of nationalities	31		31		32		29		29		32		
	Employees completing compliance training	No.	>4,000		>4,200		>4,700		>2,500		>5,000		4,946		
	Employees completing modern slavery training	No.	3,828		699		>700		>2,500		>5,000		4,940		
	Number of colours dyed	Thousand	176		158		179		184		188		200		
	Number of dye batches produced	Million	3.8		3.1		3.8		3.8		3.6		3.9		
	Direct economic value generated and distributed	\$ million	1,396		1,166		1,508		1,614		1,405		1,504		
	% economic value distributed to suppliers	%	60%		62%		60%		61%		57%		57%		



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FOOTNOTES

- ¹ All emissions data includes Footwear Components acquisitions made in 2022. For all other data points, Footwear Components acquisitions are not included.
- ² Scope 3 emissions values up to 2023 have been restated by eliminating the impact associated with Category 11 (Use of sold goods) emissions. This change was requested by SBTi during our recent re-baseline approval process.
- ³ Scope 3 emissions values up to 2023 have been restated by eliminating the impact associated with Category 11 (Use of sold goods) emissions. This change was requested by SBTi during our recent re-baseline approval process. Minor restatement has been made to Scope 1 & 2 emissions in 2022 and 2023 due to reclassification of fuel energy in a single manufacturing location.
- ⁴ Scope 1 methodology - Fuel consumption data is collected from all units monthly, based on metred or invoiced consumption converted 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.
- 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 CO₂ component of the emissions is removed and reported separately.
- 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.



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Scope

We have been engaged by Coats Group Plc (“Coats” or the “Company”) to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Coats’ selected sustainability key performance indicators (as listed below in Table 1) (the “Subject Matter”) contained in Coats’ 2024 Sustainability Report (the “Report”) for the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

Table 1: KPIs within the assurance scope

KPI	Units
Scope 1 GHG emissions footprint	thousand tonnes CO2e
Scope 2 GHG emissions footprint (location-based)	thousand tonnes CO2e
Scope 2 GHG emissions footprint (market-based)	thousand tonnes CO2e
% reduction in Scope 1 & 2 GHG emissions footprint (since 2022)	%
Total primary raw materials purchased by Coats	Tonnes
Total preferred primary raw materials purchased by Coats	Tonnes
% preferred primary raw materials purchased by Coats	%
Total water used	Million cubic meters
Total water recycled	Million cubic meters
% of water recycled	%
Total waste generated	Tonnes
Total waste to landfill	Tonnes
% of waste going to landfill	%
% effluent compliance to the Roadmap to Zero standards	%
Total workforce headcount (for ‘Great Place to Work’ calculation)	No.
Workforce with ‘Great Place to Work’ certification	No.
% of workforce with ‘Great Place to Work’ certification	%
Total senior leadership headcount	No.
Female senior leadership headcount	No.
% of females in senior leadership	%

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Coats

In preparing the Subject Matter Coats applied the methodology as described in the Basis of Reporting dated 4 March 2025 (the “Criteria”). Such Criteria were specifically designed to provide definitions and methodologies for the reporting of the Subject Matter. As a result, the subject matter information may not be suitable for another purpose.

Coats’ responsibilities

Coats’ management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (‘ISAE 3000 (Revised)’) and the International Standard for Assurance Engagements on Greenhouse Gas Statements (‘ISAE 3410’), and the terms of reference for this engagement as agreed with Coats’ on 28 August 2024 and amended on 22 January 2025 and 4 March 2025.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

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EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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

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

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

Our procedures included:

- Interviews with Coats Group staff responsible for guidance on data reporting, managing the data systems, review and quality assurance activities, and presentation of the data in the Report.
- Analysis of key documents related to policies and procedures related to the Coats
- Group’s commitments, and relevant reporting by Coats Group;
- Interviews with sustainability, operational and finance representatives to understand the quality assurance performed on data submitted by operational sites.
- On-site and remote testing of data with data coordinators to:
 - Understand the quality assurance performed and subsequent revisions to the data.
 - Walk-through data reported from a sample of sites to test the process of consolidation.
 - Undertake analytical review procedures to support the reasonableness of the data and make inquiries of management to obtain explanations for any significant differences we identified.
 - Select a sample of data points from across the business and seek documentary evidence to support the accuracy of the data.

- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Considering the presentation of the data and supporting narrative in Coats Group’s Sustainability Report, to check that this is consistent with the findings from our procedures above.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the years ended 31 December 2024, 31 December 2023, and 31 December 2022, in order for it to be in accordance with the Criteria.

Use of our report

This report is produced in accordance with the terms of our engagement letter solely for the purpose of reporting to the directors of the Company in connection with the Subject Matter for the period ended 31 December 2024, 31 December 2023, and 31 December 2022. Those terms permit disclosure on the Company’s website, solely for the purpose of the Company showing that it has obtained an independent assurance report in connection with the Subject Matter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s directors as a body, for the procedures performed, for this report, or for the conclusions we have formed. This engagement is separate to, and distinct from, our appointment as the auditor to the Company.

Ernst & Young LLP
5 March 2025
London, United Kingdom



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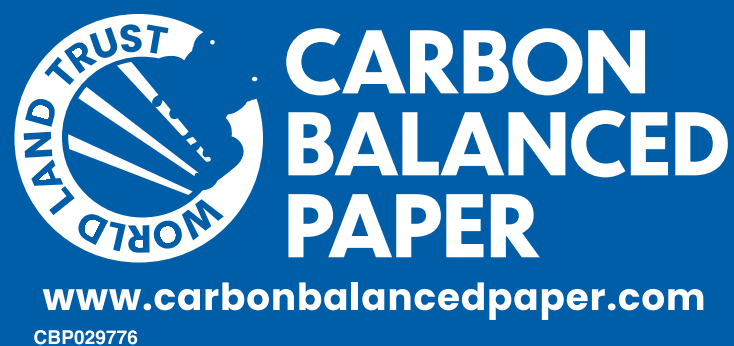
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