

# Human Rights Policy Statement

Policy owner/ issued by	Approved by	Date issued/ reviewed	Effective from	Next review	Next independent review
Chief HR Officer; Chief Legal & Risk Officer	Group Executive Team	April 2023	April 2023	June 2024	June 2024

Coats Group plc and its group (**Coats** or **Group**) is the global market leader in apparel threads, structural components and threads for footwear, and innovative pioneers in performance materials.

Coats connects textiles, technology and talent to make a more sustainable world. In line with this purpose, we are committed to the needs of our stakeholders, our planet and our people.

This Human Rights Policy Statement complements the Group's Ethics Code (incorporating the Business Code of Conduct) ([Ethics Code](#)), which, together with our other [key ethics-related policies](#), our [Worldwide Employment Standards](#), our [Key People Principles](#) and our [Speak Up \(Whistleblowing\) Policy](#), forms the basis and benchmark for all guidelines and regulations that ensure responsible and ethically irreproachable conduct within the Group.

We support:



## 10 PRINCIPLES OF THE UN GLOBAL COMPACT

### Businesses should:

#### Human Rights

[Principle 1](#): support and respect the protection of internationally proclaimed human rights; and

[Principle 2](#): make sure that they are not complicit in human rights abuses.

#### Labour

[Principle 3](#): uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4](#): uphold the elimination of all forms of forced and compulsory labour;

[Principle 5](#): uphold the effective abolition of child labour; and

[Principle 6](#): uphold the elimination of discrimination in respect of employment and occupation.

#### Environment

[Principle 7](#): support a precautionary approach to environmental challenges;

[Principle 8](#): undertake initiatives to promote greater environmental responsibility; and

[Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

[Principle 10](#): work against corruption in all its forms, including extortion and bribery.

## 1. SCOPE

This policy statement applies to our operations and employees (whether permanent, fixed-term or temporary) globally. This policy also governs our business dealings and the conduct of all persons or organisations with whom we contract directly. We expect our partners to share our commitment to respect human rights with their business partners, and to conduct their business in an ethical manner and to act with integrity.

## 2. OUR HUMAN RIGHTS COMMITMENT

Respecting human rights is a core value of Coats. It is our belief that these rights are fundamental for all human beings, and we acknowledge that these rights are interdependent, interrelated, and indivisible. We recognise that while states have a duty to protect human rights, companies have a responsibility to fully respect human rights and adhere to all internationally declared human rights standards.

We are committed to respecting internationally recognised human rights relevant to our business, including:-

- ✓ the Ten principles of the UN Global Compact
- ✓ the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights
- ✓ the International Labour Organization's Declaration on the four Fundamental Principles and Rights at Work
- ✓ the OECD Guidelines for Multinational Enterprises
- ✓ the International Labour Organisation's core Conventions
- ✓ the UN Guiding Principles on Business and Human Rights
- ✓ the UN Sustainable Development Goals.

Where we identify that there is potential for adverse impacts on vulnerable people or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including indigenous peoples, women, national, ethnic, religious and linguistic minorities, children, disabled people, migrant workers and their families and human rights defenders. This includes, for example, the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of the Child.

We accept the responsibility we have for our employees and take seriously our responsibility to minimise the environmental impact of our business. Social accountability and responsible sourcing, as stated in the Coats Group Supplier Code of Conduct ([Supplier Code](#)), which reflects the principles of this policy statement, are fundamental parts of our daily activities. This enables us to deliver sustainable and dependable long-term growth.

Our guiding principle is that we always act in accordance with legal regulations in all regions and countries in which we operate. Where national law and international human rights standards differ, we will ensure we adhere to national law as a minimum standard. We will then work with our operations teams and partners to seek ways to honour these human rights standards to the extent that is possible, including through the application of our global ethics-related policies.

### 3. LABOUR

Through our due diligence processes and analysing the potential labour-related human rights risks related to our business and organisation, we have identified the following issues as salient to our business.

#### a. Child Labour

We reject all forms of child labour. We do not employ children below the legal minimum age of employment in any country or local jurisdiction. There is no place for child labour in our business and we strictly prohibit this in our own operations, and in those of our business partners.

#### b. Forced Labour and Human Trafficking

There is no place for forced labour or human trafficking in our business and we strictly prohibit this in our own operations, and in those of our business partners. We have zero-tolerance towards exploitative employment practices and our policies and codes of practice make specific reference to the avoidance and prohibition of slavery and forced or bonded labour, both in our own operations and in our supply chains. We prohibit any form of labour that is demanded as a means of repayment for a loan, debt or bond in our own operations, in our supply chains and through our recruitment agencies. We promote the aims of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015, as further set out in our [Modern Slavery and Transparency in Supply Chains Statement](#).

Our anti-slavery and human trafficking policies are contained within our Ethics Code. The Ethics Code, which is reviewed and updated annually, is aligned to the standards and guidelines contained in the core international human rights instruments. To supplement the Ethics Code, our Worldwide Employment Standards set out the minimum labour standards which are observed across all of our global operations, whilst our Key People Principles outline Coats' commitment to upholding the basic rights and freedoms of our employees. Coats' Key People Principles includes the following statement:- *"Coats believes the human rights of its employees at work are an absolute and universal requirement"*.

The requirements set out in our Supplier Code are aligned to the standards contained in the core human rights instruments, and include minimum requirements concerning labour practices, environmental management, responsible sourcing of materials & products and business conduct. The Supplier Code also contains specific requirements in relation to the prohibition of human trafficking and forced and bonded labour.

#### c. Occupational Health and Safety

We ensure uniformly high health protection, safety, and environmental protection at our sites through the implementation of appropriate measures and management systems. Regulations are consistently applied worldwide to minimize the occurrence of accidents and incidents. We have well established policies, procedures and guidelines that describe our expectations of our business partners for safe and healthy working conditions, and we will take action in respect of cases of violation known to us.

#### **d. Diversity & Inclusion**

We promote an inclusive work environment that values the diversity of our employees as confirmed in our [Diversity and Inclusion Statement](#) and [Equal Opportunities Statement](#). This is embedded in our COATS4ALL and COATS4Her global programmes where we communicate our commitment to equal opportunity and reject any forms of discrimination or harassment based on gender, ethnic origin, nationality, social origin, religion, age, disability, sexual orientation and identity or any other characteristics protected by applicable law. The basis for employee selection and promotion at Coats is qualification, performance, skills and experience.

#### **e. Freedom of Association and Collective Bargaining**

We respect our employees' right to join or not to join a trade union or employee representation of their choice, free from threat or intimidation. We recognize and respect the right to collective bargaining in accordance with applicable local law. Employees who act as representatives are neither disadvantaged nor favoured in any way.

#### **f. Working Conditions**

##### **✓ Remuneration and benefits**

We compensate our employees relative to local industry and labour market and minimum wage legislation, and in accordance with the terms of applicable collective bargaining agreements, where they exist. We pay workers in a timely manner and clearly convey the basis on which workers are being paid. We apply a Living Wage across all our operations, as described in our [Living Wage Policy](#).

##### **✓ Working hours**

We comply with all applicable local laws regarding working hours including overtime, rest breaks and paid vacation.

##### **✓ Health& Safety**

The safety, health and well-being of our employees is of utmost importance. In adherence to our [Health and Safety Policy](#), statutory regulations and industry standards, we provide a work environment that is safe and conducive to good health, in order to preserve the health of employees, safeguard third parties and prevent work-related accidents and injuries. Our Energy4Performance wellbeing programme addresses social, mental, physical and emotional health zones whilst our safety-first mindset and policies, as well as on site medical facilities, ensure that the health and safety of our employees is prioritised.

#### **g. Data Privacy**

We respect the privacy of all individuals and the confidentiality of any personal data we hold about them. Through our Data Protection Policy, Coats is committed to process personal data in accordance with all applicable data protection laws and individual's rights, including complying with the 13 Data Protection Principles set out in the Data Protection Policy.

## 4. ENVIRONMENT

We are committed to environmental protection. We recognize that our business activities impact the environment and the climate.

Our sustainability strategy is supported by the pillars of energy, materials, water, waste and people. These are linked to eight UN Sustainable Development Goals and include science-based targets to reduce scope 1 and 2 emissions by over 46% and scope 3 emissions by 33% by 2030. We aspire to become a net-zero emitter of carbon by 2050.

We are fully committed to and supportive of the Environmental Principles as members of the UN Global Compact, and report annually our Communication on Progress against those principles through our [Sustainability Report](#).

## 5. ANTI-CORRUPTION

We have a comprehensive [Anti-bribery and Anti-corruption Policy](#), which sets out our policy of zero-tolerance of corruption, including bribes, facilitation payments, fraud, forgery, money laundering, tax evasion and obstruction of justice. Our Anti-bribery and Anti-corruption Policy is based on the UK Bribery Act and the US Foreign Corrupt Practices Act, and applies to all employees and third parties (such as agents, brokers, partners, consultants and suppliers) worldwide.

## 6. GOVERNANCE

### a. Oversight

Our Chief Legal & Risk Officer is responsible for overseeing human rights compliance and risk, including modern slavery, whilst our Chief Human Resources Officer deals with all labour issues. Our Group Risk Management Committee (GRMC) (which is comprised of our Group Executive Team and other subject matter experts as appropriate) manages and reviews risks to our operations, including those relating to ethical and human rights matters, and monitors progress of any preventative and mitigating actions. On a quarterly basis, the GRMC reports to the Audit and Risk Committee of the Coats Group plc Board of Directors.

Every Coats leader and employee is obliged to follow the Group's policies as well as comply with applicable laws and regulations, including those that seek to protect against violation of human rights. Our commitment to upholding human rights is in effect in all Group locations across the world.

### b. Due Diligence and Audit

We undertake a human rights risk assessment on a biennial basis. The risk assessment helps us identify the areas of highest risk both in our own business operations and in those of our supply chain. We map our operations and those of our supply chain to identify industry/ sectoral risks, as well as risks based on their geographical location. To identify country risks, we take account of external benchmarks and indices in our risk assessment process, including the UN Human Development Index, ITUC<sup>1</sup> Global Rights Index, Freedom House's Freedom in the World map, UNICEF<sup>2</sup> percentage of children aged 5-14 years engaged in child labour, and the Global Slavery Vulnerability Index from Walk Free. We factor all these indices by normalising them and weighting them all equally to produce a final score for each country in which we operate.

We assess human rights risks, using our Supplier Code, before entering into contracts with suppliers. To do so, we have developed a due diligence and review protocol for our procurement teams to use in assessing supplier credentials. Any suppliers who have entered into contracts with us must have agreed to abide with the provisions related to modern slavery risk and other issues outlined in our Supplier Code.

Our independent Group Internal Audit team carries out periodic internal audits on all units, depending on their risk profile, to assess whether Coats' values and principles are adhered to across our global operations. This includes verification of our employment standards, analysed against 28 key HR controls, to ensure we act in compliance with the labour laws of the countries in which we operate.

We carry out a rolling programme of supplier audits, which includes our key suppliers, selected on a risk-based profile, being audited by Bureau Veritas using the Coats' Supplier Code template. Our supplier onboarding system helps to ensure that focus on and compliance with the Supplier Code is as embedded within the process as much as possible. Coats engages with the audited suppliers to help clarify any doubts around non-compliances and tracks the suppliers' progress in completing audit recommendations. Depending on the overall audit score, suppliers are either re-audited in 6 months, 1 year, 2 years or 3 years or, in cases where we are not satisfied with the results, the relationship is terminated.

### **c. Remedy and Grievance Mechanism**

We operate a whistleblowing policy and process to encourage the reporting of any possible occurrences of non-compliance with our Human Rights Policy Statement, Ethics Code or any other policies. The [Speak Up \(Whistleblowing\) Policy](#) extends to human rights violations and provides an avenue whereby any suspected instance can be reported without fear of reprisal. The policy is reviewed and updated periodically and was last revised in 2022. To ensure all individuals or communities who may have a human rights concern have an appropriate mechanism to report their concern or instances of non-compliance, we operate multiple reporting channels, including an ethics hotline, a confidential whistleblowing email-based reporting system ([ethics@coats.com](mailto:ethics@coats.com)) and telephone voicemail service, details of which are included in our publicly available Speak Up (Whistleblowing) Policy. To further enhance our reporting mechanisms, in 2022 we also introduced an external web-based whistleblowing reporting application ('Coats Ethics Point'). All our reporting

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<sup>1</sup> International Trade Union Confederation

<sup>2</sup> The United Nations Children's Fund

channels are open to employees and individuals or communities, whether internal or external, to report concerns or possible occurrences of non-compliance. We have a zero-tolerance approach towards any form of whistleblower retaliation, including actions that compromise the confidentiality of the complaint or the whistleblower's identity.

#### **d. Training and Awareness**

We operate a 'Doing the Right Thing' campaign, raising awareness and embedding our corporate responsibility and ethics policies and standards across the business.

We run a comprehensive multi-language suite of mandatory compliance training programmes on an online platform. This covers our ethics and corporate responsibility policies, including anti-corruption, slavery and child labour and ethics. To help ensure that everyone associated with Coats continues to understand Coats' high ethical standards, training sessions are also held in key medium and high-risk locations. In addition, we provide regular internal communications on ethics issues and practical examples of how to behave and not to behave in various real-world scenarios. We highlight key ethical issues through our 'Spotlight on' programme by raising awareness through communications materials such as briefings and posters. To help promulgate the messages and assist in implementing our policies, we have appointed ethical culture champions across the business.

## **7. GOING FORWARD**

As part of our culture of continuous improvement, we regularly evaluate and review how best to improve and strengthen our approach to addressing human rights in our sphere of influence.

#### **Further Information (please see our [Download Centre](#)):**

- Ethics Code (incorporating the Business Code of Conduct)
- Supplier Code of Conduct
- Anti-bribery and Anti-corruption Policy
- Data Protection Policy
- Modern Slavery and Transparency in Supply Chains Statement
- Diversity & Inclusion Statement
- Equal Opportunities Statement
- Occupational Health & Safety Policy
- Coats Group Sustainability Policies and Guidelines
- Coats Group Sustainability Report
- Coats Group Stakeholder Engagement Guideline
- Coats Group Annual Report
- In case of any questions about this Human Rights Policy Statement, please contact the Chief Legal & Risk Officer([stuart.morgan@coats.com](mailto:stuart.morgan@coats.com)) or Chief Human Resources Officer ([farnaz.ranjbar@coats.com](mailto:farnaz.ranjbar@coats.com))
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