



# Terms of Reference

## For Coats Group plc Corporate Responsibility Advisory Group

Policy owner/ issued by	Approved by	Date issued/reviewed	Effective from	Next review	Next independent review
Head of Corporate Responsibility		February 2018	February 2018	February 2019	

### 1 Membership

1.1 The Corporate Responsibility Advisory Group (CRAG) comprises eight Permanent Members plus a varying number of invited Non-Permanent Members. The Permanent Members are appointed by the Group CEO. They are the Chief Supply Chain Officer, the Chief Human Resources Officer, the Global Marketing Director, the Global Environmental & Engineering Director, the Deputy General Counsel & Assistant Company Secretary, the Head of Insurance, Property, Product and Environmental Safety, the Head of Brand and Reporting, and the Head of Corporate Responsibility (CR). Two Permanent Members shall comprise a quorum at any meeting of the CRAG.

1.2 The Chairman of the CRAG shall be the Chief Supply Chain Officer. In the absence of the chairman of the CRAG, the members present at any meeting of the CRAG shall elect one of the other Permanent Members to chair the CRAG.

### 2 Attendance at meetings

2.1 Only Permanent Members and invited Non-Permanent Members of the CRAG have the right to attend CRAG meetings. The selection of the Non-Permanent Members to be invited will be at the discretion of the Permanent Members. The Non-Permanent Members invited will vary according to the knowledge and expertise required for any particular meeting or project. Apart from members from diverse locations and functions, attendance at CRAG meetings will always include the Chief Supply Chain Officer and the Head of CR.

2.2 The Head of CR shall act as the Secretary of the CRAG.

### 3 Frequency of meetings

3.1 Meetings of the Permanent Members of the CRAG shall be held not less than twice each year.

3.2 Additional meetings shall be held as required and any of the Permanent Members may request a meeting if he or she considers that one is necessary.

3.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the CRAG no later than three weeks before the date of the meeting. Telephone or online attendance at meetings will be accepted. An agenda of items to be discussed together

with any supporting papers shall be sent to the CRAG members no later than five working days before the date of the meeting.

#### **4 Minutes of Meetings**

4.1 The Head of CR shall minute the proceedings and resolutions of all meetings of the CRAG, including recording the names of those present and in attendance.

4.2 Minutes of CRAG meetings shall be circulated promptly to all members of the CRAG.

#### **5 Authority**

5.1 The CRAG is authorised to:

- i. Seek from any employee of any company within the Coats Group plc group of companies (“the Company”) any information which it requires in order to carry out its responsibilities (and all employees are directed to co-operate with any request made by the CRAG); and
- ii. Obtain external professional advice and request advisers to attend meetings as necessary. The CRAG shall be provided with sufficient resource to undertake its responsibilities.

#### **6 Responsibilities**

6.1 The responsibilities of the CRAG are as follows:

- i. To review, advise on and develop the Company’s CR strategy to ensure that it remains an integral part of the Company’s corporate strategy and its implementation in practice, and that the Company’s social, environmental and economic activities are aligned;
- ii. To ensure that there is recognition by all within the Company of the impact of its activities upon all stakeholders (including shareholders, customers, brands, retailers, consumers, employees, suppliers, banks, government regulators, and the wider community and environment) and that those activities are managed such that – consistent with sustainable business and development – they are conducted in a socially responsible manner and have a positive impact on society;
- iii. To develop and recommend for acceptance by the Management Board approaches on all key areas of CR including the environment, health and safety, product testing and customer safety, standards of business conduct, ethics, employees and employee development, supply chain, charitable activities and community initiatives;
- iv. To develop and support the activities necessary to convert CR policies into an effective plan for implementation across the Company and to agree a programme of specific CR activities and focus for each financial year, supported by appropriate targets and key performance indicators;
- v. To monitor compliance with the CR policies throughout the Company and review performance;
- vi. In conjunction with the Risk Management Committee, help to identify material environmental, social and health and safety risk areas and to ensure that appropriate measures are taken to mitigate any such risks;
- vii. To evaluate and oversee on an ongoing basis the quality and integrity of any reporting to external stakeholders concerning CR matters and, specifically, to review and present to the Global Executive Team for final approval a CR report for publication in the annual reports and accounts, and the corporate website;

- viii. To develop and encourage effective two-way communication concerning CR issues within the business;
- ix. Where appropriate, to consider the appointment of external advisors to advise and support the CRAG in respect of CR initiatives and to be responsible for establishing the selection criteria, terms of reference and fees in respect of any such advisors; and
- x. To consider such other topics and issues in relation to CR as may be stipulated by the Coats Group plc Board and the Global Executive Team from time to time.

## **7 Reporting**

7.1 The Chairman of the CRAG shall report to the Group CEO on all matters within the scope of its duties and responsibilities on a quarterly basis.

7.2 The CRAG shall make whatever recommendations to the Global Executive Team it deems appropriate on any area within its remit where action or improvement is required.

7.3 The CRAG's responsibilities and activities during the year shall be disclosed in the annual report and accounts, and on the corporate website, as appropriate.