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# Whistleblowing Policy

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Policy owner/ issued by	Approved by	Date issued/ reviewed	Effective from	Next review
Chief Human Resources Officer	Group Executive Team on behalf of the Board of Directors	June 2018	June 2018	June 2019

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## Table of contents

1.	<b>Purpose and applicability</b> .....	2
2.	<b>Statement of policy</b> .....	2
3.	<b>Exclusions to “Whistleblowing”</b> .....	3
4.	<b>Process for disclosure of “Whistleblowing”</b> .....	3
5.	<b>Investigating cases of disclosures</b> .....	5
6.	<b>Safeguards</b> .....	5
7.	<b>Policy review</b> .....	6
8.	<b>Retention</b> .....	6
9.	<b>Contact</b> .....	6

## **1. Purpose and applicability**

1.1 This Policy is applicable worldwide to all employees of Coats Group plc and any of its subsidiaries or associated companies (hereafter referred to as ‘the Company’) to the extent that it is not inconsistent with local laws.

1.2 In the absence of any applicable local laws, this Policy shall prevail. For local variations to the Policy, please refer to section 8.

1.3 The Policy outlines the reasons for maintaining high standards of ethical and legal business conduct and describes the procedures for reporting acts which are thought to contravene these standards. Also outlined are the actions to be taken by the Company.

1.4 The Policy should be read in conjunction with the following Company policies:

- Ethics Code (incorporating the Business Code of Conduct and Managing Company Property Policy);
- Anti-bribery and Anti-corruption Policy;
- Health and Safety Policy;
- Environmental Policy;
- Harassment, Bullying and Discrimination Policy;
- Competition Law Policy; and
- Data Protection Policy.

## **2. Statement of policy**

2.1 The Company is committed to the highest possible standards of integrity, openness and accountability in all of its affairs. It is determined to maintain a culture of honesty, dignity and respect and opposes any actions and behaviours which may be inconsistent with these standards. Key examples of actions or behaviours which are not consistent with these standards include:

- Fraudulent and corrupt acts;
- Code of Conduct violations;
- Conduct which is an offence or a breach of law, treaty or agreement amounting to serious improper conduct;
- Health and safety risks, including risks to the public as well as employees;
- Damage to the environment;
- Harassment, bullying or discrimination of any kind, use of child labour, and human rights violations; and
- Other unfair employment practices including wrongful promotion of employees in an unfair manner.

2.2 Fraudulent or corrupt acts include, but are not limited to:

- Financial issues – where individuals or entities have fraudulently obtained money from the Company, made fraudulent statements or manipulated accounting;

- Equipment issues – where the Company's equipment is used for inappropriate personal gain;
- Resource issues – where there is a misuse of resources (e.g. theft of materials);
- Other issues – activities undertaken by officers of the Company which may be:
  - unlawful;
  - in substantial breach of the Company's policies;
  - a danger to the health or safety of employees or the public;
  - in breach of anti-corruption laws, anti-bribery laws, sponsorship and donations guidelines, gifts or facilitation payment procedures;
  - below established standards or practices;
  - improper conduct and includes abuse of authority, gross misconduct or gross waste of money; and
  - acts of senior management that cannot be reported using the local channels.

2.3 The Policy aims to encourage employees to raise concerns about serious misconduct or report suspected violations of the law or the Company's policies and to provide assurance that those employees will be protected from retaliation for making such reports. The Policy also outlines the ways in which employees can voice their concerns and the steps the Company will take in responding to disclosed breaches or violations of laws and/or Company policies.

### **3. Exclusions to “Whistleblowing”**

3.1 Incidents of an employment related nature should be reported through the normal channels, in accordance with the Harassment, Bullying and Discrimination Policy. These will be escalated to the Chief Human Resources Officer as appropriate.

### **4. Process for disclosure of “Whistleblowing”**

4.1 Employees can sometimes observe or become aware of behaviour or actions which are in breach of laws and/or Company policies. They may however fear harassment and victimisation if they raise their concerns or disclose irregularities.

4.2 This Policy is intended to encourage all employees to disclose any wrongdoing that may adversely impact the Company, the Company's customers, shareholders, employees or the public at large.

4.3 Employees seeking to disclose suspected fraudulent or corrupt acts as well as unethical or illegal conduct are encouraged to “consult locally at first” on such matters, if possible, with their supervisors, managers or other appropriate personnel such as their Cluster Managing Director (CMD). In the case of a potential act of fraud and corruption, the CMD should disclose the incident to the Head of Group Internal Audit.

4.4 Where concerns or allegations may involve an CMD, or senior management, or if an employee may not be certain of which avenue to report their concern and/or feels unable to disclose the concern with anyone under 4.3, it is recommended that the employee applies principles (i-iii) below as a channel in which to make the disclosure where local laws permit:

- i. If these acts are suspected to involve a CMD then the relevant senior manager at the next level up e.g. the President, Business Operations (PBO) or equivalent, the Chief Financial Officer (CFO) or the Head of Group Internal Audit, should be contacted;
- ii. If these acts are suspected to involve a member of the Group Executive Team, or if the employee is uncertain as to whom to contact, they should be disclosed to any of the Chief Legal & Risk Officer and Group Company Secretary, the Group Chief Executive, the Chief Human Resources Officer or the Chairman of the Audit & Risk Committee; and
- iii. An employee may wish to disclose the matter via email through the confidential internal Ethics Inbox at [ethics@coats.com](mailto:ethics@coats.com). All disclosures to the Ethics inbox will be dealt with according to the highest levels of confidentiality, anonymity (if permitted by local laws) and impartially.

4.5 All disclosures are a 'reportable event' and as such must be reported in the Bi-annual Risk Questionnaire by the relevant CMD, the PBO or other member of the Group Executive Team, as appropriate.

4.6 In all cases, the nature and circumstances of the disclosure will determine the Company's course of action. In cases of fraud and corruption, depending upon the gravity of the disclosure, the Company may decide to institute an enquiry through an independent functionary or through Group Internal Audit. This decision will be made by the Group Chief Executive in consultation with the Chief Legal & Risk Officer and the Group Company Secretary, the Chief Human Resources Officer and the Group Chief Financial Officer.

4.7 The same independent functionary may also be asked to investigate other suspected violations of an unethical or illegal nature.

## 5. Investigating cases of disclosures

5.1 Within 10 working days of receipt of the disclosure the employee will be notified of the following:

- acknowledgment that the disclosed information has been received;
- additional request for further information if the initial allegation is vague or not specific enough;
- indication of whether any further investigations will take place, and if not, why not.

5.2 The action taken by the Company will depend on the nature of the concern. The matters raised may:

- be investigated internally; and
- be referred to the police or an appropriate external authority.

5.3 If investigated internally the investigation should be independent, impartial and expeditious addressing all issues/concerns disclosed and a written report will be submitted with a clear conclusion confirming or rejecting the disclosure. The investigation and report should be undertaken at the request of the Group Chief Executive in consultation with the Chief Legal & Risk Officer and Group Company Secretary, the Chief Human Resources Officer and the Group Chief Financial Officer.

5.4 Apart from keeping appropriate stakeholders and Head of Group Internal Audit informed of (i) receipt of the disclosure and (ii) conclusion of the investigation, the individual should report receipt of all such disclosures in the Bi-annual Risk Questionnaire with a brief summary of the disclosure, results of the investigation and actions taken.

## 6. Safeguards

6.1 All reports of ethical concerns can be made anonymously (if permitted by local law) and confidentially.

- *Harassment or victimisation* - The Company recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal or retaliation. The Company will not tolerate harassment or victimisation and will take action to safeguard those who raise a concern in good faith. Procedural guidelines to safeguard employees and address employee grievances of harassment or victimisation can be found in the Harassment, Bullying and Discrimination Policy.
- *Confidentiality* - The Company will do its best to safeguard the identity of the employee when he or she raises a concern and does not want their name to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the employee may be required as part of the evidence.
- *Anonymous allegations* - This Policy encourages employees to put their names to allegations so that they may be properly investigated and for updates to be provided if appropriate. Concerns expressed anonymously are more difficult to investigate and substantiate, nevertheless they will be accepted where necessary and where permitted by local law.
- *Untrue allegations* - If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the employee. If, however, individuals make malicious or vexatious allegations, action may be considered against the employee making the allegation.

## **7. Policy review**

- 7.1 A summary of reports received, actions taken and outcomes of investigations, will be provided by the Head of Group Internal Audit at each Audit & Risk Committee meeting. The effectiveness of this Policy will be reviewed annually or earlier if required.
- 7.2 Any need for change should be reported to the Chief Human Resources Officer who will ensure that the appropriate approvals are obtained.

## **8. Retention**

- 8.1 The Chief Human Resources Officer and the Head of Group Internal Audit shall decide on the period of retention of all investigation reports and relevant documentation, subject to restrictions imposed by legislation. However, retention of any documents under the Policy will be for no longer than necessary after the investigation is closed.

## **9. Contact**

- 9.1 For practical guidance on any aspect of this Policy, please contact the HR or Legal, Risk & Governance teams or email [ethics@coats.com](mailto:ethics@coats.com).