







# OUR STRATEGY: PROGRESS AGAINST PIONEERING A SUSTAINABLE FUTURE



During 2018, we launched our ambitious new strategy for Coats called 'Pioneering a sustainable future'. This focusses on five priority areas where we can accelerate progress, through targeted investment of capital and resource. One year on, the table below summarises the progress we have made:

Pillar	Why is this a priority?	2019 highlights	UN SDG	Target
 <b>WATER</b>	Water is a precious resource and is coming under increasing pressure globally. Textile manufacturing uses a lot of water, especially for dyeing processes. To ensure that sufficient water is available for everyone and the natural world, we have to ensure that we use no more than is necessary and use it as efficiently as possible. Not prioritising this would entail risks for business continuity and rising costs.	Our focus in 2019 has been on detailed analysis of water balances by site, focus on areas of potential wasteful use and exploration of machine and process modifications that will allow us to significantly reduce the baseline of water use using our current equipment. All new dyeing machines are already significantly more water efficient. 2% reduction vs 2018.		By 2022, we will reduce the amount of water used per kilogram of thread produced by 40% against our 2018 baseline.
 <b>ENERGY</b>	Climate change is a real and growing risk for our business, as for many others. Reducing our energy demand and ensuring that as much as possible comes from renewable, carbon neutral sources will ensure that we are contributing to global efforts to combat climate change, while also reducing our operating costs.	<p>We have initiated three pilot projects using advanced digital energy management systems which will allow us to evaluate in more depth than ever before the opportunities for real-time energy management. 1% reduction vs 2018.</p> <p>We have expanded our use of renewable energy with a new roof-top solar array in Vietnam and are currently working on a long-term agreement in Mexico. We have also installed a small pilot wind plant in Bangladesh. 32% renewables in 2019.</p>	 	<p>By 2022, we aim to be sourcing renewable energy wherever that is feasible.</p> <p>By 2022, achieve a 7% reduction in energy used per kilogram of product made against our 2018 baseline.</p>
 <b>EFFLUENT &amp; EMISSIONS</b>	While we continue to use water in our processes we will generate effluent. It is essential that any water we return to the environment is properly treated to ensure that there is no damage to the watersheds that we and our communities rely on.	<p>We have updated our Coats effluent standards to incorporate the Zero Discharge of Hazardous Chemicals (ZDHC) standards, and have continued our investment programme in treatment plants. 63% compliance in 2019.</p> <p>All of our major plants now have automatic monitoring and alert systems to ensure that parameters are continuously achieved.</p>	  	By 2022, we will build on Coats global standards by complying with the Zero Discharge of Hazardous Chemicals (ZDHC) effluent standards.
 <b>SOCIAL</b>	We operate across 6 continents with employees from over 60 nationalities. As our business becomes more digitally enabled ensuring that we are able to attract, retain and upskill our diverse people becomes ever more important. High levels of engagement are essential to our performance.	<p>Ethical behaviour underpins everything we do, and is managed through our "Doing the right thing" programme.</p> <p>We have continued to embed our health, safety and wellbeing programmes across the organisation.</p> <p>We have revised and simplified our policy structure to make it more transparent. We will be launching pilot community projects with a global partner in 2020.</p> <p>19% employees working in certified units in 2019.</p>	  	<p>By 2022, we will have 'Great place to work' or equivalent awards for all our key sites.</p> <p>By 2022 we aim to have all employees contributing to community activities.</p>
 <b>LIVING SUSTAINABLY</b>	Our products are produced largely from synthetic materials that are oil based. Because these materials don't biodegrade, and the raw material source is finite, we must ensure that we develop towards circularity of use. Waste is both a misuse of scarce material and a serious loss of value, so our focus must be on reducing it, and then reusing or recycling what we cannot prevent.	<p>We have continued the expansion of our EcoVerde supply and widened the markets into which we supply it. 1.5% recycled sales in 2019.</p> <p>We have trained staff globally to use our new waste management system. 6% increase in reported waste in 2019.</p>		<p>By 2022, we will reduce our waste percentage by 25% against our 2018 baseline.</p> <p>By 2024, all our premium polyester threads will be from 100% recycled material.</p>