

# OUR STRATEGY: PROGRESS TOWARDS 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 the targeted investment of capital and resources. Two years into this 5 year strategy, the table below summarises the progress we have made

PILLAR	WHY IS THIS A PRIORITY?	2020 HIGHLIGHTS	UN SDG	TARGETS AND PERFORMANCE	PAGE
 <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.	During 2020 we have extended the learning from our Short Liquor Ratio project to additional sites. In addition we have focussed on identifying areas of water wastage and dealing with them.		By 2022 we will reduce the amount of water used per kilogramme of thread produced by 40% against our 2018 baseline. By 2020 we have achieved a 6% reduction	12
 <b>ENERGY</b>	Climate change is a significant risk issue for our business and we need to reduce our energy demand where possible and decarbonise the energy that we do continue to use.	Our pilot project for energy management had to be halted during 2020 and we are reinitiating it in 2021. This will continue to deliver energy reductions towards our target.  We have committed to develop Science Based Targets and will be working on those in 2021. We have continued shifting electricity supply to renewable sources.	 	Our renewable energy target will be revised as part of our Science Based Targets. By 2022 we will achieve a 7% reduction in kWh per kilogramme of production from our 2018 base line. By 2020 we have achieved 3%	17
 <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 water sources that we and our communities rely on.	We continue to invest substantially in upgrading and modernising our effluent treatment plants, and from 2019 all units with in-country test facilities are being regularly tested for effluent and sludge against the Zero Discharge of Hazardous Chemicals (ZDHC) standards.  All key sites are monitored continuously for key parameters with automatic sensors.	  	By 2022, we will build on Coats global standards by complying with the Zero Discharge of Hazardous Chemicals (ZDHC) effluent standards. By 2020 74% of our effluent is compliant	21
 <b>SOCIAL</b>	We employ nearly 18,000 people from 60 countries spread across 6 continents. Ensuring that our diverse people are skilled and engaged and have the development opportunities they seek has always been critical. The experience of the pandemic during 2020 has served to reinforce this commitment.	Ensuring the safety and economic and physical wellbeing of our people and their families during the pandemic has been the absolutely top priority for the company.  At the same time we have continued to develop our health & safety and ethics programmes. We have also completed a review of remuneration against Living Wage benchmarks, and the limited amount of remedial action emerging from that will be completed in 2021.	  	By 2022 we will have external Social certifications (such as Great Place to Work) across all our key sites. Our aim is to have over 80% of our employees in certified sites.  In 2020 6% of our employees are covered.  By 2022 we aim to have all employees contributing to community activities.	25
 <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.	We have significantly expanded our Ecoverde range of 100% recycled polyester threads and sales are growing rapidly.  With the transparency we now have on all types of waste across our units, we are beginning to see the benefit in reduction of waste generation and increased reuse or recycling of waste.		By 2022 we will reduce our generated waste by 25% against our 2018 benchmark. In 2020 we reduced our waste percentage by 8% vs 2018  By 2024, all our premium polyester threads will be from 100% recycled material. By 2020 13% of our premium sales are recycled	33

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