

MANAGING SUSTAINABILITY

Managing Sustainability

MATERIALITY ASSESSMENT

At Coats, identifying the sustainability issues that are of greatest importance to the company and are of most concern to our stakeholders are a vital building block of our sustainability strategy. These materiality assessments, carried out biennially since 2011, are used to inform our wider sustainability agenda, prioritising key sustainability themes to focus on in our strategy development and reporting.

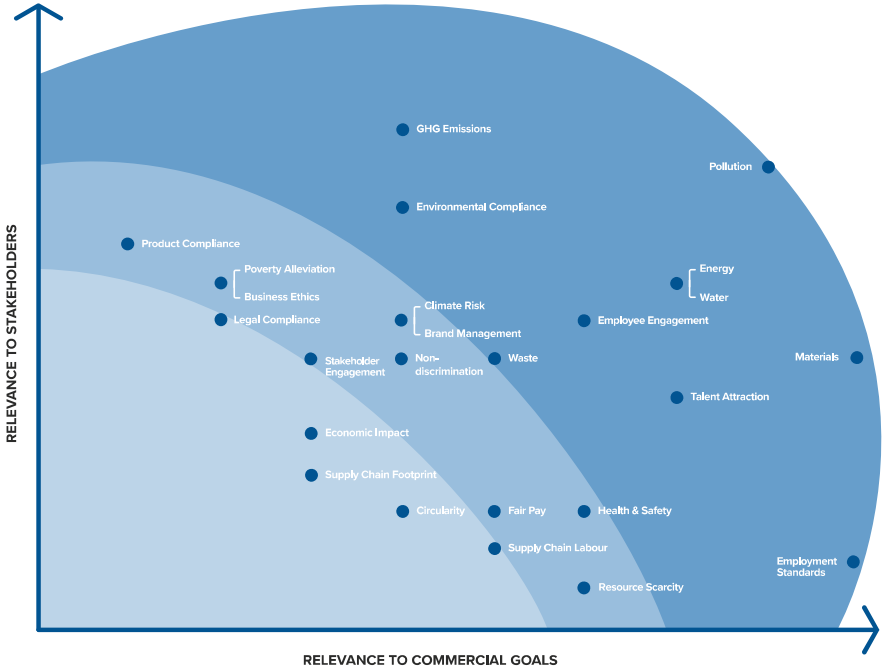
The purpose of these is to identify and assess the environmental, social and governance issues of greatest importance to the company and its stakeholders. The final outcome of the assessment is used to inform our wider sustainability agenda, ensuring that our strategy continues to address the issues of greatest importance.



Nevertheless, in our 2021 review, our top ten issues remained quite consistent with only two new issues coming in (GHG emissions and employment standards) with business ethics and brand management being pushed out of that top tier. When reviewed against our current sustainability strategy we concluded there remains extremely good alignment to our material issues. We have now, at the end of 2022, completed our first set of milestone targets, and have needed to set new targets for our next milestone of 2026, as well as incorporating the new acquisitions made in 2022. In order to do that we have completed another review against our materiality assessment and have reconfirmed that the key material issues and broad strategy remain entirely appropriate, but have used the opportunity to increase the focus on both climate-related and social targets as described earlier in this report.

During 2023 we will complete another materiality assessment exercise.

Our top 25 issues are highlighted in the graph to the right, where the axes represent relevance to Coats Commercial Goals (X) and Importance to our stakeholders (Y).



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GOVERNANCE AND MANAGEMENT

The Board of Directors oversees and is ultimately accountable for the sustainability strategy and this involvement was strengthened in 2022 by the creation of a Sustainability Committee.

This Board Subcommittee, which met twice during 2022 is led by the Board Chair, David Gosnell, and comprises the Senior Non Executive Director (NED) and designated Board Sustainability Advocate, Nicholas Bull, the Designated NED for workforce engagement, Fran Philip, and the Group Chief Executive, Rajiv Sharma. Chris Dearing, our Group Sustainability Director, is the committee secretary.

Within the executive team, our sustainability programme is championed by our Group Chief Executive and the whole Group Executive Team (GET). This group takes responsibility for setting the direction, and ensuring that we deliver on our short and long term sustainability targets. The Sustainability Director manages the Sustainability Delivery Team (SDT) which comprises senior business leaders from procurement, supply chain, finance, legal, and commercial functions who provide the right mix of experience and expertise to continue the effective implementation of our strategy. The SDT is sponsored by the Group Chief Executive and all GET members.



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STAKEHOLDER ENGAGEMENT

We recognise the importance of understanding our stakeholders’ concerns and priorities and need to make sure that these are represented in our strategies. We do this formally through our materiality assessment as described above, but we also do it through the ongoing contacts that we have with many stakeholders during the year.

Our key stakeholders include our employees, our customers, both our direct customers and the brands that specify the use of our products, our shareholders, the environment around us, the communities in which we operate and our suppliers of products and services.

We maintain links with and seek to understand the views of all these stakeholders both at global and more local levels. More information on our stakeholders can be found in our [Annual Report](#) and on our website.



CASE STUDY BURSA CRECHE

We are acutely aware that working mothers are often fulfilling two full-time jobs in parallel; contributing to the success of Coats as employees, and ensuring the welfare of their children as mothers.

While at work, it is important that mothers know that their children are in an area where they are safe, in relative close proximity, and where the children can learn and have fun. Through provision of creche facilities for working mothers, our female employees feel more relaxed and comfortable while at work, enabling them to focus more fully on high levels of delivery for the business.

Our creche at Coats Bursa has capacity to accommodate a total of 99 children, with ages ranges from 4 months to 6 years receiving special care for their age group. Pre-school children are prepared for primary school by their teachers and have a lot of fun at the same time. Our motto for the creche children is “Learn while having fun” and all learning activities are aligned with the national pre-school curriculum.

Our creche facility operates across two shifts (from 06:46-14:45 and 14:45-22:25), and gives much wider childcare access than the majority of creches across the city which operate only through typical office hours of 08:00 - 18:00. This high level of flexibility allow working mothers to work across shifts knowing that their most near and dear are in the safest of hands and having fun.



One of the biggest advantages of working at Coats as a female employee is the availability of a nursery. It's very valuable to be able to see my child whenever I want”

Burcu Kulcu, Personal Protection Technologist

