STRATEGY OVERVIEW

Strategy Overview

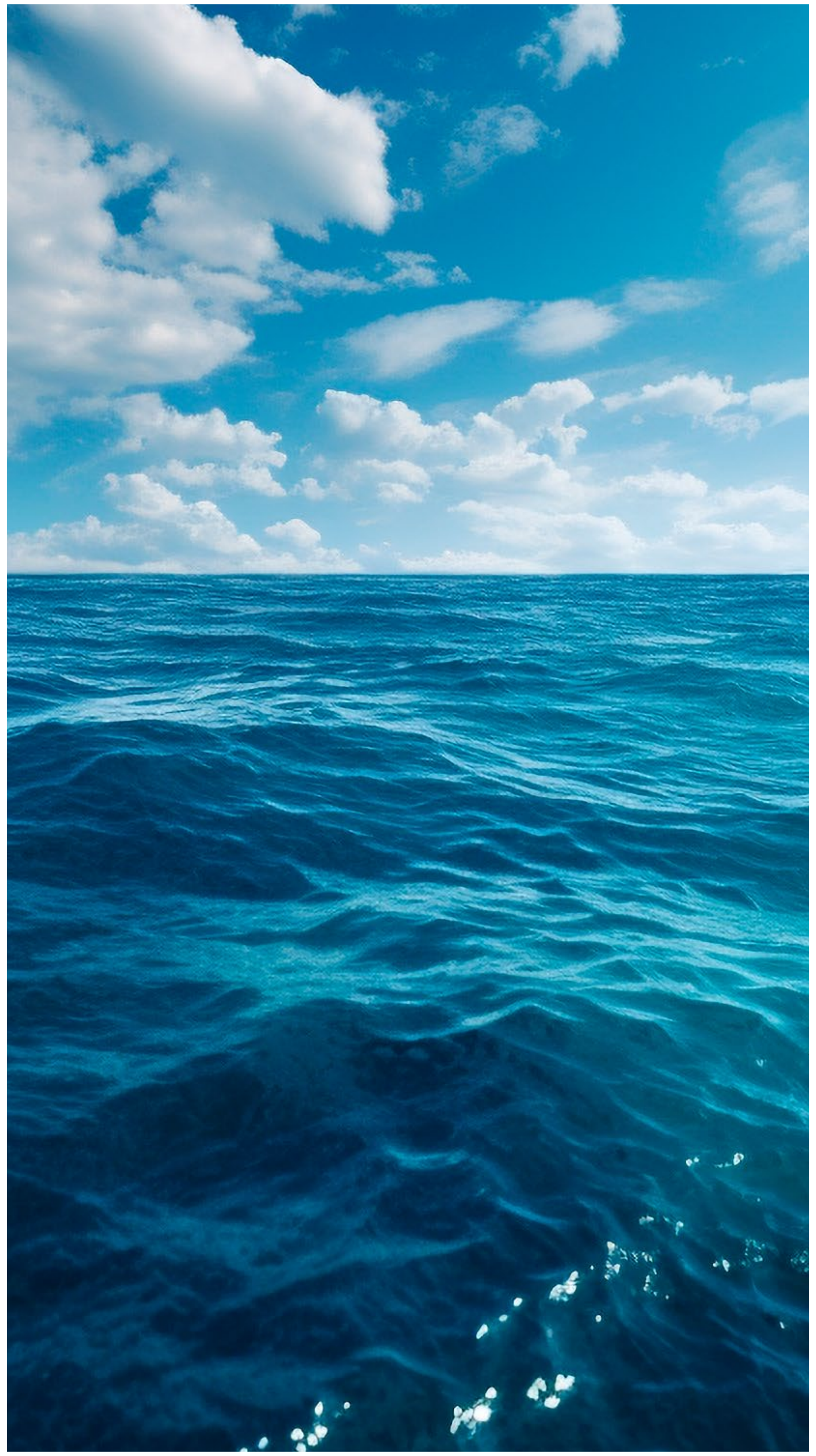
The aim of this report is to describe in detail the progress than we have made in 2025, the penultimate year of our 2023 to 2026 strategy period. Through 2025 we have made further significant progress towards achievement of our 2026 targets that span across our 5-pillar sustainability framework.

We continue to embed sustainability across our operations, driving continuous improvement in our environmental, social, and governance practices. This commitment is reflected in our strategy and the short-, medium-, and long-term targets we have established.

In 2025, we have once again secured independent limited assurance for disclosed results on our seven core sustainability metrics, including Scope 1 and 2 emissions, and Category 3 Scope 3 emissions, adhering to the ISAE 3000 auditing standards. This ongoing commitment to independent verification demonstrates our dedication to maintaining high standards of accuracy and transparency in our sustainability disclosures. The EY assurance statement provides further detail and can be found on page 69 of this report.

In 2025, we finalised work on our Double Materiality Assessment in preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD), and we have aligned our material ESG topics to relevant European Sustainability Reporting Standards. This work has reaffirmed that our current sustainability strategy and targets are aligned to our material issues, and do not need to be changed. Further details on our double materiality process are outlined in the Managing Sustainability section of this report, on page 61.

The roadmap shown on the right describes our journey towards delivery of our Net Zero target in 2050, our interim 2030 Science Based Targets for emissions reduction and our short-term 2026 targets.



OUR JOURNEY TO NET ZERO*

2026: OUR SHORT-TERM TARGETS

- **22%** Reduction in Scope 1 & 2 emissions from 2022 baseline
- **60%** Transition to recycled or bio materials
- **33%** Increase in water recycling rate by 2026 from 2022 baseline
- **0%** Waste to landfill
- **100%** Roadmap to Zero effluent compliance
- **88%** GPTW© coverage
- **30%** Women in leadership roles

2030: APPROVED SCIENCE-BASED TARGETS

- **46.2%** Reduction in Scope 1 & 2 emissions from 2019 baseline
- **100%** Renewable electricity
- **33%** Reduction in Scope 3 emissions from 2019 baseline

FURTHER TRANSFORMATIONAL TARGETS

- Zero products from virgin oil-based materials
- 70% of total energy from renewable sources
- Circular product and packaging solutions
- Increased positive social impact

2050: LONG-TERM TARGET

Net Zero Emissions in our value chain by 2050

*These targets currently exclude impact of OrthoLite, which will be incorporated into future targets in 2026.

Strategy Overview

OUR STRATEGIC FRAMEWORK

Our five-pillar strategic framework remains aligned with our material topics detailed in this report (on page 62) and critical sustainability issues relevant to our business. For each pillar, we have identified the United Nations Sustainable Development Goals that are fundamentally connected.

ENERGY

Our processes rely on energy, mainly for kinetic and thermal purposes. Our use of energy causes greenhouse gas emissions that contribute to climate change. Reducing emissions through more efficient use of energy and using less emitting sources of energy is crucial to combat climate change.

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

MATERIALS

The materials we use to make our products are largely oil-based and energy intensive in terms of upstream production.

They are our main overall source of greenhouse gas emissions. Transitioning to materials with lower inherent emissions, by moving to recycled or bio-based materials, is a priority to combat climate change.

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

WATER

Some of our processes, especially dyeing, are water-intensive. Many of our manufacturing facilities are located in areas of water stress.

Ensuring we are minimising additional water stress caused through our operations is important to other users and to the environment.

6 CLEAN WATER AND SANITATION

WASTE

We produce solid and liquid waste in our processes. Through all our processes we need to ensure we recover as much material as possible from waste streams and we are responsibly dealing with waste to have the lowest environmental impact.

We are committed to eliminating all waste to landfill where local regulations permit.

13 CLIMATE ACTION

6 CLEAN WATER AND SANITATION

PEOPLE

Our employees, their families, our suppliers, and our neighbouring communities are immediately touched by our business. Our programmes are there to ensure that safety, well-being, fairness, equality, diversity and opportunity are prioritised.

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

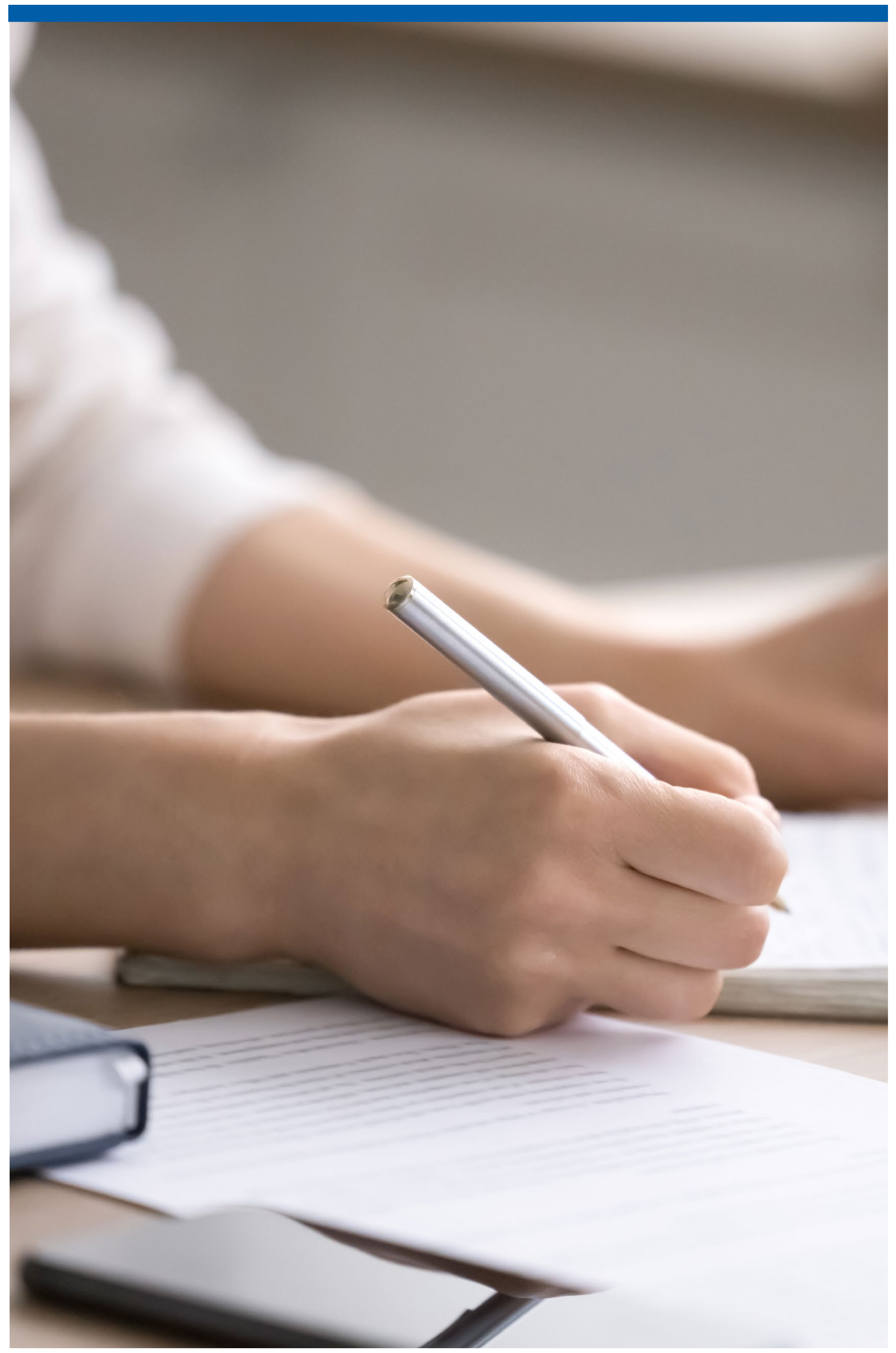
3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

Strategy Overview

Our 2026 targets are based on our 2022 baseline performance delivery for each metric. At this point, our recent acquisition of OrthoLite has not been included in the baseline, and will not be included in any of our reported 2025 metrics.

Our aspirations beyond 2026 are supported by our Science Based Targets initiative (SBTi) approved 2030 emission reduction targets across Scope 1, 2 and 3, as well as our SBTi approved 2050 Net Zero target.



STRATEGY PILLAR	2026 MILESTONE TARGETS			2030 ASPIRATIONS	2030 SBTi COMMITMENTS	2050 TARGET
	METRIC	2022 BASELINE*	END 2026 TARGETS			
ENERGY	Scope 1 & 2 emissions reduction	176.0K TONNES	22% REDUCTION	70% of energy to come from renewables	46.2% reduction in Scope 1&2 emissions vs 2019 baseline	Net Zero emissions in our value chain
MATERIALS	% preferred primary raw materials	31%	60%	100%	33% reduction in Scope 3 emissions vs 2019 baseline	
WATER	Water recycling rate	24%	33% INCREASE IN RECYCLING RATE			
WASTE	Zero waste to landfill	2.1K TONNES	ZERO TO LANDFILL			
	% effluent compliance to the Roadmap to Zero standards	99.76%	100%			
PEOPLE	% employees covered by Great Place to Work certification	86%	88%	90%		
	% of females in senior leadership	19%	30%	40%		

Strategy Overview

COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
	Coats operates in over 50 countries, many of which face poverty challenges. With 19,000+ employees, Coats improve livelihoods through fair wages and safe workplaces. It supports low-income communities via ethical sourcing and community investment. Poverty reduction strengthens trust and resilience. As a UN Global Compact signatory, Coats is committed to advancing SDG 1 through inclusive growth and responsible business practices.	Coats prioritises fair pay, mental and physical wellbeing, inclusive employment, and community investment. It ensures ethical practices across its supply chain, promotes diversity, and supports under-served communities through education and infrastructure. These actions aim to uplift livelihoods, foster equity, and create a responsible, resilient business aligned with global sustainability goals. Our work in this area is described in following sections of this report: **Community** - Page 57 **Living wage** - Page 56	Through rigorous ESG compliance audits of our suppliers, we drive ethical labour practices and fair wages across the value chain, helping reduce poverty not just within Coats, but throughout the communities and partners we work with.
	At Coats, safeguarding the health, safety, and wellbeing of all our employees is fundamental to our purpose. Operating in manufacturing environments, we proactively strive to manage physical and mental health risks. By fostering a culture of care, we aspire to enhance engagement and productivity, while advancing SDG 3 and our commitment to the UN Global Compact.	We focus on expanding mental health support through inclusive policies, training, and awareness initiatives. To ensure physical safety, we are upgrading risk assessments and deploying AI-enabled monitoring systems. We foster a positive workplace culture that values appreciation, inclusion, and career development. Our activities in this area can be found in the following sections of this report, with page numbers: **Health & Well-Being** - Page 54 **H&S Management** - Page 52 **Career Management** - Page 56	Coats is committed to zero fatalities and zero work related or commuting injuries, ensuring safe and secure workplaces. With 99% of employees covered by Great Place To Work® certification, we continue to build high engagement. Global mental health training, AI-enabled safety systems, and consistent safety campaigns strengthen wellbeing, reinforce compliance, and enhance operational excellence across all sites.
	Quality education is a powerful enabler of social mobility, economic empowerment, and sustainable development. Coats operates in diverse regions where access to education, especially for women and rural communities, can be limited. As a global employer, Coats has the opportunity and responsibility to upskill its workforce, promote lifelong learning, and support inclusive education initiatives that strengthen communities and drive sustainable growth across its value chain.	Coats is committed to advancing quality education by establishing skill development centres in under-served regions and offering vocational training through partnerships with NGOs and local institutions. We promote digital literacy and entrepreneurship via community programmes, while also investing in employee growth through internal learning platforms. Our initiatives on imparting education can be found described in the following section of this report, with page number: **Community** - Page 57	Coats measures its progress through the number of individuals who benefit from its learning, skills development, and community training programmes. Across our global operations, we support initiatives that enhance employability, build confidence, and promote economic participation, particularly for women, youth, and under-served groups. These programmes strengthen community resilience while advancing inclusive growth and lifelong learning.

Strategy Overview

COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
5 GENDER EQUALITY	Coats aims to achieve 40% females in senior leadership roles by 2030. Tracking female representation ensures progress toward inclusive decision-making. These efforts empower women across our value chain, helping eliminate workplace discrimination and fostering leadership—directly contributing to SDG 5 and driving sustainable, equitable growth across global operations.	Gender equality is central to Coats' sustainability agenda. We aim to increase women's representation in senior leadership through mentoring and succession planning. Our inclusive policies promote flexible work and zero tolerance for discrimination. Regular ESG materiality assessments ensure gender equity remains a strategic focus. Through community partnerships, we support women's wellbeing, skill-building, and economic empowerment across our global operations, driving long-term impact and inclusive growth. Our Programmes for gender equality and our current performance are described in the following page numbers of this report: **Coats for Her** - Page 49 **Diversity & Inclusion** - Page 49	Our ambition is to achieve high levels of gender equality at both Board and senior management levels, recognising that diverse leadership strengthens our ability to attract and retain talent, drive productivity and enhance competitiveness. Board representation remained strong with 14% females in 2025. In 2025, we surpassed our 2026 senior management target of 30%, reaching 33%, and remain firmly on track toward our ambition of 40% by 2030.
6 CLEAN WATER AND SANITATION	Water is critical to Coats' manufacturing processes, particularly dyeing, which is highly water intensive. With some facilities in water-stressed regions, responsible water management is essential. Coats has a duty to reduce water consumption, prevent pollution, and ensure treated water is safely returned to the environment. This also presents an opportunity to lead sustainable water practices across the textile industry, setting new standards for environmental stewardship.	Coats is deeply committed to responsible water stewardship across its global operations. We aim to reduce freshwater extraction, especially in water-stressed regions, by increasing water recycling and reuse. Through continuous monitoring and investment in clean technologies, we protect ecosystems and promote long-term water security. Our best practice in this area is described in the following page numbers of this report: **Reducing water intensity** - Page 39 **Recycling of water** - Page 38	Coats targets a 33% increase in water recycling by 2026, using 2022 as the baseline. Progress is tracked through the percentage of water recycled across operations. These efforts aim to reduce freshwater extraction and improve water quality, supporting SDG 6 by promoting sustainable water use, protecting ecosystems, and ensuring clean water access for surrounding communities.
7 AFFORDABLE AND CLEAN ENERGY	Energy is central to Coats' manufacturing operations, particularly in dyeing and finishing processes that require significant thermal energy. This consumption contributes to greenhouse gas emissions, making climate action a priority. Coats has a responsibility to reduce its carbon footprint by transitioning to renewable energy sources and improving energy efficiency. As a global leader, Coats can set industry benchmarks in clean energy adoption and sustainable production.	Coats is accelerating its transition to clean energy across global operations by upgrading heat systems to cleaner alternatives, improving efficiency through LED retrofits and smart metering, and driving local innovation to cut energy intensity. Our Net Zero Transition Plan further commits to replacing legacy systems with electric boilers, reinforcing a decisive shift toward a low carbon future. Our programmes in this area are described on Page 29	Coats is accelerating its shift to clean energy, targeting 70% global renewable energy consumption and 100% renewable electricity by 2030. Progress is measured through the share of renewables across our operations. This transition cuts emissions, boosts efficiency, and advances SDG 7, driving cleaner production, reduced environmental impact, and meaningful contribution to global climate goals.

Strategy Overview

COATS AND THE SUSTAINABLE DEVELOPMENT GOALS

SDG	WHY IS THIS RELEVANT TO COATS, WHAT ARE OUR OPPORTUNITIES AND RESPONSIBILITIES?	OUR PRIORITIES AND ACTIONS	OUR GOALS AND INDICATORS, OUR DESIRED OUTCOMES AND IMPACT
8 DECENT WORK AND ECONOMIC GROWTH	Coats employs a large, diverse workforce across multiple regions, making decent work central to its operations. Ensuring fair, safe and inclusive working conditions is essential for wellbeing, productivity and long-term retention. Sustainable growth depends on ethical labour practices and equitable opportunities, reflecting Coats' commitment to fair wages, strong labour standards and maintaining safe, respectful workplaces across all operations.	Coats aims to contribute to local economic growth by embedding responsible sourcing and inclusive employment practices into its operations. Our programmes in this area are described in the following sections of this report, with page numbers: **Great Place to Work certifications** - Page 48 **Whistleblowing hotline results** - Page 56 **Living Wage implementation** - Page 56 **Group Internal Audits** - Page 56 **Supplier Code implementation** - Page 56 **Anti Modern Slavery work** - Page 55	In 2025, we continued to strengthen employee engagement through our Great Place To Work® programme, with 99% coverage across our global workforce. Oversight of employment standards is ensured through our global data systems, Group Internal Audit reviews, and our confidential, independently managed whistleblowing channels. Monitoring of Supplier Code compliance is conducted through risk based internal and external audits. Our ambition is to see these standards extend progressively across our value chain, amplifying positive social impact well beyond our direct workforce.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	As a global leader in industrial manufacturing, Coats depends on strong infrastructure and continuous innovation to maintain its competitive edge. Embracing sustainable industrial practices is essential for long-term growth and resilience. Innovation plays a key role in developing new products, improving process efficiency, and enhancing environmental performance. At the same time, upgrading infrastructure is critical to enable digital transformation and support the shift toward low-carbon operations.	Coats is accelerating sustainable growth by scaling eco innovations and modernising its operations. We are expanding sustainable product platforms like Coats EcoVerde and EcoCycle, upgrading facilities with smart, energy efficient technologies, and investing in a dedicated Sustainability Hub to drive research partnerships and industry best practices. Our best practices in this area are described on page 34.	Coats tracks its progress through clear goals and indicators, growing revenue from sustainable and innovative products, expanding smart infrastructure upgrades, and increasing R&D investment. These efforts strengthen competitiveness, reduce environmental impact, and enhance operational efficiency, contributing to resilient and sustainable industrial systems aligned with SDG 9.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Coats operates in a resource intensive industry, making responsible consumption and production central to its strategy. By using materials efficiently and minimising waste, the company reduces environmental impact while improving operational efficiency. With rising expectations for transparency, Coats is strengthening circularity, resource efficiency and sustainable innovation across its operations, ensuring responsible, accountable and future-ready production practices.	Coats advances responsible consumption and production by reducing waste, improving resource efficiency, and expanding circular solutions including our fully circular textile-to-textile thread launched in 2025. We enhance traceability through digital tools, strengthen supplier alignment on sustainable sourcing, and monitor key metrics such as waste diversion and material sustainability to drive continuous improvement across the value chain. These programmes are described in the following sections of this report, with page number 43.	Coats is driving SDG12 by achieving Zero Waste to Landfill in 2024 and continuing this commitment in 2025. We continue to collaborate with upstream suppliers on identification of circularity opportunities, and in 2025 we diverted >3,600 tonnes of materials into circular flows. Transitioning to recycled, recyclable packaging remains a priority, building a resilient value chain.
13 CLIMATE ACTION	Climate action is a strategic priority for Coats, as manufacturing, logistics and energy use contribute to its emissions profile. With rising climate risks and growing expectations from customers, investors and regulators, Coats is reducing value chain emissions and aligning with science based targets. This ensures responsible, resilient and future ready operations that support global climate goals.	Coats is committed to meaningful climate action by reducing Scope 1, 2 and 3 emissions, expanding renewable energy use, and strengthening site level climate adaptation plans. As an SBTi aligned company, we are transitioning to low carbon technologies, improving energy efficiency across operations, and increasing renewable electricity. We work closely with suppliers on emissions reduction and ensure transparent climate reporting through CDP and TCFD aligned disclosures to support the global 1.5°C goal. Our programmes in this area are described in the following sections of this report, with page numbers: **Climate Change** - Page 23-25	By 2030, Coats is committed to: - reduce Scope 1 and 2 emissions by 46% from our 2019 baseline. - reduce Scope 3 emissions by 33% from our 2019 baseline. - transition to 100% renewable electricity (up from 5% in 2019) These targets form the backbone of our Net Zero Transition Plan, setting a clear roadmap for long-term emissions reduction. They underpin the Group's ambition to achieve net-zero greenhouse gas emissions across the entire value chain by 2050, accelerating the transition to a low-carbon and more sustainable future.

Strategy Overview

SUMMARY OF PROGRESS AGAINST OUR 2026 TARGETS

2025 is the third year of delivery against our 2026 targets. Throughout 2026, we will review our strategy to define new metrics and targets that will get us to our 2030 goals. will be set for the period 2027 until 2030.

The adjacent table illustrates the advancements made towards our 2026 targets and highlights the positive outcomes achieved in 2025. The commentary on each strategic pillar within this report provides further details and examples of the initiatives undertaken to achieve these results across the organisation.

Results achieved in 2025 have undergone independent limited assurance aligned to ISAE3000 audit standards ensuring the full integrity and credibility of reported performance levels.

All sustainability performance data reported in this report excludes the impact of OrthoLite, which was acquired in October 2025. An initial assessment has indicated that OrthoLite's impact on the Group's 2025 sustainability performance, with exception of waste generated and waste to landfill, is not material in nature. Commentary relating to OrthoLite has been included for each core metric in the relevant sections of this report. During 2026, further work will be undertaken to integrate OrthoLite fully into the Group's sustainability reporting processes, controls and disclosures, including the incorporation of quantitative data where appropriate.

STRATEGY PILLAR	METRIC	2026 TARGET	2025 PERFORMANCE	% ACHIEVEMENT OF 2026 TARGET
ENERGY	Scope 1 & 2 emissions reduction	22% reduction from 2022 baseline	30% reduction	136%
MATERIALS	% preferred primary raw materials	60%	52%	87%
WATER	Water recycling rate	33% increase in rate of water recycling from 2022 baseline	25% increase	76%
WASTE	Zero waste to landfill	Zero waste to landfill	Zero	100%
	% effluent compliance to the Roadmap to Zero standards	100% compliance	99.97%	99.97%
PEOPLE	% females in senior leadership	30%	33%	110%
	% employees covered by GPTW certification	88%	99%	113%

Full definitions of our metrics can be found in our Basis of Reporting document.

Strategy Overview

LEADERS' VOICES

HANNAH NICHOLS

Chief Finance Officer

Despite a turbulent geopolitical landscape and macro-economic uncertainty, Coats remains committed to embedding sustainability at the core of our strategy.

We are committed to achieving Net Zero by 2050, with targets validated by the Science Based Targets initiative (SBTi). This commitment drives action across our value chain reducing emissions, moving to recycled and biobased materials, and investing in energy efficiency. Innovation remains central, ensuring our products meet the highest technical standards and support customers on their own Net Zero journeys.

Our leadership in sustainable innovation strengthens partnerships and drives growth, with an increasing share of sales from recycled or non-virgin-based materials. We continue to allocate significant capital expenditure to projects that deliver strong returns, supported by our innovation and sustainability hubs in Shenzhen and Madurai. The recent OrthoLite acquisition expands our ability to deliver sustainable solutions at scale.

To build resilience, we integrate TCFD principles into risk management and accelerate digital transformation for better data and transparency. Looking ahead, we will continue linking sustainability goals with financial performance, driving responsible growth and creating value for all stakeholders.

ADRIAN ELLIOTT

Divisional Chief Executive Officer Apparel Division

Over the past year, geopolitical and economic factors have made for a tougher operating environment, one where many corporates have had to rethink or re-set their sustainability ambitions.

For Coats, this has proved challenging at times, but with sustainability at the core of our strategy, our focus has adapted but not wavered from our long-term ambition of excellence in innovation and sustainable manufacturing practices.

The combination of political instability, policy uncertainty and rising tariffs has shifted many companies' near-term priorities. In parallel, consumer confidence, particularly in Europe, remains fragile. Although sustainability remains a vital credential for market-leading brands, many are now prioritising cost control, inventory reduction, and operational resilience. Sustainability remains critical to brand credibility, risk management, and long-term value creation but in the last year we have observed some shift towards initiatives that deliver clear, measurable shorter-term impact.

In 2025, within our net zero transition plan, our emphasis has shifted upstream. Reducing direct emissions and energy intensity at our suppliers is often more controllable, faster to implement, and more cost-effective than transforming entire material ecosystems. Our recently launched Supplier Decarbonisation Programme is a key milestone on this journey.

Coats remains committed to reducing waste, water, and energy as a cornerstone of our environmental initiatives. These remain a business imperative as they lower costs while simultaneously delivering environmental benefits to our company and communities. We are proud of our sustainability track record, which continues to attract talented individuals to Coats across the world.

Sustainability-led innovation remains a core pillar of our competitiveness and future growth. However, we are conscious that our progress must be resilient to economic and regulatory shifts, where impacts are real and costs are defensible. This balance and the increased transparency in our supply chain, mean our sustainability strategy will continue to be a source of strength for Coats in the years to come.

Strategy Overview

LEADERS' VOICES

PASQUALE ABRUZZESE

Divisional Chief Executive Officer Footwear Division

The global footwear industry is heavily concentrated across key manufacturing hubs in Asia, with large global brands as customers. Within the high-performance athletic footwear and athleisure segments, sustained consumer loyalty depends on continuous innovation that enhances comfort, performance, and design.

Sustainability continues to contribute to brands' abilities to win customers, attract talent, and justify investment in new materials and processes. However, in the current difficult commercial environment, the value proposition has begun to moderate. This year customer priorities have shifted somewhat as sales volumes have come under pressure in the sector.

At Coats, our ambitious target to achieve 60% preferred non-virgin oil-based materials by 2026, remains in place, and to achieve this we will continue to invest and innovate. In the near-term our focus will continue to shift towards continuous improvement, with waste reduction becoming one of the most powerful levers available to Coats in terms of both commercial and environmental benefits.

Improving processing capabilities, embedding initiatives like the implementation of smart metering and the enhancement of cutting accuracy helps to tackle the root causes of waste, enabling Coats to address changing market dynamics whilst continuing to make progress against its Net Zero targets. Operational excellence across manufacturing is delivering tangible benefits in reducing our Scope 3 emissions and improving our resilience and operating margins.

Longer term, the strategic imperative of materials transition at Coats remains unchanged. Our most recent acquisition, OrthoLite, builds on existing synergies between our industry-leading sustainability and innovation practices. OrthoLite's Cirql™ brand, exemplifies this. Targeting the elimination of restricted chemicals used in traditional footwear manufacturing, Cirql has pioneered midsole and insole products ranging from 50% post-industrial content to 100% industrially compostable materials. While cost and manufacturing scaling considerations remain, this acquisition provides a strong basis for continued product innovation towards our sustainability targets.

At Coats we continue to embed sustainability at the core of our business, driven by both innovation and commercial execution of our sustainability targets and strategy.

STUART MORGAN

Chief Legal and Risk Office

Integrity is the foundation of our ESG strategy and the lens through which every decision is made at Coats. It is fundamental to sustaining trust and engagement across our global network of stakeholders.

This commitment is stronger than ever, as we recognize that responsible business is the cornerstone of long-term resilience and growth.

Our unwavering focus on ethics, integrity, and compliance is embedded in our Ethics Code and Business Code of Conduct, which guide every decision and interaction. These principles are reinforced through extensive training, transparent communications, recognition programmes, and rigorous auditing and investigation processes. By embedding these standards across our employees, partners, and suppliers, we create a culture where doing the right thing is not optional, it is expected. This culture continues to be a clear source of competitive advantage for Coats.

We tirelessly convey our values throughout the Group, setting the highest ethical standards and ensuring that all stakeholders have a voice and that every voice is heard. Our inclusive "Speak Up" whistle-blowing policy reflects this commitment, providing a safe and confidential channel for concerns to be raised and comprehensively investigated. Ethical dialogue is not just encouraged; it is integral to our progress.

We have strengthened our framework with new dimensions of Digital Ethics & AI Governance, Human Rights Due Diligence, and integrated climate regulatory measures well embedded in Coats' business strategy. These initiatives ensure that our principles evolve with the world around us, reinforcing our foundational values of openness, honesty, and integrity. From this position of strength, we continue to uphold our ethical reputation and deliver on our ESG strategy with confidence and purpose.

Our vision is to lead with integrity, inspire trust, and set the global standard for ethical business. This is more than a responsibility it's an opportunity to create lasting value for people and the planet. Together, we will continue proving that doing what's right is the most powerful strategy.

Strategy Overview

LEADERS' VOICES

MEGAN GIANNINI
Chief People Officer

Our people are the possibility of our future. When they thrive, our business and the world thrive with them. We reaffirm a simple truth, the social dimension of sustainability is not an adjunct to strategy; it is the strategy. Lasting performance is built on dignity at work, trust in leadership, and everyday respect.

In 2025, GPTW certification covered 99% of our global workforce and we earned recognition across Asia and key markets, including Best Workplaces in Asia 2025 and India's Best Workplaces for Woman 2025. Women now hold 33% of senior leadership roles at Coats, exceeding our 2026 target of 30%.

We are shaping a culture where belonging is felt, fairness is evident, and every voice is heard. This commitment is strengthened not only through external recognition like GPTW but also through our internal 'Your Voice Matters' survey, which gives employees the platform to influence how we evolve. That starts with equitable recognition, safe workplaces, and the confidence that growth is open to all. Our "Coats for All" programme continues to champion diversity, equity, and inclusion globally, while "Coats for Her" accelerates opportunities for women to lead and succeed. These initiatives are not campaigns; they are commitments embedded in how we hire, develop, and celebrate talent.

Technology increasingly touches every role, so our pledge is clear; innovation must serve people. We ensure emerging tools such as AI empower rather than exclude, protecting privacy, elevating skills, and widening access so colleagues can work smarter without compromising values.

Our "Coats Cares" initiative mobilises employees to give back to communities through education, wellbeing, and environmental projects, making social impact tangible where we live and work.

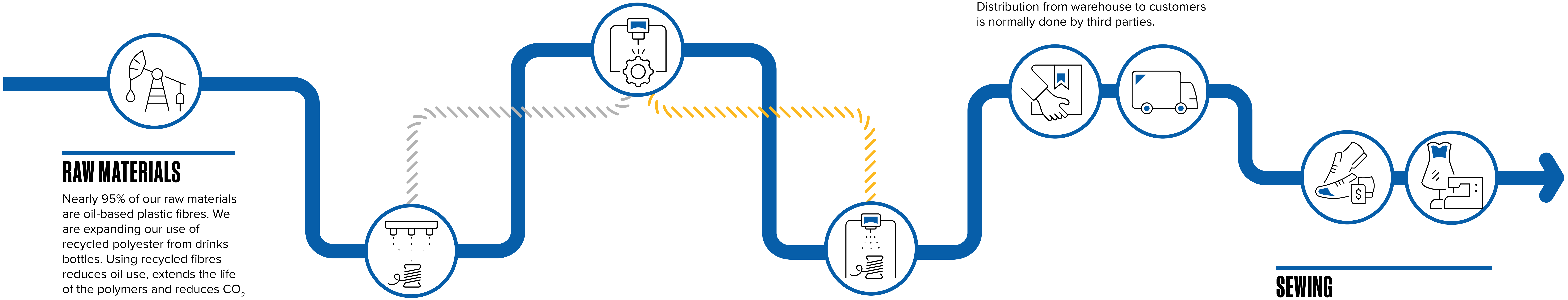
Our invitation is to create workplaces where inclusion sparks imagination, integrity shapes every choice, and human potential knows no limits. When people stand at the heart of progress, sustainability becomes more than a goal and becomes a legacy that transforms business and society for generations to come.

Strategy Overview

COATS THREAD SUPPLY CHAIN

UPSTREAM

DOWNSTREAM



RAW MATERIALS

Nearly 95% of our raw materials are oil-based plastic fibres. We are expanding our use of recycled polyester from drinks bottles. Using recycled fibres reduces oil use, extends the life of the polymers and reduces CO_2 emissions in the fibres by 40%.

SPINNING & TWISTING

This process converts the raw fibres into yarns and threads. The process uses a lot of electrical energy, accounting for about 39% of our total energy use. Good production planning and machine maintenance is key to minimising energy use.

DYEING

This process colours the thread. It is done with hot water and at high pressures. Overall the process accounts for around 44% of our energy use, both as electricity and fossil fuels, and 90% of our water use. Improving processes and using modern machinery is key to minimising energy and water use.

COATING & FINISHING

Here we apply finishes to the thread and put it onto a sales support. Packaging accounts for about 20% of sales material weight – we are working to reduce this. This process uses about 11% of our energy, mainly as electricity.

DISTRIBUTION

Most Coats warehouses are located alongside production units. This is because many products are manufactured against customer orders. Distribution from warehouse to customers is normally done by third parties.

SEWING

Thread is used largely to sew the seams that hold apparel and footwear products together. The volume of thread in the final product is normally very small, <3%. In some countries we have set up systems for collecting and reusing empty cones. At the moment, virtually all product goes to waste at the end-of-life. We are working on products that will enable greater recovery and circularity of materials.

ABOUT
STRATEGY OVERVIEW
CLIMATE REPORT
ENERGY
MATERIALS
WATER
WASTE
PEOPLE
MANAGING SUSTAINABILITY
PERFORMANCE SUMMARY

Strategy Overview

COATS FOOTWEAR STRUCTURAL COMPONENTS SUPPLY CHAIN

UPSTREAM

DOWNSTREAM

CELLULOSE WOOD PULP

Derived from Forest Stewardship Council (FSC) sources including recycled sources. Pulp is suspended in water solution and constitutes core base material.

NEEDLE PUNCH NON-WOVEN

Opening, aligning, carding and consolidating short fibres into continuous felt.

IMPREGNATION (LATEX + CLAY)

The base material is saturated in a latex solution, including clay and functional additives.

DRYING/CURING

Removing excess water and crosslinking/curing the latex using thermal energy.

COATING

Application of optional coatings, from bio-hybrid adhesives to anti-static coating.

POLYESTER FIBRE

Recycled from plastic drinks bottles.

NEEDLE PUNCH NON-WOVEN

Opening, aligning, carding and consolidating short fibres into continuous felt.

CUTTING AND PACKING

Cutting into Finished Goods, and packing for onward distribution.

POLYMER RESINS AND ADHESIVES

Our materials transition journey will accelerate use of non-virgin oil-based resins and adhesives.

GRINDING / SINTERING

Pre-processing polymers into powder to allow homogenous blending.

EXTRUSION

Melting of polymers to allow die-extrusion of sheet materials, performed on a lightweight & recycled non-woven base.

WAREHOUSE & DISTRIBUTION

Warehouse storage of Finished Goods prior to distribution across our global supply chain network.