



Statement of transparency in supply chains

Statement for Coats

Coats is the world's leading industrial thread and consumer textiles crafts business. We operate in more than 60 countries, employing some 19,000 people across six continents.

We operate to high ethical business and employment standards across all of our global operations. Our business reputation, together with the trust and confidence of the people we do business with, is one of our most valuable assets and one which we strive to protect. High ethical standards also make good business sense, they create value for our company, our shareholders and ultimately for society as a whole.

We support the goals of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015 and support the eradication of human trafficking and forced or bonded labour from both our own operations and those of our suppliers.

Furthermore, we support the UN Guiding Principles on Business and Human Rights throughout all our operations. Our global policies uphold the requirements of the UN Declaration of Human Rights and the Convention on the Rights of the Child, the core ILO Conventions, and the OECD Guidelines for Multinational Enterprises.

Our business principles

Our **Ethics Code** (http://www.coats.com/assets/files/cms/Ethics_Code_2016.pdf) sets out the basic principles and standards that we expect of all our employees and partners. The code applies to everyone who represents, or acts on behalf of, Coats and helps them to understand their role in upholding our values. To supplement this, our worldwide **Employment Standards** (http://www.coats.com/assets/files/cms/Worldwide_employment_standards_Oct_2015.pdf) set out the principles which are observed across our global operations.

A **Whistleblowing Policy** (http://www.coats.com/assets/files/cms/Whistleblowing_Policy_2016.pdf) and process is in place to encourage the reporting of any possible occurrences of non-compliance with the code or any policy.

Our suppliers and partners

It is vital that our relationships with business partners and suppliers are aligned with our own business principles and our approach to Corporate Responsibility (CR). As a result we continually review our approach to ethical and sustainable supply chain management.

We have developed a detailed **Supplier Code**, which we are continuing to roll out worldwide, which outlines the expectations we have of our suppliers. It is based on international standards and, in the

absence of such standards, accepted good practice. The Supplier Code covers labour practices, environmental management, responsible sourcing of materials and products, and business conduct. The code contains specific requirements around human trafficking and forced and bonded labour:

‘Suppliers must not use slavery, forced or bonded labour or involuntary prison labour in their businesses. Suppliers must not directly or indirectly engage in or support human trafficking, by recruiting, transferring, harbouring or receiving a worker using threat, force, coercion or deception. Suppliers must have a system in place to check that employees have a legal right to work.’

We have undertaken a human rights risk assessment to support the rollout and monitoring of the Supplier Code across all our companies, with a focus on the higher risk areas of our business.

Audits

We carry out internal audits against our business principles to ensure that we are upholding our standards globally. Furthermore, our manufacturing plants are regularly audited by our clients and global branded customers to ensure we are meeting their ethical trade standards.

We engage with our suppliers and partners around the issues outlined in the Supplier Code, and a review of code adherence will be an integral part of our routine reviews of supplier performance. We also reserve the right to audit our suppliers and partners, to the furthest extent permitted by law and any contract we have in place, to ensure compliance with the Supplier Code.

In the event that we become aware of any supplier company acting in contravention of the requirements in our Supplier Code, we reserve the right to demand corrective actions or ultimately to terminate the agreement.

Employee training

We continually embed our CR policies throughout our business. All senior employees and those with externally facing roles complete mandatory ethics and compliance training. We have an online training package covering the core themes of our CR programme, including anti-corruption, competition and ethics. In addition, we have held a number of face-to-face training sessions in key high-risk locations, such as Brazil, Bangladesh, Colombia, India, Turkey and Vietnam, to help ensure that everyone at and associated with Coats continues to set, and live by, the highest ethical standards.

We are also developing a global ‘train the trainer’ programme for our procurement teams to support them in embedding the detailed requirements of our Supplier Code and the implications for them as employees and for our suppliers.

Paul Forman

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