



Fighting against forced labour and child labour in supply chain act report

This report constitutes the annual report (**Report**) pursuant to section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chain Act* (the **Act**) and is filed on behalf of Coats American Inc. covering the financial year ended December 31, 2023. This Report is applicable to all Entities (as defined by the Act) in the Coats Group plc group of companies that are subject to the requirements of the Act.

Introduction

Forced labour and child labour are abhorrent and contrary to our purpose, vision and values. We have zero tolerance towards any form of forced labour or child labour in our operations and throughout our supply chains. We operate to high ethical business, employment, recruitment and procurement standards. Our business reputation, together with the trust and confidence of the people and organisations with whom we do business, is one of our most valuable assets and one which we strive to protect. If instances arise that compromise our standards or involve any form of forced or child labour, we immediately respond to investigate and implement actions to remedy the situation.

Our structure, activities and supply chains

Coats American Inc., is an indirect subsidiary of Coats Group plc (Registered office: 4th Floor, 14 Aldermanbury Square, London, England, EC2V 7HS; Company number: 00103548), the ultimate holding company of the Coats Group plc group of companies. Coats Group plc is a publicly listed company listed on the Premium Market of the London Stock Exchange. Details of all intermediate parents up to Coats Group plc is provided in the structure chart at Exhibit 1.

The principal activities of Coats American Inc., are the manufacture and sale of threads, yarns and trims that are utilised in the production of apparel, footwear, fashion accessories, home textiles, mattress and bedding, automotive components (e.g., airbags, tyres) and filtration components. Further information about our products as well as the industries we serve is available on our corporate website, <https://www.coats.com>.

Detailed information about our supply chains can be found in the Coats Group plc Modern slavery and transparency in supply chains statement at Exhibit 2.

Our policies and its due diligence processes

Detailed information about our policies and due diligence processes implemented by Coats American Inc., can be found in the Coats Group plc Modern slavery and transparency in supply chains statement at Exhibit 2.

Risk assessments

Detailed information about the risk assessments completed by Coats American Inc., can be found in the Coats Group plc Modern slavery and transparency in supply chains statement at Exhibit 2.

Remediation measures

No instances of forced or child labour have been identified in the activities or supply chains of Coats American Inc., therefore Coats American has not implemented any remediation measures. While no instances of forced or child labor have been identified in the activities or supply chains of Coats American Inc., Coats Group plc has identified one instance of underage employment at a supplier engaged by one of its subsidiaries. The measures taken by Coats Group plc to remediate this incident are detailed in our Modern slavery and transparency in supply chains statement at Exhibit 2.

Employee training

Detailed information about the training completed by employees of Coats American Inc., can be found in the Coats Group plc Modern slavery and transparency in supply chains statement at Exhibit 2.

Measuring effectiveness

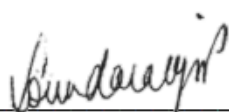
Detailed information about the steps we take to measure the effectiveness of our efforts to combat forced or child labour in the activities and supply chains of Coats American Inc., can be found in the Coats Group plc Modern slavery and transparency in supply chains statement at Exhibit 2.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, the undersigned, hereby attest that I have reviewed the information contained in the Report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I make the above attestation in my capacity as an authorised representative of Coats American Inc.

Dated this 31st day of May, 2024



Soundar Rajan, President
I have authority to bind Coats American Inc



Richard Ridewood, Treasurer & Vice President
I have authority to bind Coats American Inc



Emrah Bilgin, Secretary
I have authority to bind Coats American Inc



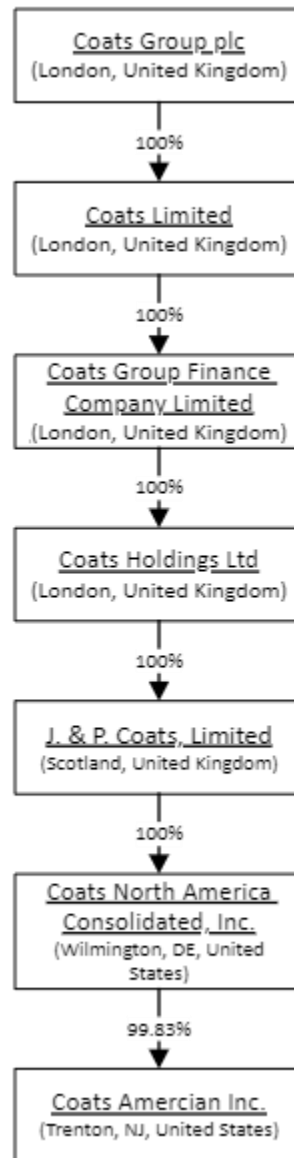
Daniel Lahoud, Assistant Secretary
I have authority to bind Coats American Inc

Attachments:

Exhibit 1 – Coats American Inc., Structure Chart

Exhibit 2 – Coats Group plc, Modern slavery and transparency in supply chains statement

Exhibit 1 - Coats American Inc., Structure Chart





Modern slavery and transparency in supply chains statement

This statement has been prepared for the year ending 31 December 2023 and is in accordance with the requirements of the UK Modern Slavery Act 2015, taking into account UK Government guidance¹, and the California Transparency in Supply Chains Act of 2010. This statement has been approved by the Coats Group plc Board of Directors and is applicable to all Coats business units and subsidiary companies. The boards of directors of each of the following UK incorporated subsidiaries, which fulfil the criteria set out in the UK Modern Slavery Act 2015, have also formally approved the statement:- Coats Limited; Coats Group Finance Company Limited; Coats Holdings Limited; J. & P. Coats, Limited; Coats Industrial Thread Limited; Torque Group International Fortune Limited; Torque Group International Wealth Limited; Texon International Group Limited; Texon (Newco2) Ltd; and Texon Overseas.

In accordance with UK Government guidance, this statement reports on our:

- Organisational structure, business and supply chain
- Policies in relation to slavery and human trafficking
- Due diligence processes in relation to slavery and human trafficking
- Risk management and assessment processes
- Staff training and capacity building
- Organisational effectiveness in preventing slavery and human trafficking.

Our organisational structure, business and supply chain

Coats Group plc, which is listed on the London Stock Exchange, is based in the UK and as at 31 December 2023 had 170 subsidiaries worldwide. A list of Coats' subsidiaries can be found at the back of our most recent [annual report](#).

Coats is the global market leader in apparel threads, structural components and threads for footwear, and innovative pioneers in performance materials. We have a global manufacturing footprint with some 50 manufacturing sites (see link below) and our products are sold in over 100 countries. In 2023, our manufacturing sites were located in: Bangladesh; Bulgaria; China; Colombia; Egypt; Estonia²; Germany; Honduras; India; Indonesia; Italy; Madagascar and Mauritius³; Mexico; Morocco; Pakistan; Poland⁴; Romania; Spain; Sri Lanka; Thailand; Tunisia; Turkey; USA; and Vietnam. Click [here](#) for more information about our global footprint. We provide complementary and value-added products and services to the apparel and footwear industries, and apply innovative techniques to develop high technology performance threads and yarns for sectors such as automotive, composites and fibre optics.

Following the acquisitions of Texon and Rhenoflex in 2022, we have made significant progress in integrating these businesses into Coats and transitioning them to adopt and embed the controls detailed in this statement. As noted in the first paragraph, the boards of directors of the relevant Texon entities, which are

¹ [Transparency in supply chains: a practical guide – GOV.UK \(www.gov.uk\)](#)

² Coats divested its European zips businesses to a third party during Q3 2023.

³ Coats divested its businesses in Madagascar and Mauritius to a third party during January 2023.

⁴ Coats closed its zip slider manufacturing facility in Poland during Q4 2023.

within scope of the UK Modern Slavery Act 2015, have formally approved this statement. The standards and controls set out herein apply to all entities within Texon. Although Rhenoflex does not have any entities that fall within scope of the UK Modern Slavery Act 2015, this statement, along with the standards and controls set out in it, is applicable to every entity in the Rhenoflex business. This ensures a uniform approach to combatting modern slavery across all our operations.

We value our workforce highly, employing over 15,000 people worldwide. In 2023 we had 29 nationalities represented in our senior management group and 49 across our business. We support freedom of association in jurisdictions where it is permitted. Approximately 51% of our permanent employees are subject to a collective agreement (2022: 46%) and around 44% are members of a union (2022: 44%). In addition to our permanent employees, numbering 15,364 at the end of the year, we had approximately 700 employees working across our joint venture operations in China, India and Italy. We had an additional 3,528 temporary employees in our global operations. We apply the same management controls to all employees directly contracted by Coats and our outsourced services providers are subject to the same controls as our other suppliers.

We have a diverse and global supplier base with over 1,400 direct material and product suppliers, located in more than 70 countries worldwide, who supply raw materials (predominantly polyester, nylon and cellulosic fibres), intermediates (grey thread and bought-in craft products), components and other manufacturing materials (cones, packaging and chemicals) and finished goods for our various business units. We also work with over 8,000 'indirect' suppliers (including contractors) providing, for example, equipment, consumables, agency workers, maintenance and cleaning services, and a range of professional services.

Our policies and principles

We operate to high ethical business, employment and recruitment standards across all our global operations. Our business reputation, together with the trust and confidence of the people and organisations with whom we do business, 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 have zero tolerance towards exploitative employment practices and our policies and codes of conduct make specific reference to the avoidance and prohibition of slavery and forced labour, both in our own operations and in our supply chain. We prohibit any form of labour that is demanded as a means of repayment for a loan, debt, or bond – including in our own operations, throughout our supply chain and via any recruitment agencies we engage.

We promote the aims of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015. 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 Universal Declaration of Human Rights and the Convention on the Rights of the Child, the core ILO⁵ Conventions, the OECD⁶ Guidelines for Multinational Enterprises and the related Due Diligence Guidelines for the Garment and Footwear Sector (together the "Core Human Rights Instruments").

Our Operations

Our Chief Legal and Risk Officer is responsible for overseeing human rights compliance and risk, including modern slavery, whilst our Chief Human Resources Officer deals with all labour issues from an employment perspective. Our Group Risk Management Committee ("GRMC") (which is comprised of our Group Executive Team and other subject matter experts as appropriate) manages and reviews risks to our operations, including those relating to ethical and human rights matters, and monitors progress of any preventative and

⁵ International Labour Organisation

⁶ Organisation for Economic Cooperation and Development

mitigating actions. The GRMC reports regularly to the Audit and Risk Committee of the Coats Group plc Board of Directors.

Our anti-slavery and human trafficking policies are contained within our [Ethics Code](#) (the “Code”). The Code, which is reviewed and updated annually, is aligned to the standards and guidelines contained in the Core Human Rights Instruments. It sets out the minimum ethical and fair business principles and standards to which we expect all our employees, contractors and partners to adhere. The Code applies to everyone who represents, or acts on behalf of, Coats and helps them to understand their role in upholding our values. The Code adopts a zero tolerance approach to the use of slavery or forced labour, both within our own operations and in our supply chain, and commits Coats to the principles and values contained in the Core Human Rights Instruments. Every year, employees must complete a certification confirming that they understand and have fully conformed to the requirements of the Code. To reinforce the principles of the Code, employees are required to complete mandatory ‘Ethics at Work’ e-learning modules and attend in-person training sessions as appropriate. In October, we hosted several events across our Group to mark Global Ethics Day, raising awareness of the Code and of our ‘Doing the Right Thing’ ethical compliance programme. These events served to reinforce the principles of the Code, including its prohibitions on slavery and forced labour, and to direct employees to all of our pertinent internal resources related to ‘Doing the Right Thing’. The sessions were well-attended, and we received positive feedback from employees both during and after the events. This feedback demonstrated a strong engagement with and understanding of the principles and values of the Code.

In 2023, we reviewed a number of our key ethics-related people policies, including our Human Rights Policy, our Worldwide Employment Standards, Key People Principles, Living Wage Policy, and Speak Up (Whistleblowing) Policy.

Our Human Rights Policy reflects our resolute commitment to respecting and upholding the standards and guidelines contained in the Core Human Rights Instruments. Our Worldwide [Employment Standards](#) set out the minimum labour standards which are observed across all of our global operations whilst our [Key People Principles](#) outlines Coats’ commitment to upholding the basic rights and freedoms of our employees. Coats’ Key People Principles includes the following statements:- “*Coats believes the human rights of its employees at work are an absolute and universal requirement*” and that we ensure high social standards are upheld through “*respecting human rights through ethical practices, providing living wages and promoting health and wellbeing of employees*”. We also have a number of other key ethics-related policies, including our Anti-bribery and Anti-corruption Policy, Sanctions Instructions, Competition Law Policy and our Gifts & Entertainment Policy. All our relevant policies are publicly available on our [website](#) as well as being signposted in all our pertinent internal documentation.

We operate a whistleblowing policy and process to encourage reporting of any possible occurrences of non-compliance with the Code or any other policy. [The Speak Up \(Whistleblowing\) Policy](#) extends to human rights violations and provides an avenue whereby any suspected instance can be reported without fear of reprisal. The policy is reviewed and updated periodically and was last revised in 2023. To ensure all workers have an appropriate mechanism to report instances of non-compliance, we operate multiple reporting channels, including an ethics hotline, a confidential whistleblowing email-based reporting system (ethics@coats.com) and an external web-based whistleblowing reporting application (“Coats Ethics Point”). All of our reporting channels are open to employees and individuals, internal and external, to report possible occurrences of non-compliance. Individuals can report on any ethical issue, including modern slavery. We have a zero tolerance approach towards any form of whistleblower retaliation, including actions that compromise the confidentiality of the complaint or the whistleblower’s identity. Strict disciplinary action will be taken against individuals involved if retaliation is proven. Reporters can remain anonymous, however those who do provide contact details receive an update on the outcome of their complaint.

Our ethical compliance programme - 'Doing the Right Thing' - is designed to ensure our ethical culture is fully embedded across the Group and we promote the ethics hotline and Coats Ethics Point at the bottom of our programme posters and communications with the following strap line:

Speak up if you see an issue. Ask if you are unsure.

Remember – You can confidentially email: ethics@coats.com, or visit: <http://coats.ethicspoint.com>.

Doing the right thing, together!

Efforts are made regularly, such as through Doing the Right Thing sessions, town halls etc., to raise awareness of the various whistleblowing channels. The Doing the Right Thing programme is facilitated by the Group Legal Team and supported by a network of Ethical Culture Champions located in our facilities around the world. The Ethical Culture Champions receive awareness-raising materials and attend bespoke training sessions tailored to develop their knowledge and skills, enabling them to promote awareness of the ethical standards that apply across our business.

Our Supply Chain

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

As far back as 2014 we began work to develop a minimum set of standards for our suppliers:- [Supplier Code: Guidance for achieving responsible business standards](#) (the "Supplier Code"). We rolled out the Supplier Code globally during 2016 and 2017. The requirements set out in the Supplier Code are aligned to the standards contained in the Core Human Rights Instruments, and include minimum requirements concerning labour practices, environmental management, responsible sourcing of materials & products and business conduct. At the core of our Supplier Code are five standards which we consider to be so fundamental to our business relationships that non-compliance will result in the immediate and permanent termination of the relationship. These standards include: (i) a prohibition on child labour; (ii) a prohibition on slavery or forced labour; (iii) a requirement to maintain a fair working environment free from harassment or intimidation; (iv) a requirement that all wages and benefits comply with at least local legal minimums; and (v) a prohibition on bribery and other forms of corrupt practices. In relation to human trafficking and forced labour, the Supplier Code states the following:

'Suppliers must not use slavery, indentured servitude, 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 and suppliers must have adequate processes in place to deal with any reports and incidents of such behaviour taking place. Suppliers must have a system in place to check that employees have a legal right to work. Suppliers to Coats, in turn, are expected to monitor their own suppliers and ensure that slavery, servitude, forced or bonded labour or involuntary prison labour is not being used in their suppliers' businesses. Coats prohibits North Korean labour in any country unless it can be proved beforehand that slave conditions are not in place.'

In the event that we become aware of a supplier violating any of the prohibitions or requirements of the Supplier Code, we notify the supplier promptly and reserve the right to demand corrective actions. Should the violation involve any of the core standards referred to above, we immediately and permanently terminate the supply arrangement and prohibit any future business with the supplier. In 2023, we identified 7 instances of non-compliance with the Supplier Code, leading to the immediate termination of those arrangements and a decision to cease future business with the suppliers involved. One of these instances involved underage employment by a supplier located in China.

We updated and reissued the Supplier Code during 2023. The 2023 update includes a more detailed description of the five core standards, re-emphasizing that these are non-negotiable 'red lines' we strictly enforce throughout our supply chain. Every time we make changes we engage with our suppliers to raise awareness of the new requirements and to ensure they fully understand the updated standards. Our engagement with suppliers throughout 2023 included due diligence, supplier risk assessments, Supplier Code workshops, training and audits.

Due diligence and risk assessment processes

Our Operations

Our aim is to ensure that slavery does not exist in our business or our supply chain. To this end we undertake a Human Rights Risk Assessment every two years, and this was last completed in 2023. As in previous years, we utilised data on child protection from UNICEF, the Human Development Index from the United Nations Development Programme, the Freedom in the World Index from Freedom House, the Global Rights Index from the International Trade Union Confederation and the Global Slavery Index from Walk Free. All indices used in our assessment were updated in 2023.

We factor all indices by normalising and weighting them equally to produce a final score for each country in which we operate, and then our employee numbers are applied to weight these scores into a global total. Our latest analysis demonstrates a deterioration in the external environment risk level in a number of countries in the Americas and Asia. By examining the detail, we have identified that the majority of this deterioration is driven by worsening child labour risk ratings at the country level and is caused by the filling of gaps in the UNICEF data sets as they improve their access to reliable data. This indicates that the overall risk level in these countries might not have actually deteriorated in the last two years, but that we are more accurately measuring the risk.

We police employee age very rigorously and have had no cases of underage employment, slavery or forced labour in our operations. We have assessed the changing risk profile and determined that our current activities and future plans remain appropriate for managing this risk.

Our Supply Chain

While for our internal operations we are able to weight risk by reference to a number of factors, such as location, nature of operations and employee numbers in each country, we do not have transparency of employment numbers in our upstream supplier base. We have therefore analysed the risk factors by reference to factors such as nature of the goods or services supplied and value of purchases of relevant goods and services by country, and mapped that against the Global Slavery Vulnerability Index. This has shown that 4% of our relevant global purchases are made in countries that are high risk on that index, principally representing purchases from suppliers based in Pakistan, Egypt and Mexico. We made sure that supplier audits in these countries had a modern slavery and human rights focus in 2023. While our exposure in high-risk countries is relatively low, 57% of our relevant global purchases are made in medium-risk countries, with India, China and Vietnam accounting for 70% of that amount. We used our supplier audit programme in these countries during 2023 to ensure that we have a particular modern slavery and human rights focus. In 2023, our ongoing scrutiny through our programme of supplier audits revealed one instance of underage employment by a supplier in China. Upon discovery, we immediately launched a full investigation and permanently terminated our relationship with the supplier, who is now barred from future business with us. Additionally, we provided support to the affected individual through the supplier.

We always assess forced labour and modern slavery risks, using our Supplier Code, before entering into contracts with suppliers. To do so, we have developed a due diligence and review protocol for our procurement teams to use in assessing supplier credentials. Any suppliers who have entered into contracts

with us must have agreed to abide with the provisions related to modern slavery risk and other issues outlined in our Supplier Code.

Overall, the risk assessment helps to focus our efforts on internal communication and employee training, and supports the rollout and monitoring of the Supplier Code across all our regions, with a particular focus on the medium to high risk areas of our business.

Audit processes

Our Operations

Our Group Internal Audit (“GIA”) team carries out internal audits to assess whether Coats’ values and principles are adhered to across our global operations. This includes verification of our employment standards and expectations. In addition, our manufacturing plants are regularly audited by our clients and global branded customers to ensure we are meeting their ethical trade standards. In the event that any serious issue is raised, matters are escalated immediately and an on-site investigation is carried out in full where necessary. Any follow-up actions are urgently identified and implemented.

General compliance with our people-related policies is monitored through the regular activities of our independent Group Internal Audit function, who perform periodic audits on all units depending on their risk profile. To ensure we act in compliance with the labour laws of the countries we operate in, we complete an analysis against 28 key HR controls in the following areas:

- Payment of minimum and overtime wages
- Working hours, shift working and overtime hours
- Statutory deductions and payouts
- Payroll controls including master controls, payout controls, payout reconciliations
- Attendance controls
- Controls around employee onboarding, leaving, loans and advances
- Manpower contractor management
- Age management, working hours, overtime
- Segregation of duties.

We review this on a quarterly basis, and any issues identified are actioned appropriately. During 2023, GIA completed 10 audits (2022: 8) and identified 20 minor issues requiring remediation within a number of people-related process areas (2022: 14).

Our Supply Chain

The Supplier Code was introduced to our suppliers in 2016. Our key suppliers (suppliers of critical products or services) in areas of high risk were introduced to the Supplier Code at a one-day workshop, hosted by the local Coats site. Following the workshops, suppliers were required to conduct a gap analysis of their own procedures and practices against the Coats’ Supplier Code. They were asked to report back to Coats with their analysis, denoting areas of non-compliance and providing an action plan for improvement. Our procurement teams monitor the implementation of the suppliers’ improvement plans and provide hands-on advice and support for each of our key suppliers. This is why we have also developed 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. The Supplier Code was also communicated to our medium risk suppliers orally, either by phone or at a face-to-face meeting with procurement personnel. Low risk suppliers were sent the Supplier Code by email.

Having updated our Supplier Code in 2023, we have continued our programme of audits that are targeted at suppliers that have a medium or high risk profile. We have implemented a system through Bureau Veritas that tailors audit frequency to supplier performance in the audit. On our behalf, Bureau Veritas completed 154 (2022: 131) supplier audits in 2023 using a common global template. As a result of the audits, we determined that 7 suppliers failed to meet our standards and the supply arrangements were terminated. Of the remaining, 84% (2022: 70%) received a good rating while approximately 11% (2022: 24%) were termed acceptable with some areas for improvement. These findings were mainly in the area of improving systems and processes across a range of safety, labour, and environmental requirements, and we are actively working with these suppliers to implement time bound corrective action plans.

Our supplier onboarding system helps to ensure that focus on and compliance with the Supplier Code is embedded within the process as much as possible. Coats engages with the audited suppliers to help clarify any doubts around non-compliances and also tracks the suppliers' progress in completing audit recommendations. Depending on the overall audit score, suppliers are re-audited within 6 months, 1 year, 2 years or 3 years, or, in cases where we are not satisfied with the results, the relationship is terminated. Previous audit recommendations are reviewed by Bureau Veritas at the next site audit.

Staff training and capacity building

During 2023, we continued to promote 'Doing the Right Thing' by raising awareness and embedding our Corporate Responsibility (CR) policies and our ethical standards across the business. Raising awareness and providing our employees with appropriate training are key focus areas. Our compliance training programme covers a range of crucial topics, including slavery and child labour, anti-corruption, competition and ethics. All relevant employees are required to complete this essential training to ensure adherence to our operational standards and regulatory requirements. The training, which is completed biennially, was last rolled out in 2022. In 2023, we focussed on providing additional training to a small group of employees identified as needing more support, as well as ensuring that new starters completed the training. The training cycle will be repeated across the organisation in 2024.

To help ensure that everyone associated with Coats continues to understand Coats' high ethical standards, training sessions were held in key medium and high risk locations such as China, Vietnam, Indonesia, Thailand, Honduras, Bangladesh and India. In addition, we provide regular internal communications on ethics issues and practical examples of how to behave and not to behave in various real world scenarios, and recognising exemplary behaviours. We highlight key ethical issues through our 'Spotlight on' programme and raise awareness through communications materials such as briefings and posters. To help get the messages out and assist in implementing our policies, we have appointed a number of Ethical Culture Champions across the business.

A key part of our compliance training programme is our bespoke modern slavery training module. This training aims to give all of our employees an understanding of what modern slavery is, how to spot it (including the 11 indicators of forced labour set out by the ILO⁷), what to do if found and how to prevent it. The online package, available in 11 languages, was rolled out in June 2022 to all our senior employees and those with external facing roles, and required those taking the test to score 80% in order to pass. This exercise will be repeated in 2024. The training is delivered using information slides, multiple choice quizzes and a short examination to test each employee's knowledge. The training has been well received by our employees and feedback indicates that the training has reinforced the importance of modern slavery awareness internally. Training was automatically assigned to new joiners who joined after the June launch date; new joiners are given 30 days to complete the training and additional support is provided where necessary. In December 2022, we launched the training to employees working at Texon and Rhenoflex.

⁷ International Labour Office, ILO Indicators of Forced Labour

Organisational effectiveness

In 2023 we did not have any whistleblowing concerns or allegations linked to slavery or forced labour (2022: 0).

All whistleblowing issues are investigated and resolved. A total of 138 allegations were raised through the whistleblowing channel in 2023 (2022: 128⁸) with an upheld rate of 19% (2022: 17%⁹). As of the date of this statement, there are no outstanding investigations. The nature of the allegations received in 2023 included: (i) unfair employment practices, (ii) disrespectful behaviour, harassment and bullying, (iii) fraud, (iv) Ethics Code violations (but none in relation to slavery), and (v) health and safety. In the case of every such substantiated concern, disciplinary action was taken whenever there was evidence of misdemeanour, and training and enhanced controls were implemented wherever appropriate.

We have conducted a review of our existing strategies, policies and procedures against the BSI Standards Publication BS25700:2022¹⁰, ensuring that our organisational response to modern slavery remains current and effective. Additionally, our reporting procedures have been critically evaluated in light of the Financial Reporting Council and Independent Anti-Slavery Commissioner's Report on Modern Slavery Reporting Practices in the UK¹¹. This review has enabled us to identify key areas for improvement, thereby aligning our practices with the latest industry standards and further enhancing our commitment to ethical business conduct.

Future Plans

We understand that the risks to our business from modern slavery are in constant evolution and we therefore need to continuously review and adjust our approach to tackling the issue. In the next 12 months we will:

Our Operations:

- roll out the next cycle of our compliance training programme, which will include our bespoke modern slavery training module along with modules covering anti-corruption, competition and ethical business practices;
- continue to advance our ethical compliance programme, Doing the Right Thing, by conducting training sessions, hosting town hall meetings and maintaining a steady cadence of awareness-raising internal communications. To reinforce the principles and values in our Ethics Code, we will deliver 'Spotlight on' sessions focussed on anti-harassment, anti-bullying and discrimination, health & safety, ethical business practices and compliance with sanctions regulations;
- continue our programme of internal audits conducted by GIA to ensure that our values and principles are being adhered to across our global operations.

Our Supply Chain

- continue our programme of engagement with suppliers to support them on their sustainability journey, focussing on managing modern slavery risk. This will include training tailored to address modern slavery risks, due diligence processes, supplier risk assessments, and the dissemination of our Supplier Code through targeted workshops;
- continue our programme of supplier audits to ensure compliance with the Supplier Code.

⁸ 2022 figures have been restated to reflect the change in internal reporting methodology from number of cases raised to number of individual themes raised. This change was approved by the Group's Ethics Committee in 2023.

⁹ *ibid*

¹⁰ BSI 25700:2022 Organizational responses to modern slavery – Guidance (bsigroup.com)

¹¹ Available: <https://www.frc.org.uk/news-and-events/news/2022/04/frc-publishes-ground-breaking-report-which-finds-boardrooms-must-still-do-more-to-eradicate-modern-slavery/>

As in previous years, we will prioritise our actions based on where we perceive the greatest risk to be. Our aim is to continue to prevent any instances of modern slavery within our own operations and to continue to extend this commitment to our supply chain. By doing so, we strive to maintain a fully ethical ecosystem in both our own operations and our supply chain, ensuring not only compliance with the standards contained in this statement but also deep alignment with our ethical values. This approach ensures that we are proactive in addressing risks and dedicated to promoting transparency and integrity throughout our business practices. This statement will be updated annually to reflect our ongoing focus on this critical part of our business.

A handwritten signature in black ink, appearing to read 'Rajiv Sharma', with a horizontal line underneath the name.

Rajiv Sharma

Group Chief Executive, Coats