Nomination Committee report

NOMINATION COMMITTEE REPORT

David Gosnell
Nomination Committee Chair

Committee membership

Member	Meeting attendance
David Gosnell, Chair (Chair since November 2020) Member since 2015	2/2
Sarah Highfield Member since 2023	2/2
Echo Lu Member since 2017	2/2
Steve Murray Member since 2022	2/2
Srinivas Phatak Member since 2024	2/2
Fran Philip Member since 2016	2/2
Jakob Sigurdsson Member since 2020	2/2
Wu Gang Member since 1 July 2025	2/2

Principal objectives of the Nomination Committee

- To make sure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.
- Oversight of the diversity- and inclusion-related elements of ESG.

Key responsibilities

- Ensuring the appropriate composition of the Board and its Committees, and overseeing a rigorous and transparent procedure for appointments to the Board.
- Maintaining ongoing succession plans for the Board and GET, and reviewing the leadership needs of the organisation.
- Ensuring diversity in the pipeline for senior management roles.

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2025.

This report outlines how the Committee has discharged its responsibilities, particularly in relation to Board and Committee succession planning and supervising transitions for new appointments. We aim to ensure that the Board comprises independent individuals from a broad range of backgrounds, with appropriate skills, experiences and capabilities to contribute to discussions on multiple complex topics.

Key areas of focus during the year included the planning and implementation of succession for key Board roles as our business continues to evolve. The Senior Independent Director has progressed our Chair succession plan as set out in last year's report and later in this report. Hannah Nichols joined the Board as an Executive Director and Group CFO, and we appointed a new independent Non-Executive Director, Wu Gang, to enhance our mix of skills and experience. Following the announcement of the acquisition of OrthoLite, the Board also considered a talent review and the impact of the new organisation structure on opportunities for development for our senior leaders and future GET succession planning. The Committee also considered key DEI matters for 2025 and beyond.

In February 2026, we announced that Sarah Highfield would succeed Fran Philip as the Designated Non-Executive Director for Workforce Engagement. I would like to thank Fran for her service and acknowledge the valuable insights that she has brought to the Board as a result of her activities. I am delighted that Sarah has agreed to take on this important role, and I look forward to working with her.

An external Board and Committee performance review was undertaken during the year (see page 59). This included recommendations for some further enhancements but concluded overall that the Committee continued to perform effectively.

David Gosnell
Chair, Nomination Committee

4 March 2026

> "The Board considered the impact of the new organisation structure on opportunities for development for our senior leaders"

NOMINATION COMMITTEE REPORT CONTINUED

Membership and meetings

The members of the Committee comprise independent Non-Executive Directors only. No Executive Directors are appointed to the Committee; however, they may attend by invitation if the matters to be discussed require their participation. You can read more about the skills, tenure and experience of the members of the Committee on pages 52 to 53.

During the year, the Committee met twice in separately scheduled meetings, with further discussions taking place as required and as part of scheduled Board meetings. All Committee members attended the maximum number of regularly scheduled meetings that they were eligible to attend.

Board and Committee Changes and Appointment/Reappointment Processes

The Committee, on behalf of the Board, regularly assesses the composition of the Board and its Committees in terms of skills, experience, diversity and capacity. The Board tenure tracker is regularly presented to ensure that discussions are held well in advance of planned departures, to allow appropriate skills-gap identification and timely succession.

As set out in last year's Report, Hannah Nichols joined the Board as an Executive Director and Group CFO designate on 24 April 2025. Hannah succeeded Jackie Callaway on 21 May 2025 as Group CFO after Jackie stepped down from the Board at the conclusion of the 2025 AGM. Hannah subsequently became a member of the Sustainability Committee on 16 September 2025.

On 24 June 2025, we announced that Wu Gang would join the Board as an independent Non-Executive Director and would become a member of the Nomination and Remuneration Committees with effect from 1 July 2025. The appointment process began with a review of the skills matrix and various discussions as to the criteria for the candidate profile. An interview panel was identified to lead the process. Heidrick & Struggles was engaged to create a comprehensive and diverse longlist of candidates for the role. The shortlisted candidates were then interviewed, and the appropriate due diligence was undertaken to ensure the appropriate fit with the requirements, including consideration of their skillset and experience, their ability to contribute across the requisite range of Board topics, whether their appointment was in line with the Board's diversity aims and whether they could meet the expected time commitment. Recommendations were then made to the Board.

Any new Directors are appointed by the Board and, in accordance with the Company's articles of association, must be elected at the next AGM to continue in office. All existing Directors stand for re-election every year. This year, all Directors, with the exception of Fran Philip, who is not standing for re-election, will submit themselves for re-election or election at the AGM.

In making recommendations for the annual re-election of the Chair and Non-Executive Directors, the Committee and the Board considers the skills, knowledge, experience, independence and the time commitments of each Director to ensure that they have sufficient time to fulfil their responsibilities to the business. In addition to the regular consideration of Board members' performances, a standalone extensive appraisal is conducted for each Non-Executive Director that has served for a further term of three years from either election or from their last full appraisal. The Non-Executive Directors are considered independent. On appointment to the Board, the Chair was considered independent in accordance with the terms of the UK Corporate Governance Code 2024.

Induction

Following appointment, each new director receives an induction programme designed to be relevant to their experience, skills and Committee membership.

Typical induction programmes include:

- Briefings on the Company's purpose, strategy, values and culture
- Information on Board and Committee processes, including current Board areas of focus, and introductions to key stakeholders
- Review of Group policies and any mandatory training
- Sessions with Group Finance, the GET, the Head of GIA, Innovation, Sustainability, Coats Digital and other members of management
- Site visits to operating businesses
- Meetings with the external advisors (e.g. Remuneration consultants, brokers, auditors etc)

2025 inductions

Following their appointments in 2025, both Hannah Nichols and Wu Gang undertook comprehensive induction programmes tailored to their roles.

Hannah Nichols

Hannah Nichols met key stakeholders internally and externally; this process was accelerated as Hannah led the interim results presentations and investor meetings in relation to the acquisition of OrthoLite and the associated capital raise. The Committee was pleased with the seamless transition of the role of Group CFO.

Wu Gang

The timing of Wu Gang's appointment was such that he received briefings on the divisions concurrent with the changing structure of the business with the acquisition of OrthoLite and move to a two-division structure.

NOMINATION COMMITTEE REPORT CONTINUED

Talent and Skills Review and Development

During 2025, the Committee reviewed the Board skills matrix and agreed to update this to address more specific cyber- and digital-related experiences. The skills matrix also supports the timely identification of any training needs or skills/experience gaps on the Board. The Board continues to undertake such regular training as is required for Group employees and also attended an AI-related discussion facilitated by external advisors.

The Board continued its focus on cyber security awareness. The Board Committees undertook training relevant to their areas of responsibility: the Audit and Risk Committee received training on key regulatory changes; the Remuneration Committee reviewed recent trends and practices in remuneration policies; and the Sustainability Committee undertook externally-facilitated CDP training.

The Board held several detailed sessions considering the succession plans for the GET and the talent available below GET level, in particular reviewing opportunities for development offered by the new organisational structure. Management provided an overview of the talent development plans for those talent pools. This will continue to be a focus area in 2026.

When reviewing the wider composition of the Board and GET, the Committee considered the various aspects of DEI, ensuring the desired culture of the Group is maintained, and also reviewing the required skills profile for the Group.

Diversity and Inclusion

The Board and Committee are committed to ensuring that the Board, Executive Committee and senior management have a diverse mix of skills, experience, knowledge and background.

The Board's approach to inclusion and diversity, underpinned by our Board Diversity Policy (available at coats.com), ensures that candidates for Board and GET roles are considered objectively from multiple perspectives, including: skills; experience; expertise; knowledge; gender; cultural and geographical background; ethnicity; and age.

In line with this policy, we aim to maintain at least 40% female representation on the Board and to have at least one director reflecting ethnic diversity, as defined by the Parker Review. The Committee is pleased to confirm that the diversity targets set out in the Board Diversity Policy and required by the FCA under the UK Listing Rules have been achieved: as at 31 December 2025, 40% of Board members were women, the Group CFO position was held by a woman, and the Board included at least one individual from a minority ethnic background.

Our global 'Coats for All' platform focusses on continually embedding DEI in our culture and behaviours. 'Coats for Her' is a specific initiative focussed on increasing gender diversity, and which has helped increase women in leadership roles from 23% in 2023 to 33% in 2025, with an ambition to reach 40% by 2030. These, together with our other employee-focussed campaigns, continued to progress during 2025 and support the delivery of our strategic aims (read more about these programmes on page 28) and will continue to be a focus. The Board and Committee regularly review DEI data and monitor internal initiatives and outcomes to ensure the Company is tracking appropriately against our ambitious internal targets (see page 15).

In 2023, the Board set a target for 2027 that the Group should maintain circa 50% ethnic diversity in our senior leadership team (using the definition recommended by the Parker Review), while recognising that periods of change in the composition of senior leadership may result in temporary periods when this balance is not achieved. The Board considers this that target remains appropriate and suitably challenging.

You can read more about our progress against our other sustainability objectives and the diversity of our global workforce in the Sustainability Report (coats.com/sustainability).

Board and GET/Executive Management Gender Identity or Sex as at 31 December 2025*

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (GET and direct reports)	Percentage of executive management (GET and direct reports
Men	6	60%	3	33	63%
Women	4	40%	1	19	37%
Other categories					
Not specified/prefer not to say					

At Coats, we define our senior management team as employees that are band three or above in the organisation (Senior Management). As at 31 December 2025, there were 63 women (33%) and 128 men (67%) in Senior Management.

NOMINATION COMMITTEE REPORT CONTINUED

Board and GET/Executive Management Ethnic Background as at 31 December 2025*

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (GET and direct reports)	Percentage of executive management (GET and direct reports)
White British or other White (including minority-white groups)	7	70%	4	19	36.5%
Mixed/Multiple Ethnic Groups					
Asian/Asian British	3	30%		13	25%
Black/African/Caribbean/ Black British					
Other ethnic group, including Arab				1	2%
Not specified/prefer not to say				19	36.5%

* The data in the tables above was collected directly from the Board and GET. Members of the Board and GET were asked to indicate their gender identity, sex and ethnic background against the categories in the table above.

Signed on behalf of the Nomination Committee by:

David Gosnell
Chair, Nomination Committee

4 March 2026

As previously communicated, the Board has maintained a structured and transparent approach to Chair succession, in line with Provision 19 of the UK Corporate Governance Code 2024 (Code).

In 2024 and 2025, the Senior Independent Director (SID) led the process, from which the Chair was recused throughout, which included targeted shareholder consultation. Throughout these processes, the majority of shareholders consulted indicated their support for the extension of David Gosnell's appointment for an additional three-year term (subject to annual re-election). At the 2024 and 2025 AGMs, shareholders approved the respective resolutions to extend David Gosnell’s term of appointment, with in excess of 95% of votes cast being voted in favour. For the 2026 AGM, the Board, acting with David having recused himself, is proposing David’s re-election to the Board and the Committees on which he sits for a final year. David has served on the Board for ten years and has acted as Chair since May 2021. The search for his successor commenced in H2 2025, led by the SID with support from Lygon Group, an independent external search firm which has no other connection to the Company or to any Director. The Board will confirm an orderly transition timetable once the right candidate is identified.

The Board considers this approach to be appropriate, reflecting the recent transformation of the Group and the need for continuity through integration and execution in respect of both the Board and its Committees.

The Board and Nomination Committee are satisfied that David continues to demonstrate independence and effective challenge in relation to both the Board and the Committees on which he sits, and that he facilitates Board effectiveness. Further, the Board considers that he continues to perform his duties effectively and devotes sufficient time and attention to his roles.

The Board considers that David's re-election will facilitate a timely and smooth transition process.

Audit and Risk Committee report

AUDIT AND RISK COMMITTEE REPORT

Sarah Highfield
Audit Committee Chair

Committee membership

Member	Meeting attendance
Sarah Highfield, Chair (Chair since May 2024) Member since 2023	6/6
Steve Murray Member since 2022	6/6
Srinivas Phatak Member since 2024	5/6*
Jakob Sigurdsson Member since 2020	6/6

*See page 54 for further details on attendance.

Principal objectives of the Audit and Risk Committee

- To monitor the integrity of the Group's financial reporting processes.
- To ensure the independence and effectiveness of internal and external audit functions.
- To ensure that risks are carefully identified and assessed, and that sound systems of risk management and internal control are in place.

Key responsibilities

- Oversee the accounting principles, policies and practices adopted in the Group's accounts.
- Oversee the Group's external financial reporting and associated announcements.
- Provide advice to the Board on whether the Annual Report and Accounts are fair, balanced and understandable and provide the necessary information to assess the Company's performance, business model and strategy.
- Ensure the adequacy and effectiveness of the internal control environment.
- Monitor the Group's risk management processes and performance.
- Review the resourcing, plans, reports and effectiveness of GIA.
- Oversee the appointment of, and monitor the performance of, the internal audit partner.
- Conduct a competitive tender process for external audit when required and oversee the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the supply of non-audit services.
- Ensure the establishment and oversight of fraud prevention arrangements and consider reports under the whistleblowing policy in conjunction with the Board.
- Review the Group's compliance with the Code.
- Monitor forthcoming regulatory changes.

Dear Shareholder,

I am pleased to present the Audit and Risk Committee report for the year ended 31 December 2025.

This report outlines how the Committee has discharged its responsibilities, including monitoring and reviewing the integrity of the Group's financial information and external reporting, and providing assurance to the Board that the Group's internal controls and risk management processes were appropriate and subject to regular review.

During the year, the Committee continued to consider the effectiveness of the Group Internal Audit function (GIA), undertaking reviews of its work plan (to ensure this remained effectively aligned to the changing needs of the business) and its findings. It also continued to oversee the independence and work of the external auditor.

The Committee considers that the Group has complied with the provisions of the FRC's 'Audit Committee and the External Audit: Minimum Standard' (Minimum Standard).

Key areas of focus throughout the year included: the ongoing preparations for regulatory change, notably in relation to the UK Corporate Governance Code 2024 (Code) and the Economic Crime and Corporate Transparency Act; the plans for the integration of Group controls into OrthoLite; enhanced bi-annual balance sheet review processes for all business units; and the succession of the Group CFO. The Group's cyber security risk management processes were also kept under review by the Committee.

An external Board and Committee performance review was undertaken during the year (see page 59) which included recommendations for some further enhancements but concluded overall that the Committee continued to perform effectively.

Sarah Highfield,
Chair, Audit and Risk Committee

4 March 2026

> "GIA reviews at unit level were prioritised on a risk basis, focussed on key markets, and were appropriately tailored to the particular circumstances, and the Committee continued its oversight of preparations for Provision 29 of the 2024 UK Corporate Governance Code."