Remuneration Committee report

REMUNERATION COMMITTEE REPORT

Echo Lu
Remuneration Committee Chair

Committee membership

Member	Meeting attendance
Echo Lu, Chair Member since 2017	6/6
Steve Murray Member since 2022	6/6
Fran Philip Member since 2016	5/6
Wu Gang Member since 1 July 2025	1/2

Principal objectives of the Remuneration Committee

– Our main objectives are to have fair, equitable and competitive reward packages that support our vision and strategy and help ensure that rewards are performance-based and encourage longer-term shareholder value creation.

Key responsibilities

– Implementing the Directors' Remuneration Policy (the Policy).
– Ensuring the competitiveness of reward.
– Designing the incentive plans.
– Setting incentive targets and determining award levels.
– Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with business strategy and culture.
– Engaging with shareholders on remuneration matters, including the Directors' Remuneration Policy.

Dear Shareholder,

As Chair of the Remuneration Committee (the Committee), I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2025.

This report consists of three parts: this letter summarising the work of the Committee during 2025 and the decisions made, the Annual Report on Remuneration for 2025 (the Report), and the Directors' Remuneration Policy (the Policy). This letter and the Report will be subject to an advisory vote at our 2026 Annual General Meeting (AGM) whilst the Policy will be subject to a binding vote.

Highlights for 2025

– Enabled and supported smooth Executive Director succession with the new Group Chief Financial Officer (Group CFO) assuming the role following the 2025 AGM.
– Continuing to balance market volatility and the wider macroeconomic environment with shareholder interests through the remuneration arrangements for our Executive Directors and Group Executive Team (GET) and the wider workforce.
– Undertook a review of the Policy considering the extent to which it continues to support the delivery of business strategy, aligns to the interests of stakeholders and reflects developments in market best practice.
– Engaged with shareholders regarding the proposed changes to the Policy.
– Considered wider developments in market practice and their implications throughout the Group.
– Determined the 2024 annual bonus awards and the vesting of the 2022 LTIP award.
– Conducted an in-depth review of remuneration arrangements within the wider workforce including the annual review of our global Living Wage policy.
– Reviewed Executive Directors and Group Executive Team salaries.
– Considered and agreed the implementation of the Policy for 2026, including performance measures, targets and weightings.
– Supported the business and reviewed remuneration arrangements as part of the OrthoLite acquisition and divestitures during the year.

Areas of Focus for 2026

– Overseeing the effective implementation of the Policy for 2026.
– Continuing to monitor the impact of geopolitical and macroeconomic effects on the operation of the Policy.
– Setting incentive targets in a continuing challenging macro-environment, ensuring alignment with strategy and shareholder interests, as well as ensuring fairness and transparency.
– Continuing to review workforce remuneration policies to support our environmental, social and governance strategy as well as our Diversity, Equity and Inclusion objectives.

REMUNERATION COMMITTEE REPORT CONTINUED

Workforce Content

The 2025 salary increase for the Group CEO was aligned with the salary increase budget set for the UK as a whole at 2.5% of salary, effective 1 July 2025. The same principle was applied to the wider members of the GET that were eligible for an increase (i.e. increases, where made, were aligned to the salary budget appropriate for their geographic location). As detailed in last year's Directors' Remuneration Report Hannah Nichols joined the Company as Group CFO Designate in April 2025 and became Group CFO in May 2025 (on a salary of £465,000) and was therefore not eligible for an increase during the year.

Fran Philip, our Designated Non-Executive for Workforce Engagement, continued her programme of meetings with our employees in all our local markets, feeding back relevant comments to the Committee, such as employee sentiment on cost of living changes. Employees were encouraged to discuss matters of remuneration across the Group and raise any issues that they considered appropriate. Further details of feedback received is detailed on page 61.

Incentive structures remain aligned within the Coats business, therefore, the key metrics that apply to senior management compensation are applied consistently throughout the organisation, with our main bonus plan being subject to the same key financial measures as our Executive Directors'.

Executive Director Changes During 2025

As detailed in last year's report, Jackie Callaway the Group Chief Financial Officer (Group CFO) mutually agreed to step down from the Board following the 2025 AGM on 21 May 2025. As a result of leaving employment though mutually agreed succession planning, the Committee resolved that Jackie would retain the right to her in-flight incentives, subject to pro-rata reductions and the application of performance conditions on the original time frames.

Her successor, Hannah Nichols, joined Coats from 24 April 2025 as Group CFO designate and assumed the role on 21 May 2025.

Details of the remuneration arrangements for both Jackie and Hannah are set out later in this report.

Business Performance in 2025

In 2025, Coats delivered resilient performance during challenging market conditions, driven by continued caution in customer ordering patterns as a result of macroeconomic and tariff uncertainty. Against this backdrop, performance has generally been in line with the ambitious business plan set at the start of the year.

Financial performance highlights include:

- Group revenue was $1,465m (2024: $1,433m), primarily driven by continued success in gaining market share, outperforming core thread and footwear markets.
- Sales growth in Apparel, and margin improvement across all divisions.
- Group operating margins increased to 19.8%, which falls comfortably within our medium-term margin target of 19-21%, reflecting pricing discipline and flexing of the cost base.
- Cash generation has remained strong. As anticipated, leverage increased to 2.2x due to the completion of the OrthoLite acquisition. However, it remains consistent with our previous guidance, and we expect leverage to fall below 2.0x by the end of 2026, driven by sustained improvement in cash generation.

In addition to the financial performance set out above, the Group also made significant strategic progress. We completed the landmark acquisition of OrthoLite Holdings LLC. This acquisition significantly strengthened our existing business offering by expanding into the high growth insole segment. We also exited from the Americas Yarns business, accelerating the Performance Material margin recovery and enabling focus on core parts of the Group's portfolio. At the same time as completing the OrthoLite acquisition, we also successfully streamlined our business structure into two divisions: Apparel and Footwear, to reflect the transformation of the Group's profile. This change reduces internal complexity and aligns the divisions more closely with the underlying textile engineering and polymer science technologies. The strategic progress delivered ensures that Coats is well set for future growth.

Incentive outcomes

2025 Annual Bonus

The 2025 annual bonus was based on a scorecard of five measures, each with challenging performance targets. The assessment of performance against these targets determined that bonuses were payable of 75% of maximum for the Group CEO and Group CFO. The Former Group CFO earned a bonus of 65% of maximum.

The Committee reviewed the formulaic outcome in light of the wider financial and non-financial performance of the Group and considered the formulaic outcome to be appropriate. As a result, no adjustments were made. Further details of the assessment of performance for the 2025 annual bonus can be found on page 87.

REMUNERATION COMMITTEE REPORT CONTINUED

2023 Long-Term Incentive Plan

With regards to long-term performance, we achieved growth in Normalised EPS over the three-year period ending 31 December 2025 to 9.65 cents, delivered a strong total shareholder return of circa 38%. Consistently strong performance can be seen against our longer term sustainability goals. This resulted in 67.8% of the total award vesting. Further details of our approach to the pension buy-in are detailed on page 88.

As with the annual bonus the Committee reviewed this outcome in the context of performance delivered over the performance period, and the experience of our stakeholders, and concluded that this outcome was a fair reflection of performance. As a result, no adjustments to the formulaic outcome were made. Further details of the assessment of performance for the long-term incentive plan can be found on page 88.

Remuneration Policy Review and Proposed Changes

During the year, the Committee undertook a detailed review of the current Directors' Remuneration Policy. Whilst the review concluded that the overall Policy structure was working effectively, it was agreed that a small number of targeted amendments should be made. These changes are intended to ensure that the Policy continues to support the delivery of business strategy, aligns to the interests of stakeholders, and reflects developments in market best practice.

The principal changes are:

1. **Simplifying the maximum LTIP grant from 175% of salary in normal circumstances, with 200% in exceptional circumstances to 200% of salary** – under the existing Policy there is a 'normal' maximum of 175% of salary and an 'exceptional' maximum of 200% of salary. The revised Policy will simplify this into a single maximum of 200% of salary. The resultant increase to the normal maximum was deemed appropriate in order to:

   i. better align with up-to-date market levels of executive remuneration. The normal limit of 175% of salary has remained the same since 2021 and over that time we have seen many comparable FTSE 250 companies making material increases to incentive quantum – especially long-term incentives (the median FTSE 250 LTIP opportunity is 200% of salary); and

   ii. give the Committee the flexibility needed to operate the Policy effectively over the three-year Policy period.

   As both Executive Directors have been appointed within the past 18 months, the Committee does not consider it appropriate to increase their award levels for 2026. As a result, award levels will remain at 175% and 150% of salary for the Group CEO and Group CFO respectively in 2026. To the extent that this headroom is used in future, the Committee would take the higher quantum into account when determining the appropriate degree of stretch in performance targets.

2. **Flexibility to reduce bonus deferral by 50% once share ownership guidelines have been met** – this reflects the updated Investment Association Principles of Remuneration and emerging market practice. With our incentives purposefully weighted towards long-term performance, our robust malus and clawback provisions and 200% of salary share ownership guidelines, the Committee is comfortable that this approach balances alignment with shareholders and flexibility for executives.

Other minor/administrative changes to the Policy include broadening malus and clawback provisions to allow the Committee to lapse a "good leaver" share award if the individual takes up comparable employment with another company (for example, following retirement), and clarifications regarding the Policy language in respect of target setting to permit the use of graduated performance schedules.

As part of the development of the Policy, the Committee considered the Group's wider approach to workforce remuneration as well as engaging with major shareholders and leading advisory agencies.

The shareholder engagement process included writing to all shareholders owning 2% or more of the issued share capital of the Company. Feedback was received from 8 shareholders and some of the leading proxy agencies who were generally supportive of the changes proposed. The consultation provided a valuable opportunity to present the rationale for the proposed changes and to better understand the views of our shareholders, we are pleased to confirm as a result of the positive feedback received, no changes were made to our proposals.
As a Committee we would like to thank all shareholders who participated in this engagement process – your feedback was gratefully received.

Implementation of Policy for 2026

Salary

Executive Directors' base salaries will be eligible for review, in line with the wider workforce salary review, with effect from 1 July 2026.

The Committee remains mindful of institutional investor guidance in relation to salary increases and the compounding impact of Executive Director increases during periods of higher inflation and will continue to balance this with the need to recognise the performance, experience and calibre of the Executive Directors.

REMUNERATION COMMITTEE REPORT CONTINUED

Annual Bonus

The 2026 annual bonus measures and weightings are unchanged from those operated in 2025 with only a minor change to the definition of free cash flow – measures and weightings are set out on page 97. The targets will be disclosed retrospectively in next year's Remuneration Report. The Committee is comfortable that the targets reflect our business objectives and will be appropriately stretching.

The maximum annual bonus opportunity will remain at 150% of salary for the Group CEO and 125% of salary for the Group CFO.

Long-Term Incentive Plan

To better align with our published medium term financial framework, there will be a modest re-weighting of measures. For the awards in 2026, the measures and their weightings will be 30% on EPS growth, 25% on free cash flow (increased from a 20% weighting on average cash conversion), 25% on relative TSR and 20% on sustainability measures (reduced from a 25% weighting in recognition of the decrease in 2024 from five to three sustainability metrics). Further details regarding the measures, weightings and targets are set out on page 97.

As set out above, the 2026 grant sizes will remain unchanged at 175% and 150% of salary for the Group CEO and Group CFO respectively.

Conclusion

The Committee is satisfied that the decisions made during 2025 reflect the financial and non-financial performance of the Group during the year and the Policy has operated as intended.

I hope you find this report helpful and that you will be supportive of the remuneration resolutions on the Directors' Remuneration Policy and the Directors' Remuneration Report at our 2026 AGM.

Echo Lu
Chair, Remuneration Committee

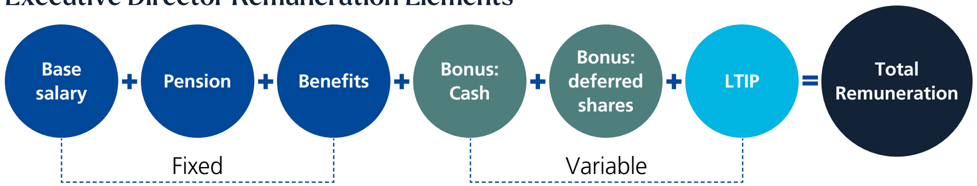
4 March 2026

Remuneration at a glance

REMUNERATION AT A GLANCE

2025 Policy Implementation and Outcomes

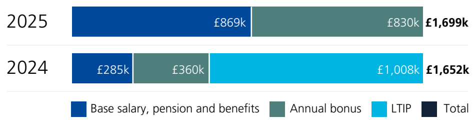
Executive Director Remuneration Elements



2025 Total Remuneration (£'000)

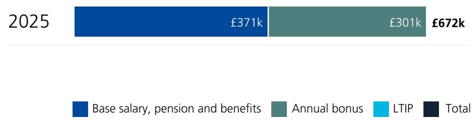
Group Chief Executive Officer

Single figure total remuneration for the Group CEO in 2025 vs 2024. Further details of the implementation of policy are provided below.



Group Chief Financial Officer

Single figure total remuneration for the Group CFO since the commencement of employment in 2025. Further details of the implementation of policy are provided below.



Executive Director Remuneration Elements

Element	Key features of current policy	Implementation in 2025	Key proposed policy changes for 2026
Base salary and benefits	– Base salary is benchmarked against the FTSE 250 and selected comparator group of similar size and complexity – Benefits are benchmarked to local market practice, taking account of the nature of the executive directors' role – Pension benefits aligned to the workforce where the role is based	– Increase of 2.5% for David Paja effective from 1 July 2025 – Hannah Nichols joined the Group on 24 April 2025 on a salary of £465,000 – Jackie Callaway did not receive an increase in 2025 – 12% of salary pension benefit for all Executive Directors	No change
Annual bonus	– Maximum award opportunity: 150% base salary – A proportion of annual bonus is subject to mandatory deferral – Deferred bonuses are converted to share awards and are released after a three-year retention period to align value of annual incentives to longer term performance of the company	– David Paja received a maximum bonus opportunity of 150% of base salary for the year – For Hannah Nichols and Jackie Callaway a maximum bonus opportunity of 125% of base salary, pro-rated for time served in the year was provided – 50% of the bonus for David Paja and 40% of the bonus for Hannah Nichols is deferred into shares – Performance targets and outcomes are shown on page 87	– No change to maximum bonus opportunity – Flexibility to reduce bonus deferral by 50% once share ownership guidelines have been met
LTIP	– Maximum LTIP award opportunity: 175% of base salary (200% exceptional circumstances) – Awards are discretionary and may be made annually – Vesting is conditional on three-year performance conditions, after which a two year holding period applies. – Performance measures and targets are determined by the Committee, taking into account the balance of strategic priorities for Coats for the three-year performance period	– Grant of 175% of salary to David Paja and 150% to Hannah Nichols – Three year performance period and two year holding period applies – Performance targets are set out on page 88 – No grant was made to Jackie Callaway in 2025	– Maximum LTIP opportunity: 200% of base salary – Performance target ranges may be set on a graduated basis
Shareholding requirements	– 200% of salary within five years of appointment – Applies for 2 years post termination of employment based on the lower of the shareholding requirement or the actual shares held on termination	Jackie Callaway's post employment shareholding requirement was fixed at 200% of her base salary on cessation	No change

Remuneration Policy Report

REMUNERATION POLICY REPORT

The Remuneration Policy was last approved by shareholders at the 2023 AGM. This updated policy will be subject to a binding shareholder vote at the 2026 AGM on 20 May 2026. If approved, the policy will apply for a period of up to three years from the date of approval.

As set out in the Remuneration Committee Chair's statement, the Committee concluded that the existing Policy continues to work effectively and that only minor changes are required.

Directors' Remuneration Policy

The Remuneration Committee has responsibility for determining remuneration for the Company's directors including the Group Chair but excluding the non-executive directors. The remuneration for non-executive directors, excluding the Group Chair, is determined by the Board, albeit the Non-Executive Directors are not present when their fees are discussed. The Committee takes into account the need to recruit and retain directors who have the suitable skills and experience to perform in the interests of the Company and its shareholders, while paying no more than is necessary.

Following an extensive review of the Remuneration Policy, a number of changes are proposed. The purpose of these changes is to ensure that the Policy enables the Committee to ensure that remuneration arrangements can continue to support business strategy and that it takes into account developing market best practice.

The changes proposed are as follows:

1. An increase to the maximum award under the Long-Term Incentive Plan to 200% of salary.
2. Introducing flexibility to reduce bonus deferral (by up to 50%) once the 200% of salary share ownership guidelines have been met.
3. A broadening of the current Malus & Clawback provisions which apply to variable remuneration to better align with market best practice.
4. Other minor administrative changes including adding additional flexibility in relation to target setting.

The Remuneration Policy set out below applies to all directors who serve on the Board during the life of this policy.

Executive Directors' Remuneration Policy table

FIXED REMUNERATION

Purpose and link to strategy	Operation and opportunity
Salary	
To attract and retain the key talent that the Company needs to achieve its objectives.	Salaries for new executive directors will be set by the Board, taking into account such factors as it determines to be necessary, as discussed above. Following recruitment, salaries will normally be reviewed annually with effect from 1 July (or such other date so as to align with the appropriate workforce review date). Salary reviews take account of factors including the market competitive level of pay in other companies, average salary increases applied elsewhere across the Group, the performance of the Company, the relative skills, performance and talent of the individual and any increase in the scope and/or responsibility of the individual's role. There is no set maximum salary but the Committee's approach will consider the median level of salary of similar positions in the FTSE 250 (excluding financial services), as well as companies in similar sectors and of a similar international scope and size to Coats, for UK-based roles, to reflect the global scope and dimensions of the Group's operations and the sector in which it operates. External benchmark data is considered only as a reference point and the median figure will not be regarded as a target level of remuneration.
Pension	
To provide a market competitive level of retirement provision.	Executive directors participate in a defined contribution scheme, on a non-contributory basis, with an employer contribution of up to the typical UK workforce (or other relevant local workforce where appropriate) rate which is currently 12% of salary, or will be provided with a cash alternative in lieu of any pension benefits of up to an equivalent value.
Benefits	
To provide a market competitive level of benefits.	Benefit provision to executive directors will be determined by the Committee, taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall package. There are no set maximum levels. Benefits may include, but are not limited to, the provision of private medical insurance, ill-health protection and/or life insurance and a cash-for-car-allowance. In addition, the Company may provide assistance in connection with the relocation of an executive director and, in the event of an international transfer, may provide tax equalisation arrangements. Executive directors may also participate in any all-employee incentive plan operated by the Company from time to time, up to the same limit for participation as applies for other employees.

REMUNERATION POLICY REPORT CONTINUED

VARIABLE REMUNERATION

Purpose and link to strategy	Operation and opportunity	Performance
Annual bonus, Cash bonus and deferral into shares under the rules of the Deferred Bonus Plan		
Annual bonus incentivises key individuals to achieve the objectives of the annual business plan. The deferred element ensures that the final value of the annual incentive is linked to the longer-term value of the Group.	Annual bonuses will be determined by reference to performance, measured over one financial year. The maximum annual bonus that may be awarded to any Executive Director will be 150% of salary. Any bonuses awarded will be subject to a mandatory deferral which is normally 50% of any bonus earned where the maximum bonus opportunity is 150% of salary, and 40% of any bonus earned where the maximum bonus opportunity is below 150% of salary. Once the shareholding requirement has been met, annual bonus deferral may be reduced by up to 50%. Deferred bonuses will be transferred into shares, to be held for a three year retention period, under the terms of the Deferred Bonus Plan. Deferral may operate so that shares will be held beneficially by the Executive Director during this period, in which case dividends will be payable on shares during such period. The deferral may alternatively be achieved by the grant of a share award or nil cost option in lieu of the deferred portion of the bonus, in which case an additional payment in cash or shares may be made to reflect dividends that may have been earned during the period from grant to vesting. The annual bonus including cash paid or deferred element of the bonus may be subject to Malus or Clawback. Details of Malus & Clawback terms are set out below.	The performance measures, weightings and targets for the annual bonus will be set by the Committee on an annual basis. Performance measures will normally include tests of both business and individual performance. The weighting for each objective will be determined annually by the Committee to reflect the strategic importance of each objective for the year ahead. For financial measures, the Target level of performance will result in a payment of 50% of the maximum award. The Committee will determine the Target level of remuneration on the basis that it feels is stretching and challenging. Below Target, payment will increase between Threshold performance and Target pay-out, on a straight- line or graduated basis. Above Target, payment will increase on a straight-line or graduated basis up to 100% for Maximum performance. For non-financial measures, as far as practicable similar principles will apply to target setting. The Committee will have the discretion to override vesting levels if it determines the result of the performance targets does not accurately reflect the financial health of the Company. All annual bonus payments and awards are made at the discretion of the Committee and the terms of the awards may be amended by the Committee at any time, provided that they remain within the terms of this policy.

VARIABLE REMUNERATION continued

Purpose and link to strategy	Operation and opportunity	Performance
Long Term Incentive Plan		
To incentivise key individuals to achieve key long term objectives, in line with the Group's long-term strategy. To create alignment between executives and shareholders. To retain key individuals.	Awards will be made annually, conditional on the achievement of three-year performance conditions. Any vested shares will be subject to an additional two-year holding period. Award levels for any Executive Director will be up to a maximum of 200% of salary. Awards will normally be made in the form of nil cost options, exercisable between the third and such anniversary of grant as determined at grant, up to the tenth anniversary (subject to the additional two-year holding period), although awards may be made in other forms. An additional payment in cash or shares may be made to reflect dividends that may have been earned on the proportion of the award that vests during the period from grant to the end of the holding period. Awards will be subject to Malus & Clawback provisions. The malus provisions give the Committee discretion to reduce the level of an award prior to vesting in the event of personal misconduct or if events have happened that caused the Committee to determine the grant level was not appropriate. Details of Malus & Clawback terms are set out overleaf.	The performance measures used, the weighting on each measure, the definition of the measures and the performance targets will be determined by the Committee, considering the balance of strategic priorities for the Company for the upcoming three-year performance period. In addition, the Committee may consider setting an underpin condition which must be satisfied prior to vesting of an award. No awards will vest for performance below Threshold, 25% of each element will vest for achieving Threshold performance, increasing on a straight-line or graduated basis to 100% for Maximum performance. The Committee will be able to override award vesting levels if it determines the result of the performance targets does not accurately reflect the financial health of the Company. Following grant of an award, the Committee will have power to amend performance measures and targets if events happen that mean they are no longer a fair test of performance, but not so as to make the assessment of performance materially less onerous.

REMUNERATION POLICY REPORT CONTINUED

Shareholding Requirements

Executive directors will be required to attain a shareholding, over a five-year period, equivalent to 200% of salary. This requirement will apply for a two-year period post termination of employment, based on the lower of the in-post requirement and the executive director's actual shareholding on termination of employment. Any shares purchased by the executive director may be excluded from the calculation on cessation.

Malus & Clawback

The Committee may, at any time within three years of a cash bonus payment, LTIP or deferred bonus award vesting, determine that malus and/or clawback shall apply if the Committee determines that:

- there was a material misstatement of the financial statements of the Company upon which the performance targets were assessed, or an erroneous calculation was made in assessing the extent to which performance targets were met;
- the award holder has contributed to serious reputational damage to the Company or one of its business units;
- the award holder's conduct has amounted to serious misconduct, gross negligence, fraud, dishonesty, a breach of the Code of Business Conduct or material wrongdoing;
- where corporate failure or failure in risk management has occurred; or
- where an executive has been categorised as a Good Leaver by the Committee by way of retirement, but subsequently takes up comparable employment with another company.

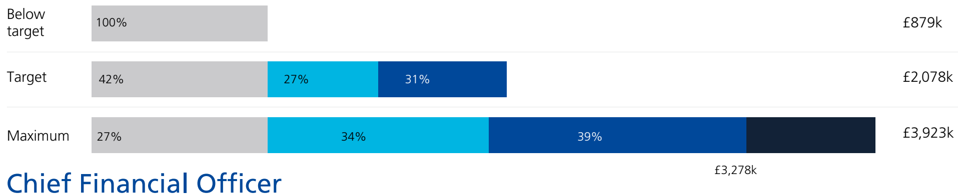
The Committee considers the Malus & Clawback provisions set out above to be appropriate considering the nature of the business and its business cycle. Provisions are in place to ensure that Malus & Clawback can be operated effectively if required.

Performance Measure Selection and Target-Setting

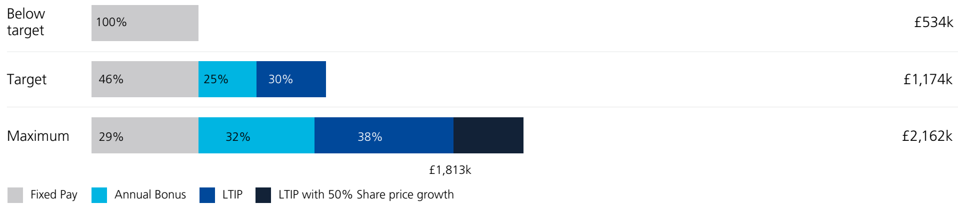
The measures used under the annual bonus and LTIP are selected annually to reflect the most important measures for the upcoming year and include both business and individual performance objectives. Performance targets are set taking into account the objectives for the business and the need to successfully progress the execution of the Group's long term growth strategy. Targets are also established on the basis that they should be stretching within an acceptable degree of risk.

Illustrations of the application of remuneration policy (figures in £000)

Chief Executive Officer



Chief Financial Officer



The above charts give an illustrative value of the remuneration package for each of the Executive Directors in the upcoming year.

- Minimum is the base salary and pension contributions as of 1 January 2026, plus the value of benefits as disclosed in the FY 2025 single figure table
- On target is the aforementioned minimum plus an assumed 50% pay-out of the annual bonus opportunity and 50% vesting of LTIP awards to be made in FY 2026
- Maximum is the aforementioned minimum with an assumed 100% pay-out of the annual bonus opportunity and full vesting of LTIP awards to be made in FY 2026
- Maximum + share price assumption shows maximum plus a 50% share price appreciation on the shares subject to vested LTIP awards to be made in FY 2026.

REMUNERATION POLICY REPORT CONTINUED

Legacy Matters in Respect of Future Executive Directors

In the event that an executive of the Group is promoted to the Board, the Company retains the discretion to honour any existing remuneration commitments. In particular, any long term awards, both cash and share awards, will continue to be capable of vesting on their existing terms. This would include awards previously granted under legacy Group incentive plans. This would also include any awards granted under the Long Term Incentive Plan or Deferred Bonus Plan prior to the individual being appointed as a Director (although it would be intended that any such awards would in any event comply with the Policy as set out above).

Recruitment Policy

When appointing an executive director, including a promotion to the Board of an executive from within the Group, the Committee will offer the recruit a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to attract, retain and motivate individuals of the appropriate calibre. In determining the remuneration package that may be offered to a new executive director, the Committee may also take into account external and internal comparisons and relevant market factors, as well as any other factors which the Board determines to be relevant.

In the event of an interim internal promotion, additional remuneration may be provided by way of a temporary allowance as opposed to an increase in base salary.

External Appointment

In the cases of hiring or appointing a new executive director from outside the Company, the Committee may make use of all the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value
Base salary	Salaries for new appointees will be determined by reference to the relative skills and experience of the individual, the market competitive level of pay in other companies and any other relevant external or internal comparisons.	N/A
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of private medical insurance, ill-health protection and/or life insurance and a cash-for-car-allowance, and, where appropriate, relocation, international transfer or tax equalisation arrangements.	N/A
Pension	New appointees will receive pension contributions or cash alternative in lieu of any pension benefit.	Currently 12% of salary if UK based
Annual bonus	The structure described in the policy table will apply to new appointees with the relevant maximum being prorated to reflect the proportion of employment over the year. Targets for the personal element will be tailored to each executive director. The Committee retains discretion to set different targets for a new executive director in the year of appointment to the other executive director(s)' targets depending on the timing of their appointment.	150% of salary
LTIP	New appointees will be granted awards under the LTIP on the same terms as other executive directors, as described in the policy table.	200% of salary

For external appointments, the Committee may determine that there may be exceptional circumstances where it would be appropriate, in order to secure the right candidate, to compensate for lost awards incurred by an individual as a result of leaving their former employer. In the case of any long-term incentive awards, save where such awards are close to vesting, any such award on appointment would normally be granted as a share-based award, subject to such vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-off arrangement or under the terms of the Long Term Incentive Plan. In determining the terms of any such awards, the Committee would take account of the vesting schedule and conditions attached to the forfeited awards, but also other factors that it determines to be relevant, including the need to suitably incentivise and retain the individual during the initial years of their applicable appointment.

REMUNERATION POLICY REPORT CONTINUED

Internal Promotion

In cases of appointing a new executive director by way of internal promotion, the Committee and Board will be consistent with the policy for external appointees detailed above.

Service Contracts for Executive Directors

The Committee's policy is for service contracts for executive directors to reflect the Committee's understanding of best corporate practice for listed companies. However, in the event that an executive of the Group is promoted to the Board, the Committee may include terms in any new service contract which are consistent with that individual's existing service contract and legacy arrangements.

Subject to this, the key elements of a service contract offered to a UK-based executive director appointment are:

Notice period	Contracts are rolling with an indefinite term. The notice period is no more than 12 months (in the case of notice being given by the Company or the Executive Director). An executive director may be placed on garden leave during some or all of the notice period.
Payment in lieu of notice ('PILON')	Save in circumstances justifying summary termination, employment may be terminated without notice by paying a PILON comprising basic salary and contractual benefits. Subject to any legacy terms, the Company will have discretion to pay on a phased basis, which will normally be subject to mitigation.
Pension	The service contract may include entitlement to pension benefits, subject to the provisions and any limits set out in this Policy and the pension scheme rules or an annual allowance. The entitlement to pension benefits may continue during any notice period.
Benefits	The service contract may include entitlement to other benefits, subject to the provisions and limits set out in this Policy. The entitlement to benefits may continue during any notice period.
Incentive plans	The executive director will be eligible to be considered (at the Committee's discretion) to participate in the annual bonus and long term incentive arrangements operated from time to time, subject to the provisions and limits set out in this Policy. The terms of such arrangements would apply in the event of a cessation of office or employment, as set out in the table below.

Service contracts offered to non-UK based, external appointments will generally be in line with the provisions set out above, subject to any local law requirements. All Executive Director letters of appointment are available for inspection at the Company's registered office during normal hours of business, and will also be available at the Company's AGM.

Executive directors will be able to accept non-executive appointments outside the Company (as long as this does not lead to a conflict of interest) with the consent of the Board, as such appointments can enhance their experience and add value to the Company. Any fees received (excluding positions where the executive director is appointed as the Company's representative) may be retained by the executive director.

Policy on Payment for Loss of Office of Executive Directors

In the case of an executive of the Group who is promoted to the Board, the terms on cessation of office or employment would be governed by the terms of the individual's existing employment agreement. In addition, the terms of any incentive awards made to the individual prior to being appointed as an executive director, and the terms of any pre-existing participation in a pension scheme, would govern the treatment of such arrangements.

The policy that applies to the appointment of any executive director is shown below. The remuneration package may include the components of remuneration described below in the Executive Directors' Remuneration Policy table subject to the relevant limits as set out in the following tables.

Notice Periods, Salary and Contractual Rights

The notice periods and contractual rights on termination that would be included in a service contract offered to an external recruit are set out above. In addition, the executive director would be entitled to accrued but untaken holiday.

In respect of any awards made to an executive director under any all-employee share plan, the same leaver conditions will apply as apply in respect of employees generally.

Discretion

In considering the exercise of its discretion under the incentive arrangements, as referred to above, or otherwise in connection with the cessation of office or employment of an executive director, the Committee will take into account all relevant circumstances, having regard to their duties as directors.

In doing so, factors that the Committee may take into account shall include, but not be limited to, considering the best interests of the Company, whether the executive director has presided over an orderly handover, the contribution of the executive director to the success of the Company during their tenure, the need to ensure continuity, the need to compromise any claims that the executive director may have, whether the executive director received a PILON and whether, had the executive director served out their notice, a greater proportion of the outstanding award may have vested.

REMUNERATION POLICY REPORT CONTINUED

Other

The Company may enter into new contractual and financial arrangements with a departing executive director in connection with the cessation of office or employment, including (but not limited to) in respect of settlement of claims, confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. Appropriate disclosure of any such arrangement would be made.

Corporate Actions

On a corporate action affecting the Company, the rules of the Long Term Incentive Plan and Deferred Bonus Plan will apply. In summary, on a change of control, awards will vest, subject to the performance conditions and, unless the Committee determines otherwise, time pro-rating.

Deferred shares awarded under the terms of the Deferred Bonus Plan, which represent deferrals of previously earned bonuses, will vest in full. Under the Long Term Incentive Plan and Deferred Bonus Plan, the Committee may determine that a demerger or similar event shall constitute a corporate action.

On a variation of share capital or similar event, the Committee may make such adjustment to awards under the Long Term Incentive Plan and the Deferred Bonus Plan as the Committee considers appropriate.

Treatment of Variable Pay on Cessation

Incentive plans	Good leavers	Other leavers
Annual bonus	The Company does not consider it appropriate to set defined 'good leaver' and 'bad leaver' conditions in respect of the annual bonus arrangements. Instead, where an executive director has ceased to hold office or employment with the Group, or is under notice, other than due to personal misconduct, the Committee will determine whether or not the individual will be eligible to receive any annual bonus. If the Committee determines that a departing Executive Director is eligible to receive a bonus, the amount of the bonus will be assessed by reference to the performance targets set for that financial year. The deferral requirement in respect of any bonus awarded will continue to apply if the Committee so determines. The amount of any bonus will be pro-rated for time, provided that the Committee has discretion to waive time pro-rating.	Where the reason for cessation of office or employment is personal misconduct, no bonus will be payable. In other cases, unless the Committee determines that the departing Executive Director is eligible to receive a bonus, no bonus will be payable.
Long Term Incentive Plan	A departing executive director will be a 'good leaver' on ceasing employment due to retirement, injury, disability, ill-health, death, redundancy or the sale of a business or subsidiary out of the Group. Awards held by 'good leavers' will normally vest on the normal vesting date (i.e. the third anniversary of grant) to the extent that the performance conditions are met, and prorated for time. Any awards that the Committee determines to have vested will ordinarily be subject to the additional two-year holding period, unless the Committee determines in its discretion to accelerate vesting to the date of cessation. The Committee also will have discretion to waive the time pro-rating requirement.	Unvested awards will lapse in full where the cessation of office or employment is on grounds of personal misconduct. In other cases, the Committee will have discretion to determine that unvested awards will vest (in which case the terms applicable to 'good leavers' will apply). Unless this discretion is exercised, unvested awards will lapse.
Deferred Bonus Plan	Unvested deferred shares (which represent deferrals of earned bonus) will vest in full on the normal vesting date (i.e. the third anniversary of grant), provided that the Committee will have discretion to accelerate vesting to the date of cessation.	Where the reason for cessation of office or employment is personal misconduct, unvested awards lapse in full.

Non-Executive Directors

The Chair and Non-Executive Directors receive an annual fee (normally paid in monthly instalments). Non-Executive Directors (excluding the Chair) may also receive an additional fee in respect of travel if over five hours of one-way flight time is required to attend a Board meeting, up to an annual cap. The fee for the Chair is set by the Remuneration Committee and the fees for the Non-Executive Directors are approved by the Board, on the recommendation of the Chair. In determining the appropriate level of fees, the Committee and the Chair consider advice from external sources and data on the fee levels in other similar companies. No individual is present when their own level of remuneration is discussed.

REMUNERATION POLICY REPORT CONTINUED

For non-executive directors, the remuneration arrangements will be in line with those set out in the relevant Section below.

Non-Executive Directors' Remuneration Policy Table

Element	Purpose and link to strategy	Operation
Fees	To attract and retain a high-calibre chair and non-executive directors by offering market competitive fee levels.	The Chair is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional Board responsibilities and travel (if appropriate). The fee levels are reviewed on a periodic basis and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Additional payments may be made above the basic Board fee if duties significantly exceed expectations.
Supplementary fees		Supplementary fees may be payable to the Senior Independent Director, Chair of the Audit and Risk Committee, Chair of the Remuneration Committee and the Director responsible for employee engagement or any other roles with similar additional responsibility and/or time commitment.
Travel fees	The Board benefits from the diverse global business experience of its Non-Executive Directors, some of whom do not reside in the UK. However, the increasingly global nature of our business means that our Non-Executive Directors are required to travel, with recent meetings held in Brazil, China, Mexico, Sri Lanka, the USA and Vietnam. The Board wishes to recognise the additional time commitment required for Non-Executive Directors (excluding Chair) in travelling to Board meetings.	An additional fee may be payable to any Non-Executive Director (excluding the Chair) who is required to travel for more than a specified length of time to attend a Board meeting. The maximum total fees for travel will be subject to an annual cap. For 2026, a travel fee will be payable for any journey longer than 5 hours of one-way flight time and the maximum fee will be capped at the equivalent of 5 trips. The length of journey and maximum cap will be reviewed annually to ensure their continued relevance and appropriateness.

No benefits or other remuneration will be provided to Non-Executive Directors. However in some cases reimbursement of business travel, entertaining and accommodation expenses claimed in accordance with the UK expenses policy may be deemed taxable benefits under UK tax rules. The Company pays the resulting tax liability. In addition, professional fees may be paid to assist a non-UK tax resident Director submit appropriate UK income tax returns; the cost of these fees may be regarded as a taxable benefit, in which case the Company may pay the resulting tax liability.

In determining the level of fees for a new non-executive director, the Committee will take into account all factors it determines to be relevant, including the skills and experience of the individual and the need to attract non-executive directors of the appropriate calibre. The Committee will also take into account the level of fees offered by equivalent companies.

Under their respective Non-Executive Director appointment letters, all of the Non-Executive Directors are entitled to receive an annual fee. None of the appointment letters contains a set term of office. None of the appointment letters contains a notice period. There are no provisions in the Non-Executive Directors' letters of appointment that would give rise to any compensation payments for loss of office.

Removal of the Non-Executive Directors would be governed by the Articles of Association of the Company. All Non-Executive Director letters of appointment are available for inspection at the Company's registered office during normal hours of business, and will also be available at the Company's AGM.

REMUNERATION POLICY REPORT CONTINUED

Development of this Policy

Prior to setting the Remuneration Policy, the Committee considers the pay structures elsewhere in the Group. The approach to benchmarking identifies similar comparator companies in each local market that the Company wishes to recruit from; the same underlying principles of fairness, transparency and market competitiveness are applied to executive appointments and to local remuneration arrangements. Benefit provision follows the same principles of being in line with local market practice with an objective of promoting mental and physical well-being. There is a greater level of 'at risk' remuneration for more senior roles, reflecting the extent to which pay is conditional on company performance.

The Committee annually reviews the details, market competitiveness and quantum of the remuneration policies in each of the Company's major markets and compares that, where applicable, to senior leadership roles based in that location. This consideration is also extended to the implementation of the Company's Living Wage policy, which is reviewed annually to ensure it is relevant to all our employees and corrective actions are identified to increase compensation where this is required. Committee takes into account the impact on and comparison with pay arrangements throughout the Company. The Committee does not directly consult with employees when determining remuneration policy.

The structure of remuneration for Coats' senior management team is consistent with that for the Executive Directors. Senior executives participate in annual bonus and long-term incentive arrangements based on performance measures that are aligned to the measures applicable to Executive Directors.

Statement of Consideration of Shareholder Views

The Committee remains committed to shareholder dialogue and takes an active interest in voting outcomes. The Committee sought the views of our major shareholders before submitting this Policy for shareholder approval at the 2026 AGM.

The Committee may, without seeking shareholder approval, make minor changes to this Policy that do not have a material advantage to Directors.

A copy of the Remuneration Policy will be made available at coats.com/board-committees

DIRECTORS' REMUNERATION REPORT

This Annual Report on Remuneration has been prepared in accordance with the relevant provisions of the Companies Act 2006 and as prescribed in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the Regulations). Where indicated, information has been audited by Ernst & Young LLP.

The Annual Report on Remuneration will be subject to an advisory vote at the AGM on 20 May 2026.

Executive Directors

David Paja was appointed to the Board on 1 September 2024 and took on the role of Group CEO on 1 October 2024. Hannah Nichols was appointed to the Board on 24 April 2025 and appointed as Group Chief Financial Officer immediately following the AGM on 21 May 2025. Jackie Callaway, our former Group Chief Financial Officer, stepped down from the Board on 21 May 2025, remaining with the Group until 31 May 2025. Jackie's stepping down was mutually agreed as part of leadership succession planning at Coats.

Single Total Figure for Executive Directors' Remuneration for 2025 (audited information)

	David Paja		Hannah Nichols		Jackie Callaway	
£000's	**2025**	2024	**2025**	2024	**2025**	2024
Base salary	**729.0**	240.0	**318.9**	–	**197.8**	453.1
Benefits	**52.6**	15.7	**13.5**	–	**11.6**	28.1
Other	**–**	–	**–**	–	**–**	–
Pension	**87.5**	28.8	**38.3**	–	**23.7**	54.4
Total Fixed	**869.1**	284.5	**370.7**	–	**233.1**	535.6
Annual bonus	**830.3**	360.0	**301.0**	–	**159.6**	593.4
LTIP	**–**	1,007.7	**–**	–	**311.7**	623.3
Total Variable	**830.3**	1,367.7	**301.0**	–	**471.3**	1,216.6
Total	**1,699.3**	1,652.2	**671.7**	–	**704.4**	1,752.2

The figures in the table above have been calculated on the basis of the following:

- David Paja's remuneration has been disclosed from commencement of employment on 1 September 2024, resulting in the 2024 figures being pro-rated for his part year service.
- Hannah Nichols' remuneration has been disclosed from commencement of employment on 24 April 2025. She received a base salary of £465,000 (pro-rated).
- Benefits: this is the value of all benefits, including a car allowance, private medical insurance, life insurance and income replacement insurance, tax return support where applicable and legal fees where applicable. A car allowance of £20,000 per annum was paid to David Paja, with an allowance of £15,000 (pro-rated) per annum paid to Hannah Nichols and Jackie Callaway.
- Pension: represents the value of all employer contributions to any pension plan or cash payments paid in lieu of a pension benefit. No Executive Director participates in any defined benefit pension arrangement. All Executive Director pension benefits are based on 12% of base salary, being the rate received by the majority of the UK workforce.
- Annual bonus: is the total value in cash and shares of the annual bonus that is attributable to each year. 50% of the 2025 bonus outcome for David Paja and 40% for Hannah Nichols will be awarded in shares under the terms of the Deferred Annual Bonus Plan. Jackie Callaway's bonus was pro-rated to 31 May 2025, and in line with normal practice at Coats for a mutually agreed leaver at this stage in the year, payable in cash. Hannah Nichols' bonus was pro-rated from the commencement of her employment on 24 April 2025.
- The value of the LTIP awards shown for 2024 have been restated to reflect the value on the vesting date (06 March 2025) including dividend equivalents accrued to this date, using the mid-market closing share price on 6 March 2025 of £0.8595.
- Of the amount shown for 2024, £152,278 of this value represents the value attributable to share price growth over the three-year period (excluding dividend equivalents) to Jackie Callaway. No discretion was exercised in respect of these amounts.
- The value of the LTIP awards shown for Jackie Callaway for 2025 reflect the vesting of LTIP awards with a performance period ending in 2025. Of the amount shown, £9,837 of this value represents the value attributable to share price growth for Jackie Callaway, over the three-year period, based on the average share price for the last three months for 2025. No discretion was exercised in respect of these amounts.
- Hannah Nichols' buyout award has been excluded from the table as its expected vesting is unknown, further information will be provided in next years report.
- The value of the LTIP award shown for David Paja in 2024 reflects the buy-out award granted on 6 September 2024 based on the share price immediately prior to grant of £0.998. The award was granted over 1,009,693 shares, in partial compensation for awards forfeited from his previous employer in connection with joining Coats and reflects the structure of the forfeit award. The award is not subject to performance conditions, but remains subject to continued employment. Further details were set out in last year's report.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual Bonus Outcome 2025 (audited information)

The annual bonus for 2025 was determined in accordance with the details provided in the 2024 Directors' Remuneration Report. Details of the bonus measures and opportunities are provided in the table below.

The measures were selected to incentivise a balance of outcomes that reflected the strategic priorities of the Group.

Annual bonus 2025	Weighting	Achievement				
Performance Measure		Threshold (10% of max)	Target (50% of max)	Maximum (100% of max)	Performance achieved in 2025	Outcome as % of max
Group Sales $m	15%	1,459	1,483	1,516	**1,405**	**0%**
Earnings Before Interest and Taxation (EBIT) $m	20%	262	277	292	**277**	**10%**
EBIT Margin (%)	20%	18.5%	18.7%	18.9%	**19.7%**	**20%**
Free Cash Flow (adjusted) (FCF) $m	25%	105	120	135	**162**	**25%**
Individual objectives[1]	20%	–	–	–	**See below**	**20%**
Total	**100%**					**75%**

1. Individual performance relates to incumbent Executive Directors. Details of the former Group CFO's bonus are included below.

Targets were set in relation to budget for the 2025 financial year. OrthoLite was excluded from the bonus targets and actual performance against the targets, VizLite™ was treated in a similar manner but was considered deminimis. The impact of Americas Yarns has been removed from the 2025 bonus targets and outcome as a discontinued item, in line with the approach taken in prior years. These decisions were taken to ensure that the targets were tested on a consistent basis and were no more or less challenging than when originally set. All figures reflect the 2025 Plan exchange rates.

The performance reflected in the table above reflects the figures disclosed in this Annual Report adjusted to exclude the impact of OrthoLite and the following exchange rate fluctuations during the year of $17.6m for Sales, $2.3m for EBIT, and $0.9m for FCF respectively.

For the 2025 annual bonus, challenging individual objectives were established by the Committee for each Executive Director that reflected activities and initiatives intended to improve the performance of the Group. The objectives established and assessed for 2025 are reflected in the section below.

Personal Objectives Linked to 2025 Bonus

At the beginning of the year, the Committee determined that the following personal objectives would be linked to 20% of the maximum annual bonus outcome. All personal objectives were equally weighted.

	Objective	Outcome
Group CEO – David Paja	Deliver 9.4% PM EBIT (excluding Yarns) and new PM strategy	Overall, PM EBIT margin finished the year over 11%, significantly exceeding the target set
	Deliver 2025 sustainability targets	Over delivery against all 2025 sustainability targets has been delivered with key action plans to ensure robust performance towards our 2030 goals. See page 15 for sustainability performance in 2025.
	The Committee determined the outcome of 20% out of a possible 20% of maximum bonus as performance significantly exceeded target.	
Group CFO – Hannah Nichols	Develop tax optimisation strategy and overdrive vs 2025 plan	Delivered an ETR of 29% by the end of 2025 with an actionable plan in place to deliver a materially lower medium term target rate. Performance exceeded the target given the above expected progress made in 2025.
	Table at least one actionable acquisition project for approval	Completed successful acquisition of OrthoLite which was achieved following the delivery of an accelerated process covering both the final commercial terms of the transaction and its financing.
	The Committee determined the outcome of 20% out of a possible 20% of maximum bonus as performance significantly exceeded target.	
Former Group CFO – Jackie Callaway	Develop tax optimisation strategy and overdrive vs 2025 plan	Worked towards the delivery of an ETR of 29% by the end of 2025. On track establishing a plan to reduce the Group's medium term ETR.
	Table at least one actionable acquisition project for approval	Successful progress in relation to headline terms of the OrthoLite acquisition which remained on-track at the time of cessation.
	The Committee determined the outcome of 10% out of a possible 20% of maximum bonus as the performance was in line with the Board's plans but did not exceed.	

The above table includes the targets set and actual performance against them other than where information is considered price sensitive by the Remuneration Committee.

In making its final determination of performance against the targets, the Committee had regard to the exceptional financial performance and stakeholder experience during 2025, including a substantial shareholder return, which resulted in the Committee being comfortable that paying bonuses in line with the original formulas set was appropriate.

DIRECTORS' REMUNERATION REPORT CONTINUED

Summary 2025 Bonus Outcome

The Committee assessed the formulaic outcome and were comfortable that these outcomes were reflective of a holistic assessment of performance delivered during the year, reflected shareholder value, and the experience of employees during the year, who have generally excelled against their bonus targets. As a result, no adjustments to the formulaic outcomes were made.

	Bonus opportunity (% of salary)	2025 bonus outcome (% of maximum)	Bonus outcome (£)
Group CEO – David Paja	150%	75%	£830,273
Group CFO – Hannah Nichols	125%	75%	£300,984[1]
Former Group CFO – Jackie Callaway	125%	65%	£159,568[2]

1. The amount of bonus for Hannah Nichols reflects the time between commencement of employment on 24 April 2025 and the end of the financial year.
2. The amount of bonus for Jackie Callaway was pro-rated to 31 May 2025.

Long Term Incentive Award Vesting (audited information)

On 17 March 2023, Jackie Callaway was granted an award over 786,352 shares under the terms of the Long Term Incentive Plan in the form of a nil cost option. The awards vest according to performance over the period from 1 January 2023 to 31 December 2025 (referred to as 2023 LTIP). Due to Jackie stepping down from the Board, her outstanding awards were pro-rated, resulting in 567,921 shares remaining under the 2023 LTIP after the cessation of employment, with these shares subject to the performance targets applicable to the award prior to vesting.

As set out in the table overleaf, 67.8% of the shares remaining outstanding will vest on 17 March 2026.

The performance measures were based upon Total Shareholder Return performance (TSR), Earnings Per Share CAGR (EPS), average Cash Conversion and sustainability measures relating to Coats Group plc. The achievement of the Long Term Incentive Plan performance measures and the consequent vesting of the awards are shown in the table below.

2023 LTIP: Performance Period 1 January 2023 to 31 December 2025

Measure	Weighting	Threshold (25% vesting)	Mid (62.5% vesting)	Maximum (100% vesting)	Actual	Outcome as % of max LTIP
EPS CAGR	30%	5% CAGR	10% CAGR	15% CAGR	5.7% CAGR	9.1%
Average Cash Conversion over 3 years	20%	70%	80%	90%	105%	20%
Total Shareholder Return versus the FTSE 250 excluding investment trusts	30%	Median	62.5th Percentile	Upper Quartile	62 Percentile	18.7%
Sustainability (vs 2022 baseline)	20%					20%
Reduction in Scope 1 and 2 emissions	5%	15%	15.75%	16.5%	30%	5%
Growth in sustainable (non-virgin oil-based) materials	5%	growth to 46%	growth to 48%	growth to 50%	52%	5%
Reduction in waste to landfill	5%	65% reduction	70% reduction	75% reduction	100%	5%
Percentage representation of women in leadership population	5%	21%	23%	25%	33%	5%
Total						**67.8%**

The EPS targets were set in 2023, EPS was adjusted for the impact of IAS 19 and wider pension finance charges and benefits of the pension buy-in which de-risked the pension scheme. These adjustments were consistent with the original intent when the targets were set of incentivising underlying performance. The Committee is comfortable this approach ensured the targets were no more or less challenging than originally intended when the target was set. There was no material impact on the Cumulative Free Cash Flow target over the performance period. As intended at the time the targets were set, the Committee intends to treat in-flight LTIP awards in a similar manner, with final determination being made prior to vest.

DIRECTORS' REMUNERATION REPORT CONTINUED

Share Awards Granted in 2025 (audited information)

The following share awards were granted to Executive Directors during the financial year ended 31 December 2025. The targets for achieving minimum performance for each measure, where these apply, are shown in the table later on this page.

The share price shown was used to calculate the number of shares awarded under the terms of the Coats Group plc Long Term Incentive Plan and is based on the average mid-market closing price for the five dealing days immediately preceding the grant date.

Awards were granted as nil cost options under the terms of the Coats Group plc Long Term Incentive Plan that was approved by shareholders on 22 May 2024. Awards were also granted to over 100 senior managers on similar terms. The LTIP awards will vest, subject to the achievement of performance measures, on the third anniversary of the date of grant (Hannah Nichols' award vests on the third anniversary of the main grant date, being 14 March). For Executive Directors, an additional two-year holding period applies. Dividend equivalents, delivered in shares, also apply on shares that vest.

Executive Director	Date of grant	Number of options awarded	Face value at award date	Award value as a % of salary	Share price to calculate no of shares	% vesting for minimum performance	Performance period	Vesting date
David Paja	14 Mar 25	1,541,472	£1,260,000	175%	£0.8174	25%	1 Jan 2025 to 31 Dec 2027	14 Mar 2028
Hannah Nichols	16 Dec 25	698,897	£558,000	120%	£0.7984			

No awards were granted to Jackie Callaway in 2025. Hannah Nichols' award was granted at 120% of base salary which included a reduction to the normal award level of the Group CFO role of 150% of salary as a result of Jackie joining employment during the financial year.

Long Term Incentive Plan Awards Performance Measures

The performance measures applicable to awards granted in respect of the three-year performance period that commenced on 1 January 2025 (LTIP 2025) are shown below.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
EPS CAGR	30%	4%	12%
Total Shareholder Return versus the FTSE 250 excluding investment trusts	25%	Median	Upper quartile
Average Cash Conversion	20%	70%	90%
Sustainability (see details below)	25%	See below	See below

The EPS CAGR measure is based on normalised EPS, adjusted to exclude the impact of exceptional costs such as property gains or losses and the impact of variation of the IAS 19 (pensions finance) charge.

Total Shareholder Return is the total return to shareholders, which includes share price growth and ordinary dividends. The performance measure is assessed against a comparator group consisting of the FTSE 250, excluding investment trusts.

Average Cash Conversion is defined as the average of the adjusted Free Cash Flow divided by normalised Attributable Profit for each of the three years in the performance period. The adjusted Free Cash Flow is after maintaining the company's asset base, i.e. operating cash flow minus capital expenditures, adjusted for exceptional items such as property gains or losses.

The Sustainability targets are as follows:

Sustainability	Threshold (25% vesting)	Maximum (100% vesting)
Absolute reduction in Scope 1 and 2 emissions in tonnes from 2019 baseline	55%	65%
Absolute reduction in Scope 3 emissions in tonnes from 2019 baseline	22%	26%
Percentage of females in senior leadership roles	33%	37%

The Committee will test the extent of achievement against each equally weighted target shown above.

DIRECTORS' REMUNERATION REPORT CONTINUED

The range of performance targets were set with reference to internal planning and external market expectations for the Company's future performance and are considered similarly challenging to the targets set in prior years allowing for current market conditions.
The Committee would consider appropriate adjustments to the financial performance targets to extent the Company undertook material acquisitions or divestments, or share buybacks, during the period from 1 January 2025 to 31 December 2027.

The Committee may adjust the overall level of vesting if it considers that the vesting outcome does not reflect the overall performance of the Company or stakeholder experience during the performance period.

Hannah Nichols Buy-out Awards

To facilitate the recruitment of Hannah Nichols, it was necessary to agree to grant replacement awards in lieu of those forfeited in connection with joining Coats. The terms of the awards forfeited were replicated in the replacement awards which were converted into Coats shares. The share price used to convert the value of Hill & Smith shares into Coats shares on joining was the mid-market closing price for the trading day immediately preceding commencement of employment of £0.73.

The replacement awards were granted as nil cost options and were intended to replace the 2023 and 2024 long-term incentive plan that Hannah Nichols forfeited on cessation of employment with her previous employer, Hill & Smith.

The structure of the awards mirror the structure of the awards forfeited on joining Coats. The same performance conditions that applied at Hill & Smith continue to apply (50% relating to EPS and 50% relating to TSR as set out in the Hill & Smith 2023 and 2024 Directors' Remuneration Report).

The awards, subject to performance, remain eligible to vest in line with their original vesting dates (or the date we become aware of the vesting outcome if later) and are subject to two year holding periods. Any vested shares (net of tax) need to be retained during the holding period and will count towards meeting the Company's share ownership guidelines.

Executive Director	Date of grant	Number of shares awarded	Face value at award date	Share price immediately preceding grant	% vesting for minimum performance	Performance Period	Vesting date
Hannah Nichols	16 Dec 25	862,643	£688,734	£0.7984	20%	1 Jan 23 - 31 Dec 25	16 Mar 2026
		771,229	£615,749			1 Jan 24 - 31 Dec 26	19 Mar 2027

The above buyout awards were granted under a standalone award agreement as permitted by the UK Listing Rules in connection with a recruitment. The terms of the awards are generally aligned with those of the Company's 2024 Long Term Incentive Plan (approved by shareholders at the 2024 AGM) albeit the awards can only be satisfied by market purchase shares.

Non-Executive Directors

Fees were increased by 2.5% with effect from 1 July 2025. Therefore, the base fee increased to £69,839; the supplementary Chair and Senior Independent Director fees increased to £13,857 and the fee for the Designated Non-Executive for Workforce Engagement increased to £8,314.

The fee for the Chair payable to David Gosnell following the extension of his term was increased by 2.5% to £263,938, aligning to market rates.

Single Total Figure for Non-Executive Directors' Remuneration for 2025 (audited information)

Non-Executive Directors, excluding the Chair, who are required to travel long haul (more than five hours one-way) to meetings are entitled to an additional travel allowance of £1,500 for each round trip subject to a maximum of five trips per annum. Additional fees may be paid for additional duties and time commitments that are undertaken outside the terms of appointment.

	Base fee £000		Supplementary fee £000		Benefits[1] £000		Other fee[2] £000		Total £000	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
David Gosnell	**260.7**	253.8	**–**	–	**–**	4.6	**–**	–	**260.7**	258.3
Sarah Highfield[4]	**69.0**	67.1	**13.7**	8.3	**–**	0.5	**3.0**	3.0	**85.7**	78.9
Echo Lu	**69.0**	67.1	**13.7**	13.3	**–**	–	**1.5**	1.5	**84.2**	82.0
Stephen Murray	**69.0**	67.1	**13.7**	8.3	**–**	–	**3.0**	3.0	**85.7**	78.4
Fran Philip	**69.0**	67.1	**8.2**	8.0	**4.0**	2.2	**6.0**	7.5	**87.2**	84.8
Jakob Sigurdsson	**69.0**	67.1	**–**	–	**–**	–	**3.0**	3.0	**72.0**	70.1
Srinivas Phatak[5]	**69.0**	22.7	**–**		**–**	–	**1.5**	–	**70.5**	22.7
Wu Gang	**34.9**	–	**–**	–	**–**	–	**–**	–	**34.9**	–
Total	**709.6**	**612.2**	**49.3**	**37.8**	**4.0**	7.2	**18.0**	18.0	**780.8**	675.2

1. The figure under benefits for Non-Executive Directors relates to support with tax returns and any taxable expenses reported to the relevant tax authorities during the year.
2. Fees under Other fee represent the £1,500 per trip travel fee payable for Directors (excluding the Chair) who travel long haul to attend Board meetings.
3. Steve Murray was appointed Senior Independent NED in May 2024.
4. Sarah Highfield was appointed Chair of the Audit and Risk Committee in May 2024.
5. Srinivas Phatak was appointed to the Board effective 1 September 2024.
6. Wu Gang was appointed to the Board effective 1 July 2025.

DIRECTORS' REMUNERATION REPORT CONTINUED

Payments for Loss of Office (audited information) & Payments to Former Directors (audited information)

As referenced in the 2024 Annual Report & Accounts, as a result of leaving Coats as part of a mutually agreed leadership transition process, the Committee approved the remuneration payments set out below for Jackie Callaway which were consistent with the default treatment and discretions afforded to the Committee under her contract and the relevant incentive plans:

- **Salary and benefits:** Jackie received her normal salary and benefits up to and including 31 May 2025. There were no payments made in connection with any unexpired notice, i.e. there were no further payments relating to her salary or benefits made thereafter.
- **Annual Bonus:** Jackie remained eligible to participate in the Coats Group Annual Bonus Plan pro-rata for her period of employment in the 2025 financial year. The bonus will be paid in cash on the normal payment date, remaining subject to malus, clawback and all the rules of the plan. This reflects standard practice at Coats. Further details are set out on page 87.
- **Deferred Annual Bonus Plan Awards:** outstanding awards (see page 93), will vest in full on their normal vesting date, subject to the rules of the DABP. Any dividend equivalents accrued in respect of these awards will be paid in the form of additional shares and capable of exercise thereafter.
- **Long Term Incentive Plan Awards:** in line with the discretion afforded to the Committee under the long-term incentive plan, as a result of leaving employment by mutual agreement, the Committee resolved to pro-rate her outstanding awards for the period worked during the vesting period, and will continue to vest on the normal vesting date, subject to the achievement of the relevant performance targets. The awards will remain subject to the two-year holding period and the LTIP rules. Jackie will remain eligible to exercise these up to one month following the end of the relevant holding period. Any accrued dividend equivalents will be paid in the form of additional shares.
- **Post-cessation shareholding guidelines:** Jackie is contractually bound to hold 200% of her base salary for two years following the cessation of employment.
- **Contribution to legal costs:** Jackie received a contribution of £3,000 in respect of the legal costs incurred in connection with the cessation of employment.

No other payments were made in connection with loss of office or to former Directors in the year that have not otherwise been disclosed.

Directors' Service Agreements and Appointment Letters

All Executive Directors have service agreements which are rolling with an indefinite term and provide for a notice period from either side of 12 months and all of this notice is unexpired. No appointment letters for Non-Executive Directors, including the Chair, contain a notice period. All service agreements and appointment letters for Directors are available for inspection at the Company's registered office during normal hours of business and will also be available for inspection at the Company's Annual General Meeting.

Non-Executive Director	Latest Letter of Appointment
David Gosnell	26 February 2024
Sarah Highfield	16 October 2023
Echo Lu	28 February 2024
Stephen Murray	26 February 2024
Fran Philip	28 February 2024
Srinivas Phatak	09 August 2024
Jakob Sigurdsson	26 February 2024
Wu Gang	23 June 2025

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of Directors' Shareholding and Share Interests (audited information)

The interests of the Directors who held office during the year, and their closely associated persons (if any), in the shares, options and listed securities of Coats Group plc and its subsidiaries, are listed below. For David Paja and Hannah Nichols, the below represents interests as at 31 December 2025 and for Jackie Callaway the below represents interests as at 31 May 2025.

	Shareholding requirement in 2025			Shares beneficially owned		Deferred bonus shares subject to vesting period		LTIP share options (subject to performance conditions)		Share options (no performance conditions)	
	Number of shares[3]	Equivalent % of salary	Condition met?	1 Jan 2025[1]	31 Dec 2025[2]	1 Jan 2025[1]	31 Dec 2025[2]	1 Jan 2025[1]	31 Dec 2025[2]	1 Jan 2025[1]	31 Dec 2025[2]
Executive Director											
David Paja	1,828,388	200%	Yes	300,000	1,374,675	––	220,210	–	1,541,472	1,009,693	1,009,693
Hannah Nichols	1,152,033	200%	No	–	155,962	–	–	–	2,332,769	–	–
Jackie Callaway	1,204,072	200%	Yes	333,489	861,777	673,892	705,558	2,511,987	887,385	907,006	983,842
Chair and Non-Executive Directors											
David Gosnell			N/A	1,717,470	1,995,940	–	–	–	–	–	–
Sarah Highfield			N/A	–	72,214	–	–	–	–	–	–
Echo Lu			N/A	22,874	22,874	–	–	–	–	–	–
Stephen Murray			N/A	100,000	138,961	–	–	–	–	–	–
Srinivas Phatak			N/A	–	22,727	–	–	–	–	–	–
Fran Philip			N/A	75,984	88,971	–	–	–	–	–	–
Jakob Sigurdsson			N/A	77,244	109,711	–	–	–	–	–	–
Wu Gang			N/A	–	58,441	–	–	–	–	–	–

1. Or date of appointment, if later.
2. Or date of cessation, if earlier.
3. The target number of shares is based on the average share price for 2025 which was 80.73p, Jackie Callaway's requirement represents the number fixed on cessation.
4. Jackie Callaway's beneficial holding at 31 May 2025 includes 528,288 shares held in the corporate nominee due to the unexpired holding period following the exercise of her 2021 LTIP.

The Executive Directors' shareholding requirement must be met within five years of their appointment to the Board. There is no requirement for Non-Executive Directors. For the purposes of achieving this target, the total number of shares beneficially owned by the Executive Director or a closely associated person is considered as well as the estimated post-tax number of vested but unexercised share options or deferred bonuses that are not subject to a performance condition. All unexercised Long Term Incentive Plan awards granted to Executive Directors include a requirement to retain any vested shares (save for any shares that may be sold to satisfy income tax liabilities) until a minimum of the fifth anniversary of the date of grant.

DIRECTORS' REMUNERATION REPORT CONTINUED

Details of scheme interests as at 31 December 2025 (audited information)

David Paja

Award	Vesting date	Retention period	Expiry date	Number	Status	Performance conditions?
Deferred bonus shares subject to vesting period						
DABP25	14 Mar 28	N/A	14 Mar 31	220,210	Unvested	No
LTIP share options (subject to performance conditions)						
LTIP25	14 Mar 28	14 Mar 30	14 Mar 32	1,541,472	Unvested	Yes
Share options (no performance conditions)						
LTIP - Buyout Award	01 Sep 27	N/A	06 Sep 34	1,009,693	Unvested	No

Hannah Nichols

Award	Vesting date	Retention period	Expiry date	Number	Status	Performance conditions?
LTIP share options (subject to performance conditions)						
LTIP25	14 Mar 28	14 Mar 30	16 Dec 32	698,897	Unvested	Yes
Buyout - 2023	16 Mar 26	16 Mar 28	16 Dec 35	862,643	Unvested	Yes
Buyout - 2024	19 Mar 27	19 Mar 29	16 Dec 35	771,229	Unvested	Yes
Sub-total				**2,332,769**		

Jackie Callaway[1]

Award	Vesting date	Retention period	Expiry date	Number[2]	Status	Performance conditions?
Deferred bonus shares subject to vesting period						
DABP23	03 Mar 26	N/A	03 Mar 33	205,993	Unvested	No
DABP24	07 Mar 27	N/A	07 Mar 34	209,190	Unvested	No
DABP25	14 Mar 28	N/A	14 Mar 31	290,375	Unvested	No
Sub-total				**705,558**		
LTIP share options (subject to performance conditions)						
LTIP23	17 Mar 26	17 Mar 28	17 Mar 33	567,921	Unvested	Yes
LTIP24	22 Mar 27	22 Mar 29	22 Mar 34	319,464	Unvested	Yes
Sub-total				**887,385**		
Share options (no performance conditions)[1]						
DABP22	04 Mar 25	N/A	04 Mar 32	258,709	Vested	No
LTIP22	04 Mar 25	04 Mar 27	04 Mar 32	725,133	Vested	No
Sub-total				**983,842**		

1. Jackie's awards are stated after being subject to pro-rata reduction for cessation.
2. Excludes dividend equivalents on vesting.

Share Options (exercised during the year)

During her employment, Jackie Callaway exercised her 2021 LTIP over 1,000,328 shares (inclusive of dividend equivalents), for a price of £0.831091 per share, The post-tax number of shares are being held in our corporate nominee account where they will remain for the remainder of any applicable holding periods.

After Jackie left employment with the Group, she exercised the DABP 22 and LTIP 22 awards detailed above on 18 June 2025 for a share price of £0.771136 per share.

No other share options were exercised by the Directors during the year. Exercises by Former Directors have been held, to the extent required, in the corporate nominee account and will be released for sale once the restrictions have lifted.

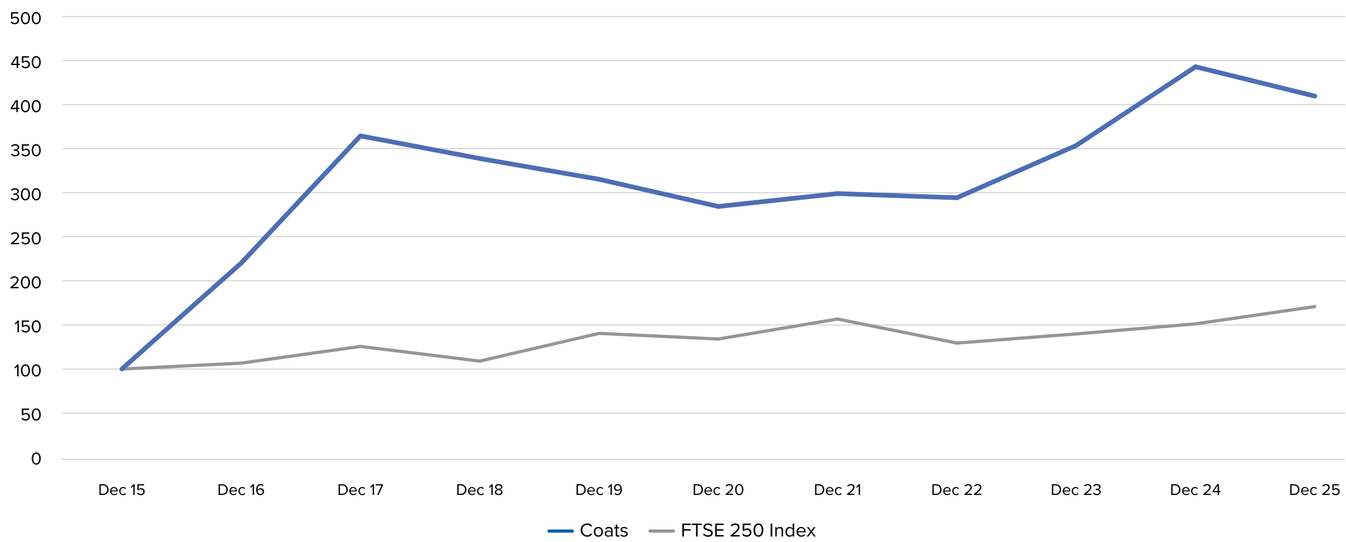
No options have been exercised or transactions entered into by any Director between the year end and the signing of this report.

The mid-market price of Coats Group plc shares at 31 December 2025 was 84.55 pence and the range during the year was 68.15 pence to 96.05 pence.

DIRECTORS' REMUNERATION REPORT CONTINUED

Review of Performance

The graph below shows the difference between investing £100 in the Company and the constituents of the FTSE 250 from 1 January 2016 to 31 December 2025. It is assumed dividends are reinvested over that period. The Board feels the FTSE 250 provides an appropriate comparator given the Company's market capitalisation and its presence on the London Stock Exchange.



Chief Executive Total Remuneration for the Last 10 Years[1]

Executive Director	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	2025
Name	Paul Forman	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	Rajiv Sharma	David Paja	**David Paja**
CEO single figure remuneration (£'000)	1,760.3	2,566.9	3,356.7	2,228.1	787.4	1,758.5	1,868.7	2,900.8	2,573.1	1,652.2	**1,699.3**
Annual bonus as a % of maximum opportunity	77.0%	79.5%	66.7%	67.3%	5.0%	97%	84%	66.5%	100%	100%	**75%**
LTIP award as a % of maximum opportunity	43.6%	60.0%	84.2%	95.8%	0%	0%	18.2%	96.27%	80.2%	N/A	**N/A**

1. The CEO figures for 2017, 2018 and 2019 reflect the appointment of Rajiv Sharma and in particular the increase in benefits reflect the relocation and expatriate support that was offered to him following his appointment as CEO on 1 January 2017. The 2024 figures reflect the appointment of David Paja and departure of Rajiv Sharma.

DIRECTORS' REMUNERATION REPORT CONTINUED

Director's Remuneration – Annual Percentage Change

The table below shows the percentage change in the annual remuneration of Directors and the average UK colleague from 2020 onwards.

	Salary or fees[3] (% change)					Benefits[2] (% change)					Bonus (% change)				
	2024 to 2025	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	**2024 to 2025**	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	**2024 to 2025**	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021
David Paja	**203.8%**	N/A	N/A	N/A	N/A	**234.6%**	N/A	N/A	N/A	N/A	**130.6%**	N/A	N/A	N/A	N/A
Hannah Nichols	**N/A**	N/A	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A
Jackie Callaway[2]	**-56.3%**	7.6%	5%	4%	1.4%	**-58.7%**	28.9%	2.4%	35.7%	-0.6%	**-73.1%**	65.4%	-9.7%	-5.5%	100%
David Gosnell	**2.7%**	1.5%	0%	37.7%	163.4%	**0%**	0%	0%	0%	0%	**N/A**	N/A	N/A	N/A	N/A
Sarah Highfield	**9.3%**	21.4%	N/A	N/A	N/A	**0%**	0%	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A
Echo Lu	**2.7%**	3.9%	6.6%	6%	22.5%	**0%**	0%	0%	0%	0%	**N/A**	N/A	N/A	N/A	N/A
Stephen Murray	**9.3%**	18.7%	7.4%	0%	N/A	**0%**	0%	0%	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A
Srinivas Phatak	**2.7%**	N/A	N/A	N/A	N/A	**0%**	N/A	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A
Fran Philip	**0.7%**	3.6%	6.4%	11.1%	2.9%	**80.6%**	0%	0%	0%	0%	**N/A**	N/A	N/A	N/A	N/A
Jakob Sigurdsson	**2.6%**	6.2%	4.9%	2.4%	-6.8%	**0%**	0%	0%	0%	0%	**N/A**	N/A	N/A	N/A	N/A
Wu Gang	**N/A**	N/A	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A
Average of all employees[1]	**4.2%**	7.6%	5.5%	3.1%	0%	**-2.0%**	4.0%	10.8%	0%	0%	**-22.7%**	140%	-13.8%	N/A	N/A

1. The average of all employees reflects the total number of employees based in the UK in the relevant years. The UK employee population includes employees across all levels of the organisation and for prior year comparisons, excludes acquisitions or disposals during the relevant year.
2. Non-Executive Directors do not receive benefits-in-kind, however, figures are disclosed in the benefits Single Figure table to reflect business expense payments and tax support, where applicable, that are regarded as taxable by the UK tax authority. Year-on-year variations in the reported benefits value have been ignored for this purpose unless there is the provision of a material specific benefit or if the difference in benefit is greater than £5,000 from one year to the next.
3. Hannah Nichols, David Paja, Srinivas Phatak, Sarah Highfield, Stephen Murray and Wu Gang do not have five years' worth of disclosure as they joined the business during this time. David Paja and Jackie Callaway's increased compensation reflects the shorter employment period in 2024 and 2025 respectively.
4. To enable comparisons, non-executive leavers and joiners figures have been annualised. The figures for Stephen Murray, Sarah Highfield, David Gosnell, and Echo Lu in 2024, 2022 and 2021 reflect their increased fees following their appointments as SID, Audit Chair, Chair, and Remuneration Committee Chair respectively.

Alignment of executive director and typical UK workforce remuneration in 2025

Wider workforce	Element	Executive directors
Market & role-based, reviewed annually	Base Pay	Market-competitive, reviewed annually
Company contribution/cash allowance (12% salary)	Pension	Aligned to UK workforce majority (12% salary)
Health insurance, EAP, car allowance, life insurance, income protection	Benefits	Health insurance, car allowance, life insurance, income protection
Performance bonuses linked to financial, strategic & individual goals (where appropriate)	Short-term Incentives	Performance bonus linked to financial, strategic and personal objectives
LTIP with 3-year performance period	Long-term Incentives	LTIP with 3-year performance period + 2-year holding period

Fixed pay   Annual bonus (STIP)   LTIP

DIRECTORS' REMUNERATION REPORT CONTINUED

Relative Importance of Spend on Pay

The table below shows the total pay for all of the Company's employees compared to other key financial indicators.

	Year to 31 December 2025[2]	Year to 31 December 2024	% change
Employee costs (US$m)	**300.6**	291.1	3%
Distributions to shareholders[1] (US$m)	**54.1**	46.5	16%
Average number of employees	**19,134**	15,514	23%
Revenues from continuing operations (US$m) – CER basis	**1,464.9**	1,423.7	3%
Operating profit pre-exceptional (US$m) – CER basis	**289.8**	270.1	7%

1. By way of dividends.
2. Details of any adjustments are set out on in the notes to the financial statements.

Additional information on number of employees, total revenues and profit has been provided for context. The figures for employee costs, average number of employees, revenues and operating profit in 2025 and 2024 have been stated on the basis of continuing operations only which includes the acquired OrthoLite business from the respective acquisition date of 29 October 2025 to 31 December 2025. The figures for revenues and operating profit are on a constant exchange rate (CER) basis with amounts for 2024 restated at 2025 exchange rates.

CEO Pay Ratio

Coats is not required to publish a CEO pay ratio as the Group employs fewer than 250 employees in the UK. However, the Company publishes a disclosure on a voluntary basis. This ratio shows the CEO's pay relative to our UK employees.

		Salary			Salary plus bonus			Total pay		
Financial Year	Calculation methodology	P25	P50	P75	P25	P50	P75	P25	P50	P75
2019	A	21	12	8	37	20	11	58	36	19
2020	A	20	12	7	20	12	7	20	14	7
2021	A	16	12	8	37	27	13	41	27	12
2022	A[1]	15	10	6	34	21	10	42	23	11
2023	A[1]	14	9	5	28	17	8	50	30	14
2024	A[1]	11	8	5	27	18	10	37	24	14
2025	A	12	7	5	22	14	8	21	13	8

1. During 2022, Coats acquired Texon which had approximately 100 UK-based employees prior to the site closure. These employees have been excluded from the analysis, in prior years, however, based on high-level analysis, Coats was comfortable that the inclusion of these employees would not have had a material impact on the overall historical CEO pay ratios, and that the ratios are reflective of the overall Group.

The ratios have remained relatively stable over the year, with a slight reduction in total pay reflecting the fact the LTIPs have not yet vested for the Group CEO. The ratios in 2024 were influenced by a change in Group CEO during the year and a change in UK headcount.

The lower quartile, median and upper quartile employees in the table below were identified on the basis of full-time equivalent total remuneration and benefits in the 12-month period ending 31 December 2025 (this is referred to as methodology A according to the Regulations). This calculation methodology was selected as it was the closest comparative methodology to the basis on which the remuneration for the Group CEO is disclosed for the year ended 31 December 2025. The UK workforce is the most appropriate comparator group because the Group CEO is employed by the UK parent company and the pay of the global workforce is subject to very significant fluctuations due to local inflationary pressures and foreign exchange rate movements.

The Committee has considered the pay data for the three individuals and concludes that the median ratio is a fair reflection of pay and reward policies for the UK workforce as a whole. In addition, the data was compared to the average of five individuals above and below their remuneration in terms of total compensation and mix of pay for the year to 31 December 2025, to ensure the percentile ranking for each individual was comparable to all individuals within that quartile grouping. No adjustments have been made to the data other than to ensure full-time equivalence. Where a performance bonus is paid, an assumption about the estimated attainment for some of the personal objectives have been made. The Committee is satisfied that any assumptions do not have a material impact on the selected reference employee nor on the calculated ratio. The remuneration details for the individuals are shown below.

	CEO	Lower quartile	Median	Upper quartile
Base Pay	£729,000	£62,982	£101,478	£136,500
Base and Bonus	£1,559,273	£71,883	£114,827	£186,551
Total Remuneration	£1,699, 348	£79,441	£133,880	£211,181

A significant proportion of the Group CEO's remuneration is appropriately linked to the Company's performance and share price movements, which may fluctuate materially over time. Therefore, to enable a more meaningful comparison to be made, we have also presented a ratio based on base pay plus annual bonus.

DIRECTORS' REMUNERATION REPORT CONTINUED

Corporate Governance Code Requirements

Remuneration arrangements are clearly communicated and straightforward. Incentives are linked to the key performance metrics of sales, profit and cash generation. These measures are aligned throughout the Group's incentive schemes and there is a balance between overall Group performance across all three metrics and each individual local business unit, where relevant. Personal performance is also an element, both in incentives and in salary reviews, but there is an overall link to the achievement of company performance to ensure that the risk of excessive rewards in cases of poor performance is managed. Teamwork is a key strength and cultural aspect for Coats, and incentives are managed to ensure that there is cooperation and flexibility in delivering performance and to ensure that incentive structures do not negatively impact the culture of the organisation.

Although the Company does not formally consult with employees in determining the Remuneration Policy, there are several routes by which employee engagement is achieved. Fran Philip is the Designated Non-Executive for Workforce Engagement and is also a member of the Remuneration Committee. During 2025, a programme of meetings was conducted by Fran with business unit leadership teams to discuss a variety of issues of interest to employees. All employees were encouraged to raise any areas of concern, including matters of remuneration, directly or through line managers. Further details of the Board's engagement with the workforce is set out on page 61. In addition, during 2025 the Committee considered in-depth for all employees the competitiveness of the remuneration offering, the level of any minimum Living Wage and whether any employees were below this level, as well as the gender profile and pay differentials of the workforce across the main operating countries.

Statement of Implementation of Remuneration Policy for 2026

Base salaries for Executive Directors and fees for the Non-Executive Directors will be reviewed on 1 July 2026.

David Paja's current base salary is £738,000 and he receives a car allowance of £20,000 and a pension contribution (aligned to the UK workforce) of 12%.

As set out in last years Directors' Remuneration Report, from appointment as Group CFO Hannah Nichols received a base salary of £465,000. She also receives a car allowance of £15,000 and a pension benefit (aligned to the UK workforce) of 12%.

All Executive Directors also receive private medical insurance, life and income replacement insurance and tax return support where it is considered necessary.

In line with the Policy, it is expected that the LTIP award for the Group CEO will be 175% and the maximum annual bonus opportunity will remain 150%. The Group CFO is anticipated to receive an LTIP of 150% and a maximum annual bonus opportunity of 125% of base salary.

A minimum shareholding requirement of 200% applies during employment and a post-employment shareholding requirement applies to all Executive Directors for two years following termination of employment, based on the lower of 100% of the minimum shareholding requirement or the actual shareholding at termination.

As detailed in the Chair's Introductory Letter, the annual bonus performance measures are unchanged relative to 2025, save for a slight adjustment to the underlying definition of free cash flow to free cash flow pre dividends and M&A. To better align with the metrics included in our published medium term financial framework, minor changes to the LTIP measures are being made for 2026. A 30% weighting is being retained on EPS, a slightly higher weighting on a revised cash metric (25% on free cash flow versus last year where we had a 20% weighting on average cash conversion), 25% on relative TSR and 20% on sustainability measures (reduced from a 25% weighting as a result of a reduction to the number of targets applying in 2026 at three from five in 2024). The full metrics are set out below:

Annual bonus

Measure	Weighting
Sales	15%
Earnings Before Interest and Taxation Margin	20%
Earnings Before Interest and Taxation	20%
Free Cash Flow	25%
Individual objectives	20%

Long Term Incentive

Measure	Weighting
Earnings Per Share CAGR	30%
Cumulative Free Cash Flow	25%
Total Shareholder Return compared to the FTSE 250	25%
Sustainability	20%

Annual bonus targets are based on EBIT, EBIT margin, free cash flow and individual objectives, excluding the impact of any exchange rate fluctuations. The Company does not publish annual bonus targets in advance as these figures are considered commercially sensitive but will do so at the time the bonus award is disclosed.

The Long Term Incentive Plan awards granted in 2026 will be subject to targets that will vest at a level no more than 25% (for each measure) for threshold performance and at 100% (for each measure) for performance at maximum. There will be straight-line vesting between threshold, maximum and any intervening points.

The specific targets for both the annual bonus and Long Term Incentive Plan are set by the Committee to be challenging having regard to internal planning expectations, external expectations for the Company's performance and economic conditions.

With the target setting process ongoing as at the date of signing the Annual Report, it is the Committee's intention to publish the targets in the announcement notifying the market of the grant of the award.

DIRECTORS' REMUNERATION REPORT CONTINUED

Consideration by the Directors of Matters Relating to Directors' Remuneration

In reviewing remuneration arrangements, the Committee considers the terms and conditions of employees across the Group. In this regard, Fran Philip, as a member of the Committee, is able to provide insight and support from her role as the Designated Non-Executive for Workforce Engagement.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report and the Committee's Terms of Reference. The Committee also received assistance from the Company Secretary (who also acted as Secretary to the Committee), Chief People Officer and the Reward function. No Directors are involved in deciding their own remuneration.

The Remuneration Committee receives independent external advice on executive remuneration from Korn Ferry, a member of the Remuneration Consultants Group and signatory to its Code of Conduct, who were appointed as remuneration advisors in 2022. Korn Ferry, who do not have any connection with any Directors of the Company, provide advice to the Remuneration Committee which supports robust and sound decision making. The Remuneration Committee is satisfied that its remuneration advisors act independently. Korn Ferry fees for advising the Remuneration Committee during 2025 were £95,700 (excl VAT).

Statement of Voting at the General Meeting

The table below sets out the result of the votes for the latest Directors' Remuneration Report and Remuneration Policy, at the 2025 AGM and 2023 AGM respectively.

	Votes for		Votes against		Votes total	Votes withheld
	Number	%	Number	%	Number	Number
Approval of Remuneration Report (resolution 2)	1,311,577,545	95.16%	66,707,827	4.84%	1,378,285,372	13,759
Approval of Remuneration Policy (resolution 3)	1,412,457,273	99.74%	3,641,947	0.26%	1,416,099,220	70,423

Committee performance and effectiveness

The Committee effectiveness in respect of the year ended 31 December 2025 was evaluated externally. The Committee considered the key points that were identified in previous year's assessment. The 2025 evaluation indicated that the Committee's ways of working and dynamics were working effectively and noted areas they can further enhance their performance in 2026.

Signed on behalf of the Remuneration Committee by:

Echo Lu
Chair, Remuneration Committee

4 March 2026