Stakeholder Engagement

MAINTAINING HIGH PERFORMANCE RELATIONSHIPS

Engaging effectively with our stakeholders and listening to their feedback is part of our culture.

Maintaining open and constructive dialogue builds trust, strengthens relationships, and enables us to respond to evolving priorities. Their perspectives help shape our strategy, guide our actions, and ensure that we operate responsibly as we seek to fulfil our purpose and deliver long-term sustainable value.

The Board's engagement with stakeholders is both direct and via management reporting to the Board on stakeholder engagement, the importance of which is embedded throughout our business.

On the following pages, we summarise our approach to stakeholder engagement during the year, highlighting: our key stakeholders and why they are important to us; what we understand to be their key interests; and how we have engaged with them in 2025.

Our stakeholders

Read our S172 statement, including how insights from stakeholders informed key decisions on pages 34-36

Customers

How the Board Engaged/Received Feedback in 2025

- Regular reporting by the Group CEO, covering performance (tracked by product line), key sales insights, and relevant customer feedback.
- Reviews of the innovation pipeline and inorganic opportunities.
- Detailed review of key customers on a divisional/regional basis as part of regular strategic updates.
- Deep dives into Customer Excellence and Operational Excellence workstreams, including consideration of how customer insights drove priorities.
- Direct engagement during the Directors' market visit to India in Q3.
- Detailed consideration of opportunities for customers and review of customer insights provided as part of OrthoLite and Viz Reflectives acquisition processes.

What we Believe Matters to Customers

- Commitment to quality, innovation and differentiation.
- Truly sustainable solutions.
- Maintaining effective relationships with exceptional service from our customer-facing teams.
- Agile supply chain with consistent, reliable, on-time delivery.
- Ensuring competitive value and exceptional service and support levels, and a continued drive to achieve greater efficiency through technology and automation where appropriate.

"Understanding our customers' needs allows us to provide innovative solutions to deliver additional value."

Outcomes

- Expansion of product portfolio to meet changing customer needs in apparel, footwear and safety markets.
- Strategic acquisitions in footwear and safety to provide stronger customer value.
- Customer segmentation and operational innovation in key markets, driving even higher levels of customer satisfaction and share.
- Step up in customer-facing associate training, underpinning our relationships and customer satisfaction.
- Launch of SaaS **FastReactPlan** and **GSDQuest** in Coats Digital.
- Global customer survey in Footwear, underlining our key strengths and areas for further improvement.

STAKEHOLDER ENGAGEMENT CONTINUED

Shareholders

How the Board Engaged/Received Feedback in 2025

- Investor relations updates provided at every scheduled Board meeting.
- Regular engagement between key shareholders and our Group CEO and Group CFO through a programme of meetings and presentations, both in the UK and abroad.
- Group CEO and Group CFO presented to key (both new and existing) shareholders as part of the capital raise.
- The Board received timely updates on shareholder sentiment during the acquisition progress and detailed updates thereafter on the evolution of the Company's share register.
- The Company's brokers/advisors provided an update on shareholder perceptions of the Group and presented the detailed results of the H2 investor feedback survey.
- Remuneration Committee Chair was available to shareholders to discuss the proposed Remuneration Policy.
- The Senior Independent Director consulted with key shareholders regarding the extension of the Chair's tenure.
- Attendance at the 2025 AGM, including responding to questions from shareholders.

What we Believe Matters to Shareholders

- Clear strategy and focus on optimisation of portfolio.
- Operational and financial performance.
- Total shareholder returns.
- Effective leadership.
- Strong corporate governance, reputation and ethical standards.
- Sustainability.
- Value-adding communications.

"Regular and value-adding dialogue provides investors with a greater understanding of our business to ensure that they can more accurately assess its value."

Outcomes

- Continuation of progressive dividends.
- Discussion on best use of capital.
- Reporting enhancements to aid better understanding of our business model and strategy.
- Successful completion of capital raise and retail offer to partially fund the acquisition of OrthoLite.
- Maintenance of high ESG ratings.
- Regular and effective engagement with Executive Directors and senior management.

Employees

How the Board Engaged/Received Feedback in 2025

- Direct engagement between Directors and local employees through Board meetings, site visits and events, including in the UK, Vietnam, India and Thailand.
- Insights from the Designated Non-Executive for Workforce Engagement gained from listening sessions, DEI calls and well-being-related townhalls.
- Regular review of culture-related reporting relating to employees, including: health and safety, succession planning, gender diversity, and Great Place to Work® (GPTW) certification.
- Review of talent development opportunities and programmes resulting from acquisitions and changes to the organisational structure.
- Regular review of employee-related items as part of strategic updates provided during the year by leadership teams.
- Annual review of remuneration levels of all employees by Remuneration Committee.
- Review of DEI matters by Nomination Committee.

"Attracting and retaining talent and effectively engaging with our people is essential to our continued success."

What we Believe Matters to Employees

- Strong culture, with particular focus on: health and safety; DEI; sustainability; and well-being.
- Doing The Right Thing and high ethical standards.
- Recognition and reward.
- Training and development opportunities, with particular focus on Group programmes (Grow at Coats and Coats for All).
- Coats Cares programme providing opportunities to give back.
- Regular and effective communication, particularly relating to the changes in organisational structure.

Outcomes

- New Chief People Officer appointed in 2025.
- New opportunities in the two division-structure and in the recent acquisitions, combined with refreshed approach to talent and succession planning.
- 99% GPTW coverage (23/23 countries certified).
- 86% employee engagement score in annual Your Voice Matters survey.
- Simplification and standardisation of ways of working arising from Operational Excellence workstream.

STAKEHOLDER ENGAGEMENT CONTINUED

Environment

How the Board Engaged/Received Feedback in 2025

- Environmental metrics presented at every scheduled Board meeting and progress tracked across KPIs.
- External assurance processes of core ESG-related data undertaken and overseen by the Audit and Risk Committee.
- Strategic updates on divisions and business operations presented at the Board considered environmental and sustainability performance, and sustainability-related innovation.
- Detailed review of progress against 2030 and 2026 targets, and the considerations for both our energy and materials transition journeys (read more in our Sustainability Report online at coats.com/sustainability).
- Sustainability Committee composition reviewed and updated to include the Group CFO.
- Reporting line for Group Sustainability Director changed to report into Group CFO.
- Sustainability Committee met twice (read more about the topics it considered on page 72).

What we Believe Matters to the Environment

- Reducing our environmental impact remains a priority for all of our stakeholders.
- Increasing demand for truly sustainable products.
- Strong ESG ratings continue to be important to our shareholders and employees.
- Meeting our 2026 and 2030 goals.
- Keeping pace with regulatory and compliance requirements as complexity increases.

> "Coats is working proactively to minimise the environmental impact of our industry."

Outcomes

- Progress made to our 2026 and 2030 sustainability targets (read more on page 15).
- Launch of **Coats Textile-to-Textile Epic**™ and **Gramax**, and expansion of **Gotex Xtru**™.
- External assurance obtained on certain ESG-related data.
- Launch of supplier decarbonisation programme with emphasis on emissions reduction.
- A- CDP rating for climate achieved in 2025.

Communities

How the Board Engaged/Received Feedback in 2025

- Regular reporting on health and safety, gender diversity and GPTW KPIs.
- Review of DEI-related data and forward-looking trends in this area by Nomination Committee.
- Strategic updates on acquisitions, divestments and divisional updates included sustainability and people-related topics, as well as consideration of the impact of our operations.
- Regular reporting on macroeconomic and sociopolitical events.
- Direct engagement between Directors and local communities during the year included: attendance at 'Investing in Bright Futures' award ceremony; 'Women Skills Development' workshop; and visit to a local hospital to see the impact of the support provided by the local operating team in India.

What we Believe Matters to Communities

- Positive impact of operations on the local economy.
- High reputational and ethical standards.
- Sustainability and the environment.
- Focus on health and safety, and wellbeing.
- Access to skills development and employment, in an organisation that promotes DEI and is committed to doing business in the right way.

> "By empowering people and championing DEI, we contribute to local communities and strengthen our business."

Outcomes

- Group-wide focus on health and safety, supported by mandatory training.
- Entry into new communities with the Viz Reflectives and OrthoLite acquisitions.
- Continuation of Coats Cares to deliver benefits tailored to local communities.
- Significant progress towards our 2026 and 2030 sustainability goals.
- Restricted Substances List (RSL) programme updated annually ensuring that our products do not present any risk to our customers and consumers. Application of our RSL is a requirement of our Group Supplier Code as all inputs into our processes have to be certified as compliant to our RSL, apart from a small number of industrial products with performance-driven exceptions that are approved at senior management level.

STAKEHOLDER ENGAGEMENT CONTINUED

Suppliers

How the Board Engaged/Received Feedback in 2025

- Regular reporting on key supply chain KPIs at every scheduled Board meeting.
- Group CEO updates on relevant supplier-related matters that should be brought to the attention of the Board.
- Insights from suppliers provided as part of divisional and regional strategic updates, which included consideration of supply chain issues and trends.
- Direct engagement with several key local suppliers during site visit to Indian operations.
- Review of Supplier payment terms and Supplier Code program (including consideration of the supplier audit process and training practices) undertaken by the Audit and Risk Committee.
- Review of Supplier decarbonisation programme undertaken by the Sustainability Committee.

What we Believe Matters to Suppliers

- Strategic alignment and growth opportunities.
- Quality and innovation.
- Fair contract and financial terms.
- Long-term relationships.
- Sustainability and the environment.
- Reputation for Doing The Right Thing.

"We continue to work to ensure reliable supply chains that meet our standards for compliance, innovation, quality and sustainability"

Outcomes

- 216 independent audits conducted by Bureau Veritas on Coats' behalf.
- Rollout of digital platform to enhance supplier ESG-compliance tracking.
- Review of contracts of significant value in line with Group Delegated Authorities Policy.
- Continuation of Doing The Right Thing campaign, supported by mandatory training, to enforce our zero-tolerance approach to any form of bribery, corruption or unethical behaviour in our operations and wider supply chains.
- Proactive management of risk of non-compliance with our Anti-Bribery and Anti-Corruption Policies by our upstream supply chain through our Group Supplier Code and associated Supplier audit programme.
- Regular review of key policies (i.e. Anti-Bribery & Anti-Corruption Policy, Competition Law Policy, Ethics code, Gifts & Entertainment Policy, Speak Up – Whistleblowing Policy and Undue Influence Policy).