Date: May 2026

Modern slavery and transparency in supply chains statement

This statement has been prepared for the year ending 31 December 2025 and is in accordance with the requirements of the UK Modern Slavery Act 2015, taking into account the UK Government guidance[1] (the **Guidance**), as well as the California Transparency in Supply Chains Act of 2010.

This statement has been prepared by the Group Legal function, drawing input from Group Internal Audit, Risk Management, Sustainability, Human Resources, Finance and Supply Chain functions. In preparing this statement, we reviewed internal management information including the output from our biennial Human Rights Risk Assessment, internal audit findings, supplier audit results, whistleblowing data and training completion records.

This statement has been approved by the Coats Group plc Board of Directors on 20 May 2026, and is applicable to all Coats business units and subsidiary companies. The boards of directors of each of the following UK-incorporated subsidiaries, which fulfil the criteria set out in the UK Modern Slavery Act 2015, have also formally approved the statement: Coats Limited; Coats Group Finance Company Limited; Coats Holdings Limited; J. & P. Coats, Limited; Coats Industrial Thread Limited; Torque Group International Fortune Limited; Torque Group International Wealth Limited; Texon International Group Limited; Texon (Newco2) Ltd; and Texon Overseas.

In accordance with the Guidance, this statement reports on our:

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

This statement is published on the Coats website and is available here.

Our organisational structure, business and supply chain

Coats Group plc, which is listed on the London Stock Exchange, is based in the UK and as at 31 December 2025 had 183 subsidiaries worldwide. A list of Coats' subsidiaries can be found on pages 200 - 207 of our most recent annual report.

Coats is a world-leading tier 2 supplier of critical components to the apparel and footwear industries. We have a global footprint, with a presence in more than 50 countries (see link below), and our products are sold in over 100 countries around the world. In 2025, our manufacturing sites were located in: Bangladesh; Bulgaria; China; Colombia; Egypt; Germany; Honduras; India; Indonesia; Italy; Mexico; Morocco; Pakistan; Romania; Spain; Sri Lanka; Thailand; Tunisia; Turkey; USA; and Vietnam. Click here for more information

[1] UK Home Office, Transparency in Supply Chains (TISC): Statutory Guidance, 24 March 2025. Available at: https://assets.publishing.service.gov.uk/media/67dd67b4c6194abe97358c26/Transparency_in_supply_chains_a_practical_guide.pdf

about our global footprint. We provide value-added products, services and software solutions to the apparel and footwear industries, alongside innovative high-performance yarns and engineered materials for sectors including automotive, composites and fibre optics.

Over the past 12 months, there have been significant changes to our business. In May 2025, we sold our North Americas yarns business to a third party. In October 2025, we acquired OrthoLite Holdings LLC (**OrthoLite**), a global leader in premium insoles. OrthoLite has a global manufacturing footprint and relies on an international network of direct and indirect suppliers. As part our assessment of the proposed acquisition, we evaluated OrthoLite's Environmental, Social and Governance credentials, including its approach to preventing modern slavery. Following completion of the acquisition, we began integrating the OrthoLite business into Coats, including reviewing existing modern slavery controls and transitioning OrthoLite to adopt the controls described in this statement. This integration process will continue through the next reporting period.

We value our workforce highly, employing more than 19,000 people worldwide. In 2025 we had 30 (2024: 32) nationalities represented in our senior management group and 54 (2024: 52) across our business. We support freedom of association in jurisdictions where it is permitted. Approximately 48% of our permanent employees are subject to a collective agreement (2024: 59%) and around 41% are members of a union (2024: 40%). In addition to our permanent employees, numbering 19,000, at the end of the year, we had approximately 700 employees working across our joint venture operations in China and India. We had an additional 3,974 temporary employees in our global operations. We apply the same management controls to all employees directly contracted by Coats and our outsourced services providers are subject to the same controls as our other suppliers.

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

Since our previous statement, our supply chain knowledge has developed in two significant respects. First, in 2025 we conducted a Human Rights Risk Assessment, which has deepened our understanding of risk exposure across our existing supplier base, particularly in medium-risk geographies. We have good visibility of our tier 1 direct supplier base. Improving sub-tier transparency is an ongoing objective, which we are progressing through our supplier engagement programme and due diligence processes. Secondly, the acquisition of OrthoLite has expanded our supplier base and introduced a new network of direct and indirect suppliers, which we are currently mapping and integrating into our supplier governance framework.

Our policies and principles

We operate to high ethical business, employment and recruitment standards across all our global operations. Our business reputation, together with the trust and confidence of the people and organisations with whom we do business, is one of our most valuable assets and one which we strive to protect. High ethical standards also make good business sense; they create value for our company, our shareholders and ultimately for society as a whole. We have zero tolerance towards exploitative employment practices and our policies and codes of conduct make specific reference to the avoidance and prohibition of slavery and forced labour, both in our own operations and in our supply chain. We prohibit any form of labour that is demanded as a means of repayment for a loan, debt, or bond, including in our own operations, throughout our supply chain and via any recruitment agencies we engage.

We promote the aims of the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015. Furthermore, we support the UN Guiding Principles on Business and Human Rights throughout all our operations. Our global policies uphold the requirements of the UN Universal Declaration of Human Rights and the Convention on the Rights of the Child, the core International Labour Organisation (**ILO**) Conventions, the Organisation for Economic Cooperation and Development (**OECD**) Guidelines for Multinational Enterprises and the related Due Diligence Guidelines for the Garment and Footwear Sector (together the **Core Human Rights Instruments**).

Our Operations

Our Chief Legal and Risk Officer is responsible for overseeing human rights compliance and risk, including modern slavery, whilst our Chief People Officer deals with all labour issues from an employment perspective. Our Group Risk Management Committee (**GRMC**), which is comprised of our Group Executive Team and other subject matter experts as appropriate, manages and reviews risks to our operations, including those relating to ethical and human rights matters, and monitors progress of any preventative and mitigating actions. The GRMC reports regularly to the Audit and Risk Committee of the Coats Group plc Board of Directors.

Our anti-slavery and human trafficking policies are contained within our Ethics Code (the **Code**). In 2025, we updated the Code as part of our annual review process to ensure alignment with evolving legal requirements, ethical standards and the Core Human Rights Instruments. It sets out the minimum ethical and fair business principles and standards to which we expect all our employees, contractors and partners to adhere. The Code applies to everyone who represents, or acts on behalf of, Coats and helps them to understand their role in upholding our values. The Code adopts a zero-tolerance approach to the use of slavery or forced labour, both within our own operations and in our supply chain, and commits Coats to the principles and values contained in the Core Human Rights Instruments. Every year, employees must complete a certification confirming that they understand and have fully complied with the requirements of the Code. To reinforce the principles of the Code, employees are required to complete mandatory 'Ethics at Work' e-learning modules and attend in-person training sessions as appropriate. In October, we marked Global Ethics Day across the Coats Group with a range of activities designed to enhance awareness of ethical decision-making, accountability and compliance with the Code. This year's activities focused on fraud prevention and the role employees play in protecting Coats through ethical conduct and responsible decision-making. Activities included training sessions, the display of awareness materials in offices and factories, and employee engagement through internal communications and visual campaigns. Feedback was positive, with strong participation and engagement demonstrating a clear understanding of and commitment to the values enshrined in the Code.

As noted in last year's statement, we continued the implementation of a redesigned modular on-line compliance training programme, intended to replace the previous training materials with an accessible bite-sized format designed to enhance engagement, accessibility and retention of key concepts. During 2025, we began rolling out the updated modules, covering Ethics at Work, Anti-bribery & Anti-corruption, Prevention of Fraud and Competition Law. During the reporting period, we also continued to provide refresher sessions and targeted support for teams requiring additional guidance. These initiatives helped to reinforce the Code's principles, including its prohibitions on slavery and forced labour, and directed employees to relevant internal resources.

As part of our commitment to continuous improvement, during 2025 we undertook a further comprehensive benchmarking exercise, evaluating our *Doing the Right Thing* ethical compliance programme against global industry best practices. This initiative enabled us to assess the programme's effectiveness, identify areas of strength and highlight opportunities for further enhancement. Building on this, we also updated our gap analysis and continued implementing a roadmap to address the identified opportunities – helping ensure our ethics and compliance programme remains robust, future-focused, and aligned with evolving industry standards.

In 2025, we reviewed and updated a number of our key ethics-related people policies, including our Human Rights Policy, our Worldwide Employment Standards and Key People Principles.

When policies are updated, we communicate changes to all employees and relevant teams to ensure continued understanding of our standards. In developing and reviewing our modern slavery-related policies, we draw on input from both internal and external sources. Externally, we engage with our suplier base through Supplier Code workshops and audit feedback, which informs our assessment of whether policy requirements are practical and effective in the supply chain. We also draw on guidance and publications from NGOs and standard-setting bodies including the ILO and British Standards Institution, and benchmark our approach against peer disclosures.

Our Human Rights Policy reflects our resolute commitment to respecting and upholding the standards and guidelines contained in the Core Human Rights Instruments. Our Worldwide Employment Standards set out the minimum labour standards which must be observed across all of our global operations, whilst our Key People Principles outlines Coats' commitment to upholding the basic rights and freedoms of our employees. Coats' Key People Principles includes the following statements: "*Coats believes the human rights of its employees at work are an absolute and universal requirement*" and that we ensure high social standards are upheld through "*respecting human rights through ethical practices, providing living wages and promoting health and wellbeing of employees*".

Our Living Wage Policy commits Coats to paying all employees at least a Living Wage, benchmarked against the Fair Wage Network's global database, going beyond legal minimum wage requirements in all countries in which we operate. We are also committed to working with our suppliers to extend living wage implementation throughout our supply chain.

We also have a number of other key ethics-related policies, including our Anti- bribery and Anti-corruption Policy, Sanctions Instructions, Competition Law Policy and our Gifts & Entertainment Policy. All our relevant policies are publicly available on our website as well as our intranet and being signposted in all our pertinent internal documentation. All these policies are available in the 23 key languages relevant to our operations.

We operate a whistleblowing policy and process to encourage reporting of occurrences of non- compliance with the Code or any other policy. The Whistleblowing / Speak Up Policy extends to human rights violations and provides an avenue whereby any suspected instance can be reported without fear of reprisal. The policy is reviewed and updated periodically, with the most recent and significant revision completed in 2024. This followed a previous update in 2023, reflecting our ongoing commitment to ensuring our policies remain clear, accessible, and aligned with best practice.

To ensure all workers have an appropriate mechanism to report instances of non-compliance, we operate multiple reporting channels, including an ethics hotline, a confidential whistleblowing email-based reporting system (ethics@coats.com) and an external web-based whistleblowing reporting application (Coats Ethics Point). All of our reporting channels are open to employees and individuals, internal and external, to report possible occurrences of non-compliance. Individuals can report on any ethical issue, including modern slavery. Our reporting channels are open to workers across our supply chain. In addition to the online portal and email, local phone numbers are available in a number of countries to ensure accessibility for workers across our global operations. All channels are available in the key languages relevant to our operations.

We have a zero-tolerance approach towards any form of whistleblower retaliation, including actions that compromise the confidentiality of the complaint or the whistleblower's identity. Strict disciplinary action will be taken against individuals involved if retaliation is proven. Reporters can remain anonymous, however those who do provide contact details receive an update on the outcome of their complaint.

Our ethical compliance programme - *Doing the Right Thing* - is designed to ensure our ethical culture is embedded across the Group. We promote the ethics hotline and Coats Ethics Point through programme posters and awareness campaigns using the following message:

Speak up if you see an issue. Ask if you are unsure.
Remember – You can confidentially email: ethics@coats.com, or visit: http://coats.ethicspoint.com.
Doing the right thing, together!

We regularly undertake awareness-raising activities, including *Doing the Right Thing* training sessions and town halls, to promote awareness of the various whistleblowing channels available to employees. The Doing the Right Thing programme is facilitated by the Group Legal Team and supported by a network of Ethical Culture Champions located across our global facilities. Ethical Culture Champions receive awareness-raising materials and bespoke training designed to enhance their knowledge and skills, enabling them to promote awareness of the ethical standards that apply across our business.

Our Supply Chain

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

As far back as 2014 we began work to develop a minimum set of standards for our suppliers: Supplier Code: Guidance for achieving responsible business standards (the **Supplier Code**). We rolled out the Supplier Code globally during 2016 and 2017. The requirements set out in the Supplier Code are aligned to the standards contained in the Core Human Rights Instruments, and include minimum requirements concerning labour practices, environmental management, responsible sourcing of materials & products and business conduct.

At the core of our Supplier Code are five standards which we consider to be so fundamental to our business relationships that non-compliance will result in the immediate and permanent termination of the relationship. These standards include: (i) a prohibition on child labour; (ii) a prohibition on slavery or forced labour; (iii) a requirement to maintain a fair working environment free from harassment or intimidation; (iv) a requirement that all wages and benefits comply with at least local legal minimums; and (v) a prohibition on bribery and other forms of corrupt practices. In relation to human trafficking and forced labour, the Supplier Code states the following:

'Suppliers must not use slavery, indentured servitude, forced or bonded labour or involuntary prison labour in their businesses. Suppliers must not directly or indirectly engage in or support human trafficking, by recruiting, transferring, harbouring or receiving a worker using threat, force, coercion or deception and suppliers must have adequate processes in place to deal with any reports and incidents of such behaviour taking place. Suppliers must have a system in place to check that employees have a legal right to work. Suppliers to Coats, in turn, are expected to monitor their own suppliers and ensure that slavery, servitude, forced or bonded labour or involuntary prison labour is not being used in their suppliers' businesses. Coats prohibits North Korean labour in any country unless it can be proved beforehand that slave conditions are not in place.'

In the event that we become aware of a supplier violating any of the prohibitions or requirements of the Supplier Code, we notify the supplier promptly and reserve the right to demand corrective actions. Should the violation involve any of the core standards referred to above, we immediately and permanently terminate the supply arrangement and prohibit any future business with the supplier.

We updated and reissued the Supplier Code during 2025.. We engage with suppliers whenever changes are made to raise awareness of updated requirements and ensure continued understanding of our standards. Our engagement with suppliers in 2025 included due diligence, supplier risk assessments, Supplier Code workshops, training and audits. This included several in-person Supplier Code workshops with key suppliers in Vietnam, China and India. These activities supported deeper understanding, reinforced expectations, and strengthened our efforts to embed ethical standards throughout our global supply chain.

As a global manufacturer and tier 2 supplier to the apparel and footwear industries, we have considered how aspects of our business model may contribute to modern slavery risk. Pricing pressures, short lead times and demand volatility are recognised drivers of poor labour conditions in supply chains. As a buyer of raw materials and components from suppliers in medium and high risk geographies, our purchasing decisions have the potential to influence working conditions further down the supply chain. We are committed to understanding and mitigating these risks through responsible purchasing principles and ongoing supplier engagement, ensuring that commercial pressures do not inadvertently contribute to labour exploitation in our supply chain. We will continue to momitor our procurement practices during the next reporting period to ensure they explictly consider the potential impact of our buying practices on modern slavery risk, in line with the Employer Pays Principle and responsible purchasing guidance.

Due diligence and risk assessment processes

Our Operations

Our aim is to ensure that slavery does not exist in our business or supply chain. To support this objective, we undertake a data-driven Human Rights Risk Assessment every two years. In 2025, Coats completed its latest biennial assessment using internationally recognised indicies, including the World Bank Governance Indicator, UNICEF child protection data, the Human Development Index from the United Nations Development Programme and the Global Slavery Index from Walk Free. The assessment identified persistent medium inherent risk in certain geographies as per the Global Slavery Index. We manage these risks through targeted due diligence, supplier oversight and strengthened preventive controls.

We monitor modern slavery risk on an ongoing basis rather than relying solely on the biennial assessment cycle. Significant business events, such as the acquisition of OrthoLite, trigger reviews of new operations and supply chains being integrated into the Group. We also monitor developments in country risk, including changes to forced labour indicies and geopolitical developments in the countries in which we operate, and respond to emerging risks as they arise. We rigorously monitor employee age verification processes and identified no cases of underage employment, slavery or forced labour within our operations during the reporting period.

Worker and trade union engagement also informs our understanding of operational risk. Approximately 48% of our permanent employees are covered by collective agreements and around 41% are members of a union, providing established channels through which worker representatives can raise concerns relating to labour standards and working conditions. Feedback received through our whistleblowing channels and local management structures also supports our risk identification at an operational level.

<u>Our Supply Chain</u>

While for our internal operations we are able to weight risk by reference to a number factors, such as location, nature of operations and employee numbers in each country, we do not have transparency of employment numbers in our upstream supplier base. We have therefore analysed the risk factors by reference to factors such as nature of the goods or services supplied and value of purchases of relevant goods and services by country, and mapped that against the Global Slavery Vulnerability Index. This has shown that 4% of our relevant global purchases are made in countries that are high risk on that index, principally representing purchases from suppliers based in Pakistan, Egypt and Mexico. We ensured that supplier audits in these countries had a modern slavery and human rights focus in 2025. While our exposure in high-risk countries is relatively low, 57% of our relevant global purchases are made in medium-risk countries, with India, China and Vietnam accounting for 70% of that amount. We used our supplier audit programme in these countries during 2025 to ensure that we have a particular modern slavery and human rights focus. Beyond geography, our risk assessment considers the nature of risk across several dimensions. By sector, our exposure is highest in raw material and component supply, where multi-tier supply chains and reliance on low-skilled labour are risk factors. By supply chain tier, risk is higher beyond tier 1 where our visibility is more limited. In terms of worker vulnerability, migrant workers, temporary and agency workers are the groups potentially most exposed to risks, including forced labour and deceptive recruitment. We will continue to develop the depth of our risk analysis across these dimensions as part of our ongoing human rights due diligence programme.

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

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

Where issues are identified in our operations or supply chain, we have a number of mechanisms in place to support remediation. Within our own operations, concerns can be raised through our whistleblowing channels, with issues investigated by our Group Legal and/or Group Risk functions, and reported to our Ethics Committee and escalated to senior management as appropriate. Substantiated concerns result in disciplinary action, up to and including dismissal, and implementation of enhanced controls. In our supply chain, suppliers are required to implement time-bound corrective action plans in response to audit findings, monitored by Bureau Veritas and our procurement teams. Serious breaches of our Supplier Code will result in the immediate termination of the supply relationship. In 2026 we aim to strengthen these mechanisms through a formal victim-centred remediation protocol.

Audit processes

Our Operations

Our Group Internal Audit (**GIA**) team carries out risk-based audits to assess whether Coats' values and principles are being adhered to across our global operations. GIA's Key Control Review cycle covers all manufacturing units over a five-year period, with the top 10 units reviewed over a three-year cycle, focusing on higher-risk areas and key controls across multiple functions, including compliance with our employment standards and expectations. In addition, our manufacturing plants are regularly audited by customers and global footwear and apparel brands to assess compliance with their ethical trade standards.

During 2025, additional audits focued on critical risk areas including supply chain risk management, cyber and digital technology controls. Where serious issues are identified, matters are escalated promptly and investigated as appropriate, with time-bound corrective and follow-up actions identified and implemented.

Compliance with our people-related policies is also monitored through the activities of the independent GIA function, which performs periodic audits across our operations. To support compliance with applicable labour laws in the countries in which we operate, we assess performance against 28 key HR controls, including:

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

We review this on a quarterly basis, and any issues identified are actioned appropriately. During 2025, GIA completed 22 audits (2024: 16) and identified a small number of minor issues requiring remediation within several people-related process areas. Management has taken appropriate action to address these issues.

Our Supply Chain

All suppliers are required to comply with our Supplier Code as a condition of doing business with Coats. We take a risk-based approach to supplier engagement, training and oversight, with enhanced onboarding, workshops and compliance support provided to suppliers operating in higher-risk categories or geographies.

Following the introduction of the Supplier Code, key suppliers in higher-risk areas participated in Supplier Code workshops hosted by local Coats sites. Suppliers were required to conduct gap analyses of their procedures and practices against the requirements of the Supplier Code and develop action plans to address areas of non-compliance. Our procurement teams continue to monitor the implementation of these improvement plans and provide ongoing support to suppliers as appropriate. We have also developed a global '*Train the Trainer*' programme to support procurement teams in embedding the requirements of the Supplier Code throughout our supplier engagement activities. The Supplier Code was also communicated to our medium risk suppliers orally, either by phone or at a face-to-face meeting with procurement personnel. Low risk suppliers were sent the Supplier Code by email.

We have implemented a risk-based supplier audit programme through Bureau Veritas that tailors audit frequency according to supplier performance and risk profile. On our behalf, Bureau Veritas completed 210 (2024: 322) supplier audits in 2025 using a consistent global methodology. Approximately 90% of suppliers achieved a good rating, while remaining findings were addressed through time-bound corrective action plans, defined re-audit cycles, or supplier exit where controls were deemed ineffective. Coats maintains a zero-tolerance approach to serious breaches of the Supplier Code, including child labour, forced labour, abuse, corruption or wage non-compliance.

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

We recognise that modern slavery risks in our sector are systemic and that collaboration with peers and industry partners strengthens our collective response. We engage with industry bodies and multi-stakeholder initiatives to share learning and stay abrest of emerging best practice, including through our participation in the UN Global Compact. We also benchmark our approach against peer disclosures and external frameworks, including BSI Standards Publication BS25700:2022[2].

Staff training and capacity building

During 2025, we continued to promote our *Doing the Right Thing* ethical compliance programme by raising awareness of, and embedding, our Corporate Responsibility (**CR**) policies and our ethical standards across the business. Awareness and training are key focus areas in supporting our commitment to responsible conduct. Our compliance training programme covers a range of key ethical and compliance topics, including modern slavery and child labour, anti-corruption, competition and broader ethical practices. All relevant employees are required to complete this essential training to ensure alignment with our operational standards and regulatory requirements.

The most recent e-learning compliance training cycle, launched in 2024, will be the final cycle delivered under the previous training format. As noted in last year’s statement, during 2024 we initiated a redesign of our compliance training to move towards a modular, bite-sized delivery format intended to improve accessibility, reinforce key concepts more effectively and enhance employee engagement across our global workforce. During 2025, elements of the redesigned programme were introduced, with additional modules, including modern slavery-specific content, continuing to roll out in 2026.

A key part of our compliance training programme is our bespoke modern slavery training, designed to help employees understand modern slavery risks, identify indicators of forced labour (including the 11 indicators of forced labour set out by the ILO[3]), and understand how to respond appropriately and help to prevent such practices. The training is available in 11 languages and is assigned to senior employees and all other relevant employees, as well as new joiners. The training includes learning materials, knowledge checks and assessments designed to reinforce understanding and support practical application of the training content. During 2024 and 2025, more than 5,000 employees (92% of applicable employees) completed this training. This targeted approach ensures that those most likely to encounter modern slavery risks receive focused, in-depth training, while broader awareness is maintained through our *Doing the Right Thing* programme, *Spotlight On* sessions, Global Ethics Day activities and internal communications.

To support continued awareness of Coats’ ethical standards, training sessions were held in key medium- and high-risk locations, including China, Colombia, USA, Pakistan, Vietnam, Indonesia, Romania, Bulgaria, Thailand, Honduras, Bangladesh, Egypt, Morocco, Tunisia and India. We also provide regular internal communications on ethics issues and real-world examples designed to reinforce expected behaviours and ethical decision-making. Awareness is further supported through our *Spotlight On* sessions, internal briefings and communications materials, alongside our network of Ethical Culture Champions across the business.

Organisational effectiveness

We measure the effectiveness of our modern slavery prevention programme against the following goals and key performance indicators: (i) ensuring relevant employees complete modern slavery training; (ii) maintaining robust supplier compliance through our audit programme; (iii) ensuring our whistleblowing channels remain accessible and effective; and (iv) tracking incidences of breach of our Supplier Code and reporting trends to our Ethics Committee.

In 2025, no incidents of modern slavery or forced labour were reported through our whistleblowing channels, internal audits or suppler audit programme. Nothwithstanding the robust systems that we have in place, we

[2] BSI 25700:2022 Organizational responses to modern slavery – Guidance (bsigroup.com)
[3] International Labour Office, ILO Indicators of Forced Labour

recognise that the absence of identified incidents does not mean that there is no risk of modern slavery anywhere in our extended supply chain. We will continue to invest in strengthening our risk assessment and due diligence capabilities to improve our ability to identify and respond to potential incidents, particularly in higher-risk geographies and through our supply chain tiers.

All whistleblowing issues are investigated and resolved. A total of 171 allegations were raised through the whistleblowing channel in 2025 (2024: 228) with an upheld rate of 25% (2024: 16%). As of the date of this statement, there are no outstanding investigations related to allegations raised during the reporting period. The nature of the allegations received in 2025 included: (i) unfair employment practices, (ii) disrespectful behaviour, harassment and bullying, (iii) fraud, (iv) Ethics Code violations (but none in relation to slavery), and (v) health and safety. In the case of every such substantiated concern, disciplinary action was taken whenever there was evidence of misdemeanour, and training and enhanced controls were implemented wherever appropriate.

We continue to review our strategies, policies and procedures against relevant external standards and guidance, including BSI Standards Publication BS25700:2022[4], to help ensure that our organisational response to modern slavery remains current and effective. We also continue to consider evolving expectation relating to modern slavery reporting, including guidance and commentary issued by regulatory and industry bodies. These ongoing reviews support the continued development of our approach and help to identify opportunities to further strengthen our policies, controls and reporting practices.

Future Plans

We recognise that modern slavery risks continue to evolve and require an adaptive, proactive approach. In the coming 12 months, we will build on the progress made during 2025 by implementing the following actions:

<u>Our Operations:</u>

- continue to integrate OrthoLite into Coats' ethics, compliance and modern slavery control framework, including alignment with Coats' Supplier Code, training requirements and due diligence processes;
- develop a formal modern slavery remediation protocol, setting out our victim-centred response process in the event that modern slavery is identified in our operations or supply chain;
- continue to review our procurement policies to incorporate responsible purchasing principles and assess the potential impact of our buying practices on modern slavery risk in our supply chain;
- continue to review our recruitment agency policies and practices to ensure explicit prohibition of worker-paid recruitment fees in line with the Employer Pays Principle, including in higher-risk locations where third party recruitment agencies are engaged;
- further strengthen the *Doing the Right Thing* ethical compliance programme through targeted training sessions, awareness campaigns, internal communications and engagement with Ethical Culture Champions across the Group;
- complete the global rollout of the redesigned modular compliance training programme, incudling modern slavery-specific training content, across relevant employee groups;
- continue to monitor training completion rates, employee engagement and effectiveness metrics relating to compliance and modern slavery training programmes to support continuous improvement;
- continue to deliver risk-based internal audits through GIA, including reviews of higher-risk operational, people-related and supply chain controls; and
- continue ongoing human rights due diligence activities and monitor developments identified through our 2025 Human Rights Risk Assessment.

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

Our Supply Chain

- continue our programme of supplier engagement, training and targeted workshops to support suppliers in understanding and implementing the requirements of the Supplier Code;
- undertake supplier audits and risk-based due diligence activities, including remediation monitoring and corrective action management where improvement opportunities are identified; and
- integrate OrthoLite's supplier base into Coats' supplier governance, audit and due diligence processes.

As in previous years, we will prioritise our actions based on where we perceive the greatest risk to be. Our aim is to continue to prevent any instances of modern slavery within our own operations and to continue to extend this commitment to our supply chain. By doing so, we aim to uphold the highest ethical standards across both our own operations and our supply chain, ensuring not only compliance with the principles set out in this statement but also alignment with our core values. This proactive approach helps us to manage risk effectively while promoting transparency and integrity throughout our business.

This statement will be updated annually to reflect our ongoing focus on this critical part of our business.

David Paja
Group Chief Executive, Coats