


# Sustainability

At Caledonia we are committed to building our business for the long term. This section explores how we manage our business, acting responsibly for our employees and wider stakeholders, and, as an investment company, how we approach our investment decisions responsibly, managing our investment portfolio for today and the future.

## Our people and culture

Centred around a collection of values that shape our approach to every aspect of investing, our team is key to delivering long-term performance. We seek to create an environment that enables us to attract, retain and develop exceptional people.

- Employee engagement
- Intern programme
- Equality, diversity and inclusion
- Working environment
- The Caledonia Investments Charitable Foundation

 Further information on our stakeholders in the Section 172 statement  
Turn to page 74

## Responsible investment

Acting responsibly is a key part of our long-term investment philosophy. We commit to constructive, long-term engagement with the companies and funds in which we invest, believing that careful and thoughtful stewardship is essential to addressing Environmental, Social and Governance ('ESG') risks and to driving positive change.

- Our investments
- Public Companies
- Private Capital
- Funds

## Environment

We continue to recognise the importance of communicating ESG performance clearly to our stakeholders. We recognise a need to support the journey to net zero, with a commitment to supporting a sustainable future as we deliver investment performance for our shareholders over the long term.

### Task Force on Climate-Related Financial Disclosures ('TCFD')

Our second standalone TCFD report sets out our progress towards meeting all TCFD recommendations and can be found at [www.caledonia.com](http://www.caledonia.com)



We recognise that the level of detail provided in our TCFD report may not be required by all stakeholders, so a summary is provided on pages 55 - 56.

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“I really appreciate being able to be more long-term and accountable for the investment decisions I make. I want to see the consequences of my actions and stand over them.”

Employee

Sustainability (continued)

## Our people and culture



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Dedicating time to our people, giving it generously to nurture their growth, both personal and professional.

### Employee engagement

Last year, we completed our first colleague engagement survey to help us better understand the views of our employees and how we can continue to develop and improve. We received a 94% response rate to an anonymous survey conducted by a third-party provider and were delighted that 98% of those who participated would recommend Caledonia as a “great place to work”.

A healthy and vibrant culture, built around a set of aligned values, is fundamental to the success of any business. This year, as detailed in the Chief Executive Officer’s statement on page 16, we sought invaluable feedback from employees and other stakeholders to articulate what makes Caledonia so unique. Written by a broad cross section of employees, we created our new manifesto, built around ‘time well invested,’ to underpin and clearly articulate our culture, values and purpose.

For further information on Caledonia’s manifesto, please visit our website [www.caledonia.com](http://www.caledonia.com)

Our team is key to delivering long-term performance.

At Caledonia we seek to create a culture that enables us to attract, retain and develop exceptional people. We are committed to creating an inclusive environment where our employees can develop and contribute fully, underpinned by good remuneration packages, favourable parental leave policies and health and wellbeing support, alongside training and development to support progression. Further information on our remuneration policy can be found in the Directors’ remuneration report on pages 90 to 108.

At Caledonia, we operate a flatter management structure than is often found in many other companies. Honest and open communication, both on a formal and informal basis, is encouraged. We take time to nurture the personal and professional growth of colleagues, who enjoy regular communication through informal channels such as bi-weekly staff lunches, with more formal dialogue taking place in regular team meetings, off-site strategy and team building days, together with annual performance appraisals.

## Intern programme

For many years, Caledonia provided internship opportunities on an informal basis. In 2021, we created a formal intern programme to demonstrate our commitment to developing future talent within the investment management industry. Successful candidates are those who we believe will benefit the most from the experience. With support from an independent facilitator and involvement from employees across all investment teams and business functions, the 'Sealions' programme provides interns with a unique insight into Caledonia and first-hand access to investment management, helping build skills for their future careers. We regularly welcome our growing Sealions programme alumni back to Caledonia, creating an important network of talent for the future.

We welcomed a very successful cohort of interns last year and were delighted that 100% of respondents to our post-course survey rated the overall programme as "excellent" and would recommend it to others. Following a successful application process, we look forward to welcoming this year's interns in June.

## Equality, diversity and inclusion

At Caledonia, we believe that a diverse workforce creates the optimum environment in which our business will continue to thrive and grow.

Our employment and recruitment policies are compliant with relevant UK legislation. Recruitment, development and promotion are based solely on suitability for the role. We will not discriminate on the basis of gender, sexual orientation, marital status, pregnancy, gender reassignment, age, race, nationality, ethnicity, disability, political or religious belief.

Caledonia is committed to increasing diversity and inclusion over time. We are mindful of the need for orderly succession planning and ensuring an appropriate mix of skills and experience is maintained both on the board and throughout our business.

At 31 March 2024 the gender split at different levels within our business is as follows:

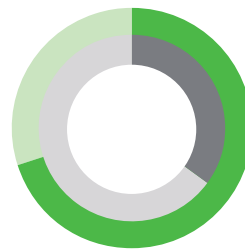
	Male number (%)		Female number (%)	
	2024	2023	2024	2023
Board	7 (64%)	8 (67%)	4 (36%)	4 (33%)
Senior managers	15 (60%)	12 (57%)	10 (40%)	9 (43%)
All employees (including board)	38 (46%)	36 (49%)	44 (54%)	38 (51%)

Caledonia operates a flatter management structure than is often found in many other companies and, for information, 55% (2023: 56%) of direct reports to members of our Investment Committee are female.

"Being part of the intern mentorship scheme at Caledonia was transformative. The support and encouragement I received allowed me to see the potential in myself that I wasn't aware of before. It widened my horizons, enriched my understanding of the company and created opportunities for development that I didn't know were possible."

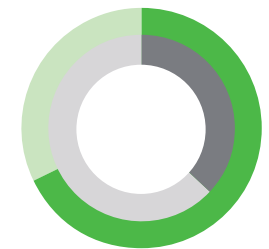
### Intern alumni

Investment and support employees 2024<sup>1</sup>



Investment employees	
Male	70%
Female	30%
Support employees	
Male	35%
Female	65%

Investment and support employees 2023<sup>1</sup>



Investment employees	
Male	68%
Female	32%
Support employees	
Male	37%
Female	63%

1. Excluding non-executive directors

## Sustainability (continued)

In accordance with Listing Rule 9.8.6 (9) of the FCA's Listing Rules, the table below sets out details of the diversity of the individuals serving on the board and executive management as at 31 March 2024. Our executive management consists of members of our Investment Committee, being the most senior level of management. Data was obtained on a voluntary self-reported basis. The board met the ethnicity diversity target set out in LR 9.8.6 (9)(a) but not the two gender diversity targets. The targets were introduced in 2022 and, given the gradual change in board membership, it will take time to meet them.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	63.6%	4	6	85.7%
Women	4	36.4%	-	1	14.3%
Not specified/prefer not to say	-	-	-	-	-

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	90.9%	4	7	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	1	9.1%	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

### Working environment

At Caledonia, we look to establish and maintain high standards of behaviour and conduct. We have a set of policies in place intended to protect employees from unlawful discrimination and provide them with a working environment where they have a right to be treated fairly, with consideration and respect, and which supports high standards of conduct and performance.

Annual performance appraisals, through which employees may be set objectives and against which their achievements are assessed, are intended to ensure that employees have a clear view of their performance and to identify additional learning and development needs to help them meet their full potential.

#### Grievance procedure and whistleblowing

Caledonia's staff handbook outlines the company's formal grievance procedures and the steps colleagues can take to raise concerns, either formally or informally.

In addition, there are formal whistleblowing arrangements in place which enable staff to raise any issue of concern regarding possible impropriety in the conduct of the company's business, confidentially and independently of line management. Responsibility for whistleblowing procedures rests with the board.

### Health and safety

We look to continually improve health and safety within our workplace, operating in accordance with applicable legislation.

Due to the nature of our business, our employees are engaged in low-risk occupational activities. However, we seek to provide safe working conditions and equipment, delivering adequate training to support this and prevent accidents and cases of work-related ill health.

Our health and safety policies are provided within our staff handbook. Workstation assessments are undertaken to identify employee needs and actioned as required. This year, following feedback from staff and in line with the recognised health benefits, we trialled standing desks and plan to implement them later in 2024.

During the year we had no RIDDOR reported incidents ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013') and no work-related accidents.

## The Caledonia Investments Charitable Foundation

Established in 2020, the Foundation was initially established to provide grants to eligible applicants closely connected to our investee companies, who faced financial hardship due to the Covid-19 pandemic.

Today, through the Foundation, we are proud to support causes which link closely to Caledonia's history, values, culture and team. The company made a grant of £300,000 to the Foundation during the year. The Foundation provides support to a number of charities each year and seeks to create an enduring legacy by supporting the development of a small number of these through a multi-year donation programme. One such charity that has benefited from this support is Horatio's Garden.

Alongside Horatio's Garden, the Foundation also made material donations to the Cornwall Community Foundation, Maritime Volunteer Service, The Wheelyboat Trust and LMK (Let Me Know). Smaller grants benefited other charities connected with Caledonia and its employees, including the Mountain Adventure Trust (partnered with the Mountain Training Trust) and The Quinnian Trust, alongside donations to support charitable fundraising activities by colleagues such as marathons, fun runs and bike rides.

We also provide colleagues with up to two additional days of leave each year to encourage them to volunteer their time to support the Foundation's activities, together with other charities and good causes.

### Horatio's Garden

Horatio's Garden nurtures the wellbeing of people after spinal injury in beautiful vibrant sanctuaries within the heart of NHS spinal injury centres.

The charity's vision is to sustainably grow thriving communities and biodiverse gardens in all 11 NHS spinal injury centres in the UK.

The gardens are vital places for reflection and adjustment for people facing these life-changing injuries and long stays in hospital. The profoundly positive impact of a Horatio's garden is clear for patients, their loved ones and hospital staff. Research shows that 94% of beneficiaries see an improvement in their wellbeing with 91% reporting that the gardens have supported their mental health.

**“Support from the Caledonia Investments Charitable Foundation has been pivotal to the growth of our corporate partnership income enabling Horatio's Garden to secure crucial sustainable funding for the future running costs of our regional projects in the UK's spinal injury centres. We are extremely proud and grateful to be working with the Caledonia Foundation team.”**

**Dr Olivia Chapple**  
Chair of Trustees, Horatio's Garden

## Sustainability (continued)

# Responsible investment

### Our investments

We believe that responsible investment and business success go hand in hand. We are committed to building businesses for the long term and consider the ESG impact of the investments that we own.

We are committed to constructive, long-term focused engagement with the companies in which we invest and believe that careful stewardship is key to addressing ESG risks and driving positive change.

#### ***We expect to invest in businesses which will:***

Grow, provide employment and generate economic benefit in an environmentally and socially responsible way, both during and after our ownership.

#### ***We aim to invest in companies and funds that:***

Take a responsible approach towards the environment and society, built on good governance practices.

In the past, our stewardship activities focused primarily on governance matters, most notably in our majority owned investee businesses, which we seek to operate in line with industry good practice. Today, we continue to build on these foundations by incorporating ESG matters into our investment decision-making to ensure that a broader spectrum of issues that are important to us are formally evaluated alongside our key investment criteria. Our investment team consider these issues in its due diligence process when proposing new additions to our portfolio.

### Responsible Investment/Responsible Corporate Working Group

Chaired by the Chief Executive Officer ('CEO'), our Responsible Investment/Responsible Corporate Working Group ('RI/RC Working Group') advises and assists in the development and implementation of our approach to ESG matters across the business. The group has met regularly throughout the year. A review of our progress for each investment pool and our business operations is provided on pages 49 - 54.

#### Members

CEO (Chair)	Senior members of –	Other key corporate
Chief Financial Officer	Public Companies	managers
Company Secretary	Private Capital	
	Funds	

#### Function

1. Advises and assists in the continued development and implementation of our approach to ESG matters across the business	2. Seeks to ensure that ESG matters are appropriately factored into decision-making processes	3. Continues to develop understanding of climate-related matters	4. Supports the development of our reporting, particularly on climate-related matters
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## Public Companies

We aim to invest in global businesses with recognised brands, intellectual property and strong market positions that have a good track record of delivering attractive returns.

Our approach means that we do not generally invest in capital intensive businesses or companies directly involved in the extraction and production of coal, oil or natural gas.

As a consequence of our highly selective and quality orientated investment style:

- we make considered use of our voting rights and vote all our stock ahead of shareholder meetings
- we expect to vote in line with management recommendations but are prepared to abstain or vote against resolutions where we consider they are not in the interests of our own shareholders
- we will use our influence through engagement and voting to encourage companies to plan and demonstrate the actions they have taken to address climate risks and opportunities.

### Progress during the year

- ESG factors incorporated into investment process, together with ongoing monitoring
- Principles of Responsible Investment ('PRI') Advanced RI analysis training completed within the team
- major climate transition and physical risks monitored as part of TCFD reporting.



Further information on Public Companies – climate change metrics and targets  
Turn to page 54



## Sustainability (continued)

### Private Capital

We invest in established businesses, across a range of sectors, which have robust operating margins, strong management teams and good growth opportunities:

- we introduce a high standard of corporate governance into these businesses, generally with an independent, experienced non-executive chair and formal audit and remuneration committees to support the board
- our team take non-executive roles in these businesses and use their positions to maintain close relationships with the management teams
- we hold frequent meetings with management which cover a wide range of subjects, including ESG matters, and regularly review performance
- we seek to ensure that these companies understand and manage their own environmental impacts
- we seek to encourage them to invest in suitable technology to improve energy efficiency and make a successful transition to renewable energy and a low carbon future.

#### *Progress during the year*

- ESG factors incorporated into processes and shareholder documentation
- responsible investment training delivered by the British Venture Capital Association completed
- online platform implemented to track agreed Sustainability Accounting Standards Board ('SASB'), Key Performance Indicators ('KPIs') and ESG policies
- SASB KPIs/policies in place for the majority of our core holdings
- good progress has been made with most portfolio companies gathering and reporting Scope 1 and 2 data with defined parameters. We will continue to review and assess the quality of the data received to enhance our external reporting in the future.

### Funds

The Funds team invest in private equity funds managed by leading managers in North America and Asia:

- we expect managers to consider all factors, including ESG matters, when seeking to maximise returns whilst taking account of the associated risks
- we will encourage our fund managers to consider the risks and opportunities presented by climate change in their investment selection process and in the future to explore initiatives to reduce emissions from the businesses within their funds.

#### *Progress during the year*

- integrating consideration of ESG matters into all stages of the investment process – diligence, portfolio monitoring and General Partner ('GP') engagement
- became a signatory to the ESG Data Convergence Initiative ('EDCI'), established to address the fragmented nature of ESG frameworks and regulation that aim to standardise and promote ESG reporting and benchmarking in private equity portfolios
- third-party ESG team training completed alongside the ESG Fundamentals and Best Practice Institutional Limited Partners Association courses
- inaugural ESG survey issued, with 100% response rate, providing the Funds team with insight and analysis into the maturity of our GP ESG policies
- we have begun the process of obtaining suitable proxy emissions data for our Funds pool investments.

## Working with our portfolio - Cooke Optics



Cooke, a leading manufacturer of cinematography lenses, has made significant progress in developing its approach to sustainability since Caledonia's investment in 2018.

Working with the management team, we have supported initiatives to invest in the future of the business, including the large scale implementation of solar panels at Cooke's Leicestershire factory, to reduce its purchased energy requirements. All electricity for the business is now sourced from renewable sources.

### ***Solar panel transition rationale***

- key priorities for Cooke were to reduce its overall energy consumption, move to renewable energy tariffs and mitigate future energy pricing risks
- since investment approval, procurement and implementation in 2023, Cooke has reported a significant reduction in energy usage from the grid
- newly installed solar panels are expected to generate approximately 220,000 kWh of electricity each year, circa 20% of Cooke's total energy requirement, which over time will significantly reduce its carbon footprint
- return on investment will be principally dependent on variability of unit rates, although a payback period of between three and four years is anticipated.



## Sustainability (continued)

# Environment

### The climate challenge and transition to net zero

We are committed to supporting a sustainable future to deliver investment performance for our shareholders over the long term.

Our biggest environmental impact is through the companies and funds we invest in.

We recognise the challenges of climate change and the likely material risk this poses for the investments we make, potentially from regulation, adjustments in consumer preferences or pressure to reduce carbon emissions and address broader environmental concerns.

We have set an expectation that the businesses in which we invest should target net zero emissions (Scope 1 and Scope 2, market-based) by 2050. The pace of planning and delivery of this commitment will vary across the businesses in our investment portfolio, although we anticipate that many will achieve this target more swiftly.

We will continue to keep this commitment under review. We are actively engaging with underlying portfolio companies and fund managers to assess the quality and availability of their carbon emissions data and, where possible, we have implemented suitable monitoring and reporting to enable us to track progress.

### Our business

All our employees operate from a single office located in central London. Our business operations therefore have a modest carbon footprint compared to the impact of our investment portfolio.

We remain committed to minimising our direct impact on the environment and mitigating the risks posed by climate change.

We have set a target to achieve net zero Scope 1 and Scope 2 emissions (market-based) by 2030 through the following initiatives:

- the reduction and eventual elimination of gas used for heating
- further energy efficiency in areas such as lighting, cooling and IT equipment
- continuing to ensure that all electricity is procured from renewable sources.

During 2021, we switched to sourcing all our electricity from a renewable energy supplier, which resulted in a significant reduction in our market-based Scope 2 carbon emissions. Almost all our waste is recycled and all waste water is returned to the sewer. The resulting carbon emissions from water consumption and waste generation are captured within 'other' Scope 3 emissions in the table on page 53 and are deemed to be immaterial emission sources.

Electricity usage since 2020 has increased, primarily due to employees returning to the office following the Covid-19 pandemic and, to a lesser extent, our decision to operate 24 hour security at our business premises for the continued safety of colleagues and to protect against

crime. In 2023, an external provider was engaged to conduct an Energy Savings Opportunity Scheme ('ESOS') assessment audit of the energy used in our office building, which may help us to identify further cost-effective energy-saving measures.

Looking forward, we expect our transition planning to primarily focus on finding technological solutions to replace our gas boilers with low carbon-emitting technologies when feasible.

#### *Travel*

Most colleagues commute to the office in central London on public transport. A cycle to work scheme is available to employees and we provide a secure facility for bike storage, alongside changing and shower facilities.

All of our meeting rooms are equipped with modern audiovisual and teleconferencing facilities for our employees to access, reducing travel where appropriate.

Our Scope 3 emissions principally arise from business-related international travel. Whilst we are able to hold many meetings virtually, face-to-face meetings remain an important aspect of our ongoing governance and stewardship activities. We believe that our business benefits from the relationship this contact builds. We aim to manage travel in an informed way. We will monitor these emissions and look for opportunities, where appropriate, to reduce our impact; however, we are reliant upon technological advancements to achieve net zero emissions from aviation. As we gain experience and knowledge around our greenhouse gas ('GHG') emissions, we will continue to look to enhance our carbon emissions disclosures to include more of our Scope 3 indirect emissions.

### Climate change metrics and targets including greenhouse gas emissions

The data in the following tables has been prepared in accordance with the regulations with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implemented the Government's policy on Streamlined Energy and Carbon Reporting ('SECR').

Emissions data		Tonnes CO <sub>2</sub> e				
Scope	Source of GHG emissions – year to 31 March	2020	2021	2022	2023	2024
<b>Scope 1</b> (direct emissions)	Combustion of fuel & facilities operation, including company car use (sold in April 2022)	24	19	21	16	14
<b>Scope 2</b> (indirect emissions)	Electricity (location-based)	57	47	45	52	59
	Electricity (market-based)	57	47	-	-	-
<b>Scopes 1 and 2 - location-based</b>		<b>81</b>	<b>66</b>	<b>66</b>	<b>68</b>	<b>73</b>
<b>Scopes 1 and 2 - market-based</b>		<b>81</b>	<b>66</b>	<b>21</b>	<b>16</b>	<b>14</b>
<b>Scope 3</b> (indirect emissions)	Business travel	371	7	94	243	375
	Other	-	-	-	1	1
<b>Total – location-based</b>		<b>452</b>	<b>73</b>	<b>160</b>	<b>312</b>	<b>449</b>
<b>Total – market-based</b>		<b>452</b>	<b>73</b>	<b>115</b>	<b>260</b>	<b>390</b>
<b>KPI – location-based</b>	Total emissions per average number of employees	<b>8</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>6</b>
<b>KPI – market-based</b>	Total emissions per average number of employees	<b>8</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>6</b>
<b>Per average number of employees</b>		<b>60</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>71</b>

#### Notes:

- These emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard guidelines using UK Government GHG Conversion Factors for Company Reporting.
- Caledonia consumes all its water from the mains which we understand is sourced from outside high stress areas, with all its waste water currently being returned to the sewer. The resultant CO<sub>2</sub> emissions from its use of water are <1 tonne.
- Caledonia has a mix of recycled and general waste; the related Scope 3 GHG emission data is included under 'Other' in the table above.
- Location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). The market-based method reflects emissions from 100% renewable sourced electricity that we have chosen to purchase.
- 100% of our reported emissions are in the UK, involving business travel primarily departing from or arriving in the UK. Accordingly, this table does not include a column indicating the yearly UK proportion of global emissions.
- The sources of GHG emissions shown in the table above are from the companies included in the consolidated financial statements. Under the SECR regime we are not required to report any emissions from companies that are not included in our consolidated financial statements.
- Caledonia does not release any hazardous air pollutants. Caledonia only has material hazardous waste in the form of batteries and print toner, both of which are responsibly recycled.

Other metrics	Unit	2020	2021	2022	2023	2024
Electricity usage	KWh(k)	224	199	214	270	286
Gas usage	KWh(k)	100	93	91	76	67
Water consumption	m <sup>3</sup>				798	1,166
General mixed waste	tonnes				-	-
Mixed recycling	tonnes				-	-
WEEE waste	tonnes				-	-
Confidential waste	tonnes				2	2
Waste generation	tonnes				2	2
Waste recycled	%				99%	99%

Data not available but will be tracked going forward

## Sustainability (continued)

### Our investment portfolio

#### Public Companies – climate change metrics and targets

Key to monitoring progress to minimise climate change transition risk across the portfolio is ensuring all businesses develop and successfully implement plans to achieve net zero (Scope 1 and Scope 2) emissions by 2050 or earlier.

The MSCI World Index is used as a benchmark for TCFD reporting purposes as this has a similar sector exposure to that of the companies in the Public Companies pool.

As illustrated in the table below, we have outlined primary metrics used to determine the Scope 1 and Scope 2 GHG emissions generated by our Public Companies pool, which form part of the overall emissions linked to our investment portfolio.

The Public Companies pool has a significantly lower total carbon footprint and weighted average carbon intensity ('WACI') compared with the benchmark. This is primarily

due to our careful selection process of proven, well-managed and sustainable businesses. The companies in the pool tend to have a lower carbon intensity than the benchmark (even in most of the high carbon-emitting sectors such as materials, utilities and industrials).

The data held within the MSCI One platform lags behind our reporting date. 2024 primarily reflects data reported by investee companies from 1 June 2022 to 31 May 2023. The 2023 comparative primarily reflects data from 1 June 2021 to 31 May 2022.

Our Public Company investments have seen a 19% increase in total carbon emissions over the last year. This is due to the 2023 comparative primarily relating to 2021, which was heavily impacted by the Covid-19 pandemic. The 2024 data primarily reflects that of 2022, where the impact of the Covid-19 pandemic on emissions was less significant.

Latest annual reported data <sup>1</sup>	Scope	Portfolio (2024)	Benchmark (2024)	Variance vs benchmark	Portfolio (2023)	Units
Total carbon emissions	1 and 2	19,345	48,894	-60%	16,315 <sup>2</sup>	Tonnes CO <sub>2</sub> e
Carbon footprint	1 and 2	16	39	-58%	15 <sup>2</sup>	Tonnes CO <sub>2</sub> e/\$m invested
WACI	1 and 2	60	95	-37%	-50%	Tonnes CO <sub>2</sub> e/\$m sales

1. Carbon emission data for our public equity investments was obtained from the MSCI One platform. MSCI collects the data from publicly available sources, including annual reports, the Carbon Disclosure Project ('CDP') and government databases. All carbon emission data collected is classified per the GHG Protocol methodology to enable aggregation and comparability across investee companies and sectors. We have not sought to verify this data and assume no responsibility for its accuracy or completeness.

2. Due to a development to the MSCI One platform we have updated our metrics from using Market Capitalisation to Enterprise value including cash ('EVIC') as the denominator. We have restated the 2023 comparative to an EVIC calculation.

The following table shows other key climate metrics used to monitor how the companies in which we invest have a decarbonisation plan and are managing climate risk exposure.

Other metrics	Portfolio (2024)	Portfolio (2023)
Companies targeting net zero for Scopes 1 and 2 by 2050	93%	93%
Companies with top quartile carbon management score	68%	71%
Green revenue exposure	6%	6%

The majority of the companies in our Public Companies pool have plans to achieve net zero emissions by 2050 or sooner, giving us comfort that they are aligned to our goal. The companies that have yet to establish net zero targets contribute circa 8% of the pool's total carbon emissions and, based on our knowledge and engagement of the companies and their commitment to good corporate governance, we believe they will establish appropriate targets.

It is also worth noting that 68% of the companies in our Public Companies pool have a top quartile carbon management score, indicating that they have the capability and resources to manage their climate risks and opportunities. This gives us further comfort that the companies we invest in will achieve their net zero target by 2050. We will continue to monitor progress on these metrics.

## Task Force on Climate-Related Financial Disclosures

We continue to recognise the importance of clearly communicating both financial and non-financial ESG performance to our stakeholders.

This is the second year we have produced a detailed TCFD report, a copy of which can be found at [www.caledonia.com](http://www.caledonia.com). This provides a review of how we are progressing to meet the recommendations of the TCFD.

We have prepared this report as we recognise that the level of detail needed to comply with TCFD may not be required by all stakeholders. The following table, which should be read in conjunction with our TCFD report, summarises our response to each of the TCFD recommendations, and explains how we incorporate climate-related risks and opportunities into each of the four TCFD pillars of governance, strategy, risk management, and metrics and targets.

As required by Listing Rule 9.8.6R (8), we consider these climate-related disclosures to be consistent with the TCFD recommendations and recommended disclosures, other than the completion of scenario analysis (strategy pillar disclosure (c)) and the development of metrics and targets for all of our investment assets (metrics and targets pillar disclosures (a), (b) and (c)). We have fully addressed the assets within our Public Companies pool. We have also addressed the strategy pillar disclosure (c) for our Private Capital pool. Due to limitations in obtaining quality data, we anticipate that information will be available to enable us to fully address the constituents of the Private Capital pool in the coming years and the Funds pool several years later.

### Task Force on Climate-Related Financial Disclosures ('TCFD')

Our second standalone TCFD report sets out our progress towards meeting all TCFD recommendations and can be found at [www.caledonia.com](http://www.caledonia.com)



### Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Read more in our TCFD report.

The board is collectively responsible for Caledonia's success. It sets the company's strategy, ensures that the necessary financial and human resources are in place to enable the company to meet its objectives, and reviews management performance. We are continuing to embed an assessment of climate-related risks and opportunities into our strategic approach. The board is ultimately accountable for the oversight of climate-related risks and opportunities that could impact our business.

Caledonia has a well-defined governance framework, appropriate for a relatively small business, based on delegated authority. The board has adopted a formal schedule that sets out those matters which it specifically reserves for its own decision and those which are delegated to board committees and executive management. The Chief Executive Officer ('CEO') is responsible for the development and implementation of the strategy for the business. The board receives briefings on sustainability matters, including climate-related issues, through a well-defined reporting framework.

Our Responsible Investment/Responsible Corporate ('RI/RC') Working Group, chaired by the CEO, advises and assists in the development and implementation of Caledonia's approach to sustainability matters, including those which are climate-related issues. The board is updated periodically on progress of the RI/RC Working Group and in 2024 received specific sustainability updates from each of Caledonia's three investment pools, which included climate-related matters and, where relevant, progress against climate targets.

The annual bonus award for our executive directors is determined by a combination of corporate financial performance and personal objectives. The board's Remuneration Committee reviews these measures and objectives, which includes RI/RC elements, annually.

## Sustainability (continued)

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### Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Read more in our TCFD report.

As a long-term asset owner, we recognise our responsibility to support the transition to a lower carbon economy. This is why we have set an expectation that the businesses in which we invest should target net zero emissions by 2050 (Scope 1 and Scope 2, market-based). We are developing our capability to identify and assess actual and potential impacts of climate-related risks and opportunities on our investment portfolio. This will allow us to adapt our business model, strategy and financial planning where impacts are considered to be material.

Our business is impacted by a broad range of risks and opportunities. This reflects the diverse nature of our investment portfolio, although it should be noted that our analysis shows that high carbon-emitting industries (oil and gas, for example) and certain geographic regions, where Caledonia has very low exposure, are more likely to experience an elevated level of transition risk. We have considered both physical and transition risks over three time horizons. We anticipate that the businesses and funds in which we invest will develop plans to address climate-related risks and opportunities which impact them. We expect to use this information, as it becomes available, to enhance our understanding and risk assessment activity.

The availability of robust data and quality information is a prerequisite to effective analysis. We have used the most recent data and information for the constituent businesses in the Public Companies pool using MSCI's One platform. This data has been used to support a scenario analysis exercise, which has provided valuable insights to confirm the resilience of the pool to both physical and transition risks, under various climate scenarios.

This year, we have expanded our analysis to include the Private Capital pool. With the help of an external consultant, we have identified key climate change risks and opportunities facing portfolio companies and performed qualitative scenario analysis to assess potential risks and opportunities.

We anticipate that similar information will be developed for the constituents of the Funds pool in the coming years, to broaden our scenario analysis to cover a greater proportion of our investment portfolio.

Our business operations have a modest carbon footprint when compared with the impact of our investment portfolio, with all our employees operating from a single location in central London. However, we are committed to minimising our direct impact on the environment and mitigating the risks posed by climate change. We have therefore set a target to achieve net zero Scope 1 and Scope 2 emissions (market-based) by 2030. We have already taken actions to reduce our energy usage and since 2021 our electricity supply is sourced from 100% renewable sources.

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### Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Read more in our TCFD report.

The corporate approach to risk management is covered on pages 57 to 59 of this report.

To meet the challenges presented by climate change, the global economy will need to transition to a net zero alternative, the repercussions of which will raise opportunities and risks for investments within our portfolio and for our business operations. Climate change risk management is being embedded into our existing processes.

The board sets strategy and has collective responsibility for the management, direction and performance of the business. Climate-related risks are being incorporated into our strategy and, in discharging its responsibilities, the board is ultimately accountable for the oversight of climate-related risks that could impact the business.

In recognition of the importance of climate-related risks to our business, 'ESG and climate change' has been identified as one of our principal risks. This means that actions to manage and mitigate this risk, together with key developments, are reviewed by the Audit and Risk Committee at least biannually with material changes elevated to the board for consideration. This level of review seeks to ensure full visibility at board level of any emerging climate-related risk issues.

Climate-related risks are assessed and managed in accordance with our corporate risk framework and process. Each area of the business is responsible for identifying, monitoring and reporting on relevant risks and controls, with appropriate oversight from the relevant corporate departments. We recognise that climate change is a pervasive risk across many of our principal risk categories. Across the business, senior managers are responsible for identifying these climate-related risks and assessing the impacts either to their area of investment portfolio or to their functional specialism, depending on their role.

We analyse potential climate-related risks through the lens of both physical and transition risks over the short, medium and long term, and using both internal and external analysis. Many of our key processes are being, or have been, adapted to incorporate climate-related risk assessments, including our approach to investment research and decision-making, active ownership and engagement with our investee companies and funds, and ongoing assessment and monitoring of our own business operations.

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### Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Read more in our TCFD report.

To hold ourselves accountable against our strategy, we are continuing to improve our analysis and disclose more metrics and targets where we consider these to be material. As part of this process, we will investigate options for new data sources to aid us in showing an increasingly holistic view of the carbon emissions of our investments and our own operations.

Information on specific metrics and targets are provided on pages 52 to 54. In line with SECR requirements, we have also listed our GHG data on the same pages.