

Section 172 statement

How we engage with stakeholders and make decisions

Section 172 of the Companies Act 2006 (the 'Companies Act') requires each of our board directors, individually and collectively, to act in the way they consider, in good faith, would most likely promote the long-term success of the company for the benefit of its members as a whole. In doing this they are required to have regard, amongst other relevant matters, to the:

- a. likely consequences of any decisions in the long term
- b. interests of the company's employees
- c. need to foster the company's business relationships with suppliers, customers and others
- d. impact of the company's operations on the community and environment
- e. desirability of the company maintaining a reputation for high standards of business conduct
- f. need to act fairly as between members of the company.

In discharging their duties, each director will seek to balance the interests, views and expectations of Caledonia's stakeholders, whilst recognising that every decision the board makes will not necessarily result in a positive outcome for all. However, the board's aim is to make sure that decisions are consistent and predictable. In so doing, it seeks to generate long-term compounding real returns that outperform inflation by 3%-6% over the medium to long term, and the FTSE All-Share index over 10 years. The company does not have customers. Rather, its shareholders are the stakeholders who most closely resemble customers.

In this section, we describe each of our key stakeholder groups, their importance and how we engaged with them during the year. Also provided are examples of the ways in which the board considered the interests of these stakeholders and had regard to the matters set out in section 172(a) to (f) of the Companies Act when making its decisions.

Further details on how the board operates can also be found in the Corporate governance report on page 76 and at www.caledonia.com.



Our stakeholders and their importance



Section 172 statement (continued)



Our shareholders

Why we engage	How we engage	How the board engages	Outcomes
Shareholders provide Caledonia's permanent capital and it is for their benefit that the directors are required to promote the company's success. We remain committed to a proactive and constructive dialogue with shareholders to ensure: • there is a good understanding of the company's purpose, performance and approach to environmental, social and governance matters • the board is aware of issues that are important to them.	We communicate with investors through numerous channels: • our Chief Executive Officer and Chief Financial Officer hold regular meetings with institutional investors, private client stockbrokers and fund managers, particularly following the publication of our half-year and annual results • a new programme of spotlight events for investors and analysts on each of our three pools providing insight on the investment philosophy, strategy and portfolio, the first of which was held on the Private Capital pool in January 2025 • investor conferences attended by retail investors and fund managers • regular market announcements, including monthly NAV announcements, half-year and annual results webcasts keep shareholders apprised of performance. Further details on relations with controlling shareholders can be found on page 78.	• The Chair and other non-executive directors are available to attend shareholder meetings if requested. • Caledonia's annual general meeting is an important part of our communications programme, providing directors with the opportunity to meet shareholders in person and to hear their opinions. • During the third quarter of the year, our Chair and Chief Executive Officer met with independent shareholders to seek their views on a range of matters including the possibility of taking steps to ensure that the company could continue to make share buybacks. • Views put forward by shareholders and analysts are reported back to the board, with periodic reports and presentations from the company's brokers and management on shareholder feedback and general market perception of the company.	• Shareholder perspectives and ongoing engagement are considered as part of strategy and other discussions. • During the year, work to implement changes to our investor relations and communications activities continued, to further refine our disclosures and ensure our investment proposition is well understood and recognised by the market. • Shareholder approval at the general meeting held on 18 December 2024 allowed us to continue repurchasing shares without a cap restricting the percentage of the ordinary shares that the members of the Cayzer family concert party are able to hold. • Sentiment towards investment companies, and in particular those investing in private assets, continues to weigh on discounts across the sector. We believe that the share price fundamentally undervalues the quality of the investment portfolio and its long term performance. During the year, we repurchased 1,729,061 shares at an average discount of 33.7%, resulting in a 59.2p accretion to NAV per share. • In making its decision regarding the 2025 interim and final dividends, the board considered shareholders' expectations, the net revenue generated by the company and the capacity of the company to pay dividends out of free cash flow, taking into account future dividend liquidity requirements and availability. • The board intends to increase future interim dividends to 50% of the prior year's total annual dividend, ensuring a more balanced dividend profile and providing a more predictable income stream to our shareholders. • The board is recommending a 10:1 share split to shareholders for approval at the 2025 annual general meeting. This will reduce the nominal value of ordinary shares from 5p to 0.5p and is expected to improve affordability and flexibility for smaller shareholders.



Our people

Why we engage	How we engage	How the board engages	Outcomes
Our team is key to delivering long-term performance. Recruiting, retaining and developing engaged and experienced employees who share our values and culture is central to delivering Caledonia's purpose.	We encourage honest and open communication, both formally and informally, to ensure employees remain closely involved with the success of the business. Further details on our workplace can be found on page 62.	• Caledonia has a small number of employees which enables regular formal and informal access to board directors, irrespective of seniority, together with frequent colleague involvement in board and committee meetings. As such, the board believes that these existing arrangements are effective and therefore the methods for workforce engagement suggested by the UK Corporate Governance Code are not necessary. • Formal periodic reports on staff-related matters, including any instances of concerns or grievances raised and suggestions received for improvements to the workplace culture, assist the board in understanding the views of employees.	• This year we launched our second colleague engagement survey to help us better understand the views of our employees and how we can continue to develop and improve. We are pleased that 92% of colleagues responded to the survey and their feedback will help shape our plans over the next two years. • Following shareholder approval at the 2024 annual general meeting, we will launch our all employee Share Incentive Plan in Summer 2025. This is an HMRC approved plan and will offer all employees, irrespective of seniority, the opportunity to build up a tax efficient equity stake in the company.



Section 172 statement (continued)



Our portfolio companies and funds

Why we engage	How we engage	How the board engages	Outcomes
Our portfolio companies, both public and private, and private equity funds provide the source of returns to our shareholders.	Our focus remains on long term careful stewardship to create value for our shareholders. We seek to build rewarding relationships with, and a deep understanding of, our investments. Public Companies • We use in-house and third party research to closely monitor the performance of companies in the Income and Capital portfolios. • Meetings with management teams are an important part of our ongoing stewardship activities. • We make considered use of our voting rights at all shareholder meetings. Private Capital • Our employees serve as non-executive directors on the boards of portfolio companies in which we hold a significant investment, providing oversight and helping to ensure that our board is kept apprised of key developments and the views of a broader group of stakeholders. Funds • Alongside proactive monitoring of fund performance, we are represented by employees on numerous advisory committees established by the managers of the funds in which we invest. • A regular programme of meetings with fund general partners, other limited partners and investee businesses enables us to gain real insight into the ongoing management of our portfolio. Further details on our stewardship activities can be found on page 46.	Decision making is supported by comprehensive regular reporting to the board by the Heads of Public Companies, Private Capital and Funds, supported by members of their respective teams. Private Capital • Our programme of presentations from the leadership of portfolio companies provides directors additional insight to assist with investment decision-making. • In January 2025, the directors attended a conference and dinner with portfolio company management, which included business presentations and provided the opportunity to meet a broader group of senior management. • Following the acquisition of AIR-serv Europe, the board received a series of presentations from management providing an overview of the business and attended a tour of its Wigan site, providing first hand insight into the day to day operations of the business.	Public Companies • Over the course of the year, the team attended over 30 meetings with portfolio company management and used their voting rights at all shareholder meetings. Private Capital • As part of our long-term approach to investment, close engagement with our Private Capital companies contributes to a strong governance framework to support growth and create value. • Caledonia acquired a majority stake in Direct Tyre Management Limited, the UK's leading independent provider of outsourced tyre management services to fleet operators during the year. The acquisition was consistent with Caledonia's strategy of investing in quality, robust, well established private companies, with proven management teams, and seeking a long-term supportive shareholder. Funds • Over the course of the year, the team has attended in excess of 150 meetings with our portfolio fund managers, including annual meetings, advisory board meetings, in-person meetings in the UK, Asia or North America and virtual meetings held online.



Community

Why we engage	How we engage	How the board engages	Outcomes
We look to support the communities in which the company and our investee companies operate and charities which resonate with our history, values, culture and team. We support advancing new talent and social mobility within the investment management industry.	Charitable giving The Caledonia Investments Charitable Foundation ('Foundation') is the focus for Caledonia's charitable activity, providing support to many good causes each year. The company made a grant of £300,000 to the Foundation during the year. Volunteering As part of our ongoing charitable commitment and to further encourage employees to support the Foundation, together with other charities and good causes, we provide up to two additional days of leave each year to employees so they can volunteer their time. Intern and alumni programme With support from an independent facilitator and involvement from employees across the business, the programme provides interns with an invaluable insight into Caledonia, the investment management industry and helps build skills for their future careers. Further details on our community activities can be found on pages 58 to 60.	Charitable giving The Foundation reports formally on its activities to the board each year. Intern and alumni programme Each year, one of our non-executive directors is invited to participate in an event in which our interns pitch their investment ideas at the end of their month long programme.	Charitable giving Numerous charities received varying levels of support over the year. Notable multi-year donations were provided to: - the Cornwall Community Foundation which seeks to improve the lives of individuals within Cornwall - the Maritime Volunteer Service to purchase equipment and to train its members in maritime, engineering, operations and communications skills. A donation was also provided to Horatio's Garden for the continued development of gardens in NHS spinal injury wards, which marked the end of the Foundation's multi-year commitment. Other notable donations included those to Joshua Orphan and Community Care, supporting community-driven sustainable projects in Malawi, and The Passage, a UK charity working to prevent and end street homelessness. Volunteering Employees support the Foundation, charities and other good causes by volunteering their time, alongside fundraising and participating in charitable events. Intern and alumni programme 12 successful candidates who aspire to have a career in investment management were offered places on our annual internship programme. - Our intern alumni programme helps to foster enduring relationships with our interns as they begin their careers and provides us with access to potential future talent and networks.



Suppliers

Why we engage	How we engage	How the board engages	Outcomes
We value long-term supplier relationships built on transparency, reliability and quality to support our investment activities.	We benefit from good relationships, often built over many years, with suppliers and advisers who share our values.	The board is informed on key supplier matters where relevant.	We operate clear payment practices to ensure fair and prompt payment for the goods and services we receive. We agree payment terms when contracting with suppliers and abide by them when we are satisfied that we have received the goods or services in accordance with the agreed terms and conditions. Whilst we are not a signatory of the UK Prompt Payment Code, we paid more than 82% of our supplier invoices within 30 days during the year, with 94% paid within 60 days.