

## Corporate governance report *continued*

### Governance framework

#### THE BOARD

The board as a whole is collectively responsible for the success of the company and for supervising its affairs. 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. It also defines the company's purpose and culture, and sets the company's values and standards to ensure that its obligations to its shareholders and other stakeholders are understood and met. It aims to provide leadership of the company within a framework of prudent and effective controls, which enables risk to be assessed and appropriately managed.

##### CHAIR

The Chair is primarily responsible for the leadership of the board to ensure that it carries out its role effectively and for succession planning.

##### CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for the implementation of the board's strategy, policies and the management of the company's activities, other than those matters specifically reserved for the board.

##### SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director is responsible for providing a sounding board for the Chair and, if necessary, to serve as an intermediary for the other directors and shareholders.

#### BOARD COMMITTEES

##### NOMINATION COMMITTEE

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##### AUDIT AND RISK COMMITTEE

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##### GOVERNANCE COMMITTEE

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##### REMUNERATION COMMITTEE

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##### DISCLOSURE AND DELEGATION COMMITTEE

Deals with routine administrative matters or matters for which board approval has already been given in principle. It also considers potential disclosure matters as required.

#### MANAGEMENT COMMITTEES

##### INVESTMENT COMMITTEE

Considers and formally approves new investments and proposed realisations. Other matters considered include the day to day management of the company's business where not delegated elsewhere.

##### VALUATION COMMITTEE

Formally reviews valuations of all of the company's investments at each half-year and full-year end. Meetings are observed by representatives from the external auditor.

##### PRIVATE CAPITAL INVESTMENT COMMITTEE

Reviews the management of investments held within the Private Capital pool and considers potential Private Capital transactions.

##### INVESTMENT MANAGEMENT COMMITTEE

Considers matters relating to the company's investment portfolio.

##### OPERATIONAL RISK COMMITTEE

Considers the company's overall risk strategy, reviews internal control systems, and develops and implements the procedures for detecting fraud and preventing bribery.

##### RESPONSIBLE INVESTMENT / CORPORATE WORKING GROUP

Advises and assists in the development and implementation of Caledonia's approach to sustainability matters, including climate-related issues.

##### IT/AI WORKING GROUP

Cross-functional working group established to review, advise and assist in the development and implementation of IT and AI policy and new technology.

#### INVESTMENT TEAM

### The board

#### Overall responsibility and operation

As part of the company's governance framework, which is summarised here, 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 to executive management. Matters reserved for the board's own decision include the following:

- Responsibility for the company's strategy, values and culture
- Approval of the company's half-year results, full-year results and annual report
- Approval of the company's dividend policy and dividend distributions
- The appointment, re-appointment and removal of the external auditor
- The appointment and removal of directors of the company, as prescribed by the company's articles of association, and of certain other executives, including the Company Secretary
- The terms of reference of board committees and the membership thereof
- Directors' remuneration and terms of appointment
- Setting annual budgets
- The company's systems of risk management and internal control, including procedures for detection of fraud and prevention of bribery
- Responsibility for the company's arrangements to enable its employees to raise any matters of concern
- Treasury policies, banking counterparties and counterparty exposure limits
- Significant capital transactions
- Political donations