

## Stakeholder engagement

# Our framework for stakeholder dialogue



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(1)(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 67 and at [caledonia.com](http://caledonia.com).

Stakeholder engagement *continued*

## How stakeholder insights shape our decisions

How the board spent its time in 2026

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## 1 SHAREHOLDER INITIATIVES

## Addressing the discount

The board regularly considers what additional steps could be taken to address the discount.

**Context**

Over the year the average share price discount to net asset value ('NAV') was 34.0%, widening significantly in March 2026 and ending the year at 43.4%. Sentiment towards investment companies, and in particular those investing in private assets, continues to weigh on discounts across the sector.

**Board considerations**

The board believes that the share price continues to undervalue the quality of Caledonia's portfolio and its long-term performance track record. It regularly considers what additional steps could be taken to address the discount.

The board remains committed to a progressive dividend policy which aims to increase annual dividends by at least the rate of inflation over the long term. To improve accessibility to a wider range of investors, a share split was completed in the year. The interim dividend was re-profiled to provide shareholders with


a more predictable and balanced income stream. Both these measures make dividend re-investment easier.

In considering whether to undertake share buybacks, the board takes into account the liquidity of the company's shares, the need to remain appropriately invested in the portfolio and the level of any discount at which the shares trade relative to NAV per share.

**Outcome**

The board has recommended a final dividend of 4.00p per share for the year ended 31 March 2026 which, if approved by shareholders, represents a full-year dividend of 7.68p per share. This is an increase of 4.4% when compared to the previous year, meaning 59 consecutive years of increased annual dividends. In 2025 we re-profiled the interim dividend to 50% of the prior year's total and implemented a 10:1 share split. During the year, £34.6m was allocated to purchase and cancel 9,465,511 ordinary shares at an average discount of 34.7%, generating 3.49p of NAV per share accretion.

**RELEVANT STAKEHOLDERS**

 Our shareholders

## 2 ENHANCED COMMUNICATIONS

## Investing in our brand, digital presence and communications

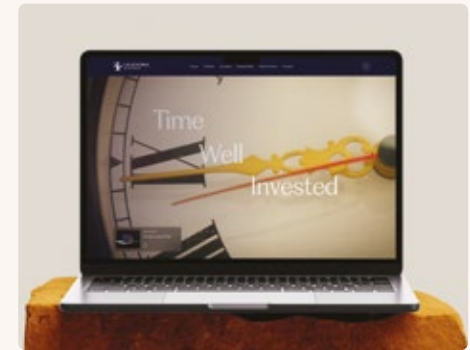
To ensure our investment proposition is well understood and recognised by the market.

**Context**

Building on improvements made to our investor relations and communications activities in 2025, in November 2025 we launched a refreshed Caledonia brand and digital presence, designed to better reflect who we are today and how we deliver value for tomorrow. The new visual identity, website and communications framework were shaped by feedback from stakeholders, ensuring our brand is clear, accessible and aligned with our long-term strategy.


**Board considerations**


The board considered the approach being taken to modernise Caledonia's brand and digital channels, recognising that effective communication is essential to long-term value creation. The investment required was balanced with the benefits of increased stakeholder engagement, improved accessibility and a stronger competitive position.


**Outcome**

Our programme of 'spotlight' events for investors and analysts provided insights on the investment philosophy, strategy and portfolio of each of our three investment pools. The refreshed brand and digital presence have already strengthened our engagement with shareholders, portfolio companies and wider stakeholders. The updated website offers greater clarity and accessibility, while the new brand identity has enhanced visibility and consistency across all channels.

**RELEVANT STAKEHOLDERS**

 Our shareholders

 Our portfolio companies and funds

 Our suppliers

## Stakeholder engagement *continued*

# How we engage with our key stakeholders



## Our shareholders

### Why we engage

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 them 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

### How we engage

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 programme of 'spotlight' events for investors and analysts continued during the year, with events held on the Private Capital pool in January 2025, the Public Companies pool in June 2025 and the Funds pool in January 2026
- Our refreshed website was launched in November 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

Relations with shareholders

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### How the board engages

- 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 year, our Senior Independent Director led a consultation with major shareholders ahead of the appointment of Will Wyatt as David Stewart's successor as company Chair. These shareholders were also provided with the opportunity to meet Will as part of this process
- Views put forward by shareholders and analysts provided 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

### Outcomes

- Shareholder perspectives and ongoing engagement are considered as part of strategy and other discussions. The outcomes for the year of the share buyback programme and progressive dividend policy are set out on page 100
- A 10:1 share split was implemented on 25 July 2025, reducing the nominal value of our ordinary shares from 5p to 0.5p and improving affordability and accessibility for smaller shareholders
- During the year, enhancements to our investor relations and communications activities continued to ensure our investment proposition is well understood and recognised by the market
- Major shareholders expressed broad support for Will Wyatt's appointment as Chair through the consultation process



## Our portfolio companies and funds

### Why we engage

Our portfolio companies, both public and private, provide the source of returns to our shareholders.

### How we engage

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

### How the board engages

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. The board also receives presentations from the leadership of portfolio companies, providing directors additional insight to assist with investment decision-making.

### Outcomes

#### Public Companies

- Over the course of the year, the team attended over 50 meetings with portfolio company management and used their voting rights at all shareholder meetings

#### Private Capital

- Our active partnership model means we maintain regular, close engagement with our Private Capital companies throughout the year
- In January 2026, 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

#### Funds

- Over the course of the year, the team attended in excess of 180 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

Our stewardship activities

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## Stakeholder engagement *continued*

### Our people

#### Why we engage

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.

#### How we engage

We encourage honest and open communication, both formally and informally, to ensure employees remain closely involved with the success of the business. We carry out a biennial colleague engagement survey to help us better understand the views of our employees and how we can continue to develop and improve. In our most recent survey in 2025, 96% of employees who responded recommended Caledonia as a "great place to work".

#### How the board engages

- 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 employee related matters, including any instances of concerns or grievances raised and suggestions for improvement, assist the board in understanding the views of employees

#### Outcomes

- Our all-employee share incentive plan was launched in summer 2025, offering all employees, irrespective of seniority, the opportunity to build up a tax efficient equity stake in the company
- We implemented pension salary sacrifice in 2025, enabling employees to make personal pension contributions in a more tax efficient way

Our people and culture

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### Our communities

#### Why we engage

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.

#### How we engage

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.

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.

Our intern and alumni programme, supported by an independent facilitator and with involvement from employees across the business, provides participants with an invaluable insight into Caledonia and the investment management industry and helps build skills for their future careers.

#### How the board engages

The Foundation reports formally on its activities to the board annually. 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.

#### Outcomes


Numerous charities received varying levels of support over the year. Notable multi-year donations were provided to:

- The Royal Marines Charity to support the charity's mental health and addiction support services for both serving and former marines
- OCD Action to support their new initiative, The Bridge, which has been created to support people while they wait for treatment
- Been There, a charity that supports adults struggling with body image issues by connecting them with vetted, trained mentors through a mobile app
- The Countryside Education Trust to support the charity's long-term sustainability

Other notable donations included those to Joshua Orphan and Community Care, supporting community-driven sustainable projects in Malawi, and Westminster Chapel to enable construction to be undertaken at the Westminster Foodbank.

14 successful candidates who aspire to have a career in investment management participated in our annual internship programme in summer 2025. Our intern alumni programme continues to foster enduring relationships with those who have interned with us.

Our community activities

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### Our suppliers

#### Why we engage

We value long-term supplier relationships built on transparency, reliability and quality to support our investment activities.

#### How we engage

We benefit from good relationships, often built over many years, with suppliers and advisers who share our values.

#### How the board engages

The board is informed on key supplier matters where relevant.

#### Outcomes

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 87% of our supplier invoices within 30 days during the year (2025: 82%), with 96% paid within 60 days (2025: 94%).