CALEDONIA
INVESTMENTS
Time Well Invested

TCFD Report 2025

Year ended 31 March 2025

CALEDONIA
INVESTMENTS
Time Well Invested

Contents

Sustainability

We are committed to building our business for the long term. To this end, we consider the sustainability of the investments we make and aim to operate our business in a sustainable manner.

Our approach includes addressing the climate challenge in a positive way, engaging and encouraging the companies and funds in which we invest to establish net zero targets and implement plans for meeting their commitments.

The purpose and scope of this report

The purpose of this report is to provide our shareholders and other stakeholders with a better understanding of our exposure to climate-related risks, our strategic resilience to these risks and the climate-related opportunities for our business.

This report is our response to, and is consistent with, the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').

It sets out an explanation of how Caledonia Investments plc ('Caledonia') is progressing on the assessment, management and governance of climate-related risks and opportunities for both our investment portfolio and our business operations.

Progress is described in accordance with each of the four TCFD reporting pillars –

Governance, Strategy, Risk management and Metrics and targets. This report supplements the summary disclosures in our 2025 Annual Report. A summary against the core recommendations can also be found in Appendix I.

TCFD reporting pillars

Governance
Disclose governance around climate-related risks and opportunities.

Strategy
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy and financial planning.

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

Metrics and targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Our investment portfolio
We aspire to invest in long-term, sustainable businesses. Understanding the impact of climate-related factors on earnings and the extent to which these are reflected in valuations will become increasingly important. The key role which we can play is to engage with and encourage the companies and funds in which we invest to establish net zero targets and put robust plans in place for delivery.

Our business operations
We seek to operate our business in an efficient manner and to reduce our climate impact where feasible. We are committed to reducing our direct environmental impact and managing the risks associated with climate change.

Our role in addressing the climate challenge

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

The climate challenge and the transition to net zero

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

As a company committed to sustainability, we plan to continue to reduce our operational carbon footprint with relevant targets and plans. However, our biggest environmental impact is through the companies we own and funds we invest in. For this reason, we focus on engaging with our investee companies and funds. Our role as an active owner provides the opportunity to challenge and drive change across multiple businesses and sectors in pursuit of superior risk-adjusted returns.

Our approach

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. We recognise that the pace of planning and delivery of this commitment will vary across our investment portfolio, and we anticipate that there will be some businesses that will achieve this target more swiftly. We will keep this commitment under review as we gain confidence in the ability of our underlying holdings to achieve the target more rapidly. We continue to make progress in implementing suitable reporting to enable us to monitor and track progress of our underlying portfolio.

We intend to use our position as an investor to encourage progress on reaching net zero. Where we own listed securities, 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.

For the private businesses where we own significant positions, we will seek to ensure that these companies understand and manage their own environmental impacts and encourage them to invest in suitable technology to improve energy efficiency and make a successful transition to renewable energy and a low carbon future.

For our fund investments, we will encourage managers to consider the risks and opportunities presented by climate change in their investment selection process and in the future to promote initiatives to reduce emissions from the businesses within their funds.

For our business operations we are seeking to achieve net zero emissions for Scope 1 and Scope 2 (market-based) by 2030. Excluding our investment portfolio, our Scope 3 emissions principally arise from business-related international air travel.

Governance

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. Caledonia has a well-defined governance framework, appropriate for a relatively small business, based on delegated authority.

In this TCFD reporting pillar we have described Caledonia's governance around climate-related risks and opportunities. The key topics covered in this section are:

a. the board's oversight of climate-related risks and opportunities

b. management's role in assessing and managing climate-related risks and opportunities.

The board's oversight and activities

The board is responsible for approving Caledonia's strategy, including sustainability and climate-related risks and opportunities. The board has delegated overall responsibility for the delivery of the strategy to the CEO. Our governance and reporting frameworks enable the board to have oversight of the climate-related risks and opportunities which could impact our business.

The board is updated periodically on progress of the Responsible Investment/Responsible Corporate ('RI/RC') Working Group. Chaired by the CEO, it advises and assists in the development and implementation of Caledonia's approach to sustainability matters and climate related issues. During the year the RI/RC 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 board conducts deep-dive reviews of the activity and performance of each of Caledonia's three investment pools annually. To provide enhanced visibility and monitor progress, an assessment of climate-related risks and opportunities, together with appropriate metrics, is incorporated into reporting.

The board reviews and approves Caledonia's approach to TCFD-aligned disclosures alongside other reporting, supported by the work of the Audit and Risk Committee ('ARC'). The board has also approved this TCFD Report.

Risk management

We have a risk management framework in place to identify risks and opportunities. Risks associated both with our investment portfolio and our operations, including those that are climate-related, are reviewed and discussed with the ARC at least biannually. The board receives a high-level summary of this review process and debates any principal or emerging risks, agreeing appropriate management and mitigation actions.

Oversight of our investments

The CEO, supported by the Investment Committee ('IC'), is responsible for developing and implementing our investment strategy and the day-to-day management of risks and opportunities in our portfolio, including those linked to climate change.

The IC considers and formally approves new investments, taking into account a broad range of risks and opportunities, including those which are climate-related. New investment proposals include consideration of ESG related factors. The IC also monitors performance and risk across the three investment pools. The CEO reports formally at each board meeting, including key decisions made by the IC, and where appropriate highlights any key risks and mitigations which have been identified.

Oversight of our business operations

Day-to-day accountability for the management of our business, including sustainability and the impact of climate change, is held by the CEO, supported by the key functional managers responsible for business operations. These include the Chief Financial Officer ('CFO'), the Company Secretary and the Facilities Manager. The key areas for continued focus include improvements to the efficient operation of our office building, provision of less carbon-intensive IT services, together with improving business resilience, alongside exploring options to manage the impact of business travel. These activities are reviewed by the senior management team and reported to the board.

Training

We operate an induction programme for all new board directors. This helps familiarise them with their duties and Caledonia's culture, strategy, business model, risk management and governance arrangements. The induction process is regularly reviewed to ensure it remains appropriate. Committee briefings are provided as new members are appointed.

Training and knowledge-building sessions on Environment, Social and Governance ('ESG') matters, including climate change, to improve understanding and awareness of the potential impact on the investment portfolio and business operations is arranged for our investment teams, drawing on the work of the RI/RC Working Group.

Remuneration

The remuneration structure for our executive directors includes two variable pay elements:

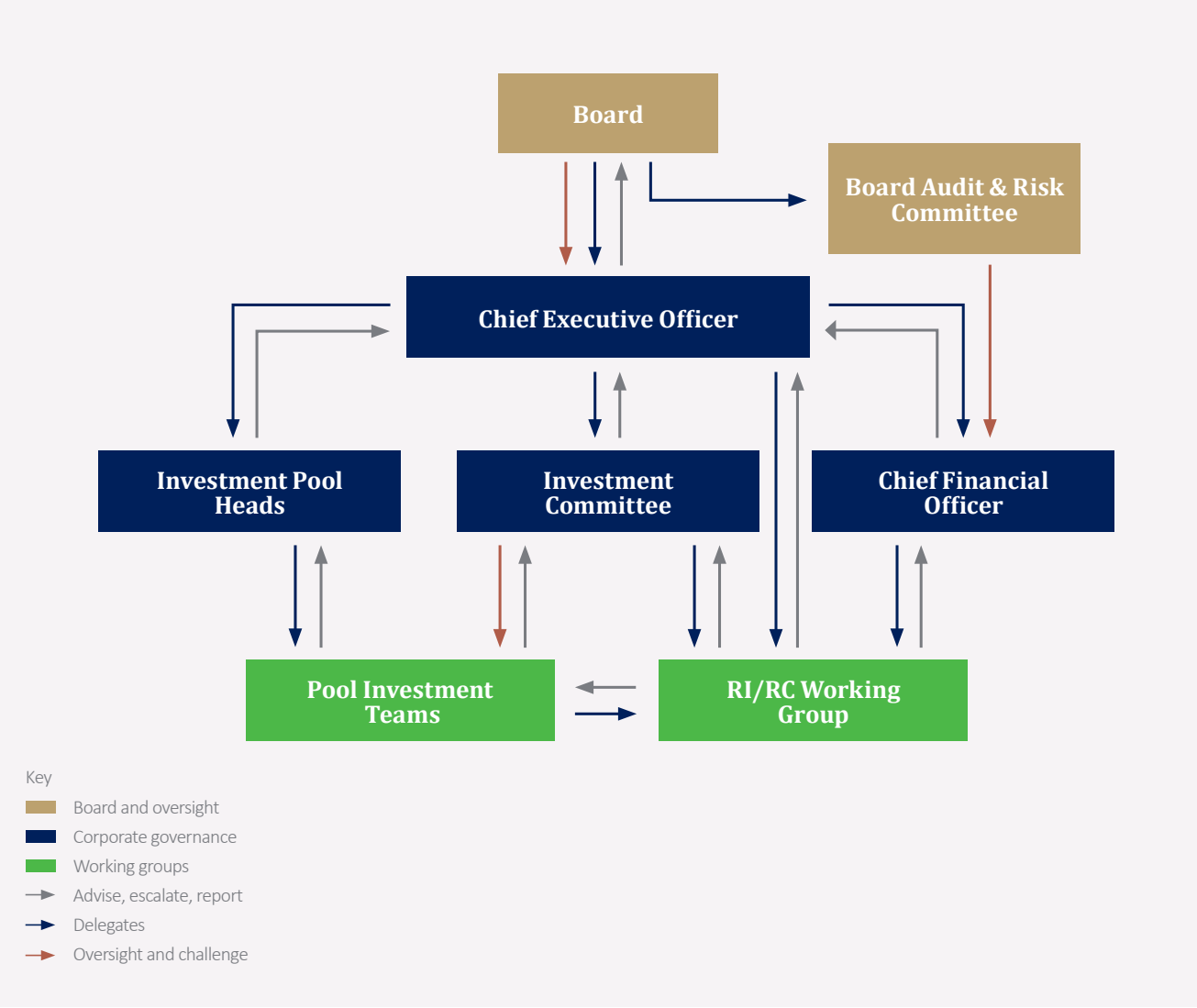
a. short-term incentive (bonus) to reward performance on an annual basis against key financial and personal objectives

b. long-term incentive to motivate the delivery of long-term shareholder value.

The structure of the annual bonus includes an assessment of delivery against personal objectives, which include elements related to responsible investment and being a responsible corporate.

Climate governance structure and management's role

Assessments of climate-related risks and opportunities are incorporated within our business strategy. The board delegates specific responsibilities to its committees and the CEO, who may delegate further. These have been embedded into our existing governance structure, which has been augmented by the RI/RC Working Group, as illustrated adjacent.



Further information on each of the committees is provided on the following page.

Committee	Committee Information	Description
Board Audit and Risk Committee ('ARC')	**Chair** Independent non-executive director **Membership** Independent non-executive directors **Meetings** A minimum of three per year	The ARC is responsible for financial reporting, risk management and internal controls, and external audit. The ARC receives reports on principal and emerging risks at least biannually and provides an update to the board on its activities. Climate-related risks are included in the principal risks for the business.
Investment Committee ('IC')	**Chair** CEO **Membership** Investment pool heads and those leading an investment strategy, the CFO and the Company Secretary **Meetings** Regularly throughout the year	The IC considers and formally approves new investments and realisations, taking into account a broad range of risks and opportunities, including those which are climate-related. Other matters considered include the day-to-day management of the company's business where not delegated elsewhere.
Responsible Investment/Responsible Corporate ('RI/RC') Working Group	**Chair** CEO **Membership** Senior representatives from each investment pool, the CFO, the Company Secretary and other key corporate managers **Meetings** Monthly	The RI/RC Working Group advises and assists in the development and implementation of Caledonia's approach to sustainability matters which includes climate-related issues. The board is updated periodically on progress and receives updates from each of the three investment pools regarding climate-related matters and on progress against climate targets annually.

Strategy

Our business is impacted by a broad range of risks and opportunities. This reflects the diverse nature of our investment portfolio. 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 from 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.

For our Private Capital pool, we have assessed key climate related risks and opportunities facing our portfolio companies through qualitative scenario analysis. During the year we continued to progress our analysis working with companies within the Private Capital pool to enhance our reporting to include their CO_2 emissions intensity. The results are included in the Metrics and targets section on page 33.

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.

In this TCFD reporting pillar we have described:

a. the climate-related risks and opportunities we have identified over the short, medium and long term

b. the impact of climate-related risks and opportunities on our business, strategy and financial planning

c. the resilience of our strategy, taking into consideration, where feasible, different climate-related scenarios, including a 2°C or lower scenario.

We have sought to address each of these three elements in respect of both our investment portfolio and our own operations in the following pages.

Our investment portfolio

Our strategic aim is to achieve capital appreciation and dividend growth for our shareholders over the long-term through disciplined investment and careful stewardship of the assets in our portfolio.

We invest across three asset pools: Public Companies, Funds and Private Capital. While each pool has its own strategic allocation of capital, investment strategy and target return, all adhere to a common set of investment principles, including environmental responsibility, which shapes our responsible investment approach.

Our investment portfolio is well-diversified across the pools, with limited direct exposure to carbon-intensive sectors such as oil and gas and industrials.

Each year we carefully select a small number of new investments in proven, well-managed and sustainable businesses across a wide range of industry sectors and geographies. We seek to avoid investment in businesses that cause material harm to the environment unless they have a clear strategy to reduce their impact over time.

Climate-related risks and opportunities

As a long-term investor, we believe it is important to consider all risks and opportunities (including those which may arise from climate change) in our investment approach for both new and existing investments which could have a material financial impact on long-term investment returns. Climate-related risks have been considered in the context of two major categories, in line with TCFD guidelines:

- **Physical risks:** risks related to the physical impact of climate change which can be caused by acute weather events (for example cyclones, hurricanes, or flooding) or longer-term changes in climate patterns (for example sustained higher temperatures)
- **Transition risks:** risks arising from changes in policy, laws, regulations, technology and market demand or market perception driven by the transition to a lower-carbon economy.

We have sought to identify the key physical and transition risks and their potential financial impact on our investment portfolio and on Caledonia as a whole, over the following time horizons:

- 0 to 5 years (short term)
- 6 to 10 years (medium term)
- 10+ years (long term)

These time horizons are aligned with our investment portfolio, our long-term investment horizons together with our wider business planning.

To help determine the climate related risks and opportunities which could have a material financial impact on our investee businesses (and in turn our investment returns), we considered our investment portfolio's exposure by location and industry as at 31 March 2025.

For our Public Companies pool, we do not anticipate this exposure changing significantly in the future as we believe having a portfolio of well-diversified businesses, held on a long-term basis, is key to optimising and sustaining long-term investment returns. For our Private Capital pool, this exposure could change in the future as we invest and divest portfolio companies.

(i) Climate Risks

The table below lists the key climate-related risks we have identified for both our Public Companies and Private Capital investments.

Risk	Description	Impact on investee companies	Impact on Caledonia
Transition risk: Policy and legal	Risk arising from changes in climate change regulations and reporting requirements	• Decreased revenues due to reduced customer demand • Increased operating costs due to higher legal and compliance costs • Decreased company valuation	• Lower investment returns
Transition risk: Technology	Risk from failing to substitute existing goods/services with lower-emission options and invest in lower-carbon energy efficient technologies	• Increased capital investment in new technologies • Write-offs and early retirement of existing assets • Decreased revenue due to reduced customer demand for high-carbon goods and services • Decreased company valuations	• Lower investment returns • Increased cash requirements to support investee businesses
Transition risk: Market	Risk arising from changes in the market including customer behaviour and cost of raw materials	• Decreased revenues due to reduced customer demand • Decreased gross margins due to changes in product mix • Increased operating costs – for example waste treatment • Decreased company valuations	• Lower investment returns
Transition risk: Reputation	Risk of negative reputational considerations as a result of the transition, including shifts in customer preferences and sector stigmatisation	• Decreased revenues due to reduced customer demand • Increased marketing costs to address reputational weakness • Decreased employee retention • Decreased company valuations	• Lower investment returns
Physical risk	Risk from acute or chronic changes in climate patterns	• Decreased revenues due to lower production driven by supply chain disruption • Increased operating costs due to higher insurance premiums • Increased capital expenditure due to damaged facilities • Decreased company valuations	• Lower investment returns • Increased cash requirements to support investee businesses

In the short term, we anticipate the key risks to our portfolio will be driven by regulation and changing consumer behaviour as the world transitions to a lower-carbon economy. Although the timing and severity of these transition risks remains uncertain, it appears likely that these will have a significant effect on high carbon-emitting industries (for example oil and gas) and geographically exposed regions. Historically, Caledonia has had very low exposure to these sectors and regions.

In the medium to long term, physical risks appear likely to be more prevalent as acute and chronic changes to climate patterns become more severe and frequent. This type of event could impact our investment portfolio both directly (for example by damaging premises) and indirectly (for example through supply chain disruption). However, the severity and scope of impact will largely depend on the sector and geographical exposure of our investment portfolio.

(ii) Climate Opportunities

There are various opportunities arising from climate change which could benefit our investment portfolio in the short, medium and long term, which are outlined in the table adjacent. The timing and magnitude of the benefit to our business will be determined by the ability and willingness of our investee companies to exploit the opportunities that arise and the competitive environment in which they operate.

We anticipate that technological advancements may pose a challenge in the short term for some investee companies, but we believe that all should be able to capitalise on lower-carbon, energy efficient technologies in the medium term.

Opportunity	Description	Impact on investee companies	Impact on Caledonia
Resource efficiency	Develop more efficient production and distribution processes and reduced water usage	• Decreased operating costs due to efficiency improvements • Increased revenues due to enhanced production capacity • Increased value of fixed assets	• Increased investment returns
Energy source	Switch to lower emission energy sources	• Decreased operating costs	• Increased investment returns
Products and services	Develop lower emission products and services – capitalise on shifting consumer preferences	• Increased revenue due to increased demand for products • Improved market reputation	• Increased investment returns
Markets	Diversify business activities into new markets which benefit from the transition to a lower carbon economy	• Improved market share	• Increased investment returns

1. Scenario analysis – Resilience assessment

Over the last decade we have seen extreme weather events become all too frequent. Climate change has been on the top of many government agendas across the globe. However, progress to address this issue has been slow. The speed of transition to a low carbon economy could have various implications for our investments.

We have undertaken a scenario analysis to consider a range of possible outcomes on our investments under various climate scenarios and to assess the resilience of our Public Companies and Private Capital investments to climate-related risks.

a) Public Companies pool

To assess the resilience of our investments in the Public Companies pool we used the MSCI One platform to collate data currently available for each company within the pool. The analysis, considered exposure to physical risks, transition risks and technology opportunities, together with the potential financial impact under various climate scenarios. The MSCI One platform Climate Value at Risk ('VaR') model provided us with full coverage of the listed securities held in the pool. We have not sought to verify the underlying data used in MSCI's Climate VaR model and assume no responsibility for the accuracy or completeness of this data.

MSCI's Climate VaR model assessed, for each portfolio company, the potential impact of physical and transition risks and opportunities until the end of the century under multiple climate scenarios and converted this into a monetary value. This allowed us to identify investments which are either less resilient to climate change or could potentially benefit from climate change and take appropriate action to protect and sustain long-term investment returns (see 'Our approach to managing climate-related risks and opportunities' on page 20).

(i) Physical risks methodology

To determine the impact of physical risks on individual companies in the Public Companies pool, we considered each company's current exposure to ten climate-related hazards which varied depending on sector and geographical location of the facilities owned or used by each company. The climate-related hazards covered five acute risks (for example wildfires and tropical cyclones) and five chronic risks (for example extreme heat and cold), under the Network for Greening the Financial System ('NGFS') Orderly scenario (as described below). MSCI's Climate VaR model calculated how this exposure may change from today's climate to one in 2100 under the following scenarios:

- **Average scenario:** the most probable scenario calculated on the expected average value of the cost distribution.
- **Aggressive scenario:** the worst-case scenario based on the 95th percentile of the cost distribution. It assumes the most significant physical impacts as a result of an increase in the frequency and severity of extreme weather events.

The climate exposure impact is then converted to a financial impact and aggregated across all the facilities of each company within our Public Companies pool.

(ii) Transition risks methodology

To assess the financial impact of transition risks and opportunities for the Public Companies pool, we considered the current exposure of each portfolio company to changes in:

- **Policy** (across Scope 1 and Scope 2 carbon emissions)
- **Technology**

A company's exposure to more qualitative factors, such as changing consumer behaviour (**Market** risk) or market perception (**Reputational** risk) is not factored into MSCI's Climate VaR model.

The exposure to changes in policy and technology varied depending on each portfolio company's sector and geographical location and the Nationally Determined Contribution pledges. The financial impact resulting from each company's exposure to these transition risks was based on the projected costs of policy actions to limit global warming and the projected revenues from technological advancements which were calculated using technology and policy-based carbon price estimates.

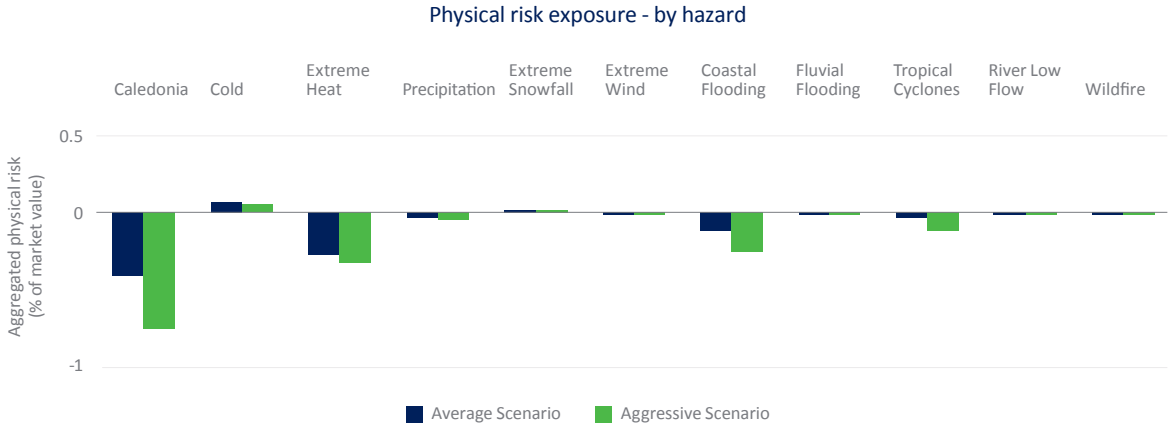
Using MSCI's Climate VaR model we were able to assess how each portfolio company's current exposure to the above transition risks may change from today's climate to one in 2100 under three NGFS scenarios. These scenarios assume different global temperature and emission trajectories, energy demand and prices.

- **Orderly:** Limits global warming to 1.5°C through early adoption of climate policies which gradually become more stringent. It assumes carbon emissions will sharply decline between 2020-2050, reaching carbon neutrality by 2055 after which they become negative until 2100. Companies in carbon-intensive sectors, such as oil and gas, would be particularly affected due to falling demand for their products/services and rising carbon prices.
- **Disorderly:** Like the Orderly scenario, global warming is limited to 1.5°C and net zero is reached around 2055, but there is a delay and divergence of the climate policies being introduced across countries and sectors. This results in a delayed but more severe transition impact driven by higher carbon prices from 2030 onwards compared with the Orderly scenario.
- **Hot House:** Assumes world temperature increases to 3°C above pre-industrial levels due to insufficient climate policies. Carbon emissions remain constant between 2020-2030 and then gradually decrease but fail to reach zero by 2100. Future carbon prices are unlikely to change and therefore the transition impact is negligible under this scenario. However, without appropriate policy action it is likely that the physical risk will be greater.

(iii) Scenario Analysis

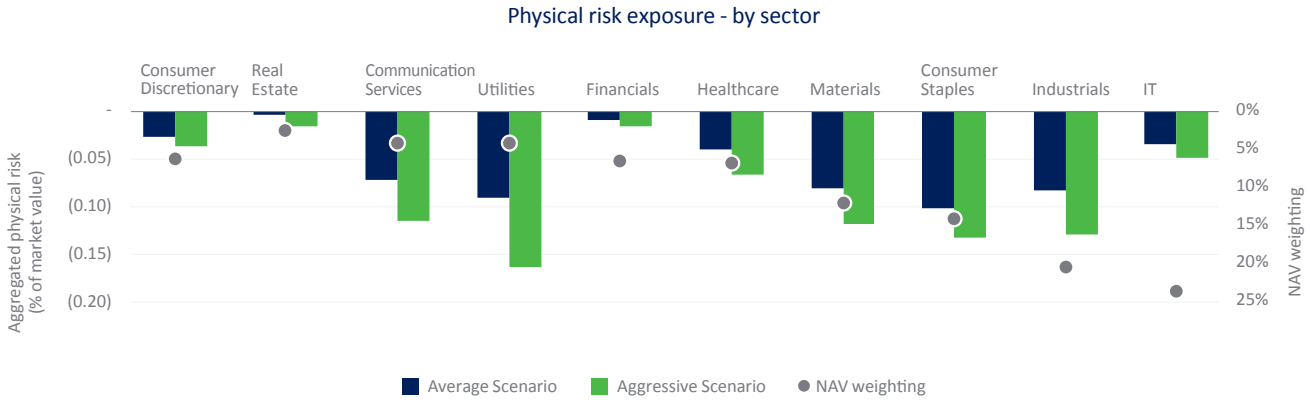
Physical risks

Based on our scenario analysis we observed that the Public Companies pool is susceptible to extreme heat and coastal flooding.

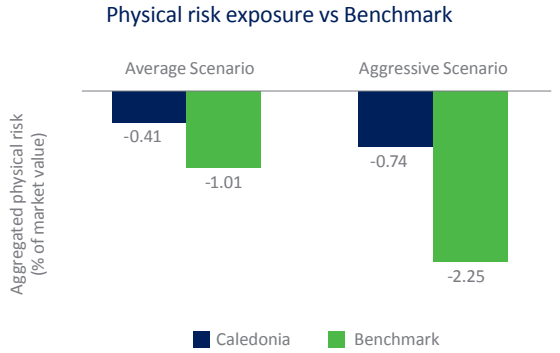


Companies with a large physical footprint such as those sectors operating in utilities, consumer staples, materials and industrials will be the most at risk from these extreme weather events. However, the financial impact on our portfolio (even under the Aggressive scenario) is estimated to be c.0.7% given our limited exposure to these sectors.

We also note that the physical risk exposure is highly concentrated, with the top three most at risk companies representing c.30% of the total physical risk exposure but represented c.8% of the pool's market value as at 31 March 2025.



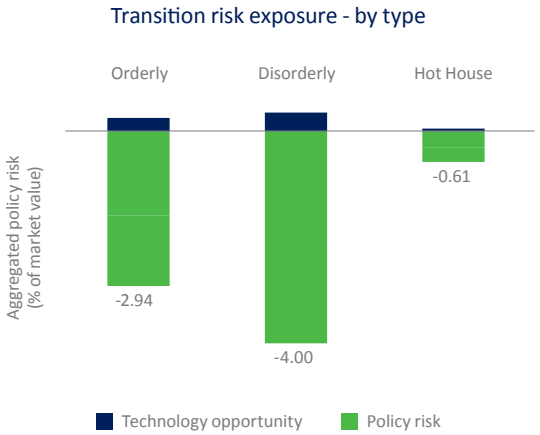
The MSCI World Index is used as a benchmark for our TCFD reporting as this has a similar sector exposure to that of our Public Companies pool.



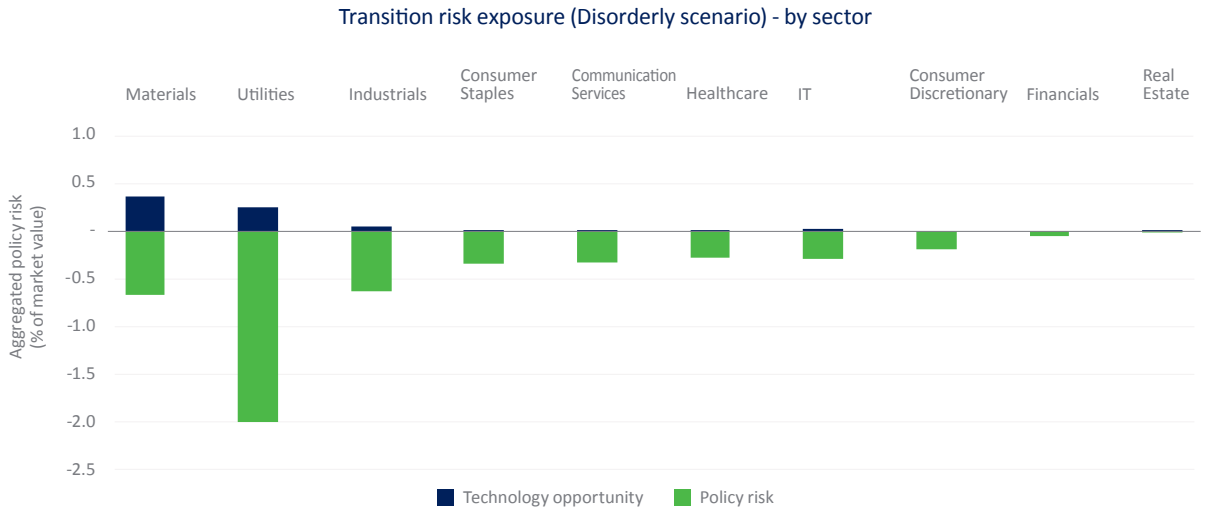
The pool is more resilient compared to the benchmark, under both an Average and Aggressive physical risk scenario given its limited exposure to capital-intensive companies with large physical asset footprints. We anticipate maintaining a low level of exposure to such businesses.

Transition risks

The analysis shows that the pool will be adversely impacted to some extent from policy amendments to tackle climate change over the coming years. The impact of these policy risks will be more evident in a disorderly scenario, particularly in carbon-intensive sectors such as: utilities, materials and industrials.



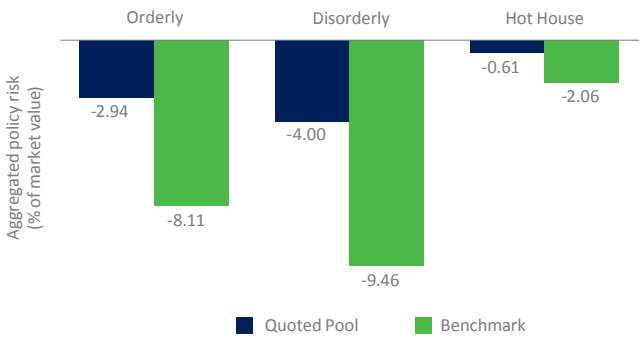
Our policy risk exposure is highly concentrated under both an Orderly and Disorderly scenario with approximately 45% to 50% of the policy risk exposure arising from three portfolio companies that represent 12% of the pool's market value as at 31 March 2025.



Under a Disorderly scenario (where the policy risk exposure is greatest), more than 75% of the companies in our Public Companies pool could generate future green revenues by offering technological improvements to support the transition to a low-carbon economy. The biggest opportunities arise within the materials and utilities sectors due to their large share of low carbon revenue.

Given the limited exposure to carbon-intensive sectors such as utilities and oil and gas we believe that the pool is potentially more resilient than the benchmark.

Transition risk exposure vs Benchmark



Scenario analysis conclusions

We have reviewed the key risks that could have the most material impact on investment returns or for the pool's journey to net zero being impacted by policy risk exposure. Based on this review, we believe that the management of these companies is taking appropriate action to address the risks and making good progress to decarbonise their businesses. We are therefore, comfortable to continue to hold our positions in these businesses but will carefully monitor the delivery of their future plans. We will review progress periodically and take appropriate action if we identify a shortfall in positive progress.

We believe our core investment approach remains resilient and is unlikely to change. However, our financial planning may adjust to manage our exposure to these risks, whilst seeking to access other opportunities and strengthen our portfolio's resilience to climate-related risks.

b) Private Capital pool

The scope of the analysis for the Private Capital pool covers all eight investee companies in the portfolio as at 31 March 2025. We have implemented a data collection framework to measure company specific key performance indicators and an annual survey has been established to enable year-on-year progression to be measured on carbon emissions and other related metrics.

We continue to undertake qualitative climate scenario analysis to review the potential impact that climate-related risks could have on investee companies. This analysis includes identifying and evaluating the likelihood and impact of company-specific transition and physical risks and opportunities over the short, medium and long term. These are considered under three NGFS climate scenarios (Orderly, Disorderly and Hot House).

The findings at an investee company level have been aggregated to provide an overall view of the climate risks and opportunities which the pool is exposed to.

The analysis is qualitative in nature. Unlike the Public Companies pool, there is no distinction between the methodology applied for physical and transition risks. The scenario analysis was tailored to the characteristics of each company in the portfolio and was performed with reference to its sector and geographic footprint.

Each company is at varying stages of maturity. The scenario analysis focuses on risk identification and encouraging climate risk to be explicitly and appropriately incorporated into risk frameworks. The qualitative analysis is influenced by Caledonia and performed in line with the TCFD recommendations.

Climate scenarios and time horizons

We selected the NGFS climate scenarios to assess the climate-related risks and opportunities which we believe are appropriate to allow us to analyse the potential impacts on our investee companies.

We have assessed the climate-related risks and opportunities over the short, medium and long term.

- Short term: 0 – 5 years
- Medium term: 6 – 10 years
- Long term: 10+ years

These time horizons are aligned to the Private Capital pool's investment horizons and wider business planning.

Risk evaluation

The risks identified through the review process are summarised below. As an investment business, materiality was considered with reference to the relative value of the investee company in the pool.

We assessed the potential impact and likelihood of a risk or opportunity occurring for each climate scenario and time horizon.

Risks and opportunities were considered through discussions with our staff appointed to investee company boards together with the review of publicly available comparable businesses and internal data. Physical risks were also considered in respect of the locations of investee company operations and their supply chains.

Because the pool is sector agnostic, climate risks and opportunities were initially grouped according to similarities in their potential area of impact on the businesses. In accordance with the TCFD recommended definitions, we aggregated the climate-related risks into two types:

(1) risks related to the transition to a lower carbon economy ('transition risks') and

(2) risks related to the physical impacts of climate change ('physical risks').

Transition risks considered market, policy and legal, reputational and technological risks. Physical risks considered both chronic and acute risks.

The overall portfolio level assessment was determined by the relative value of each investee company within the pool.

Qualitative scenario analysis – risks

The following table outlines the aggregated climate-related risks for the pool.

Each of the risks were considered to have a low impact based on the scenario analysis performed and the data available, primarily due to the diversified nature of the pool by industry, sector and geography.

Overall transition risks were considered to have an impact in the short to medium term. However, physical risks are likely to have greater impact over the longer term.

Risk type	Risk description	Our assessment	Scenario with the highest impact
Transition: Policy & Legal	Increased costs to meet enhanced sustainability regulatory and reporting requirements	At the portfolio level, this was considered high likelihood and low impact, with most companies exposed to this risk	Orderly and disorderly
Transition: Market	Increased costs for the portfolio companies due to changes in their respective markets	At a portfolio level, this was deemed to have a low likelihood and impact. All portfolio companies were exposed to this risk, primarily due to the risk of changes in consumer demand for more sustainable products and increases in energy costs / investments into renewable energy sources	Orderly and disorderly
Transition: Reputation	Reputational risks associated with perceived inadequate response to climate change (or negative climate impacts)	At a portfolio level, this was deemed to have a low likelihood and impact. Two investment companies in the portfolio are considered to be exposed to this risk	Orderly and disorderly
Physical: Chronic	Increased likelihood of extreme weather events and chronic temperature changes impacting portfolio companies through disrupted supply chains, production capacity and investment returns	At a portfolio level, this as deemed low likelihood and impact due to the relatively small physical footprint of our portfolio companies and supply chain	Hot House
Physical: Acute	Impact of increased frequency and severity of extreme weather events on operations and supply chains		

Qualitative scenario analysis – opportunities

The following table outlines the aggregated climate-related opportunities from which companies in the pool could benefit.

Opportunity type	Opportunity description	Our assessment
Products and services	Increased market share / revenues by developing more sustainable products or increased demand for lower emission and more sustainable products	At the portfolio level this was considered the most significant opportunity for all eight of our portfolio companies. Whilst not currently a core focus for the majority of our portfolio companies, products or service offerings that take advantage of new technology and greater efficiencies are continually assessed
Energy source	Reduced exposure to increases in fossil fuel prices and carbon taxes by switching to lower emission sources of energy	At the portfolio level, this was considered a low impact opportunity but one that requires low effort. However, this is an important area for many of our portfolio companies, representing the initial steps on the journey to a more sustainable business
Resource efficiency	Reduced operating costs by improving natural resource and energy efficiency	

Risk evaluation conclusions

Currently we believe neither the risks, or the opportunities faced by the pool have the potential to materially impact our strategy or financial results, either in the short or long term. However, the risks and opportunities may undergo significant changes as assets are acquired and disposed of in line with the pool's investment strategy.

2. Our approach to managing climate-related risks and opportunities

Our strategy, business model and financial planning considers new and existing investment opportunities, enabling us to evaluate potential returns and associated risks, to build a well-balanced, diversified portfolio aimed at delivering consistent long-term returns for our shareholders.

Our objective is to assess whether investee companies are managing their climate risks, capturing the opportunities arising from the transition to a low carbon economy and are on the journey to achieving net zero emissions by 2050 (Scope 1 and Scope 2, market-based). This requires thorough review of their transition plans, plans to decarbonise their businesses and a suitable assessment of climate-related risks and opportunities. We monitor the transition plans of investee companies, including their net zero commitments, and take the following steps to help meet our goal:

(i) Communicate climate expectations

We have continued to have discussions with the pools in relation to achieving net zero emissions by 2050 (Scope 1 and Scope 2, market-based).

(ii) Improve data collection and analysis

Obtaining reliable carbon data is key to better assess asset-specific climate change risks and opportunities and to build resilience. We assessed the resilience under different climate-related scenarios, including a 2°C or lower scenario for both the Public Companies and the Private Capital pools.

Our biggest challenge remains obtaining carbon data and supporting information for our Funds pool investments. We currently plan to address this challenge by:

- using the Weighted Average Carbon Intensity ('WACI') of relevant sectors within the MSCI North American and MSCI Asia indices as a proxy to estimate the carbon footprint of the pool
- assessing and scoring each manager on their approach to ESG risks and understanding positive themes around sustainable development with the help of an external consultant.

We expect to provide further disclosure on the data for the Funds pool as it becomes more reliable in the future.

(iii) Prioritise and engage

We expect each of our investee companies to be aware of their climate-related risks and opportunities, reduce their carbon footprint, take steps to transition to a low carbon business model and strengthen their resilience. Our engagement efforts focus on companies with relatively high levels of carbon emissions that represent a significant allocation of capital and where we feel that insufficient progress has been made to decarbonise the business. The level of influence we can exert on the investee businesses varies across our investment pools given the different levels of our ownership.

Where we own a significant stake in listed companies, we will use our influence as investors through engagement and voting to encourage material carbon emitters to prepare and demonstrate the actions they have taken to address key climate risks and opportunities. Amongst other factors, we expect to vote in favour of resolutions which are aligned with our net zero ambitions and vote against the board directors of companies that are falling behind on their climate change journey.

We will engage with the underlying portfolio company boards of material carbon emitters in our Private Capital pool where we own significant positions to ensure that they understand their own environmental impacts and stay abreast of regulatory and market developments. We will also encourage them to develop their commercial offering to ensure that it remains attractive to their customers and meets broader stakeholder expectations. We anticipate that these businesses will invest in suitable technology to improve energy efficiency and make a successful transition to renewable energy supplies. In the unlikely case that the impact from climate change is deemed to be materially damaging a business, we may assess the need to change business models.

There may be fund managers within our portfolio which invest in high carbon-emitting industries. Where we have significant influence with the General Partners, we will encourage them to actively consider climate change risks and opportunities in their investment selection process and promote initiatives to reduce emissions from the businesses within their funds.

(iv) Monitor progress

We continue to enhance our data collection framework for the Private Capital pool and regularly engage with the management teams to identify and manage risks and/or respond to opportunities. This year we have collated emissions data for 78% of the pool, with most reporting all or the majority of their Scope 1 and Scope 2 emissions. Since each portfolio company has a different financial year end, we have included the most recently available data.

The General Partners in the Funds pool are encouraged to provide reporting and insight on initiatives to reduce emissions from the businesses within their funds. We anticipate it will take some time until we have comprehensive reporting from this part of our investment portfolio.

(v) Escalate

Where investee companies fail to make sufficient progress towards meeting their net zero goals and no longer fit in our investment strategy, we may consider divestment.

Our business operations

We remain committed to minimising the impact of our own operations on the environment and mitigating the risks posed by climate change. We are seeking to achieve net zero emissions by 2030 (Scope 1 and Scope 2, market-based) and continue to make progress towards achieving this goal.

1. Climate-related risks and opportunities

The table below outlines the key physical and transition risks and their financial impact on our operations, over the following time horizons:

- 0 to 5 years (short term)
- 6 to 10 years (medium term)
- 10+ years (long term)

(i) Climate Risks

Risk	Description	Timeframe	Impact on Caledonia
Transition risk	Increased pricing of Greenhouse gases ('GHG') emissions	short/medium term	Increased operating costs (legal, compliance, travel costs)
Policy and legal	Enhanced emissions reporting obligations	short/medium/long term	
Physical risk	Disruption in operations due to extreme heat or flooding	short/medium/long term	Increased operating costs, capital expenditure and insurance premiums (severity differs across timeframes)

(ii) Climate Opportunities

Opportunity	Description	Timeframe	Impact on Caledonia
Resource efficiency	Increased use of recycling and reduced water usage	short/medium term	Lower GHG emissions and lower operating costs
	Use more efficient modes of transport	long term	Lower GHG emissions but possibly higher operating costs
Energy source	Switch to lower emission energy sources	short/medium term	Lower GHG emissions Medium term reduction in operating costs and increase in the value of the office building

2. Impact on our business operations, including strategy and financial planning

Our own operations have a modest carbon footprint compared with the impact of our investment portfolio, with our employees operating out of a single office located in central London.

(i) Energy consumption

Our office was fully refurbished in 2017 and provides energy efficient solutions including highly insulated walls, triple glazed windows and sensor-operated lighting. Where practical, all non-essential systems and equipment are turned off during out of office hours. In September 2021 we moved our electricity supply to 100% renewable sources and have implemented additional energy efficiency initiatives such as the installation of LED office lighting and heating/cooling timers. Looking forward, the priority for the business will be to explore the implementation of innovative, low-carbon alternatives to replace our traditional gas boiler heating system. This will be key to achieving net zero emissions for Scope 1 and 2 (market-based) by 2030.

(ii) Travel

Over the last few years, we have installed video conferencing facilities in our office and have rolled out technology solutions to facilitate homeworking.

Most employees commute to our office using public transport and are also encouraged to reduce their own carbon footprint supported by our Cycle to Work scheme.

Our carbon emissions primarily relate to business travel. Since 2020, the value of our portfolio has increased by 64% and the proportion of our overseas investments has almost doubled. Our Public Companies and Funds investment teams have continued to deepen their due-diligence, monitoring, governance and stewardship activities against a background of continuing macroeconomic and geopolitical uncertainty. We have therefore seen an increase in our Scope 3 emissions from business travel. We remain committed to managing our business travel in an informed and responsible manner and will continue to explore ways in which we can reduce these emissions over the medium term.

3. Resilience of our operational climate change strategy

Physical risks are likely to have the greatest impact on our operations and, depending on the severity of the event, could result in us being unable to operate from our central London office for a period. However, over the last few years, we have created a hybrid operating model and, through our experience of the Covid-19 pandemic, have proven that we can effectively function remotely if required. We will continue to consider the potential impact of climate change on our business continuity plans.

Based on a desktop review, we believe our operations are resilient to physical risks, including under the scenario where global warming is limited to 2°C or lower. The financial impact from transition risks on our underlying costs is likely to be immaterial, particularly given the dominance of the investment portfolio relative to our operations.

Risk management

Climate related risks are assessed and managed in accordance with our corporate risk management framework which includes ESG and climate change as one of the principal risks.

In this TCFD reporting pillar we have described Caledonia's current processes and future plans to identify, assess and manage climate-related risks. The key items covered in this section are:

a. our processes for identifying and assessing climate-related risks

b. our processes for managing climate-related risks

c. how our processes for identifying, assessing and managing climate-related risks are integrated into our overall approach to risk management.

Identifying and Assessing Climate-Related Risks

Assessments of climate-related risks continue to be 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. Non-executive director oversight of the risk management framework and associated processes is exercised through the ARC.

The CFO has responsibility for ensuring that a risk management framework is in place and each area of the business is responsible for using this to identify, assess and report on their risks and controls.

The heads of each business unit take the lead role with respect to identifying potential risks within their respective area, including those relating to climate change, and implementing and maintaining appropriate controls to manage these risks. Investment managers identify climate related risks in the portfolios they manage and line management is supplemented by key support functions such as Finance, Tax, Human Resources, Facilities Management and Company Secretarial with further oversight from the Operational Risk Committee and Risk Management.

Risks within the companies and funds in which we invest are identified through ongoing research using in-house expertise and external data, together with reporting from investee businesses. Our business operations use third party resources to ensure a good practice approach is taken to identifying risks and addressing them in a timely manner.

We assess ESG and climate change exposure through two lenses, risks and opportunities. Firstly, risks in not appropriately incorporating ESG matters and climate change impacts into our investment approach, or not aligning effectively with relevant guidance and regulation. Secondly, ensuring that we identify opportunities to support our approach to ESG matters and strategic goals, deliver strong returns and manage the risks to meet evolving stakeholder expectations.

Further information about our risk framework and risk management process can be found in the annual report.

Management of climate risks

Climate change risk management has been implemented into our existing processes and controls across the business. Key processes, and how these have been evolved to integrate climate-related risk assessments, are set out below.

(i) Investment research and recommendations

Our investment staff make recommendations on companies and funds to include within our investment portfolio based on detailed research and analysis. In order to review climate-related risks within this investment analysis, we have continued to develop an approach to support the assessment of each portfolio's exposure to climate-related risks and opportunities. Our analysis to date has focused predominantly on the Public Companies and Private Capital pools. We plan to adopt a similar approach for our private assets in the Funds pools but expect that relevant data to support this analysis will not be available for some time.

The analysis undertaken is a mix of qualitative and quantitative assessment. The qualitative assessment is the result of proprietary insights, third party information, meetings and interviews. For Public Companies we make use of company published data and external data, available on the MSCI One platform which includes carbon emissions and ESG analysis.

Working closely with the portfolio companies in the Private Capital pool we have made good progress to embed carbon emissions data in our data collection framework, reporting Scope 1 and Scope 2 emissions for the majority of the portfolio's net asset value (78% of the Private Capital portfolio) for the first time.

We continue to assess suitable proxy emissions data from our Funds pool investee companies.

(ii) Investment decision-making

New investment decisions are approved by the IC, based on significant due-diligence and the recommendations of the individual investment pools. In the case of investment values above a specific threshold, board approval is required.

Approval papers include an analysis of the key risks identified and a summary of relevant ESG matters, seeking to ensure that climate-related risks are identified and considered prior to an investment decision being made.

The performance of each pool is reviewed biannually by members of the IC and the board. At these reviews, emerging climate-related risks will be highlighted, together with analysis of their potential impact. ESG matters are formally addressed at least annually. These processes seek to ensure that key risks relating to existing investments, including those of a climate-related nature, are identified and, if necessary, escalated in a timely manner.

(iii) Company engagement

A fundamental part of our active investment approach is to fully engage with the companies and funds in which we invest. The level of engagement and influence we can exert on the investee businesses will vary across our asset pools given the varying levels of our ownership and involvement. We seek to encourage improved disclosure from investee companies and funds, covering core emissions data and information to allow fuller assessment of climate-related risks.

Our Private Capital pool has worked to enhance established risk management processes within its portfolio to explicitly incorporate climate-related risks. The risks identified have been shared with each portfolio company for inclusion in their respective risk registers. The exercise has broadened discussions with investee companies on climate-related matters.

(iv) Management of our own operations

Our business operations, as previously described, are relatively straightforward with employees based in a single central London office location. We do not currently believe that we are exposed to any material climate-related risks. We will continue to keep this area under review.

Should we identify a material climate-related risk to our business operations, we would seek to put a suitable mitigation plan in place to either resolve the issue or devise an alternative solution to enable us to continue to operate. If a physical event were to prevent our ability to operate, we have business continuity arrangements in place.

The impact of climate change on our principal risks

Below we detail the extent to which climate change impacts each of our principal risks.

Principal risk and description	Climate change impact
Strategic Risks in relation to the appropriateness of the business model to deliver long-term growth in capital and income. Strategic risks include the allocation of capital between public and private equity, and in relation to geography, sector, currency, yield and liquidity.	**High impact** Climate change is expected in the medium term to impact shareholder considerations on investment strategy. Failure to meet these expectations and still deliver performance targets would be seriously detrimental for the business.
Investment Risk in respect of specific investment and realisation decisions. Investment risks include the appropriate research and due diligence of new investments and the timely execution of both investments and realisations for optimising value.	**High impact** Investment performance may be impacted if the focus on sustainability leads to poorer performance outcomes.
Market Risk of losses in value of investments arising from sudden and significant movements in public market prices, particularly in highly volatile markets. Private asset valuations have an element of judgement and could also be impacted by market fluctuations. Caledonia's principal market risks are therefore equity price volatility, foreign exchange rate movements and interest rate volatility.	**High impact** Market returns may be significantly impacted by climate change risks in the short to medium term, both physical and transition risks impacting market valuations and yields.
Liquidity Risk that liabilities cannot be met or new investments made due to a lack of liquidity. Such risk can arise from being unable to sell an investment due to lack of a market or from not holding cash or being able to raise debt.	**Not high impact** Liquidity management, in isolation, is not directly impacted by climate change risk.
ESG matters and climate change Risks in relation to the successful incorporation of ESG matters and climate change impacts into our investment approach. Identifying opportunities to drive our approach to ESG matters, deliver strong returns and manage the risks to meet evolving stakeholder expectations.	**High impact** Importance of this issue recognised through a separate, clearly articulated risk.
Regulatory & legal Risks arising from exposure to litigation or fraud or failure to adhere to the tax and regulatory environment. Caledonia operates across a number of jurisdictions and in an industry that is subject to significant regulatory oversight.	**High impact** Numerous climate-related regulatory requirements being implemented. Failure to comply could have significant adverse consequences.
Operational Risks arising from inadequate or failed processes, people and systems or from external factors. Operational risks arise from the recruitment, development and retention of staff, systems and procedures and business disruption.	**Not high impact** Operational activity may be impacted to some degree by climate change, but not currently assessed as a high impact issue.

Metrics and targets

We are continuing to improve our analysis and disclose further metrics and targets where we consider these to be material. For the first time this year, in addition to emissions data for our Public Companies pool and our own business operations, we are reporting Scope 1 and Scope 2 emissions for the majority of our Private Capital pool investments (78% of the Private Capital portfolio's net asset value) for the first time.

In this TCFD reporting pillar we disclose the metrics and targets we use to manage climate-related risks and opportunities. The key items are as follows:

a. the metrics we use to assess climate-related risks and opportunities in line with our strategy and risk management process

b. the Scope 1, Scope 2 and, where appropriate, Scope 3 greenhouse gas ('GHG') emissions and related risks

c. the targets we use to manage climate-related risks and opportunities and our performance against them.

Our investment portfolio

Public companies

a) Methodology for metrics and targets

We have continued monitoring and reporting the Scope 1 and Scope 2 carbon emissions of the Public Companies pool and have compared these to prior year numbers.

In addition, we continue to monitor and manage the climate risks and opportunities of the investee companies in the pool against a set of metrics and track their progress towards achieving net zero emissions by 2050.

The table below illustrates our climate change strategy goals and the metrics we use to track our progress against them. The methodology for these metrics is included in Appendix II.

Category	Metrics	Climate strategy goals
Progress metrics	**Primary metrics**	
	Total GHG emissions (Scope 1 and Scope 2)	Minimise transition risk
	Carbon footprint	Net zero emissions
	WACI	(Scope 1 and Scope 2) by 2050
	Other metrics	
	Green revenue exposure	Capture green opportunities
	Companies with net zero target of 2050 or earlier	Net zero emissions (Scope 1 and Scope 2) by 2050
	Companies with top quartile management score	
Risk management metrics	Policy climate VaR	Minimise transition risk
	Physical climate VaR	Minimise physical risk
	Technology opportunities VaR	Capture green opportunities

b) Data source and limitations

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.

Our net zero target by 2050 applies only to Scope 1 and Scope 2. We recognise that there are potentially significant Scope 3 GHG emissions associated with companies in our investment portfolio; however, there is not yet sufficient and reliable data available to quantify these emissions.

We have used a consistent basis versus the prior year (31 March 2024) and have continued to use the EVIC methodology within the MSCI One platform.

The data held within the MSCI One platform lags behind our reporting date. 2025 is primarily a reflection of data reported by companies from 1 June 2023 to 31 May 2024. The 2024 comparative primarily reflects data from 1 June 2022 to 31 May 2023.

c) Progress metrics

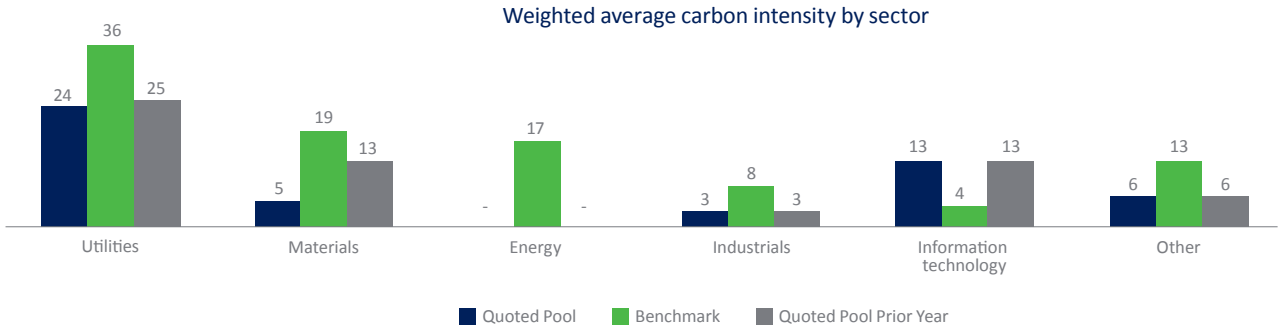
(i) Primary metrics

We have outlined below the primary metrics used to determine the Scope 1 and Scope 2 GHG emissions generated by the pool versus prior year and the MSCI World Index which is used as a benchmark as this has a similar sector exposure to that of the pool.

Latest annual reported data	Scope	Portfolio (2025)	Benchmark (2025)	Variance vs benchmark	Portfolio (2024)	Units
Total carbon emissions	1 and 2	12,956	42,840	-70%	19,345	Tonnes CO_2e
Carbon footprint	1 and 2	13	43	-69%	16	Tonnes CO_2e / $m invested
WACI	1 and 2	51	97	-47%	60	Tonnes CO_2e / $m sales

Carbon emissions data for our public company 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 emissions 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.

Investments have seen a 33% decrease in total carbon emissions over the last year. This is predominantly due to the sale of one holding that was previously one of the highest emitters in the portfolio.



69% of the total carbon emissions are generated by five companies that have a combined contribution of 17% of our NAV. There is no plan to divest these holdings, due to carbon alone as we believe that their respective management teams are taking appropriate action and making good progress to decarbonise their businesses.

Although these companies are in the utilities, information technology and materials sectors, which are currently the highest emitting sectors in the pool, our scenario analysis has shown that these companies also have the potential to generate green revenues by providing technological improvements to support the transition to a low carbon economy.

(ii) Other metrics

We also consider various other metrics (including green revenue exposure, plus policy and physical climate VaR) to manage climate-related risks and opportunities and seek to ensure we are on track to achieve net zero emissions by 2050. Further information on the methodology used to calculate these metrics can be found in Appendix II.

The following table shows other key climate metrics we use to monitor that companies are managing their climate risk exposure and have a decarbonisation plan.

Other metrics	Portfolio (2025)	Portfolio (2024)
Companies targeting net zero for Scope 1 and Scope 2 by 2050	82%	93%
Companies with top quartile carbon management score	60%	68%
Green revenue exposure	5%	6%

The majority of companies in the pool have plans to achieve net zero emissions by 2050 or sooner, giving us comfort that they are aligned to our goal. Three companies have yet to establish net zero targets contributing c.18% of the pool's total carbon emissions. We believe they will establish appropriate targets in due course based on our knowledge and engagement with them and their commitment to good corporate governance.

The majority (60%) of companies in the pool have a top quartile carbon management score, indicating that they have the capability and resources to manage their climate risks and opportunities. We will continue to monitor progress on these metrics.

Private Capital

a) Methodology for metrics and targets

This is the first year we are providing emissions data for our Private Capital pool investments. The majority (78% by net asset value) have gathered emissions data, with most reporting all or the majority of their Scope 1 and Scope 2 emissions.

Our progress metrics are total GHG emissions (Scope 1 and 2), carbon footprint and WACI.

b) Data source and limitations

Due to the diverse nature of investments, emissions may vary significantly based on the types of businesses we own, as well as any acquisitions or divestments within a given year. These variations are not only driven by changes in portfolio composition but also by improvements in data quality. As portfolio companies refine their reporting processes and collect more comprehensive emissions data, we expect that reported emissions may increase, reflecting greater transparency and data availability.

Since each of portfolio companies has a different financial year end, we have included the most recently available data.

c) Primary metrics

We have outlined below the primary metrics used to determine the Scope 1 and Scope 2 GHG emissions generated. As this is the first year of reporting, no prior year comparative is available. Given the unique nature of our portfolio, which comprises a small number of sector agnostic companies, we have not benchmarked emissions as we believe no relevant benchmark currently exists.

Latest annual reported data	Scope	Portfolio (2025)	Units
Total carbon emissions	1 and 2	6,742.7	Tonnes CO_2e
Carbon footprint	1 and 2	10.0	Tonnes CO_2e / £m invested
WACI	1 and 2	10.0	Tonnes CO_2e / £m sales

Targets and ongoing monitoring

Our aim is to achieve net zero emissions for Scope 1 and Scope 2 (market-based) by 2050 across all investment pools. The individual investment teams will monitor and track each investee company's progress against this target and monitor relevant risk management metrics to ensure climate-related risks and opportunities are appropriately managed and that we are on track to achieve our net zero targets.

We will prioritise engagement with high emitting investee companies that represent a significant allocation of capital where insufficient progress has been made against targets.

We have made good progress within the portfolio on carbon emissions reporting and will look to continue to enhance data collection, scope and analysis in the future.

Funds

Over time we will seek to develop our metrics and methodology further as the quality of the data improves and more information becomes available for our Funds pool.

Our business operations

The metrics and targets shown below are used to measure and manage the climate-related risks and opportunities for our business operations and track progress against our climate strategy. Further information on the methodology used to calculate the primary metrics can be found in Appendix II.

Category	Metrics	Climate strategy goals
Primary metrics	Total GHG emissions (Scopes 1, 2 and 3)	Net zero (Scope 1 and Scope 2, market-based) by 2030
Other metrics	Energy consumption	Reduction in energy consumption
	Waste generated	Reduction in waste generation
	Waste recycled	Zero waste to landfill
	Water consumption	Reduction in water consumption

1. Data source and limitations

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

The sources of GHG emissions are from companies directly involved in managing our investment activity and included in our consolidated financial statements. These emissions have been calculated in accordance with the GHG Protocol guidelines using GHG conversion factors sourced from the UK Government's Department for Business, Energy & Industrial Strategy.

Scope 2 emissions are a result of the electricity generated for our use and have been calculated using both a location-based and a market-based methodology. The 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 the electricity that we have purchased. All of our electricity has been supplied from renewable sources since September 2021.

The reporting period noted in the data tables below is 1 April to 31 March inclusive. We have chosen 2020 as our baseline year as it is a fair representation of our normal business operations before the impact of the Covid-19 pandemic.

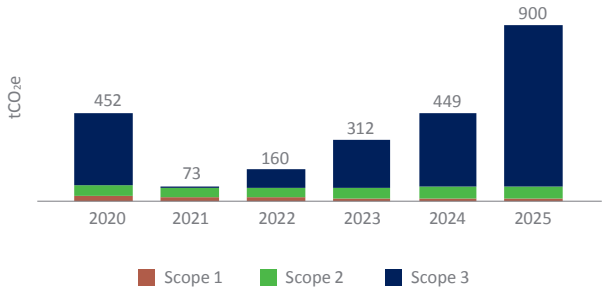
2. Progress metrics

(i) Primary metrics

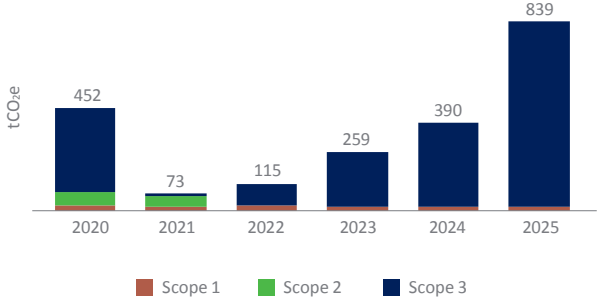
Our total carbon emissions, both location-based and market-based, have been increasing over the last three years driven by growth in business travel following the easing of international travel restrictions following the Covid-19 pandemic.

During 2021 we switched to sourcing all our electricity from a renewable energy supplier. Almost all our waste is recycled and all wastewater 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 below and are deemed to be immaterial emission sources.

Total GHG emissions (Location based)



Total GHG emissions (Market based)



		Tonnes CO_2e					
Scope	Source of GHG emissions - year to 31 March	2020	2021	2022	2023	2024	2025
Scope 1	Combustion of fuel & facilities operation, including	24	19	17	16	14	14
(direct emissions)	company car use (sold in Apr-22)	-	-	4	-	-	-
Scope 2	Electricity purchase for own use (location-based)	57	47	45	52	59	61
(indirect emissions)	Electricity purchase for own use (market-based)	57	47	-	-	-	-
Scopes 1 and 2 – location-based		**81**	**66**	**66**	**68**	**72**	**75**
Scopes 1 and 2 – market-based		**81**	**66**	**21**	**15**	**14**	**14**
Scope 3	Business travel	371	7	94	243	375	825
(indirect emissions)	Other	-	-	-	1	1	0
Total – location-based		**452**	**73**	**160**	**312**	**449**	**900**
Total – market-based		**452**	**73**	**115**	**259**	**390**	**839**
KPI – location-based	**Total emissions per average number of employees**	**7.5**	**1.2**	**2.6**	**5.0**	**6.3**	**11.8**
KPI – market-based	**Total emissions per average number of employees**	**7.5**	**1.2**	**1.9**	**4.2**	**5.5**	**11.0**
Average number of employees		**60**	**61**	**61**	**62**	**71**	**76**

Notes:

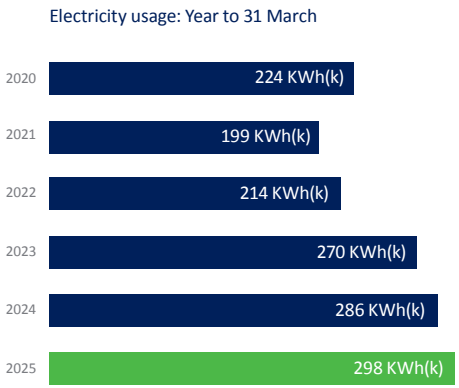
1. These emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard guidelines using UK Government GHG Conversion Factors for Company Reporting.
2. Caledonia consumes all its water from the mains which we understand is sourced from high stressed areas, with all its waste water currently being returned to the sewer. The resultant CO_2 emission from its use of water are <1 tonne.
3. Caledonia has a mix of recycled and general waste; the related Scope 3 GHG emission data is included under 'Other' in the table above.
4. 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.
5. 100% of our reported emissions are in the UK, involving business travel primarily departing or arriving in the UK. Accordingly, this table does not include a column indicating the yearly UK proportion of global emissions.
6. The sources of GHG emissions shown in the table above are from the companies included in the consolidated financial statements. Under the Streamlined Energy and Carbon Reporting ('SECR') regime we are not required to report any emissions from companies that are not included in our consolidated financial statements.
7. 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.

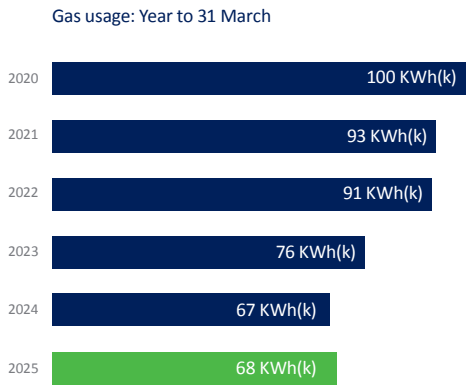
Carbon emissions from our own operations are 4.6% of those from investments in the Public Companies and Private Capital pools (900 tonnes CO2e vs 19,6984 tonnes CO2e respectively).

Our carbon emissions primarily relate to business travel. Since 2020, the value of our portfolio has increased by 64% and the proportion of our overseas investments has almost doubled. Our Public Companies and Funds investment teams have continued to deepen their due-diligence, monitoring, governance and stewardship activities against a background of continuing macroeconomic and geopolitical uncertainty. As such we have seen an increase in our Scope 3 emissions from business travel. We are committed to managing our business travel in an informed and responsible manner and will be continuing to explore ways in which we can reduce these emissions over the medium term.

(ii) Other metrics

Electricity usage has increased since 2020 primarily due to our decision to increase office security presence to 24 hours a day for the safety of our employees and facilities. In 2023 an external provider was engaged to conduct an Energy Savings Opportunity Scheme ('ESOS') assessment audit of the energy used. This provided us with several recommendations which we have implemented where applicable. Looking ahead, our transition strategy will prioritise the exploration of innovative, low-carbon alternatives to replace our existing traditional gas boiler when feasible.





Other metrics	Unit	2020	2021	2022	2023	2024	2025
Electricity usage	KWh(k)	224	199	214	270	286	298
Gas usage	KWh(k)	100	93	91	76	67	68
Water consumption	m^3	Data not available but will be tracked going forward			798	1,166	1,085
General mixed waste	tonnes				-	-	-
Mixed recycling	tonnes				-	-	-
WEEE waste	tonnes				-	-	-
Confidential waste	tonnes				2	2	3
Waste generation	tonnes				2	2	3
Waste recycled	%				99%	99%	100%

Notes:
1. Our waste is driven by confidential waste. Whilst we have general, mixed and WEEE waste these only all amount to significantly less than 1 tonne (0.022 tonnes). When comparing to prior year all our waste has decreased except for confidential waste which has increased by 1%.

3. Targets and ongoing monitoring

Our aim is to achieve net zero emissions for Scope 1 and Scope 2 (market-based) of our own operations by 2030 through the elimination of gas used for heating, further energy efficiency initiatives particularly in areas such as lighting, cooling and IT equipment, and continuing to ensure that all electricity is procured from renewable sources.

Although this target timeframe does not apply to our Scope 3 emissions, we continue to monitor these emissions given their magnitude. As we gain experience and knowledge around our GHG emissions we will consider enhancing our carbon emissions disclosures to include more of our Scope 3 indirect emissions, for example carbon emissions from working from home and staff commuting to the office.

Appendix I
Summary disclosures

This table provides a summary of the disclosures aligned with the TCFD framework.

Recommended disclosures	Our response
Governance (pages 4-7) • Describe the Board's oversight of climate-related risks and opportunities. • Describe management's role in assessing and managing climate-related risks and opportunities.	• The board has collective responsibility for the management, direction and performance of Caledonia and is accountable for business strategy. Climate-related risks and opportunities are being integrated into our strategy. Ultimately the board is accountable for the oversight of these risks and opportunities. • The board has delegated overall responsibility for the delivery of strategy to the CEO, who then has authority to delegate further whilst retaining responsibility for delivering the strategy. Climate-related risks and opportunities are considered in the investment approval process.
Strategy (pages 8-23) • Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. • Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning. • Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• The major element of risk lies in our investments. We identify, track and monitor these risks. Any concerns are addressed through company engagement. • Risks to our investee companies include physical risks affecting operations and transition impacts arising from the move to a net zero economy. These can negatively impact investment returns. • Opportunities will arise in sectors that stand to benefit from the transition to a net zero economy, such as those focused on energy efficiency, renewable energy, or climate change adaptation. • The resilience of our investment portfolio is strong based on a diverse portfolio designed to deliver long-term returns and with limited exposure to high carbon emitting companies. • We have obtained data and analysis from the MSCI One platform to support the evaluation of our Public Companies. For our Private Capital pool we have performed qualitative climate scenario analysis across the portfolio in the form of portfolio specific risk registers to assess pool resilience. We anticipate obtaining data to allow a similar analysis of our Funds Pool in the future. • For our business operations we plan to reduce energy consumption, move away from gas, maintain our 100% use of renewably generated electricity and where possible, to manage our business travel efficiently. • Our business operations have a high degree of resilience.

Recommended disclosures	Our response
Risk management (pages 24-29) • Describe the organisation's processes for identifying and assessing climate-related risks. • Describe the organisation's processes for managing climate-related risks. • Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisations overall risk management.	• Climate-related risks are analysed through the lens of both physical and transition risks over the short, medium and long term and via both internal and external analysis. • Climate-related risk has been integrated into our existing processes. Our review process for all principal risks, including those that are climate-related, ensure appropriate visibility of the key issues and mitigating actions. • The process of identifying, assessing and managing climate-related risks has been embedded into our corporate risk management framework. 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. • Principal risks include 'ESG matters and climate change'. The ARC reviews the principal risks at least biannually, including covering actions to manage and mitigate climate-related risks, plus any key developments. Issues are elevated to the board where considered material.
Metrics and targets (pages 30-37) • Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. • Disclose Scope 1, 2 and if appropriate Scope 3 GHG emissions and the related risks. • Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Our investment portfolio is the major source of our emissions and climate-related risks. We review GHG emissions using absolute and intensity measures. • The data for the assets in the Public Companies pool show Scope 1 and Scope 2 emissions of 13.0k tonnes CO_2e for our Public Companies pool. The data for the assets in the Private Capital pool show Scope 1 and Scope 2 emissions of 6.7k tonnes. • Our target is to minimise transition risk across the investment portfolio and for all investee businesses to achieve net zero emissions (Scope 1 and Scope 2, market-based) by 2050, or earlier if possible. • For our business operations (latest annual data): > our Scope 1 GHG emissions are 14 tonnes CO_2e > our Scope 2 location-based GHG emissions are 61 tonnes CO_2e, with all our electricity renewably sourced > our Scope 3 business travel emissions are 825 tonnes CO_2e. • Seeking to achieve net zero emissions across Scope 1 and Scope 2 (market-based) by 2030, with 100% renewable electricity sourcing. • Where possible we will manage the efficiency of international business travel.

Appendix II

Metric methodology and definitions

1. Metric methodology

Metric	Formula
Total carbon emissions	$\sum \left(\frac{\text{current value of investment}}{\text{issuer's enterprise value including cash}} \times \text{issuer's Scope 1 and Scope 2 GHG emissions} \right)$
Carbon footprint	$\frac{\sum \left(\frac{\text{current value of investment}}{\text{issuer's enterprise value including cash}} \times \text{issuer's Scope 1 and Scope 2 GHG emissions} \right)}{\text{current portfolio value (\$m)}}$
Weighted average carbon intensity	$\sum \left(\frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}}{\text{issuer's \$m revenue}} \right)$
Scope 1 emissions from own operations	$tCO_2e = \sum \left(\frac{\text{total energy consumed* relevant fuel energy type emissions factor } (kgCO_2e)}{1{,}000} \right)$
Scope 2 emissions	$tCO_2e = \sum \left(\frac{\text{total electricity consumed* relevant fuel energy type emissions factor } (kgCO_2e)}{1{,}000} \right)$
Scope 3 emissions (business travel)	$tCO_2e = \sum \left(\frac{\text{total usage or mileage travelled* relevant emissions factor } (kgCO_2e)}{1{,}000} \right)$
Scope 3 emissions (water consumption)	$tCO_2e = \sum \left(\frac{\text{total water consumed } m^3 \text{ * relevant fuel energy type emissions factor } (kgCO_2e)}{1{,}000} \right)$
Scope 3 emissions (waste produced)	$tCO_2e = \sum \left(\frac{\text{total waste consumed kg* relevant fuel energy type emissions factor } (kgCO_2e)}{1{,}000} \right)$
Waste recycled	$\frac{\text{waste recycled (kg)}}{\text{total waste (kg)}}$

2. Metric definitions

Transition climate VaR

By using each country's GHG emissions reduction targets MSCI's database allocates these reductions by sector and eventually to a firm level to provide insight into the reductions required and ultimately the costs associated with such emissions reductions. MSCI's Climate VaR model considers how each portfolio company's current exposure to the above transition risks may change from today's climate to one in 2100 under three Network for Greening the Financial System (NGFS) scenarios. These scenarios assume different global temperature and emission trajectories, energy demand and prices:

Orderly: Limits global warming to 1.5°C through early adoption of climate policies which gradually become more stringent. It assumes carbon emissions will sharply decline between 2020-2050, reaching carbon neutrality by 2055 after which they become negative until 2100. Companies in carbon-intensive sectors such as oil & gas would be particularly affected due to falling demand for their products/services and rising carbon prices.

Disorderly: Like the Orderly scenario, global warming is limited to 1.5°C and net zero is reached around 2055, but there is a delay and divergence of the climate policies being introduced across countries and sectors. This results in a delayed but more severe transition impact driven by higher carbon prices from 2030 onwards compared to the Orderly scenario.

Hot House: Assumes world temperature increases to 3°C above pre-industrial levels due to insufficient climate policies. Carbon emissions remain constant between 2020-2030 and then gradually decrease but fail to reach zero by 2100. Future carbon prices are unlikely to change and therefore the transition impact is negligible under this scenario.

Physical climate VaR

MSCI's Climate VaR model considers each company's current exposure to 10 climate-related hazards; this varies depending on the sector and geographical location of the facilities owned or used by each company. Extreme weather data over the past 35 years is used to set a historical baseline. The climate-related hazards cover five acute risks (such as wildfires and tropical cyclones) and five chronic risks (such as extreme heat and cold). The model then calculates how this exposure may change from today's climate to one in 2100 under the following scenarios:

Average scenario: This is the most probable scenario and is calculated based on the expected average value of the cost distribution.

Aggressive scenario: This is the worst-case scenario and is based on the 95th percentile of the cost distribution. It assumes the most significant physical impacts as a result of an increase in the frequency and severity of extreme weather events.

The climate exposure impact is then converted to a financial impact and aggregated across all company facilities within the Public Companies portfolio.

Technology opportunities VaR

Technology opportunities VaR for each company is calculated by taking a company's present value of future green profits and dividing this by the company's enterprise market value.

Future green profits are based on a company's aggregated patent scores relative to sector peers and current green revenues in each sector. The number and quality of patents act as proxies of a company's R&D investment and therefore a good indicator of future market innovation potential.

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Green Revenue

As defined by MSCI green revenue derived from products or services related to alternative energy, energy efficiency, green building, pollution prevention, sustainable water, and sustainable agriculture.

Green Revenue Exposure

As defined by MSCI green revenue exposure is green revenue expressed as a percentage of the total revenue derived from the portfolio.

Companies with net zero target of 2050 or earlier

Count of all firms with a net zero target for Scope 1 and Scope 2 in the year 2050 or sooner.

Companies with top quartile management score

These are firms in the top quartile of the ESG management score. The ESG management score is based on ratings giving in both the Social and Environmental pillars. It assesses areas such as strategy, track record and programs. Each of these elements is given a score from 0-10 then a weighted average is taken.

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