



## STEWARDSHIP AND SUSTAINABLE INVESTING POLICY

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### 1. Background

#### 1.1. Purpose & Scope of the Policy

Coronation's Stewardship and Sustainable Investing (SSI) Policy outlines our position as a responsible investor with a long-term focus. The Policy sets out the guiding principles behind our approach to the incorporation of environmental, social and governance ("ESG") factors and the processes that are in place to ensure effective implementation into the investment process. The Policy applies across our global investment universe, including traditional and alternative asset classes, as well as to the selection of any external managers, and must be adhered to by all investment staff.

#### 1.2. Approach & Beliefs

As long-term stewards of our clients' capital, we focus on the long-term prospects of the assets in which we invest with the goal of generating superior risk-adjusted outcomes in line with our clients' objectives. As part of achieving this goal, it is central to our investment philosophy and process to analyse the ability of each investment to create, sustain and protect value. Our stewardship activities enable us to more deeply understand the drivers of long-term value for companies in our portfolios, address key business risks and promote sound governance, all of which are consistent with our investment objectives.

We believe that companies that manage ESG factors effectively are more likely to endure over time and create sustainable long-term value. Bearing in mind that factors may vary by industry, country and company, we consider the ESG matters that are relevant in each given set of circumstances when evaluating particular risks and opportunities, making investment decisions and engaging with companies to seek improvements in business practices.

ESG issues can be nuanced, and require a holistic understanding of the company context to accurately assess a company's position and trajectory. It is important to consider the full scale of potential impacts with deliberate scrutiny of potential unintended consequences. We believe ESG issues cannot be reduced to a single score or a few metrics. A misunderstanding of these issues can have severe real-world consequences.

Our approach to ESG-related activities is underpinned by four core pillars: integration, engagement, collaboration and public policy advocacy. These pillars inform our actions, through which we can influence positive change that will create more value in the portfolios we manage:

#### **Integration:**

As a long-term, valuation-driven investment house, we apply a single investment philosophy consistently across all our strategies. The long-term nature of our approach requires our investment analysts to fully incorporate the consideration of ESG factors into our investment decision-making process as we believe that these can ultimately impact the long-term value of a business.

The analyst's assessment of the company's ESG standing also serves to identify key areas of concern which then drives the engagement agenda.



### **Engagement:**

The benefit of our approach to integration is that when we engage with companies, we have an informed dialogue about ESG disclosures and practices. This ensures that the process is meaningful and takes account of the specific circumstances facing each company.

Interaction with investee companies is part of our research process that improves our understanding of the prospects and risks for each company. We engage actively with companies on a regular basis, but particularly when we have material concerns about ESG issues that can affect the long-term sustainability and value of a business. We develop specific engagement strategies for each company based on our knowledge of the key issues affecting that company, and the industry and jurisdiction in which it operates.

Integration and engagement are mutually reinforcing; industry and company analysis drives engagement and engagement outcomes influence the analysis.

### **Collaboration:**

We collaborate with like-minded organisations to advocate for better policies and ESG-related practices. Collaborative engagements are critically important when addressing systemic issues. We also collaborate as a form of escalation where we believe that a combined effort will be more effective than individual engagement.

### **Public Policy Advocacy:**

We collaborate with industry partners and regulators to promote an investment industry that safeguards the long-term interests of asset owners and benefits the societies in which we operate.

Advocacy serves as a powerful tool for tackling systemic challenges, including ensuring financial market stability, combating climate change, and fostering social stability. As a significant role player in the South African financial services sector, a large part of our advocacy effort focuses on advancing effective legislation and regulation of South Africa's financial services industry. Additionally, for our business to be sustainable, we recognise the need for a vibrant, growth-oriented and inclusive economy, prompting us to engage beyond our industry for broader systemic change.

We believe in proactively participating in shaping an operating environment that protects the long-term interests of asset owners and in support of a sustainable and diverse investment industry serving the best interests of the societies of which we are a part. We engage actively with key role players and policymakers to further these objectives.

## **1.3. Guiding Principles and Codes**

Coronation supports the following principles and codes for responsible investment that we believe are aligned with our SSI Policy and long-term investment approach:

- Coronation is a signatory to the United Nations supported Principles for Responsible Investment (PRI), a framework for achieving better long-term investment returns and more sustainable markets.
- Coronation was part of the process of creating the South African Code for Responsible Investing (CRISA). Coronation fully supports the principles set out in CRISA, as well as the new CRISA 2.0, which stresses the importance of integrating sustainability issues, including ESG, into long-term investment strategies and gives guidance on how institutional investors should execute investment analysis, investment activities and exercise rights so as to promote sound governance.



- We are supportive of the adoption of the ten principles of the United Nations Global Compact for business, which includes human rights and labour standards as derived from Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The International Corporate Governance Network is a leading authority on global standards of corporate governance and investor stewardship. As a member, we are aligned with, committed to and advocate for the highest standards of corporate governance. Ensuring that the companies in which we invest maintain high standards of corporate governance has always been an important part of our investment process.
- Although Coronation is not a signatory to the UK Stewardship Code, we support its Principles which are designed to foster the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Please see the APPENDIX and our Annual Stewardship Report [[Coronation Stewardship Report](#)] for further information on how we apply the above principles and codes.

## 2. Policy

### ESG Incorporation

#### 2.1. Overview

Our research analysts have always considered ESG factors as an integral part of the investment research and valuation process. We also have a long history of engaging as an active shareholder on principles of good corporate governance. Our investment philosophy and approach has remained unchanged since Coronation was founded in 1993.

Given the differing nature of companies' underlying business models, our approach is for our research analysts to treat ESG issues on an individual case-by-case basis. We focus on the material ESG issues that are considered likely to affect stakeholders, as this will ultimately have an impact on corporate performance and investment performance. The investment team comprises a large and experienced group of professionals with a deep knowledge of industries, asset classes across multiple geographies and associated material ESG risks and opportunities. In considering ESG factors, we recognize the importance of focusing our attention and time on those ESG issues that can have the most meaningful impact on a company's long-term prospects.

Whilst each business faces its own unique set of environmental and social circumstances, appropriate governance is relevant to all. We believe that strong governance structures are key to the successful management of environmental and social factors. Accordingly, we spend a significant amount of time understanding the governance of the companies in which we invest.

#### *Guidelines on Governance Factors*

We aim to ensure that the companies in which we invest maintain high standards of corporate governance. We believe that good corporate governance enhances long-term shareholder value, and that we therefore have a fiduciary duty to ensure, as far as possible, that the companies in which we invest are committed to adhering to sound corporate governance principles.

Good corporate governance is at the heart of ensuring that companies have the skills, structures, and incentives to drive long-term business success. We have significant expertise in evaluating corporate



governance and we believe that by dedicating significant time and effort to studying the corporate governance of the companies in which we invest, we are better able to assess their long-term prospects.

We evaluate companies across a wide array of matters relating to corporate governance. These include the composition, strength and independence of the board, executive compensation, and alignment of interests, as well as ethical conduct, anti-corruption practices and the management of conflicts of interest. We further evaluate practices relating to capital allocation, the protection of shareholder rights, and third-party assurance and reporting.

As a well-functioning board is a prerequisite for proper governance, many of our stewardship activities focus on ensuring that boards function effectively. We aim to ensure that companies are headed by effective boards that set the strategic direction of the company, establish its risk appetite, and implement appropriate oversight and control. We do not believe that standardised data metrics and good governance “box-ticking” can provide genuine insight into the true functioning and effectiveness of a board. As fundamental investors, we consider the individual dynamics within the boards of investee companies and advocate for change, where required, with the company concerned. Most often these discussions take place away from public scrutiny.

Executive remuneration is another important area of focus. We endeavour to assess a company’s remuneration policy in a holistic and balanced manner to ensure that incentives are aligned to the long-term value created. While we always evaluate key issues, such as the key performance indicators used to determine executive pay and evaluation of time horizons, we do not focus myopically on any single aspect or metric. However, in South Africa, we do not support any policy that does not include malus and clawback mechanisms that allow a company to reclaim performance-related compensation under specific circumstances and, in this way, protect the company from fraud or other material misrepresentation by executives. Having considered a company’s policy in its entirety, we actively engage with the company where we feel improvements are required and vote in favour of remuneration policies that we deem to be fair, appropriate and where a company has shown willingness to substantially improve such policies over time.

The audit process of a company must be objective, rigorous and independent to maintain the confidence of the market. Coronation considers any issues that may have compromised the audit firm’s independence and objectivity with respect to the company over the previous year. We apply a hard rule requiring audit firms to rotate after a 10-year term.

We don’t support granting authority to directors to issue shares generally and unconditionally. We generally discourage granting blanket authorities, because these can result in value dilution, and we believe that shareholders should be able to vote on all issues of share capital. We take a similar view on the general authority to issue shares for cash.

We seek transparency and comprehensive reporting as this provides the information basis to assess whether a company adheres to high standards of corporate governance and integrates ESG considerations.

#### ***Guidelines on Environmental and Social Factors***

The environmental and social pillars are more complex, subjective and prone to differing approaches from subject matter experts. Social objectives vary significantly between investors around the world and issues are often fraught with ambiguity. In addition, each business and sector will face its own unique set of environmental and social circumstances. While we systematically review and investigate



the potential significance of environmental and social issues, we are cautious to make definitive rulings on complex issues. Our focus centres around areas related to climate change and resource scarcity (e.g. carbon emissions, water usage, energy efficiency, waste management, general environmental impact), social controversies, health and safety standards, matters relating to labour policies and practices, community relations, approach to data security and privacy and diversity and inclusion (which, in South Africa, includes interrogating the company's approach to and status in relation to Black Economic Empowerment).

### ***Guidelines on Environmental Factors***

#### **Climate Change**

Climate change is a pervasive risk with significant implications for the global population. The scale and complexity of climate change make it a unique challenge in the context of economic decision-making. There is overwhelming scientific and economic evidence pointing to the increasing risks from serious, irreversible impacts of climate change. The consequences of climate change are already evident, and the impacts thereof are expected to intensify in the coming decades.

Climate change will have severe financial implications for all economies, asset classes, industries, and companies, albeit to varying degrees. The systemic nature of climate change means that the adequacy and sustainability of long-term savings will be affected. By addressing these challenges and by helping to mitigate the impacts thereof, we aim to ensure that individuals are saving for a future in a world worth living in.

Asset managers and allocators of capital have a fiduciary responsibility to respond to the challenges of climate change. As active managers with a long history of engaging with companies, we are well positioned to act as meaningful change agents. We aim to drive change by ensuring that the risks and opportunities stemming from potentially material climate risks are integrated into our decision-making process. We are, however, cognisant that the complex challenges presented by climate change require a careful, well considered, and long-term approach.

Our approach to tackling climate change uses the same four-pronged approach of integration, engagement, collaboration and public policy advocacy that we apply to our other stewardship activities.

Climate risk is ever present, cutting across every sector, and it manifests itself differently from one industry to the next. These industry-specific impacts must be viewed through the lens of materiality to each industry and the ability to make changes where there is a high degree of materiality.

We also understand the critical role that allocators of capital such as ourselves can play in driving companies to improve their climate-related practices and, hence, mitigate the impacts of climate change.

We believe in the power of inclusion over exclusion and that, in certain circumstances, active ownership can have a greater positive impact on a company's practices than divestment. We are also firm advocates for real on the ground change and prioritise the achievement of real economy emissions reductions which will ultimately lead to portfolio decarbonization.

We assess carbon emissions disclosures by investee companies and promote the disclosure of appropriate and useful climate-related information in accordance with globally recognised standards.. We seek to actively engage with high emitters to encourage credible and science-based



decarbonisation strategies, having regard to the industry and context within which the company operates.

Collaborative engagements are critically important when addressing systemic issues. Our involvement with regulators and industry bodies with policy development in support of ambitious climate goals is key.

The transition out of high-carbon activities into more sustainable economies will have significant impacts on workers and communities. We commit to consider and encourage actions that adequately address the implications for the people who are affected by the transition and ensure it is done in an equitable manner. Social demands are therefore to be balanced against the environmental need for a just transition to a low-carbon economy, giving consideration to the South African Just Transition Framework, and any relevant internationally recognized Just Transition standards.

### **Natural Resource management**

Natural resources include fresh water, biodiversity, land use, forestry, marine life, among others. Many ESG risks are inter-connected, for example climate risk, increased water stress and agricultural shortages. Forests are a vital part of the carbon cycle. The biggest threats to biodiversity and ecosystems remain those arising from agricultural practices and over-exploitation. The protection of biodiversity should be a priority for all businesses and companies should take steps to limit the destruction of the natural environment as far as possible.

Resource efficiency is one way to reduce energy demand in the context of climate mitigation. A circular economy goes one step further by designing products and services around recyclability and reuse to the point where primary production of products will no longer be necessary. A circular economy entails gradually decoupling economic activity from the consumption of finite resources and designing waste out of the system. We expect companies to strive for the most efficient use of resources possible, and to consider how they can introduce circular economy approaches to their business model and operations.

### **Guidelines on Social Factors**

Since our inception we have upheld and promoted South Africa's constitution which explicitly outlaws all forms of human rights abuses and strongly protects the rights of workers. Our commitment to these principles is part of our corporate identity and is embedded in our investment process.

We assess the level to which companies are exposed to social factors, including in their supply chain, which may depend on their business models or on the nature and geographical location of their business operations. These factors include, amongst others, digital disruption, human rights, working conditions and modern slavery. We expect all our holdings to respect internationally accepted human rights and labour rights throughout their business operations and value chain in line with the United Nations Guiding Principles for Business and Human Rights.

We will continue to focus on ensuring that companies have appropriate safety protocols in place to protect their employees from harm.

An inclusive company culture that leverages diverse views effectively can be an important element in determining a firm's success, especially in volatile and rapidly changing environments. We will continue to advocate for diverse workforces and practices that promote inclusivity, as these attributes can positively contribute to a company's long-term success and can be a source of competitive advantage.



The concept of broad-based black economic empowerment (B-BBEE) in South Africa, which may not be familiar to international investors, needs to be applied authentically and in both the spirit as well as the letter of the law. B-BBEE transactions should target appropriate communities and stakeholders and be set up in a manner that is sustainable and spans a timeframe that is long enough to ensure that the benefits accrue to all the intended stakeholders.

#### *Outcome of applying the Guidelines set out above*

As part of our investment decision-making process, Coronation will weigh up whether the benefits to our clients will be best served by avoiding companies that are poorly governed or that have shortcomings in the environmental or social pillars. We will also evaluate whether we can influence such companies to improve by actively engaging in discussions with investee company management or the board of directors, by exercising our voting rights (on behalf of our funds and clients) or through other means of enhancing shareholder value. Coronation will always exercise caution to ensure that in adopting this approach, we do so in a manner which is constructive to the long-term value of the business, and avoids conflicts of interest, such as becoming involved in the management of those investee companies.

#### *Approach to Sustainability Outcomes*

Our purpose is to deliver superior long-term investment outcomes to our clients as responsible stewards of their capital. As such, our discussions with investee companies often address many of the UN's Sustainable Development Goals ("SDGs").

Each business faces its own unique set of environmental and social circumstances. While we focus on the material ESG issues that are considered likely to affect stakeholders, systemic risks like climate-related risks and inequality will have severe financial implications for all economies, asset classes and industries so these are a priority for all investors. Addressing these risks help address many of the SDGs. We do not believe in narrowing our focus to deal with only a few of these outcomes.

We employ various mechanisms to ensure that ESG factors are appropriately considered within our investment process, as discussed below.

## **2.2. Investment Process**

Coronation has a single investment philosophy which applies across all strategies and products and is deeply ingrained within the entire Coronation investment team, namely, that of being a long-term, valuation-driven investment house. The long-term nature of the investment philosophy requires us to incorporate ESG and sustainability issues into our investment process and in every investment decision that we make as we need to account for these factors in trying to understand a business' long-term worth.

Coronation explicitly integrates ESG factors in the rating and valuation of the relevant investment. We prefer this approach to assigning a specific ranking to companies comparing their relative ESG merit. We make use of sector or asset-class specific guidelines to ensure that the assessment at each company level is appropriate. This is because in our experience the cost of failure to apply appropriate standards of ESG often only become evident in the long term. All our research analysts' coverage reports on companies include an assessment of ESG factors. All investment professionals are required to consider ESG factors in the valuation process and are therefore responsible for ensuring that the ESG considerations relevant to a particular company are included in their long-term valuation of a company. Analysts are required to provide a summary of the main ESG issues, discuss



their materiality to the investment case and provide their view on how these factors impact the overall valuation of the business.

As we rigorously apply our investment methodology of (i) valuing stocks on long-term sustainable earnings and assigning a fair price-to-earnings (P/E) multiple to those earnings or (ii) for debt securities, assessing the impact on issuer cash-flows and ability to repay debt, ESG will be both implicit and explicit in every investment decision that Coronation makes. We will accordingly produce sound quantitative and/or qualitative analysis of all significant exposure to ESG issues as part of each investment case. All ESG issues that were considered during the valuation process are documented within the particular company's valuation. The Head of Research, Chief Investment Officer and lead portfolio managers oversee ESG integration in the investment process.

Given our single investment philosophy which is consistently applied to all of our products and strategies managed by Coronation, this policy applies across all such strategies.

### 2.3. Screening

Coronation will not, other than in the circumstances mentioned below, explicitly screen out any shares due to ESG factors. Where we do invest in companies with a higher ESG risk profile, we ensure that the investment opportunity reflects a greater risk-adjusted upside or a higher yield and we adopt an engage-to-change stewardship approach. The only exceptions would be where:

- i. we are concerned about a significant lack of corporate governance in a potential investee company and where, in Coronation's view, it is unlikely that we would be able to influence management of the potential investee company to improve their corporate governance to the extent required; or
- ii. the investment is being made for a Coronation pooled fund that is managed as an Article 8 fund ("Article 8 Fund") under the European Sustainable Finance Disclosure Regulation ("SFDR") and the share is excluded in accordance with Coronation's Exclusion Policy (which is accessible on Coronation's website at [Coronation Exclusion Policy](#)).

We will also, depending on the circumstances, take instructions from segregated account mandate clients to exclude from their mandate's investible universe certain companies that they object to on environmental or social grounds.

### 2.4. Engagement with Investee Companies

Coronation is an active shareholder and we engage with company management and Boards in executing our fiduciary responsibilities, including through calls, in-person meetings, letters and written statements expressing our views. When there are specific concerns, we either engage with management or the board and if this fails to deliver the appropriate action, we then escalate in accordance with our escalation policy. Where appropriate, we also engage with like-minded shareholders to drive a more successful and coherent engagement with the company. If these actions still do not result in the desired outcome, we take the appropriate steps at either the AGM or call a special meeting to highlight our grievances and make necessary recommendations. If our best efforts are unsuccessful, then we re-assess our investment case and valuation and take the appropriate investment action in our portfolios.

We engage on any aspect of E, S or G, as required, with the ultimate intention of driving the change we believe will be most beneficial for shareholders in the long run.



We develop specific engagement strategies for broad themes affecting an entire industry and for each company based on a holistic knowledge of the key issues affecting that company, the industry and jurisdiction in which it operates.

Our engagement process focusses on the most material issues that a company must address and is broken down as follows:

- Environmental and social issues: examples of this would be carbon tax legislation, capital expenditure required to meet sustainability targets, , the impact of poor employee safety outcomes and changing environmental regulations. These engagements allow us to understand the context surrounding these issues, quantify the impact of uncertain variables on our valuation and understand management's actions and plans to mitigate these effects. This assists in making informed investment decisions and provides us a platform to advocate for change to add value.
- Governance issues: this will commonly involve discussions relating to capital allocation strategy, the composition of the Board in terms of skills and diversity, and the adequacy of key performance indicators and targets in setting the remuneration policy for executive management as well as the range of the potential outcomes. In addition, as investors with a long-term time horizon, we think it is important to understand what companies are doing to protect the sustainability of their business and the environment in which they operate. Our engagement process involves discussions on several topics including, but not limited to, waste management, health and safety processes and labour relations. This helps us to assess whether the company has a coherent strategy to deal with the environmental and social impact that its everyday operations have. A company's awareness of these affairs and a willingness to address them in a formal, well-governed and pro-active manner indicates that the business is committed to being a good corporate citizen and protecting its sustainable long-term value.

We therefore consistently engage on several ESG issues throughout the year, not only at the time of particular corporate events, so that the company has sufficient time to address such concerns before any formal voting occurs. Our overriding principle is that constructive pre-emptive engagement and rectification is a far more preferable outcome for all stakeholders than formulaic voting at general meetings.

As an active shareholder and through the process of engagement we believe that we can raise the overall awareness levels of companies to the importance of ESG reporting. This is to the benefit of all stakeholders. It also aids and assists the voting process as information required to justify voting decisions will be easily accessible to all shareholders. Where companies we engage with fail to improve their standard of disclosure, or adequately address the concerns we have raised, we exercise our rights of ownership at the AGM in an appropriate manner to drive the required change.

## 2.5. Voting

Coronation is authorized to exercise voting rights in respect of the holdings of all Coronation funds and for segregated account mandates (separately managed) where clients have specifically authorized Coronation to vote their holdings on their behalf. Coronation is an active shareholder and applies its Proxy Voting Policy which requires us to vote on resolutions for all international and domestic holdings, regardless of the size of these holdings.



The Proxy Voting Policy must be read in conjunction with this Policy and imposes the obligation to examine each resolution offered in the context in which it applies. The Coronation voting guidelines and process are explained in our Proxy Voting Policy, available on our website.

## 2.6. Engagement with Other Stakeholders

In addition to our support for leading principles and codes of responsible investment, Coronation is an active member of and participant in investment associations.

We take our memberships seriously and participate regularly at a policy level. In particular, we have a significant number of staff participating in industry engagements via representation on numerous board committees, standing committees and working groups of the Association for Savings and Investment South Africa (ASISA). Through our active engagement in industry consultations, we work towards ensuring ESG standards are improved and relevant and we advocate for policy frameworks that minimize systemic risks, including ensuring financial market stability, combating climate change, and fostering social stability. These engagements align with our flexible, judgment-based approach, allowing us to tailor our advocacy to each situation. This ensures that we consider trade-offs, unintended consequences, and regional nuances while optimizing long-term sustainable outcomes and benefits for a wide range of stakeholders.

Where relevant, we engage with legislative bodies and regulators to support effective public policies aimed at securing an inclusive and growing economy. Additional voluntary memberships include several CEO Initiatives, Business Leadership South Africa (BLSA) and, the National Business Initiative (NBI).

Coronation remains cognisant of ongoing industry initiatives to entrench ESG considerations and/or improve awareness of ESG factors and will ensure sufficient representation on appropriate forums driving such initiatives. Coronation will use its membership of industry bodies to ensure that wherever opportunities present themselves, it is able to participate in and/or collaborate on matters that will achieve the principles set out by the PRI, CRISA and the UK Stewardship Code across the industry. Membership of such industry bodies will also be used by Coronation, wherever reasonably possible, to assist in presenting a unified industry approach and response to regulators on any regulatory initiatives that impact responsible investing.

Furthermore, Coronation periodically assists institutional clients in relation to responsible investing. Coronation often participates in annual surveys and questionnaires directed to us by our institutional clients which require our responses to questions assessing the extent to which we integrate ESG considerations into our investment process and within our business. This is used as an opportunity, where appropriate, to offer suggestions as to how responsible investing can be better achieved by the particular institutional client. In those instances where clients provide Coronation with their voting and proxy guidelines, Coronation will review these carefully and provide the clients with suggestions in instances where Coronation is of the view that such guidelines can be enhanced to better serve ESG considerations.



### 3. Implementation

#### 3.1. Reporting

Coronation is committed to being transparent in its reporting of activities and implementation of this Policy. We regularly report to clients on how we fulfil our responsibilities, in line with our status as a signatory to the PRI, and our support for CRISA and the principles of the UK Stewardship Code.

We keep a complete record of all ESG engagements in a comprehensive database. As part of our stewardship commitment, we provide regular updates to clients on our wider stewardship activities, including our engagement and voting activities, and updates on ESG matters. We communicate the results of these activities in our client interactions, regular client reporting and through our annual Stewardship Report. We also work with our clients individually to ensure that we provide them with the information that they need to fulfil their stewardship objectives, as well as any regulatory reporting required.

As a PRI signatory, we report publicly on our responsible investment activities each year. These Transparency Reports, together with the Assessment Reports, are accessible to signatories on the PRI Data portal.

Our voting activities are disclosed and updated on a monthly basis in the stewardship section of the Coronation website, and annually in the Stewardship Report.

#### 3.2. Sustainability Committee

A Sustainability Committee was established by Coronation's Group Executive Committee ("EXCO"), in consultation with the Chief Investment Officer, Senior Portfolio Managers and the Head of Institutional Business.

The Sustainability Committee's primary function is to provide oversight of the ESG activities of Coronation in acting as a responsible investor including the design, implementation, monitoring and reporting of Coronation's approach to the integration of ESG factors into its investment process, as well as associated alignment with codes, standards, disclosure obligations and regulatory requirements. The Sustainability Committee consists of the following members:

- Chief Investment Officer
- Senior Portfolio Managers (the number and appointments to be determined by the EXCO)
- Head of Institutional Business
- Head of Compliance
- General Counsel
- Any other members of staff appointed by the EXCO.

#### 3.3. Ownership and Governance

The owner of this Policy is the Chief Investment Officer, who oversees its implementation. The Policy shall be reviewed by the Chief Investment Officer or designate at least annually, and such review shall include input from the Sustainability Committee. Post such annual review, the Policy shall be provided to the Group Board for final review and approval.



#### 4. Policy Approval

Date	Action
May 2023	Approved by the CFM Board
July 2024	Approved by the Sustainability Committee



## APPENDIX

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### Principles for Responsible Investing (PRI):

**Principle 1.** We will incorporate ESG issues into investment analysis and decision-making processes.

As described in sections [2.1](#) and [2.2](#), Coronation incorporates environmental, social and governance factors into investment analysis and decision-making.

**Principle 2.** We will be active owners and incorporate ESG issues into our ownership policies and practices.

Our engagement and voting policies are outlined in sections [2.4](#), [2.5](#) and [2.6](#).

**Principle 3.** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Our approach to company engagement is explained in section [2.4](#).

**Principle 4.** We will promote acceptance and implementation of the Principles within the investment industry.

Details of our involvement and promotion of the six PRI principles within the investment community are outlined in section [2.6](#).

**Principle 5.** We will work together to enhance our effectiveness in implementing the Principles.

In section [2.6](#) we outline how we work in collaboration with the wider investment community to achieve the six PRI principles.

**Principle 6.** We will each report on our activities and progress towards implementing the Principles

Our approach to reporting is documented in section [3.1](#).

### South African Code for Responsible Investing (CRISA 2.0):

#### Principle 1. ESG INTEGRATION

Investment arrangements and activities should reflect a systematic approach to integrating material environmental, social and governance (ESG) factors.

As described in sections [2.1](#) and [2.2](#), Coronation incorporates environmental, social and governance factors into investment analysis and decision-making.

#### Principle 2. STEWARDSHIP

Investment arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities diligently enabling effective stewardship.

Our engagement and voting policies are outlined in sections [2.4](#), [2.5](#) and [2.6](#).



### Principle 3. CAPACITY BUILDING AND COLLABORATION

Acceptance and implementation of the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity building throughout the investment industry.

In section [2.6](#) we outline how we work in collaboration with the wider investment community to achieve good outcomes for investors.

### Principle 4. GOVERNANCE

Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote responsible investment and diligent stewardship, including proactively managing conflicts of interest.

In section [3.3](#) we outline our governance and oversight. Coronation has a Conflict of Interest Management Policy for this purpose, which is available on our website.

### Principle 5. TRANSPARENCY

Investment organisations should ensure disclosures are meaningful, timeous and accessible to enable stakeholders to make informed assessments of progress towards the achievement of positive outcomes.

Our approach to company engagement is explained in section [2.4](#). Our approach to reporting is documented in section [3.1](#).

## UK Stewardship Code:

**Principle 1.** Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Our beliefs and approach are discussed in section [1.2](#).

**Principle 2.** Signatories' governance, resources and incentives support stewardship.

The ownership and governance of this Policy is addressed in section [3.3](#).

**Principle 3.** Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Coronation's Conflict of Interest Management Policy is available on our website.

**Principle 4.** Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

In section [2.6](#) we outline how we work in collaboration with industry bodies, regulators, and other stakeholders for the good of economies, markets, asset classes and financial systems.

**Principle 5.** Signatories review their policies, assure their processes and assess the effectiveness of their activities.

In terms of section [3.3](#), ownership and governance is addressed.



**Principle 6.** Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Our approach to reporting is documented in section [3.1](#).

**Principle 7.** Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Our four-pronged approach of integration, engagement, collaboration and public policy advocacy is outlined in our policy.

**Principle 8.** Signatories monitor and hold to account managers and/or service providers.

In accordance with section [1.1](#), the Policy applies across our global investment universe including externally appointed investment managers and any relevant service provider.

In section [2.2](#). Given our single investment philosophy which is consistently applied to all of our products and strategies managed by Coronation, this policy applies across all such strategies.

**Principle 9.** Signatories engage with issuers to maintain or enhance the value of assets.

Research analysts having coverage responsibility for a company engage in monitoring activities on an ongoing basis via various channels. Our engagement and voting policies are outlined in sections [2.4](#), [2.5](#) and [2.6](#). Our approach to company engagement is explained in section [2.4](#).

**Principle 10.** Signatories, where necessary, participate in collaborative engagement to influence issuers.

In section [2.6](#) we outline how we work in collaboration with the wider investment community to achieve good outcomes for investors.

**Principle 11.** Signatories, where necessary, escalate stewardship activities to influence issuers.

Our approach to how and when we escalate our stewardship activities can be found in section [2.4](#).

**Principle 12.** Signatories actively exercise their rights and responsibilities.

Our engagement and voting policies are outlined in sections [2.4](#), [2.5](#) and [2.6](#). Our approach to reporting is documented in section [3.1](#).