Coronation Global Fund Managers (Ireland) Limited

(the "Company")

Remuneration Policy

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CORONATION

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1. INTRODUCTION

Coronation Global Fund Managers (Ireland) Limited ('the Company') is authorised by the Central Bank of Ireland (the "**Central Bank**") as a UCITS management company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended, consolidated or substituted from time to time (the **"UCITS Regulations"**), and an Alternative Investment Fund Manager **("AIFM"**) pursuant to the European Union (Alternative Investment Fund Managers) Regulations, 2013 (S.I. No. 257 of 2013),as amended, consolidated or substituted from time to time (the **"AIFMD Regulations"**).

The Company has prepared this remuneration policy (the **"Remuneration Policy"**) to outline how it adheres to the remuneration requirements set out in the UCITS and AIFM Regulations, Directives, the European Securities and Markets Authority ('ESMA') Guidelines on Sound Remuneration Policies and related guidance.

In addition to ensuring that this Remuneration Policy aligns the risk taking behaviour of staff with the Company's risk appetite, the remuneration policy is designed to ensure that the Company is able to attract, retain and motivate highly qualified staff in order to produce long term value creation for shareholders.

In preparing this Remuneration Policy, the Company has taken into account the size, internal organisation and the nature, scope and complexity of its business and the funds it manages which fall within scope (the **"Funds"**), as well as alignment to the principles of the Coronation Group remuneration policy. In determining the range of activities to be undertaken by the Company due consideration has also been given to the number of Funds, the type of investments, the investment strategies, the impact of the ESG fund philosophy the investment location, the distribution model and the investor base of the Funds to which it is appointed as an UCITS management company and AIFM. Due consideration has also been given to the resources available to the Company and the resources and expertise of the various third parties engaged to support the Company and carry out certain functions on its behalf.

The Company endorses responsible investing including the incorporation of ESG principles. As the investment management function is outsourced, this has limited application to staff directly employed by the Company. However, the Company is aware that the incorporation of ESG principles forms an important part of the investment analysis, due diligence and risk management processes of the Investment Managers, which in turn has an impact on the remuneration practices of the Investment Manager. The Remuneration Policy is both consistent with and promotes the principals of sound Risk Management and does not encourage risk taking which is inconsistent with the Company or funds managed by the Company by:

- Taking into account the Company's business model, which by its nature does not promote excessive risk taking and takes account of the longer term
- Defines the total amount of remuneration on a combination of the performance of an individual and the relevant business unit and overall Group results
- When assessing an individual's performance both financial and non-financial goals are taken into account
- Definition of performance goals and objectives for staff engaged in control based functions in accordance with the objectives linked to their functions and independent of the performance of the business areas they control

- Seeking to increase the staff equity ownership in the business
- Deferral of a substantial portion of the variable remuneration component
- Ensuring that the fixed salary element is reflective of the current market rate.

2. APPLICATION OF THE ESMA GUIDELINES

The guidelines on sound remuneration policies under Directive 2014/91/EU (the **"UCITS V Directive"**) and Directive 2011/61/EU **("AIFMD")** as issued by the European Securities and Markets Authority (**"ESMA"**) (the **"Guidelines"**) address how the application of the principles set out in paragraph 5.3 of this Remuneration Policy should be applied to "Identified Staff" (as defined in paragraph 4) and by exclusion, the impact on those staff not deemed to be "Identified Staff" (herein referred to as "Non-Identified Staff"), and also addresses the impact of the remuneration rules in instances where investment management functions are delegated to third party investment managers. ESMA's guidelines on sound remuneration policies under AIFMD (ESMA/2013/232) are in force and applied by the Company as at the date hereof.

3. SCOPE OF REMUNERATION

Remuneration consists of all forms of payments or benefits made directly by, or indirectly, but on behalf of the Company, in exchange for professional services rendered by staff. This shall include where applicable:

i. all forms of payments or benefits paid by the Company;

ii. any amount paid by the Funds, including carried interest; and/or

iii. any transfer of units or shares of any Funds;

in exchange for professional services rendered by the Identified Staff (as defined in section 4 below).

For the purpose of item (ii) above, this is included for completeness, but for the avoidance of doubt no payments are made by the Funds to the Company for the purposes of staff remuneration.

Fixed remuneration means payments or benefits without consideration of any performance criteria.

Variable remuneration means additional payments or benefits depending on performance or, in certain cases, other contractual criteria.

4. STAFF COVERED BY THIS POLICY

The provisions of this Remuneration Policy apply to **"Identified Staff"** and **"Non-Identified Staff"** (each defined below) of the Company. The Company notes that pursuant to the UCITS and AIFMD remuneration framework it is possible to exclude the application of certain provisions of this Remuneration Policy to Non-Identified Staff. Without prejudice to any decision of the Board to avail of those exclusions in the future, the Company's current intention is to apply this Remuneration Policy to both Identified and Non-Identified Staff.

Identified Staff are staff members who have a material impact on the Company's risk profile, defined as follows:

> *"categories of staff, including senior management, risk takers, Control Functions as defined below and any employee receiving total remuneration that takes them into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the management company's risk profile … and categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by the management company, whose professional activities have a material impact on the risk profiles of the Fund under management"*

For the above purposes, **"Control Functions"** means:

> *"staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the management company (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)."*

For the above purposes, **"remuneration bracket"** means:

> *"the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories."*

Specifically, for the Company, Identified Staff members may fall into any of the following categories:

- directors of the Company;
- individuals who report directly to the board of directors (the **"Board"**) or who head significant business lines for the Manager (including those with local and global responsibilities);
- staff responsible for Control Functions;
- other risk takers – being staff members who acting individually or as part of a group can materially influence the Company's risk profile;
- staff whose remuneration takes them into the same remuneration bracket as senior managers and risk takers but who don't fall into one of the categories above must be assessed to determine whether they have a material impact on the risk profile of the Company.

For the purposes of this Remuneration Policy, **"Non-Identified Staff"** means staff members who are not considered to be Identified Staff.

5. REMUNERATION PROCESS AND PRINCIPLES

5.1. Variable Remuneration

Variable remuneration is an important tool to incentivise staff. It also gives the Company flexibility such that, in years where the Company performs poorly, variable remuneration may be reduced or even eliminated.

In deciding the mix between fixed and variable remuneration of Identified Staff, the Company is mindful of the need to ensure that the basic pay of staff is adequate to remunerate the professional services rendered taking into account, inter alia, the level of education, the degree of seniority, the level and expertise and skills required. Because the Company is an investment business its revenues may be more volatile than non-investment businesses.

Variable remuneration allows the Company to reduce the risk that its capital base is eroded due to the need to pay fixed remuneration costs should trading revenues decline. For these reasons, the Company's ratio of variable pay to fixed pay may be higher than other businesses with more steady income streams.

Further, in considering the application of this Remuneration Policy and the payment of variable remuneration, the Company notes it has a relatively simple employment and remuneration structure.

5.2. Remuneration Process

Following the finalisation of the annual financial statements and during the first quarter of each financial year, the Company, through its Designated Person on behalf of the Board, will decide what, if any, variable compensation to award staff.

The factors that are taken into account in deciding the quantum of the variable remuneration are as follows:

- for revenue producing roles, the risk and resource adjusted profit or loss in comparison to the expected profit or loss in addition to the achievement of any specific objectives;
- for non-revenue producing roles, achievement against objectives and whether the individual exceeded what was expected of them during the year;
- for all roles:
    - the profit that the Company made during the previous year;
    - the resources that were consumed (for example IT, capital, legal and compliance resources);
    - compliance by the individual with all relevant compliance and risk requirements and other firm policies and procedures;
    - the achievement of objectives which are set during the annual review process and updated during the year;
    - whether the individual helped to develop new businesses, improved processes, worked in a collegial way and assisted in the training, education and mentoring of other employees;
    - other factors as may be determined from time to time by the Board.

5.3. Remuneration Principles

It is primarily the responsibility of the Company to assess its own characteristics and to develop and implement remuneration policies and practices which appropriately align the risks faced and provide adequate and effective incentives to its Identified Staff.

When establishing and applying these remuneration policies and practises, the Company shall comply with the following general principles (unless otherwise stated) in a way and to the extent that is appropriate taking into account its size, internal organisation and the nature, scope and complexity of its activities:

(a) Identified Staff engaged in Control Functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control in order to avoid any conflict of interest;
(b) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or Fund concerned and as to their risks and of the overall results of the Company, and when assessing individual performance, taking into account financial and non-financial criteria;
(c) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Funds managed by the Company in order to ensure that the assessment process is based on the longer term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
(d) guaranteed variable remuneration is exceptional and occurs only in the context of hiring new staff and is limited to the first year of engagement;
(e) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;
(f) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
(g) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risk;
(h) subject to the legal structures of the Funds and their rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration component consists of units or shares of the Funds concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point (h), unless the management of the Funds accounts for less than 50% of the total portfolio managed by the Company, in which case the minimum of 50% does not apply;
(i) a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the Funds concerned and is correctly aligned with the nature of the risks of the Funds in question. The period referred to in this point shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount shall be deferred;
(j) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the Funds and the individual concerned. The total variable remuneration shall generally be considerably

contracted where subdued or negative financial performance of the Company or of the Funds occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

(k) any pension policy (if such policy is put in place in the future) is in line with the business strategy, objectives, values and long-term interests of the Company and the Funds. If the employee leaves the Company before retirement, discretionary pension benefits, if any, shall be held by the Company for a period of five years in the form of instruments defined in point (h). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (h) above, subject to a five-year retention period;

(l) Identified Staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements; and

(m) variable remuneration may not be paid through vehicles or methods that facilitate the avoidance of the requirements of the Regulations.

(n) Malus and Clawback

In accordance with the principles adopted by the Coronation Group Malus and clawback is applied to cash and deferred remuneration payments subject to specific trigger events. Malus is defined as pre-vesting forfeiture of remuneration awards and Clawback as post-vesting forfeiture of such awards subject to specific trigger events.

5.4. Application Of Proportionality Principles

The Company has considered the proportionality principles currently in force as set out in applicable laws, regulations, the Central Bank of Ireland's Q&A documents, the ESMA Guidelines, the ESMA Q&A documents, the ESMA Letter (of 31 March 2016 to the European Commission, Council and Parliament “Proportionality principle and remuneration rules in the financial sector”) and also taken into account the principles set out in the Coronation Group remuneration policy and the contractual arrangements it has entered into.

With respect to Identified Staff and Non-Identified Staff of the Company, it has determined that owing to the size, internal organisation and the nature, scope and complexity of its own activities, the principles outlined in paragraphs (h), (i) and (j) in section 5.3 above, will not be applied as it would be disproportionate to do so.

The UCITS Regulations and AIFMD Regulations provide that the Company should apply remuneration policies and practices in accordance with the ESMA Guidelines, in a proportionate manner to any third party delegates, which take investment decisions that affect the risk profile of the Company into account.

With regard to the activities of third party delegates (which take investment decisions that affect the risk profile of the Company) falling within the scope of this Remuneration Policy (e.g. delegate investment managers) the Company has further determined that these delegates currently fall into the following categories:

they have been identified on an on-going basis as subject to equally as effective regulatory requirements on remuneration. where the following conditions are met: (i) the entity with whom the delegation agreement is concluded is subject to the remuneration rules under either Directive 2013/36/EU (CRD IV) or Directive

2011/61/EU (AIFMD)) This category currently includes Coronation International Limited and

Taking into account the size, internal organisation and the nature, scope and complexity of the activities of these third party delegates as well as contractual obligations imposed on them, the principles outlined in paragraphs (h), (i) and (j) in section 5.3 above, will not be applied to relevant staff of the delegates as it would be disproportionate to do so.

6. REMUNERATION COMMITTEE

There is a requirement for a management company to establish a remuneration committee for managers *"that are significant in terms of their size… their internal organisation and the nature, the scope and the complexity of their activities."*

Having assessed the requirements outlined above, the Company has determined that it is not "significant" with respect to its internal organisation and therefore shall not establish a remuneration committee. The Company shall instead consult as required with the Coronation Group Remuneration Committee in the implementation of remuneration policies and practises.

7. NON EXECUTIVE DIRECTORS

Non-executive Directors of the Company receive a fixed fee for their services (with appropriate adjustments for any properly vouched expenses).

8. BOARD OVERSIGHT AND UPDATES TO THIS REMUNERATION POLICY

The Board will be responsible for the oversight of compliance with this Remuneration Policy through its designated person. It will review the appropriateness of this Remuneration Policy periodically, as required, and will ensure that it is operating as intended. It will also review this Remuneration Policy to ensure that it continues to be compliant with applicable national and international regulations, principles and standards. The implementation of this Remuneration Policy shall be reviewed by the Board on at least an annual basis and updated as necessary.

Material changes to this Remuneration Policy will be approved by the Board.