



ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) POLICY

1. INTRODUCTION

As long-term stewards of our clients' capital, Coronation is focused on the long-term prospects of the assets in which we invest on our clients' behalf. It is central to our investment process to analyse each investment's ability to create, sustain and protect value with the goal of maximising returns in line with our clients' objectives.

We recognise that Environmental, Social and Governance (ESG) factors play an important role in assessing the long-term sustainability of investments. Accordingly, we believe that the integration of ESG factors into our investment process is a crucial step, and will ultimately lead to increased value and lower risk for client portfolios.

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

Coronation believes that applying these principles improves our ability to meet our commitments to the ultimate beneficiaries of investments and allows us to better align our investment activities and our corporate culture within the broader interests of society. In doing so, Coronation does not apply a "box ticking" exercise, nor do we believe that a "one size model fits all". Many corporates may pay lip service to ESG by compiling impressive reports but not ultimately living the principles in how they manage the business. This behaviour would not be detected by a standalone ESG compliance department.

We have therefore integrated ESG factors into our investment processes, stewardship practices and into the management of our own company in a manner which we believe is tailored to fit our investment strategy, our mission statement, the interests of our clients and stakeholders and the principles set out in CRISA and UNPRI.

It is critical for ESG to be adopted and managed on a sustainable basis, that owners are motivated to act in a manner which reinforces the boards mandate and ensure its remains accountable to all stakeholders. This process should never be mistaken for managerial involvement at an executive level. It is rather ensuring the board is compliant with its mandate from its owners and is fulfilling its fiduciary responsibility to direct, manage and hold accountable the executive team.

As a manager of investments in multiple jurisdictions we are cognisant of local governance codes. We will strive to ensure these governance codes are applied and adhered to, where relevant for individual companies. However, given the global nature of our business we will deal with our broad ESG framework in line with the six principles of the UNPRI.

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes

We employ the following strategies to ensure the ESG factors are integrated within our investment process and within our company and corporate culture:



Investment Process

Coronation has a single investment philosophy on which all products are managed and it 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. Subject to mandate, Coronation will not explicitly screen out any shares due to ESG factors. The only exception would be where there are concerns around 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. For all other ESG factors, Coronation factors these in the rating and valuation of the relevant investment, rather than assigning a specific ranking for companies comparing their ESG merit. All our full coverage reports on companies have a sector dealing with our assessment of ESG in the company. All investment professionals are aware that ESG factors must be considered 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. As Coronation rigorously applies our investment methodology of valuing stocks on long term sustainable earnings and applying a fair PE multiple to those earnings, ESG will be implicit in every investment decision that Coronation makes. We will accordingly produce sound quantitative and qualitative analysis of all significant exposure to ESG issues as part of investment cases. All ESG issues that were considered during the valuation process are documented within the particular company's valuation.

The Head of Equity Research, Chief Investment Officer and lead portfolio managers oversee this process and the implementation of this policy in the investment process and decision-making.

Ongoing maintenance

Ongoing monitoring of our investment universe is performed by the investment analysts and overseen by the Head of Equity Research, CIO and heads of the different investment areas. Investee companies are engaged on an ongoing basis on any matters where we believe that there is a potential governance breach to the detriment of stakeholders. We will therefore consistently engage management on a number of ESG issues throughout the year, not only at time of particular corporate events, so that management has sufficient time to address these concerns. Our overriding principle is that constructive pre-emptive engagement and rectification is a far preferable outcome for all stakeholders over formulaic voting at general meetings.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices

Voting on specific resolutions at general meetings and annual general meetings of investee companies

Coronation is authorised to exercise voting rights in respect of the holdings of all Coronation Funds and for segregated mandates (separately managed) mandates where clients have specifically authorised Coronation to vote their holdings on their behalf.

Coronation will be an active shareholder and apply its Proxy Voting Policy which requires it to vote on resolutions for all international holdings and to vote on all domestic holdings regardless of the size of these holdings.

The Coronation 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. Investment Analysts should complete adequate research so that Coronation is adequately informed when examining resolutions.



In instances where Coronation decides to vote against management or abstain, the decision will be communicated to the management of the investee company together with an explanation for our decision with a view to persuading management, wherever possible, to withdraw or redraft the resolution. Abstentions should be avoided where possible as it is effectively a spoilt vote. We will only abstain where insufficient evidence or work is available to justify a conclusive yes or no vote.

The Coronation voting guidelines as incorporated in our Proxy Voting Policy will be provided to all clients on request. Coronation will also provide clients, where requested, with a record of the particular resolutions tabled at investee company shareholder meetings, our voting thereon and the outcome of the resolution. This will also be made available on our company website.

Ongoing monitoring and engagement with investee companies

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 whether we can influence such companies to improve their corporate governance by our active involvement through discussions with investee company management, by exercising our voting rights (on behalf of our funds and clients) or through other ways of enhancing shareholder value. Coronation will always exercise caution to ensure that in adopting this approach, we do so in a manner which avoids conflicts of interest - such as becoming involved in the management of those investee companies. This policy should accordingly be read in conjunction with our Conflict of Interest Policy.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest

Investee companies that are not sufficiently transparent or that do not provide adequate disclosure and reporting of the manner in which they are applying ESG considerations and/or are achieving corporate governance in their organisations will be engaged to ensure they provide integrated reporting which provides the necessary level of reporting on these matters. Where companies we engage with fail to improve their standard of disclosure we will exercise our rights of ownership at the AGM in an appropriate manner to drive the required change. Given the differing nature of companies underlying business, appropriate disclosures will differ from a company to company basis. This supports our approach of dealing with ESG on an individual case by case basis managed by the relevant analyst.

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 for all shareholders.

Principle 4

We will promote acceptance and implementation of the principles within the investment industry.

Coronation is a member, and is actively involved, in a number of local and global investment associations. We take our membership seriously and participate regularly at a high level as well as on various sub committees dealing with issues affecting outcomes for all stakeholders. We continue working towards ensuring ESG standards are improved and remain relevant in ultimately promoting positive long term sustainable outcomes for all stakeholders.

Coronation will use its membership of industry bodies, such as ASISA and ICI, 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 in UNPRI and CRISA across the industry. Membership of such industry bodies will also be used by Coronation wherever reasonably possible to present a unified industry approach and response to



regulators on any regulatory initiatives that impact on responsible investing so that the regulator can assess an industry wide view of matters.

In the same manner that Coronation became a signatory to UNPRI, will should at all times remain cognisant of industry initiatives to entrench ESG considerations and/or improve awareness of ESG factors and will ensure sufficient representation on any forum which is driving such initiatives.

Principle 5

We will work together to enhance our effectiveness in implementing the principles

Collaboration with other institutional investors in regard to voting on resolutions of investee companies

Coronation will where necessary, approach other institutional investors to discuss any concerns it may have in relation to particular resolutions so that we can present a unified view with other institutional investors when raising concerns with the management of investee companies. In doing so, Coronation will exercise caution and take care to ensure that we do not breach any regulatory or legislative requirements or prohibitions in this regard or inadvertently trigger any presumptions of acting in concert with other institutional investors in regard to the particular matter that is the subject of the proposed resolution.

Assisting 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 that are directed at assessing the extent to which we integrate ESG considerations into our investment process and business. This must be used as an opportunity, where appropriate, to raise concerns with institutional clients and their asset consultants regarding the implementation of responsible investing by such institutional clients and to offer suggestions, where appropriate, 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 should review and consider these carefully and provide the clients with feedback in instances where Coronation is of the view that the policy can be enhanced to better serve ESG considerations.

Principle 6

We will report on our activities and progress towards implementing the principles

We will disclose, on a quarterly basis, all our voting recommendations on the Coronation website. In addition, where specifically requested by clients, Coronation will produce a presentation to clients which covers all relevant ESG issues dealt with in a defined period. Coronation keeps a complete record of all ESG engagements in a comprehensive database allowing feedback on an ad hoc or more formal basis for clients about the various ESG engagements in any given period.

2. OWNERSHIP OF POLICY AND ONGOING REVIEW

The owner of this policy in relation to the investment process, ownership policies and practices and the collaboration with investors and other stakeholders as set out in paragraphs 1 to 3 above is the Executive Committee of Coronation.



3. VOTING PROCESS FLOW CHART

