



Remuneration

Executive summary

Employee remuneration is designed to create long-term value for stakeholders and support the long-term strategy of our business. Its implementation is overseen by the Coronation Remuneration Committee, which is chaired by an independent director. In September 2018, Jock McKenzie stepped down as the Remuneration Committee Chair, and handed over to Hugo Nelson. Jock McKenzie remains a Remuneration Committee member.

The Remuneration Policy aims to not only attract and retain top talent, but also ensure that remuneration is based on individual performance and aligns employee rewards with Company performance. This is achieved through a combination of below-market fixed salaries for senior staff and the utilisation of variable remuneration for both short-term variable and long-term deferred remuneration.

Variable remuneration is dependent on Coronation's profitability. Long-term deferred variable remuneration is housed in the CFM Deferred Remuneration Trust, which is invested in Coronation shares and Coronation unit trusts, aligning staff incentivisation with the interests of clients and shareholders.

All staff benefit from a cash reward related to the year in which the profits were generated, should an individual's performance warrant it. In addition, a significant percentage of the variable remuneration for senior employees is deferred over the long term – and would be forfeited if they were to resign or sell any Coronation shares.

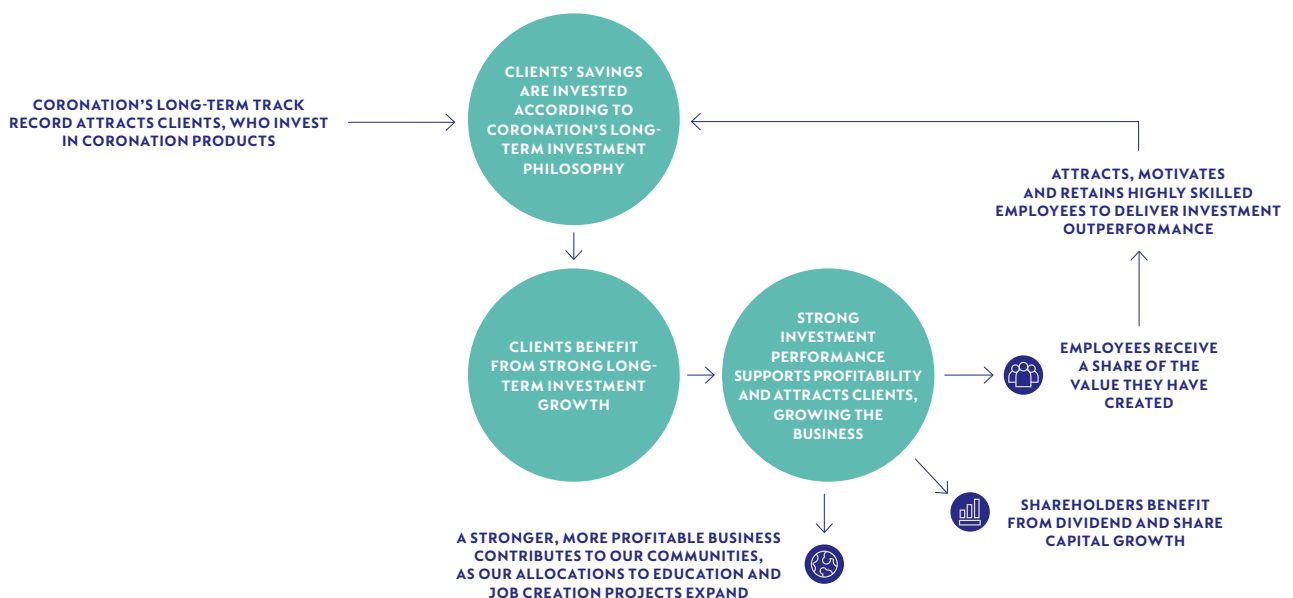
Coronation is 24.4% employee-owned. There is strong evidence globally that owner management of fund management firms correlates strongly with positive long-term investment outcomes and, consequently, delivery on aligned client interests.

Changes to policy and report

The philosophy and approach underpinning Coronation's remuneration has remained largely unchanged for the year under review and remuneration allocations for 2018 once again continue to reflect alignment with all stakeholders.

The Policy has been updated to include a provision for malus and clawback for 2019, in line with international best practice. We continue to enhance disclosure in line with the input we obtain through regular engagement with our shareholders.

How Coronation's Remuneration Policy creates long-term stakeholder value



HOW CORONATION'S REMUNERATION POLICY CREATES LONG-TERM STAKEHOLDER VALUE

REMUNERATION COMMITTEE REPORT

On behalf of the Coronation Remuneration Committee, we are pleased to submit the remuneration report for 2018.

Background

Coronation was an early adopter of integrated reporting as well as King IV™ principles in South Africa, and we continue to review and remain abreast of industry remuneration trends and regulatory changes.

Recently, the growing prominence of the responsible approach to investing has meant that asset managers are enhancing their consideration of environmental, social and governance (ESG) factors in their investment processes (→ *refer to the responsible investment section on pages 27 to 28*). An aspect of this is the 'say on pay' movement, and there is increased scrutiny of the fairness of executive compensation and a tightening regulatory environment globally.

Coronation's 2018 remuneration outcomes

At the 2018 annual general meeting, 83.6% of Coronation's shareholders voted in favour of the Remuneration Policy, which ties employee remuneration to Company performance. This high degree of support notwithstanding, Coronation's management team continued to engage shareholders throughout the year.

Building on last year's reporting enhancements, we have incorporated shareholder feedback into the Remuneration Policy. While it remains largely unchanged, we have implemented provision for malus and clawbacks, effective in the 2019 reporting year; and in this year's report we have provided enhanced information on key performance indicators (KPIs) for the CEO and CFO.

Remuneration review

The operating environment continued to be a challenging one, both from a market and an economic perspective, and Company earnings declined 3.4% in the year under review.

These negative conditions were exacerbated by corporate governance failures that not only stripped billions of rand from the investment and retirement savings of ordinary South Africans, but also called into question the integrity of the auditing community and oversight exercised by boards.

The Remuneration Committee (the Committee), which is chaired by a non-executive member of the Board, ensures that the remuneration process is fair and responsible and that it endorses the performance culture of the Company.

With this in mind, underperformance in certain strategies over the short term, mainly in South African Equity and Global Emerging Markets, has been fully reflected in the remuneration of affected investment professionals and relevant management members.

Measures varied, according to the performance and accountability of each individual, but they included any, or all, of the following items:

- ▶ Material (and in some cases extreme) cuts to total variable remuneration.
- ▶ The vesting terms of deferred long-term incentives were extended to five years (from the previous three years) with the first vesting at the end of year two (as opposed to the previous year one).
- ▶ A zero cash variable remuneration allocation.

In addition, we implemented two significant projects relating to our asset administration and transfer agency services during 2018. Given the long-term strategic importance of these projects, the individuals involved in securing the success were allocated a project bonus based on successful delivery.

The remuneration approach succeeded in its attraction and retention goals, with turnover among employees who benefited from the CFM Deferred Remuneration Trust at 1% in the year under review (2017: 3%).

In line with our long-term orientation, vesting periods within the CFM Deferred Remuneration Trust extend as far as 2024 and a significant number of key employees have restraints of trade and extended notice periods. In 2018, 57% of the variable remuneration pool was allocated to the long term:

Year	% of variable remuneration allocated to the long term*
2018	57
2017	48
2016	57
2015	55

* Deferred remuneration, restraints of trade and notice period extensions

As per our Policy, variable remuneration is allocated to all employees of the Group. In 2018, 98% of eligible employees received cash variable remuneration, and 44% benefited from deferred variable remuneration (which were invested in Coronation shares and unit trusts) as depicted below:

Year	% of eligible Coronation employees who received deferred variable remuneration*
2018	44
2017	46
2016	41
2015	42

Percentages pertain to total employee complement of the relevant year
* Coronation shares and Coronation unit trusts

Despite the challenging short-term environment, Coronation's executive directors have continued to remain focused on the long term and have continued to invest in the business, building the brand locally and globally, enhancing systems and recruiting top talent. We provide details of executive performance and remuneration on → pages 64 to 68.

Conclusion

The Committee has ensured that variable pay is distributed fairly, according to an individual's performance against their Key Performance Indicators (KPIs) as well as qualitative assessments, such that our human capital is recognised and rewarded for their contribution to the business.

Going forward, we will continue to monitor global and local regulatory developments and will continue to measure how the remuneration policy delivers long-term value creation.

The sense of ownership that our remuneration policy is designed to foster came to the fore as Coronation employees rallied in this challenging time, travelling extensively and focusing on clear and timeous communications to ensure that our customers continued to receive the excellent service that is enshrined in the Coronation client charter.

Jock McKenzie

Outgoing Chairperson: Coronation Remuneration Committee

Hugo Nelson





Incoming Chairperson: Coronation Remuneration Committee

* Chairperson changeover effective 6 September 2018

Coronation's strategic focus areas

- › Long-term investment performance
- › Client service
- › Governance
- › Corporate citizenship
- › Growing a global franchise

KPIs ACROSS THE COMPANY

	Strategy and values	Operational excellence	Governance and corporate citizenship	Stakeholder engagement
Key KPIs across the Company	 <ul style="list-style-type: none"> ▶ Execution of strategy in line with the Board mandate. ▶ Entrenching Company culture, including ethical values and behaviour. ▶ Delivering investment excellence. 	 <ul style="list-style-type: none"> ▶ Delivering sustainable financial performance. ▶ Manage risk in all areas of the business. ▶ Achieve operational efficiencies and contain costs. 	 <ul style="list-style-type: none"> ▶ Complying with all relevant regulatory and corporate governance requirements. ▶ Advancing meaningful economic transformation. ▶ Promoting ethical leadership and good governance in South Africa. 	 <ul style="list-style-type: none"> ▶ Improving stakeholder relations and delivering on stakeholder requirements.
Key 2018 outcomes for the Company	<ul style="list-style-type: none"> ▶ Performance across our fund range over the longer term indicated a strong performance, but was disappointing over the short term due to internal and external challenges. ▶ We manage a combined total of R587 billion (September 2017: R614 billion) on behalf of leading international retirement funds, endowments and family offices. ▶ Roll out of key operational projects to enhance customer relationship and experience. ▶ Stable employee turnover and strong employment equity. 	<ul style="list-style-type: none"> ▶ Outperformed industry benchmarks for cost ratios. ▶ Total expenses are flat (0.1% up on 2017). ▶ Launch of new investment administration model, consolidating global and South African products under one administrator and supporting the creation of a new black-owned transfer agency. 	<ul style="list-style-type: none"> ▶ Coronation complied with regulatory requirements across all jurisdictions. ▶ Support of black businesses, including through black stockbroker programme and enterprise development, and creation of a new black-owned business. → Refer to page 22 ▶ Numeracy and literacy programmes benefited more than 15 500 children in the past year ▶ Increased allocations to programmes supporting job creation, education and skills development. ▶ Engaging with regulators to ensure good outcomes for investors. 	<ul style="list-style-type: none"> ▶ Ongoing engagement with a large group of shareholders and global voting advisers. ▶ Meaningful engagement with regulators. ▶ Increased surveys to gain feedback from clients. ▶ Employee engagement.
Attracting and retaining highly skilled professionals	<p>The Remuneration Policy succeeded in retaining and motivating highly skilled individuals who are in demand across the world. Turnover among employees who benefited from the CFM Deferred Remuneration Trust was only 1% in the past financial year. In addition, Coronation succeeded in making a number of valuable appointments, particularly of black professionals. As the Company's global reach expands, Coronation is increasingly required to attract and retain highly skilled professionals.</p>			

→ Refer to page 29 to 54 for detailed information on how Coronation harnesses financial, human, intellectual, and social and relationship capital to create value for its stakeholders.

Legend:



REMUNERATION POLICY

Introduction

Our remuneration framework is designed to create long-term value for all stakeholders – shareholders, clients, our employees and our community, in a manner that is fair and responsible.

The Remuneration Policy plays a critical role in supporting the overall business strategy of encouraging a high-performance, competitive business with a structure that attracts, retains, motivates and rewards high-performance employees.

This section contains a summary of the Remuneration Policy, which is available in full at www.coronation.com.

Remuneration philosophy

The objectives of the policy remain the following:

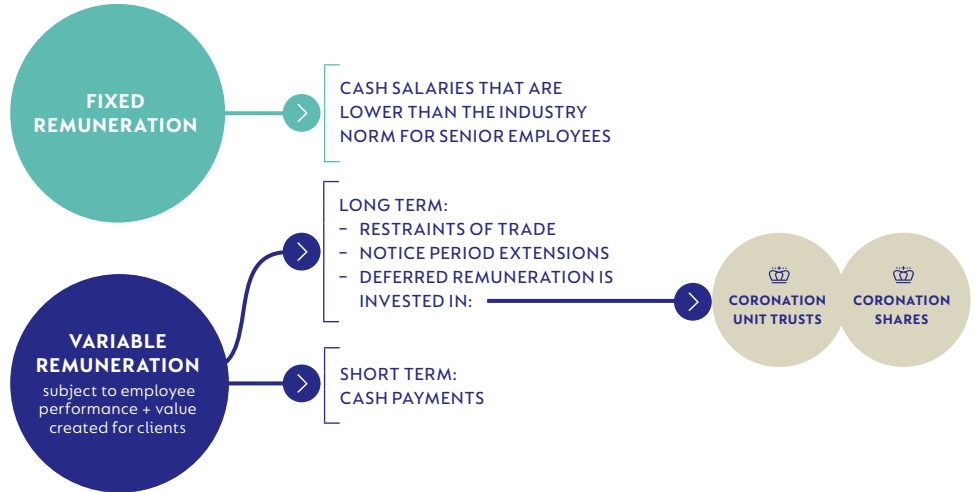
The remuneration process must motivate employees to achieve the long-term corporate strategy through supporting the Coronation values, specifically:

- focusing on long-term value creation;
- always putting clients first;
- creating a culture of ownership;
- recognising that Coronation is a team-based organisation;

- Coronation can attract, retain and motivate highly talented and sought-after individuals;
- employees are rewarded for outstanding and excellent performance. This is essential if the Group's remuneration process is to successfully support its strong performance culture;
- the remuneration structures and implementation are simple and easy to understand, and result in as few unintended consequences as possible;
- the remuneration process is holistic enough to be able to assess the performance of an individual without solely relying on quantitative metrics;
- the rewards for excellent performance should align employees' interests with that of the broader Group and its clients;
- an effective balance is achieved between cash and deferred remuneration to ensure alignment with stakeholder interests, business sustainability and the Group's long-term ethos; and
- good corporate governance in relation to remuneration is applied and the approach to remuneration is consistent with, and promotes, sound and effective risk management.

Remuneration principles and structure

Coronation has a very simple framework by which to achieve these objectives and to avoid complicated structures that can result in unintended consequences. It applies the principles and practices to all employees, including executives, although the structure and value of individual packages vary by role, seniority and contribution.



Fixed remuneration

Cash salaries that are lower than the industry norm for senior employees.

Variable remuneration

Subject to employee performance + value created for clients.

Long term

- Restraints of trade
- Notice period extensions

Deferred remuneration is invested in:

- Coronation unit trusts
- Coronation shares

Short term

Cash payments

Total employee remuneration for all employees consists of fixed and variable (performance-based) remuneration as detailed on the following page.

Variable remuneration has been the cornerstone of Coronation's success since inception 25 years ago. It underpins our values, instills a sense of ownership and promotes a performance culture that directly aligns employee and stakeholder interests.

FIXED REMUNERATION

Elements	Outcomes
<ul style="list-style-type: none"> Fixed remuneration is determined on a total cost-to-company basis, consisting of a base salary and compulsory benefits* 	<ul style="list-style-type: none"> This is based on roles and responsibilities. Senior employees receive fixed remuneration that is well below industry norm. This is capped to contain fixed costs and to encourage a performance-driven culture. In the case of its most senior employees, the differential is material.

* Compulsory benefits include retirement provision (including disability plans death and funeral cover) and medical insurance

VARIABLE REMUNERATION

Elements	Outcomes
<ul style="list-style-type: none"> Variable remuneration is allocated to all employees according to their contribution Variable remuneration: short-term cash payments 	<ul style="list-style-type: none"> This is directly dependent on the Company earnings and is paid from an allocation of 30% of audited pre-tax net profit. This is a contractual obligation in terms of our memorandum of incorporation and in employment contracts. It was communicated to shareholders in our prospectus on listing in 2003. It is allocated based on individual employee performance appraisals that factor in both qualitative and quantitative measures.
<ul style="list-style-type: none"> Deferred remuneration 	<ul style="list-style-type: none"> Allocated to eligible employees. Invested in either Coronation unit trusts or in listed Coronation shares, which are purchased on the market, aligning employees with the interests of shareholders and clients. Forfeited if employees resign or sell Coronation shares.

OTHER

<ul style="list-style-type: none"> Restraint and notice period extensions 	<ul style="list-style-type: none"> In certain instances, the Remuneration Committee deems it necessary to make payments for notice period extension or restraint payments.
<ul style="list-style-type: none"> Termination payments 	<ul style="list-style-type: none"> Coronation does not make termination payments unless obliged to do so under labour law or if a labour dispute has been settled.
<ul style="list-style-type: none"> Once-off allocations 	<ul style="list-style-type: none"> In exceptional circumstances, once-off allocations will be made to relocation costs or to make good any loss of benefit or obligation that arises from the particular employee's resignation from their previous employer.

Remuneration governance

The Coronation Board of Directors has the ultimate responsibility for the governance of the remuneration framework and for setting the direction for how remuneration is approached on a Group-wide basis. It ensures that the process that governs the assessment of employees' performance is robust and fair given that this informs the allocation.

The Committee is responsible for key decisions regarding remuneration including the implications for overall risk management. The Committee has full oversight and control of the Remuneration Policy and practices.

Remuneration allocations are not calculated according to mechanistic and set formulas. We believe this kind of mechanistic measurement can result in unintended consequences. At Coronation, all employees are subject to holistic annual performance assessments which consider both qualitative and quantitative measures, including KPIs. Assessments also balance the performance of the individual with that of the team in which the employee operates and the broader organisation. Management's final recommended allocations in respect of the variable components are submitted to the Committee for consideration and approvals.

Following the Committee's approval of deferred remuneration allocations, the underlying investments are proposed to the CFM Deferred Remuneration Trust. The trustees of the CFM Deferred Remuneration Trust are independent of the executives and ensure that, once allocations have been made, the trust rules are strictly applied to all beneficiaries.

Conclusion

The Remuneration Policy and the implementation report will be tabled every year at Coronation's AGM for a separate non-binding advisory vote by the shareholders of Coronation. Coronation continuously reviews its remuneration framework to ensure that it supports achieving our strategic objectives and promotes positive long-term outcomes for all stakeholders. As part of this process, Coronation actively seeks out the views of its shareholders where appropriate in relation to its remuneration practices.



Implementation report

Introduction

The Remuneration Committee (the Committee) is responsible for implementing Coronation's Remuneration Policy (the Policy). It is constituted to enable it to exercise competent and independent judgement on remuneration policies and practices. The Committee ensures that the remuneration process is fair and responsible, accounting for all employees.

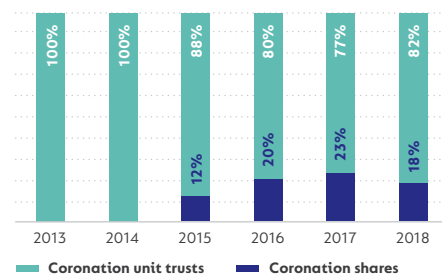
As outlined, the Committee found that the Policy achieved its objectives in the current year and it was implemented without any deviations.

Variable allocation

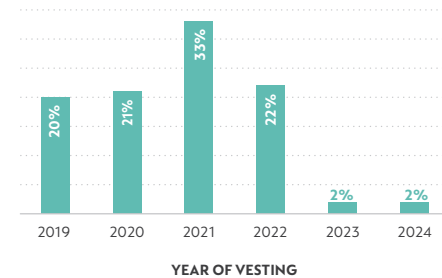
The contractual 30% allocation from audited pre-tax net profit of the Coronation Group, the amount available for cash allocations and deferred remuneration declined by 2.9% in 2018 (→ refer to KPIs across the Company on page 58).

For the period under review, 57% of the variable remuneration allocation was deferred and was primarily invested in Coronation unit trusts.

INVESTMENTS HELD BY THE CFM DEFERRED REMUNERATION TRUST AS AT 30 SEPTEMBER 2018



VESTING PROFILE OF DEFERRED VARIABLE REMUNERATION AS AT 30 SEPTEMBER 2018



Fixed allocation

The fixed component of total remuneration increased by 14% to R217 million due to inflationary adjustments and new employee appointments – which were mainly driven by changes to our fund administration outsourcing arrangements. The total employee complement increased from 303 to 331 as at 30 September 2018.

Executive directors' key performance measures – 2018

The Committee determines the awards to the executive directors based on individual performance. Performance is measured quantitatively and qualitatively. Specific emphasis is placed on the long-term performance of the individual, given that this is the defining characteristic of Coronation as a business and an investment manager.

Please note that, in some instances, the Committee considers the disclosure of certain details on the performance measures to be commercially sensitive.

The following tables provide details of the KPIs that the Committee has considered. It should be noted that the weightings have been assigned to each KPI only to give the reader a sense of the importance of each measure in the current financial year. They have not been used to perform a formulaic, overall score for the executive concerned.

Anton Pillay

BBusSc, CA(SA), CFA, AMP (Harvard)

Chief Executive Officer

KPI	Weighting	The CEO must	Action
Strategic/values	40%		
Culture and values		<ul style="list-style-type: none"> ➤ Build the meritocratic and entrepreneurial culture of the Company. ➤ Instil the core values of putting clients' first, uncompromising ethics and teamwork. 	<ul style="list-style-type: none"> ➤ Coronation remains a people-focused, investment-led business. While the Company had policies and processes in place to ensure its values and codes are maintained, it is ultimately about behaviour on a daily basis. ➤ The CEO ensures that business culture and values are instilled, and where necessary are encouraged through regular engagement with employees.
Talent management		<ul style="list-style-type: none"> ➤ Create a high-performance working environment that attracts, retains and develops world-class skills. ➤ Ensure an industry-leading staff turnover ratio. ➤ Ensure that there are succession plans in place. 	<ul style="list-style-type: none"> ➤ Turnover well below industry standard at 4.5%. ➤ Regular engagement and internal communication. ➤ Continued development of employees through both internal and external initiatives. ➤ Continued process of support through coaching and mentoring.
Brand and reputation		<ul style="list-style-type: none"> ➤ Be accountable for building the Coronation brand and ensuring it becomes a household name. 	<ul style="list-style-type: none"> ➤ New above and below the line brand activation. ➤ Launched becauseitsyourmoney.com and savings month campaign to appeal to youth. ➤ Market research conducted.
Roll out of global product range		<ul style="list-style-type: none"> ➤ Be accountable for building the franchise value of our key global products (→ <i>see page 34 for fund range</i>). ➤ Build relationships with asset allocators and clients. ➤ Establishing compelling performance track records across the fund range. ➤ Build out the investment teams. 	<ul style="list-style-type: none"> ➤ Our global strategies continued to deliver excellent long-term performance, with GEM facing some challenges over the short term. ➤ The team continued to engage actively with current and potential clients. ➤ 65 shareholder engagements. ➤ The investment team remains stable and continues to deepen their understanding of global markets to identify opportunities.
Platform efficiency and technology		<ul style="list-style-type: none"> ➤ Be accountable for the successful migration of the administration (domestic business) from one provider to another. ➤ Key deliverables include whether delivery is on time, on budget and without disruption to clients. 	<ul style="list-style-type: none"> ➤ The migration to new service providers was seamlessly and successfully implemented.

KPI	Weighting	The CEO must	Action
Operational	25%		
Cost control		<ul style="list-style-type: none"> ➤ Implementation of sound Group financial management and controls. ➤ Ensure that costs are judiciously managed and reduced where appropriate. ➤ Benchmark cost to income and cost to AUM ratios against leading local and international competitors. 	<ul style="list-style-type: none"> ➤ Fixed expenses increased due to platform and service provider implementation costs. Variable expenses decreased, resulting in operating expenses remaining flat year on year. ➤ Maintained 50% cost-to-income ratio.
Investment performance		<ul style="list-style-type: none"> ➤ Be accountable for ensuring that all Coronation funds deliver compelling investment performance over meaningful periods (five-years +). 	<ul style="list-style-type: none"> ➤ Short-term performance is disappointing for certain strategies while our long-term performance across the product range remains exceptional: two out of three funds are top quartile over the 10-year period; and seven unit trusts are top quartile long-term performers.
Governance	20%		
Governance and risk management		<ul style="list-style-type: none"> ➤ Be responsible for building an appropriate risk and compliance culture and processes to protect client assets, minimise the risk of reputational damage and of financial losses. 	<ul style="list-style-type: none"> ➤ The Company continued to operate to the highest levels of global governance and risk management with no issues.
Transformation		<ul style="list-style-type: none"> ➤ Drive industry-leading and credible transformation through the business. ➤ Sustain and improve black employee representation and procurement. ➤ Improve gender diversity broadly. 	<ul style="list-style-type: none"> ➤ Rated as Level 2 B-BBEE contributor in terms of revised FSC. ➤ 78% of new hires were black; 58% of the business is black, 58% of whom were black women. ➤ Supported establishment of black-owned fund administration service.
Clients/stakeholders	15%		
Clients		<ul style="list-style-type: none"> ➤ Maintain and strengthen key client relationships. 	<ul style="list-style-type: none"> ➤ Client-facing teams have continued to focus on ensuring clients are kept abreast of Company and product developments.
Stakeholder relations		<ul style="list-style-type: none"> ➤ Ensure that transparent communications and sound relationships are maintained with key stakeholders. 	<ul style="list-style-type: none"> ➤ The CEO communicated with a number of stakeholders through the course of the year. ➤ Shareholder and regulatory engagements in respect of proposed changes to the CIS taxation regime. ➤ As a board member of ASISA, the CEO engaged on various industry-related issues.

2018 Board assessment

Assessing the CEO's performance against KPIs and qualitative measures, the Remuneration Committee decided on an allotment from the variable remuneration allocation. As the executives' award opportunity is directly aligned with the profitability of the Company, we believe minimum, on-target and maximum performance outcomes are not applicable. The CEO was also impacted by investment underperformance across certain strategies, but has KPIs across the business, and operational project delivery was significant during the year.

Group wide, the total allocation for 2018 was adjusted downwards to reflect the reduction in the available cash allocations resulting from the decline in the contractual 30% allocation from audited net profit before taxation of the Coronation Group.

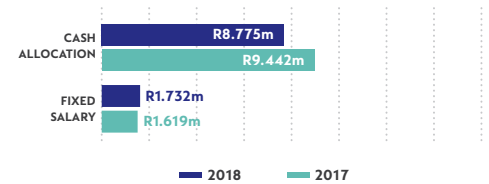
In addition, the available allocation was smaller due to an increase in employees and a larger allotment across the Company to retain employees whose responsibilities have increased.

The CEO's total remuneration was determined after taking into account the outcome of his performance against 2018 KPIs as detailed above, the key outcomes being:

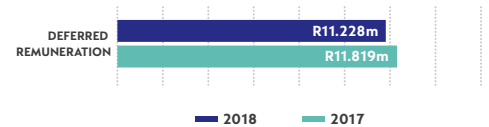
- launch of a new investment administration model and progress in implementation of the new transfer agency services;
- maintained Coronation's global franchise in tough environment;
- no turnover among senior employees – stable employee turnover across the business;

- market-leading cost control metrics;
- short-term investment underperformance across certain strategies impacted negatively on performance assessment but longer-term investment outperformance remains strong;
- continued compliance with regulatory requirements across all jurisdictions; and
- maintained Coronation's strong brand and reputation through new above and below the line brand activation.

2018 REMUNERATION OUTCOME



The Committee allocated the CEO a long-term allocation which is invested in Coronation shares and unit trusts with vesting periods of between one and five years. The CEO's underlying holdings as at 30 September 2018 are the same proportion represented in the CFM Deferred Remuneration Trust (→ refer page 63).



The CEO's shareholding in Coronation's issued share capital is 1.35%. The CEO has not sold any of his shares, ensuring alignment with shareholders and Company values. The CEO has a permanent employment contract, with a notice period of 12 months and a 12-month paid restraint of trade.

John Snalam

BCom, CTA, CA(SA)
Chief Financial Officer

KPI	Weighting	KPI	Action
Strategic/values	20%		
Financial operating model		<ul style="list-style-type: none"> ▶ The CFO is responsible for ensuring the implementation of an effective financial operating model and controls of the Group, including sound balance sheet management and maintaining required statutory levels of capital and liquidity. The number of reportable items raised by external auditors being the key metric for this deliverable. 	<ul style="list-style-type: none"> ▶ Successive clean audits for 26 years since inception of Coronation in 1993 for the Group and across all subsidiary companies and associated entities and products.
Talent management		<ul style="list-style-type: none"> ▶ The CFO is responsible for ensuring the finance department employs the appropriate world class skills to deliver on its responsibilities and roles (finance, company secretarial, transformation and remuneration). 	<ul style="list-style-type: none"> ▶ Small but highly effective finance team, with minimal staff turnover for 15 years, that executes all financial and related activities for all entities within the listed Group.
Operational	35%		
Cost control		<ul style="list-style-type: none"> ▶ A proactive focus on controllable costs is entrenched in the culture of the Company. The CFO is responsible for ensuring the required cost controls are implemented and adhered to across the Group. He is also responsible for the preparation of and reporting on budgets and holding the departmental heads accountable to projected budgets. The business must continue to benchmark favourably on cost to income and cost to AUM ratios against leading, local and international competitors. 	<ul style="list-style-type: none"> ▶ Variable cost model established at inception in 1993 and maintained to date, as the most appropriate and beneficial model for the type of business and structure of Coronation. ▶ Have successfully maintained below 50% cost-to-income ratio since 2010, which compares very favourably to asset management industry averages of between 65% and 75%.
Financial reporting		<ul style="list-style-type: none"> ▶ The CFO is responsible for maintaining a high level of internal and external reporting (including relevant statutory and regulatory reporting) as measured by the relevance, accuracy and timeliness of the reporting. 	<ul style="list-style-type: none"> ▶ Detailed monthly and ad hoc reporting of all financial facets of the business and further financial analysis and forecasting/valuation produced quarterly for Board reporting. ▶ Biannual results reporting to the market. ▶ Annual audited financial statements for the Group and all subsidiaries and entities. ▶ Regular regulatory financial reporting.
Tax		<ul style="list-style-type: none"> ▶ The CFO is responsible for the management of the Group's tax affairs, including appropriate implementation of tax regulation and interaction with the respective regulatory bodies. 	<ul style="list-style-type: none"> ▶ Implementation and monitoring of conservative tax strategies for all Group companies, entities and products. ▶ Interaction with all relevant tax authorities.

KPI	Weighting	KPI	Action
Governance	25%		
Governance and risk management		<ul style="list-style-type: none"> ➤ The CFO should ensure that an environment of appropriate corporate governance and effective risk management prevails across the Company and is specifically responsible for oversight of and assisting the company secretarial function. 	<ul style="list-style-type: none"> ➤ Clean financial closing reports from internal audit to the Audit Committee since inception.
Transformation		<ul style="list-style-type: none"> ➤ The CFO is responsible for monitoring and reporting on transformation initiatives and goals from an internal and external perspective. CFO also specifically responsible for driving enterprise development, supplier development and preferential procurement initiatives. 	<ul style="list-style-type: none"> ➤ Regular BEE reporting internally and to SET Committee. ➤ Annual external verification of scorecard. ➤ Rated as Level 2 B-BBEE contributor in terms of revised FSC.
Clients/stakeholders	20%		
Stakeholder relations		<ul style="list-style-type: none"> ➤ The CFO needs to ensure excellent and relevant communication is maintained with shareholders, analysts, regulators and Board of Directors. 	<ul style="list-style-type: none"> ➤ Regular ad hoc interaction with investors and analysts. ➤ Formalised biannual reporting and interaction with investors and analysts. ➤ Regular formal Board meetings and ad hoc interaction with the Board of Directors.

2018 Board assessment

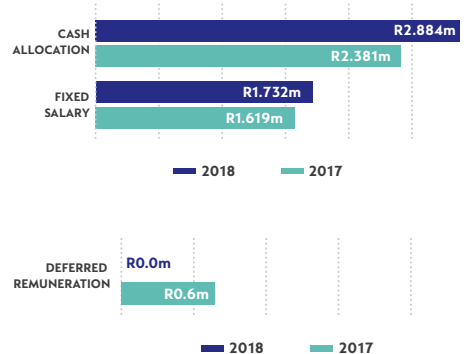
Assessing the CFO's performance against KPIs and qualitative measures, the Remuneration Committee decided on an allotment from the variable remuneration allocation. The award opportunity is directly aligned with the profitability of the Company.

The total allocation for 2018 was adjusted downwards to reflect the reduction in the available cash allocations resulting from the decline in the contractual 30% allocation from audited net profit before taxation of the Coronation Group. In addition, the available allocation was smaller due to an increase in employees and a larger allotment across the Company to retain employees whose responsibilities have increased.

The CFO's total remuneration was determined after taking into account the outcome of his performance against 2018 KPIs as detailed above, the key outcome being:

- unqualified audits across the Group during the financial year;
- Coronation's cost-to-income and cost-to-AUM ratios outperformed leading local and international competitors;
- all subsidiaries maintained required levels of regulatory capital and liquidity;
- compliance with regulatory requirements across all jurisdictions; and
- BEE scorecard improvement.

2018 REMUNERATION OUTCOME



The CFO's shareholding is 0.16% of Coronation's issued share capital. The CFO has a permanent employment contract with a three-month notice period and a six-month paid restraint of trade. CFO John Snalam will be retiring in 2019.

Non-executive directors

Non-executive directors of Coronation receive an annual fixed fee and an attendance fee for Board and subcommittee meetings, as contained in a resolution that is subject to shareholder approval. They do not participate in any of the remuneration structures addressed in this policy document or receive share options.

In preparation for the 2018 fee proposal for non-executive directors, the Remuneration Committee considered the increased demands on directors to contend with the growing complexity of a global business and a dynamic regulatory environment.

In addition, director fees were reviewed against the January 2018 PricewaterhouseCoopers Non-Executive Directors Practices and Trends Report and were found to be lower than the observed non-executive fees in the financial service industry (for companies comparable in size to Coronation).

2018 FEES PAID TO THE NON-EXECUTIVE DIRECTORS*

Non-executive directors	Basic fee R'000	Board meetings R'000	Audit and Risk Committee meetings R'000	Remuneration and Nominations Committee meetings R'000	SET Committee meetings R'000	Total 2018 R'000
Shams Pather	135	539	121	224	–	1 019
Alexandra Watson	124	318	277	–	106	825
Judith February	135	304	91	–	148	678
Jock McKenzie	135	304	182	210	–	831
Lulama Boyce	118	265	159	–	–	542
Hugo Nelson	132	296	175	189	–	792
Total	779	2 026	1 005	623	254	4 687

* Actual non-executive directors' fees paid (excluding value added tax (VAT) where applicable)

We have proposed an inflation-based increase for 2019 year. We continue to monitor the fees to ensure they are we are able to attract and retain non-executive directors with the required experience and expertise, especially given that we will be focusing on succession in the immediate future.

The proposal (as detailed in our [Notice to shareholders](#) available on www.coronation.com) will be submitted for approval by shareholders by way of a special resolution tabled at the AGM, in compliance with the Companies Act. Approvals for non-executive directors' fees are sought excluding VAT, and where necessary non-executive directors will levy VAT on their fees.