

Compliance Report

Overview

Coronation's global compliance function is responsible for monitoring compliance with all regulatory obligations in all jurisdictions in which the Group operates. We are primarily answerable to the following regulators:

- › Financial Sector Conduct Authority (South Africa);
- › Prudential Authority – South African Reserve Bank;
- › Central Bank of Ireland (Ireland);
- › Financial Conduct Authority (UK); and
- › Securities and Exchange Commission (USA).

The Compliance Programme is designed to ensure all regulatory obligations are met as follows:

- › Identify and understand the full universe of applicable regulations;
- › Provide appropriate employee training; and
- › Ensure that, where possible, compliance requirements are embedded in our operational processes and controls.

To test adherence to regulatory obligations on an ongoing basis, we execute appropriate risk-based compliance monitoring plans and employ external assurance providers.

Frequent interaction between the compliance team and business/operational employees is facilitated by key business and operational functions, being centralised on one floor in our Cape Town headquarters. The Head of Global Risk and Compliance is in direct and regular contact with the CEO, COO, CFO and senior management, and attends key management and governance meetings.

The global compliance function consists of the Head of Global Risk and Compliance, five compliance officers and a UK compliance consultancy. We also employ the services of compliance consultants and law firms to ensure we obtain expert advice and remain abreast of all material regulatory developments. Coronation has not had any material regulatory penalties, sanctions or fines for contraventions or non-compliance with regulatory obligations imposed on it or any of its directors or officers.

Ethics

We strive to be leaders in promoting the highest standards of ethical behaviour and professional excellence. High ethical standards are critical to maintaining stakeholder trust in Coronation, the financial markets and the investment profession. Under 'stakeholders' we include the public, regulators, clients, prospective clients, shareholders, employees, colleagues in the investment profession and other participants in the global capital markets. Furthermore, we view ethical behaviour as much more than a compliance requirement, as clients are under no obligation to continue entrusting us with their assets. For any investment manager eager to earn and continue to earn their clients' trust, ethical behaviour is a business imperative. All employees are required to conduct themselves in accordance with our Code of Ethics, our Client Charter and our six values (→ *refer to page 7*).

In addition, all employees are required to complete an annual declaration that includes the provision of information and/or declarations in relation to outside interests, personal account investing, broker statements, conflicts of interest, compliance with the requirements of Coronation's compliance policies, confidential information and the FSCA Treating Customers Fairly (TCF) initiative. Coronation is supportive of the TCF principles, to the extent relevant to our business, and we believe that they are consistent with the objectives required for a long-term, sustainable investment business.

KEY COMPLIANCE GOALS

Goal	Measures
Identify all regulatory obligations in all jurisdictions in which we operate, and implement risk-based programmes to monitor compliance.	<ul style="list-style-type: none"> ➤ We have a well-established team of experienced compliance professionals who, together with external regulatory and compliance advisers, ensure that all regulatory obligations have been identified and appropriate risk-based compliance monitoring plans have been implemented.
Take a proactive approach in identifying, preparing for and implementing changes required by new or amended regulation.	<ul style="list-style-type: none"> ➤ Locally, we commit significant resources to the various ASISA structures, which monitor, comment and lobby in relation to new or amended legislation. ➤ Internationally, we are members of the Investment Company Institute, which serves a similar purpose in relation to US and EU legislation. ➤ These channels, together with our local and international network of legal and compliance advisers, ensure we remain abreast of all material regulatory developments.
Promote employee awareness and understanding of regulatory obligations/ internal policies through training and communication.	<ul style="list-style-type: none"> ➤ We have an ongoing training and awareness programme consisting of the following elements: <ul style="list-style-type: none"> › Compliance induction training; › Compliance broadcasts distributed by email to all employees covering key policies and alerts; › E-learning and in-person training to satisfy various regulatory requirements; and › On-the-job training, particularly in instances where compliance requirements are embedded in daily processes.
Work in close partnership with management to develop pragmatic risk-based solutions to regulatory challenges.	<ul style="list-style-type: none"> ➤ Representatives of all key departments, management and executive management are ordinarily physically present in one location. This significantly enhances the ability to engage in meaningful conversations and achieve considered decision-making. The Head of Global Risk and Compliance is in regular contact with the CEO, the COO and other members of management.
Ensure the Risk Committee is kept informed of material compliance risks facing the Group, including via effective formal reporting	<ul style="list-style-type: none"> ➤ Monthly written risk and compliance reports are provided to executive management, as well as the independent chairperson of the Risk Committee. ➤ A risk and compliance report pack is provided to the Risk Committee for review and discussion at Committee meetings, which are held three times a year. ➤ Prior to each Risk Committee meeting, the Head of Global Risk and Compliance, the Risk Officer and the Risk Assurance Manager meet with the independent chairperson of the Risk Committee, without management present.
Manage service provider and regulatory relationships effectively.	<ul style="list-style-type: none"> ➤ Our compliance employees remain in regular contact with third-party service providers, as well as key personnel at our key regulators (directly or via intermediaries or industry associations).

Key areas of regulatory focus over the period

We remain abreast of key regulatory developments impacting our business on a continuous basis and develop projects and initiatives to address new or amended regulatory obligations. Over the period, there has been an increase in activity by regulators, both locally and internationally. Some of our key areas of focus include:

- ▶ Protection of Personal Information Act, No. 4 of 2013: gap analysis and project implementation;
- ▶ Conduct of Financial Institutions Bill: engagement with National Treasury via ASISA;
- ▶ engagement with the Prudential Authority on the application and implementation of the Insurance Act, No. 18 of 2017 and, in particular, the licence conversion from the FSCA to the Prudential Authority and the 'insurance group' designation. This resulted in a 'solo-plus' approach being adopted for linked-insurers;
- ▶ participated in industry/regulator engagements in relation to Exchange Control Circular 15/2020, the reclassification of inward-listed instruments;
- ▶ participated in industry/regulator engagements in relation to Regulation 28 and infrastructure investments;
- ▶ Brexit: implemented plans to ensure our marketing and distribution efforts in the EU could continue unhindered;
- ▶ remaining abreast of US regulatory developments impacting registered Securities and Exchange Commission 'investment advisers';
- ▶ Sustainable Financial Disclosure Regulation: impact assessment and implementation continues in relation to this key ESG regulatory development in the EU; and
- ▶ review of the proposed Financial Conduct Authority's Investment Firm Prudential Regime and impact analysis.

Compliance to Laws and Regulations

The Coronation directors have confirmed that, to the best of their knowledge, Coronation complied with the provisions of the Companies Act of South Africa, and operated in accordance with its memorandum of incorporation, during the year under review.

