



# Integrated Annual Report

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2021

CORONATION

TRUST IS EARNED™

# 2021

- Emerging Market Manager of the Year – European Pensions Awards
- AUM: R634 billion
- Global employee complement: 345
- Level 1 B-BBEE contributor

## 2020

Institutional Balanced portfolios rank 1st over 5, 10, 20 years and since inception

Adopted Task Force on Climate-related Financial Disclosures framework

Morningstar Award: Optimum Growth – Best Flexible Allocation Fund

Coronation top private sector payroll contributor to Solidarity Fund

- AUM: R569 billion
- Global employee complement: 339

## 2019

Invested R10m in SA SME Fund

10-year anniversary of Global Capital Plus Strategy

20-year anniversary of Optimum Growth Fund

Joined Climate Action 100+

- AUM: R571 billion
- Employee complement: 337

## 2018

Best Africa Fund Manager – Ai Capital Markets Index Series Awards

2018 Investors Choice Best UCITS Non-Equity Fund – Coronation Global Managed

Establishment of and migration to Intembeko, a new black-owned unit trust client administration business

- AUM: R587 billion
- Employee complement: 331

## 2017

Best Africa Fund Manager – Ai Capital Markets Index Series Awards

Global franchise AUM reaches R71 billion

Reopening of SA Equity, Balanced and Absolute strategies to new institutional investors

Fee reduction across a number of funds

- AUM: R614 billion
- Employee complement: 302

## 2016

Founding member of ASISA Stockbroker Development Programme

Best Africa Fund Manager – Ai Capital Markets Index Series Awards

- AUM: R599 billion
- Employee complement: 290

## 2015

Best Large Fund House – 2016 Morningstar SA Awards

Best South African Management Company of 2014 – Raging Bull Awards

Equities Manager of the Year, Global Manager of the Year – Batseta Imbasa Yegolide Awards

Overall winner – Financial Mail Top Companies 2015

- AUM: R610 billion
- Employee complement: 278

## 2009

Reopened Absolute Return unit to new institutional investors

- AUM: R155 billion
- Employee complement: 181

## 2010

Best Africa Fund Manager – Ai Index Series Awards

- AUM: R203 billion
- Employee complement: 189

## 2011

Best Large Fund House – Morningstar SA Awards

Coronation Top 20 Fund – Best SA Equity Fund – Africa Fund Manager Performance Award

Equities Manager of the Year – POA Imbasa Yegolide Awards

- AUM: R247 billion
- Employee complement: 201

## 2012

Best Large Fund House – 2012 Morningstar SA Awards

Best Africa Fund Manager – Ai Index Series Awards

Runner-up Financial Mail Top Companies 2012

- AUM: R339 billion
- Employee complement: 218

## 2013

Best Large Fund House – 2013 Morningstar SA Awards

Top Performing Company over five years – Sunday Times Top 100 Companies

Best Domestic Management Company of 2012 – Raging Bull Awards

Overall winner – Financial Mail Top Companies 2013

- AUM: R492 billion
- Employee complement: 246

## 2014

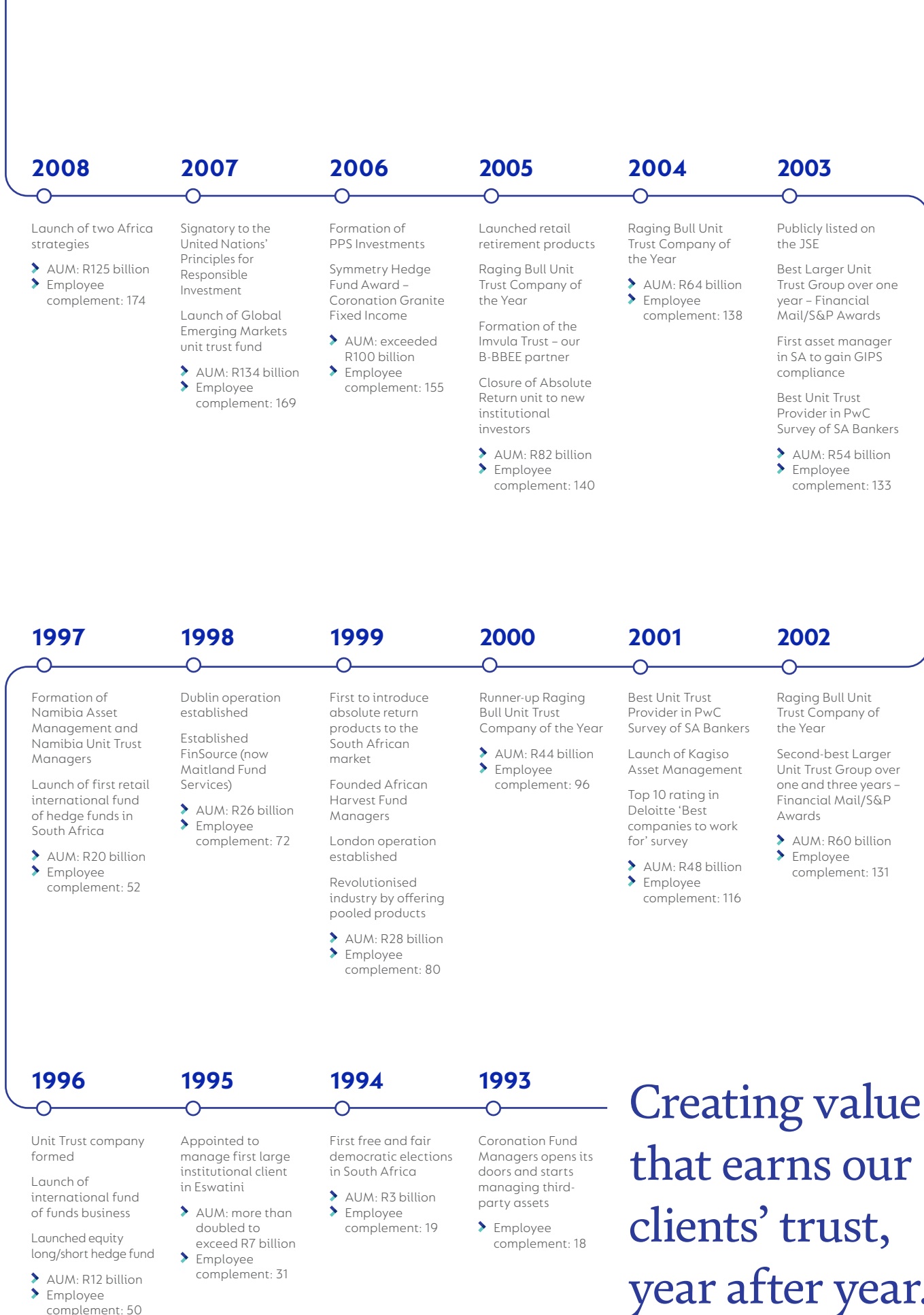
Best Large Fund House – 2014 Morningstar SA Awards

Top Performing Company over five years – Sunday Times Top 100 Companies

Best Domestic Management Company of 2013 – Raging Bull Awards

Overall winner – Financial Mail Top Companies 2014

- AUM: R588 billion
- Employee complement: 274



Creating value  
that earns our  
clients' trust,  
year after year.



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# Scope of the report

*The Integrated Annual Report (the report) for the financial year ended 30 September 2021 describes the performance of Coronation Fund Managers Ltd and its wholly owned subsidiaries (Coronation, or the Company, or the Group) and how we create long-term financial value for our stakeholders.*

While the report focuses on the requirements of shareholders, all material stakeholders are considered, including our clients, without whom we have no business; our employees, who play a critical role in our delivery of long-term investment performance and client service; and the communities in which we operate. This report has been compiled, where applicable, in compliance with International Financial Reporting Standards (IFRS), the Companies Act, No. 71 of 2008 (as amended) (Companies Act), King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™)<sup>1</sup> and the Listings Requirements of the JSE Ltd (JSE) (JSE Listings Requirements).

The content of the report is also guided by the principles of the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework (International <IR> Framework), the Global Reporting Initiative Standards, as well as recommendations of the Integrated Reporting Council of South Africa (IRCSA) and the Taskforce on Climate-related Financial Disclosures (TCFD). Our King IV™ application register is published on [www.coronation.com](http://www.coronation.com). In considering the application of the six capitals as recommended by the IIRC, the financial, human, intellectual, natural, and social and relationship capitals are the most material to our business in creating value for stakeholders.

## Key points of interest

- Long-term investment performance (→ [page 24](#))
- Active stewardship (→ [page 14](#))
- Our value creation process (→ [page 55](#))
- Sustainable investing (→ [page 25](#))
- Active corporate citizenship (→ [page 36](#))
- Corporate environmental impact (→ [page 39](#))
- Effective and integrated governance (→ [page 43](#))
- Talent management (→ [page 70](#))
- Social upliftment (→ [page 75](#))
- Financial performance (→ [page 123](#))



This year, we have made our report interactive. Where you see *stylised font*, please click through to the relevant page in this report or document on our website.

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## DIRECTORS' APPROVAL

The Board of Directors (Board) acknowledges responsibility for ensuring the integrity of this report and believes that it is guided by the principles of the International <IR> Framework as updated in January 2021. The directors have applied their collective minds and agree that all known aspects that are material to the creation of value are addressed in this report and that it offers a balanced view of Coronation's ability to create value. The content of this report has, accordingly, been approved for the year ended 30 September 2021.

The directors have reviewed the annual financial statements and the content of this report and are satisfied that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the financial statements have been prepared on the going concern basis.

Consolidated summary financial information is included in this report (→ [refer to page 127](#)). The full set of audited annual financial statements and the auditor's report can be found in the shareholder information section of our [website](#). All information is reported for the year ended 30 September 2021, unless otherwise indicated.

Alexandra Watson

Sakhiwd (Saks) Ntombela

Hugo Nelson

Lulama Boyce

Madichaba Nhlumayo

Phakamani Hadebe

Neil Brown

Judith February

Mary-Anne Musekiwa

Anton Pillay



# About us

*We have been growing long-term wealth for our institutional and personal investment clients for 28 years. Our business generates financial capital by earning fixed and performance fees on the assets we manage on behalf of our clients. The success of our business is founded on our clients, who entrust us to manage their assets; and on our employees, who work hard to deliver on our core purpose of generating investment excellence for the benefit of all stakeholders.*

## A PROUD SOUTH AFRICAN COMPANY

As one of the largest independent asset managers in South Africa, we invest the long-term savings of millions of South Africans. Our clients include individuals, retirement funds, medical schemes and financial institutions. We also manage assets for several leading international retirement funds, endowments and family offices. We understand that we have been granted a social licence to operate. We earn this in the ways in which we invest and run our business.

In everything we do, we are guided by five strategic pillars, namely: excellent long-term performance, world-class client service, building a leading global investment capability, active corporate citizenship, and effective governance.

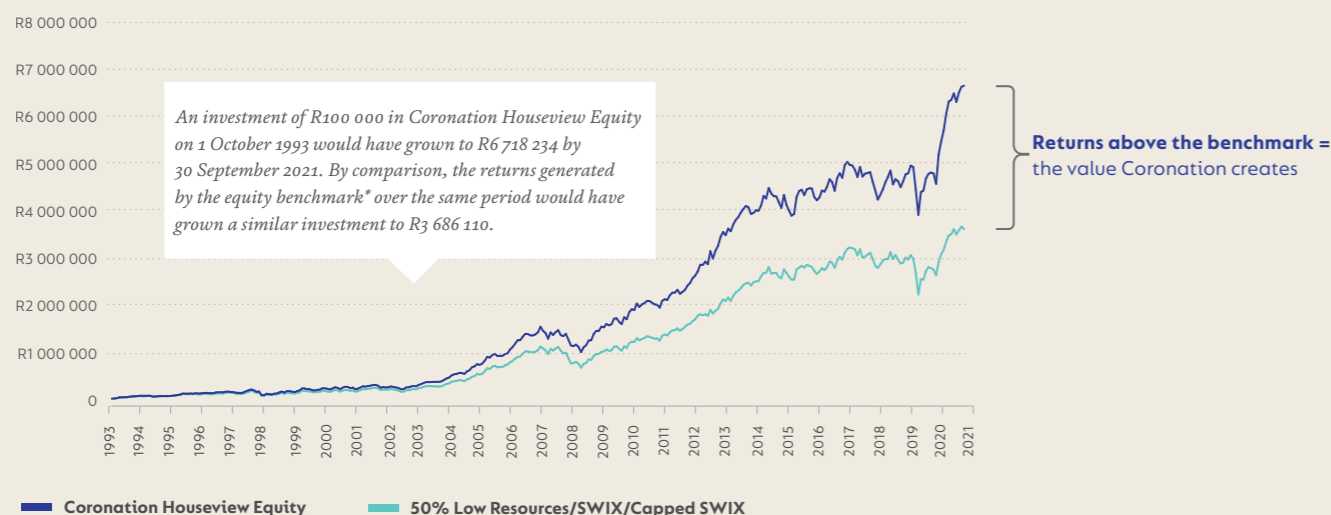
## STRONG LONG-TERM INVESTMENT OUTPERFORMANCE

Our ability to deliver attractive and sustainable financial outcomes for clients is evidenced by long-term performance across our fund range, which remains compelling. Of our institutional portfolios, 95% have outperformed their benchmarks since inception<sup>1</sup>.

VALUE CREATED BY  
OUR HOUSEVIEW  
EQUITY STRATEGY

82%

more than the benchmark  
since inception



<sup>1</sup> As at 30 September 2021; on an asset-weighted basis; since inception figure refers to strategies with a 10-year+ track record

\* FTSE/JSE Capped Shareholder Weighted Index from 1 May 2017. Previously 50% Resources (inception to 31 January 2002) and FTSE/JSE Shareholder Weighted Index (1 February 2002 to 30 April 2017)

## TRANSFORMING OUR BUSINESS AND INDUSTRY

### A homegrown South African business committed to transforming our business and society

As an active corporate citizen, we have also been active in the transformation of the financial services sector and South African society, empowering our employees and benefiting the communities in which we operate.



\* As measured by the Financial Sector Code.

R269bn

of total AUM managed by  
black investment  
professionals

176

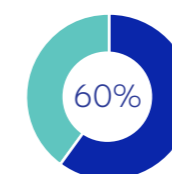
black IFA practices  
supported through the  
ASISA IFA Development  
Programme\*

31

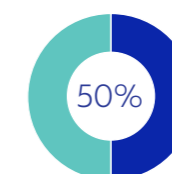
black analysts received  
financial support to train  
via the Vunani Securities  
Training Academy\*

\* Cumulative, since programme inception.

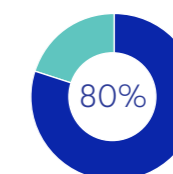
Employee figures refer to South Africa-based employees; all figures as at 30 September 2021.



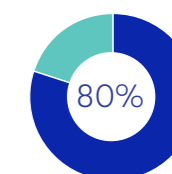
of our  
employees are  
black



of our SA  
investment team  
leaders are black



of our new  
hires are  
black



of our Board  
are black



51%  
of our employees  
are women



52%  
of our new hires  
are black women



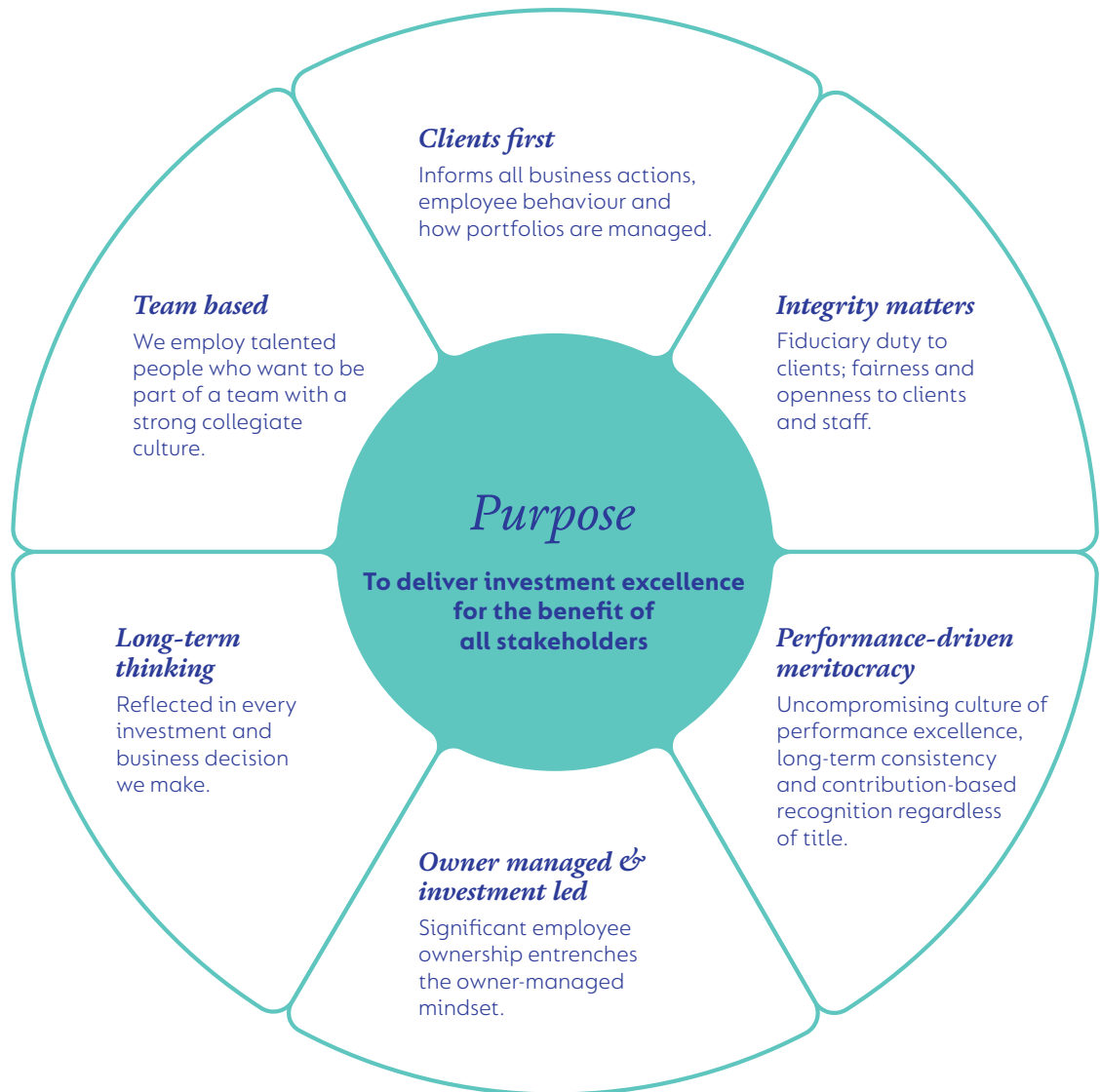
64%  
of our new hires  
are women



50%  
of our Board  
are women

## A SINGULAR FOCUS ON FUND MANAGEMENT

*Coronation is 25% employee owned, creating a high-performance meritocracy that is characterised by curiosity, diversity and inclusivity.*



## VALUES UNDERPINNED BY CLIENT FOCUS

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### We always put clients first

As an investment-led business, our focus is to grow the value of the client assets entrusted to us over the long term. Our clients allocate assets to us because they trust us to manage their capital responsibly. As we are independent, our success depends on our ability to provide a world-class client experience, including client service and performance, while playing our part as an active corporate citizen ([→ refer to page 33](#)).

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### We always act with integrity

At Coronation, we believe trust is earned. We have a fiduciary responsibility to our clients to act with uncompromising integrity. Employees are expected to maintain the highest ethical standards in everything they do ([→ refer to page 100](#)).

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### High-performance culture

We are a meritocracy and believe in rewarding employees for their individual contribution to their team and the Group. We have a culture of excellence, and one that is attractive to highly skilled investment professionals ([→ refer to page 70](#)).

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### Ownership

Our business is 25% employee owned. We believe that asset management companies should be owner managed. Ownership aligns employees' interests with those of all other stakeholders, empowers employees and entrenches long-term thinking across all areas of the business. This aligns with our investment philosophy, business objectives and remuneration approach. Our culture of ownership is reflected in the large number of our employees who participate in long-term incentives, which have had vesting periods ranging from one to seven years, currently extending as far as 2026 ([→ refer to page 70](#)).

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### Long-term thinking

We believe a key risk to the investment industry is that market participants increasingly focus on the short term. This is a fundamental mismatch given the typical long-term objectives of most pension funds and individual investors. Coronation has an unrelenting focus on the long term, both from an investment and business perspective. Where we identify value, we are willing to endure short-term underperformance in our pursuit of compelling, long-term outcomes for clients ([→ refer to page 24](#)).

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### Team-based organisation

Our people are critical to our success. While we know that all strong teams are underpinned by strong individuals, we encourage employees to place the organisation first and collaborate well as part of a strong, cohesive team ([→ refer to page 70](#)).

## OUR PERFORMANCE AT A GLANCE

*The following table outlines Coronation's key performance indicators and links them to the Company's five strategic focus areas (→ refer page 22).*



Long-term  
investment  
performance



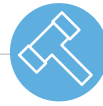
Excellent  
client service



Growing a  
global franchise



Corporate  
citizenship



Effective and  
integrated  
governance

### Strategy and values

#### Organisational culture and values



- Coronation maintained the culture and values of the business despite the challenges of the Covid-19 environment, while continuing to ensure that all spheres of the business operated efficiently.
- Employees were engaged both informally and more formally through regular business updates and information sharing sessions.
- Our strong culture of ownership continued to be reinforced, demonstrated by the fact that employees own 25% of Coronation.
- We remained uncompromising about ethics and putting clients first.
- Entrepreneurial flair remains a vital component of our cultural DNA.

#### Talent management



- Our people continued to drive excellence across all areas of the business.
- Employee turnover at 4.4% remained below the industry average. Employees were encouraged to continue improving their skills through training initiatives.
- Succession plans across the business were reviewed both internally and by the Remuneration and Nominations Committee.
- Employee safety and wellbeing was prioritised in response to Covid-19, and support provided to deal with the challenges of the pandemic.
- No retrenchment or furlough strategies have been implemented.

#### Brand and reputation



- Coronation maintained its strong brand by monitoring key market information and the launch of a new digital advertising campaign in efforts to ensure the Coronation brand remains a household name in the savings industry.
- Formal programmes monitoring brand awareness continued to yield encouraging results.
- Our annual client survey indicated that client loyalty remains above 90%.

#### Appropriate product range



- The development of international products continued with the intention of replicating our success in South Africa in international markets.
- The international AUM increased by 11% to U\$12.5 billion during the year.
- The Company continued to evaluate its product offering and enhanced the offering during the year.

#### Platform efficiency and technology



- No disruptions were experienced as a result of Covid-19 due to adequate preparation and appropriate responses by the business.
- Focus continued to be on the implementation of appropriate technology across the business and extracting efficiencies from the asset administration and transfer agency systems.
- Client interface system upgrades were implemented successfully, as were other strategic IT-related initiatives.

## Operational

### Cost control



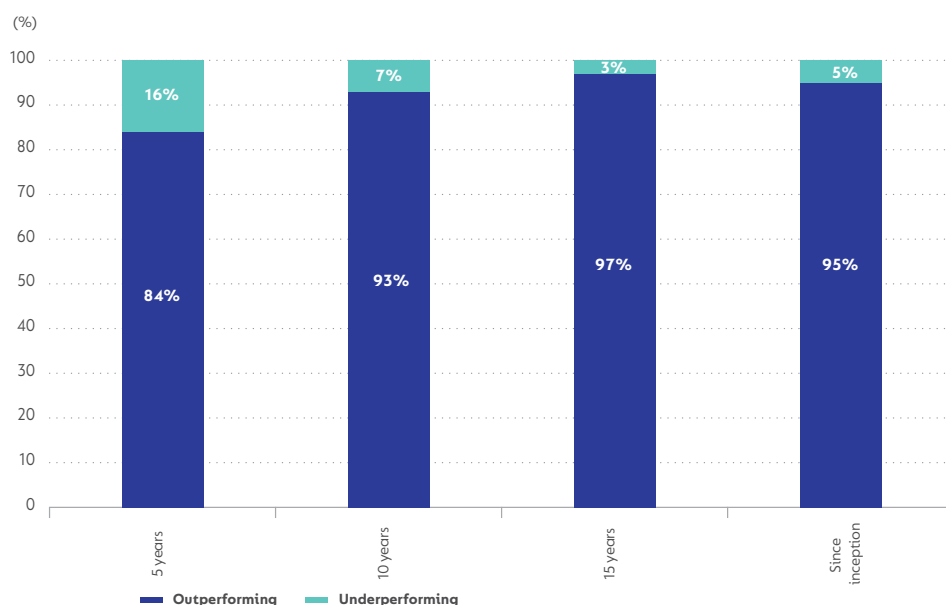
- Expenses were well controlled given the current economic environment, without negatively impacting the sustainability of the business, with a three-year compound annual growth rate of 6% on fixed costs.
- Fixed operating expenses increased by 5% during the year, which, with the exception of the investment in information systems and technology and expenses related to the increased regulatory burden, is in line with inflation. Our cost-to-income and cost-to-AUM ratios continue to outperform our competitors.
- Cost management was continually communicated across the business, and a cost saving culture continuously emphasised and embedded.

### Investment management and performance



- Performance across our fund range was exceptional over all meaningful periods. 95% of our institutional funds have outperformed their benchmarks since inception\*. 89% of the assets entrusted to our rand-denominated fund range are invested in funds that produced first quartile performance in their respective peer groups over the past 10 years.
- While the industry remains challenging, our equity and multi-asset funds delivered exemplary returns.
- Our global franchise is a compelling business in its own right. We have enhanced our relationships with global asset allocators and continued to build track records in our global funds.

#### INSTITUTIONAL PORTFOLIOS



As at 30 September 2021

\* On an asset-weighted basis; Since inception figure refers to strategies with a 10-year+ track record

### Covid-19 impact

- The impact of Covid-19 on our business has been continually assessed. This included protecting the Coronation culture, client service, work ethic and employee wellbeing, as well as the transfer of knowledge and embedding of restructured team roles to mitigate key person risk.

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## Governance

### Governance and risk management



- Successful reviews were conducted by various regulatory authorities during the period with no significant negative findings.
- Balance sheet, capital and liquidity management are monitored on an ongoing basis to ensure sound balance sheet management and regulatory compliance.
- The financial control environment is monitored on an ongoing basis as guided by the COSO Framework and subject to annual review by the CEO and CFO. No material deficiencies in internal financial controls were identified.
- No material governance breaches were experienced, and governance and risk reporting continue to be monitored closely.
- In the interests of independence and in line with our stance as an active asset owner, an audit firm rotation process resulted in KPMG being appointed as our external auditors from 2021.
- Ongoing monitoring and robust formal discussions of key and emerging risks across the business were undertaken as part of our comprehensive Risk Management Strategy and Framework.

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### Diversity



- Emphasis continued to be on sustaining and improving black representation in key leadership roles and the investment team. 80% of the 25 appointments made during the year are black, and 64% are women.
- The Aspiring Leaders Project, a workplace career development initiative, was run again in 2021 to facilitate retention.
- The Company's B-BBEE rating was actively monitored, and the Level 1 contributor status has been achieved for 2021.

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### Environmental, social and governance matters (ESG)



- Compliance with our Corporate ESG Policy, the Task Force on Climate-related Financial Disclosures and the ESG Policy governing the investment process was monitored continuously throughout the year.
- Notwithstanding the above, we recognise that this is a continuing journey and our approach will continue to be enhanced in future.
- Our third annual Stewardship Report, published in June, illustrates the work we have done in this regard and affirms our commitment to corporate engagement, responsible investing and analysis of material risks. This report also includes a summary of our proxy voting activity.

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## Clients/stakeholders

### Client and stakeholder relations



- The business was purposeful and intensive in its efforts to build relationships with clients in a challenging environment for the savings industry.
  - We conducted engagements with our shareholders regularly throughout the year and have taken their feedback into consideration.
  - We have continued to deepen our stewardship activities in our investment process and our corporate operations.
  - Continued regular and meaningful engagements were held with stakeholders such as ASISA, National Treasury, the FSCA and Business Leadership South Africa to assist in finding solutions for improving economic conditions for our country and its people.
  - Efforts to contribute to society included accelerated payment arrangements for SMEs, contributions to feeding schemes and the Solidarity Fund, as well as the initiative of matching all employee donations to Covid-19-related charitable causes.
-

## Financial Results

DILUTED  
HEADLINE EARNINGS  
PER SHARE

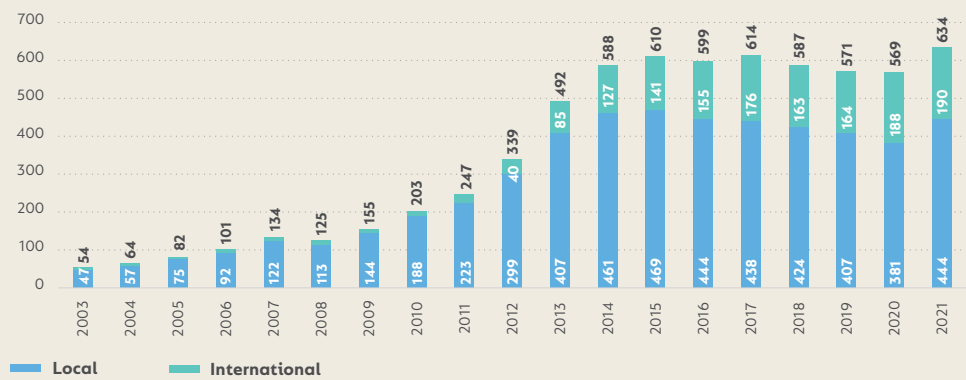
487.9c

COST-TO-INCOME RATIO

49.4%

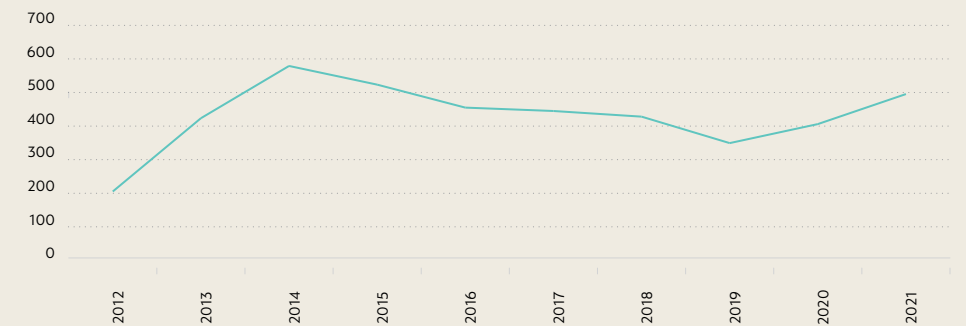
### ASSETS UNDER MANAGEMENT

(R'bn)



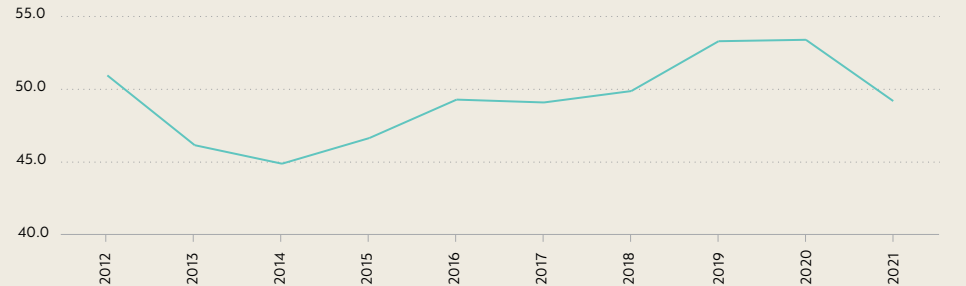
### DILUTED HEADLINE EARNINGS PER SHARE

(Cents)

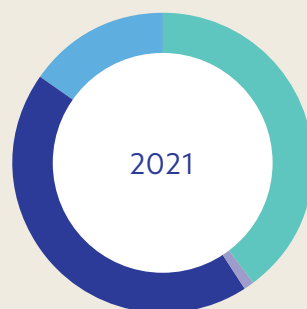


### COST-TO-INCOME RATIO

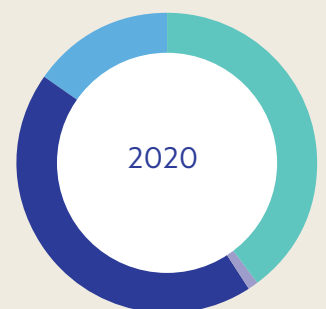
(%)



### VALUE ALLOCATION TO STAKEHOLDERS



37.9% Employee costs  
0.8% Finance costs  
44.4% Dividends paid  
16.9% Total tax paid



WE INVEST

R293bn

*on behalf of South African  
institutional clients*

WE INVEST

R74bn

*on behalf of international  
retirement funds, endowments  
and family offices*

## Institutional business

Our institutional business manages R367 billion of assets (September 2020: R330 billion) on behalf of South African and global institutions.

### South African Institutional Business

We continue to manage a meaningful share of assets in the local retirement fund industry, representing a total AUM of R293 billion (September 2020: R251 billion), making us one of the largest independent managers of retirement assets in the country. As delivering excellent investment outcomes for our clients is of greatest importance to us, we are pleased to report another year in which exceptional returns were generated across our client portfolios over all meaningful periods. Our active management approach has enabled us to take advantage of the opportunities offered by the extraordinary market environment in the last two years. Our client portfolios have benefited from this long-term delivery as illustrated by:

- Clients representing more than 58% of our total institutional assets have been invested with Coronation for more than 10 years.
- Of these client assets, 95% have outperformed their benchmarks since inception<sup>1</sup>.
- Of our institutional portfolios, 97.4% with 15-year track records and 97.9% with 20-year track records have delivered outperformance over those periods.

Net outflows were smaller this year than in previous years but continue to be heavily impacted by the net outflow experience of the broader, formal savings industry. We expect this to continue to be the case in the years ahead given the current economic climate and our meaningful share of the savings industry.

<sup>1</sup> On an asset-weighted basis

### Global Institutional Business

We manage a total of R74 billion (September 2020: R79 billion) in our global strategies on behalf of several leading international retirement funds, endowments and family offices. This franchise has grown well over the years on the back of excellent investment outcomes produced for clients. We continue to attract new clients into a number of our global strategies, predominantly the Global Emerging Markets Equity Strategy. For the reporting period, there were small net outflows, which reflected some profit taking by clients after the strong returns of 2020.

WE INVEST

R267bn

*on behalf of investors in  
unit trusts, retirement  
annuities, provident funds  
and tax-free investments*

## Retail business

With retail assets totalling R267 billion (September 2020: R239 billion), we are a significant independent manager of South Africa's household savings and investments. The long-term track record across our fund range remains compelling and benefited from strong performance over the reporting period. 89% of the assets entrusted to our rand-denominated fund range are invested in funds that produced first quartile performance in their respective peer groups over the past 10 years, while 99% of the assets are invested in funds with above-average performance over the same period. 18 out of 23 Coronation unit trusts rank first in their respective ASISA categories since their inception dates. These include<sup>1</sup>:

- Coronation Balanced Plus, a leading traditional balanced fund in South Africa, has returned 14.0% p.a. since its inception in 1996, outperforming peers, inflation and the FTSE/JSE All Share Index.
- Coronation Top 20, our concentrated domestic equity fund, delivering an annualised return of 16.9% since inception in 2000. This resulted in a total period return of close to double the domestic index for an investment made at inception.
- Coronation Optimum Growth, the top-performing fund in the worldwide flexible category over the long term, returning 13.9% p.a. since its inception in 1999.

Net investor cash flows at industry level were negative over the reporting period, while assets continued to rotate away from funds with domestic exposure to funds with international exposure. Coronation's net client cash flows from longer-term funds were broadly in line with the retail investment industry experience. We recorded net outflows from our fixed income fund range compared to inflows, albeit at a more subdued rate, at an industry level. We expect inflows into the savings industry to remain subdued given the growth constraints faced by the South African economy and a general lack of domestic investor confidence, which is likely to continue to depress investor demand for long-term investment funds. In addition, current exchange control limits applicable to collective investment scheme managers may result in us not being able to meet the full demand for our rand-denominated international fund range in future.

<sup>1</sup> Retail class of fund



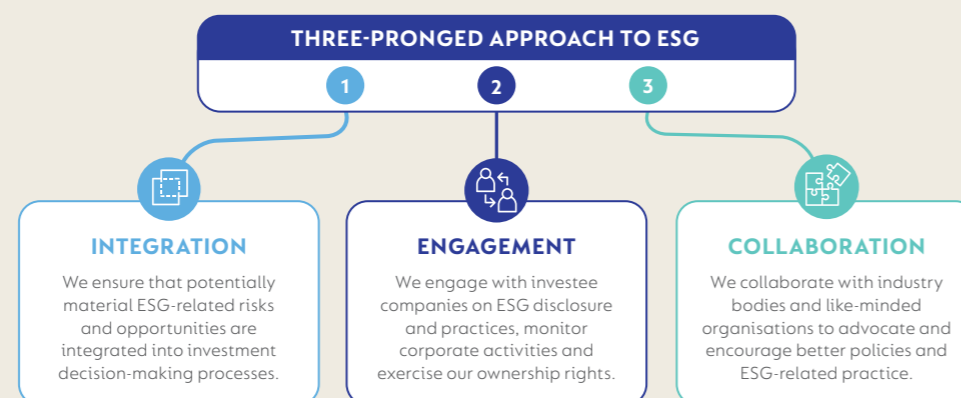


# Active stewardship

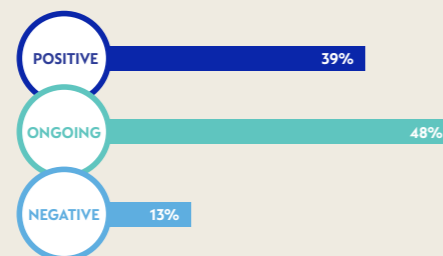
We are committed to being active stewards of the capital we manage on behalf of our clients and further strengthening stewardship in our business operations. This is a snapshot of our investment and operational stewardship activities.

## INVESTMENT STEWARDSHIP

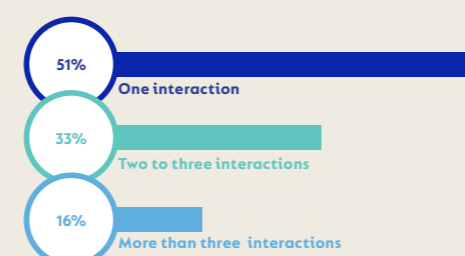
Our approach to integrating environmental, social and governance (ESG) issues into our investment process is underpinned by three core pillars of integration, engagement and collaboration\*.



### Engagement outcomes



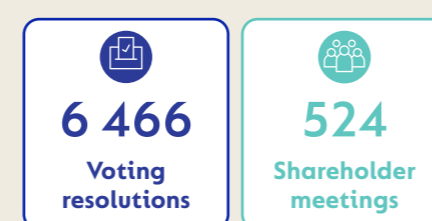
### Number of interactions with a company



### Active engagement



### Voting in line with our principles



\* 2020 figures: we report on our stewardship figures on a calendar year basis

(→ For information on our investment stewardship activities, refer to page 25)

We have committed to the Task Force on Climate-related Financial Disclosures reporting framework and make our first disclosures this year. This is a synopsis of our reporting across the investment and corporate sides of our business.

TCFD THEME	KEY INFORMATION
<b>Governance</b>	<p>The Board provides broad oversight over climate-related risks and opportunities.</p> <p>The Executive Committee provides managerial oversight of climate-related risks and opportunities with responsibilities delineated as follows:</p> <ul style="list-style-type: none"><li>› The CEO: managerial oversight at the corporate level</li><li>› The CIO: integrating climate issues into the investment process</li></ul>
<b>Strategy</b>	<p>The corporate focuses on reducing the organisation's environmental impact and remaining resilient to the physical impacts of climate change.</p> <p>Material climate change risks and opportunities are integrated into the investment process.</p>
<b>Risk management</b>	<p>Climate risks are included in the Group Risk Register.</p> <p>Material climate change risks and opportunities are integrated into all valuation and investment decisions.</p> <p>Letters have been sent to 89 listed South African companies to urge them to adopt the recommendations of the TCFD and disclose climate-related information.</p>
<b>Metrics and targets</b>	<p>At the corporate entity level, greenhouse gas emissions have been calculated and carbon credits have been purchased to offset our emissions.</p> <p>The carbon intensities of key investment strategies have been calculated. All strategies have emissions intensity levels below that of the appropriate index tracker.</p>

## CORPORATE ENVIRONMENTAL STEWARDSHIP





# Chairperson's statement

**ALEXANDRA WATSON**

BCom (Hons) CA(SA)



*“Ultimately, it will come down to increased vaccine rollouts to dampen the effects of further waves.”*

As the recently appointed Chairperson of Coronation's Board, I am writing this statement on my behalf and also on behalf of our former Chairperson Mr Shams Pather, who served in this role until his sad passing in July this year. Shams was not only an industry icon, philanthropist, trusted colleague and exemplary Chairperson, but also a friend. His grace, guidance and experience are sorely missed by all of us on the Board and everyone at Coronation. In the words of fellow Board member and former Coronation CEO Dr Hugo Nelson, “I have never known the Coronation Board without Shams. When I reflect on what it means to be a director I think of Shams”.

From my perspective, I certainly have very large shoes to fill, but along with my fellow directors and Coronation's management team, I will strive to build on Shams' legacy of deep integrity, insight and efficacy. I am grateful to have the opportunity to assume this oversight role and to Shams for his outstanding contribution. The Board has also said farewell to Mr Jock McKenzie, who resigned in June 2021. Jock's significant experience and expertise with respect to the business were invaluable, and we thank him for his contribution and wish him well.

It is now the second consecutive reporting year where Covid-19 and the associated human tragedy and socioeconomic impacts remain top of mind. There is no part of the global community that remains unscathed, and we have been called on to be agile, resilient and compassionate, while experiencing varying degrees of loss, isolation and separation. I extend my condolences to all of you who have lost loved ones or experienced the traumas of business closures, job losses and the associated emotional and financial stresses. My sympathies also go out to people who have experienced the varied effects of long Covid and the worrying uncertainty that comes from no precedent of duration or recovery. It is indeed a time of 'unknown unknowns'.

There are still many obstacles on the path to recovery – both material and psychological. Ultimately, it will come down to increased vaccine rollouts to dampen the effects of further waves and ensure economies can fully open and productivity levels return to normal.

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*“The key question remains – how do we kickstart growth recovery to deliver on the socioeconomic commitments of the NDP?”*

## The local economic environment

At home, the pandemic continued to exacerbate existing systemic challenges during the reporting period, as businesses folded, unemployment soared and poverty became more pronounced. The key question remains – how do we kickstart growth recovery to deliver on the socioeconomic commitments of the National Development Plan? The resumption of rolling blackouts has placed a further stranglehold on the already ailing economy, and the decay at Eskom and other State-owned enterprises is a source of grave national concern.

However, we also saw the shuffling in of a new Cabinet, including a new Finance Minister, and a clear policy path including increased investment in energy, which should provide an underpin to longer-term growth and productivity gains.

Finance Minister Enoch Godongwana delivered his maiden Medium-Term Budget Policy Statement in November. Loadshedding, political shifts and concerns about a pending fourth wave of Covid-19 infections meant that he needed to walk a narrow line between the near-term improvement in the fiscal position due to better-than-expected revenue collection and several long-term and mostly unquantifiable expenditure demands. While big-ticket items were deferred to the February 2022 budget, Minister Godongwana displayed a pragmatic and cautious approach to establishing fiscal sustainability.

The local government elections in November resulted in a notable shift in the balance of power as the ruling party and the main opposition lost out to smaller parties, and an era of coalition politics began. Time will tell whether or not this is a positive development, but if it means increased accountability and the inclusion of greater cognitive diversity in local government, it could lead to forward momentum.

## The global economic environment

The global economic recovery continues, albeit unevenly, with a meaningful divergence in policy support and vaccine rollouts across developed and emerging economies. Although the economic outlook is positive, it needs to be seen in the context of elevated risk and high asset prices. There remains the risk of new Covid-19 variants, enduring inflation and the commencement of the withdrawal of unprecedented monetary and fiscal policy.

2021 commenced with the inauguration of President Joe Biden, which reinstated some hope for reform in the US, but geopolitical developments are worrying. NATO has firmly re-emerged in the global narrative as harsh schisms re-form along the old East-West line. Conditions are increasingly reminiscent of the Cold War and highlight the upsurge of right-wing isolationist sentiment that has become common across the globe.

Both China and Russia are aggressively re-asserting and tightening State control measures and flexing their military might. Anti-trust regulations and private data capture have had significant impacts on Chinese businesses, and hence global portfolio holdings. As always, the Board and investment team are vigilant in this regard.

Counter to this, in what can only be called a modern miracle of science, we have seen the active demonstration of shared value in the business sector as unprecedented collaboration among pharmaceutical companies and scientists lead to the development of viable vaccines and their rollout with impressive speed. Similarly, governments across the world continue the momentum as they work hard to ensure the current vaccine inequity gap narrows.

Of note is the recently convened COP26 climate conference in Glasgow, possibly the most seminal climate conference since the Paris Agreement was signed in 2015. Tensions were high as deadlock was reached on the final day of the summit, pushing it into overtime. While the outcome is not as robust as it could have been, and we are still far off from capping temperature increases, we did see more of a commitment to ending the use of coal.

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*“It is always heartening that, in the midst of despair, there are exceptional people working selflessly to help those in need.”*

What vaccine inequity, divergent policy measures and the escalating climate crises serve to highlight is that it is crucial that the gap between developed and emerging economies is narrowed to the benefit of us all.

## Governance and compliance

In August, following my appointment as Chairperson, Mr Saks Ntombela assumed the role of lead independent director. The Board also took the decision to separate the Audit and Risk Committee into separate committees. The Audit Committee now comprises Ms Lulama Boyce (chairperson), Mr Saks Ntombela, Mrs Madichaba Nhlumayo and Dr Hugo Nelson; while the Risk Committee membership includes Mr Saks Ntombela (chairperson), Ms Lulama Boyce, Mrs Madichaba Nhlumayo, Dr Hugo Nelson and Mr Neil Brown.

A trend globally is an increasingly onerous regulatory environment – with focus increasingly on ESG-related matters, specifically corporate governance, diversity and inclusion, and climate change. Coronation is working with the relevant local and international regulators and consultants to understand how we can best comply with the letter and the spirit of new regulations.

We will continue to ensure our Board sustains the skills and diversity that are essential for effective oversight of a large, global asset manager and as promised in last year’s report, the Board undertook training with respect to its role in mitigating the risks of climate change on Coronation.

## Active corporate citizenship

One of the aspects of Coronation’s corporate citizenship actions that I greatly admire is management’s hands-on approach to corporate citizenship and social investment. Senior leaders across the business roll up their sleeves and get directly involved in various initiatives, and a significant number of employees are active in independent charity work.

In what was a special and memorable experience, I joined the Coronation team at FoodForwardSA’s warehouse to help pack food parcels. It is always heartening that, in the midst of despair, there are exceptional people working selflessly to help those in need, and both organisations exemplify compassion and responsibility. It is a quintessential South African trait that citizens rise to the occasion to uplift one another when times are tough.

## Outlook

Uncertainties abound across the world, with many outliers in play. Coronation and its Board will continue to apply our strategic goals to guide the direction of the business, as we have for the past almost three decades.

## A note of gratitude

In the spirit of Shams and his unfailing courtesy, and through my own experience, I would like to express my gratitude: to our clients for their ongoing trust, to Coronation management and employees for their commitment and dedication under enormously trying circumstances and to my fellow Board members for their diligence and wise counsel.



# Chief Executive Officer's review

## ANTON PILLAY

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



*“Our employees  
are the heart of  
our company.”*

This reporting period is a particularly poignant one, as it serves as a reminder of the challenging road the world has endured for almost two years. The humanitarian and economic impact of Covid-19 persists with the ever-present threat of new waves of infection and the emergence of new variants. While we were one of the fortunate companies that were able to operate throughout, we were not unaffected by its impact.

We were deeply saddened by the loss of a long-serving colleague Lynelle Leng to Covid-19, as well as the passing of our Chairperson Shams Pather. A mentor to many, Shams was an industry giant and an astute businessman with a sharp and enquiring mind and sense of humanity. He was a person of absolute authority, tempered with kindness, who led by example and expected the best from those around him. He is missed very much by everyone at Coronation.

## Business review

As the custodian of the savings of millions of South Africans and select global clients, Coronation has been privileged to remain fully operational in service of our clients and stakeholders. With nearly three decades of experience, we continued to draw on our long-established values and culture to guide us through the uncertain operating environment. This, underpinned by our long-term investment philosophy, enabled us to continue to deliver on our promise to our clients, employees, and shareholders, as well as South African society and the underprivileged communities we work hard to uplift.

While we delivered exceptional results for our clients and shareholders, it would not have been easy to continue with the lockdown status quo. After over 500 days with approximately 80% of our employees working from home, we returned in full to the office on 2 November. Our employees are the heart of our company, and we need the effective collaboration and decisions that can only come from face-to-face engagement. We draw our strength and motivation from robust debate and water cooler encounters. It quite simply generates a different energy and, in many ways, ensures a better outcome for all. It is encouraging to have the team back together in person once again.

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*“We have been active stewards of our clients’ capital for almost 30 years.”*

Safety remains the key priority. We have implemented strict Covid-19 protocols to ensure everyone’s protection and continue to encourage all our employees to get vaccinated. Employees who are not vaccinated are required to have Covid-19 tests to retain access to the office. Visitors, likewise, are also required to produce proof of vaccination or negative tests before entering the premises.

## Investment in our business

When managing a business through uncertain times, a sharp focus is required to ensure you remain true to your purpose, while simultaneously not ignoring your societal role. Our focus remained firmly set on our long-term goal of providing investment excellence to our clients. We also continued to invest in our people and the business, and key to this is ensuring that we maintain robust, world-class information and technology systems. This year we successfully launched our new Client Online Services, an online portal for our direct investors, and I am confident that it will exceed the expectations of our clients.

From a regulatory perspective, the pace of change globally did not slow during the pandemic and our risk and compliance team have been hard at work ensuring we comply with new requirements both locally and abroad. As a country, we have certainly not made it easier for business to operate, and, in addition to the uncertainty due to long-outstanding decisions and policies, this places significant cost and capacity pressures on South African businesses. We need to continue to do whatever is necessary to instil confidence to attract investment and encourage entrepreneurship to ensure much-needed employment and economic growth.

## Transformation

With the growing emphasis on transformation, diversity and inclusion globally, we continue to make progress in our diversity representation across both race and gender. We continue to play a role in ensuring meaningful and substantive transformation through our various initiatives, and this year we achieved the status of Level 1 contributor to broad-based black economic empowerment as measured by the Financial Sector Code. Our culture and values are important factors in delivering on our commitment to be responsible stewards of our clients’ assets, and we understand that we have been granted a social licence to operate.

## Covid-19 social response

We are an active corporate citizen committed to contributing to the health and prosperity of South African society and the economy. We continued to be in the privileged position to operate efficiently throughout lockdown, and we have not had to retrench or furlough employees, nor did we require any government relief. In addition to supporting our existing social investment programmes, and our support of black brokerage and adviser businesses, our corporate citizenship actions remained focused on Covid-19 relief programmes. We made a further commitment of R6.4 million, including donations to food security organisations FoodForwardSA and Ladles of Love, and the Solidarity Fund’s vaccine rollout programme.

## Stewardship

We have been active stewards of our clients’ capital for almost 30 years and fully integrate environmental, social and governance considerations into our investment and business processes. This includes active engagement, voting and shareholder activism.

Our stewardship responsibility is twofold – as a JSE-listed entity and as an investor. In a first for a South African asset manager to date, we wrote letters to 89 JSE-listed companies urging them to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) when reporting on climate risks in their businesses. Coronation has adopted the TCFD framework and have published our second Carbon Footprint Assessment, which is available on our [website](#).

We fully support the transition to a greener, more sustainable and equitable world. In addition to our participation in initiatives like the UN Principles for Responsible Investment and Climate Action 100+, we will continue in our endeavours to engage on these matters, to ensure an appropriate outcome over the long term. This is an important journey, and we continue to learn, to ensure that we make a meaningful impact.

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*“We have to do what is necessary to stimulate the growth that is required in our nation.”*

## Full year results

The past year has been an exceptional one for Coronation's clients and shareholders. Markets continued to perform strongly in 2021 after coming off the low base of March 2020. For the 12-month reporting period, the MSCI All Country World Index was up 11% (USD), the MSCI Global Emerging Markets Index was up 18% (USD) and the FTSE/JSE All Share Index was up 23% (ZAR).

Strong outperformance of the underlying markets in client mandates contributed to excellent results for the 12 months ended 30 September 2021, with revenue up by 17% and headline earnings up by 22% from the prior year. We believe the outperformance enjoyed by our clients is the result of an unwavering commitment to active long-term investing, in-depth proprietary research and the benefits that come from a stable and experienced team.

However, it is worth reiterating, as we did in our interim results report in May, that these results benefited from a cyclical high in performance fees that we expect to normalise in the years to come. As always, we will continue to keep our focus on the long term as we navigate short-term troughs and peaks.

Given the strong outperformance across our portfolios, average AUM increased by 9% year on year to R617 billion and year-end AUM is up 11% to R634 billion. However, as an investment-led business, our primary focus remains on growing the value of the client assets entrusted to us over the long term, rather than simply looking to grow the pool of assets under our management.

Total operating expenses increased by 8% compared to the 12 months ended 30 September 2020, with the highest growth attributed to the increased regulatory burden and investment in information systems and technology. Fixed costs are up by 5% compared to the prior year. We continue to invest in information systems and technology infrastructure, which are key to delivering on our promise of superior client service. Fund management earnings per share, the more appropriate measure used by management, increased by 23% for the period to 470.9 cents.

Despite the very positive reporting period for our clients and shareholders, the pressure of economic lockdowns continued to exacerbate the plight of the already stressed economy and local savings industry. As a sizeable industry participant, it is likely that Coronation will continue to reflect the outflow experience of the broader South African savings industry. We expect this to remain the case for the foreseeable future. For the year, we had outflows of 5% of the average AUM.

## Looking forward

We have to do what is necessary to stimulate the growth that is required in our nation. While improved tax collection and a strong commodity cycle are supportive of recovery, these alone are not enough to stimulate the growth South Africa so badly needs. With issues such as new variants, slow vaccine uptake, soaring unemployment, increasing government debt, and failing State-owned entities and municipalities, the challenge is real. In our industry, we are acutely aware that, for our business to be sustainable, we need a citizenry that is in a position to save and invest.

To this end, Coronation's management actively engages with government, regulators, industry bodies and our peers to seek solutions and drive change, for the benefit of all our stakeholders.

Key issues where I would like to see decisive action include clarity with respect to key policy decisions, the resolution of the spectrum dispute and our energy crisis, as well as tangible evidence of infrastructure development.

Finally, I would like to thank our clients, who are our only reason for being in business, for their ongoing support, my colleagues for their hard work and dedication, and the Board for its strategic guidance of Coronation.



# Strategic focus areas

*Coronation's purpose is clear and simple – to deliver investment excellence for the benefit of all stakeholders. In order to achieve this, we focus on five strategic pillars. These guide our strategic and operational activities. Particularly in times of crisis, our pillars keep us focused, enabling us to look through short-term noise and remain true to our purpose.*

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Long-term  
investment  
performance



Excellent  
client service



Growing a  
global franchise



Corporate  
citizenship



Effective and  
integrated  
governance

## STRATEGIC FOCUS AREAS

	Deliverables	Outcome	Materiality
 <b>LONG-TERM INVESTMENT PERFORMANCE</b> → Refer to page 24	To continue to deliver sustainable long-term investment outperformance to clients	<ul style="list-style-type: none"> <li>➤ Fund performances</li> <li>➤ Stewardship activities</li> </ul>	An investment-led business that only exists because of its clients
 <b>EXCELLENT CLIENT SERVICE</b> → Refer to page 33	To provide clients appropriate and timely information and world-class service levels	<ul style="list-style-type: none"> <li>➤ Accessible &amp; personalised service through clients' channel of choice</li> <li>➤ Regular updates on views &amp; strategies</li> <li>➤ High-quality systems &amp; processes</li> </ul>	Client centricity & brand reputation
 <b>GROWING A GLOBAL FRANCHISE</b> → Refer to page 35	To grow our AUM in our global portfolios	<ul style="list-style-type: none"> <li>➤ Appropriate products</li> <li>➤ Global distribution reach</li> <li>➤ Key allocator relationships</li> </ul>	To establish Coronation as a strong market contender
 <b>CORPORATE CITIZENSHIP</b> → Refer to page 36	To transform the SA financial services sector, ensure business sustainability and contribute to an inclusive society	<ul style="list-style-type: none"> <li>➤ Enterprise development</li> <li>➤ Industry engagement</li> <li>➤ Social impact</li> <li>➤ Inclusive society</li> </ul>	Responsible company with a vested interest in the socioeconomic success of South Africa
 <b>EFFECTIVE AND INTEGRATED GOVERNANCE</b> → Refer to page 43	To ensure that the Company operates with integrity and in an ethical manner at all times in the interest of the Company and its stakeholders	<ul style="list-style-type: none"> <li>➤ Combined assurance</li> <li>➤ Brand reputation</li> <li>➤ Licence to operate</li> </ul>	Support ethical and high-quality business practices



## LONG-TERM INVESTMENT PERFORMANCE

*Coronation is an investment-led business and remains unwaveringly focused on delivering strong investment returns over the long term. This is evidenced in the since-inception performance of our funds with 10-year-plus track records.*

# 1st

QUARTILE  
PERFORMANCE

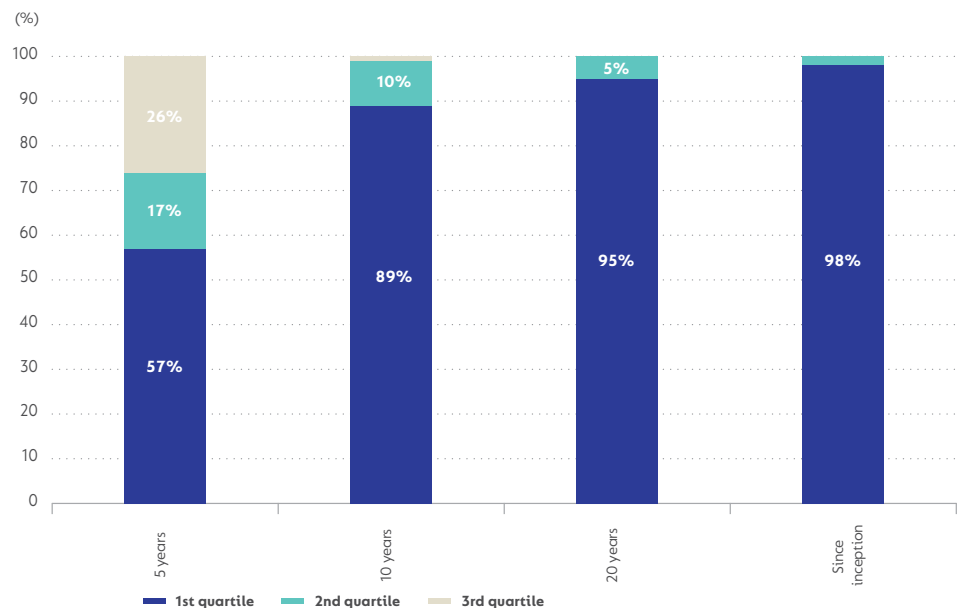
### Institutional balanced portfolios QUARTILE RANKING TO 30 SEPTEMBER 2021

	5-year ranking	10-year ranking	20-year ranking	Since- inception ranking
Alexander Forbes South Africa Large Manager Watch™	1	1	1	1
Alexander Forbes South Africa Global Large Manager Watch™	1	1	1	1

Source: Coronation and Alexander Forbes as at 30 September 2021

### 98% of rand-denominated retail assets in top quartile of peer groups since inception\*

#### QUINTILE RANKINGS: UNIT TRUST RANGE



\* Asset-weighted performance of 19 funds representing 98% of rand-denominated CIS funds included above. 4 specialist funds with <5 comparable funds in category excluded.

Source: Morningstar using primary share classes and formal ASISA categories for all funds (excl. Global Managed, compared to Global – MA – Flexible & High Equity Categories combined & Market Plus, compared to SA – MA – Flexible). Numbers may not add up due to rounding.



The stewardship activities of the investment team enable us to deepen our understanding of the drivers of long-term value for companies in our portfolio, address key business risks and promote sound governance, all of which are consistent with our overall investment objectives.

We report on our approach to stewardship, the integration of environmental, social and governance (ESG) factors into our investment process and our voting and engagement activities annually, on a calendar year basis, in a separate Stewardship Report. For more details, including our views on key ESG themes and our proxy voting and engagement records for the calendar year 2020, please read the full report, which is available on our [website](#). For information on our corporate stewardship activities, please go to → [page 36](#) of this report. We anticipate that our 2021 Stewardship Report will be available in the first half of 2022.

What follows is an excerpt from our 2020 Stewardship Report.

## Stewardship

### › Our investment purpose

To deliver superior long-term investment outcomes to our clients as responsible stewards of their capital.

### › Acting as fiduciaries

We have been fulfilling our fiduciary duty to act as responsible stewards of our clients' capital for nearly 30 years. Investing in a responsible and sustainable manner is embedded in our DNA.

### › Our philosophy

We are an active, valuation-driven investor with a primary focus on the long-term prospects of the assets in which we invest. We believe that responsible corporate behaviour drives long-term success and that companies that manage their ESG exposure effectively are more likely to create sustainable value for stakeholders. Therefore, the integration of ESG factors into our investment process leads to more informed investment decisions and better long-term outcomes.

### › Our stewardship approach

We are active owners that aim to influence positive change through meaningful engagement on important ESG issues. This approach is fully aligned to our long-term investment philosophy. Our approach extends across all asset classes, including equities and fixed income, and across all geographies in which we invest.

Coronation is an active manager with a long-term, valuation-driven investment philosophy. As responsible 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 philosophy and process to analyse the ability of each investment to create, sustain and protect value, with the goal of generating superior risk-adjusted returns in line with our clients' objectives. Our stewardship activities enable us to more deeply understand the drivers of long-term value for companies in our portfolio, address key business risks and promote sound governance, all of which are consistent with our overall investment objectives.

We believe that companies and organisations that manage ESG factors more effectively are more likely to endure over time and create sustainable value over the long term. We are cognisant that the impact of ESG factors on long-term value creation can emerge gradually, or through a crisis that may result from years of mismanagement or poor assessment of the strategic relevance of ESG matters. These factors can have clear and direct impacts on a company's profitability, for example, through tighter regulation leading to higher operating costs. They can also influence customer loyalty, brand equity, the ability to attract talent and a company's licence to operate. The concept of ESG is vast and we are building on our framework, which will continue to evolve over the years.

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*“Coronation is focused on the long-term prospects of the assets in which we invest.”*

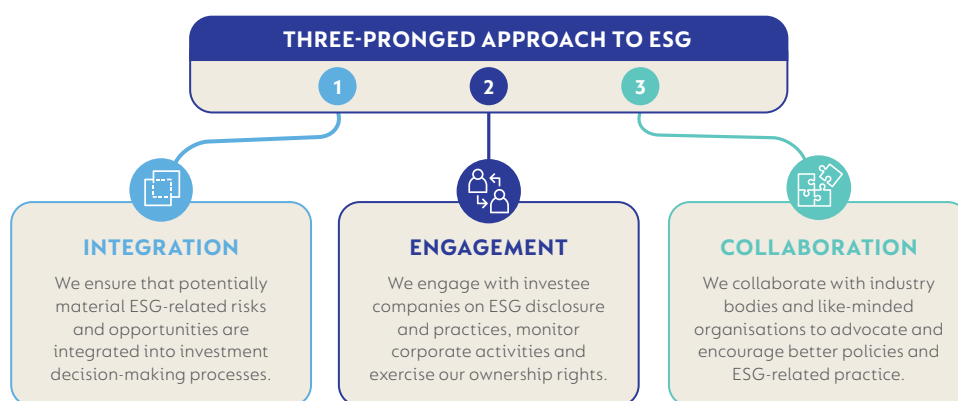


As such, our current framework aims to capture, inter alia, the following:

- E – climate change, carbon emissions, energy efficiency, air and water pollution, water scarcity and waste management;
- S – human rights, local impact and employment, child labour, working conditions, health and safety standards, anti-corruption, empowerment of minorities or previously disadvantaged groupings and data privacy; and
- G – anti-corruption, alignment of interests, executive compensation, board independence and strength, shareholder rights, capital allocation, ethical conduct and third-party assurance.

Our approach to ESG-related activities in our investment process is underpinned by three core pillars: integration, engagement and collaboration. This framework informs our actions, through which we are able to influence positive changes that will create more value in the portfolios we manage on behalf of our clients. We generally find, as a first step, that engagement is more constructive and effective outside of the AGM environment, either through in-person meetings or via writing letters to boards of directors.

However, where we are not achieving the desired results on issues on which we have a strong view, we will collaborate with other shareholders, and if need be, escalate the issues into the public arena via the media.



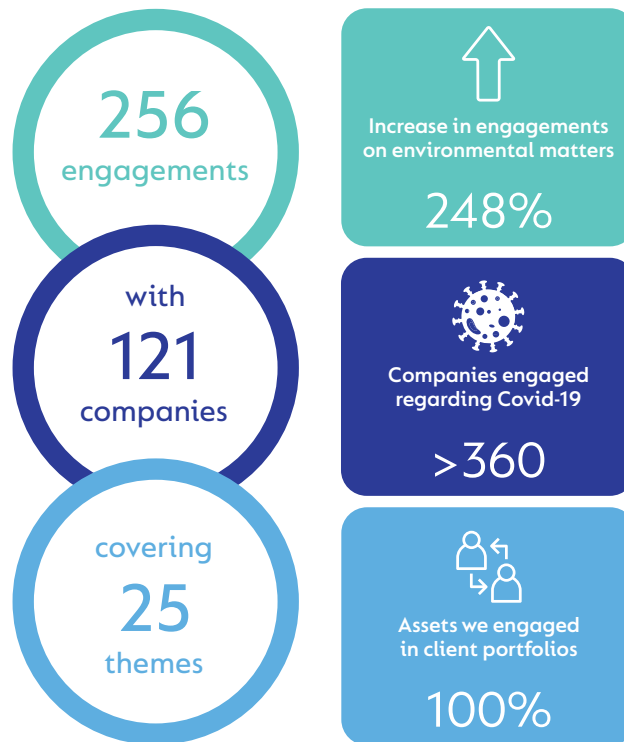
## Engagement

Meaningful engagement with investee companies is one of the most effective ways of driving positive change. Effective engagement drives responsible corporate behaviour, which, in turn, leads to greater sustainability and, ultimately, higher long-term returns for our clients.

As a research-driven, fundamental manager, we regularly interact with all of the companies in our investment universe. Our latest Stewardship Report, which reports on a calendar year basis, reflects that our investment team had 256 active engagements with 121 companies covering 25 themes.

Interactions with companies on material issues often require ongoing dialogue and almost half of our current engagements are ongoing. For those engagements that did reach resolution during the year, more than 75% were positive. Not surprisingly, Covid-19 was a priority focus area, with engagements covering over 360 companies across the full spectrum of related issues.

## ROBUST ENGAGEMENT



### Key engagement themes

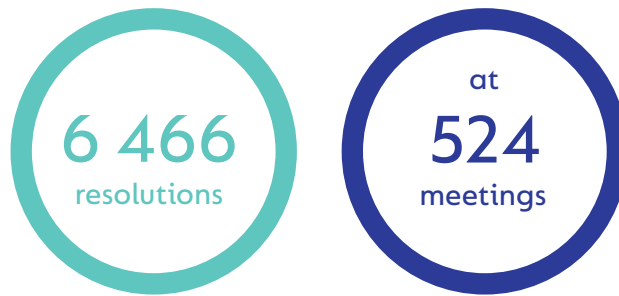
- **Response to Covid-19:** Re-assessed and engaged every full-coverage stock in our universe to understand the business impact of the pandemic and the nature of their crisis response strategies. This included assessing the financial and operational measures taken to protect their businesses, as well as stakeholder management.
- **Climate disclosures:** Advocated for reliable and consistent climate-related disclosure. We sent letters to 89 JSE-listed companies urging them to adopt the TCFD framework.
- **Board composition:** Engaged investee companies on matters such as board independence and the diversity, competence, skills and effectiveness of directors.
- **Remuneration:** Assessed the adequacy of remuneration policies in order to ensure an appropriate balance between short- and long-term incentives, and alignment between the interests of management and stakeholders.
- **Shareholder value:** Identified areas where action is required by investee companies to unlock or enhance shareholder value. This included capital allocation strategies, dividend policies, corporate actions and other drivers of shareholder value.
- **Corporate governance practices:** Advocated for improved corporate governance practices and addressed areas of material concern.

### Active ownership

Proxy voting is an integral part of our stewardship responsibilities and an important way in which we are able to exercise our ownership rights. We have been voting on behalf of our clients' portfolios since our inception in 1993. Constructive, pre-emptive engagement and resolution are preferable to formulaic voting at general meetings. We believe that exercising a proxy without prior engagement is contrary to the company's and, therefore, our investors' best interests. In general, voting against resolutions is a last resort and not something that we do lightly. Last year, we voted at 524 meetings covering 6 466 resolutions. We recorded at least one dissenting vote at 52% of these meetings.



#### DURING THE YEAR WE VOTED ON



#### HOW WE VOTED



In addition to our Stewardship Report, all proxy voting results are available in the stewardship section of our [website](#).

### Tackling climate change

Climate change is a material investment risk that we factor into our investment process. By including the impact of climate change in the investment process, our investment analysts have a better understanding of the risks and opportunities to which companies are exposed. This means that our fair value estimates for companies take into account the long-term opportunities, costs and risks associated with their climate impact and risk mitigation strategies. The result is that capital can be directed towards those companies that are aiding the transition. It also highlights those companies that are not adequately addressing their climate change risks, and with which greater engagement is required. We tend to focus predominantly on those companies where the externalities are large and known. Fossil fuel producers, for example, are exposed to policy, technology, shifting demand, market and other climate change transition risks. Our aim is to ensure that we gain a proper understanding of the investment risks and opportunities presented by climate change. Our investment-related ESG Policy is available on our [website](#).

Real progress towards emissions reduction is only made when companies change the way they operate on the ground. We aim to drive decarbonisation through active engagement with investee companies to help drive real-world change. This includes asking boards and senior management teams to commit to implementing strong governance frameworks that clearly articulate board accountability and oversight of climate change risks and opportunities. We also look for clear emissions reduction targets, credible plans to meet these targets and consistent disclosure of the company's progress towards achieving their objectives. This enables us and other stakeholders to drive accountability within companies on their climate-related activities. When we engage on important environmental issues, we do so by carefully considering the possible unintended consequences.



## Climate disclosure

The lack of reliable and consistent climate-related data is a key area of concern for investors around the world. Robust, comparable and reliable climate-related disclosure is essential for company analysis and to provide portfolio-level views of climate-related risks and exposures. We use the TCFD framework to help manage information. We now expect companies to provide robust disclosures of climate risks and opportunities, so that we are able to assess how well positioned they are to manage those risks and the transition to a low-carbon economy. Starting in the fourth quarter of 2020, we have sent letters to 89 listed South African companies to explain these issues and to urge them to adopt the TCFD recommendations as part of their reporting process. We will follow through on this initiative in the coming years by urging corporates to commit to this disclosure framework and implement it properly.

For companies that adopt the TCFD framework, we will engage with them to ensure they have credible climate targets and that they follow through on these targets with the correct actions and appropriate disclosures.

## OUR SUMMARISED INVESTMENT-RELATED TCFD ACTIONS AND DISCLOSURES

TCFD theme	Key information	Further information
<b>Governance</b>	<ul style="list-style-type: none"> <li>➤ The Board provides broad oversight over climate-related risks and opportunities.</li> <li>➤ The Board and Risk Committee rely on the Executive Committee, which provides managerial oversight of climate-related risks and opportunities with responsibilities delineated as follows: <ul style="list-style-type: none"> <li>➤ The CIO: integrating climate issues into the investment process</li> </ul> </li> </ul>	ESG Policy → <i>throughout</i>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Material climate change risks and opportunities are integrated into the valuation and investment decision-making process for every security in the investment universe. Climate factors are also considered at the portfolio level.</li> <li>➤ Climate change concerns have led to an increased focus on ESG integration throughout the investment process. These concerns are also increasingly influencing investee engagement and proxy voting activities.</li> <li>➤ Scenario analysis is used to consider risk for individual companies where material climate exposure has been identified. The main emphasis is currently on transition risk (and specifically policy risk), but this is periodically re-evaluated.</li> <li>➤ Opportunities exist with respect to companies that can support a just low-carbon transition, and with respect to the provision of sustainable investment products.</li> </ul>	2020 Stewardship Report → <i>pages 16, 19 to 22, 45 to 48, 50 to 52, 56</i>  ESG Policy → <i>pages 2 and 3</i>



## OUR SUMMARISED INVESTMENT-RELATED TCFD ACTIONS AND DISCLOSURES

TCFD theme	Key information	Further information
<b>Risk management</b>	<ul style="list-style-type: none"> <li>➤ Material climate change risks and opportunities are integrated into all valuation and investment decisions. Information from various sources, including company reports, third-party data providers and through direct engagement with companies, is used to understand transition risks (such as stranded assets), physical risks and liability risks.</li> <li>➤ This information is interpreted by investment analysts and integrated into their assessments of the long-term fair values of companies. A dedicated ESG analyst identifies best practice with respect to risk identification, external data providers, benchmarks, metrics, etc., and provides support to investment managers and analysts.</li> <li>➤ Engagement with investee companies is a key part of managing climate risks and driving meaningful environmental change. This is favoured over divestment to drive decarbonisation. If engagements fail, however, investment cases and valuations will be re-assessed.</li> <li>➤ Letters have been sent to 89 listed South African companies to urge them to adopt the recommendations of the TCFD and disclose information that will enable the climate-related risks and opportunities they face (and their ability to manage these) to be accurately assessed.</li> </ul>	<p>2020 Stewardship Report → <a href="#">pages 19 to 24, 33 to 35, 56, 70 to 72, 79</a></p> <p>ESG Policy → <a href="#">pages 2 to 4</a></p>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>➤ Climate metrics monitored at the investee company and portfolio level include weighted average greenhouse gas (GHG) emissions per \$1 million in revenue, and total emissions. Metrics are currently being reviewed with the intention to include relevant local metrics like water usage. The weighted average Scope 1 and Scope 2 GHG emissions intensity of Coronation's key investment strategies are disclosed in the 2020 Stewardship Report. The emissions intensities of comparable benchmarks are also disclosed, as are the largest contributors to portfolio emissions intensity per investment strategy.</li> <li>➤ All strategies, at present, have emissions intensity levels below that of an investment in the appropriate index tracker for the strategy. Calculating the exposure of holdings to emissions along the value chain (Scope 3 emissions) is an area of future focus. This will impact margins as carbon prices increase.</li> </ul>	<p>2020 Stewardship Report → <a href="#">pages 23 to 26</a></p>

In line with what is asked of our investee companies, this year, Coronation also adopted the framework to report on our corporate activities. This augments our second carbon footprint assessment. → [Refer to pages 37 and 38](#)



## Carbon reporting on our portfolios

We reported on the carbon intensity of our strategies for the first time in 2020. This is the estimated number of tonnes of carbon emitted for every \$1 million in revenue generated by a portfolio's underlying holdings. This calculation includes Scope 1 emissions (produced directly by a company's activities) and Scope 2 emissions (relating to the electricity that a company consumes). All strategies, at present, have carbon exposure levels below those of their respective benchmarks. These values should be looked at in tandem.

### PORTFOLIO CARBON INTENSITY VS BENCHMARK

For every \$1m in revenue, the number of tonnes of CO<sub>2</sub>e<sup>1</sup> emitted by the underlying holding is:

#### SA HOUSEVIEW EQUITY

305

portfolio

339

benchmark

#### ACTIVE GLOBAL EQUITY

41

portfolio

155

benchmark

#### GLOBAL EMERGING MARKETS EQUITY

35

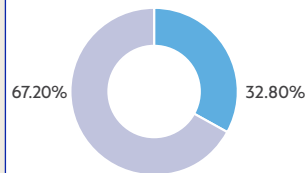
portfolio

264

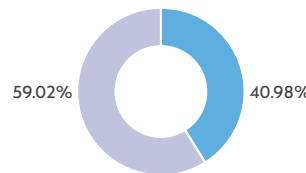
benchmark

### SCOPE 1 AND 2 EMISSIONS PER PORTFOLIO

#### SA HOUSEVIEW EQUITY



#### ACTIVE GLOBAL EQUITY



#### GLOBAL EMERGING MARKETS EQUITY



 Scope 1  Scope 2

Sources: MSCI, Coronation

<sup>1</sup> Carbon dioxide equivalent or CO<sub>2</sub>e is the number of metric tonnes of carbon dioxide emissions with the same global warming potential as one metric tonne of another greenhouse gas; 2020 figures as this is done on a calendar year basis.

## Partnering for stewardship

### SUPPORTING CLIMATE ACTION 100+



We worked with lead engagers to engage high carbon emitters on actions to improve disclosure and reduce emissions.

### A+ RATING FOR 2020 PRI ASSESSMENT



We achieved the highest PRI rating of A+ across all assessment categories, exceeding the median participant score across every category.

### SUPPORTING RESPONSIBLE INVESTING



We are a signatory to CRISA, which emphasises the importance of integrating sustainability factors into investment strategies.

Coronation is a signatory to/member of multiple responsible investing and stewardship codes and organisations, including the Principles for Responsible Investment (PRI), the Code for Responsible Investing in South Africa (CRISA), the TCFD and Climate Action 100+. In addition, we adhere to the principles denoted in the updated UK Stewardship Code, which was published in the latter part of 2019. We work hard to ensure we continue to take cognisance of, and champion, their tenets and principles.

Notably, we participate in the PRI's annual reporting and assessment review. Here, signatories report on their responsible investment activities and how ESG considerations are integrated into their investment process. This is an important benchmark against which we can assess our progress against global best practice, as well as identify areas where we can improve our process.

While the 2021 assessment review is delayed until early 2022, it is worth restating that in 2020, we achieved the highest possible rating of A+ across all categories.

## CORONATION'S 2020 PRI ASSESSMENT REPORT CARD

Module name	2020	
	Coronation	Median
Strategy & Governance	A+	A
Listed Equity – Incorporations	A+	A
Listed Equity – Active Ownership	A+	B
Fixed Income – Sovereign, Supranational and Agency	A+	B
Fixed Income – Corporate Financial	A+	B
Fixed Income – Corporate Non-Financial	A+	B

Sources: PRI, Coronation





## EXCELLENT CLIENT SERVICE

*The Covid-19-induced remote work environment challenged the way client service is conducted globally. Our 2021 client survey confirmed that we have continued to offer our clients a world-class experience in a virtual world. This year we delivered our new client online service offering for direct investors.*

Without clients we have no business and the assets under our management can leave us at 24 hours' notice. When the economic shutdowns triggered the work from home environment, we swiftly enabled all of our employees to operate efficiently from home such that we could continue to offer our clients the service levels that we promise and that they have come to expect. With between 75% and 85% of our employees working remotely for nearly two years, we have demonstrated that no matter how challenging the operating conditions, putting clients' needs first is what we do.

### CLIENT SURVEY SHOWS

>90%

client loyalty rating

>95%

of client calls answered  
within 30 seconds

## Client satisfaction

Following our annual client survey, we are pleased to report that client loyalty remains above 90%. We do not take this rating for granted and continually review both positive and negative feedback to improve our service. From our annual client survey, we learnt that 94% of our investors were either happy or very happy with their investment performance. Our compliance department reviewed all complaints received and found that no material client complaints required formal escalation to the chairpersons of the Audit, Risk and the Social, Ethics and Transformation committees. Coronation supports the principles set out in the Financial Sector Conduct Authority's Treating Customers Fairly initiative and, through our involvement with ASISA, we actively engage in refining the practical aspects of this outcomes-based framework.

## Enhanced client service platforms

During the period under review, we continued to build on the various client service enhancements aimed at enhancing our capacity to deliver world-class service. We implemented several risk and compliance initiatives. One such initiative was our External Independent Verification project, enabling us to verify client Financial Intelligence Centre Act (FICA) information independently, which strengthens our internal risk controls and removes the need for clients to provide supporting FICA documentation. In November, we launched our new mobile-friendly transactional platform for direct clients.

## Committed to high-quality client service

As soon as it became apparent that Covid-19 was set to become a pandemic, 100% of our employees were equipped to work remotely. Throughout lockdown, our client service centre employees successfully rotated between working from the office and working remotely. And, in spite of the added challenge of intermittent load shedding, we consistently managed to answer client calls within 30 seconds at least 95% of the time.



## Communication and engagement

The ongoing pandemic continued to necessitate a high degree of communication with clients and stakeholders. We successfully moved all of our engagements, report-backs and due diligences online, finishing the year with a greater number of engagements than in 2020. Between October 2020 and September 2021, our retail team sent an estimated 600 000 emails to investors and stakeholders, and had around 5 000 independent financial adviser engagements, most of which were held virtually. In the institutional arena, we had over 900 client engagements during the year, and as lockdown continued to restrict mobility, we strove to keep our clients informed as to our research and the current positioning of their portfolios.

We transitioned our thought-leadership conference, Talking Investments, onto a virtual platform through a series of webinars with subject matter experts from around the world. This was a real highlight and was exceptionally well received by our clients and broader community of investors. In fact, through this platform, we doubled our reach in our continued efforts to keep our clients informed of relevant and important content. If you missed this series or would like to listen to recordings again, we have made them available on our [website](#).

## Expert client service professionals

We are committed to maintaining our excellent client service for existing and new clients. We have an experienced team of client service professionals and fund managers who are responsible for identifying potential investors by building trusted and long-term relationships, underpinned by high-quality client service.

We are aware that both our global and local institutional clients are increasingly engaged as active owners, and with a sharper focus on long-term sustainability, and we are well positioned to meet these demands.





## GROWING A GLOBAL FRANCHISE

*As global investors, we offer our clients access to over 28 years of investment experience across global developed, emerging and frontier markets. Our global clients include leading international retirement funds, endowments and family offices.*

Over the last decade, we have focused our efforts on expanding our investment capabilities to cover a broad range of markets in a few targeted global strategies.

### Active management continues to deliver

Coronation continues to believe that, over the long term, active management delivers superior outcomes for clients. We have a single investment philosophy according to which all strategies and mandates are managed, and which is deeply ingrained within the entire Coronation investment team. It is this same philosophy that has enabled us to successfully manage money in South Africa for the past 28 years. As long-term stewards of our clients' capital, we focus on the long-term prospects of the assets in which we invest on our clients' behalf. It is central to our long-term, valuation-driven investment philosophy and process in assessing the ability of each investment to create, sustain and protect value with the goal of generating superior risk-adjusted returns in line with our clients' objectives.

### A world-class track record

Since the launch of our global franchise in 2008, we have made great strides in establishing world-class track records across our entire range. Our specialist emerging markets equity and frontier markets strategies continue to attract a diversified client base from across the globe. This franchise has developed into a compelling business, managing a combined total of R74 billion (September 2020: R79 billion) in our global strategies on behalf of several leading international retirement funds, endowments and family offices.

As an investment-led business, our primary focus remains on growing the value of the client assets entrusted to us over the long term, rather than simply looking to grow the pool of assets under our management. As at 30 September 2021:

- ▶ Global Emerging Markets Equity Strategy delivered an active return of 3.5% p.a. since its inception in 2008.
- ▶ Coronation Global Frontiers Strategy delivered an active return of 4.5% p.a. since its inception in 2014.

All institutional performance returns are stated gross of fees.

We have continued with ESG integration in our investment process and actively engage with investee companies. Our stewardship activities have also evolved to keep pace with the significant increase in demand.

Our diverse culture embraces and celebrates difference, and we have been ahead of the curve when it comes to the increasing global focus on diversity and inclusion. We are committed to providing a culture that nurtures growth, equal opportunity and the confidence to express unique viewpoints.





## ACTIVE CORPORATE CITIZENSHIP

*We are a significant South African corporate citizen who is committed to building a transformed and inclusive financial services sector and an equitable society. The extended Covid-19 pandemic continues to call on us to demonstrate operational agility to ensure business continuity and to respond to the devastating socioeconomic impact of the economic shutdown.*

R6.4m

TO COVID-19  
RELIEF EFFORTS

16

CHARITIES  
SUPPORTED

### Covid-19 relief

As with our investment philosophy, our focus is on the long term. In everything we do, we consider how our actions will make our business, our stakeholders, the wider community and the environment more sustainable. Our Covid-19 relief response continued in 2021, in an effort to mitigate the devastating impact of the pandemic on the local economy, to support our supply chain partners and lend aid to hard-hit impoverished communities. To this end, we committed a further R6.4 million to relief efforts. This includes food security not-for-profit organisations FoodForwardSA and Ladles of Love, and support for the Solidarity Fund's vaccine rollout programme. We continued to expedite small, medium and microenterprise (SMME) payments through our support of Business Leadership South Africa's (BLSA) #payin30 campaign. Senior members of our business continued to engage government, industry bodies and experts on the socioeconomic and health impacts of the pandemic, while seeking solutions for the responsible yet crucial unlocking of businesses.

### Industry collaboration

The majority of our regulatory interaction is with the South African FSCA and the South African Prudential Authority, either directly or through our involvement with ASISA. We are committed to playing an active role in shaping the South African financial services industry by working with industry partners and the FSCA. As a member of the South African business community, Coronation is part of the CEO Initiative, a shareholder in the SA SME Fund and a member of BLSA. Further, in terms of our global operations, we abide by the requirements of the Investment Company Institute (US), the Irish Funds Industry Association and the UK Stewardship Code. In demonstration of our commitment to increased stewardship and ESG integration in our investment and operational activities, we are signatory to, or a member of, several voluntary organisations. For more information on these organisations and our integration of ESG factors in our investment process, refer to our 2020 Stewardship Report, available on [www.coronation.com](http://www.coronation.com). We anticipate the release of our 2021 Stewardship Report in the first half of 2022.



## Corporate sustainability

### Social impact

We are committed to advancing transformation in South Africa and creating a better society for all. Through disciplined recruitment, we focus on transformation across all areas of our business and have made a significant contribution to the transformation and development of skills in the broader financial services industry. In addition, our corporate social investment (CSI) programmes aim to address the South African education crisis and support food security in local communities. Refer to the following pages for details on our social impact initiatives:

- › **Commitment to gender equality** (→ *refer to page 71*)
- › **Black ownership of our Company** (→ *refer to page 75*)
- › **Supporting black businesses in financial services** (→ *refer to page 75*)
- › **Recruitment and employee development** (→ *refer to page 70*)
- › **Bursaries and internships** (→ *refer to page 77*)
- › **Corporate social investment** (→ *refer to page 79*)
- › **Transforming our business** (→ *refer to page 71*)

### Environmental impact

Environmental issues, such as climate change, water scarcity and pollution, are among the most significant challenges of our time. Without a healthy environment, we cannot have a thriving society or a sustainable economy. As a company with the long term at the heart of everything we do, we understand the materiality of climate-related risks and the need for transparent reporting. In 2020, Coronation adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework and started our first carbon footprinting journey.

### Our carbon footprint

We published our second Carbon Footprint Assessment during the period under review and, while taking steps to reduce our carbon emissions, we have achieved a carbon neutral footprint via our partnership with Walker's Recycling. It is important to note that our standard operating activities continued to be interrupted by Covid-19 for the full reporting period. Factors that were impacted include employees working on site in our offices, air travel, employee commuting, utilisation of service providers and onsite electricity, water and waste. This has meant our resource consumption and travel carbon emissions were much lower than we would expect in a standard operating year.

We therefore expect our 2022 metrics to differ as our business-as-usual operations and travel once again commence. Notwithstanding the material impact of lockdown restrictions on business-as-usual activities, we have made a solid start to tracking our environmental impact. We will continue to deepen our approach to monitoring and improving our operational sustainability. For insight into our 2021 assessment, → *refer to pages 39 and 40*. The full assessment is available on our *website*.

### Task Force on Climate-Related Financial Disclosures

The Board provides broad oversight of climate-related risks and opportunities. In the 2021 financial year, climate-related risks and opportunities were tabled at Board and Risk Committee meetings to ensure that these issues are considered when formulating strategy. To support this, management has been mandated to identify and report on climate-related risks. The Board underwent training on climate-related matters to ensure it is equipped to assess these issues.

We view climate change as a material systemic risk to all companies and believe it requires constant disclosure. 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. The table on the following page is our initial corporate TCFD-aligned disclosure.



## OUR INITIAL CORPORATE TCFD-ALIGNED ACTIONS AND DISCLOSURES

TCFD theme	Summary	Further information
<b>Governance</b>	<ul style="list-style-type: none"> <li>➤ The Board provides broad oversight over climate-related risks and opportunities.</li> <li>➤ Board members underwent training on climate-related matters.</li> <li>➤ Climate-related issues are tabled at Board and Risk Committee meetings every quarter.</li> <li>➤ The Board committees rely on the Executive Committee, which provides managerial oversight of climate-related risks and opportunities with responsibilities delineated as follows: <ul style="list-style-type: none"> <li>› The CEO: managerial oversight at the corporate level.</li> </ul> </li> </ul>	Corporate ESG Policy → <i>throughout</i>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Climate strategy focuses on reducing the organisation's environmental impact and remaining resilient to the physical impacts of climate change.</li> <li>➤ Collaboration with multiple responsible investment and stewardship codes, organisations and initiatives informs climate change best practice and strategy.</li> </ul>	Carbon Footprint Assessment 2021 <i>throughout</i> 2020 Stewardship Report → <i>pages 21, 60 to 64</i>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>➤ Climate risks are ranked, rated and treated in accordance with the Group Risk Management Framework and are included in the Group Risk Register.</li> </ul>	→ <i>page 93</i> of this report
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>➤ Detailed information on Scope 1, Scope 2 and some Scope 3 emissions is provided in the Carbon Footprint Assessment 2021. This includes data sources, total emissions, emissions sources, emissions intensity values and Scope 2 emissions by location.</li> <li>➤ GHG mitigation options being considered are also disclosed, as are future improvements in GHG emissions calculations. Coronation has committed to reducing its operational emissions as far as possible and to offset any remaining emissions. All emissions included in the 2021 Carbon Footprint Assessment have been offset.</li> </ul>	Carbon Footprint Assessment 2021 <i>throughout</i>





# Our corporate environmental impact

## Scope of assessment

This assessment includes the greenhouse gas (GHG) emissions from the operational activities of Coronation's offices in South Africa, the UK and the Republic of Ireland. It focuses on business operations only, and excludes the indirect GHG impacts of Coronation's core business of investing.

- Coronation has six physical office locations that drive our resource consumption and GHG emissions. These premises are leased and any infrastructural changes to positively impact our sustainability would need to be negotiated with our lessors.
- Our head office is in Cape Town (351 employees), with others in Johannesburg (7), Durban (3), Pretoria (4), London, UK (8) and Dublin, Republic of Ireland (5).\*
- The assessment followed the GHG Protocol: Corporate Accounting and Reporting Standard\*\*.

## The three-scope framework

The GHG Protocol provides a three-scope reporting framework for the classification of emissions from different business activities.

### Scope 1:

Stationary combustion and refrigerants.



### Scope 2:

Procured grid electricity.



### Scope 3:

Business travel, employee commuting, waste, materials and water.



### OUTPUT



GHGs

\* Employee numbers include permanent and contract employees employed during the period ended 30 September 2021.

\*\* Methodology: The assessment methodology followed the reporting principles and guidelines provided by the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI). The Protocol provides requirements and guidance for companies and other organisations preparing a GHG emissions inventory. The Protocol provides a three-scope reporting framework. In this assessment, all Scope 1 and 2, as well as selected Scope 3 categories were included.



TOTAL GHG EMISSIONS  
999t

AVERAGE PER EMPLOYEE  
2.64tCO<sub>2</sub>e

$$101.8\text{tCO}_2\text{e} + 0.4\text{tCO}_2\text{e} = 102.2\text{tCO}_2\text{e}$$

## Electricity

Procured grid electricity was the main energy source for our built operations in 2021.

ELECTRICITY USE 861 MWh (megawatt hours) | ELECTRICITY 131 kWh/m<sup>2</sup> (kilowatt hours) | GHG EMISSIONS 766 tCO<sub>2</sub>e

## Business travel and commuting

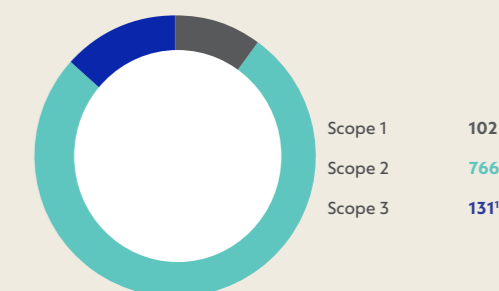
$$128\text{tCO}_2\text{e}$$

## Water, waste and materials\*

$$1.9\text{tCO}_2\text{e} + 0.9\text{tCO}_2\text{e} + 0.1\text{tCO}_2\text{e} = 2.9\text{tCO}_2\text{e}$$

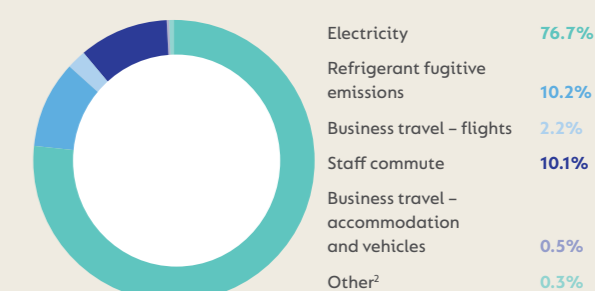
\* While water consumption is not a material part of our operations, we recognise careful consumption is good practice, particularly in water-stressed locations in South Africa.

## SCOPE OF EMISSIONS (TONNES CO<sub>2</sub>e)



<sup>1</sup> Scope 3 emissions have significantly reduced from 2020 due to a reduction in travel (both business travel and commuting) due to Covid-19 restrictions.

## GHG CONTRIBUTORS



<sup>2</sup> Municipal water; paper

Note: Figures may not add up to 100% due to rounding.

## Current initiatives that reduce our environmental impact

- Carbon neutral through purchase of carbon credits
- Energy-efficient motion sensor lighting
- Dedicated recycling areas
- Paper shredded and recycled
- Organic waste composted
- Biodegradable catering containers
- Water conservation promoted among employees
- Refillable water bottles and on-tap water stations

## Future focus

- Continuously improve TCFD aligned reporting
- Review of business practices to reduce our carbon emissions where possible
- Project to identify all material Scope 3 emissions
- Board-level reporting on climate change
- Continue to track progress in 2022

## The UN Sustainable Development Goals

In 2015, 17 Sustainable Development Goals (SDGs) were created, adopted and recognised by the United Nations (UN) as a universal call to action that will ensure all people enjoy peace and prosperity by 2030. At Coronation, we are committed to playing our part in meeting these goals.

As part of deepening our stewardship journey and enhancing our corporate sustainability, this year, we mapped our business against the SDGs. This has the twin purpose of promoting a stable operating environment that ensures the sustainability of our business, to the benefit of our employees, clients and shareholders, and uplifting communities and making a socioeconomic impact where it matters most.



### Uplifting society and the environment through our investment activities

We are active owners of the assets we manage on behalf of our clients, and via our investment stewardship activities, we engage with our investee companies on their ESG practices. In particular, we have encouraged them to apply the recommendations of the TCFD reporting framework. We have also disclosed the carbon intensity of our portfolios. Through our active engagement, we aim to drive positive change that focuses on improving sustainability practices. → [Refer to page 25.](#)



### Supporting our employees

We strive to create a safe and healthy office environment for our employees via numerous means. We offer our employees access to premium physical and mental healthcare via our Healthy Company programme, as well as coaching and counselling.

We encourage our employees to enhance their skills by supporting training initiatives and continued study. We do this by facilitating various training initiatives as well as providing financial assistance towards tuition fees, where applicable. → [Refer to page 73.](#)

Coronation's recruitment process is cognisant of the benefits of having a diverse and inclusive workforce.



### Supporting the financial services sector

Coronation is an active corporate citizen and is a member of or a signatory to several industry organisations and initiatives. These include industry bodies such as ASISA, of which our CEO is a member of the board, Climate Action 100+, the TCFD, the PRI and CRISA. → [Refer to pages 32 and 36.](#)





## Uplifting the environment through our corporate activities

We aim to promote a healthy environment and to mitigate the impact of climate change via our sustainable business practices. We have done this via a combination of the implementation of carbon emissions reduction initiatives and carbon offsetting.

We are in our second year of reporting on our carbon footprint and have selected Walker's Recycling as our carbon offset partner. → [Refer to pages 39 and 40.](#)



## Supporting small enterprises and suppliers

We strive to ensure that our suppliers are fairly treated and timeously paid. In our supply chain, we favour black-owned businesses and support them in their ability to meet our needs. Our consumer financial education and Growing Entrepreneurs programmes provide adults with the skills and knowledge to manage finances and businesses.

Our enterprise development initiatives establish businesses and provide funding to skills development within the financial services arena. We supported the creation of the first black-owned transfer agency in South Africa, and have contributed to the formation and development of black-owned asset managers over the years. Our success in assisting emerging black stockbrokers further emphasises our commitment to supporting the development of small business → [Refer to page 75.](#)



## Uplifting our communities

We are committed to creating a just and inclusive society in which all South Africans have access to education, work opportunities and inclusion. We contribute to this goal through our commitment to #payin30, supplier and enterprise development, bursaries and internships, and our numeracy and literacy programmes.

We partner with the South African Institute of Entrepreneurship to create food security in local communities through our Growing Entrepreneurs and School Gardens programmes. During the pandemic, we turned our attention to feeding schemes and partnered with FoodForwardSA and Ladles of Love to help alleviate the increased burden of hunger. → [Refer to pages 81 and 82.](#)

In response to government's call for all adults to be vaccinated, we donated to the Solidarity Fund's vaccination initiative.

Through our CSI programmes, we are involved in the full education cycle, from early childhood development, through primary school numeracy and literacy, tertiary education and consumer financial education → [Refer to pages 83 and 84.](#)

Our employees have access to ongoing professional development, and we finance degrees that will advance their careers, such as CFA and MBA qualifications. → [Refer to page 73.](#)

In pre-Covid-19 times, we hosted an annual Women's Day thought-leadership event that included girls from disadvantaged communities. In 2020 and 2021, we donated the budget to a shelter for abused women and girls. We are a signatory to the UN Women's Empowerment Principles.





## EFFECTIVE AND INTEGRATED GOVERNANCE

*Coronation's ability to add value is heavily dependent on its reputation, as embodied in the message TRUST IS EARNED™. Governance processes are therefore designed to support ethical and effective leadership that emanates from the Board and spans the Group.*

Outside formal Board and subcommittee meetings, the Board is accessible to management, which frequently consults with directors, individually and collectively, on a broad range of topics. Executive directors and management are responsible for implementing the Board's strategy, as well as ensuring the effective operation of all areas of the business. This includes development and implementation of appropriate policies, as approved by the Board, in addition to ongoing reporting to the Board and its subcommittees, to enable the Board to effectively fulfil its duties of accountability and oversight of management's execution of its Board-approved mandate. Consequently, the integrity of the operating model and the information produced for the Board is subject to assurance through the Group-wide Combined Assurance Model (→ [refer to page 53](#)).

### Board overview

The Board has full and effective control of Coronation Fund Managers Ltd and its subsidiaries, which is exercised through the management team and subsidiary boards.

The Board serves as the focal point and custodian of corporate governance and is primarily responsible for the strategic leadership of the Group. It approves the formulation and implementation of strategy to create sustainable value for all stakeholders while maintaining its commitment to good corporate governance and ethical leadership. The Board is ultimately responsible for the development of strategy and key policies and delegates the implementation thereof to the management team, while remaining ultimately accountable for the due and proper fulfilment of its responsibilities. The Board's responsibilities include:

- monitoring Coronation's performance;
- overseeing the governance of risk management, compliance and information technology;
- oversight of capital allocation;
- ensuring that an adequate and effective control environment is in place;
- ensuring that Coronation remunerates fairly, responsibly and transparently;
- ensuring that Coronation's external reporting is fair and balanced and in compliance with the requisite requirements; and
- ensuring that the Company culture and values support Coronation's corporate objectives.

The Board is accountable to shareholders and is responsible for overseeing the management of relationships with various stakeholders. In fulfilling its responsibilities, the Board is aware of the importance of achieving economic performance while adhering to governance principles.

*"The Board serves  
as the focal point  
and custodian of  
corporate governance."*



All directors are entitled to seek independent professional advice regarding the affairs of Coronation. The Company Secretary is available to assist directors, Board committees and their members in obtaining professional advice when requested.

We are aligned to the principles of King IV™ as detailed in our application register, which can be viewed on our [website](#).

### Group governance structures

Leadership is effected through a unitary Board that comprises a majority of independent non-executive directors. The Board delegates certain of its functions and responsibilities to four committees, namely the Audit Committee, the Remuneration and Nominations Committee, the Social, Ethics and Transformation Committee and the recently established Risk Committee (having previously been incorporated into the joint Audit and Risk Committee). These committees serve to assist the Board in effectively discharging its duties by having oversight over key matters delegated to it and functioning according to clearly articulated terms of reference (→ [refer to page 85](#) for the Board committee reports).

The committee chairpersons report to the Board at each Board meeting on matters considered by their respective committees. The Board has unfettered access to management, which frequently consults with directors, individually and collectively, on a broad range of topics.

### Delegation to management

Executive directors and management are responsible for implementing the Board's strategy, as well as ensuring the effective operation of all areas of the business. This includes development and implementation of appropriate policies, as approved by the Board, to enable the Board to effectively fulfil its duties of accountability and oversight of management's execution of its Board-approved mandate. To ensure consistent application of the overall Group strategy, the executive directors serve on the subsidiary company boards.

Notwithstanding delegation by the Board, management's authorisation is limited to the levels of authority set out in the Group Authorisation Framework, which is reviewed and approved by the Board. The Group Authorisation Framework clearly sets out specific levels of authority and the required approvals necessary for all decisions to be made, while providing the necessary autonomy for the day-to-day operations. The Company Secretary oversees adherence to this framework and is empowered to escalate any irregularities to the Board.



BOARD OF DIRECTORS

Our unitary Board comprises a majority of independent non-executive directors from diverse backgrounds and with different skill sets and experience.



ALEXANDRA WATSON

Chairperson, 65  
BCom (Hons), CA(SA)

Alexandra is an emeritus professor of the University of Cape Town, having retired in 2018 after decades of teaching post-graduate financial reporting. She was appointed Chairperson of Coronation’s Board in August 2021, prior to which she served as the lead independent non-executive director and chairperson of the Audit and Risk Committee. She is a former chairperson of the Accounting Practices Committee, the technical accounting committee of the South African Institute of Chartered Accountants, and chairs the Financial Reporting Investigations Panel (an advisory panel of financial reporting experts formed by a joint venture of the JSE and SAICA). In April 2018, Alexandra was appointed as an independent director of Steinhoff International Holdings N.V. In July 2021, she was appointed as a non-independent non-executive director of Petra Diamonds Ltd.

Alexandra is a board member of WWF-SA and is a previous vice chairperson of the board of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues. She is a member of EY’s adjudicating panel of Excellence in Integrated Reporting Awards.



ANTON PILLAY

Chief Executive Officer, 52  
BBusSc, CA(SA), CFA, AMP (Harvard)

Anton was appointed Chief Executive Officer of Coronation Fund Managers in February 2013 and has been a member of the Board since June 2009. He joined Coronation in January 2006 from BoE (Pty) Ltd, where he held a number of key positions and directorships. Anton has extensive knowledge and experience of the investment and banking industry. He is a director of various Coronation subsidiaries, and also serves as chairperson of Namibia Asset Management and on the board of PPS Investments. Anton is a member of ASISA.



LULAMA BOYCE

Independent non-executive director, 43  
BCom (Hons), CA(SA), MCom, Financial Management (UJ)

Lulama is the head of the Department of Commercial Accounting at the University of Johannesburg. She graduated from the University of Cape Town in 2002 and served her articles at Grant Thornton Johannesburg. She is a former account manager of the Industrial Development Corporation and was part of the transport and financial services business unit from 2008 to 2011. She is a former project finance consultant and served on the audit committee of Automotive Supplier Park from 2007 to 2009. Lulama was appointed to the Board in October 2014 and as chairperson of the Audit Committee in August 2021. She also serves as an independent non-executive director of Coronation Management Company (RF) (Pty) Ltd, Coronation Life Assurance Company Ltd, Bidvest Group Ltd, and Adcock Ingram Ltd.



HUGO NELSON

Independent non-executive director, 51  
MBChB, MBA (Oxon), CFA

Hugo is a founding partner of Fortitudine Vincimus Capital Advisors (Pty) Ltd. He is former CEO of Coronation Fund Managers, prior to which he was a member of the investment team of the business for eight years. Hugo is a medical doctor who found his way into investment management via an MBA completed at Oxford University. He is a CFA charterholder. Hugo is a trustee of the DG Murray Trust, an independent director of Steinhoff N.V. and a patron of George Whitefield College. Hugo was appointed to the Board in November 2016.



MARY-ANNE MUSEKIWA

Chief Financial Officer, 40  
BCom (Accounting), CA(SA)

Mary-Anne was appointed Chief Financial Officer and Financial Director in June 2019 and had been fulfilling the role of Deputy Chief Financial Officer since December 2018. Prior to joining Coronation, she served as chief financial officer of projects at DirectAxis, a subsidiary of the FirstRand Group, where she provided strategic and financial input to various projects within the respective business units. Prior to that, she held roles in the fields of finance, tax and accounting policy governance at various financial institutions.



JUDITH FEBRUARY

Independent non-executive director, 50  
BA (Law), LLB, LLM (UCT)

Judith is a lawyer, governance specialist and columnist, and a Visiting Fellow at the Wits School of Governance. Prior to that, Judith headed up the Institute for Democratic Alternatives in South Africa’s governance programme. She practised law in Cape Town until 2000 and holds an LLM in Commercial Law from the University of Cape Town. Judith is also a Conflict Dynamics accredited commercial mediator, a regular media analyst on South African politics and a columnist for Eyewitness News and Daily Maverick. She is also the editor of Daily Maverick’s fortnightly legal newsletter, Judith’s Prudence, and the author of Turning and Turning: Exploring the complexities of South Africa’s democracy (Pan MacMillan, 2018). Judith is a trustee of the Nelson Mandela Foundation and was a member of the Interim Board of Cricket South Africa between October 2020 to June 2021. She was appointed to the Board in August 2008.



MADICHABA NHLUMAYO

Independent non-executive director, 43  
BBusSci, CA(SA)

Madichaba was appointed as an independent non-executive director on 12 June 2019. She is the founder and executive director of Ditiro Capital (Pty) Ltd. Prior to that, her roles included executive director at Pan-African Holdings Capital (Pty) Ltd, a principal at Trinitas Private Equity Fund and transactor at RMB Ventures. Madichaba has been serving as an independent non-executive director on the boards of Coronation Life Assurance Company (Pty) Ltd, Coronation Investment Management SA (Pty) Ltd and Coronation Management Company (RF) (Pty) Ltd since 1 August 2015. Madichaba is an independent non-executive director of Dental Risk Company (Pty) Ltd.



NEIL BROWN

Independent non-executive director, 56  
NDip Company Admin, MBA (Finance)

Neil was appointed as an independent non-executive director on 19 October 2020. Neil has a National Diploma in Company Administration and a Master of Business Administration in Finance, with 28 years of experience as a South African based fund manager and equity analyst. Neil previously worked at Syfrets Managed Assets, Nedcor Investment Bank and Old Mutual Investment Group, where he was co-head of the Electus boutique. Following this he was the co-founder and co-head of the independent Electus Fund Managers.





**PHAKAMANI HADEBE**

**Independent non-executive director, 54**  
*MA Economics (KZN), MA Rural Development (Sussex)*

Phakamani was appointed as an independent non-executive director on 19 October 2020. He has a Masters in Economics from the University of Durban-Westville, a Master of Arts in Rural Development from the University of Sussex and is an alumnus of the Wharton Business School and the IMF Institute. He has served in senior management positions in both the public and private sectors. Most recently he served as the group chief executive of Eskom Holdings. Before that, he was the CEO of Corporate and Investment Banking (SA) at Barclays Africa and the CEO for the Land and Agricultural Bank. Phakamani worked in the National Treasury for 13 years serving as head of Assets and Liabilities from 2003 to 2008. Phakamani also consults for the IMF and the United Nations Economic Community of Africa on financial markets.



**SAKS NTOMBELA**

**Lead independent non-executive director, 54**  
*BSc Engineering (Natal), MBA (UCT), AMP (Harvard)*

Saks was appointed as an independent non-executive director of the Company on 19 October 2020 and was appointed as lead independent director and chairperson of Coronation's Risk Committee in August 2021. Saks serves as the group CEO of Hollard Insurance (Hollard). Prior to joining Hollard, Saks served as the head of Retail Banking Product and Segments at ABSA and held a number of executive positions at Nedbank. He holds a Bachelor of Science Mechanical Engineering degree from the University of Natal. Saks is also a graduate of the University of Cape Town's Graduate School of Business. More recently, he completed the Advanced Management Program at the Harvard Business School in Boston.



**SHAMS PATHER\***

**Independent non-executive Chairperson, 70**  
*BBusSc, BCom (Hons), MBA (UCT)*

Shams was appointed to the Board in 2005 and to the position of Chairperson in March 2009. He has more than 30 years' experience in the asset management industry. From 1974 to 2003, he worked at Norwich Union, Colonial Mutual Life Assurance, Southern Life and Real Africa Asset Management. His directorships include Oceana Group Ltd, Lungisa Industrial (Pty) Ltd, Lungisa Technologies (Pty) Ltd, Lungisa Investment Holdings (Pty) Ltd, Centre for Proteomic and Genomic Research and Kagiso Tiso Holdings (Pty) Ltd.



**JOCK McKENZIE\*\***

**Independent non-executive director, 73**  
*BSc (Chem Eng), MA (Lancaster)*

Jock is a member of the board of Capitec. He chairs the board of trustees of the Carleton Lloyd Educational Trust and the Rondebosch Boys' Schools Education Trust. Jock held several senior executive positions globally and in South Africa. In 1999, he was appointed chairman and chief executive officer of the Caltex Corporation, and served as president for Asia, Middle East and Africa Products of the Chevron Texaco Corporation from October 2001 to January 2004. Jock was appointed to the Board in May 2009.

\* Passed away 5 July 2021  
\*\* Resigned 30 June 2021



## FAREWELL TO AN ASSET MANAGEMENT INDUSTRY ICON



**MR SHAMS PATHER**

*It is with deep sadness that we mourn the passing of Mr Shams Pather, Chairperson of Coronation's Board of Directors, valued colleague, respected advisor, beloved husband and father.*

An industry icon and a highly-regarded independent non-executive director in the South African listed arena, he will be sorely missed by the Board of Directors, all of us at Coronation, and across the business community.

His strong leadership, sense of justice, integrity, high principles and innate kindness have left all of us who had the privilege to work with him as better people. Shams was a rare individual who combined business acumen with unwavering humanity. Our thoughts remain with his family and loved ones.



## Board composition

As at 30 September 2021, Coronation's unitary Board comprised two executive directors and eight independent non-executive directors. With the passing of our long-serving Chairperson in July 2021, Prof Alexandra Watson was appointed as the independent non-executive Chairperson. In addition, Mr Saks Ntombela was appointed as the lead independent non-executive director. The Board is responsible for appointing the CEO. The roles of the Chairperson and CEO are specifically separated. The non-executive directors have the integrity, skills and experience to provide independent insight and value at Board meetings.

There is a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of or influence on decision-making. The Board is satisfied that its current composition ensures a balance of power and authority.

Prof Alexandra Watson and Ms Judith February are independent non-executive directors who have been members of the Board for longer than nine years. In terms of King IV™, the Board is required to initiate an annual review when an independent non-executive director's tenure exceeds a period of nine years. The independence assessment was developed in line with the guidelines set out in King IV™ and was further aligned to international practice. In particular, the Board reviewed international practice in respect of long tenure and its impact on independence, and the Board concluded that coupling tenure to independence is misguided, and that rather, director independence ultimately requires the application of an objective state of mind.

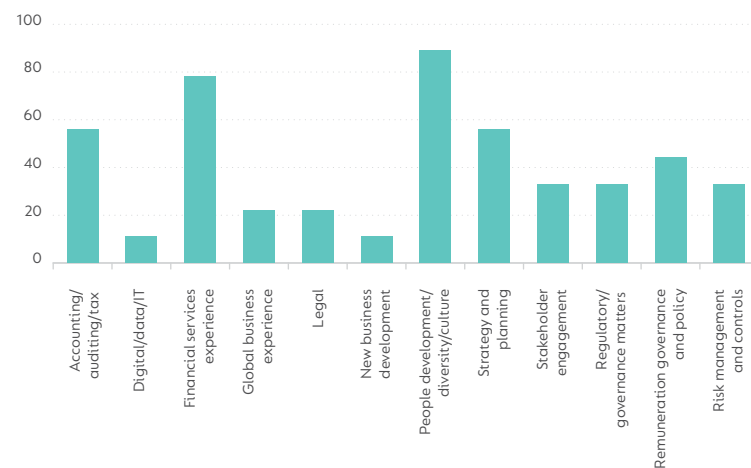
The Board is satisfied that all directors exercise objective, unfettered judgement in their interactions and decision-making. In particular, the Board concluded that, in each instance, the independence of Prof Alexandra Watson and Ms Judith February's character and objective judgement was not impaired by their length of service. All Board members act independently from each other, as well as any shareholder or other stakeholder group.

## Board diversity

A core consideration in selecting appropriate candidates to serve on the Board is ensuring the appropriate level of diversity across race, gender, skills, experience and perspective that leads to a robust, strategic decision-making process. To this effect, the Board adopted the Group Nominations Policy and Board Charter, which are available on [www.coronation.com](http://www.coronation.com). Cumulatively, the Board members' qualifications include, CAs and CFAs, MBAs, Masters of Laws, Economics and Rural Development, Bachelors of Commerce, Medicine, Business Science and Mechanical Engineering → *refer to pages 45 to 47* for Board members' biographies.

## Board skills matrix

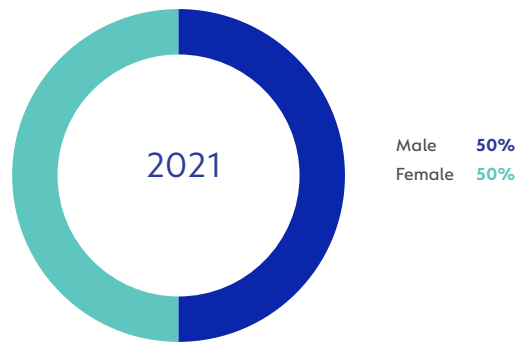
### NON-EXECUTIVE DIRECTOR SKILLS MATRIX (% OF NON-EXECUTIVE DIRECTORS)



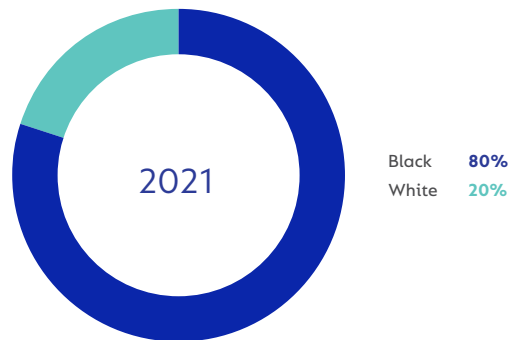
Diversity (race and gender) among directors in relation to targets set out in the broad Board Diversity Policy is reflected in the graphs below. The cross-pollination of Board members on subcommittees and regular attendance at these meetings ensure all material matters are considered from a variety of perspectives, to better support the ultimate decisions of the Board.

The targets for directors of the Board are no less than 50% black and 50% female directors. As at 30 September 2021 our targets for Board diversity were met.

#### BOARD OF DIRECTORS BY GENDER\*



#### BOARD OF DIRECTORS BY RACE\*



\* As at 30 September 2021

#### Board and subcommittee assessments

The Board's fiduciary duty is to always act in the best interest of the Company by exercising autonomy in its decision-making process. Assessing the effectiveness of the Board is therefore a crucial element in determining whether Board members are unfettered and possess adequate capacity to meaningfully engage in the strategic leadership of the business to achieve the desired outcomes for stakeholders.

The Board adopted the approach of carrying out an external formal Board assessment every second year and managing an internal assessment every alternate year. The last formal externally facilitated assessment was conducted in 2020. An informal Board assessment was conducted for the year ended 30 September 2021, in which the Board members completed self-assessments, and was facilitated by the Company Secretary.

The Board is led by an independent non-executive Chairperson, who is supported by a lead independent director. The Board self-assessment confirmed that the Board is operating effectively with regard to its primary roles and responsibilities of steering and setting strategic direction, approval of policy and planning, overseeing and monitoring management, and ensuring accountability of the Company's performance.

The assessment further confirmed that all Board members are prepared and participate fully, frankly, effectively and constructively in Board deliberations. In addition, it was noted that the Board's culture and style effectively and efficiently support deliberation and decision-making.



### Lead independent non-executive director

Mr Saks Ntombela was appointed as the lead independent non-executive director following the appointment of Prof Alexandra Watson (who served as lead since 2017) as Chairperson. The lead independent non-executive director is expected to:

- lead the Board in the absence of the Chairperson;
- lead the performance appraisal of the Chairperson;
- assist the Chairperson in all other matters where necessary; and
- act as Chairperson in any other instance where the Chairperson is conflicted in relation to a matter being considered by the Board.

### Director nominations

Based on the recommendation from the Remuneration and Nominations Committee, the Board considers the nomination of new directors for appointment, or re-appointment in the case of existing directors, and recommends the same to shareholders. In line with Company policy, at least one-third of the non-executive directors are required to retire from their appointment each year.

The directors who are required to retire are those who have been in office the longest since their last election or appointment. The retiring directors may make themselves eligible for re-election. The retiring directors eligible for re-election at the 2022 AGM are Ms Lulama Boyce, Mrs Madichaba Nhlumayo and Ms Mary-Anne Musekiwa.

### Outside interests

In terms of the Companies Act, all directors must disclose outside business interests. The declaration of directors' interests and conflicts of interests is a standard agenda item at each Board meeting. Directors who are conflicted recuse themselves and do not participate in meetings. The Company Secretary maintains a register of all the directors' interests.

The Board is aware of directors' outside commitments and is satisfied that all directors allocate sufficient time to enable them to discharge their duties effectively. Under the period of review, no conflicts of interest were submitted to the Company Secretary.

### Non-executive directors' fees

Non-executive directors receive fees for their services as directors of the Board and for services as members of committees. These fees were determined and agreed by the Board on the recommendation of the Remuneration and Nominations Committee (→ refer to non-executive directors' remuneration on [page 122](#)).



## Board and committee membership

As at 30 September 2021, the Board has four committees, the charters of which are available for review on our [website](#).

### BOARD AND COMMITTEE MEMBERSHIP 2021

	Board	Audit Committee	Risk Committee	Social, Ethics and Transformation Committee	Remuneration and Nominations Committee	Audit and Risk Committee <sup>1</sup>
Alexandra Watson – Chair (10/08/2021)	✓				✓ (Chair of Nom)	
Saks Ntombela LID (10/08/2021)	✓	✓	✓ (Chair)			
Judith Gail February	✓			✓ (Chair)		
Anton Clarence Pillay	✓					
Mary-Anne Dimakatso Mazvidzeni Musekiwa	✓			✓		
Lulama Boyce	✓	✓ (Chair)	✓			
Hugo Anton Nelson	✓	✓	✓		✓ (Chair of Rem)	
Madichaba Nhlumayo	✓	✓	✓	✓		
Neil Brown	✓		✓		✓	
John (Jock) David McKenzie*	✓				✓	✓
Saamsoodein (Shams) Pather**	✓				✓	
Phakamani Hadebe	✓			✓		

<sup>1</sup> As of 10 August 2021, the Audit and Risk Committee was separated in to two, namely the Audit Committee and the Risk Committee.

\* Resigned 30 June 2021.

\*\* Passed away 5 July 2021.

## Meeting attendance

The Board meets a minimum of four times a year, with additional meetings as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the memorandum of incorporation. The non-executive directors are provided with comprehensive information on the business and are updated on business developments between Board meetings. The Board met on five occasions during the 2021 financial year. Attendance at Board and committee meetings as at 30 September 2021 was 100%.

## Company Secretary

The Board selects and appoints the Company Secretary and recognises the importance of this role in entrenching good corporate governance. All directors have unlimited access to the services of the Company Secretary, Mrs Nazrana Hawa, who in turn has access to appropriate resources in the provision of this support. An assessment regarding her competence, qualifications and experience was conducted as part of the Board self-assessments. The Board is satisfied that the Company Secretary has the necessary skills and experience and fulfils her responsibilities towards the Board.

## King IV™

The Board will continue to ensure that Coronation applies global best practice governance standards, where appropriate, including King IV™, to sustain an environment of effective oversight and accountability. The Board is satisfied that the Group adequately applies the principles and recommended practices of King IV™. Our King IV™ application register can be viewed on [www.coronation.com](http://www.coronation.com).



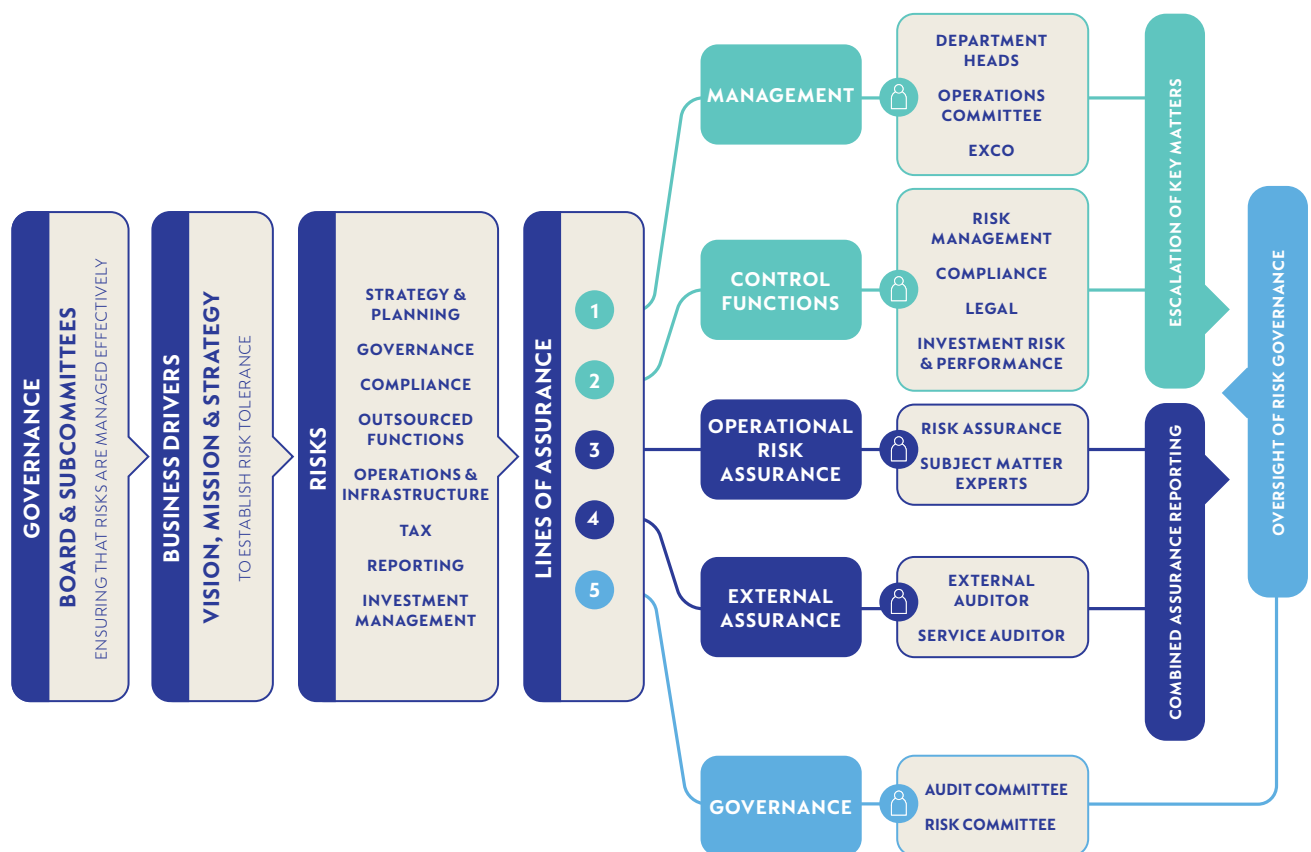
## Combined Assurance Model

With the support of the Board and the Audit and Risk committees, Coronation implemented a Combined Assurance Model (the model), comprising five lines of assurance as depicted below. The model enables an efficient and holistic approach to risk management and assurance activities across the Group. As a whole, it provides a level of assurance that is greater than the sum of its parts, while also supporting the integrity of information produced for reporting and decision-making. The model recognises varying levels of assurance, ranging from management to independent external assurance, and is designed to maximise value to the business, while minimising duplication. Key aspects of our lines of assurance are as follows.

### Management and control functions

Managers, as the first line of assurance, are primarily accountable for owning and managing risk in their departments. This includes implementing adequately designed controls that operate consistently to detect and/or prevent risks impeding the delivery of business objectives and that are in compliance with relevant regulation. Management is supported by specialist internal control functions within the second line of assurance, which includes the risk management and compliance functions. These control functions provide subject matter expertise to management in relation to the design and operating effectiveness of processes implemented by management. They monitor key risk areas and report any material issues to management and the Risk Committee.

(For more details, please refer to our Risk Management and Compliance reports on [pages 93 and 100](#), respectively).



## Operational risk assurance and external assurance

The third and fourth lines of assurance comprise the independent assessment of the control environment by a broad range of assurance providers and subject matter experts. The third line of assurance, termed operational risk assurance, refers to internal reviews of the control environment, the results of which are reported to management and the Audit Committee. Operational risk assurance comprises the Risk Assurance Manager and various subject matter experts. The Risk Assurance Manager has free and unrestricted access to the Audit Committee and its chairperson to maintain the appropriate level of independence, and meets privately with the Audit Committee chairperson prior to each meeting. The activities of operational risk assurance are guided by the Operational Risk Assurance Charter, approved by the Audit Committee, which sets out the nature, scope and purpose of the operational risk assurance function.

An annual Operational Risk Assurance Plan is designed to ensure optimal coverage of material risks by the third and fourth lines of assurance and is approved by the Audit Committee. The plan is developed by the Risk Assurance Manager, in close consultation with the Risk Officer, management and assurance providers, as well as analysis of the risk register and the results of previous assurance activities. Planned independent assurance extends across all areas of the business, including second-line control functions, such as risk management and compliance. Execution of the plan is allocated to the provider best suited to each particular assurance requirement.

The results of work performed by each assurance provider are reported by the Risk Assurance Manager, or directly by the assurance provider, in their original format to the Audit Committee. This, coupled with the employment of a range of service providers, ensures that the Audit Committee obtains the appropriate level of independent and objective assurance. The Audit Committee has considered, and is satisfied, with the arrangements of operational risk assurance, as well as the performance of the Risk Assurance Manager.

The fourth line of assurance includes independent external assurance, the results of which are publicly available, and is therefore primarily directed towards the Group's shareholders and clients. This includes the annual financial statements audit, conducted by the Group external auditor, KPMG, as well as assurance of the Service Organisation Report by the Service Auditor, Ernst & Young Inc., in accordance with the International Standards on Assurance Engagements – Assurance Reports on Controls at a Service Organisation (ISAE 3402 type II). KPMG was appointed external auditor in 2021, with Mr Zola Beseti as the incumbent designated audit partner. Nothing has come to the attention of the Audit Committee to indicate any material breakdown in the system of control during the year.

## Combined assurance governance

The external auditor and the Risk Assurance Manager have unrestricted access to the Audit Committee. As designated by the Board, the Audit and Risk committees oversee the adequate and effective risk management and system of internal control within the business, and therefore forms the fifth line of assurance (*→ refer to pages 90 and 92, respectively, for the reports of the Audit and Risk committees*).





# How Coronation creates value for stakeholders

## STAKEHOLDER NEEDS



### CLIENTS

- Strong long-term investment performance
- One focused investment philosophy
- Excellent client service
- Investment stewardship



### SHAREHOLDERS

- Ethical & sustainable business model
- Return on investment
- Investment in business



### GOVERNMENT & REGULATORS

- Best-practice regulatory compliance
- Proactive engagement
- Corporate citizenship



### SOCIETY

- Transformation
- Enterprise development
- Environmental impact monitoring
- Corporate social investment



### OUR PEOPLE

- Inclusivity & diversity
- Reward for excellence
- Growth & development
- Employee wellbeing

## CORONATION INPUTS

### INTELLECTUAL CAPITAL

**367** years' cumulative Coronation experience of senior investment professionals

- Ongoing investment in IT & IS infrastructure
- Robust, valuations-based investment process
- Thought-leadership

### HUMAN CAPITAL

**10** years' average tenure of investment team

- Highly-skilled employees
- Strong, ethical culture
- Mentorship by senior investment professionals
- Best practice recruitment process

### FINANCIAL CAPITAL

Strong performance outcomes for clients and shareholders

- Grow profitability through fund management earnings
- Dividend policy: at least 75% of after-tax cash profit
- Remuneration Policy reduces fixed costs

### NATURAL CAPITAL



- Investment stewardship activities
- Efficient business operations

### SOCIAL & RELATIONSHIP CAPITAL

**>R350m** in brokerage to black stockbrokers

- Strong client & IFA relationships
- Diversity & transformation
- Active corporate citizenship

## HOW CORONATION CREATES VALUE



*We invest clients' savings to deliver strong, long-term growth & construct risk-resilient portfolios.*

**As an active corporate citizen, we continuously engage the industry & strive for sector & social transformation.**

## KEY RISKS & CHALLENGES MANAGED



*Covid-19 & economic lockdown*

*Tightening regulatory environment*



*Deteriorating economy & shrinking savings pool*

## HOW CORONATION ENSURES VALUE CREATION FOR STAKEHOLDERS



### CLIENTS

- Consistent execution of investment philosophy
- Regular fee & benchmark reviews
- Achieving rigorous client service targets
- World-class IT & IS infrastructure
- Active stewards of the assets we manage



### SHAREHOLDERS

- Robust governance structures
- Ongoing investment in our business
- Consistent & sustainable operational performance & cost control
- Stable investment team
- Regular dividend distribution



### GOVERNMENT & REGULATORS

- Detailed compliance universe & risk assurance monitoring plans
- Continuous engagement with regulators & industry to achieve a safer and effective financial sector
- Compliance with regulations



### SOCIETY

- Active corporate citizen, including environmental stewardship
- Transformation of industry & society through business development, CSI & recruitment



### OUR PEOPLE

- Training & development
- Coaching & mentoring
- Performance-based remuneration
- Employee ownership & empowerment
- Employee wellbeing

## HOW CORONATION CREATED VALUE FOR STAKEHOLDERS IN 2021



### CLIENTS (→ refer to page 57)

- Strong long-term investment performance
- Enhanced stewardship & ESG
- World-class client service & communication
- Large, stable investment team



### SHAREHOLDERS (→ refer to page 65)

- Dividend policy maintained
- Ongoing shareholder engagement
- IT & IS infrastructure investment
- Remuneration model aligns employees with shareholders
- Board succession planning



### GOVERNMENT & REGULATORS (→ refer to page 69)

- No material regulatory fines or sanctions received
- Well-established team of experienced compliance professionals
- Delivery of POPIA project
- Total tax paid, including VAT: R1.1 billion
- Impactful engagement with government & industry bodies



### SOCIETY (→ refer to page 75)

- Covid-19 relief contributions: R6.4 million
- Swift payment of SMEs to help cash flow
- Second carbon footprint measured & bought CO<sub>2</sub> credits to offset emissions
- Ongoing business development & CSI initiatives
- Corporate adoption of TCFD



### OUR PEOPLE (→ refer to page 70)

- No Covid-19-related retrenchments/furloughs
- Employee wellbeing & coaching interventions
- Training & development
- Performance-based remuneration

## HOW CORONATION CREATES VALUE FOR CLIENTS

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*As the Covid-19 pandemic extended into its second year, we remained unwaveringly focused on maintaining high levels of client service excellence via long-term investment outperformance, integrated stewardship of client assets and building a transformed and inclusive financial services industry.*

### Our Client Charter

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We strive to always put clients first

We have an unwavering commitment to the long term

We focus on producing top performance over all meaningful periods

We are uncompromising about ethics



All our employees commit to the Coronation Client Charter and, as an independent asset manager with no tied assets, we are conscious of the fact that assets under our management can leave us on 24 hours' notice. Putting clients' needs first is key to our sustainability as a business. The Covid-19 pandemic saw a marked increase in client interactions, as we ramped up our communications, keeping our clients abreast of portfolio positioning and performance. Coronation has two primary client markets:

- Institutional clients (South Africa and international); and
- Personal investment clients (South Africa only).

Employees are directly invested in the business and currently own 25% of the Company, while our Remuneration Policy aligns our employees with our clients' interests (→ refer to our Remuneration Policy on [page 113](#)). Further, we focus on consistent execution of our valuation-driven investment philosophy, regular fee and benchmark reviews, achieving rigorous client service targets, continuous enhancement of client service platforms and correspondence, and world-class security measures.

### No window-dressing of returns

Institutional and retail clients are treated equally. We were the first asset manager in South Africa to comply with the Global Investment Performance Standards: a set of standardised ethical principles promoting performance transparency and comparability.

### Appropriate funds and strategies

We offer a complete institutional offering across asset classes and geographies, and our focused range of domestic and international unit trust funds is grouped by investor need.

69

INVESTMENT  
PROFESSIONALS

## Fees are aligned with client interests

When determining fees, we make allowance for our long-term ability to outperform the market over meaningful time periods, while also being fair and reasonable to clients and the business. As part of this commitment, we continually review fees to ensure they reflect market conditions and offer compelling value to our retail and institutional clients.

## A highly skilled and stable investment team

Coronation has a single, integrated global investment team, including 69 well-rounded professionals with the expertise to price for profit across sectors, asset classes and geographies. On average, team members have 10 years of experience with Coronation and include three former chief investment officers still actively managing money.

Our investment team has been notably stable for the past 10 years when compared to the industry, and we are privileged to have a large and experienced group of professionals with a deep knowledge of industries and asset classes across multiple geographies. We believe our investment strategy benefits from a culture that encourages individuals to challenge one another, making us less prone to error as a result of biases and/or faulty assumptions.

## How we deliver investment outperformance

Coronation has invested its clients' assets according to the same disciplined philosophy for 28 years. Coronation is an active manager, with a single long-term, valuation-driven investment philosophy. Through extensive proprietary research, we identify mispriced assets trading at discounts to their long-term business value. We are solely focused on assessing the long-term worth of a business and do not change positions based on the near-term earnings outlook, or on recent news flow.

- Our proprietary company research is supported by extensive first-hand scrutiny of potential holdings, including country visits and meetings with management, competitors, industry experts and other information sources.
- Consistent with our long-term investment horizon, we integrate ESG factors into our investment decision-making (→ *refer to page 25* or the 2020 Stewardship Report on [www.coronation.com](http://www.coronation.com)).
- We manage risk in multiple ways, including requiring higher margins of safety for our valuations, calibrating the size of exposures, diversifying, monitoring various macro drivers and ensuring that risk is appropriately managed at a portfolio level.

We understand that all clients are different, with differing risk budgets and return targets. This is why we offer a complete fund range that includes multi-asset funds and building blocks (single-asset class funds). In this way, clients are empowered to select the fund that best meets their needs at a specific point in time. All clients receive the same investment outcomes in their chosen strategy – no matter their size, or whether they invest directly with Coronation or through their retirement fund or other intermediaries. In our pursuit of generating long-term outperformance, we are fortunate that the majority of our clients understand that this may, from time to time, come at the cost of underperformance in the short term. While these periods may be uncomfortable and testing, we have endured them many times throughout our 28-year history. We therefore know that they are an important part of our compelling and proven long-term investment track record.

## Institutional clients

*Our institutional strategies cover all asset classes across a number of geographies in both segregated and pooled mandates.*

We are one of the largest managers of institutional assets in South Africa. Our clients include pension and provident funds, medical schemes, major banking and insurance groups, as well as other asset managers, through their multi-manager offerings. Distribution is conducted primarily through investment consultants, multi-managers and umbrella funds. We also manage assets for a number of leading international retirement funds, endowments and family offices.

### Investment strategies

#### SOUTH AFRICA

- Equity
- Fixed Income
- Multi-asset
- Hedge funds

#### GLOBAL EMERGING MARKETS

- Equity

#### GLOBAL

- Equity
- Multi-asset

#### FRONTIER MARKETS

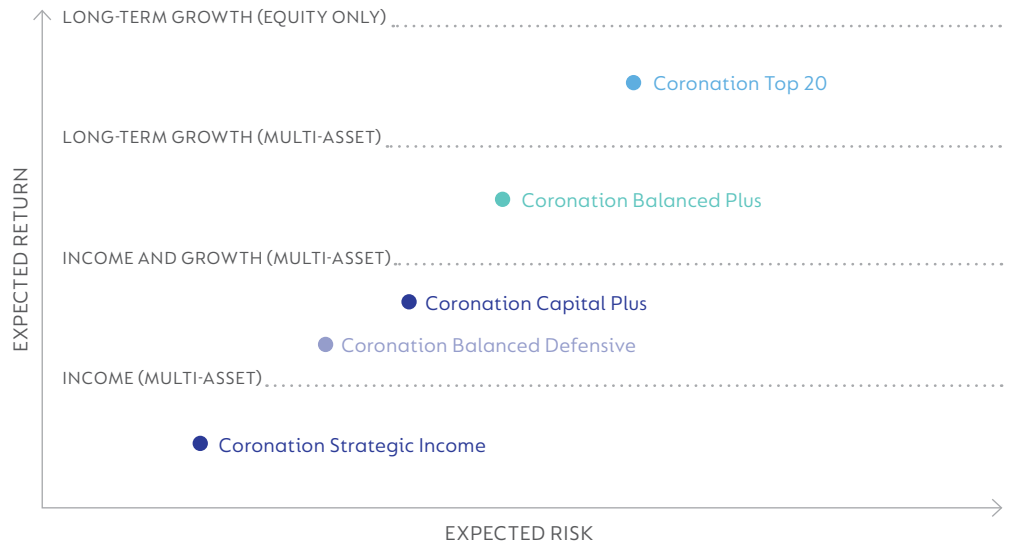
- Africa Frontiers (excluding South Africa)
- Global Frontiers

## Personal investment clients

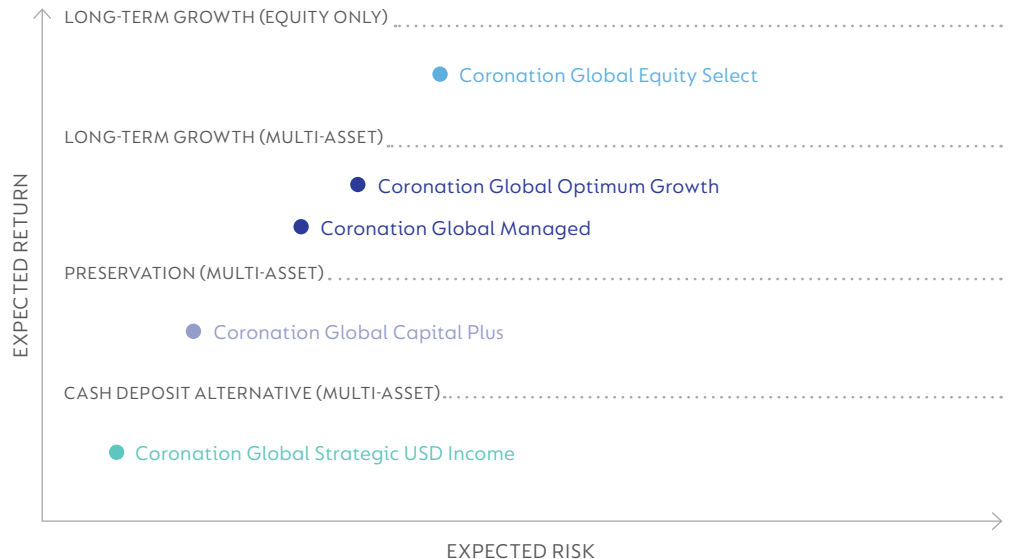
*Our unit trust management company is one of the foremost managers of long-term assets in the South African collective investment schemes industry.*

We offer a comprehensive range of investments, including domestic and international funds, individual retirement and life products, and tax-free investments. All funds are directly available from Coronation. We also distribute through the non-affiliated channels of discretionary managers, independent financial advisers and third-party linked investment service providers. We focus solely on investment management; we are not involved in other areas of the value chain, such as investment platform administration and the provision of financial advice. For South African investors, we offer a focused range of domestic and international funds, grouped by investor need:

### *Domestic flagship funds*



### *International flagship funds*



## 2021 outcomes for clients

### Long-term investment performance

All of our domestic institutional portfolios with a track record of more than 10 years have delivered remarkable active returns since inception\*.

#### INSTITUTIONAL PERFORMANCE – SOUTH AFRICAN PORTFOLIOS

South African Specialist Equity	Annualised return	Active return
<b>Coronation Houseview Equity</b> Since inception in October 1993	16.2%	2.5%
<b>Coronation Aggressive Equity</b> Since inception in February 2002	16.0%	2.4%
Domestic Multi-Asset	Annualised return	Active/real return
<b>Coronation Global Houseview</b> Since inception in October 1993	15.5%	9.6% Real (after-inflation) return
<b>Coronation Managed</b> Since inception in May 1996	15.5%	9.8% Real (after-inflation) return
South African Specialist Fixed Income	Annualised return	Active return
<b>Coronation Strategic Bond</b> Since inception in January 2008	9.4%	0.8%
<b>Coronation Active Bond</b> Since inception in July 2000	11.1%	0.8%

#### INSTITUTIONAL PERFORMANCE – GLOBAL PORTFOLIOS

Fund	Annualised return	Active/real return
<b>Coronation Global Emerging Markets Equity Strategy</b> Since inception in July 2008 (USD)	7.5%	3.5%
<b>Coronation Africa Frontiers</b> Since inception in October 2008 (USD)	8.4%	7.5%
<b>Coronation Global Frontiers</b> Since inception in December 2014 (USD)	5.7%	4.5%
<b>Coronation Global Equity Fund of Funds</b> Since inception in July 2000 (USD)	7.6%	1.6%
<b>Coronation Global Managed Strategy</b> Since inception in November 2009 (USD)	8.3%	6.2% Real (after-inflation) return

\* All institutional performance returns are stated gross of fees as at 30 September 2021.

## UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS

Fund	Lifetime multiplier*	Benchmark/peer group average**
Coronation Top 20	26.5 times	14.0 times
Coronation Balanced Plus	27.8 times	18.3 times
Coronation Capital Plus	8.7 times	6.4 times
Coronation Balanced Defensive	3.6 times	2.9 times
Coronation Strategic Income	6.7 times	4.9 times
Coronation Global Opportunities Equity [ZAR] Feeder	18.4 times	16.5 times
Coronation Global Optimum Growth [ZAR] Feeder	18.6 times	9.9 times
Coronation Global Managed [ZAR] Feeder	4.2 times	3.5 times
Coronation Global Capital Plus [ZAR]Feeder	2.9 times	1.6 times

Top 20: JSE benchmark; Balanced Plus: peer group average (PGA); Capital Plus: benchmark CPI+4%; Balanced Defensive: PGA; Strategic Income: 110% of STeFI benchmark; Global Opportunities Equity Feeder: Global equity benchmark; Global Optimum Growth Feeder: MSCI All Country World Index; Global Managed Feeder: PGA; Global Capital Plus Feeder: US Cash+1.5% benchmark.

\* Lifetime multiplier refers to the increase in capital of an investment over the lifetime of the fund (i.e. since its inception).

\*\* Benchmark/peer group average refers to the increase in capital of an investment in the benchmark or peer group average since the inception date of the corresponding Coronation fund.

For more information on fund benchmarks and performance, please view the fund specific fact sheets in the fund centre on our [website](#).

## Engaging with our clients

### Institutional

Each client is assigned a dedicated fund manager, who manages every aspect of service, including investment strategy, reporting and product-related matters. Our client service fund managers work closely with the portfolio managers to ensure they are an effective liaison – while freeing the portfolio managers to focus on investment management. In addition to the dedicated fund manager, a client relationship manager is allocated to each client to attend to all administration-related queries. We provide comprehensive monthly and quarterly reports on our investment portfolios.

This year, our interactions with clients happened through a combination of virtual and in-person meetings, as we adapted to changes necessitated by the Covid-19 pandemic.

### Personal investments

A team of client service professionals responds to all client queries in accordance with strictly monitored turnaround times. All client-facing employees undergo intensive fund range and compliance training and are offered additional communication skills training. Financial advisers are supported by Coronation investment specialists. Both direct clients and advisers receive regular communication covering a range of investment-related topics. This includes market insights and regulatory updates. In addition, our Company [website](#) provides extensive product information. This year we hosted a number of adviser webinars, conducted many virtual meetings and presentations throughout the course of the year and continued our focused market research via multiple customer touchpoints. Further, to help advisers meet their Financial Intermediary and Advisory Services (FAIS) Act, No. 37 of 2002, training and continual professional development requirements, we offer Coronation-specific content, available on FAIS Exchange and other third-party platforms.

## Client service

During economic lockdown we maintained our track record of service excellence. On any given day, we have over 2 000 personal investment client interactions (calls, emails, logins to our website, face-to-face engagements) and each interaction is an opportunity to meet or exceed our clients' expectations and build trust. We maintain a comprehensive complaints policy, and have established systems and procedures to identify, investigate and resolve any client complaints. Our institutional clients each have direct access to a dedicated client fund manager.

## Fair fees

Our fees are aligned with the interests of our clients. Reflecting this, some of our unit trust funds with performance fee structures discount fees by up to 83% of the base fee (charged when performance after fees equals benchmark performance) when they fail to outperform their benchmarks over the five years preceding the valuation point. In 2021, we permanently reduced our fixed annual management fee for two of our flagship funds, the Coronation Capital Plus and Coronation Balanced Defensive funds from 85bps to 75bps (clean class). We also implemented a temporary fee reduction from 45bps to 35bps for our Strategic Income Fund in recognition of the abnormally low interest rate environment. This means the Strategic Income Fund is now 40% cheaper than the average competitor in the managed income category.

### Fees aligned with clients' interests\*



## Stewardship

We continued to build on our stewardship reporting and published our third annual Stewardship Report in 2021. The report outlines our approach to responsible investing and how we integrate, engage and collaborate on ESG issues to unlock value for our clients (→ [refer to page 25](#) or download the full report from [www.coronation.com](http://www.coronation.com)).

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*“Our focus remains  
on delivering  
investment excellence  
for all of our clients.”*

## Client communication

We provide our clients with regular investment information, including through our thought-leadership publication, Corospondent, which is distributed to both clients and advisers. To align our communication strategy with the changing consumption patterns of our clients and the restrictions of movement due to the national lockdown, we broadened our channels to include podcasts and webinars and increased our thought-leadership presence in the media. Additional channels of communication include our Coroconnect adviser information portal and ad hoc client mailers on topical issues. Between October 2020 and September 2021, we sent over 600 000 emails to investors and stakeholders. These included opinion pieces by the investment team, transactional information and report-backs on the fund and market environment.

## Roadshows shift to digital

The ongoing Covid-19 pandemic meant that digital engagements continued to replace in-person conferences and roadshows. To help us deliver high-end audio-visual content, we installed a state-of-the-art studio.

This past year, our personal investments team hosted eight rounds of Conversations with Coronation, with average attendance of around 1 600 people per event and an average satisfaction rating of 4.6/5; while our institutional team hosted seven online engagements to nearly 3 000 attendees.

## Appropriate strategies, funds and accounts

We have a comprehensive institutional offering across asset classes and geographies, and our focused range of domestic and international unit trusts is suitable for most investor needs. We will also adapt our range to changes in the regulatory environment, if and when the need arises. We only develop new funds when we believe that a new mandate can sustainably meet a clearly defined investor need, and in areas where we have adequate capacity, resources and expertise to deliver competitive results over meaningful periods ([→ refer to page 24](#)).

## Client security

As the scourge of cyberattacks intensifies, we continue to monitor and invest in technology that ensures our clients' information is secure and that their investments are protected ([→ refer to page 103](#)).

## Focus for the year ahead

Our focus remains on delivering investment excellence for all of our clients. We will seek to deliver exceptional performance across all our strategies and build on our current long-term outperformance by adhering to our strict investment philosophy and maintaining a stable investment team, while continuing to deepen our stewardship journey through our proxy voting and investee company engagement activities ([→ refer to page 25](#)). We will ensure that we maintain and improve relationships and service levels with our clients and will continue to actively engage and communicate through the appropriate channels. Additionally, we will continue to investigate new products in line with the changing investment landscape.

# HOW CORONATION CREATES VALUE FOR SHAREHOLDERS

*We create sustainable value for shareholders by achieving investment excellence, which is reflected in our financial performance; adhering to the highest corporate governance requirements; maintaining significant distributions of free cash flow; and continual engagement with shareholders.*

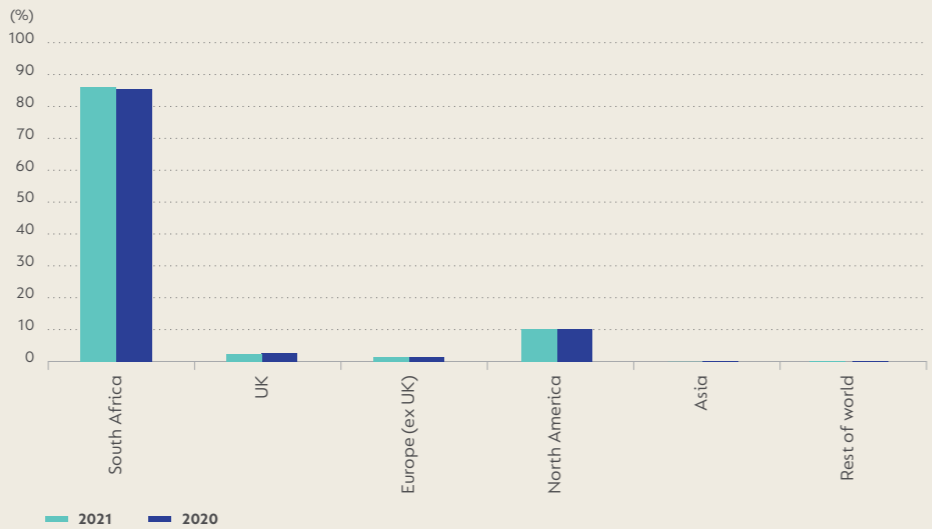
It is important for shareholders to understand that Coronation always places the needs of clients first. Our business is cyclical, and revenue is geared to market returns and the level of performance we generate on behalf of clients. Fundamentally, we are a cash-generative business, with regular and significant distributions of free cash flow generated paid out to shareholders.

This is unlikely to result in a smooth earnings stream. Short-term volatility is intrinsic in our business model, and shareholders should assess the business by looking at the long-term value it has delivered over a meaningful time period.

## Shareholder engagement

Coronation's CEO and CFO, as well as other Board members, proactively engage with shareholders to garner their views and maintain strong relationships. We distribute information on financial results and other Company updates through both owned and public media platforms. Great care is taken to ensure that critical updates reach shareholders simultaneously. Following the release of our interim and annual results, the CEO and CFO host conference calls with analysts and shareholders, as well as one-on-one meetings. Coronation enjoys high levels of shareholder participation. At our 2021 AGM in respect of the year ending 30 September 2020, shareholders and proxies representing 76% of our authorised shares in issue took part in the shareholder vote. Shareholders are encouraged to engage with management and Board members at the AGM and all directors make themselves available to attend the AGM, either in person or virtually.

### SHAREHOLDER GEOGRAPHIC DISPERSION



100%

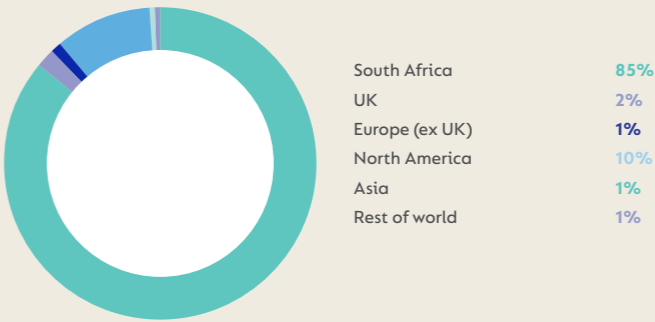
dividend payout from after-tax cash profit

SINCE 2003

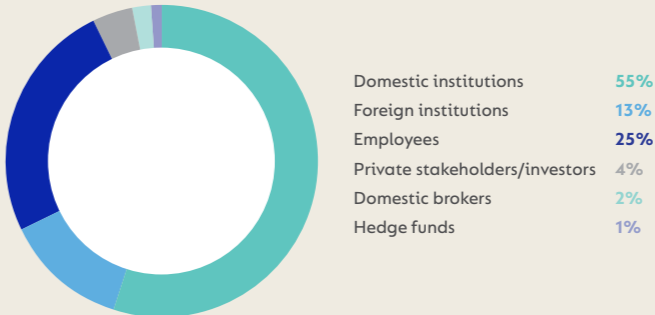
R17bn

in dividends

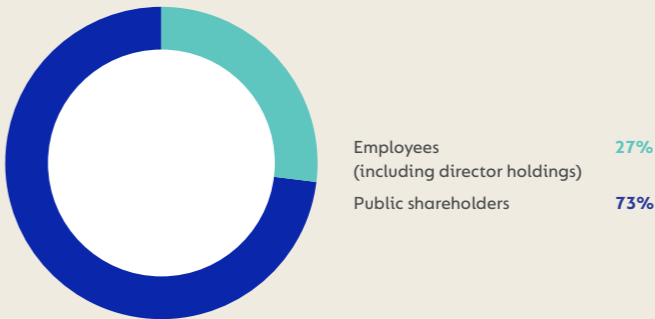
### SHAREHOLDER ANALYSIS



### INVESTOR TYPE



### EMPLOYEE VS PUBLIC SHAREHOLDERS



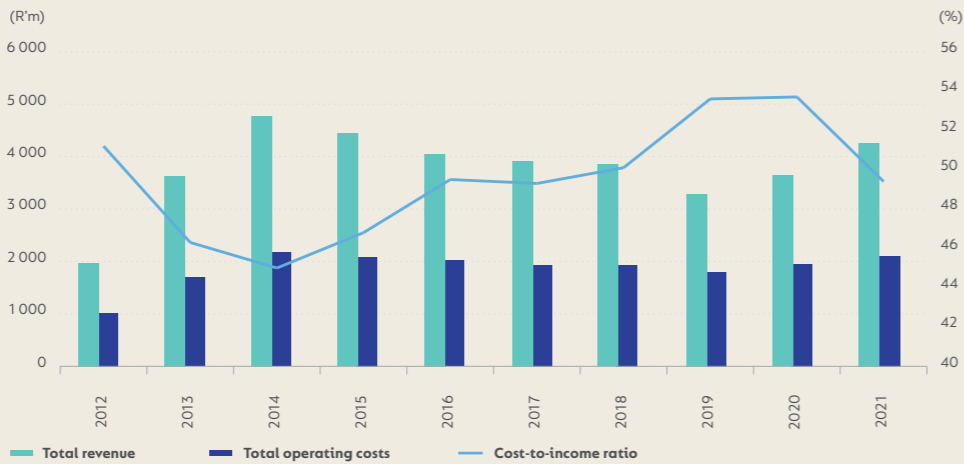
## 2021 outcomes for shareholders

### Financial and operational performance

Coronation delivered respectable financial performance in a tough environment. Net profit and earnings from fund management increased year on year by 22% and 23%, respectively. Revenue increased by 17% to R4.3 billion. Fixed expenses are up 5% compared to the prior year. We continue to invest in information systems and technology infrastructure, which is key to delivering on our promise of superior client service.

#### VARIABLE COST MODEL CONTINUES TO CONTRIBUTE TO EFFECTIVE MANAGEMENT OF TOTAL COSTS

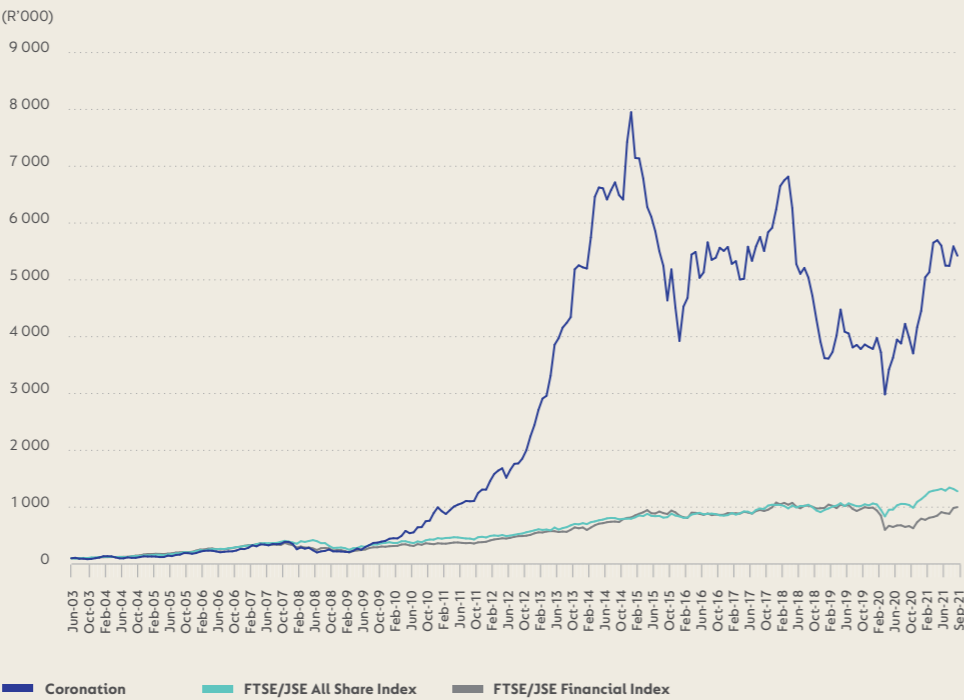
Protects shareholders in down years



Source: Coronation

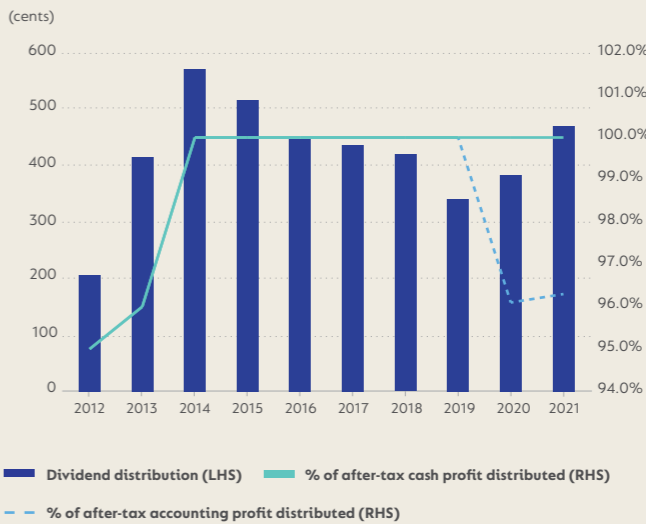
#### SHARE PERFORMANCE VS FTSE/JSE ALL SHARE AND FTSE/JSE FINANCIAL

Growth of R100 000 invested since Coronation's listing in 2003



Source: Coronation

#### SHAREHOLDER RETURN

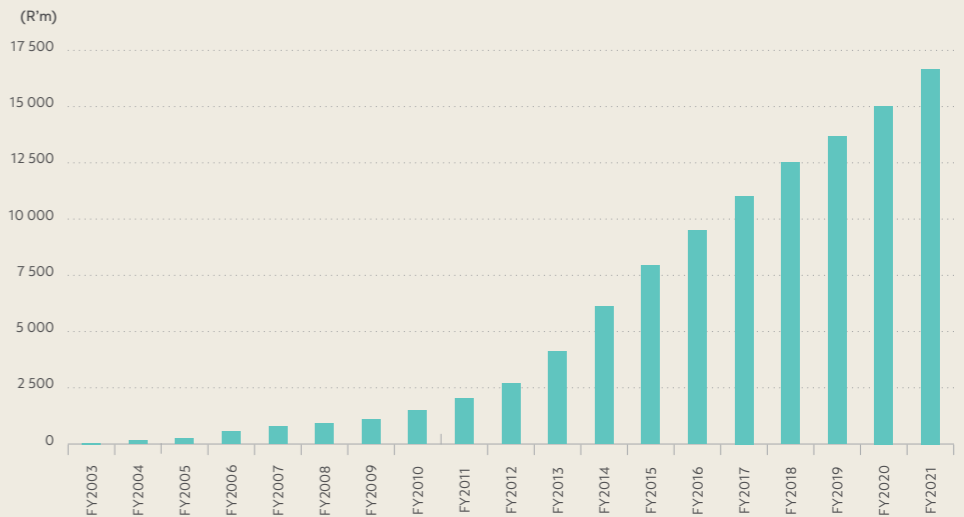


Source: Coronation

#### TRACK RECORD OF CASH GENERATION\*

R17 billion paid out in dividends to shareholders since listing in 2003

Dividend generation history (cumulative since inception)\*



Source: Coronation

\* Includes return of share premium

## HOW CORONATION CREATES VALUE FOR GOVERNMENT AND REGULATORY BODIES

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*In an increasingly regulated environment, Coronation continues to play an active role in industry initiatives, both in terms of shaping the environment, and ensuring that we consistently operate according to the highest standards.*

IN FINANCIAL YEAR 2021

R1.1bn

total tax contribution

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Coronation supports and adheres to relevant governance frameworks that promote leading governance practices. Accordingly, the Board is guided by the principles set out in King IV™, which affirms our approach to corporate governance. We aim to engage government and regulatory bodies in a proactive and meaningful manner. We participate in legislative consultations to safeguard against unintended consequences. We are primarily accountable to the following regulatory bodies:

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

### Active engagement

The majority of our regulatory interaction is with the FSCA, and more recently the Prudential Authority, either directly or through our involvement with ASISA. We are committed to playing an active role in shaping the South African financial services industry by working with industry partners and the FSCA. A number of Coronation employees serve on various ASISA board committees, standing committees and working groups, and we have engaged in numerous significant legislative consultations. This includes the Retail Distribution Review, the Financial Intelligence Centre Act Amendment Bill, changes in the tax treatment of collective investment schemes and the Financial Sector Regulation Act, No. 9 of 2017 (Twin Peaks), which created the Prudential Authority and a dedicated market conduct regulator, namely the FSCA. In line with our offshore fund offering and our strategy to grow our global franchise, we are members of the Investment Company Institute. This helps us remain abreast of international industry and regulatory developments and to adjust our practices and strategy in a timely manner.

### Advancing broad-based economic transformation

In line with the agenda of government and regulatory bodies to achieve economic transformation and the development of skills in the asset management industry, Coronation has pioneered black businesses and supported the transformation of the industry since the Company's inception over a quarter of a century ago (→ [refer to page 75](#)).

### Financial contribution

As a leading South African asset manager, Coronation makes a substantial contribution to the national fiscus via its annual tax payments. For the period under review, our total tax paid, including VAT where applicable, was R1.1 billion. We also responded to government's call for Covid-19 relief and committed a further R6.4 million to the Solidarity Fund, various charitable initiatives and community projects.

## HOW CORONATION CREATES VALUE THROUGH OUR PEOPLE

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*Our aim is to build and retain exceptional teams of highly skilled individuals – ensuring the sustainability of our business. Most of our teams continued working remotely while maintaining service and investment excellence for our clients.*



25%

EMPLOYEE OWNED

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At the onset of the Covid-19 lockdowns last year, our first responsibility was to keep our employees safe by monitoring exposure and remaining compliant with public health safety measures. Coronation seamlessly continued to work remotely and we are extremely proud of our employees and how they maintained productivity levels despite lockdown challenges. Our client service excellence continued, and our employees embraced the challenges and continued to perform optimally. We realised that individuals faced specific challenges depending on their personal circumstances. We reminded all employees of the Coronation employee assistance programme, Healthy Company, which offers all employees and dependants living under the same roof free medical, financial, psychological and legal support. We also offered all employees access to professional coaches.

### Driven by performance

Our business depends on our people's ability to deliver long-term investment outperformance. Coronation is a meritocracy, where anyone (irrespective of position or title) is recognised for work well done. Our flat structure ensures agility, fast decision-making and constant innovation. Dialogue and debate are encouraged, and we have an open-door policy where management is challenged on any aspect of the business. As we are on 24 hours' notice with our clients, we demand an unwavering commitment to excellence from our employees. All employees are expected to be team players and are assessed on their individual performance and contribution to the team in which they operate.

### Ownership

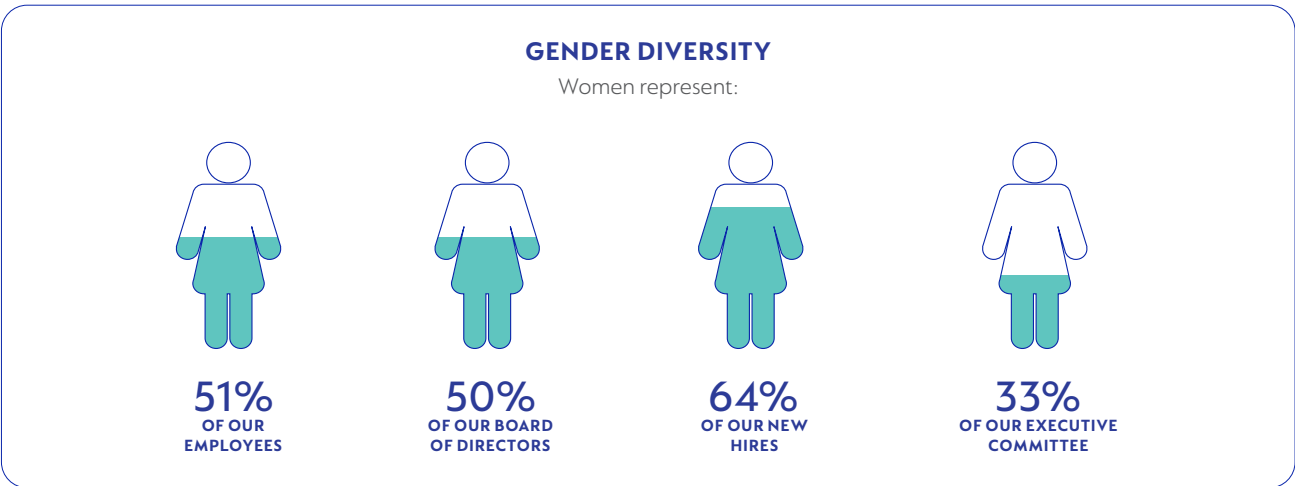
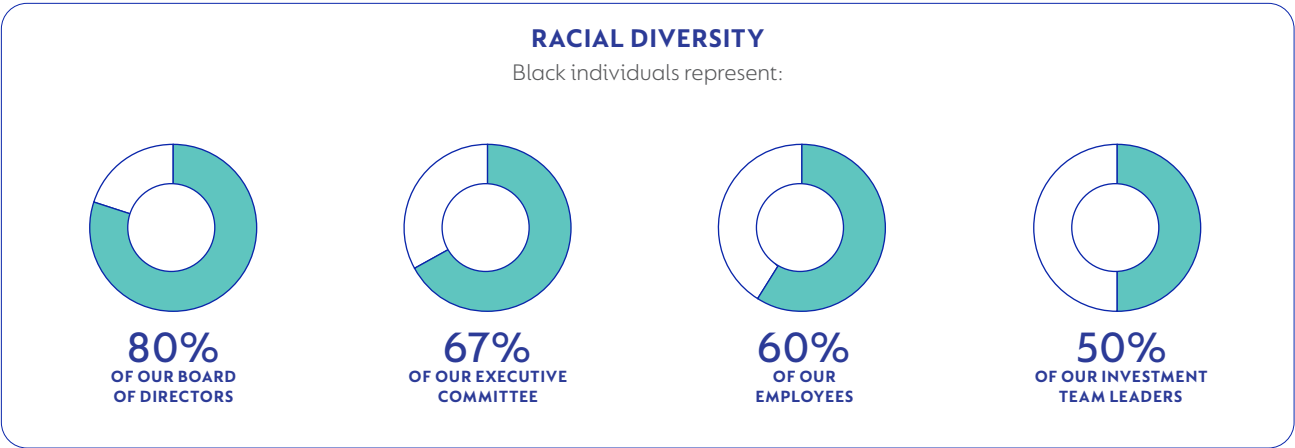
Importantly, we believe in a culture of ownership; together, our employees own 25% of Coronation. This empowers our people to feel and behave like long-term owners of the business. Entrepreneurial flair remains a vital component of our cultural DNA. We are uncompromising about ethics, and we expect our employees to always act with integrity. In everything they do, all employees are required to conduct themselves in accordance with our Code of Ethics, Client Charter and six values (→ [refer to page 7](#)). Every year, all employees are required to confirm that they comply with specific ethical requirements, have no conflicts of interest, meet the requirements of Coronation's Compliance Manual, protect confidential information and adhere to the FSCA's Treating Customers Fairly initiative.

## 2021 key focus and outcomes

### Transformation and diversity

Diversity strengthens our business. Through disciplined and determined recruitment, Coronation has achieved meaningful transformation. We have made tangible progress in transforming our business to reflect the country's diversity. In respect of the 2021 financial year, our verification agency has confirmed that Coronation has improved to a Level 1 contributor to B-BBEE as per the Financial Sector Code. Further, of Coronation's South African-based employees, key leadership positions were occupied by black employees including our CEO, CFO, COO, Global Head of Institutional Business, Head of Fixed Income and Head of South African Equity Research.

Our diversity in numbers\*



\* South African-based employees as at 30 September 2021

We are excited about the calibre of prospective employees who are currently benefiting from extensive internship and bursary programmes (→ *refer to page 77*). These employees will strengthen our diversity profile for many years to come. We are determined to achieve greater black representation among senior management. The Employment Equity Act, No. 55 of 1998, stipulates the inclusion of permanent employees (those individuals on fixed-term contracts for more than three months) and the inclusion of temporary employees (less than three months), as per the following table, of 342 South African-based employees consisting of 320 permanent employees, 12 interns, four individuals who are on fixed-term contracts for more than three months, five individuals who are on learnerships, and one individual on contract for less than three months.

## OUR EMPLOYEE PROFILE 2021

Job grade	Male						Female						Total
	A	C	I	O	W	Total	A	C	I	O	W	Total	
Top management		1	1		3	5	1		1			2	7
Senior management		1	1		3	5		1	1			2	7
Professional/mid-management	12	22	8	7	64	113	8	23	10	3	36	80	193
Skilled/junior management	7	21	7	1	3	39	20	46	4		16	86	125
Semi-skilled		2				2	6	1				7	9
<b>TOTAL PERMANENT</b>	<b>19</b>	<b>47</b>	<b>17</b>	<b>8</b>	<b>73</b>	<b>164</b>	<b>35</b>	<b>71</b>	<b>16</b>	<b>3</b>	<b>52</b>	<b>177</b>	<b>341</b>
Temporary employees	0	0	0	0	0	0	0	1	0	0	0	1	1
<b>TOTAL SOUTH AFRICAN STAFF</b>	<b>19</b>	<b>47</b>	<b>17</b>	<b>8</b>	<b>73</b>	<b>164</b>	<b>35</b>	<b>72</b>	<b>16</b>	<b>3</b>	<b>52</b>	<b>178</b>	<b>342</b>

As at 30 September 2021

A = African C = Coloured I = Indian W = White

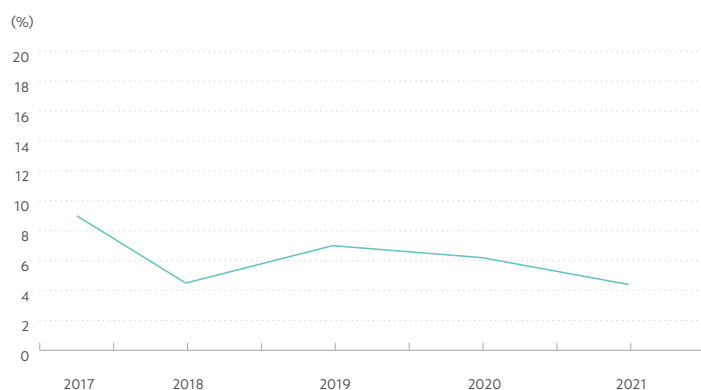
Figures exclude 13 Coronation Global Fund Managers (Ireland) Ltd and Coronation International Ltd employees.

Source: Coronation

## Retaining highly skilled employees

Long-term retention of world-class talent is critical to the success of our business. Our global investment team remains one of the most experienced and stable in the industry. The average tenure in the investment team is 10 years. Across the South African business, employee turnover remained stable at 4.6% – well below industry standards. The average tenure of departing employees was seven years in 2021. In the past year, we maintained a number of initiatives to retain and motivate employees. Our Remuneration Policy is key to retaining highly skilled employees and aligning their performance with that of all our stakeholders. We regularly review employee notice periods to ensure minimal disruption in the event of resignation and to maintain alignment with dynamics in the market (→ refer to the Remuneration Policy on [page 113](#)).

### EMPLOYEE TURNOVER



Coronation Fund Managers SA turnover

Source: Coronation

## Nurturing talent

### Online training and employee wellness support

We have a digital onboarding system to integrate new starters, build engagement and to ensure continued support throughout their onboarding journey. A key feature of our onboarding process is our frequent check-ins with new starters and our remote work productivity-focused digital workflows, which aim to foster resilience and enhance productivity and performance. This proved to be invaluable and has contributed to a strong employee experience. The feedback from our new starters has been overwhelmingly positive. Our new employees reported that they felt supported and aligned to our Company's business vision and strategic objectives within the first three months of their start date. Furthermore, our onboarding feedback shows that our high-performance culture of collaboration, open dialogue and continuous learning was evident even within the virtual environment and delivered on the promise of our employee value proposition.

We also sourced a number of relevant virtual training courses to ensure the health and productivity of our employees by offering all employees the opportunity to join virtual training sessions that focused on themes of resilience, leadership and communication.

The changing financial landscape driven by the pandemic has had an impact on employee wellbeing globally. To manage this, we partnered with Discovery and Alexander Forbes to offer two workshops that focused on money management.

Furthermore, we continue to monitor the impact of the pandemic on overall employee wellbeing through structured and regular check-ins with our employees. Since March 2020, we have had 180 employee check-ins.

### Skills development

We strive to create an environment that encourages our employees to challenge themselves and grow. Continuous learning is a key component of our culture. Employees are responsible for ensuring that they are equipped with the necessary training to successfully fulfil their function. This may take the shape of formal training, on-the-job training or mentorship. In the case of on-the-job training or mentorship, employees are required to keep monthly records of their training and/or mentorship.

The business supports appropriate training initiatives by providing financial assistance towards employees' tuition fees for part-time study. We continue to direct a large portion of the Company's training spend to black employees. In 2021, R7.8 million was allocated to the skills development of black employees (2020: R9.1 million).

### Academic qualifications

The CFA professional credential is highly coveted in our industry. A significant portion of our total training spend consists of CFA fees and workplace training to ensure our employees remain world class. In 2021, we had 50 employees who are CFA charterholders and 15 employees who are studying towards becoming CFA charterholders. Other areas of training include university qualifications, short courses (including regulatory and product training) and interpersonal skills training in the form of individual and group coaching, and mentorship.

## Aspiring Leaders Project

Our workplace career development initiative, the Aspiring Leaders Project, aims to inspire innovation and build confidence with a focus on self-awareness and development. This programme was developed for employees who hold a level of influence within the business but do not necessarily have any direct reports. Given the ongoing success that we have had with the programme, we offered it again in 2021 to facilitate retention with 63% of the delegates being black (AIC)<sup>1</sup> and 63% women.

## Coaching

At Coronation, future talent is earmarked for succession planning. We offer individual coaching to employees taking on leadership roles or facing new challenges to ensure personalised support and development. We have offered all employees individual coaching sessions with our approved coaching partners.

## Mentors

Mentorship is important in the skills development and advancement of all employees. The Coronation Mentorship Programme enables experienced employees to mentor new employees and provide guidance on Company culture and work processes, as well as industry insight. We currently have 16 active mentors within the business, some of whom focus specifically on mentoring our bursary students.

## Future focus

Our focus is on continuing to foster a culture that attracts, retains and motivates highly skilled employees to continue delivering investment excellence.



<sup>1</sup> African, Indian, Coloured

## HOW CORONATION CREATES VALUE FOR SOCIETY

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*Coronation is aligned with the national imperative to promote a just and inclusive society across race and gender, and the upliftment of the communities in which we operate. We do this through our transformation and CSI initiatives. The onset of Covid-19 saw us focus on crisis relief.*

### Transformation

Since opening our doors in 1993, we have delivered on our pledge to create jobs and launch new businesses that support the transformation of our country. While we are by no means at the end of that journey, we are proud of the significant strides we have made.

#### UN Women's Empowerment Principles

Coronation is a signatory to the UN Women's Empowerment Principles, which provide guidance to business on how to promote gender equality and women empowerment in the workplace, marketplace and community. This emphasises our commitment to diversity and ensuring women, who make up almost half our workforce, are strongly represented in senior roles and on our Board.

#### B-BBEE scorecard

Our significant contribution to industry transformation, preferential procurement and critical skills development has earned us a Level 1 broad-based black economic empowerment (B-BBEE) contributor status according to the Financial Sector Code.

### Ownership

In 2005, Coronation launched the Imvula Trust, the first employee-only black economic empowerment deal in the country. By working exclusively with our own people, we created a partnership we believed would have a meaningful impact on our business and, over time, achieve true social change. In the creation of a new generation of owners, we made a long-term investment in 187 people, our business and the economy.

### Black business development

#### First black-owned transfer agency in South Africa

In 2017, Coronation supported the creation of Intembeko Investment Administrators, which provides dedicated and independent transfer agency services. Intembeko is the first black-owned and managed transfer agency service provider in South Africa. The business obtained the necessary licensing and met all regulatory requirements needed to provide a full unit trust, pension benefits and investment platform administration service, which commenced in November 2018. Intembeko is now in its fourth year of operation and continues on its journey to become a world-class service provider.

### **Black-owned asset managers**

Pre-dating black economic empowerment legislation in South Africa, we pioneered a number of corporate initiatives that contributed to transformation and the development of skills in the asset management and financial services industry in southern Africa. Our most notable successes include:

- partnering in the launch of the first Namibian majority-owned asset manager – leading to the establishment of Namibia Asset Management in 1996;
- establishing and funding African Harvest Asset Management in 1999 (subsequently bought out by Cadiz Asset Management); and
- launching Kagiso Asset Management, a joint venture with Kagiso Trust Investments, in 2001.

### **Supporting black brokerages**

In 2006, we launched the Coronation Business Support Programme, an intervention to grow emerging black stockbrokers. We allocate a minimum of 10% of our South African equity brokerage to a group of black-owned stockbrokers annually. The allocations are guaranteed for periods of three to five years. Critical to the programme's success is Coronation's dedicated allocation to skills development, which was one of the key criteria for ongoing inclusion in the programme. Since 2006, Coronation has allocated over R350 million in brokerage to the programme participants.

As a result of this, a number of the businesses have evolved into sustainable stockbroking houses with value-added offerings to the investment community as a whole. For both the industry and the companies themselves, the transformation has been material. The programme's success inspired the creation of a broader industry programme. In 2016, ASISA launched its Stockbroker Development Programme, with Coronation as one of its sponsoring managers. Five other large fund managers are also now supporting the programme.

### **Preferential procurement**

We practise preferential procurement in order to contribute to the economic growth and empowerment of South Africa. In this way, we aim to broaden our reach to a growing number of predominantly black-owned and black female-owned supplier businesses, thereby encouraging the formation of new enterprises and the creation of much-needed employment opportunities. The strict implementation of our Procurement Policy guides the continual increase in the procurement of services from B-BBEE-accredited suppliers. It also requires that we identify potential future B-BBEE-accredited suppliers.

Through our Supplier Oversight Programme, regular due diligences are conducted to confirm existing and prospective supplier credentials. Where necessary, we exert our influence over those suppliers where their transformation progress conflicts with our Procurement Policy or the objectives upon which we have agreed with suppliers. We remain committed to awarding a greater proportion of spend to empowered suppliers over time.

# 176

*IFA businesses trained  
since 2016*

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## Training and education

### Black financial advisers

As an original sponsor and ongoing supporter and sponsor of ASISA's Independent Financial Adviser (IFA) Development Programme, we provide business development support and skills training to black IFAs. Since the programme's inception in 2016, it has trained 176 black IFA businesses and created internship opportunities for 181 individuals, 116 of whom have been absorbed into the practices.

### Vunani Training Academy

Vunani Securities is an original beneficiary of our Business Development Programme. Today, it is a significant South African stockbroker. Through its academy, Coronation has provided financial assistance for 31 graduates, many of whom now fulfil influential roles in the industry.

## Bursaries and skills development

### The Coronation Exceptional Students Bursary Programme

Since 1993, 128 students from underprivileged areas across South Africa have been given the chance to achieve their dream of a better future through the Coronation Exceptional Students Bursary Programme. The programme provides students with full tertiary bursaries to study at any recognised university in South Africa. These bursaries are awarded on merit and financial need. Over the period of study, students are supported by trained tutors and matched with a Coronation mentor to assist with integration into university life. In 2012, we extended the programme to include high school students.

### Attitude Changes Everything (ACE) Resilience Training

The ACE training programme is highly valued by the students in the Coronation Exceptional Students Bursary Programme, especially during the Covid-19 lockdowns. This programme is designed to help students develop tools to overcome periods of high stress and anxiety, so that they do not become overwhelmed and eventually give up on their studies. In 2021, Coronation extended this programme to students outside of the Coronation Exceptional Students Bursary Programme due to the great need which arose as a result of the Covid-19 lockdowns and the impact they had on university students.

### Student financial aid

In addition to the Coronation Exceptional Students Bursary Programme, we provided support to the second pilot of the Ikusasa Student Financial Aid Programme, which is a public-private partnership that will fund students studying towards occupations in high demand.

## Work experience

### Internships

Our focus is to create employment by offering internships in roles that allow for the training and development of graduates. Interns are hired into available roles and trained with the intent of making them permanent employees and providing them with real work experience. In 2021, five new African black graduates joined Coronation as interns. Over the past nine years, a total of 72 graduates have benefited from our programme and, as at the end of the 2021 financial year, of the 72 interns hired into the business, 88% are black and 56% are black women.

We have permanently employed 37 of the 72 interns within our business, of whom 33 are black. To further transform the industry through the development of much-needed skills, we launched our External Intern Programme during 2016. This course is run in partnership with one of our suppliers and provides graduate internships for a 23-month period. The programme is aimed at developing specific skills that are in short supply in the industry. Our most recent incumbent of this external internship joined Coronation in January 2020 and was offered a permanent role with effect 1 July 2021.

#### **Coronation Brilliant Minds**

Our interns are placed on 23-month fixed-term contracts in various roles across our business. In 2020, we introduced the Coronation Brilliant Minds graduate development programme for all interns, which is designed to ease the transition from student to employee by providing structured support and opportunities to develop interpersonal and technical skills. During lockdown, these sessions were done virtually and provided a means of creating relationships through facilitated sessions.

#### **Investment Administration and Client Servicing Programme**

We also continue to support the partnership between the ASISA Academy and TSIBA Education, which sees students completing the Investment Administration and Client Servicing (IMACS) Programme, which is aimed at developing specific skills currently found to be in short supply in the industry. Coronation sponsors these IMACS students to complete a six-month internship within our business as part of their programme. To date, 13 students have benefited from this programme, of which seven were hired into fixed-term or permanent positions at Coronation after their internships.

#### **YES Programme**

In 2018, President Ramaphosa introduced the Youth Employment Service (YES) Programme as a means to alleviate the high youth unemployment rates. In 2021, we continued our partnership with the ORT South Africa Foundation (ORTSA) to deliver a YES Programme. A total of 30 youths were placed in schools as teacher assistants, with 20 joining schools in the Western Cape and 10 in schools in Gauteng. These youths are provided with fixed-term employment for 12 months as well as monthly training sessions and one-on-one mentoring by ORTSA for the duration of their employment. Of the 2021 cohort, four of the youths were offered full-time employment at their host schools and eight were offered places with ORTSA Cape to complete their Early Childhood Development (ECD) learnerships.

#### **Early childhood development learnership**

Coronation also partnered with ORTSA Cape, an education, training and development practices accredited training provider, to run a NQF Level 4 early childhood development (ECD) learnership. We sponsored five youths in each of 2020 and 2021 to gain a formal qualification in education. At the end of the learnership, they are awarded a Further Education and Training Certificate in Early Childhood Development Level 4, qualification ID 58761. The learnership is run over an 18-month period. Students attend training once a week with additional hours during school holidays. They are also placed at ECD centres as assistant teachers as part of the practical component of the qualification.

Of the five sponsored in the second half of 2020, four learners have completed the learnership and are being retained by their sponsor schools, and one has been accepted at North-West University to complete a Diploma in Grade R Teaching. The five who started in March 2021 will complete their studies in August 2022.

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*"We form enduring relationships with our CSI partners and the communities we support."*

## Our corporate social investment programmes

As a proudly South African business, we are committed to developing our youth into becoming authors of their future opportunities and not just once-off beneficiaries of our initiatives. We believe that by focusing on literacy and numeracy at the primary school level, we can aid in achieving this. Also, by extending our efforts to include supporting parents, teachers and principals, we believe we can better unlock the potential of the children and students under their care.

1. We are in it for the long term, just like our investment approach. We form enduring relationships with our CSI partners and the communities we support. We believe consistency and sustainability determine success.
2. We take a holistic approach. We understand that providing children with quality education cannot be done in isolation. We help parents, teachers and principals with training and tools to help them achieve better learning outcomes. We support personal money management and entrepreneurship initiatives to strengthen these skills within households and communities.
3. We are directly involved in all our projects. Senior employees have adopted schools in the Western Cape and provide regular, ongoing mentorship to principals and teachers. Employees across our business are represented on our CSI Committee and are encouraged to participate in all our CSI initiatives.
4. We monitor the outcomes of our programmes. Each programme has specific stated and quantified objectives, along with desired outcomes. We monitor these every quarter through our Social, Ethics and Transformation Committee. Where needed, we implement the required changes and programme enhancements.

Coronation is dedicated to supporting schools and communities in building promising futures by collaboratively solving the education crisis in South Africa, with a focus on primary school learners and educators. We also support entrepreneurship and food security through our partnership with community-based farming initiatives. For much of the period under review, our focus was on supporting communities through the pandemic.

## Transitioning to digital education learning channels

We worked closely with all our education partners to help them adapt and evolve through these challenging circumstances, supporting them in their efforts to shift from in-person learning and mentoring to the virtual interactions necessitated by lockdown and social distancing requirements.

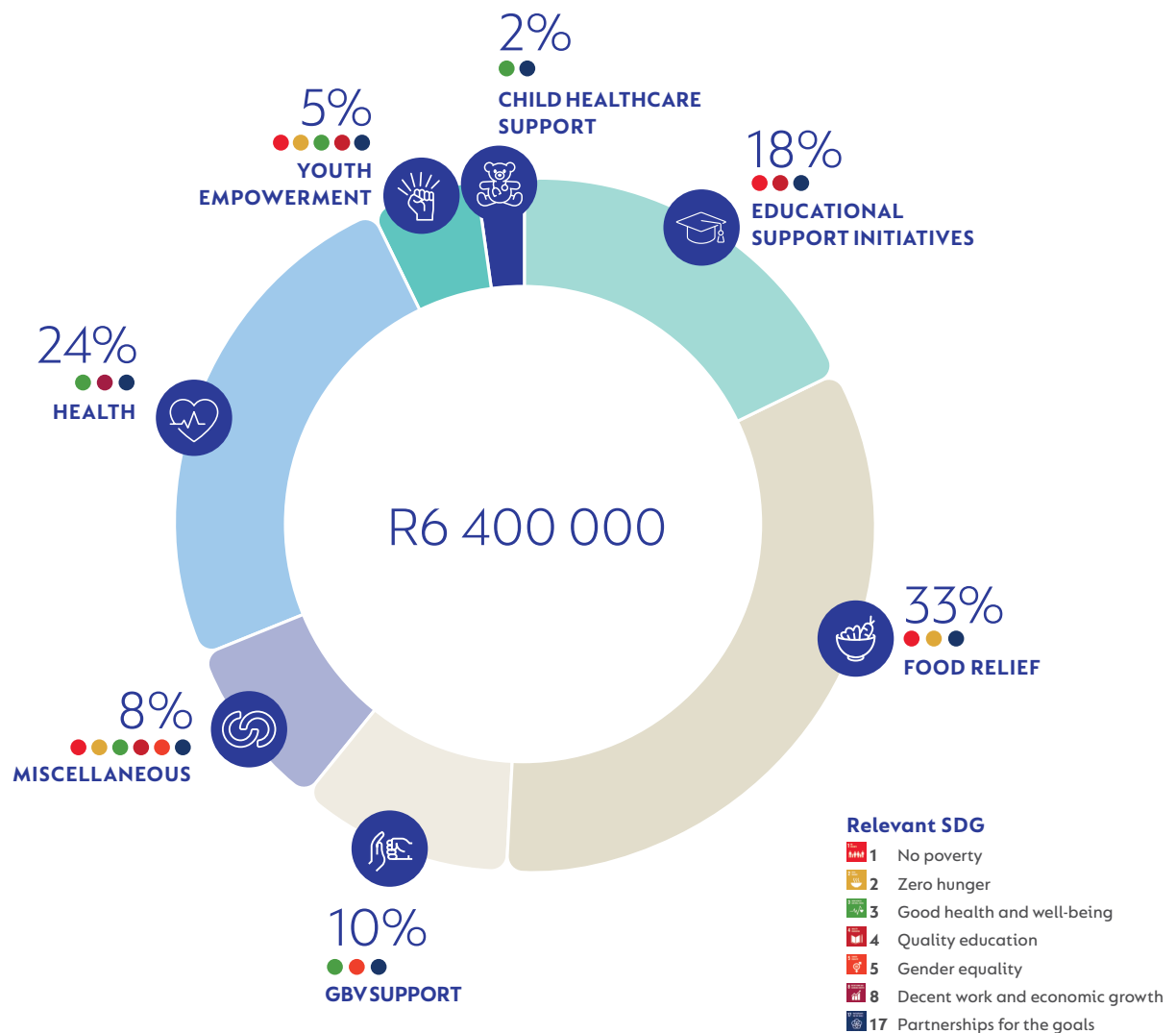
Many of our CSI partners have successfully transitioned to digital training and communication channels, allowing them to continue mentoring, teaching and supporting learning. These new channels will also hold them in good stead post-Covid-19 by enabling them to engage in blended learning initiatives.

## Covid-19 relief

To address the immediate imperatives that arose from the pandemic, over and above our interventions in 2020, we put in place an additional R6.4 million Covid-19 relief budget to support a wide range of initiatives.

In support of our focus on education, we understand that hunger is a major hinderance to learning, and we doubled our efforts in fighting the hunger crisis in South Africa through donations to FoodForwardSA. We also sponsored and volunteered at Ladles of Love's record-breaking 'longest line of food cans' initiative, that saw 90 000 cans forming a line of 6.7 kilometres at the V&A Waterfront.

## Covid-19 related CSI activities



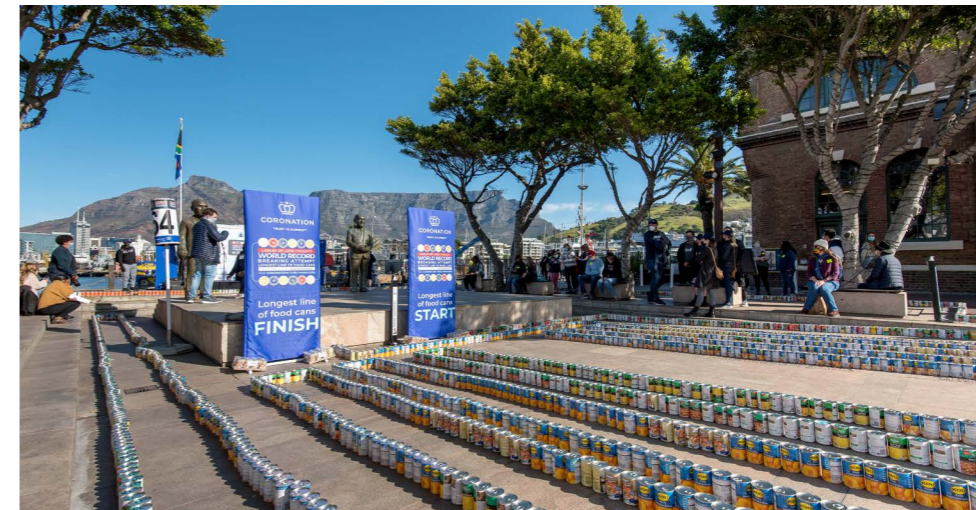
## Hands-on approach

Our investment in our CSI initiatives goes far beyond making a financial contribution. Our management team and other employees are passionate about getting involved to make an impact in their personal capacities.



### Connecting with learners

CEO Anton Pillay reading our specially commissioned book, Yola and the Trusted Crown, to learners in Lotus River.



### Beating records and busting hunger

We teamed up with Ladles of Love and broke the world record for the longest line of cans – 6.7 kilometres and 90 000 cans.



### Rolling up our sleeves

We donated 3.4 million meals to FoodForwardSA. We also helped pack some of them. Here are Chairperson Prof Alexandra Watson and CFO Mary-Anne Musekiwa at the warehouse.

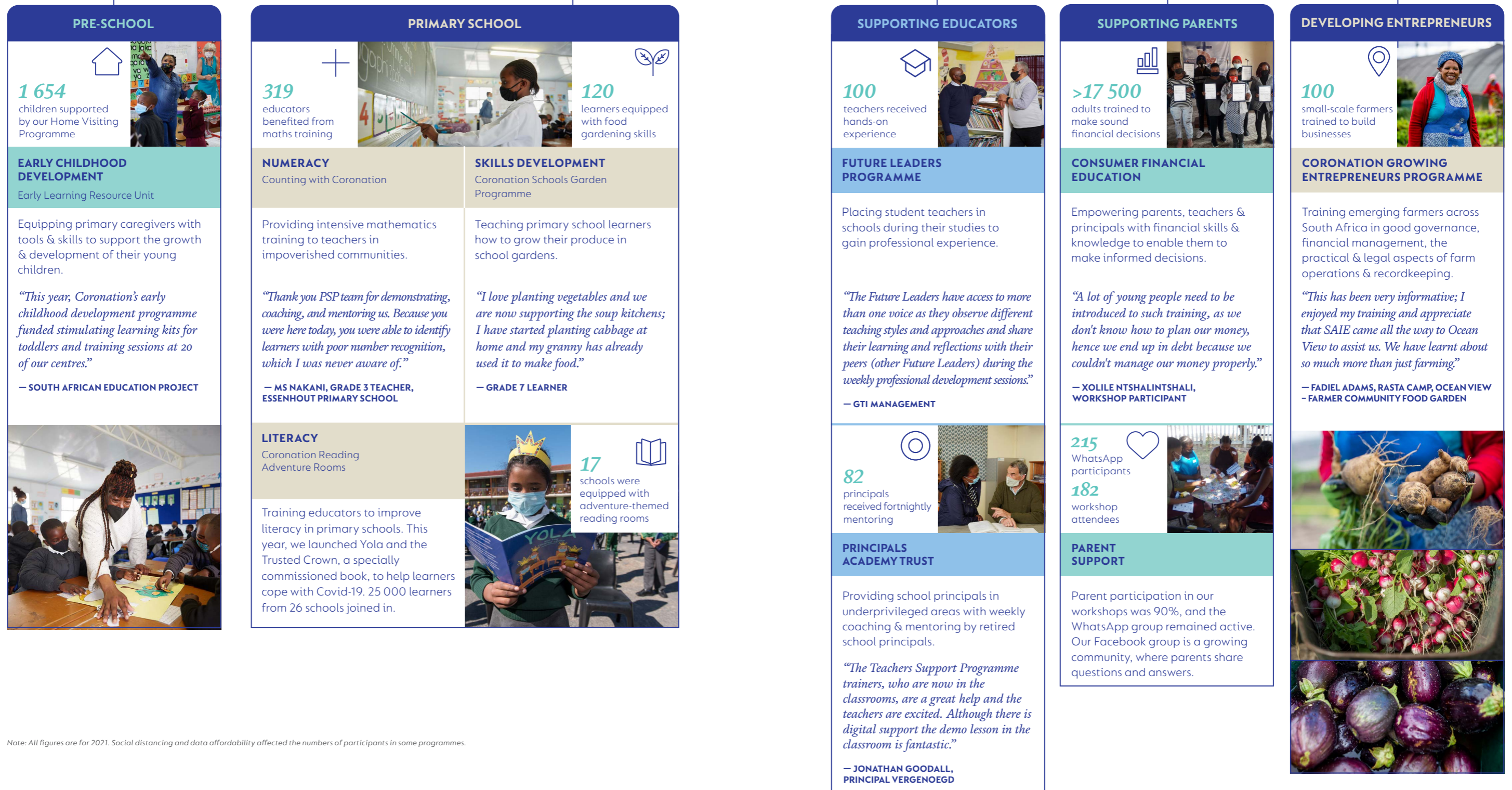


### Spreading the love

CEO Anton Pillay and Group Head of Marketing Wendy Bergsteedt working hard to meet the 50 000 sandwich goal at Ladles of Love's Sarmiethon.

# Cradle to Entrepreneur

## CORONATION'S LEARNING-CENTRED PROGRAMMES



Note: All figures are for 2021. Social distancing and data affordability affected the numbers of participants in some programmes.



# Governance and related reports

*In this section, we report on our Board committee and governance-related activities for the financial year under review.*

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## REPORTS

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*Our financial year 2021 reports include all Board committee reports, as well as our Risk Management, Compliance, and Information Technology and Systems reports.*

### Social, Ethics and Transformation Committee Report

The responsibilities of the Social, Ethics and Transformation (SET) Committee include monitoring of organisational ethics, responsible corporate citizenship, organisational transformation, the fulfilment of its statutory duties on behalf of the Group and any additional functions as delegated by the Board.

The SET Committee reports formally to the Board on each area within its mandate and makes recommendations to the Board for approval. The SET Charter, approved annually by the Board, more fully sets out the SET Committee's responsibilities and is available for review in the shareholder information section of our [website](#).

While the SET Committee has insight into the investment process, it is not accountable for trading or proxy voting decisions made by the investment team, which are operational decisions given the nature of the business. Our third annual Stewardship Report was produced in 2021 and provides insight into our stance on trending ESG themes, our engagement with investee companies and other stakeholders, and is available on our [website](#).

The composition of the SET Committee was restructured this year given the changes to the Board. With Prof Alexandra Watson and Mr Anton Pillay (CEO) having resigned from the SET Committee, the committee now comprises independent non-executive directors Ms Judith February (chairperson), Mrs Madichaba Nhlumayo and Mr Phakamani Hadebe as well as executive director Ms Mary-Anne Musekiwa (CFO), each of whom lend a wealth of experience and diverse perspectives to SET Committee discussions. SET Committee meetings are also attended by the COO and the heads of talent management and marketing by invitation.

The SET Committee is supported in the execution of its mandate by employee and management committees, namely the Employment Equity and CSI committees. The Company Secretary serves as the secretary to the Committee. The activities of these committees are formally reported to the SET Committee at each meeting. The SET Committee met twice during 2021, and each meeting was fully attended by its members. In its deliberations during the year, the SET Committee considered substantive local and international regulations and frameworks, as well as leading industry practice. Furthermore, the SET Committee received feedback on the monitoring, assessment and measurement of Group activities as they relate to social and economic development, and transformation and ethics, including the Group's standing in terms of the goals and purposes of, inter alia, the following:

- The Companies Act;
- UN Global Compact 10 Principles;
- Organisation for Economic Co-operation and Development recommendations regarding corruption;
- the Employment Equity Act, No. 55 of 1998; and
- the B-BBEE Act, No. 53 of 2003.

## Key areas of focus 2021

### Labour and employment practices

The SET Committee oversees that meaningful transformation is taking place within the business in terms of recruitment, employee retention and career development, as well as the development of the workforce pipeline through the Coronation Exceptional Students Bursary Programme.

### Occupational health and safety

At each meeting, the SET Committee receives an update on the Company's compliance with occupational health and safety regulations. This topic has received increased attention given the impact of Covid-19 on workplace safety. During the period under review, no material or fatal injuries were reported, and the SET Committee is satisfied that the Company takes the necessary steps to implement health and safety regulations across all its locations.

### Organisational ethics

The SET Committee oversees the promotion of an ethical culture, equality and prevention of unfair discrimination, including monitoring adherence to the Code of Ethics and related policies. The Committee is also responsible for monitoring the results of the anonymous whistle-blowing mechanism, maintained by an independent third party.

### Corporate citizenship

The SET Committee receives a detailed review of CSI programmes and spend, and provides guidance and input on the strategic direction of the CSI programmes.

### UN SDGs

The SET Committee understands the need to align the Company's strategy and objectives to the needs of society, and this year saw the introduction of the UN Sustainable Development Goals (SDGs) into the Company's projects and reporting. → *Refer to page 41* for a summary of the SDGs relevant to the Company. The incorporation of and reporting on the SDGs is a positive step in our journey to improve our sustainability reporting. The SET Committee will oversee and receive updates on the projects and initiatives that align with the SDGs.

### Transformation

A focal point of the SET Committee's agenda is the oversight and monitoring of the Company's transformational targets and implementation of the Company's transformation strategy. At each meeting, the SET Committee receives detailed reports from management on its progress in meeting its transformation targets. The SET Committee also receives the minutes of the employment equity forum. → *Refer to page 70* for a detailed overview of the Company's standing in respect of its transformation strategy.

### Stakeholder engagement

The SET Committee reviewed a summary of engagements with material stakeholders, including the numbers and method of engagement, and the nature of discussions held. No material matters requiring the focus of the SET Committee were noted during the year. The SET Committee relies on management for the implementation of strategies and initiatives, of which the primary contributors are the management team and the Employment Equity and CSI committees.

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes a formal, externally managed evaluation every two years (last conducted in 2020) and undertakes a self-assessment managed by the Company Secretary every alternate year. Accordingly, a self-assessment was completed in 2021 and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate, a view that has been affirmed by the Board.

### Future focus

The SET Committee will continue to apply focus to the Group's relationships with its stakeholders, as well as public perception of the Company. Additionally, continued focus will be applied on meaningful transformation initiatives within the business, the financial services industry and the nation, insofar as the business is able to impact these areas. The Committee identified the need to improve the Company's reporting on environmental sustainability matters, and this matter will receive increased attention at each meeting.

The SET Committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose. The SET Committee remains focused on ensuring the maintenance of an ethical culture within Coronation, to ensure that we serve as a reliable and trusted custodian of our clients' assets, and because we realise this is good for business and our duty to model best practice as a large corporate citizen in South Africa.



## Remuneration and Nominations Committee Report

The Remuneration and Nominations Committee (Remuneration Committee) is a combined committee, consisting of three independent non-executive directors who operate under formal terms of reference. The Remuneration Committee is constituted in such a way that it is enabled to exercise competent and independent judgement on remuneration policies and practices, and appointments to the Board.

The Remuneration Committee is chaired by Dr Hugo Nelson, while the Chairperson of the Board, Prof Alexandra Watson, presides over matters relating to the Nominations Committee. During the year, Mr Neil Brown was added as a member to the committee. The CEO or any other manager's attendance at meetings is by invitation, with the purpose of assisting in the execution of the Remuneration Committee's mandate.

The Remuneration Committee usually meets three times a year, in April, September and October, as well as on an ad hoc basis, if required. During the 2021 financial year, the Remuneration Committee met three times and there was full attendance at all meetings by its members. The primary objective of the Remuneration Committee is to ensure that the Group Remuneration Policy structures and processes are appropriate to achieve the overall business strategy, objectives, values and long-term interests, and are applied in a fair, independent and objective manner to provide assurance to stakeholders.

The Remuneration Committee ensures optimal remuneration structures that appropriately reward employees for their individual and team-based contribution to the performance and long-term success of the business. In line with our long-term approach to investing on behalf of our clients, specific focus is given to incentives and longer-term remuneration structures. Additionally, the Remuneration Committee is responsible for ensuring that the Group Nominations Policy caters for succession planning across key areas of the business, and for ensuring that the Board is resourced with individuals who have the appropriate expertise, qualifications and experience to fulfil the role of a Company director. Further, the Remuneration Committee has to ensure that it achieves an appropriate level of race and gender diversity in accordance with Coronation's Diversity Policy.

During the period under review, the Remuneration Committee was instrumental in the appointment of the new Chairperson and the lead independent director.

The Remuneration Committee adheres to good corporate governance practices and reporting standards by conducting regular reviews of all relevant policies and plans. For reference purposes, where appropriate, it makes use of independent benchmarking studies and comparisons of local and international remuneration practices within the investment industry.

For further details, refer to the remuneration section of this report (→ [page 108](#)) or the Remuneration Committee Charter in the shareholder information section of our [website](#).

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes a formal, externally managed evaluation every two years (last conducted in 2020) and undertakes a self-assessment managed by the Company Secretary every alternate year. Accordingly, a self-assessment was completed in 2021 and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate, a view that has been affirmed by the Board.

## Audit Committee Report

During the financial year, the Board made the decision to separate the joint Audit and Risk Committee into two committees to ensure that sufficient oversight is given to the matters under their respective mandates. In addition, due to the changes to the Board, the Audit Committee composition was also changed and now comprises Ms Lulama Boyce (chairperson), Mr Saks Ntombela, Mrs Madichaba Nhlumayo and Dr Hugo Nelson. All members of the Audit Committee serve on the Risk Committee to ensure there is overlap of members who are fully appraised of the matters under the committees' respective agendas.

The Audit Committee is chaired by Ms Lulama Boyce, head of the commercial accounting department at the University of Johannesburg, and members have sufficient expertise in the fields of commerce and finance.

Collectively, the Audit Committee has the skills needed to fulfil its duties, including financial and broader corporate reporting expertise. The Audit Committee meets at least three times a year, in May, August and November, in conjunction with the key reporting cycles of the Group.

With the establishment of the standalone Risk Committee, the Audit Committee has additional time to focus its attention on its continued oversight of financial reporting and its statutory obligations. The Audit Committee remains responsible for enabling the maintenance of sound systems of combined assurance and overseeing the preparation of accurate integrated and financial reports in compliance with all applicable reporting standards. The Audit Committee's purpose and objectives, as mandated by the Board, extend, inter alia, to:

- providing independent oversight of audit and combined assurance requirements, quality and integrity, and monitoring the independence of the auditor and other assurance providers; and
- exercising decision-making power and accountability in relation to the statutory duties of the Coronation Group.

The Audit Committee Charter, available on our [website](#), more fully describes the role, duties and function of the Audit Committee, which discharges its responsibilities on behalf of the Group.

The Audit Committee met three times during the 2021 financial year, with full member attendance at all meetings. Audit Committee meetings are attended by management, the Risk Assurance Manager, internal audit service providers and the external auditor, by standing invitation, and external subject matter experts, as required. In addition, the remaining Board members regularly attend the proceedings of Audit Committee meetings.

The chairperson of the Audit Committee provides feedback on matters discussed at the Audit Committee meetings.

### Key focus areas

#### Transition to the new auditor

Following the Company's early adoption of mandatory audit firm rotation, KPMG was appointed as the external auditor of the Group from the 2021 financial year. This appointment was ratified by shareholders at the 2021 AGM. A key focus of both the Audit Committee and management was ensuring a smooth transition between auditors.

#### Oversight of financial controls and external audit

During the year, the Audit Committee approved the external auditor's terms of engagement and scope of work. It agreed to the external audit plan prior to the commencement of the audit. Full feedback was given to the Audit Committee after the audit was completed. The Audit Committee considered the quality of the external audit, as well as the feedback received from management, and was satisfied with the quality of the assessment.

### Ensuring auditor independence

- The Audit Committee has set a limit of 10% of audit fees for any non-audit work undertaken by the external auditor. KPMG has not provided any non-audit work (in terms of its independence requirements for listed clients).
- The Audit Committee reviews the quantum and type of non-audit services provided by the external auditor to ensure compliance with the specified limits.
- The tenure of the external audit firm is reviewed annually by the Audit Committee.
- The Audit Committee oversees the rotation of audit partners every five years, in accordance with the requirements of the Companies Act. The Company has received confirmation from the external auditor that the partners and employees responsible for the audit comply with all legal and professional requirements with regard to rotation and independence. The Audit Committee is satisfied that the external auditor is independent of Coronation.
- The Audit Committee also considered and satisfied itself that the external auditor is independent of the Company as set out in section 94(8) of the Companies Act, and suitable for appointment considering, inter alia, paragraph 3.84(g)(iii) and the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

### Oversight of the finance function

The Audit Committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements with the expertise of the CFO and is of the opinion that she has the appropriate expertise and experience to meet her responsibilities in the position, given the following:

- regular and comprehensive financial reporting to the Board; and
- independent discussions between the Audit Committee chairperson and external auditor regarding the effectiveness of the finance function.

The Audit Committee also considered and satisfied itself in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements with the expertise and adequacy of resources within the finance function.

Based on the processes and assurances obtained, the Audit Committee is of the view that the accounting practices are effective. The Audit Committee considered the following significant matters in relation to the annual financial statements:

- that appropriate financial reporting procedures exist and are operating effectively; and
- review of conclusions reached in the Internal Financial Control Attestation Report.

### Oversight of Combined Assurance Model

During the year, the Audit Committee approved the Operational Risk Assurance Plan (→ *refer to page 53*) and the output of the Group's combined assurance. The Audit Committee has considered and is satisfied with the effectiveness of the Risk Assurance Manager and the arrangements in place for combined assurance, including operational risk assurance. Nothing has come to the attention of the Audit Committee to indicate any material breakdown in the system of control during the year or in the performance of any assurance provider.

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes a formal, externally managed evaluation every two years (last conducted in 2020) and undertakes a self-assessment managed by the Company Secretary every alternate year. Accordingly, a self-assessment was completed in 2021 and the Audit Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate, a view that has been affirmed by the Board.

## Risk Committee Report

During the period under review the joint Audit and Risk Committee was separated to form standalone committees. While the joint committee was effective in discharging its responsibilities, given the increasing complexities of the business and its regulatory requirements, the Board deemed it necessary to separate the committees to ensure that each committee has sufficient time to consider the matters falling within its mandate. The establishment of the Risk Committee will ensure that the Board's oversight of risk management and the Risk Management Framework is enhanced.

The Committee comprises independent non-executive directors Mr Saks Ntombela (chairperson), Ms Lulama Boyce, Mrs Madichaba Nhlumayo, Dr Hugo Nelson and Mr Neil Brown. Four members of the committee also serve as members of the Audit Committee to ensure there is a sufficient overlap of knowledge and expertise of matters falling under the ambit of both committees. The committee shall meet no less than twice a year.

The primary objectives of the Risk Committee include:

- supporting the Board to discharge its duty of governing risk in a manner that supports the Coronation Group in setting and achieving its strategic objectives;
- advising the Board in relation to the nature and extent of the risks and opportunities facing the Coronation Group;
- overseeing the implementation of the Group Risk Management Strategy and Framework and other responses to risk; and
- overseeing the governance of compliance with all applicable laws and adopted, non-binding rules, codes and standards in a way that supports the Coronation Group being an ethical and good corporate citizen.

### Key focus areas

- Information technology and information systems risks
  - The Committee has been mandated by the Board to exercise oversight over the information technology and information systems risks that impact the Company and ensure they are adequately addressed and that the appropriate controls are in place to address them.
- Risk management
  - The Committee shall assist the Board in its evaluation of the adequacy and effectiveness of the risk management system.

### Key risks

The Committee assists the Board in identifying and monitoring all key risks impacting the Group. This is achieved through reviewing and interrogating the reports received from the Risk Officer.

### Compliance monitoring

The Committee shall consider the legal and regulatory requirements to the extent that they may have an impact on the Group. The committee obtains regular updates from the Group compliance function regarding the Group's compliance with all applicable legal and regulatory requirements.

## Risk Management Report

Risk is an inherent and unavoidable part of any business. Appropriate risk management is crucial to protect stakeholder interests, ensure adherence to regulatory requirements and maintain the long-term sustainability of the business. At Coronation, the Board is ultimately responsible for ensuring that risks are managed effectively within a defined tolerance (risk appetite). The Board has delegated responsibility for overseeing risk management to the Risk Committee and, ultimately, to management and the risk management function.

Risk management is a multifaceted discipline that requires appropriate governance, independent monitoring, frequent communication, the application of judgement and robust knowledge of specialised products, operations, legislation and markets. Coronation's risk management objectives are to:

- create risk awareness and understanding across all levels of the business;
- integrate risk consciousness into daily decision-making and implementation processes;
- facilitate risk identification and mitigation across the Group within the risk appetite and risk tolerance parameters defined by the Board;
- improve the ability to prevent, detect, correct, escalate and respond to critical risk issues by conducting risk monitoring; and
- apply appropriate risk management and corporate governance frameworks and guidelines.

Our Risk Management Strategy and Framework (the Risk Framework) more fully articulates the Risk Management Policy and guides the approach to risk management across the business. The Risk Framework describes the key elements of risk management as illustrated in the adjacent diagram. Risk management is a continuous process that should effectively deploy resources to minimise the probability of negative events, while maximising the realisation of opportunities. We adopt a dual top-down and bottom-up approach to identifying risks, which considers the external environment and strategic planning to identify key strategic risks, as well as identifying risks at the operational level, which includes process, client and product-specific risks. Management are risk owners and take an active role in day-to-day risk management. This includes responsibility for identifying, evaluating, mitigating, monitoring and reporting risk in accordance with the Risk Framework.

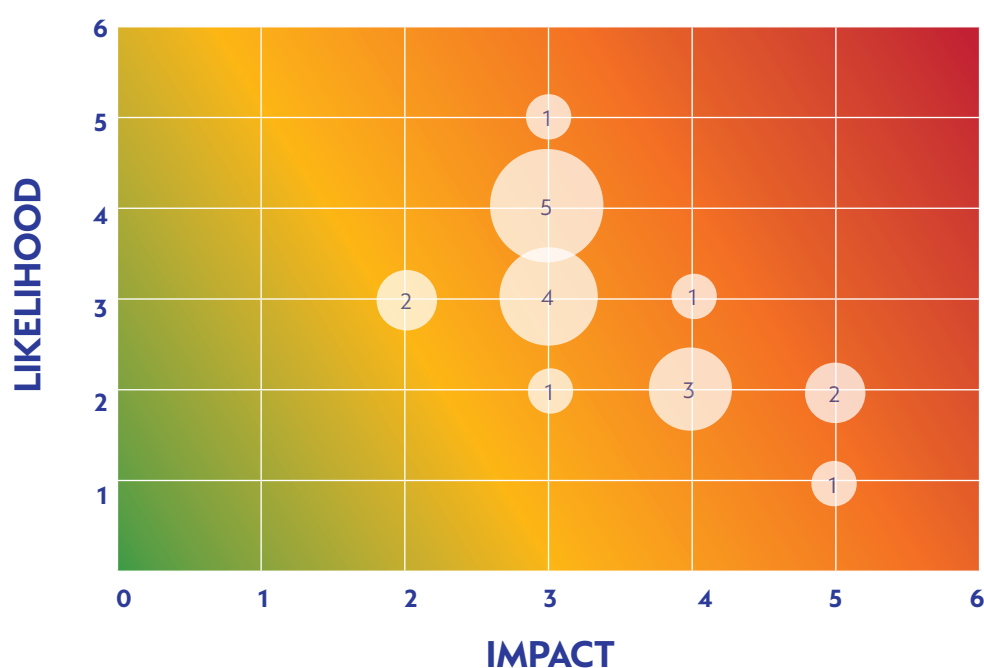


The risk management function comprises the Risk Officer, who reports to the Head of Global Risk and Compliance. The Risk Officer is responsible for overseeing and reporting on management's procedures to manage risk across the Group. More specifically, the Risk Officer is responsible for ensuring that policies and procedures are established for measuring, managing and reporting risk.

All Risk Committee meetings are attended by the Head of Global Risk and Compliance and the Risk Officer, each of whom deliver their reports separately at each meeting. The Committee reports back to the Board at quarterly meetings and escalates material matters to the Board. Additionally, ongoing interaction occurs with executive members of the Board and the senior management team.

We have developed, implemented and continuously improve the Risk Framework to ensure that the management of risk is integrated into the organisation's overall corporate governance structures, strategy, planning, reporting, policies, values and culture. We recognise that in a complex financial services environment, risk management processes and strategies should evolve, and should be subject to ongoing review and modifications, considering risk appetite, risk tolerance and risk resilience.

Included below is the residual risk rating description utilised across the Group and the related risk heat map. The risk heat map is a diagrammatic representation of the risk profile. The risk profile aligns to Coronation's risk tolerance and appetite. Any risk exceeding the risk appetite is monitored on an ongoing basis and plans are put in place to reduce the risk rating.








Note: Numbers plotted indicate number of risks per applicable likelihood and impact






The Group risk profile remains in line with the prior period, as there were no changes to the risk ratings. Refer to the key risk types on the following page.





Residual risk rating	Description of residual risk
From 0 – 8	<b>Minor risks:</b> risks are within the tolerable level and no further actions are required
From 9 – 10	<b>Cautionary risks:</b> should be monitored on a regular basis
From 12 – 15	<b>Major risks:</b> risk appetite has been exceeded. The risks must be managed, monitored on an ongoing basis and escalated
From 16 – 25	<b>Critical risks:</b> current control strategy should be reassessed immediately and escalated

The table below outlines the key risk types facing the business, along with the relevant mitigating controls. Refer to the residual risk rating table on the previous page.

Risk	Definition	Management and mitigation
<b>STRATEGIC RISKS</b>		
<b>Reputational risk</b> 	An action, event or transaction that may cause a loss of confidence in Coronation's integrity or otherwise damage the Coronation brand.	<ul style="list-style-type: none"> <li>▶ Our ownership culture, long-term strategic thinking and client-centric philosophy drive our behaviour, protect stakeholder interests and mitigate reputational risk.</li> <li>▶ All forms of media are regularly monitored to enable a proactive approach to reputational risk management.</li> <li>▶ Material events that may impact the Group are directly escalated to the CEO and Chairperson of the Board for consideration.</li> </ul>
<b>Market change risk</b> 	The failure to respond to fundamental changes in the fund management industry, such as disruptive technologies, evolving distribution patterns or products to meet the changing profile and needs of clients.	<ul style="list-style-type: none"> <li>▶ Continuous investment in the Coronation brand and our direct investor infrastructure.</li> <li>▶ Affirm our commitment to our long-term investment philosophy through ongoing client engagement and demonstration of thought leadership.</li> <li>▶ Frequent review of fee structures to remain competitive and stay abreast of competitor consolidation and aggregation strategies. Active participation in industry bodies to influence legislative outcomes where possible.</li> <li>▶ Develop new products in response to changing client needs, subsequent to in-depth research and viability assessments.</li> </ul>
<b>External environment risk</b> 	The pandemic limits the achievement of strategic objectives and/or has negative impacts on the business.	<ul style="list-style-type: none"> <li>▶ Business Continuity Plan reviewed and updated.</li> <li>▶ Continue to work closely with our third-party service providers to ensure minimal disruption to operations.</li> </ul>
<b>Transformation risk</b> 	Not responding in a considered manner to achieving true transformation and potential non-achievement of Financial Sector Code targets.	<ul style="list-style-type: none"> <li>▶ The Employment Equity (EE) Committee reports to the SET Committee and: <ul style="list-style-type: none"> <li>› oversees achievement of transformational targets in accordance with our EE Plan; and</li> <li>› ensures that policies and practices encourage sourcing and retaining of talented black individuals.</li> </ul> </li> <li>▶ Significant investment in educating previously disadvantaged youth is made through our bursary, internship and graduate recruitment programmes to support the recruitment pipeline (→ <i>refer to page 77</i>).</li> </ul>
<b>Environmental risk</b> 	Our investment and corporate activities having an unintended environmental (including climate change), social and economic impact.	<ul style="list-style-type: none"> <li>▶ The Board has mandated management to conduct a carbon footprint assessment of the Company and to report on the measurements.</li> <li>▶ The Board has further resolved that the Company should prioritise and invest in projects that would offset its carbon footprint by no later than the end of 2021, with the aim of achieving a carbon neutral footprint.</li> <li>▶ There is a three-pronged approach to ESG: Integration, Engagement and Collaboration as detailed in our Stewardship Report, which is available on our <a href="#">website</a>.</li> <li>▶ Carbon intensity benchmarks for our portfolios are below the industry benchmarks.</li> </ul>

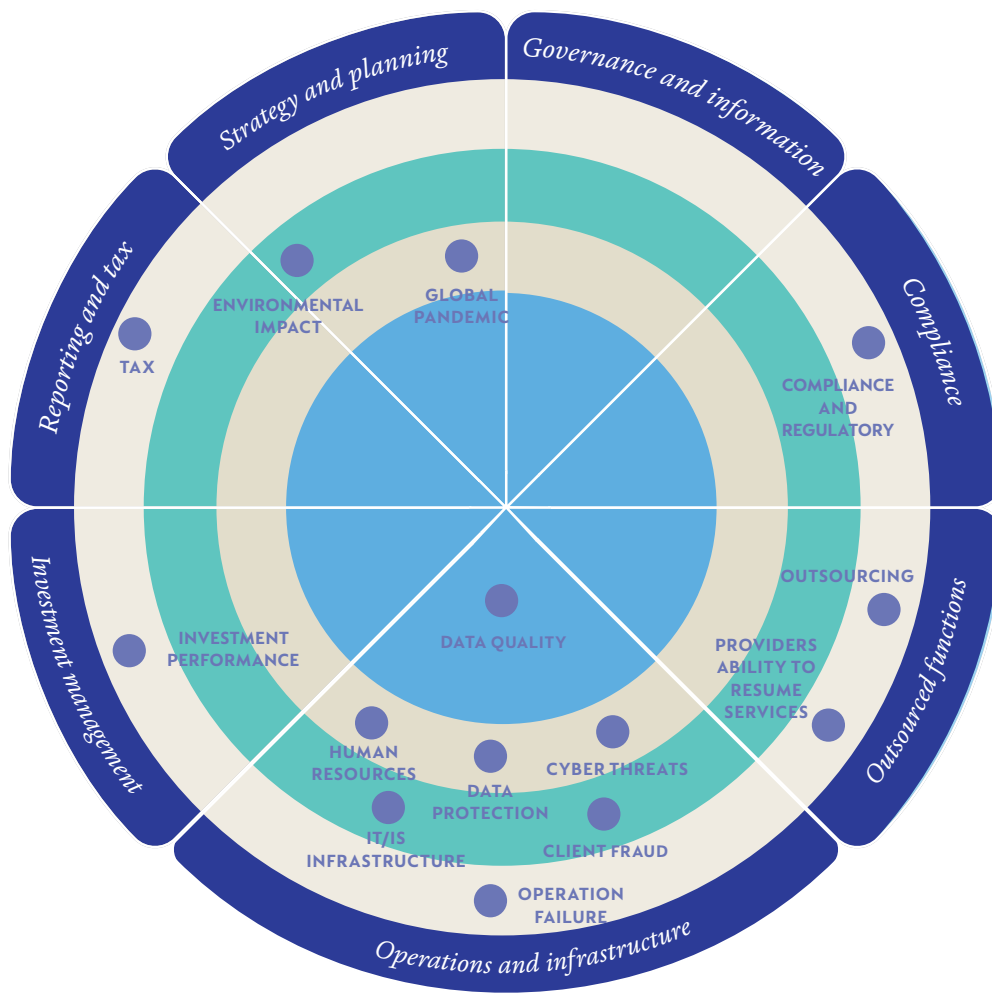
Risk	Definition	Management and mitigation
<b>COMPLIANCE</b>		
<b>Compliance and regulatory risk</b> 	Non-adherence to regulations.	<ul style="list-style-type: none"> <li>➤ Robust compliance programme maintained to ensure compliance with all relevant regulations.</li> <li>➤ Compliance department, aided by specialised external compliance consultants as needed, implements and tests adherence to current regulation on an ongoing basis.</li> <li>➤ Ongoing employee training and awareness on compliance-related matters and new regulatory requirements.</li> <li>➤ Continuous monitoring of the regulatory pipeline for new or amended legislation potentially impacting the business. Periodic independent assurance on the adequacy and efficacy of our compliance arrangements.</li> </ul>
<b>GOVERNANCE AND ETHICS</b>		
<b>Conduct risk</b> 	The failure of employees to comply with Coronation policies, resulting in behaviour that is detrimental to clients, illegal, unethical or otherwise damaging to Coronation's reputation.	<ul style="list-style-type: none"> <li>➤ An ethical and client-centric culture is driven from the top throughout the organisation. Acting in the best interests of clients is central to all that we do, and there is a common understanding that if we lose the trust of our clients, we will not have a business.</li> <li>➤ Employees undergo robust screening and vetting prior to being appointed.</li> <li>➤ Preventative and detective controls include the following: <ul style="list-style-type: none"> <li>› Independent review and segregation of duties are embedded in the control environment;</li> <li>› Ongoing employee training and awareness creation of Coronation policies. The compliance department conducts regular monitoring of adherence to key policies;</li> <li>› Key personnel are subjected to periodic criminal and credit checks;</li> <li>› Externally managed whistle-blowing hotline where employees can anonymously report any unethical behaviour 24/7; and</li> <li>› Robust Operational Risk Assurance Plan that independently tests adherence to key processes and controls.</li> </ul> </li> </ul>
<b>INVESTMENT MANAGEMENT RISK</b>		
<b>Investment performance risk</b> 	Sustained poor investment returns relative to peer funds and benchmarks.	<ul style="list-style-type: none"> <li>➤ All client assets are managed by a single and stable investment team of highly skilled individuals who are unwavering in the application of our tried and tested investment philosophy, underpinned by our commitment to the long term.</li> <li>➤ The investment team is subdivided into areas with specific focus per asset type and/or region, which rigorously monitor the markets and make investment decisions supported by our proprietary research.</li> <li>➤ The investment team is predominantly based at our Cape Town headquarters, which facilitates continual in-person engagement, further entrenched by a daily morning meeting of all investment team members.</li> <li>➤ Investment analysts have deepened their research and understanding of ESG factors.</li> <li>➤ Extensive insights and thought leadership on markets and Coronation strategies are made available to clients, as well as the general public, via client communications, our website, conferences and our thought-leadership articles.</li> </ul>

Risk	Definition	Management and mitigation
<b>OPERATIONS AND INFRASTRUCTURE RISKS</b>		
<b>Human resources risk</b> 	Inability to attract, motivate and prevent the departure of top talent.	<ul style="list-style-type: none"> <li>▶ Our people are our most valued assets.</li> <li>▶ Accordingly, our work environment, culture and Remuneration Policy are designed to attract, retain and motivate great talent (<a href="#">→ refer to page 72</a>).</li> <li>▶ Our high-performance culture, employee ownership and personal career development opportunities are defining characteristics of our business.</li> <li>▶ We maintain a bursary and internship programme (<a href="#">→ refer to page 77</a>), which serves the dual purpose of developing the nation's youth and providing a workforce pipeline.</li> </ul>
<b>Cybersecurity risk</b> 	Ineffective preparation for, and management of, cyber threats that may significantly disrupt core operations, cause financial loss and damage our reputation.	<ul style="list-style-type: none"> <li>▶ Cyber risk is holistically managed across people, processes and technology. This includes enforcing appropriate policies, conducting ongoing employee awareness and employing technology to prevent and/or detect potential or actual threats to the security of our environment.</li> <li>▶ Vulnerability management occurs regularly, whereby the server and desktop environments are scanned for threats and patches deployed as needed.</li> <li>▶ Independent subject matter experts perform penetration testing on a regular basis, and the implementation of recommendations is closely monitored.</li> <li>▶ Live monitoring of cyber threats and system logs occurs via our dedicated Security Operations Centre.</li> </ul>
<b>Data protection risk</b> 	Policies and processes do not adequately ensure protection of client data, including sufficient oversight of data at our service providers.	<ul style="list-style-type: none"> <li>▶ A cross-functional Information Management Steering Committee actively identifies and manages information-related risks and improves information management processes.</li> <li>▶ Focus areas over the period have included improving the maturity of information management processes and systems, reviewing and enhancing systems that proactively protect against common data breach vulnerabilities, managing third-party access to data stores and emphasis on employee awareness and training.</li> <li>▶ Subject matter experts have been engaged to assist with our improvement programme and to test the effectiveness of information technology security at various intervals throughout the year.</li> </ul>
<b>Data quality risk</b> 	The inability to maintain accurate, complete, consistent and reliable data.	<ul style="list-style-type: none"> <li>▶ A significant amount of data has been migrated to a data warehouse. A Master Data Management process has been implemented for static and analytics data.</li> <li>▶ An accelerated and extensive Data Disruption Project was initiated in 2020 – see Information Technology and Information Systems Report (<a href="#">→ refer to page 103</a>).</li> </ul>
<b>Information technology/information systems risk</b> 	Obsolescence of infrastructure, deficiency in integration, failures/inadequacies in systems/networks that may significantly disrupt core operations.	<ul style="list-style-type: none"> <li>▶ Technology (information technology systems and data) is viewed as a key enabler of the Group's strategic objectives and, as such, a robust information technology and systems governance framework has been implemented (<a href="#">→ refer to page 103</a>).</li> <li>▶ The Board-approved framework sets out the objectives of technology, which includes ensuring high integrity and availability of technology and information to meet business needs in a timely manner.</li> </ul>

Risk	Definition	Management and mitigation
<b>OPERATIONS AND INFRASTRUCTURE RISKS (CONTINUED)</b>		
<b>Client fraud risk</b> 	Coronation's clients are exposed to, and may potentially become the victims of fraudulent activity.	<ul style="list-style-type: none"> <li>Business processes and controls are continuously improved and designed to prevent or detect potentially fraudulent activity.</li> <li>Regular independent assurance over the control environment.</li> <li>Implemented voice recognition software to further enhance the control environment.</li> <li>Participate in industry forums focused on fraud prevention.</li> <li>Ongoing employee awareness training.</li> </ul>
<b>Risk of operational failure</b> 	Operational processes and controls may be inadequate and/or operating ineffectively, resulting in operational errors and financial loss.	<ul style="list-style-type: none"> <li>Our Combined Assurance Model, including the annual Operational Risk Assurance Plan, delivers an ongoing assessment of the design and operating effectiveness of our control environment (<i>→ refer to page 53</i>).</li> </ul>
<b>OUTSOURCING</b>		
<b>Outsourcing risk</b> 	The inability or unwillingness of an outsourced key service provider to discharge its contractual obligations.	<ul style="list-style-type: none"> <li>A Service Provider Management Framework has been implemented which includes: <ul style="list-style-type: none"> <li>robust oversight controls of key outsourced providers on a real-time and ongoing basis, including daily, weekly and monthly transaction reviews;</li> <li>monitoring adherence to service level agreements, implementation of formal communication channels and escalation procedures to manage and resolve issues identified; and</li> <li>conducting periodic, formal due diligences.</li> </ul> </li> </ul>
<b>Outsourced providers continuity risk</b> 	An event or system failure that could inhibit an outsourced provider's ability to perform core activities.	<ul style="list-style-type: none"> <li>The business continuity plans of key outsourced providers are reviewed periodically as part of the formal due diligence process.</li> <li>Key systems are tested as part of Coronation's Disaster Recovery Testing.</li> </ul>

## Risk concentration

A representation of the types of risks within the business and the likelihood of the risk materialising. In the diagram below, the closer to the centre, the likelihood of the risk increases. The further away it is, the less likely it is to occur.



Common Likely Moderate Unlikely

Nothing has come to the attention of the Board to indicate that there has been any material breakdown in the risk management function, processes or systems during the year.

## 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"> <li>➤ 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.</li> </ul>
Take a proactive approach in identifying, preparing for and implementing changes required by new or amended regulation.	<ul style="list-style-type: none"> <li>➤ Locally, we commit significant resources to the various ASISA structures, which monitor, comment and lobby in relation to new or amended legislation.</li> <li>➤ Internationally, we are members of the Investment Company Institute, which serves a similar purpose in relation to US and EU legislation.</li> <li>➤ These channels, together with our local and international network of legal and compliance advisers, ensure we remain abreast of all material regulatory developments.</li> </ul>
Promote employee awareness and understanding of regulatory obligations/ internal policies through training and communication.	<ul style="list-style-type: none"> <li>➤ We have an ongoing training and awareness programme consisting of the following elements: <ul style="list-style-type: none"> <li>› Compliance induction training;</li> <li>› Compliance broadcasts distributed by email to all employees covering key policies and alerts;</li> <li>› E-learning and in-person training to satisfy various regulatory requirements; and</li> <li>› On-the-job training, particularly in instances where compliance requirements are embedded in daily processes.</li> </ul> </li> </ul>
Work in close partnership with management to develop pragmatic risk-based solutions to regulatory challenges.	<ul style="list-style-type: none"> <li>➤ 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.</li> </ul>
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"> <li>➤ Monthly written risk and compliance reports are provided to executive management, as well as the independent chairperson of the Risk Committee.</li> <li>➤ 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.</li> <li>➤ 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.</li> </ul>
Manage service provider and regulatory relationships effectively.	<ul style="list-style-type: none"> <li>➤ 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).</li> </ul>

### 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.

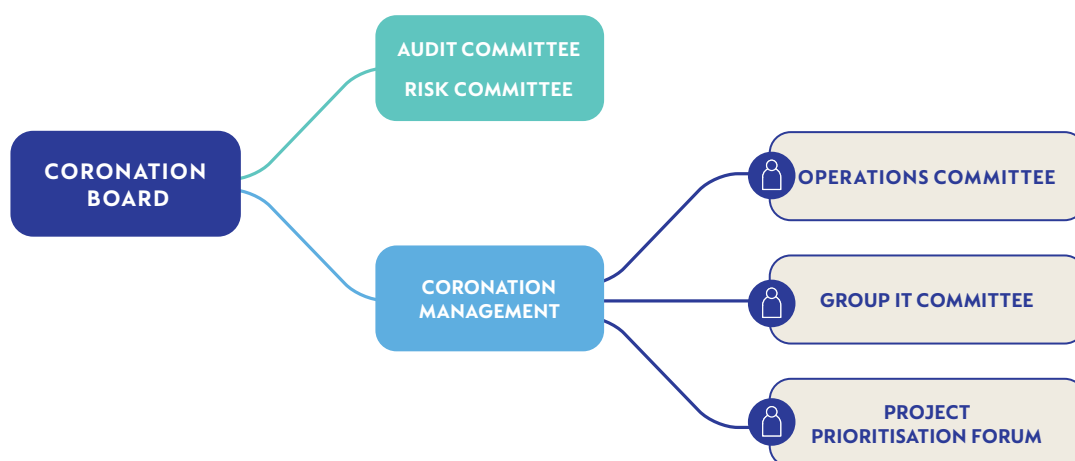


## Information Technology and Systems Report

The effective management of information technology (IT) and information systems (IS) is key to achieving our strategic objectives, particularly in delivering excellent client service and supporting long-term investment outperformance. The Board aims to represent the interests of all stakeholders in delivering a successful and sustainable business. Accordingly, the Board is accountable for governing the ethical and effective application of resources towards the achievement of strategic outcomes to create value for stakeholders. At Coronation, IT and IS are viewed as key enablers of the Group's strategic objectives and, as such, require robust governance. The Board has identified the following as key technology and information governance objectives:

- Monitoring the alignment of the short-, medium- and long-term strategies of the business and technology;
- Maintaining formalised IT governance at Coronation, aligned to existing corporate governance structures and leading practices;
- Monitoring the integrity and availability of technology and information to meet business needs in a timely manner;
- Developing and maintaining appropriate organisational structures, relationships, frameworks and processes to support IT governance;
- Measuring and managing the cost and the value received from technology;
- Managing technology resources and assets, including information, in an efficient and effective manner, such that the value derived from these resources is maximised;
- Safeguarding technology resources and information;
- Monitoring adherence to legislative requirements and other guidance as it pertains to IT management relevant to the Group, including but not limited to King IV™, Control Objectives for Information and Related Technologies, the Information Technology Infrastructure Library and the International Organization for Standardization 27000 series supporting information security (ISO 27000);
- Establishing appropriate policies and frameworks that articulate and give effect to the key technology and information objectives set by the Board; and
- Establishing performance criteria aligned with operational expectations and periodic measurement of actual versus desired performance levels.

The Board has delegated to management the responsibility of implementing and executing effective technology and information management. Management approves the direction for how IT should be managed and is supported by the Operations Committee, the revamped Group Information Technology Committee and the Project Prioritisation Forum. In addition, the Board has mandated the Audit and Risk committees to oversee the adequate and effective risk management and system of internal control, including those pertaining to technology. The organisational and governance structure is illustrated below. We also set up dedicated committees to deal with specific technology projects.



Party	Role and responsibility
<b>Coronation Board</b>	<ul style="list-style-type: none"> <li>➤ Sets strategic goals and objectives for the business, including IT-related goals and objectives.</li> <li>➤ Evaluates and approves significant IT-related initiatives.</li> <li>➤ Exercises ongoing oversight of IT management.</li> <li>➤ Evaluates the effectiveness of the Company's IT arrangements, including outsourced services, in achieving strategic objectives.</li> <li>➤ Monitors implementation of significant technology initiatives/projects.</li> <li>➤ Monitors the management of technology-related risks, including cyber risk, with the support of the Audit and Risk committees.</li> </ul>
<b>Audit and Risk committees</b>	<ul style="list-style-type: none"> <li>➤ Monitor the management of IT-related risks, including cyber risk.</li> <li>➤ Oversee technology, IS and information-related assurance.</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>➤ Establishes the target business and operating model to achieve strategic goals established by the Board.</li> <li>➤ Responsible for implementation and execution of effective IT management within the business.</li> <li>➤ Proposes significant IT-related initiatives prior to seeking Board approval to implement.</li> <li>➤ Oversees major IT projects.</li> </ul>
<b>Operations Committee</b>	<ul style="list-style-type: none"> <li>➤ Drives implementation of IT-related projects.</li> <li>➤ Recommends technology-related projects to executives based on strategic goals and objectives.</li> <li>➤ Oversees end-user acceptance of technology.</li> <li>➤ Responsible for the operational management of IT.</li> </ul>
<b>Group Information Technology Committee</b>	<ul style="list-style-type: none"> <li>➤ The Committee is responsible for ensuring that the effectiveness and efficiency of the Group's IT systems are met from a risk and strategic alignment perspective so that IT systems support the strategic objectives of the Group.</li> <li>➤ This Committee has the broad overall responsibility to monitor the adequacy, efficiency and effectiveness of all the Group systems relevant to IT, both operational and strategic, in as much as these may impact the business strategy, financial performance, risk profile and IT Strategy of the Group.</li> </ul>
<b>Project Prioritisation Forum</b>	<ul style="list-style-type: none"> <li>➤ Prioritises and optimises efficient delivery of approved projects.</li> </ul>

### Improving direct client service experience and security

We have embarked on a rewrite of our Client Online Services (COS), our online transactional platform for our direct clients. The vision for the project is to provide an intuitive portal that reflects our long-term investment philosophy, where investors can easily find the information they need and transact in a simple and secure environment. The new site will be mobile friendly and will introduce new features that are currently not available on our existing platform. The first major release was in November 2021 and existing COS users were automatically migrated onto the new platform.

## Data Disruption Project

This project is focused on the delivery of high quality, timeous data via a scalable cloud platform. Data is becoming an increasingly important asset by global standards and our management of data has evolved by thinking about our data differently, the formalising of data definitions and introducing improved governance to every aspect of data management.

We expect the project to deliver significantly better data more efficiently, and that we will have greater insight into each data point from definition through to where it is either presented or used. This will result in both a golden source of data and a much better understanding of the impact of our data across our business, and its use and value to each individual business area.

The business risk of incorrect reporting and/or incorrect calculations will be reduced, and data management significantly improved, as we manage what we measure and formalise data ownership. We are taking an iterative approach to the delivery of this project, with the first iteration currently running in parallel with production. The overall benefits will be the improved speed and accuracy of data outputs. The data sets and related reporting outputs associated with the first phase of the project are planned to be taken live in the first half of 2022.

## The management of technology risks

Coronation's key technology risks are detailed below. During the past year, there was no material breach of our IT and IS security processes. We measure the value added by our IT Strategy and investments against the following benchmarks:

- Vulnerability of the platform to cyber attacks;
- Improvements in client service and meeting the evolving needs of clients;
- Derisking of the business;
- The scalability and flexibility of systems;
- Operational efficiencies and cost savings; and
- Platform stability.

Outcomes are measured through active monitoring and feedback from clients and intermediaries. Our evaluation of our performance against these benchmarks is favourable. We remain committed to ensuring that they are met through our efficient delivery of sustainable, scalable technology solutions.

## IT and IS risk management

We consider technology risks as part of our overall risk assessment. These risks are incorporated in an annual operational risk assessment and material IT/IS risks are escalated to the key risk register, which is submitted to the Risk Committee. The Committee also reviews regular reports on IT and IS risk. Key technology risks are detailed on the following page.

Risk	Mitigation strategies
<b>Cyber security risk</b>	<ul style="list-style-type: none"> <li>➤ Cyber risk is holistically managed across people, processes and technology. This includes:               <ul style="list-style-type: none"> <li>› enforcing appropriate policies;</li> <li>› conducting ongoing employee awareness; and</li> <li>› employing technology to prevent and/or detect potential or actual threats to the security of our environment.</li> </ul> </li> <li>➤ Vulnerability management occurs regularly whereby the server and desktop environments are scanned for threats and patches deployed as needed.</li> <li>➤ Independent subject matter experts perform penetration testing on a regular basis, and the implementation of recommendations is closely monitored.</li> <li>➤ Live monitoring of cyber threats and system logs occurs via our dedicated Security Operations Centre.</li> </ul>
<b>The inability to maintain accurate, complete, consistent and reliable data</b>	<ul style="list-style-type: none"> <li>➤ A significant amount of data has been migrated to a data warehouse.</li> <li>➤ A Master Data Management process has been implemented for static and analytics data.</li> <li>➤ An accelerated and extensive Data Disruption Project was initiated in 2020.</li> </ul>
<b>Policies and processes do not adequately ensure protection of client data, including sufficient oversight of data at our service providers</b>	<ul style="list-style-type: none"> <li>➤ Improving information management and security is a never-ending journey. A cross-functional team in the form of an Information Management Steering Committee actively identifies and manages information-related risks and improves information management processes. Focus areas of the programme over the period included:               <ul style="list-style-type: none"> <li>› improving the maturity of information management processes and systems;</li> <li>› reviewing and enhancing systems that proactively protect against common data breach vulnerabilities; and</li> <li>› managing third-party access to data stores and emphasis on employee awareness and training.</li> </ul> </li> <li>➤ Subject matter experts were engaged to assist with our improvement programme and to test the effectiveness of IT security at various intervals throughout the year.</li> </ul>
<b>Disaster recovery and business continuity</b>	<ul style="list-style-type: none"> <li>➤ Comprehensive business continuity and disaster recovery plans are tested at least twice a year to ensure complete restoration of core business functions in the event of a disaster, within a defined recovery objective. This includes user acceptance testing to verify recovered systems are fully operational.</li> <li>➤ The continuity and recovery plans include offsite retention of data backups and access to a recovery warm site.</li> </ul>
<b>Failure to resolve data validation and integration errors between internal and external systems accurately and in a timely manner</b>	<ul style="list-style-type: none"> <li>➤ We have a number of procedures in place for the early detection and resolution of variances, including automated and manual reconciliations that are performed to detect variances, as well as an alert system on automated errors.</li> </ul>

Risk	Mitigation strategies
<b>Unavailability of cloud-based solutions</b>	<ul style="list-style-type: none"> <li>➤ Highly available connectivity is provisioned for all cloud-based services.</li> <li>➤ Strong relationships are maintained with vendors and connectivity is continually monitored and evaluated. In addition, clear escalation paths are defined, and cloud due diligence assessments are performed.</li> </ul>
<b>Inability to recruit IS employees with the relevant skills and experience</b>	<ul style="list-style-type: none"> <li>➤ Coronation has talent management initiatives (→ <i>refer to page 70</i>) to attract highly skilled employees. In the event that it is not possible to recruit IS employees of suitable skills and experience, an insourcing arrangement will be entered into.</li> </ul>
<b>Failure to upgrade or replace key systems and infrastructure to meet changing business needs/business priorities</b>	<ul style="list-style-type: none"> <li>➤ An IS strategy is in place, which governs the replacement strategy of key systems and the achievement of business requirements.</li> <li>➤ Furthermore, IT and IS report to the COO, facilitating integration of alignment between business and technology.</li> </ul>
<b>Failure to secure client and other confidential data on mobile devices</b>	<ul style="list-style-type: none"> <li>➤ Encryption and Bring Your Own Device policies are in place. Mobile devices are secured before allowing Company data consumption.</li> <li>➤ Our systems also have the ability to remotely wipe and secure mobile phones.</li> </ul>

The IT general control environment is annually assured in accordance with ISAE 3402. The results of these reviews are reported to the Audit and Risk committees.

#### Future focus

- We continue to focus on the security of our environment.
- Governance, management and security of data remain a priority.
- Enhancing and extracting additional efficiencies from our outsourced services.
- The wider rollout of customer relationship management systems, improved automation and workflow.
- Effective management of vendors.
- Technology to complement ongoing flexible working scenarios.



# Remuneration report

*One consistent Remuneration Policy applies to all employees across our business, with total variable remuneration allocation for the year based on a set formula and allocated to all eligible employees.*

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## REMUNERATION COMMITTEE CHAIRPERSON'S STATEMENT

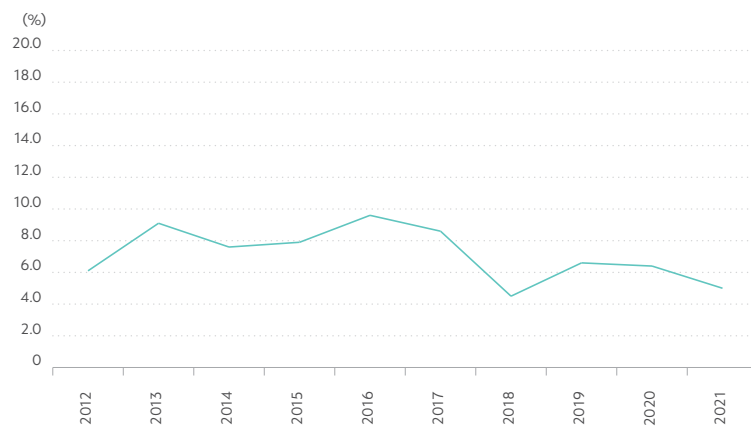
On behalf of Coronation's Board of Directors and its Remuneration Committee, we are pleased to submit the Remuneration Report for 2021.

Coronation's remuneration process is effective in reinforcing the Company's core values, namely client centricity, long-term thinking and integrity, embedded in a team-based meritocracy that has a culture of ownership and high performance at its heart. The Remuneration Committee oversees the application of the Remuneration Policy, ensuring that it is done in a fair and responsible manner, and in line with the Company's strategy.

Coronation is an independent asset manager, and 100% of our assets are redeemable on short notice. We therefore depend on our people to deliver the investment performance and world-class service that our stakeholders have come to expect. In an extremely uncertain economic environment where we are witnessing an increase in emigration and a subsequent drain on skills, the need to attract and retain the intellectual capital required to deliver on our client promise is critical.

In this context, our Remuneration Policy succeeded in recruiting, retaining and motivating highly skilled individuals who are increasingly in demand across the world. While our total global employee complement increased from 339 to 345, our employee turnover across the Company was 4.4% during the reporting period, which is well below the industry standard. This lower-than-average turnover has been a long-term trend in the organisation. In the case of employees who receive deferred remuneration, the turnover was 5.1%.

### EMPLOYEE TURNOVER



Our recruitment and retention strategy has a keen focus on promoting transformation, and we continue to make progress in our diversity representation across race and gender. Key senior leadership positions are occupied by black individuals, including our CEO, CFO, COO, Global Head of Institutional Business, Head of Fixed Income and Head of South African Equity Research roles. Of our South Africa-based employees, 60% are black and 51% are women. Coronation is a Level 1 contributor to broad-based black economic empowerment and is 29% black owned as per the Financial Sector Code.

## Operating environment

As the Covid-19 pandemic and various levels of economic lockdown extended throughout 2021, Coronation was privileged to remain fully operational throughout, with no retrenchments, furloughs or financial aid required.

As testimony to the high-performance culture and the benefits of active management, despite the difficult environment, Company fund management earnings increased by 23%, which is attributed to continued long-term performance excellence across our portfolios and rigorous cost control measures. For the Company's performance against our stated strategy and objectives → [refer to page 8](#).

As the custodian of the savings of millions of South Africans and a selection of global institutional clients, Coronation was in the fortunate position to continue its business-as-usual activities during the various levels of lockdown. Our management teams and employees remained committed to offering seamless services with a core team operating in office throughout. All employees working remotely were equipped with the necessary equipment and training to fulfil their functions. In addition, health and safety measures were implemented in our offices to ensure compliance with Covid-19 requirements. We also ensured that employee wellbeing measures were in place. After nearly two years of lockdown, the office was opened for Coronation's employees to return on 2 November 2021.

Coronation continued in its role as an active corporate citizen during the pandemic through supporting third-party service providers and existing corporate social investment projects, as well as contributing to dedicated Covid-19 relief efforts, with a strong emphasis on food security. Management also continued to play an active role in engaging with regulators, industry bodies and peers to mitigate the effects of Covid-19 and to set South Africa firmly on the road to economic recovery.

## Policy principles and enhancements

The benefit of Coronation's remuneration model is that it is symmetrical and clearly aligned with shareholders, flexing up and down in line with Coronation's annual profitability. It also allows for an appropriate split of cash and deferred remuneration.

Annual variable remuneration is always allocated on a 'clean slate' basis, influenced by an individual's value add over the medium term rather than based on years of service, seniority or short-term performance. A further advantage is that a portion of the variable remuneration is able to be used to fund restraint of trades and extended notice periods, which also supports Coronation's desire for creating a sustainable business. In the current year, the deferred remuneration portion had a fairly equal split between Coronation shares, which are bought through the JSE market, and Coronation-managed unit trusts.

Since our listing in 2003, Coronation has not offered share options or similar schemes, as we believe that they are dilutive to shareholders while also being asymmetrical in nature and offering a potentially large upside for senior employees with zero downside. In South Africa and internationally, we have seen that these share option type schemes have often had unintended consequences, including companies undertaking overly aggressive acquisitions that require risky and excessive leverage.

Coronation's Remuneration Policy is largely unchanged since the previous reporting period. Minimum shareholding requirements have been introduced for the executive directors to ensure alignment between executive and shareholder interests. The requirements for each of the executive directors is set out in the Remuneration Policy and Implementation Report → [refer to page 117](#). We continued to implement malus and clawback provisions to employee remuneration for 2021.

## Key remuneration outcomes

Coronation has a simple business model, which requires no meaningful assets and very little capital in relation to Company profitability. Its only real assets are its employees, and this is why an appropriate and effective remuneration approach is critical. Coronation has always had a fixed remuneration structure that pays senior employees well below market-related salaries, ensuring that its fixed-cost base is materially lower than comparable fund management companies.

The performance and remuneration details of the individual executive directors are detailed below → [refer to pages 118 and 120](#).

As per our Remuneration Policy, variable remuneration is allocated to eligible employees of the Company. All our employees are eligible to receive cash variable remuneration subject to individual performance, and in the current reporting period, 160 employees also received deferred variable remuneration allocations, as depicted below.

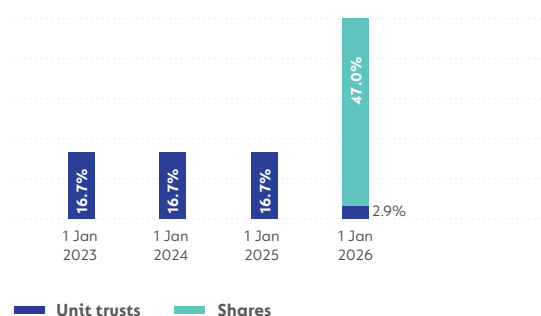
Year	% of variable remuneration allocated to the long term*	No. of eligible employees who received deferred variable remuneration
2021	44	160
2020	47	151

\* Deferred remuneration, restraints of trade and extended notice periods. Percentages and numbers pertain to total employee complement of the relevant year.

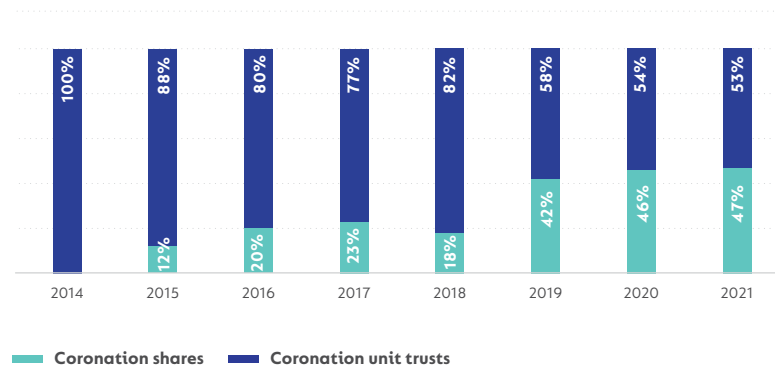
For the period under review, 44% of variable remuneration was allocated to the long term and was invested in Coronation unit trusts (53%) and Coronation shares (47%). In support of our long-term thinking and retention strategy, these allocations vest over a period of 4 ¼ years (51 months), commencing in January 2023, with 50% of the allocation vesting equally over the first 3 ¼ years (39 months) and the balance at the end of the period, being January 2026. Generally, the Company aims to defer a minimum of 40% of the variable remuneration allocation. This outcome very clearly aligns the interests of employees with both shareholders and clients.

Additionally, in 2021, 82 employees had restraints of trade, ranging in duration from three to 12 months, while 305 employees had extended notice periods, ranging from two to 12 months.

### VESTING PROFILE OF 2021 DEFERRED REMUNERATION ALLOCATION



## INVESTMENTS HELD FOR DEFERRED REMUNERATION AS AT 30 SEPTEMBER 2021



## Shareholder engagement and voting

At the 2021 AGM, 82.7% of the votes cast were in favour of the Remuneration Policy and 82.9% were in favour of the Implementation Report. While the outcome was favourable, members of the Remuneration Committee attended numerous stakeholder engagement meetings during the year to ensure that our Policy and implementation thereof are consistent with stakeholder expectations.

Both the Remuneration Policy and its Implementation Report will be presented to shareholders for separate non-binding advisory votes at Coronation's upcoming AGM in February 2022.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report at the meeting, Coronation will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always with due regard to meeting Coronation's stated business objectives while being fair and responsible towards both the employees and shareholders.

## External advisers

During the period under review, the Remuneration Committee employed legal and external remuneration advisers to analyse and make recommendations on the Company's remuneration practices. The Remuneration Committee is satisfied that these consultants were both independent and objective.

## Conclusion

The Remuneration Committee has ensured that remuneration supports the Company's values and is determined fairly in accordance with performance appraisal outcomes and Company performance. We believe that Company management and employees continued to navigate the business impact of Covid-19 according to the highest standards, with very little to no impact on client experience.

As in the past, we will continue to measure global remuneration trends to ensure our Remuneration Policy retains its best practice status and continues to deliver long-term value creation for our stakeholders.

Sincerely

**Hugo Nelson**  
Chairperson

## REMUNERATION POLICY

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

The Remuneration Policy plays a critical role in guiding and supporting Coronation's overall business strategy, values, culture and behaviour.

### Remuneration philosophy

The objectives of the Remuneration Policy and process are designed to motivate the executive directors to achieve the long-term corporate strategy through supporting Coronation's values, culture and behaviour, specifically by:

- always putting clients first;
- focusing on long-term value creation;
- creating a culture of ownership;
- recognising that Coronation is a team-based organisation;
- helping to attract, retain and motivate highly talented and sought-after individuals; and
- rewarding outstanding and excellent performance.

The above is essential if Coronation's Remuneration Policy and implementation are to successfully support its strong performance culture. In doing so, the Policy should be simple and easy to understand, and result in as few unintended consequences as possible.

Our goal is to ensure that the remuneration process is holistic enough to be able to assess the performances of the executive directors and ensure that the rewards for excellent performance align their interests with that of the Company, its clients, shareholders and regulators.

In order to ensure that the executive directors' remuneration is clearly aligned with stakeholder interests, business sustainability and the Company's long-term culture, it is important that an effective balance is achieved between the cash and deferred components.

It is also critical to ensure that good corporate governance in relation to remuneration is applied and that the approach to remuneration is consistent with, and promotes, sound and effective risk management.

## Remuneration principles and structure

Key to the Policy is that the executive directors' salaries are capped materially below market-related salaries, resulting in a low fixed-cost base, which has served shareholders well through the inevitable peaks and troughs of a cyclical industry.

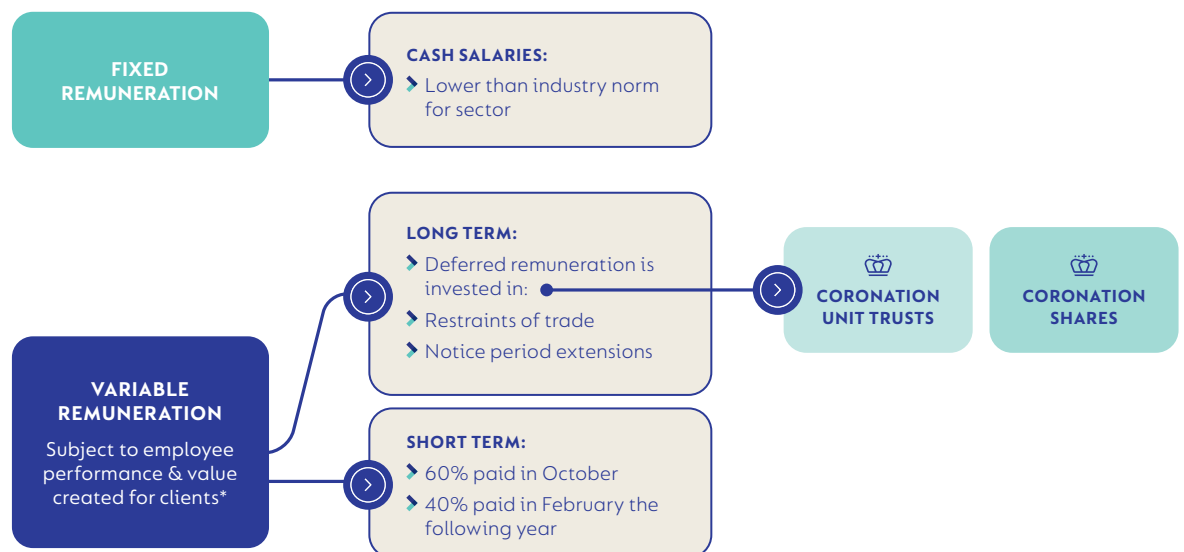
Discretionary variable remuneration has been the cornerstone of Coronation's success since its inception in 1993. It is comprised of cash, Coronation shares and Coronation-managed unit trusts, ensuring that the interests of the executive directors are directly aligned with those of shareholders and clients.

The executive directors are prohibited from selling any Coronation shares during their tenure, regardless of whether they were purchased independently or awarded as part of long-term deferred remuneration. If they do sell any shares, the final tranche (50%) is forfeited.

Coronation does not offer share options or similar schemes, as they are dilutive to shareholders while also being asymmetrical in nature, and can result in unfair remuneration practices, the cost of which is not immediately appreciated by shareholders.

As emphasised by Dr Hugo Nelson in his Remuneration Committee Chairperson's Report, this remuneration structure underpins our values, instils a culture of ownership and promotes a high-performance culture.

Since its listing on the JSE in 2003, and included in its memorandum of incorporation, Coronation has always had a very simple framework via which to achieve these objectives, as depicted in the diagram below.



\* All forms of variable remuneration are subject to malus and clawback.

# Pay mix

## FIXED REMUNERATION

Elements	Outcomes
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"><li>➤ Salary levels are based on experience, roles and responsibilities.</li><li>➤ Executive directors receive fixed remuneration that is set well below market levels. The differential is material.</li><li>➤ Fixed pay is capped to not only contain fixed costs in an industry where revenues can be volatile, but to encourage a performance-driven culture.</li></ul>

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

## VARIABLE REMUNERATION

Discretionary variable remuneration is allocated according to performance. Vesting is further subject to being in the employ of the Company and the provisions of malus and clawback, as detailed below.

Elements	Outcomes
Short term: cash payments	<ul style="list-style-type: none"><li>➤ Short-term payments are paid in two tranches: 60% in October and 40% in February the following year.</li></ul>
Long term: deferred remuneration	<ul style="list-style-type: none"><li>➤ This is invested in either Coronation unit trusts or in listed Coronation shares, which are always purchased on the market.</li><li>➤ This ensures alignment of executive directors' interests with the interests of shareholders and clients – a key area of focus for asset management firms.</li><li>➤ This vests over multiple periods, the durations of which are comparatively high. The vesting periods range from 1<sup>1/4</sup> years (15 months) and 4<sup>1/4</sup> years (51 months), and the final tranche (50%) vests at the end of the period. This tranche consists predominantly of Coronation shares.</li><li>➤ The final tranche (50%) is forfeited in the event that Coronation shares are sold. This applies to shares bought in an executive director's personal capacity or awarded. This demonstrates Coronation's real commitment to a culture of ownership and is unique in a JSE-listed company.</li></ul>
Long term: restraints of trade and notice period extensions	<ul style="list-style-type: none"><li>➤ In certain instances, the Remuneration Committee will secure notice period extensions or restraint of trade payments.</li></ul>

## OTHER

Elements	Outcomes
Malus and clawback	<ul style="list-style-type: none"><li>➤ Malus applies to all variable remuneration received in the form of cash and deferred remuneration.</li><li>➤ Clawback applies to all previously vested deferred remuneration and cash payments. Clawback is imposed for up to three years from the date of payment or from the date of the vesting of tranches of deferred remuneration.</li><li>➤ Malus and clawback provisions will be applied in the event of a broad range of transgressions, including:<ul style="list-style-type: none"><li>› information used to measure performance was inaccurate;</li><li>› failure to disclose information that could result in a breach of regulations or reputational harm;</li><li>› contravention of the Financial Advisory and Intermediary Services Fit and Proper requirements;</li><li>› a material breach of any law in the scope of employment;</li><li>› failure to disclose a material misstatement of the Company's financial position; and</li><li>› failure to disclose that annual financial results do not properly reflect the Company's financial position.</li></ul></li></ul>

## OTHER (CONTINUED)

Elements	Outcomes
Termination payments	➤ Coronation does not make termination payments unless obliged to do so under labour law or if a labour dispute has been settled.
Once-off allocations	➤ In exceptional circumstances, once-off allocations will be made for relocation costs or to make good on any loss of benefit or obligation that arises from resignation from a previous employer.

## Remuneration governance

The Coronation Board has the ultimate responsibility for the governance of the remuneration framework. It ensures that the process that governs the assessment of employees' performance is robust, fair and responsible, while aligning to the principles of the King IV™ Report on Corporate Governance for South Africa.

The Remuneration Committee is responsible for key decisions regarding remuneration, including the implications for overall risk management. It has full oversight and control of the Remuneration Policy and practices. The Remuneration Committee Charter is available on [www.coronation.com](http://www.coronation.com).

Remuneration allocations are calculated using a combination of quantitative and qualitative criteria. The process is as holistic as possible and aims to balance the performance of the individual with that of the broader organisation.

The Remuneration Committee is composed of non-executive directors only. It is chaired by Dr Hugo Nelson and other members include Board Chairperson Prof Alexandra Watson and Mr Neil Brown. As such, significant skills and institutional and industry experience are applied to the decision-making process when the committee considers the allocations submitted for approval. The CEO is invited to attend the meetings.

The Remuneration Policy and Implementation Report are tabled at Coronation's AGM for a separate non-binding advisory vote by Coronation shareholders.

## Policy review

The Board regularly reviews the 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.

Coronation's Remuneration Policy is available on [www.coronation.com](http://www.coronation.com).

# REMUNERATION POLICY IMPLEMENTATION REPORT

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## Introduction

The Remuneration Committee is responsible for implementing the Remuneration Policy. It is constituted to enable it to exercise competent and independent judgement on remuneration policies and practices. The Remuneration Committee ensures that the remuneration process is fair and responsible. The Remuneration Committee ensured that the Remuneration Policy achieved its objectives in the current year, and it was implemented without any deviations.

## Executive directors' performance

Executive directors are considered each year for discretionary variable remuneration determined by Company and personal performance based on a range of qualitative and quantitative key performance indicators (KPIs) as reflected in each executive director's performance assessment.

Individual KPIs of each executive director are approved at the beginning of each year, with a weighting allocated at a category level as reflected in their individual appraisals that follow.

It should be noted that weightings have been assigned to provide an indication of the relative importance of each measure in the current financial year. They have not been used to perform a formulaic, overall score for the executive concerned.

In assessing the performance of the executive directors, the Remuneration Committee considered the Company's performance, relative to its five strategic focus areas (→ as outlined on [page 23](#)).

## Minimum shareholding requirements

Executive directors are encouraged to build up and maintain a shareholding in the Company. The minimum shareholding for the CEO is 1000% of his fixed salary and the incumbent is required to meet this target within five years. The CEO currently exceeds the minimum shareholding target. The CEO has never sold any of his shares, ensuring alignment with shareholders' and Company values.

As the CFO is a new appointment, her shareholding is currently below the CFO minimum target of 300% of her fixed salary. She is required to build up a shareholding in the Company to meet the target within the next five years. Deferred remuneration allocations typically include shares and therefore contribute to increasing executive director ownership.

The Remuneration Committee considered qualitative and quantitative factors across the range of areas detailed above and, to assist in understanding their decision-making process, their assessment of performance is summarised on → [pages 118 and 120](#).

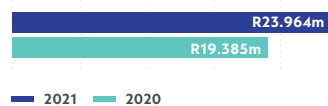
## 2021 CEO performance assessment

### Mr Anton Pillay

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

Reporting to the Board, CEO Anton Pillay leads Coronation in the daily running of the Company. Assessing his performance against KPIs and qualitative measures, the Remuneration Committee decided on an allotment from the variable remuneration allocation. In the current year, his remuneration increased by 24% from the previous reporting period, demonstrating a strong alignment between his remuneration and the experience of the Company's shareholders.

#### SINGLE FIGURE REMUNERATION



His total remuneration was determined after taking into account the outcome of his performance against 2021 KPIs.

The key outcomes are as follows:

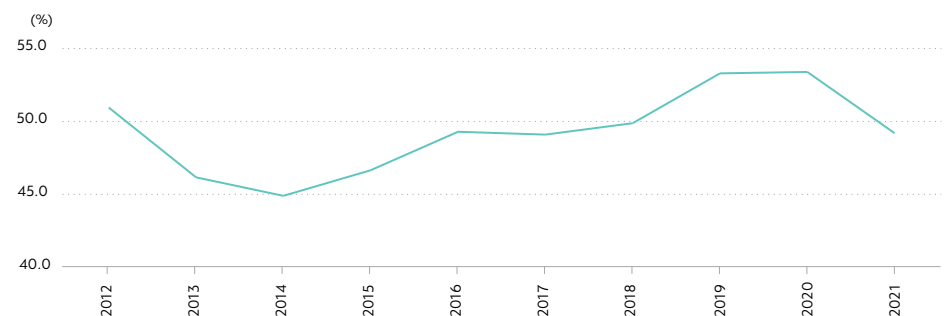
#### Strategy and values (20%) ●

- Sustained the culture and values of the business in the Covid-19 environment. Ownership culture entrenched by employees owning 25% of the business.
- Ensured below-industry turnover among senior employees and stable employee turnover across the business at 4.4%. In addition, no Covid-19-related retrenchments or furloughs took place in the current year.
- Upheld Coronation's strong brand and reputation through effective marketing campaigns.
- Extended Coronation's global franchise in a challenging environment. International AUM increased by 11% in USD terms.

#### Operational (30%) ●

- Successfully preserved operational effectiveness through the challenging period. Underpinned by enabling 100% of operational employees to have remote working capability and a seamless client experience.
- Implemented various actions to ensure the health and safety of our employees and clients.
- Successfully implemented strategic IT-related systems and web upgrades.
- Cost management continually driven across the business, and cost-saving culture continually emphasised and embedded:
  - › continued the Company's track record of delivering market-leading cost metrics;
  - › industry-leading operational cost-to-income and cost-to-AUM ratios of 49.4% and 0.14%, respectively; and
  - › three-year compound annual growth rate of 6% on fixed expenses.

#### COST-TO-INCOME RATIO



- Delivered continued long-term investment performance with an improvement in short-term performance (relative to mandate benchmarks):
  - 95% of institutional funds have outperformed their benchmarks since inception; and
  - 89% of the assets entrusted to our rand-denominated fund range are invested in funds that produced first quartile performance in their respective peer groups over the past 10 years.

### Governance (20%) ●

- Remained compliant with regulatory requirements across all jurisdictions.
- Maintained strong communication and relationships with key clients and stakeholders.
- Continued the focus on ESG factors and sustainability reporting.
- Managed the transformation objectives for the Group.

### Clients and stakeholders (30%) ●

- Continued regular and meaningful engagements with clients, regulators and stakeholders throughout the year.
- An increase in diluted headline earnings per share of 22% in 2021.

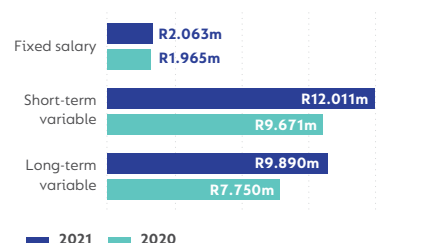
After considering the above, the Remuneration Committee allocated the CEO short and long-term variable remuneration. The long-term allocation is invested in Coronation shares and unit trusts with 50% vesting equally over the first 3<sup>1/4</sup> years (39 months) and the balance at the end of 4<sup>1/4</sup> years (51 months).

The CEO has a permanent employment contract, with a notice period of 12 months and a 12-month paid restraint of trade.

#### CEO SINGLE FIGURE REMUNERATION HISTORY



#### REMUNERATION OUTCOME



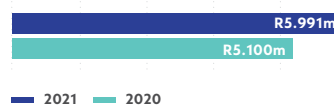
\* On an asset-weighted basis; since inception figure refers to strategies with a 10-year+ track record.

## 2021 CFO performance assessment

**Ms Mary-Anne Musekiwa**  
BCom, HDip Tax, CA(SA)

Reporting to the CEO, CFO Mary-Anne Musekiwa is responsible for finance and governance across the Company. Assessing her performance against KPIs and qualitative measures, the Remuneration Committee approved the discretionary variable remuneration allocation.

### SINGLE FIGURE REMUNERATION



As her award opportunity is determined by her individual performance assessment and is also directly aligned with the profitability of the Company and shareholders, we believe mechanistic minimum, on-target and maximum performance outcomes are not applicable. Her total remuneration was determined after taking into account the outcome of her performance against 2021 KPIs.

The key outcomes are that she:

#### Strategy and values (20%) ●

- Maintained an effective financial operating model and sound controls of the Group, including sound balance sheet management and kept required statutory levels of capital and liquidity across subsidiaries. No breaches throughout the year.
- Focused on employee wellbeing during the Covid-19 pandemic, as well as the transfer of knowledge and embedding of restructured team roles to mitigate key person risk.
- Unlocked efficiencies and benefits from digitisation of accounting processes.

#### Operational (35%) ●

- Effectively managed cash resources, forex and the balance sheet.
- Ensured that Coronation's cost-to-income and cost-to-AUM ratios continue to outperform leading local and international competitors:
  - › Three-year compound annual growth rate of 6% on fixed expenses;
  - › Industry-leading operational cost-to-income and cost-to-AUM ratios of 49.4% and 0.14%, respectively, and;
  - › Increase in fixed expenses of 5% year on year, inline with inflation.
- Executed unqualified audits across the Group during the financial year and facilitated smooth transition to new auditors appointed in 2021 despite the remote environment.
- Maintained robust and efficient tax compliance.

## Governance (25%) ●

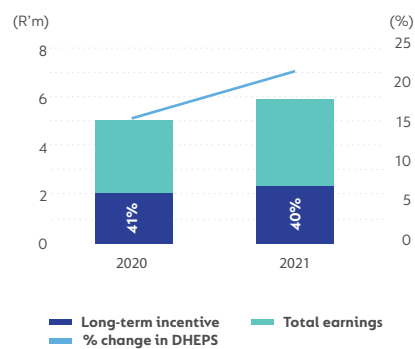
- Implemented the Audit Committee audit firm rotation process.
- Ensured compliance with regulatory requirements across all jurisdictions.
- Completed the Coronation carbon footprint exercise and supported corporate ESG initiatives. Achieved a net-zero position through our carbon reduction and carbon offset initiatives.
- Improved the B-BBEE scorecard.

## Clients and stakeholders (20%) ●

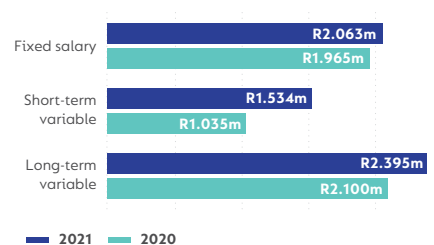
- Developed strong relationships with various key stakeholders.
- Delivered an increase in diluted headline earnings per share of 22%.

After considering the above, the Remuneration Committee allocated the CFO short and long-term variable remuneration. The long-term allocation is invested in Coronation shares and unit trusts with 50% vesting equally over the first 3<sup>1/4</sup> years (39 months) and the balance at the end of 4<sup>1/4</sup> years (51 months).

### CFO SINGLE FIGURE REMUNERATION HISTORY



### REMUNERATION OUTCOME



The CFO has a permanent employment contract with a six-month notice period.

## Non-executive directors

Non-executive directors of Coronation received an annual fixed fee and an attendance fee for Board and subcommittee meetings, as contained in a resolution that was subject to shareholder approval in 2021. They do not participate in any of the remuneration structures addressed in this Policy document or receive share options.

### 2021 FEES PAID TO THE NON-EXECUTIVE DIRECTORS

Non-executive directors	Basic fee R'000	Board meetings R'000	Audit <sup>1</sup> and Risk Committee meetings R'000	Audit <sup>1</sup> Committee meetings R'000	Risk <sup>1</sup> Committee meetings R'000	Remuneration and Nominations Committee meetings R'000	SET Committee meetings R'000	Total 2021 R'000	Total 2020 R'000
Shams Pather	135	386	71			269		861	1 250
Alexandra Watson	162	638	243	36		311	147	1 537	1 256
Judith February	162	442	71	36			179	890	844
Jock McKenzie	122	221	147			221		711	989
Lulama Boyce	141	384	128	78	64			795	679
Madichaba Nhlumayo	141	384	62	64	64		128	843	647
Hugo Nelson	162	442	147	74	74	343		1 242	1 035
Neil Brown	134	384	62	31		192		803	
Phakamani Hadebe	134	384	62	31				611	
Saks Ntombela	134	411	62	64	78			749	
<b>Total</b>	<b>1 427</b>	<b>4 076</b>	<b>1 055</b>	<b>414</b>	<b>280</b>	<b>1 336</b>	<b>454</b>	<b>9 042</b>	<b>6 700</b>

<sup>1</sup> As of 10 August 2021, the Audit and Risk Committee was separated into two committees, namely the Audit Committee and the Risk Committee, and separate meetings held.

In preparation for the 2022 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.

We engaged with PwC to assess whether our fee structure is still appropriate. Its assessment found that the majority of South African listed companies make use of an annual fixed fee structure for non-executive directors. We have therefore proposed a change to the fee structure for 2022, whereby directors will receive a fixed fee for Board and subcommittee membership. As a result, no meeting attendance fees will be payable to any non-executive directors. We continue to monitor the fees to ensure that we are able to attract and retain non-executive directors with the required experience and expertise.

The proposal (as detailed in our Notice to Shareholders, which is available on [www.coronation.com](http://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.



# Financial performance

*Our financial review provides an overview of our financial results. Included in this report is a summary of the full audited annual financial statements for the year ended 30 September 2021. The audited annual financial statements are available at [www.coronation.com](http://www.coronation.com).*

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## FINANCIAL REVIEW

*Coronation delivered positive financial performance in a tough environment. Net profit is up 22.4% year on year, and revenue increased by 17.1%.*

### Condensed income statement

	2021 R MILLION	2020 R MILLION
Revenue	4 263	3 642
Total operating expenses	(2 104)	(1 952)
Profit from fund management	2 183	1 712
Profit before income tax	2 304	1 823
Income tax expense	(597)	(429)
Profit for the year	1 707	1 394
Headline earnings per share		
– basic	487.9	398.5
– diluted	487.9	398.5
Fund management earnings per share (cents)	470.9	383.1

### Assets under management

Coronation continues to manage a meaningful share of assets in the local savings industry, as well as managing assets on behalf of leading international retirement funds, endowments and family offices. Given the strong outperformance across our portfolios, average AUM increased by 9% year on year to R617 billion (September 2020: R565 billion) and year-end AUM is up 11% to R634 billion (September 2020: R569 billion). However, as an investment-led business, our primary focus remains on growing the value of the client assets entrusted to us over the long term, rather than simply looking to grow the pool of assets under our management.

### Profits

While the global economic recovery continues, albeit unevenly, the South African economy remains under pressure due to ongoing systematic risks. Notwithstanding this challenging backdrop, the past year has been an exceptional one for Coronation's clients and shareholders. Markets continued to perform strongly in 2021 after coming off the low base of March 2020. For the 12-month reporting period, the MSCI All Country World Index was up 11% (USD), the MSCI Global Emerging Markets Index was up 18% (USD) and the FTSE/JSE All Share Index was up 23% (ZAR). Strong outperformance of the underlying markets in client mandates contributed to excellent results for the 12 months ended 30 September 2021, with revenue and earnings from fund management up 17% and 23%, respectively, from the prior year. We believe that the outperformance enjoyed by our clients is the result of an unwavering commitment to active, long-term investing, deep proprietary research and the benefits that come from a stable and experienced team. Total operating expenses increased by 8% compared to the 12 months ended September 2020, with the highest growth attributed to the increased regulatory burden and investment in information technology. Fixed expenses are up 5% compared to the prior year. We continue to invest in technology and information systems infrastructure, which is key to delivering on our promise of superior client service.

## Earnings

Diluted and basic headline earnings per share increased 22.4% for the period to 487.9 cents (September 2020: 398.5 cents). Fund management earnings per share increased 22.9% for the period to 470.9 cents (September 2020: 383.1 cents).

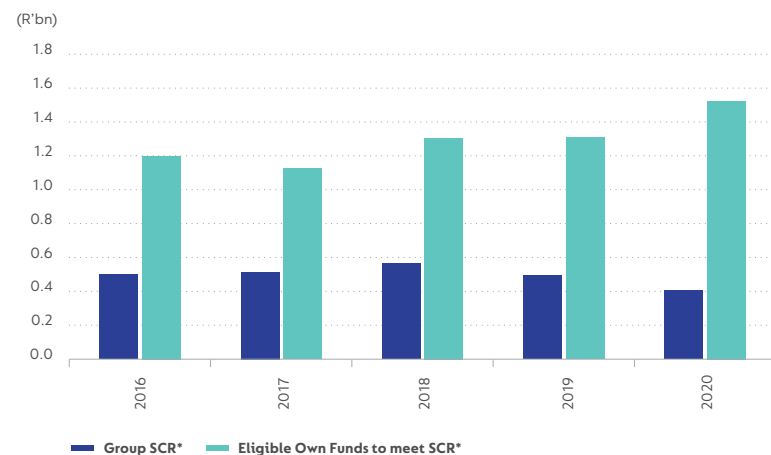
## Reconciliation of fund management earnings

	2021 R MILLION	2020 R MILLION
Headline earnings attributable to ordinary shareholders	1 707	1 394
Sundry gains (condensed consolidated statement of comprehensive income)	(106)	(96)
Bonus impact at 30% and tax impact at 28%	46	42
Earnings from fund management	1 647	1 340
Earnings from fund management per share (cents)	470.9	383.1

Fund management earnings are used by management to measure operating financial performance, which excludes the net impact of fair value gains and losses and related foreign exchange on investment securities held by the group. In management's view, this measure represents the earnings from core business activities of the group, being fund and investment management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on the group's investment securities.

## Capital adequacy



\* SCR – Solvency Capital Requirement

Note: The Group's Own Risk and Solvency Assessment (ORSA), which measures the Group's capital adequacy, is submitted within one year of the year-end.

The boards of Coronation Fund Managers (the Group) and Coronation Life Assurance Company Ltd (CLA) are satisfied that the current capital and solvency position of the Group, and all of its subsidiaries, including CLA, is appropriate given the nature, scale and complexity of the business.

Solvency capital requirements (SCR) and technical provisions were continuously met during the period under review, namely the financial year ended 30 September 2021.

The key drivers of risk that are inherent in the business strategy of the Company and its subsidiaries, and which determine the risk profile of the business, are well understood by the Board, the subsidiary boards and senior management. The major risks for the Group are operational in nature and therefore the scenarios have been designed around operational failures.

The Board is of the view that the Group, and its subsidiaries, will have sufficient capital to meet the projected solvency position over the business-planning period, and under stressed conditions.

## **Liquidity**

Coronation continues to maintain a strong liquidity position, which comprises cash and cash equivalents of R600 million (September 2020: R519 million). The increase in cash reserves is due to the increase in revenue received over the period. As a business that generates a significant amount of cash profits, of which we endeavour to distribute a minimum of 75% to our shareholders, we monitor our liquidity requirements carefully. A final gross dividend of 226.0 cents per share has been declared and paid for the period ended 30 September 2021 from income reserves.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2021

	2021 R MILLION	2020 R MILLION
<b>Fund management activities</b>		
<b>Revenue</b>	<b>4 263</b>	3 642
Other income	50	29
<b>Total operating expenses</b>	<b>(2 104)</b>	(1 952)
Other expenses	(1)	(1)
Operating expenses	(2 103)	(1 951)
Results from operating activities	2 209	1 719
Finance and dividend income	13	23
Finance expense	(39)	(30)
<b>Profit from fund management</b>	<b>2 183</b>	1 712
Share of profit of equity-accounted investees	5	6
Sundry gains	106	96
<b>Income attributable to policyholder linked assets and investment partnerships</b>	<b>10</b>	9
Net fair value gains on policyholder and investment partnership financial instruments	118	72
Administration expenses borne by policyholders and investors in investment partnerships	(108)	(63)
<b>Profit before income tax</b>	<b>2 304</b>	1 823
<b>Income tax expense</b>	<b>(597)</b>	(429)
Taxation on shareholder profits	(587)	(420)
Taxation on policyholder investment contracts	(10)	(9)
<b>Profit for the year</b>	<b>1 707</b>	1 394
<b>Other comprehensive losses (to be recycled through profit and loss)</b>	<b>(46)</b>	(3)
Foreign currency translation differences for foreign operations	(46)	(3)
<b>Total comprehensive income for the year</b>	<b>1 661</b>	1 391
<b>Profit attributable to:</b>		
– equity holders of the company	1 707	1 394
<b>Profit for the year</b>	<b>1 707</b>	1 394
<b>Total comprehensive income attributable to:</b>		
– equity holders of the company	1 661	1 391
<b>Total comprehensive income for the year</b>	<b>1 661</b>	1 391
<b>Earnings per share (cents)</b>		
– basic	487.9	398.5
– diluted	487.9	398.5

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

	2021 R MILLION	RESTATED* 2020 R MILLION	RESTATED* 2019 R MILLION
<b>Assets</b>			
Intangible assets	1 088	1 088	1 088
Equipment	18	18	18
Right-of-use assets	61	76	–
Investment in equity accounted investees	41	41	42
Deferred tax assets	228	151	126
Investments backing policyholder funds and investments held through investment partnerships	60 786	49 473	49 603
Investment securities	1 278	1 702	1 145
Taxation receivable	54	35	–
Trade and other receivables	675	695	448
Cash and cash equivalents	600	519	682
<b>Total assets</b>	<b>64 829</b>	53 798	53 152
<b>Liabilities</b>			
Long-term borrowings	451	467	150
Long-term other payables	61	29	–
Lease liabilities	94	108	–
Deferred tax liabilities	51	44	27
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	60 771	49 464	49 598
Short term portion of long-term borrowing	–	–	150
External investors in consolidated funds	178	707	407
Taxation payable	–	–	38
Trade and other payables	957	804	748
<b>Total liabilities</b>	<b>62 563</b>	51 623	51 118
<b>Net assets</b>	<b>2 266</b>	2 175	2 034
<b>Equity</b>			
Share capital and premium	256	256	256
Retained earnings	1 888	1 752	1 609
Reserves	122	167	169
Total equity attributable to equity holders of the company	2 266	2 175	2 034
<b>Total equity</b>	<b>2 266</b>	2 175	2 034

\* In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the statement of financial position.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	SHARE CAPITAL AND PREMIUM R MILLION	FOREIGN CURRENCY TRANSLATION RESERVE R MILLION	RETAINED EARNINGS R MILLION	SHARE-BASED PAYMENT RESERVE R MILLION	ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY R MILLION	NON CONTROLLING INTEREST R MILLION	RESTATED* TOTAL EQUITY R MILLION
Balance at 30 September 2019	256	160	1 609	9	2 034	147	2 181
Restatement of Non-Controlling Interest*						(147)	(147)
Restated balance at 1 October 2019	256	160	1 609	9	2 034		2 034
IFRS 16 adjustment			(13)		(13)		(13)
Profit for the year			1 394		1 394		1 394
Other comprehensive income							
Currency translation differences		(3)			(3)		(3)
Total comprehensive income for the year		(3)	1 394		1 391		1 391
Transactions with owners recorded directly in equity				1	1		1
Share-based payments							
Dividends paid			(1 238)		(1 238)		(1 238)
Total transactions with owners			(1 238)	1	(1 237)		(1 237)
Balance at 30 September 2020	256	157	1 752	10	2 175		2 175
Profit for the year			1 707		1 707		1 707
Other comprehensive income							
Currency translation differences		(46)			(46)		(46)
Total comprehensive income for the year		(46)	1 707		1 661		1 661
Transactions with owners recorded directly in equity				1	1		1
Share-based payments							
Dividends paid			(1 571)		(1 571)		(1 571)
Total transactions with owners			(1 571)	1	(1 570)		(1 570)
Balance at 30 September 2021	256	111	1 888	11	2 266		2 266

\* In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the statement of financial position.

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

	2021 R MILLION	2020 R MILLION
<b>Cash flows from operating activities</b>		
Profit from fund management	2 183	1 712
Non-cash and other adjustments	11	47
<b>Operating profit before changes in working capital</b>	<b>2 194</b>	<b>1 759</b>
<b>Working capital changes</b>	<b>220</b>	<b>(112)</b>
Decrease/(increase) in trade and other receivables	35	(213)
Increase in trade and other payables	185	101
<b>Cash flows from policyholder and investment partnership activities*</b>	<b>1 662</b>	<b>(99)</b>
<b>Cash generated from operations</b>	<b>4 076</b>	<b>1 548</b>
Interest on lease liability paid	(11)	(12)
Interest paid	(28)	(30)
Income taxes paid	(682)	(504)
<b>Net cash from operating activities</b>	<b>3 355</b>	<b>1 002</b>
<b>Cash flows from investing activities</b>		
Finance and dividend income	13	23
Acquisition of equipment	(11)	(12)
Net disposal/(acquisition) of investment securities	16	(191)
<b>Net cash from/(utilised in) investing activities</b>	<b>18</b>	<b>(180)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	167
Dividends paid	(1 571)	(1 238)
Lease liability paid	(13)	(10)
<b>Net cash utilised in financing activities</b>	<b>(1 584)</b>	<b>(1 081)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1 789</b>	<b>(259)</b>
Net increase/(decrease) in cash and cash equivalents – shareholders	127	(160)
Net increase/(decrease) in cash and cash equivalents – policyholders and investment partnerships*	1 662	(99)
<b>Cash and cash equivalents at beginning of year</b>	<b>5 742</b>	<b>6 004</b>
Cash and cash equivalents at beginning of year – shareholders	519	682
Cash and cash equivalents at beginning of year – policyholders and investment partnerships*	5 223	5 322
Effect of exchange rate fluctuations on cash held	(46)	(3)
<b>Cash and cash equivalents at end of year</b>	<b>7 485</b>	<b>5 742</b>
Cash and cash equivalents at end of year – shareholders	600	519
Cash and cash equivalents at end of year – policyholders and investment partnerships*	6 885	5 223

\* The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the group.

## NOTES AS SUMMARISED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASES OF PREPARATION AND ACCOUNTING POLICIES

The financial statements are presented in South African rand, rounded to the nearest million. The financial statements are prepared on the going concern and the historical cost bases, except for certain financial instruments which are stated at fair value.

The directors have made an assessment of the group's and company's profitability and financial position and have determined that the group and company will be a going concern for at least 12 months from approval of the consolidated and separate financial statements. Therefore these consolidated and separate financial statements have been prepared on a going concern basis. The accounting policies applied in the preparation of the financial statements have been consistently applied to all the years presented and are in terms of International Financial Reporting Standards.

The financial statements have been prepared under the supervision of N Salie CA(SA).

The audited annual financial statements of the Company for the year ended 30 September 2021, together with the reports by the directors, the external auditor and the audit committee, were approved by the Board of Directors of the Company (the Board) on the 6th of December 2021 and are available on the Company's website, [www.coronation.com](http://www.coronation.com).

### 2. OPERATING SEGMENTS

Segment information is presented in respect of the group's operating segments based on geographical location. The international segment consists of internationally domiciled funds and clients as well as South African clients with international mandates.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Each segment's operating profitability is measured based on segment results and the segment's income from fund management.

	AFRICA		INTERNATIONAL		GROUP	
	2021 R MILLION	2020 R MILLION	2021 R MILLION	2020 R MILLION	2021 R MILLION	2020 R MILLION
<b>Segment report</b>						
<b>Fund management</b>						
<b>Segment external revenue</b>	<b>2 830</b>	2 331	<b>1 433</b>	1 311	<b>4 263</b>	3 642
<b>Segment operating expenses</b>	<b>(1 546)</b>	(1 463)	<b>(558)</b>	(489)	<b>(2 104)</b>	(1 952)
Other expenses	(1)	(1)	-	-	(1)	(1)
Operating expenses	(1 545)	(1 462)	(558)	(489)	(2 103)	(1 951)
<b>Segment result</b>	<b>1 284</b>	868	<b>875</b>	822	<b>2 159</b>	1 690
<b>Segment financial income/(expense)</b>	<b>61</b>	61	<b>2</b>	(9)	<b>63</b>	52
Finance and dividend income	13	22	-	1	13	23
Other income	48	39	2	(10)	50	29
<b>Segment finance expense</b>	<b>(32)</b>	(23)	<b>(7)</b>	(7)	<b>(39)</b>	(30)
<b>Segment income from fund management</b>	<b>1 313</b>	906	<b>870</b>	806	<b>2 183</b>	1 712
<b>Share of profit of equity-accounted investees</b>	<b>5</b>	6	<b>-</b>	-	<b>5</b>	6
<b>Sundry gains</b>					<b>106</b>	96

## NOTES AS SUMMARISED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 OPERATING SEGMENTS

#### (continued)

#### Income attributable to

#### policyholder linked assets and investment partnerships

Net fair value gains on policyholder and investment partnership financial instruments

Administration expenses borne by policyholders and investors in investment partnerships

#### Profit before income tax

#### Income tax expense

Taxation on shareholder profits

Taxation on policyholder investment contracts and investors in investment partnerships

#### Profit for the year

#### Attributable to:

– equity holders of the company

#### Profit for the year

	AFRICA		INTERNATIONAL		GROUP	
	2021 R MILLION	RESTATED* 2020 R MILLION	2021 R MILLION	RESTATED* 2020 R MILLION	2021 R MILLION	RESTATED* 2020 R MILLION
Segment assets	1 458	1 901	1 167	1 068	2 625	2 969
Right-of-use assets	43	–	18	–	61	76
Intangible assets	–	–	–	–	1 088	1 088
Investment in equity-accounted investee	–	–	–	–	41	41
Deferred tax assets	–	–	–	–	228	151
Investments backing policyholder funds and investments held through investment partnerships	–	–	–	–	60 786	49 473
<b>Total assets</b>	<b>1 501</b>	<b>1 901</b>	<b>1 185</b>	<b>1 068</b>	<b>64 829</b>	<b>53 798</b>
Segment liabilities	1 368	1 828	279	179	1 647	2 007
Lease liabilities	72	–	22	–	94	108
Deferred tax liabilities	–	–	–	–	51	44
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	–	–	–	–	60 771	49 464
<b>Total segment liabilities</b>	<b>1 440</b>	<b>1 828</b>	<b>301</b>	<b>179</b>	<b>62 563</b>	<b>51 623</b>

#### Major customers

None of the group's customers individually represent revenue in excess of 10% of the group's total revenue.

\* In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the statement of financial position.

### 3 LONG-TERM BORROWINGS

Balance at beginning of year

Received during the year

Interest accrued

Interest paid

Reclassified as long-term

Foreign exchange (gains)/losses

#### Short-term portion of long-term borrowings

Balance at beginning of year

Reclassified as long-term

	2021 R MILLION	2020 R MILLION
Balance at beginning of year	467	150
Received during the year	–	148
Interest accrued	27	27
Interest paid	(27)	(27)
Reclassified as long-term	–	150
Foreign exchange (gains)/losses	(16)	19
	<b>451</b>	<b>467</b>
Balance at beginning of year	–	150
Reclassified as long-term	–	(150)
	<b>–</b>	<b>–</b>

The cumulative redeemable preference shares with dividends linked to prime had capital repayments of R150 million due on 1 April 2020 and 1 April 2021 as separate tranches. These two tranches were combined into one tranche as at 1 April 2020 with the capital payment of R300 million now due on 1 April 2025. The refinanced tranche calculates dividends at a fixed rate payable quarterly.

Additional long-term borrowings at year-end reflect a new term loan facility of R151 million (2020: R167 million) with the Standard Bank of South Africa Limited (Standard Bank) entered into on 18 October 2019, amounting to US\$10 million, for the purposes of funding for a Common Contractual Fund (CCF) issued by Coronation Global Fund Managers (Ireland) Limited. The loan facility is at a fixed rate and capital repayment is due on 17 October 2024.

NOTES AS SUMMARISED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

4 FAIR VALUE DISCLOSURE

Fair value hierarchy

- + Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of policyholder and investment partnership liabilities that are included in Level 1 of the hierarchy, are measured with reference to the quoted prices in an active market of the investments underlying the liabilities.
- + Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counter party credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2, are measured with reference to the fair values of the mentioned assets underlying these liabilities. Cash and cash equivalent balances along with their related liabilities of R3 983 million (2020: R 2 286 million).
- + Level 3: Inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

R MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>2021</b>				
Investments backing policyholder funds and investments held through investment partnerships	52 028	4 775	–	56 803
Investment securities	1 268	–	10	1 278
	53 296	4 775	10	58 081
Policyholder, external investor and investment partnership liabilities	–	56 788	–	56 788
<b>2020</b>				
Investments backing policyholder funds and investments held through investment partnerships	42 459	4 728	–	47 187
Investment securities	1 692	–	10	1 702
	44 151	4 728	10	48 889
Policyholder, external investor and investment partnership liabilities	–	47 755	–	47 755

During the current year, an amount of R243 million (2020: R133 million) in debentures included in investments backing policy holder funds and investments held through investment partnerships were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market and R69 million (2020: R7 million) moved from Level 2 to Level 1 as these are now considered to be in an active market. Transfers between levels of the assets and liabilities held at fair value occur when there is a change in market conditions, with transfers from Level 1 occurring when assets and liabilities are no longer held in an active market and vice versa. Bonds are classified as Level 1 if they have been traded within three months prior to the reporting date as the Level 1 classification for these instruments are based on the liquidity basis.

5 PRINCIPAL SUBSIDIARIES, ASSOCIATES, STRUCTURED ENTITIES AND EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

Consolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Depending on the group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

The group has no equity interest in the following limited liability partnerships, which are consolidated based on control:

- + Coronation Granite Hedge Fund en Commandite Partnership
- + Coronation Granite Plus Hedge Fund en Commandite Partnership
- + Coronation Multi-Strategy Arbitrage Hedge Fund en Commandite Partnership
- + Coronation Presidio Hedge Fund en Commandite Partnership

Details regarding the group's contractual commitments to these partnerships are included in note 6.

External investors in consolidated funds

Prior period restatement

Amounts classified as 'Non-controlling interest in consolidated funds' disclosed under Equity in prior years (2020: R130 million (2019: R147 million)) have been reclassified to 'External investors in consolidated funds' under liabilities in the statement of financial position. The reclassification is due to the incorrect application of the equity and liability principles of puttable instruments issued by funds upon consolidation in the group financial statements. These puttable instruments, which are classified as equity in the respective underlying funds' financial statements, are now classified as financial liabilities on consolidation.

This reclassification impacts the statement of financial position only and consequently has no impact on prior periods' profit, earnings per share, diluted earnings per share, retained earnings and cash flows of the group, nor any impact on total equity attributable to equity holders of the company.

Current year

The group's interest at year-end in the Coronation Global Frontiers Fund is 55% (30 September 2020: 57%) and in the Coronation Global Sustainable Equity Income Fund\* is 100% (30 September 2020: 100%). The group consolidates the Coronation Global Frontiers Fund and the Coronation Global Sustainable Equity Income Fund\* due to the size of the group's holding in the funds.

In the current year, the group seeded the Coronation Sustainable Global Emerging Markets Fund\* and the Coronation International Equity Fund\* and holds 100% of both funds. The group's interest in Coronation Global Equity Select Fund [ZAR] Feeder Fund has decreased in the current year and as such is no longer consolidated as there are no indicators of control and the group does not exert significant influence over this fund.

\* Common Contractual Fund

## NOTES AS SUMMARISED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

#### Guarantees

Coronation Management Company (RF) Proprietary Limited is the disclosed partner in the Coronation Granite Hedge Fund en Commandite Partnership, the Coronation Granite Plus Hedge Fund en Commandite Partnership, the Coronation Multi-Strategy Arbitrage Hedge Fund en Commandite Partnership and the Coronation Presidio Hedge Fund en Commandite Partnership. As the disclosed partner, these companies are liable to third parties for all the liabilities of the partnership over and above the capital contributions, and future income which accrues to the partners as well as the retained and current profits and assets of the partnerships. The other partners have no further liability for further contributions, or to incur any liability to any third party over and above their contributions. Based on current performance the probability of payment is insignificant.

All portfolio risk inherent within the investment partnerships is managed within the general risk parameters and controls as set out in the Risk Management section of the group's integrated report. In addition, Coronation Investment Management (South Africa) group stands guarantor for the term loan facility of US\$10 million with Standard Bank (refer to note 3).

#### Contingent liabilities: South Africa Revenue Service (SARS) matters

From time to time, in common with other organisations, the group is subject to review by SARS. The group has been the subject of a review on a matter of principle relating to its international operations, and assessed for the 2012 to 2017 financial periods, to which management strongly disagrees and has objected. During the financial year this matter was heard in the Western Cape Tax Court ('the Court') and the Court has ruled in the group's favour on 17 September 2021. SARS subsequently appealed this judgement. Management, supported by external legal advisers involved in the matter, remains confident of the group's position. An outflow is not considered probable when the matter is ultimately adjudicated in the Supreme Court of Appeal.

### 7 EARNINGS PER SHARE

#### BASIC EARNINGS PER SHARE (CENTS)

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted number of ordinary shares in issue during the year.

	CENTS	CENTS
	<b>487.9</b>	398.5
	<b>NUMBER '000</b>	<b>NUMBER '000</b>
Issued ordinary shares at beginning of year	<b>349 799</b>	349 799
Weighted average number of ordinary shares in issue during the year	<b>349 799</b>	349 799
<b>Adjusted weighted number of ordinary shares potentially in issue</b>	<b>349 799</b>	349 799
	<b>R MILLION</b>	<b>R MILLION</b>
Earnings attributable to shareholders	<b>1 707</b>	1 394
<b>Earnings attributable to ordinary shareholders</b>	<b>1 707</b>	1 394
	<b>2021 CENTS</b>	<b>2020 CENTS</b>

#### Diluted earnings per share (cents)

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares potentially in issue.

**487.9** 398.5

### 7 EARNINGS PER SHARE (continued)

Earnings attributable to shareholders

**2021 R MILLION** **2020 R MILLION**

**1 707** 1 394

**Diluted earnings attributable to ordinary shareholders**

**1 707** 1 394

#### Headline earnings per share (cents)

Headline earnings per share has been calculated in accordance with the circular titled Headline Earnings issued by the South African Institute of Chartered Accountants.

	PROFIT BEFORE TAX R MILLION	TAX R MILLION	EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS R MILLION	PER SHARE CENTS
<b>2021</b>				
Per the financial statements	<b>2 304</b>	<b>(597)</b>	<b>1 707</b>	<b>487.9</b>
<b>Headline earnings</b>	<b>2 304</b>	<b>(597)</b>	<b>1 707</b>	<b>487.9</b>
<b>Diluted headline earnings per share (cents)</b>			<b>1 707</b>	<b>487.9</b>
<b>2020</b>				
Per the financial statements	1 823	(429)	1 394	398.5
<b>Headline earnings</b>	1 823	(429)	1 394	398.5
<b>Diluted headline earnings per share (cents)</b>			1 394	398.5

	<b>2021 CENTS</b>	<b>2020 CENTS</b>
<b>DIVIDENDS PER SHARE</b>		
Dividend distribution		
– interim: declared 25 May 2021 (2020: 26 May 2020)	<b>244</b>	178
– final: declared 23 November 2021 (2020: 24 November 2020)	<b>226</b>	205
<b>Total dividend</b>	<b>470</b>	383

### 8 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, which excludes the net impact of fair value gains and losses and related foreign exchange on investment securities held by the group. In management's view, this measure represents the earnings from core business activities of the group, being fund and investment management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on investment securities disclosed in the consolidated statement of financial position.

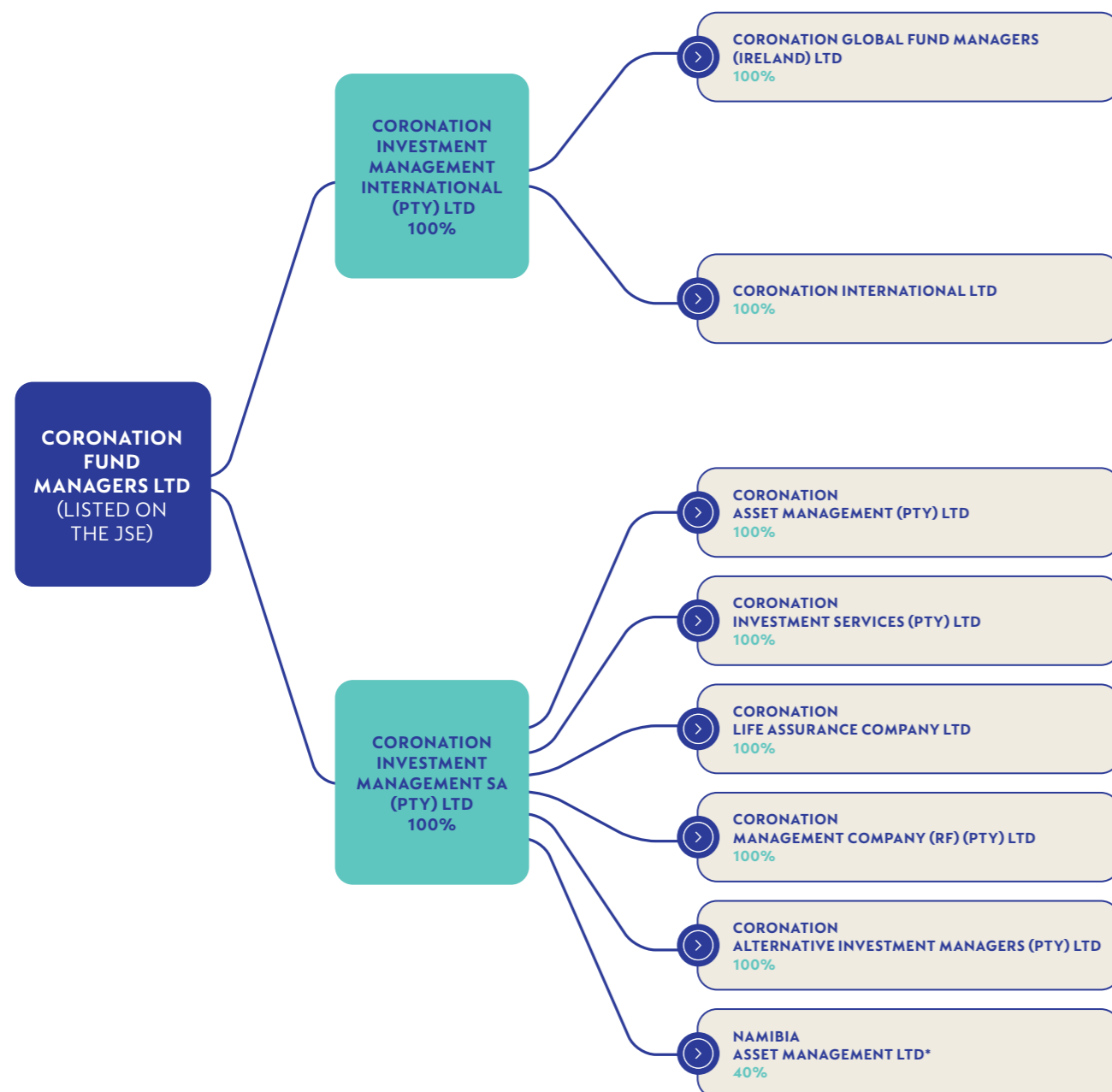
	<b>2021 R MILLION</b>	<b>2020 R MILLION</b>
Headline earnings attributable to ordinary shareholders	<b>1 707</b>	1 394
Sundry gains (consolidated statement of comprehensive income)	<b>(106)</b>	(96)
Related tax (28% at capital gains inclusion rate) and bonus impact	<b>46</b>	42
Earnings from fund management	<b>1 647</b>	1 340
Fund management earnings per share (cents)	<b>470.9</b>	383.1
Diluted fund management earnings per share (cents)	<b>470.9</b>	383.1

### 9 EVENTS AFTER THE REPORTING DATE

The cash dividend for the 2021 financial year of R791 million (226 cents per share) was declared based on the actual shares in issue of 349 799 102.



# Corporate structure



# Company information

**Annual General Meeting:**  
Wednesday, 16 February 2022 at 14:00  
**Share code (ordinary shares):** CML  
**ISIN:** ZAE000047353  
**LEI:** 3789001BC9A294E6FF77

## Board of Directors

**Executive directors:**  
Mr Anton Pillay (Chief Executive Officer)  
Ms Mary-Anne Musekiwa (Chief Financial Officer)  
**Non-executive directors:**  
Prof Alexandra Watson (Chairperson)\*  
Mr Saks Ntombela\*  
Ms Lulama Boyce\*  
Ms Judith February\*  
Dr Hugo Nelson\*  
Mrs Madichaba Nhlumayo\*  
Mr Neil Brown\*  
Mr Phakamani Hadebe\*  
Mr Shams Pather\*\*  
Mr Jock McKenzie\*\*\*

\* Independent non-executive directors.  
\*\* Deceased 5 July 2021.  
\*\*\* Retired 30 June 2021.

## Company Secretary

Ms Nazrana Hawa

## Registered office

7th Floor, MontClare Place  
Cnr Campground and Main Roads  
Claremont 7708  
Cape Town

## Postal address

PO Box 44684  
Claremont 7735

## Transfer secretaries

Computershare Investor Services (Pty) Ltd  
Rosebank Towers  
15 Biermann Avenue  
Rosebank 2196  
Private Bag x9000  
Saxonwold 2132

## Auditors

KPMG Inc.  
The Halyard  
4 Christiaan Barnard Street  
Foreshore  
Cape Town 8001

## Sponsor

PSG Capital Proprietary Limited  
(Registration number: 2006/015817/07)  
1st Floor  
Ou Kollege Building  
35 Kerk Street  
Stellenbosch 7600  
(PO Box 7403  
Stellenbosch 7599)

\* Not included in the scope of this report. See <http://www.namasset.com.na> for more information.

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**For Unit Trusts:** All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the unit trust. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the unit trust over the given time period. Where foreign securities are included in a unit trust it may be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Excessive withdrawals could place the unit trust under liquidity pressures, in such circumstances a process of ring-fencing of redemption instructions and managed pay-outs over time may be followed. A fund of funds unit trust invests in collective investment schemes that levy their own fees and charges, which could result in a higher fee structure for the unit trust. A feeder fund unit trust invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Unit trusts are traded at ruling prices set on every day trading. Forward pricing is used. Additional information such as fund prices, brochures, application forms and a schedule of fees and charges is available on our website, [www.coronation.com](http://www.coronation.com).

**For Fund/Strategy Investments:** Performance figures are quoted gross of management fees after the deduction of certain costs incurred within the particular fund.

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