



# Governance and related reports

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

---



## Social, Ethics and Transformation Committee Report

The responsibilities of the Social, Ethics and Transformation (SET) Committee include monitoring 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. During the period under review, the Board agreed that more consideration should be spent on ESG factors within the Company and the Committee has incorporated environmental sustainability matters into its meeting agenda.

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 Stakeholder Relations section on [www.coronation.com](http://www.coronation.com)

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.

### MEMBERS

---

Ms Judith February – Chairperson

---

Mrs Madichaba Nhlumayo – independent non-executive director

---

Mr Phakamani Hadebe – independent non-executive director

---

Ms Mary-Anne Musekiwa – executive director

---

### INVITEES

---

A standing invitation is issued for the Company Secretary, CFO, COO, Risk Assurance Manager and senior managers as required.

---

The Company Secretary serves as the secretary to the SET Committee, which is supported in the execution of its mandate by employee and management committees, namely the Employment Equity and CSI committees. The activities of these committees are formally reported to the SET Committee at each meeting. The SET Committee met twice during 2022, 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, transformation and ethics, including the Group's standing in terms of the goals and purposes of, inter alia, the following:

- The Companies Act No.71 of 2008;
- UN Global Compact 10 Principles;
- Organisation for Economic Co-operation and Development recommendations regarding corruption;
- The ILO protocols on Decent Work and Working Conditions;
- The Employment Equity Act, No. 55 of 1998; and
- The B-BBEE Act, No. 53 of 2003.

## Key focus areas

### 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 and the Brilliant Minds training programme for interns

### 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 has taken 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 Sustainable Development Goals

- The SET Committee understands the need to align the Company's strategy and objectives to the needs of society, and the Company is committed to the UN Sustainable Development Goals (SDGs). → *Refer to our Sustainability Report* for a summary of the SDGs relevant to the Company.
- The SET Committee oversees and receives 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 31 of the Sustainability Report* 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 to implement 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 an independent, formal, externally managed assessment every two years. Accordingly, an independent, formal, externally managed assessment of the Committee was completed in 2022, and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate. This has been affirmed by the Board.

### Future focus

The SET Committee will continue to focus on the Group's relationships with its stakeholders and public perception of the Company. Additionally, continued focus will be applied to 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. 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. Furthermore, we understand that it is good for our 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 is a combined committee, consisting of three independent non-executive directors who operate under formal terms of reference. The 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.

### MEMBERS

---

Prof Alex Watson – Chairperson of Nominations Committee

---

Dr Hugo Nelson – Chairperson of Remuneration Committee

---

Mr Neil Brown – independent non-executive director

---

### INVITEES

---

No standing invitations are issued by the Committee. Members of senior management and/or external service providers are invited to attend the meetings as requested by the Committee.

---

The Remuneration and Nominations Committee usually meets no less than three times a year, in April, September and October, as well as on an ad hoc basis, if required. During the 2022 financial year, the Remuneration and Nominations Committee met four times and there was full attendance at all meetings by its members. The primary objective of the Remuneration and Nominations 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 contributions 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. The Remuneration Committee is also responsible for ensuring that the Board achieves an appropriate level of race and gender diversity in accordance with Coronation's Board Diversity Policy.

### Key focus areas

During the period under review, the Remuneration and Nominations Committee was instrumental in making key amendments to the remuneration structure of executive directors to ensure that the structure is in keeping with sound and transparent remuneration practices. The Remuneration and Nominations 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 or the Remuneration and Nominations Committee Charter in the Stakeholder Relations section on [www.coronation.com](http://www.coronation.com).

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes an independent, formal, externally managed assessment every two years. Accordingly, a formal, externally managed assessment of the Committee was completed in 2022, and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate. This has been affirmed by the Board.

## Audit Committee Report

The Audit Committee applies its continued oversight over financial reporting and its statutory obligations. The Audit Committee is 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. To ensure consistency in the application of the Combined Assurance Model, all members of the Audit Committee also serve as members of the Risk Committee.

The Audit Committee is chaired by Ms Lulama Boyce, head of the commercial accounting department at the University of Johannesburg. Collectively, the Audit Committee members have the skills required to fulfil its duties, including financial and broader corporate reporting expertise, and comprises independent non-executive directors.

### MEMBERS

---

Ms Lulama Boyce – Chairperson

---

Dr Hugo Nelson – independent non-executive director

---

Mrs Madichaba Nhlumayo – independent non-executive director

---

Mr Saks Ntombela – independent non-executive director

---

### INVITEES

---

A standing invitation is issued to all directors, internal and external assurance providers, the Company Secretary and senior finance team management.

---

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. In addition, the Committee convenes in December each year to review and approve the annual financial statements.

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;
- ▶ Exercising decision-making power and accountability regarding the statutory duties of the Coronation Group.

The Audit Committee Charter, available on [www.coronation.com](http://www.coronation.com), 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 2022 financial year, with full member attendance at all meetings. The Chairperson of the Audit Committee provides feedback on matters discussed at the Audit Committee meetings to the Board.

## Key focus areas

### 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 auditors.
- ▶ The Audit Committee reviews the quantum and type of non-audit services provided by external auditors to ensure compliance with the specified limits.
- ▶ 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 staff responsible for the audit comply with all legal and professional requirements with regards to rotation and independence. The Audit Committee is satisfied that the external auditor is independent of Coronation.
- ▶ The Audit Committee also considered and is satisfied 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, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

### Oversight of the finance function

The Audit Committee is satisfied with the expertise of the CFO in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements, 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 and Risk committee chairpersons and external auditors regarding the effectiveness of the finance function.

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

Based on the processes and assurances obtained, the Audit Committee is of the view that the accounting practices are effective.

### Oversight of Combined Assurance Model

During the year, the Audit Committee approved the Operational Risk Assurance Plan and the output of the Group's Combined Assurance Model. The Audit Committee 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 under review or the performance of any assurance provider.

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes an independent, formal, externally managed assessment every two years. Accordingly, a formal, externally managed assessment of the Committee was completed in 2022, and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate. This has been affirmed by the Board.

## Risk Committee Report

The Risk Committee has been mandated by the Board to review and have oversight of risk management within the Company.

### MEMBERS

---

Mr Saks Ntombela – Chairperson

---

Dr Hugo Nelson – independent non-executive director

---

Ms Lulama Boyce – independent non-executive director

---

Mrs Madichaba Nhlumayo – independent non-executive director

---

Mr Neil Brown – independent non-executive director

---

### INVITEES

---

A standing invitation is issued to all directors, internal assurance providers, the risk management function, Company Secretary, COO and Head of IT.

---

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 meets three times 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 regarding 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.



### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes an independent, formal, externally managed assessment every two years. Accordingly, a formal, externally managed assessment of the Committee was completed in 2022 and the Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate. This has been affirmed by the Board.

### 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, ensure they are adequately addressed, and that the appropriate controls are in place to address them.

#### Risk management

- ▶ The Committee assists 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 while entrenching corporate governance principles. 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 Framework (the Risk Framework) more fully articulates 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.

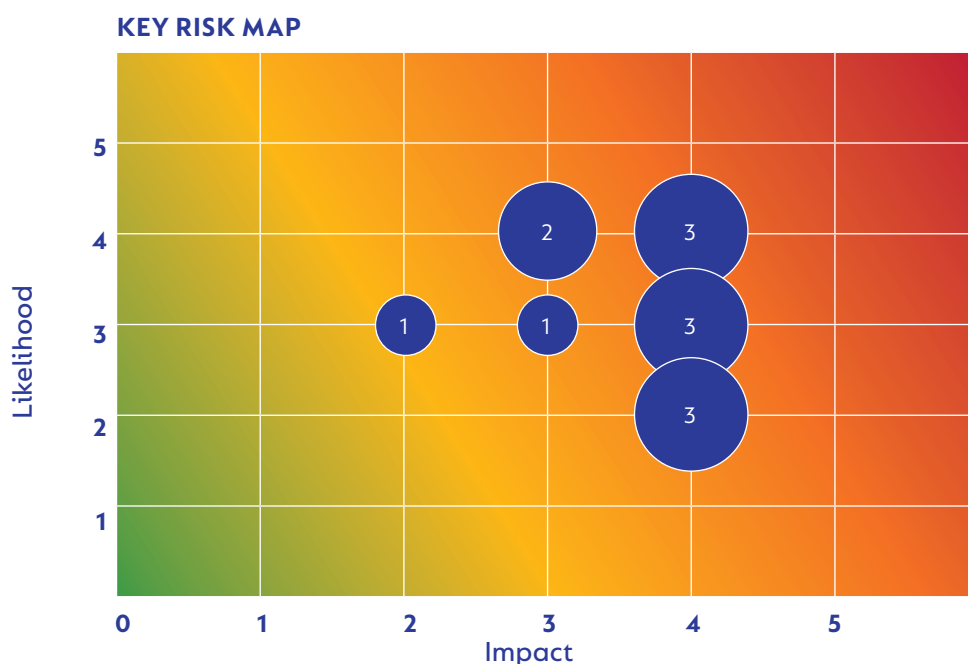


The risk management function is managed by the Risk Officer, who reports to the Head of Global Risk and Compliance. The Risk Officer is responsible for overseeing and reporting on management’s procedures to manage risk across the Group. More specifically, the Risk Officer is responsible for ensuring 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, who meet with the Chairperson of the Risk Committee ahead of each meeting. The Risk Officer delivers the Risk Management Report at each meeting. The Chairperson of 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, the senior management team and the Chairperson of the Risk Committee.

We have developed, implemented and continuously improve the Risk Framework to ensure that the management of risk is integrated into the Company’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 with 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.



● Number of risks August 2022

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

Given the nature of our business and the environment in which we operate, a shrinking savings pool, impacted by low economic growth, low confidence in SA Inc. and low levels of formal employment, the risks below are focused on areas where we are able to mitigate and directly manage our exposure to these uncertainties.

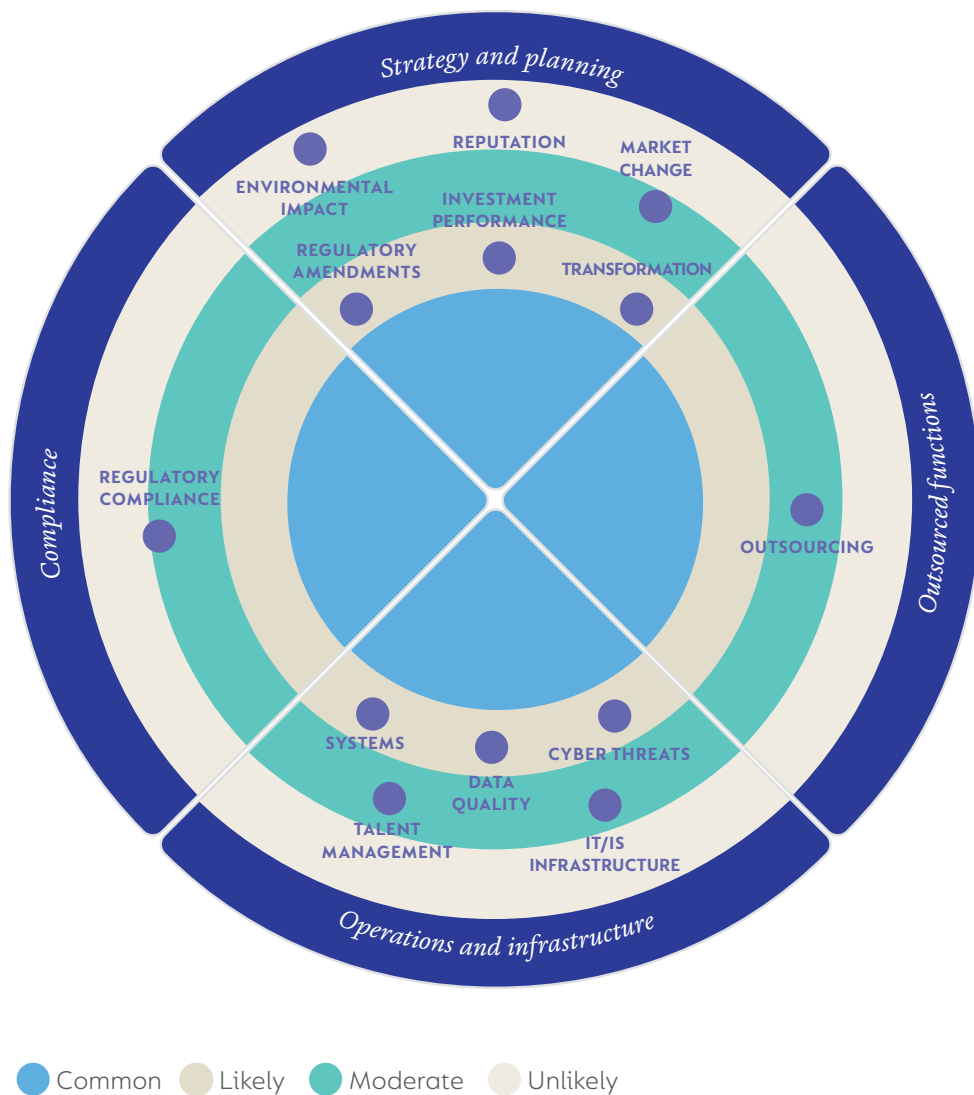
The table below outlines the risk types facing the business, along with the relevant mitigating controls. Refer to the residual risk rating table on the previous page.

Risk	Definition	Management and mitigation
<b>STRATEGIC RISKS</b>		
<b>Investment performance</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 a 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, and the general public, via client communications, our website, conferences and our thought-leadership articles</li> </ul>
<b>Regulatory amendments</b>	Not responding effectively to changes to laws and regulations that may have an adverse effect on our ability to grow our AUM.	<ul style="list-style-type: none"> <li>➤ Develop new products in response to changing client needs, subsequent to in-depth research and viability assessments</li> <li>➤ Increased engagement with clients</li> </ul>
<b>Transformation</b>	The inability to effectively respond to transformation targets as required by regulators and clients	<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 the 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.</li> </ul>
<b>Market Change</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</li> <li>➤ 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>

Risk	Definition	Management and mitigation
<b>STRATEGIC RISKS (CONTINUED)</b>		
<b>Reputation</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>Stewardship</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 provides broad oversight over ESG-related risks and opportunities, with managerial oversight provided by the Executive Committee</li> <li>➤ Our investment team has a three-pronged approach to investing that includes the consideration of ESG matters in their investment process, engagement with investee companies on material matters and, where necessary, collaboration with institutional investors and peers to drive positive change in these companies. This is detailed in our Stewardship Report, which is available on <a href="http://www.coronation.com">www.coronation.com</a>.</li> <li>➤ Our corporate stewardship activities include TCFD-aligned reporting, including a carbon footprint; mitigating our impact; uplifting the communities in which we operate, and engaging with government and the industry to influence for positive change.</li> <li>➤ The Coronation climate strategy focuses on reducing the organisation's environmental impact and remaining resilient to the physical impacts of climate change</li> <li>➤ The Board has mandated management to monitor and manage the carbon footprint of the Company and to report on the outcomes in the Carbon Footprint Assessment</li> <li>➤ The Board has further committed that the Company should retain its carbon-neutral footprint and prioritise and invest in projects that will offset its carbon footprint</li> <li>➤ Carbon intensity benchmarks for our key equity portfolios are below the industry benchmarks</li> </ul>
<b>COMPLIANCE</b>		
<b>Compliance and regulatory</b>	Non-adherence to regulations.	<ul style="list-style-type: none"> <li>➤ Robust compliance programme is 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</li> <li>➤ Periodic independent assurance of the adequacy and efficacy of our compliance arrangements</li> </ul>

Risk	Definition	Management and mitigation
<b>OPERATIONS AND INFRASTRUCTURE</b>		
<b>Talent management</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</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 (→ <i>refer to our Sustainability Report</i>), which serves the dual purpose of developing the nation's youth and providing a workforce pipeline</li> </ul>
<b>Systems</b>	A system/s no longer meeting operational and strategic requirements.	<ul style="list-style-type: none"> <li>➤ Increased engagement with service providers</li> <li>➤ Systems not functioning optimally are prioritised for replacement and/or remediation of critical failures</li> </ul>
<b>Cyber security</b>	A successful cyber-attack.	<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 quality</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</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</li> <li>➤ The Board-approved framework sets out the objectives of technology, which include 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>OUTSOURCING</b>		
<b>Outsourcing</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> <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>

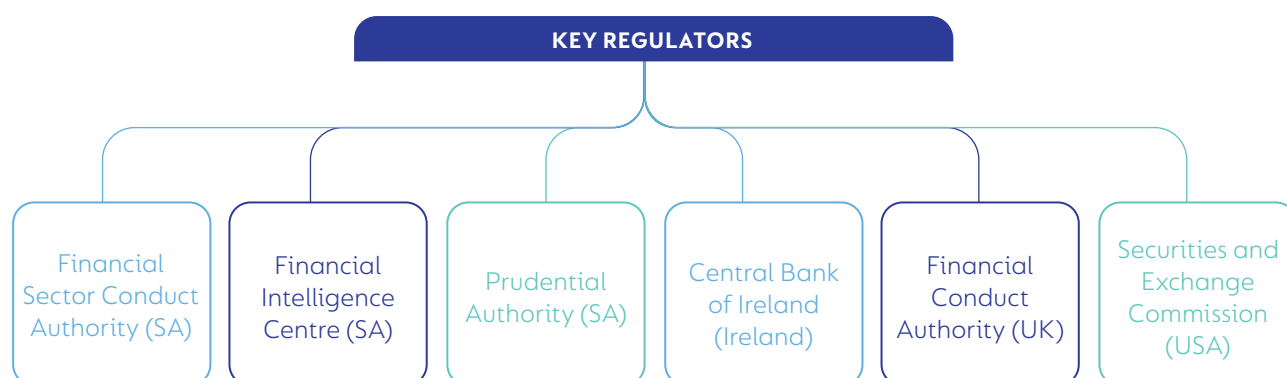


## Compliance Report

### Overview

The Board of Directors assumes responsibility for the governance of compliance and has approved the Compliance Policy that articulates and gives effect to the Company's direction and management of compliance.

The Board has delegated the management of the compliance function to the Risk Committee and the global compliance function, which is primarily responsible for identifying, establishing and monitoring compliance with regulatory obligations in all jurisdictions in which the Group operates.



Coronation's global compliance programme is designed to ensure all regulatory obligations are met by:

- ▶ identifying and understanding the full universe of applicable regulation;
- ▶ implementing appropriate compliance policies, processes and employee training plans;
- ▶ ensuring that, where possible, compliance requirements are embedded in our operational processes and controls;
- ▶ compliance monitoring, to test our ongoing adherence to compliance obligations (2<sup>nd</sup> line of assurance);
- ▶ independent assurance reviews/audits (3<sup>rd</sup> and 4<sup>th</sup> lines of assurance);
- ▶ implementation of reporting frameworks to ensure Coronation's management team and Group Risk Committee/the Board remain aware of all key compliance matters (5<sup>th</sup> line of assurance); and
- ▶ maintaining a transparent and cooperative relationship with our regulators.

In addition, frequent interaction between the compliance team and business/operational staff is facilitated by all 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.

### Resourcing

The global compliance function is resourced using an appropriate blend of permanent employees and specialist compliance consultancies. We also employ the services of 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 during the reporting period.



## 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. Ethical behaviour is a business imperative for any investment manager eager to earn and continue to earn their clients' trust. All employees are required to conduct themselves in accordance with our Code of Ethics, our Client Charter and our Six Values.

In addition, all employees are required to complete an annual declaration that includes the provision of information and/or declarations regarding outside interests, personal account investing, broker statements, conflicts of interest, adherence to 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, our Client Charter and Six Values.

## 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 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 regarding new or amended regulation</li><li>▶ Internationally, we are members of the Investment Company Institute and Irish Funds Industry Association, which serves a similar purpose regarding US and EU legislation</li><li>▶ We maintain a regulatory consultation tracker to document and monitor the progression and impact of new or amended regulations, locally and internationally</li><li>▶ These channels, together with our local and international network of advisers, ensures 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</li><li>› On-the-job training, particularly in instances where compliance requirements are embedded in daily processes</li></ul></li></ul>

## KEY COMPLIANCE GOALS

Goal	Measures
Work in close partnership with management to develop pragmatic risk-based solutions to regulatory obligations.	<ul style="list-style-type: none"> <li>Representatives of all key departments and management are all 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, COO, CFO and other senior managers, and participates in the appropriate forums and committees</li> </ul>
Ensure that management and the Risk Committee are kept informed of material compliance risks facing the Group, including via effective formal reporting.	<ul style="list-style-type: none"> <li>Monthly written compliance reports are provided to management and the independent chairpersons of the Group Risk and Audit committees</li> <li>A compliance report is provided to the Group Risk Committee for review and discussion at committee meetings, which are held three times per year</li> </ul>
Manage service provider and regulatory relationships effectively.	<ul style="list-style-type: none"> <li>Our compliance staff remain in regular contact with third-party service providers and personnel at our key regulators (directly or via intermediaries or industry associations)</li> </ul>

### Key areas of legal and regulatory focus during the period

We remain abreast of key regulatory developments impacting our business on a continuous basis and initiate projects and change-management to address new or amended regulatory obligations, as required. During the period under review, there has been an increase in activity by regulators, both locally and internationally.

### Key areas of focus and engagement

- ▶ Tax treatment of amounts received by or accrued to portfolios of collective investment schemes
- ▶ Retirement reform (“two-pot system”)
- ▶ Conduct of Financial Institutions Bill
- ▶ Companies Act Amendment Bill
- ▶ FSCA Strategy for Promoting Financial Sector Transformation and Employment Equity Amendment Bill
- ▶ FSCA’s cross-sectoral conduct of business return
- ▶ Engagement with the Prudential Authority regarding linked-insurance business
- ▶ Regulation 28 amendments (infrastructure investments)
- ▶ Sustainable Financial Disclosure Regulation: impact assessment and implementation continue regarding this key ESG regulatory development in the EU
- ▶ Reviewing our anti-money laundering, countering terrorist and proliferation financing programme, in light of the Financial Action Task Force’s Mutual Evaluation Report and the threat of grey listing
- ▶ Impact of sanctions on the management of investment portfolios as a consequence of Russia’s invasion of Ukraine

During the reporting period, there were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations imposed on the Company or members of the Board and management.

### 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

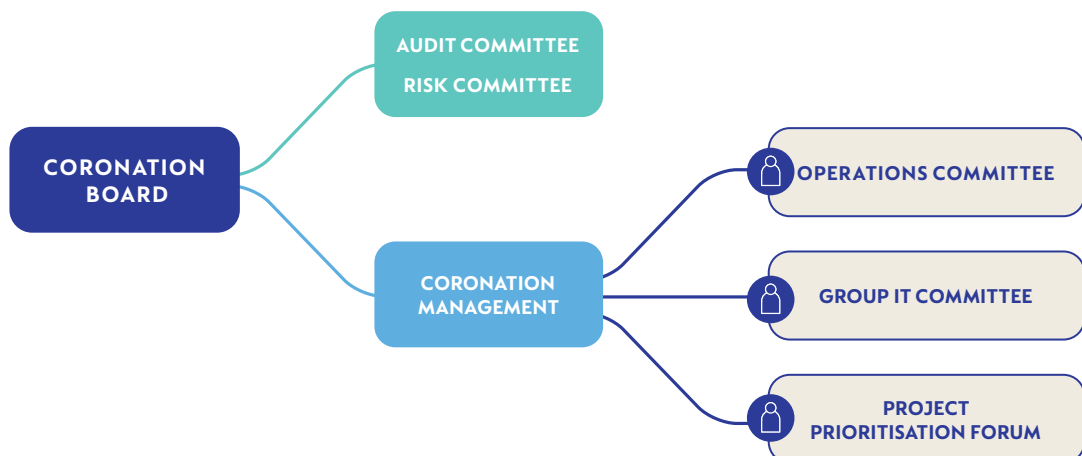
The effective management of information technology (IT) and information systems (IS) is key to achieving our strategic objectives, particularly in delivering excellent client service and supporting long-term investment outperformance.

The Board aims to represent the interests of all stakeholders in delivering a successful and sustainable business. Accordingly, it 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 the application of legislative requirements and other leading guidance as it pertains to IT management relevant to the Group, including but not limited to:
  - › King IV™ Report on Corporate Governance
  - › Control Objectives for Information and Related Technologies
  - › Information Technology Infrastructure Library
  - › 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.

Management is responsible for implementing and operating an effective technology and information management system, as delegated by the Board. Accordingly, management approves the operating model for managing IT and IS and is supported by the Operations Committee, the Group Information Technology Committee and the Project Prioritisation Forum. In addition, the Board has mandated the Risk and Audit committees to oversee the adequate and effective risk management and system of internal controls, respectively, including those pertaining to technology. The organisational and governance structure is illustrated below.



<b>Party</b>	<b>Role and responsibility</b>
<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>Risk Committee</b>	<ul style="list-style-type: none"> <li>➤ Monitor the management of IT-related risks, including cyber risk</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>➤ Oversees technology, IS and information-related assurance as it relates to financial controls</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 the implementation and execution of effective IT services and IT risk 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 of monitoring 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 launched our new Client Online Services (COS) website for our direct clients in 2021. The new platform, which provides an intuitive portal that reflects our long-term investment philosophy, ensures that investors can easily find the information they need, and transact in a simple and secure environment. The new site is mobile-friendly and has introduced new features that significantly enhance our legacy platform. In 2023, we will be rolling out a similar secure portal for independent financial advisers who manage Coronation investments on behalf of their clients.

## Data Disruption Project

This longer duration project is focused on delivering high-quality, timeous data via a scalable cloud platform. Data is central to business sustainability and success, and our data management has evolved by thinking about our data differently, including the formalising of data definitions, and introducing improved governance to every aspect of data management.

The project has already delivered significantly higher quality data more efficiently, and the new platform provides for greater insight into each data point from definition through to where it is either presented or used. A key benefit is a much better understanding of the impact of our data across our business, as well as its use and value to individual business areas.

The business risk of incorrect reporting and/or incorrect calculations has been substantially reduced, and data management is meaningfully improved through significantly enhanced governance and process maturity.

The data sets and related reporting outputs associated with the first phase of the project were released into production during 2022 (as planned) with new phases planned for 2023 and 2024.

## 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 business operations;
- › 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 the 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 into an IT/IS risk register, and material IT/IS risks are escalated to the key risk register, which is submitted to the Risk Committee. The Risk Committee also reviews regular reports on IT and IS risk. Key technology risks are detailed on the following page.

Risk	Mitigation strategies
<b>Ineffective IT Strategy</b>	<ul style="list-style-type: none"> <li>➤ All strategic IT initiatives are in response to business needs and/or requirements</li> <li>➤ IT Strategy is developed by management in response to and in support of the overall business strategy</li> <li>➤ IT Strategy is approved by the Coronation Board</li> </ul>
<b>A successful cyber attack</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 are 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>Lack of effective IT resiliency and business continuity plans</b>	<ul style="list-style-type: none"> <li>➤ Comprehensive and dynamic business continuity and disaster recovery plans (DRP) are reviewed at least annually. The DRP, which is a key component of the business continuity plan, is tested at least twice a year to ensure the complete restoration of core business functions in the event of a disaster within a defined recovery objective. At least one test includes user acceptance testing to verify that 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> <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>Ineffective technology vendor and third-party management</b>	<ul style="list-style-type: none"> <li>➤ Thorough due diligence procedures are carried out before the appointment of significant third-party technology vendors</li> <li>➤ Once appointed all third-party vendors are subjected to ongoing monitoring in line with the Group oversight model and with reference to an agreed service level agreement (SLA)</li> <li>➤ Vendor resilience and recovery capabilities are evaluated for all significant vendors</li> </ul>
<b>Failure to execute IT and IS programmes</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 Chief Operating Officer, facilitating the integration and alignment of the business and technology</li> <li>➤ All key IT initiatives (programmes, projects, upgrades, purchases) are tracked and monitored by management and reported on to the Coronation Board</li> <li>➤ All projects are prioritised and governed to ensure that objectives and critical success factors are delivered upon within budget and agreed timelines</li> </ul>

Risk	Mitigation strategies
<b>Inability to manage technology operations effectively</b>	<ul style="list-style-type: none"> <li>➤ Ongoing operations risk is managed by a combination of software and dedicated technology specialists</li> <li>➤ Changes made to production environments are implemented in line with Group policy and are highly controlled</li> <li>➤ Changes made to production, rollbacks, and disruption from changes are monitored by management</li> <li>➤ Internal SLAs are used to measure adherence to operational availability and delivery</li> <li>➤ Power supply challenges related to Eskom have been managed by securing multiple alternative supplies</li> </ul>
<b>Ineffective management of IT and cyber security risks</b>	<ul style="list-style-type: none"> <li>➤ IT and cyber security risks are managed in line with the Group Risk Management Framework and reported on to the Risk Committee</li> </ul>
<b>Ineffective data and information management</b>	<ul style="list-style-type: none"> <li>➤ A significant amount of data has been migrated to a new data platform.</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> <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> <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> <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 assured annually in accordance with ISAE 3402. Risk-based, technology-focused assurance is additionally undertaken in accordance with the approved Operational Risk Assurance Plan. The results of these reviews are reported to the Audit Committee.

### Future focus

- Security of our environment.
- Continued focus on governance, management and security of data.
- Enhancing and extracting additional efficiencies from our outsourced services.
- The wider rollout of customer relationship management systems, improved automation and workflow.
- Continue our effective management of vendors.
- Technology to complement ongoing flexible working scenarios.
- Innovation through automation and process re-engineering.