



Integrated Annual Report

2022



CORONATION

TRUST IS EARNED®



Contents

SCOPE OF THE REPORT	2
DIRECTORS' APPROVAL	3
ABOUT US	4
> A singular focus on fund management	
> Values underpinned by client focus	
> Our performance at a glance	
> Active stewardship	
CHAIRPERSON'S STATEMENT	14
CHIEF EXECUTIVE OFFICER'S REVIEW	17
STRATEGIC FOCUS AREAS	20
> Long-term investment performance	
> Excellent client service	
> Our global footprint	
> Active corporate citizenship	
> Effective and integrated governance	
MATERIAL MATTERS	56
HOW CORONATION CREATES VALUE FOR STAKEHOLDERS	58
> For clients	
> For shareholders	
> For government and regulatory bodies	
> Through and for our people	
GOVERNANCE AND RELATED REPORTS	78
> Social, Ethics and Transformation Committee Report	
> Remuneration and Nominations Committee Report	
> Audit Committee Report	
> Risk Committee Report	
> Risk Management Report	
> Compliance Report	
> Information Technology and Systems Report	
REMUNERATION REPORT	101
> Remuneration Committee Chairperson's Statement	
> Remuneration Policy	
> Remuneration Policy Implementation Report	
FINANCIAL PERFORMANCE	123
> Financial review	
> Consolidated summary financial information	
COMPANY INFORMATION	139



Scope of the report

Our Integrated Annual Report (the report) for the financial year ended 30 September 2022 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; and our employees, who play a critical role in delivering superior long-term investment outcomes and client service. For details on our business activities and the impact thereof on value creation for broader society and the economy as well as on the environment, please refer to our first annual [Sustainability Report](#).

This Integrated Annual 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™)¹ 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 Integrated Reporting Framework, the Global Reporting Initiative Standards, as well as recommendations of the Integrated Reporting Council of South Africa (IRCSA), the Task Force on Climate-Related Financial Disclosures (TCFD), and the JSE Sustainability and Climate Disclosure Guidelines. Our King IV™ application register is published on www.coronation.com.

In considering the application of the six capitals as recommended by the International Integrated Reporting Council, the financial, human, intellectual, natural, and social and relationship capitals are the most material to our business in creating value for stakeholders. As the manufacturing capital has minimal impact on the Company our reporting is focused on the five capitals mentioned above.

Key points of interest

- Long-term investment performance (→ [page 26](#))
- Active stewardship (→ [page 12](#))
- Sustainable investing (→ [page 27](#))
- Material matters (→ [page 56](#))
- Our value creation process (→ [page 58](#))
- Effective and integrated governance (→ [page 43](#))
- Our people (→ [page 75](#))
- Financial performance (→ [page 123](#))

Reporting suite

As we continue to enhance the Company's reporting framework, this year sees the introduction of our first stand-alone Sustainability Report which should be read in conjunction with this Report. In establishing Coronation's reporting suite we have repositioned our disclosures across the suite to ensure comprehensiveness. Our reporting suite now comprises of the following reports and their ancillary documents:

- **Integrated Annual Report**
 - › Notice to Shareholders
 - › Annual Financial Statements
- **Sustainability Report**
 - › Carbon Footprint Assessment
- **Stewardship Report**

All reports are published in the Stakeholder Relations section on www.coronation.com.

Directors' approval

The Board of Directors (the Board) acknowledges responsibility for ensuring the integrity of this report and believes that it is guided by the principles of the Integrated Reporting Framework. 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 2022. 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 Stakeholder Relations section on www.coronation.com. All information is reported for the year ended 30 September 2022, unless otherwise indicated. This report was approved by the Board of Directors on 23 December 2022.

Alexandra Watson

Sakhiwd (Saks) Ntombela

Hugo Nelson

Judith February

Lulama Boyce

Madichaba Nhlumayo

Neil Brown

Phakamani Hadebe

Anton Pillay

Mary-Anne Musekiwa



About us

We have been growing long-term wealth for our institutional and personal investment clients for 29 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 delivering superior long-term investment outcomes 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.

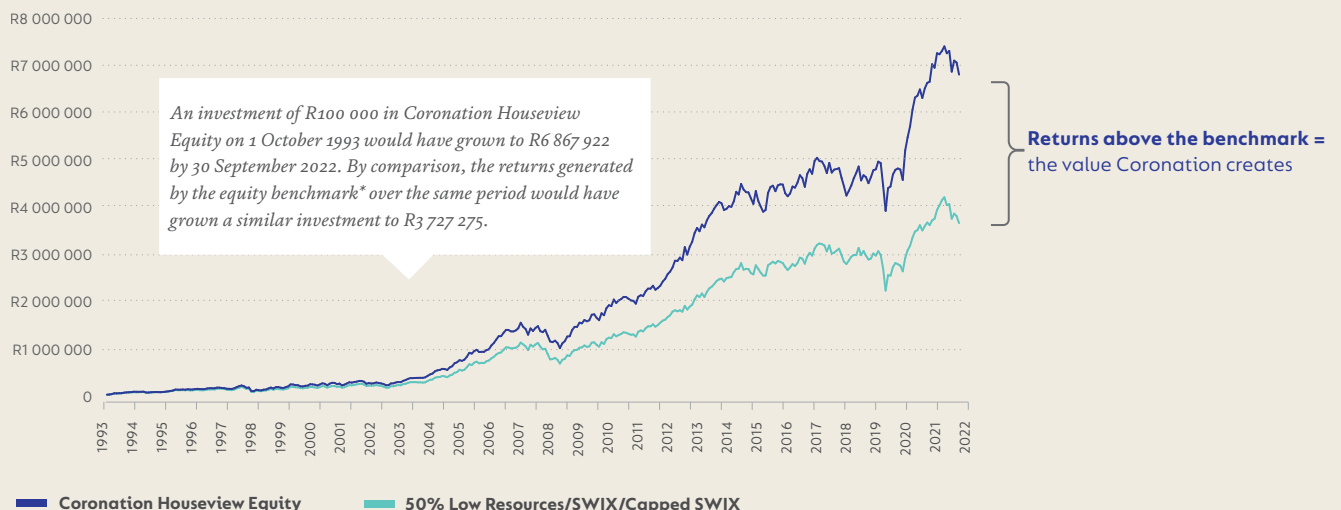
VALUE CREATED BY
OUR HOUSEVIEW
EQUITY STRATEGY

84%

more than the benchmark
since inception

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. 96% of our portfolios have outperformed their benchmarks.¹



¹ As at 30 September 2022, Company-wide, asset-weighted since-inception track record for funds with >10-year track records.

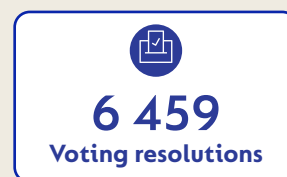
* FTSE/JSE Capped Shareholder Weighted Index from 1 May 2017. Previously 50% Resources (inception to 31 January 2002) and FTSE/JSE Shareholder Weighted Index (1 February 2002 to 30 April 2017)

ACTIVE INVESTMENT STEWARDSHIP

Active engagement



Voting in line with our principles



* 2021 figures; we report on our stewardship figures on a calendar year basis

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.



63%
of our employees
are black



51%
of our employees
are women



86%
of our new hires
are black



50%
of our Board
are women

* As measured by the Financial Sector Code.

R269bn

representing 47% of our total
AUM is managed by black
investment professionals

203

black IFA practices supported
through the ASISA IFA
Development Programme

32

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

Training stats are cumulative since programme inception
Employee figures refer to South Africa-based employees; all figures as at 30 September 2022.

A SINGULAR FOCUS ON FUND MANAGEMENT

Coronation is 27% employee owned, creating a high-performance meritocracy that is characterised by curiosity, diversity and inclusivity. Our ability to consistently deliver outperformance, at scale, over multi-periods is a key differentiator.



VALUES UNDERPINNED BY CLIENT FOCUS

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 35](#)).

We are focused on the long term

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 26](#)).

We act like owners

Our business is 27% 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 2027 (→ [refer to page 101](#)).

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 94](#)).

We embrace our 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 professionals (→ [refer to page 75](#)).

We are a team-based company

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 75](#)).

OUR PERFORMANCE AT A GLANCE

The following table outlines Coronation's activities and key performance indicators, and links them to the Company's five strategic focus areas (→ refer page 20).



Long-term investment performance



Excellent client service



Our global footprint



Active corporate citizenship



Effective and integrated governance

Strategy and values

Established organisational culture and values



- In November 2021, all employees returned to the office, as our team-based culture thrives best in-person
- Our strong ethos of ownership continued to be reinforced, demonstrated by the fact that employees own 27% of Coronation
- We remained uncompromising about ethics and putting clients first.
- Entrepreneurial flair and sense of ownership remain vital components of our cultural DNA
- Social upliftment is central to who we are. As a business and individually, we are active in helping those in need via our CSI partners and registered charities.
- As an active manager, we engage with our peers, industry and regulators with a view to creating both a sustainable economy and society

Nurturing talent



- Back together, our people continued to drive excellence across all areas of the business
- Employee turnover at 6.9% remained well below the industry average
- We continue to invest significantly in our employees through skills training programmes
- Explicit company-wide initiatives continue to prioritise employee wellbeing in the aftermath of the Covid-19 pandemic
- Succession plans across the business were reviewed both internally and by the Remuneration and Nominations Committee

Building our brand and tracking our reputation



- Coronation maintained its strong brand by monitoring key market information and through the launch of a new through-the line advertising campaign. This was well received, and rewarded with a bronze Loerie award
- Formal programmes monitoring brand awareness continued to yield encouraging results
- Our annual client survey indicated that client loyalty remains above 90%

Offering an appropriate product range



- We continually monitor the appropriateness of our product offering in relation to client needs and our strategic goals to ensure alignment
- The Company continued to evaluate its product offering and enhanced many strategies during the year

Established platform efficiency and technology



- We continued to invest in and focus on implementing appropriate technology across the business and extracting efficiencies from these systems
- Successful implementation of a new retail transactional website, data platform and broader strategic IT-related initiatives

Operational

Rigorous cost control



- ▶ Total expenses were well controlled given the current inflationary environment, without negatively impacting the sustainability of the business
- ▶ Meticulous management of our fixed operating expenses that increased by 2% year on year, with a three-year compound annual growth rate of only 6%, is a positive outcome in an inflationary operating environment
- ▶ Our continued investment in the business ensures we are able to offer our clients a world-class service while remaining focused on managing our cost base appropriately. Our cost-to-income and cost-to-AUM ratios continue to outperform our competitors

Driving investment management and performance



- ▶ Geopolitical turmoil impacted the short-term performance of our global developed and emerging market portfolios, however performance across our fund range is exceptional over all meaningful periods. Our long-term track record in managing client assets in South Africa remains exemplary. Over the past three decades, 96% of our portfolios have outperformed their benchmarks*
- ▶ During the year, we took advantage of the indiscriminate mispricing of assets and are excited about the prospects for our clients' portfolios

* Company-wide, asset-weighted since-inception track record for funds with >10-year track records

ESG

Effective 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 result is a strong balance sheet that is fully compliant with regulations
- ▶ The financial control environment is monitored on an ongoing basis as guided by the Committee of Sponsoring Organisations (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
- ▶ An independent, external formal assessment of the performance of the Board of Directors and its committees was completed. The assessment concluded the Board was a developed, well-functioning board
- ▶ Ongoing monitoring and robust formal discussions of key and emerging risks across the business were undertaken as part of our comprehensive Risk Management Framework

Bolstering diversity



- ▶ Emphasis continued to be on sustaining and improving black and female representation in key leadership roles and the investment team
- ▶ In line with the prior reporting period:
 - › 80% of our Board and 67% of our Executive Committee are black
 - › 51% of our employees and 50% of our Board are women
 - › 86% of new appointments made during the 2022 financial year are black (2021: 80%)
- ▶ The Aspiring Leaders Project, a workplace career development initiative, was run again in 2022 to facilitate retention
- ▶ The Company's B-BBEE rating was actively monitored, and the Level 1 contributor status has been retained for 2022
- ▶ We are proud of the progress we have made in achieving diversity in our workforce. We were rewarded with first place in the Gender Reporting by JSE-listed Companies category in the Accenture 10th Gender Mainstreaming Awards

Active stewardship


- We have continued to deepen our stewardship activities in both our investment process and corporate operations
- Compliance with our Corporate ESG Policy, the Task Force on Climate-Related Financial Disclosures (TCFD) and the ESG Policy governing the investment process was monitored continuously throughout the year
- Our fourth annual Stewardship Report illustrates the work the investment team undertook in the 2021 calendar year in this regard and affirms our commitment to corporate engagement, responsible investing and analysis of material risks
- We were awarded first place for our stewardship disclosure in the International Corporate Governance Network's Global Stewardship Disclosure Awards
- From a business operations perspective, we have started reporting against the TCFD reporting guidelines and have published our first Sustainability Report along with our third Carbon Footprint Assessment
- Notwithstanding the above, we recognise that this is a continuing journey and our approach will continue to be enhanced in future

Clients & stakeholders
Client and stakeholder engagement


- International travel and in-person meetings and conferences resumed
 - We continued to offer clients select digital and in-person thought-leadership sessions in line with current content consumption habits
 - The business was purposeful and intensive in its efforts to build relationships with clients in a challenging global environment
 - We conducted engagements with our shareholders regularly throughout the year and have taken their feedback into consideration
 - Continued regular and meaningful engagements were held with stakeholders such as the Association for Savings and Investment South Africa, National Treasury, the Prudential Authority, the Financial Sector Conduct Authority 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 and our ongoing commitment to our corporate social investment activities
-

Financial results

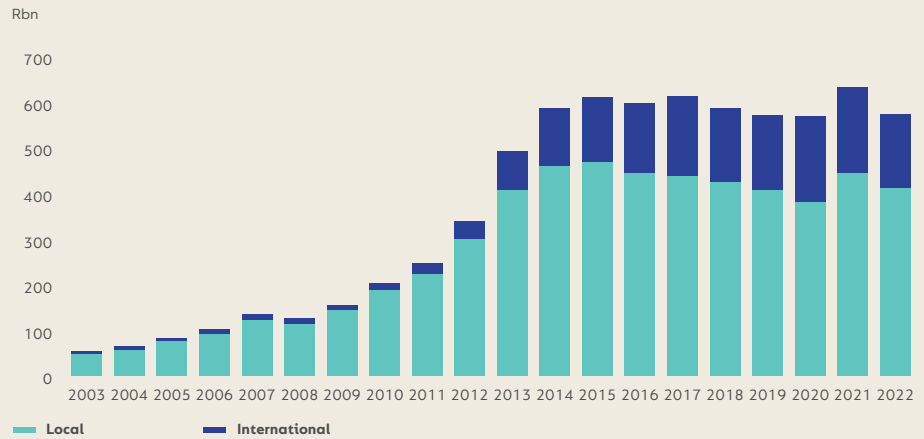
FUND MANAGEMENT
EARNINGS PER SHARE

387.0c

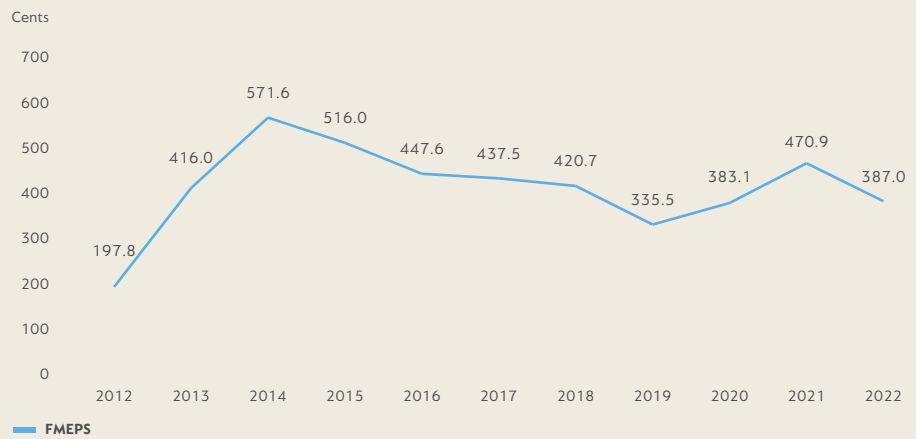
OPERATIONAL
COST-TO-INCOME RATIO

49.8%

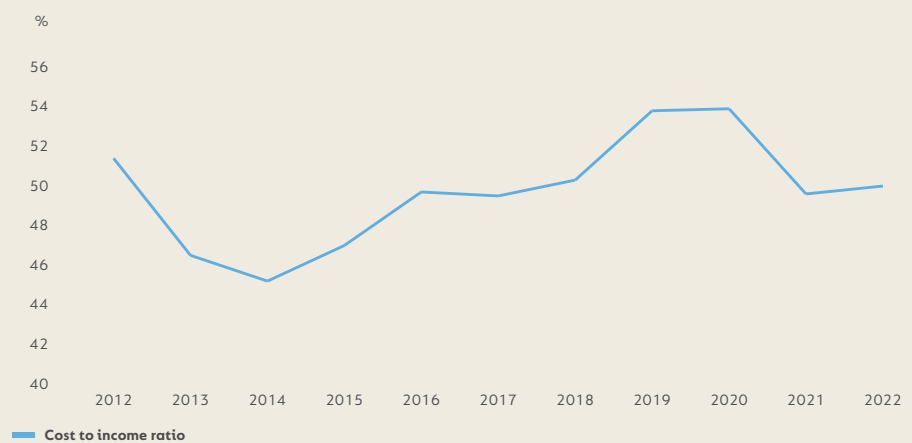
ASSETS UNDER MANAGEMENT



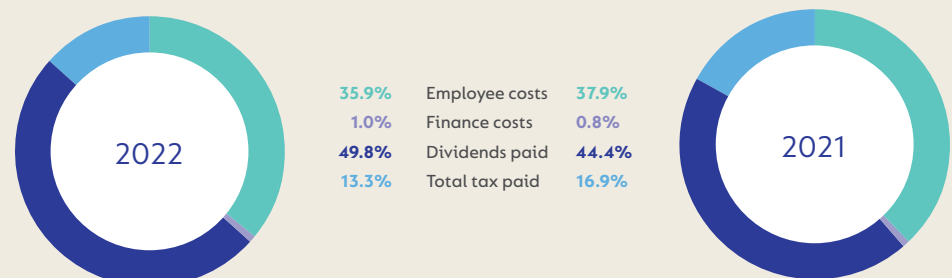
FUND MANAGEMENT EARNINGS PER SHARE



OPERATIONAL COST-TO-INCOME RATIO



VALUE ALLOCATION TO STAKEHOLDERS





Active stewardship

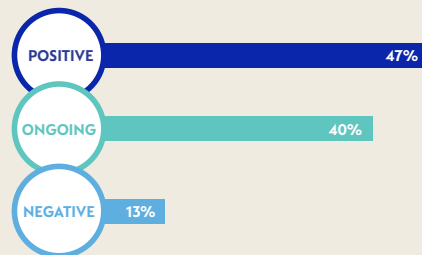
We are committed to being active stewards of the capital we manage on behalf of our clients and further strengthening stewardship in our business operations. This is a snapshot of our investment and operational stewardship activities.

INVESTMENT STEWARDSHIP

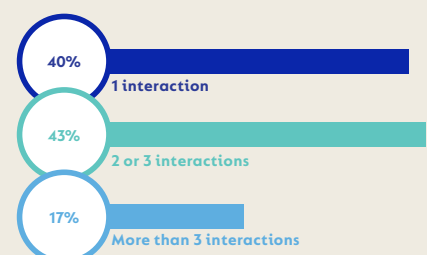
Our approach to integrating environmental, social and governance (ESG) issues into our investment process is underpinned by three core pillars of integration, engagement and collaboration.



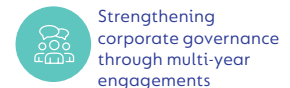
Engagement outcomes



Number of interactions with a company



HIGHLIGHTS OF THE YEAR



* Note: Investment stewardship activities refer to the 2021 calendar year

(→ For information on our investment stewardship activities, refer to our Stewardship Report)

CORPORATE ENVIRONMENTAL STEWARDSHIP

We assess our operational carbon footprint annually, and seek ways to reduce our impact.

Scope 1:

Stationary combustion and refrigerants.



GENERATOR



REFRIGERANTS

Scope 2:

Procured grid electricity.



ELECTRICITY

Scope 3:

Business travel, employee commute, materials, municipal water and waste.



FLIGHTS



ACCOMMODATION



VEHICLE HIRE



COMMUTE



MATERIALS



WATER



WASTE

OUTPUT



GHGs



TOTAL GHG EMISSIONS

1 698t



AVERAGE PER EMPLOYEE*

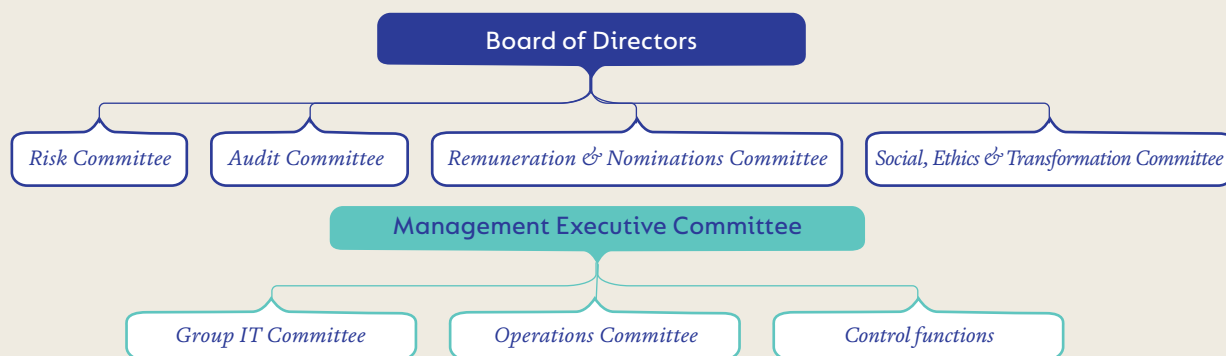
3.7tCO₂e

* Permanent and contract employees

(→ For information on our other corporate stewardship activities, refer to our Sustainability Report)

GOVERNANCE

The Board has oversight of all key matters related to sustainability and delegates its authority to its sub-committees and management.



SOCIAL

103 462

adults received consumer financial education training

>250

students awarded with study opportunities

>8 400

educators benefited from training

5 702*

small-scale farmers were equipped with business skills

TRUST IS EARNED®

13

Figures are cumulative and since inception and include beneficiaries who participate across multiple years of a project cycle

* Includes beneficiaries of Coronation funding and partner funding



Chairperson's statement

ALEXANDRA WATSON

BCom (Hons), CA(SA)



The recent pace of change has been breathtaking and demanding for us all. It has been an uncharted period, during which each one of us has been called to dig deep for additional resilience and optimism, as an extraordinary sequence of mostly negative events has stacked up relentlessly.

At Coronation, with 27% of the business owned by employees, the team has responded in line with the deeply embedded culture of ownership that sets us apart. In spite of ongoing market turmoil and industry pressure, the business has pulled together and continued to protect shareholder interests through rigorous expense management and a 100% dividend payout of fund management earnings per share for the financial year ended 30 September 2022.

I am privileged to work with a Board and management team comprising exceptional, dedicated individuals who demonstrate an unwavering commitment to creating long-term value for shareholders (which includes many of our employees), clients and other stakeholders.

In my report last year, I referred to one of the biggest upheavals to human society in recent history – Covid-19 and its economic and social interruption – which has been somewhat overshadowed by the large-scale events of 2022. While the immediate existential threat of Covid-19 has mostly abated and business as usual has returned to most economies across the globe, the effects linger – with new subvariants and outbreaks emerging and the slow easing of China's zero-Covid policy continuing to weigh on mobility and world trade.

According to the World Health Organisation, as of 15 December 2022, over 646 million confirmed cases and 6.6 million deaths had been reported globally, with China's caseload reaching record highs at time of writing. According to a September 2022 McKinsey survey*, Covid-19 remains a top-five threat to global economic recovery, although its weight varies across geographies.

Once again, I extend my condolences to all readers affected personally and economically by the pandemic.

Global environment

2022 has been a year like few others, the end of which remains impacted by three years of mounting geopolitical and economic upheaval. The start of the year was marked by a strong market recovery that was starkly interrupted by the Russian invasion of Ukraine in February, a move that sent markets and all asset classes spiralling.

The escalation in geopolitical tensions this year saw the intensification of Cold War II and the Iron Curtain once again descend between eastern and western nations. The immediate effects on the global economy were manifold, namely energy crises, supply chain gridlocks and elevated food insecurity and wide-spread inflation.

A further headwind emerged as, globally, central banks commenced aggressive policy tightening to curb the soaring inflationary effects of sanctions against Russia and the unprecedented quantitative easing employed to offset the socioeconomic consequences of Covid-19 lockdowns.

In short, it was a brutal year for financial markets and investors globally. The world remains an uncertain place, as recession looms in the US, the UK and Euro Area; and the eastern response to western hegemony is becoming more polarising and unpredictable.

South Africa 2022

At home, macroeconomic conditions continued to deteriorate in 2022, weighing on growth and the GDP outlook. This is both due to our vulnerability to the aforementioned global macro variables, exacerbated by a stronger dollar, and a span of embedded and deepening systemic risks in our economy.

The laundry list of factors includes:

- chronic loadshedding, the dire condition of SA's State-owned enterprises and the consequent impact on manufacturing and exports;
- soaring inflation and the resultant interest rate hikes;
- chronic unemployment;
- skills deficits and the poor state of education; and
- lacklustre income growth and shaky investor confidence.

There is, however, a silver lining to be found in the recovery of the important tourism sector and related travel, which has boosted revenue and employment, although loadshedding, challenges relating to water and steep fuel costs are a drag here too.

In his October Medium-Term Budget Policy Statement, Finance Minister Enoch Godongwana focused on these headwinds and the actions necessary to mitigate the effects, boost growth and protect the poor. Budget has been orientated towards the most pressing issues, including, and most notably, the assumption by National Treasury of approximately R400 billion of Eskom debt, additional funding for infrastructure and an extension of the Social Relief of Distress Grant through to 2024.

It is some comfort that much of these allocations are offset by improved revenue collection by the South African Revenue Service. Of pressing and ongoing concern is recent and potential public sector strike action. This places ongoing pressure on the government wage bill, as workers battle to make ends meet in the face of the reality of the inflation/interest rate conundrum.

Investor sentiment is key

The country's ability to improve investor sentiment has been further eroded by the massive corruption scandals emerging out of State Capture and the looming threat of grey listing by the Financial Action Task Force (FATF) early next year. This is a grave blow to a country whose financial system was previously a shining light. In response, government has rushed to pass legislation to tighten defences against money laundering, raising the risks of unintended consequences.

Key to our economic recovery is reviving foreign direct investment.

On the other hand, completing the R1 billion Zondo Commission has yielded some high-profile successes, resulting in the arrest and prosecution of prominent individuals. Although no one is as yet behind bars, assets have been seized and government is clawing back ill-gotten gains.

Regulation and governance

As I noted last year, regulation of financial services is increasingly onerous, especially regarding sustainability and ESG integration. Coronation continues to engage 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 believe the Board has the requisite experience, skills and diversity to ensure effective oversight of a large, global asset manager. For details on our investment stewardship activities and how they impact the sustainability of our business, → *refer to page 27* of this report or our 2021 Stewardship Report, available on www.coronation.com. In addition, we have introduced a Sustainability Report to our reporting suite this year, which details our impact on the environment and society.

Active corporate citizenship

At the core of Coronation's corporate social investment (CSI) programme is improving the state of education in South Africa. The current education crisis poses an immediate threat to the future health of our economy and the sustainability of SA Inc. For this reason, we focus on numeracy and literacy and offer full bursaries and internships to students pursuing a career in financial services. Because a hungry child cannot learn, another key focus of this year's CSI activity has been partnering with food relief NGOs. This initiative started during lockdown, when learners lost access to the one certain meal a day they had come to depend on.

As usual, for the team at Coronation, it is not simply about writing cheques, we all roll up our sleeves and lend a hand making record-breaking chains of food cans and thousands of sandwiches. This is true testimony to our ethos of: we are because of our communities.

Outlook

The South African savings environment remains under pressure, and Coronation's share of market is challenged by beleaguered consumers having less to save and invest, increased competition and regulation, not least of which is the easing of the offshore allowance for pension funds under the recently amended Regulation 28.

Globally, active asset managers are experiencing net outflows due to a risk-off sentiment and a flight to passives. However, we remain confident in the fundamentals of the business and our ability to adapt to ensure the ongoing success of our business.

A note of gratitude

I noted earlier, my deep respect for the Coronation team. It is a privilege to lead the Board of a meticulously run world-class company. I also extend my thanks to Coronation's clients who have continued to trust in the long-term prospects of their portfolios, based on our single long-term, valuations-driven investment philosophy that has stood the test of three decades, and to our shareholders, to whom we are accountable.



Chief Executive Officer's review

ANTON PILLAY

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



Since 1993, we have grown from a small shop with zero assets under management to one of the country's largest independent asset managers. As custodian of the savings of millions of South Africans and select global institutional clients, we have been delivering superior long-term investment outcomes for our clients, unlocking value for our shareholders and striving to positively impact our industry, society and the communities in which we have operated for almost three decades.

During this time, we have experienced many market cycles, crises and global events with far-reaching impacts. By focusing on our core values and valuations-based investment philosophy, deep proprietary research, and our single-minded purpose of delivering superior long-term investment outcomes to the benefit of all our stakeholders, we have consistently navigated the downturns to the benefit of our clients.

At the start of 2022, the world was emerging from two years of unparalleled uncertainty, which has now amplified into a polycrisis. The confluence of the Covid-19 pandemic, the outbreak of war and escalating geopolitical tensions led markets sharply downwards, impacting economies globally.

To underscore the extent and gravity of this, consider that in 2022 the US equity and bond markets were down simultaneously by more than 25%. This is only the fourth time in history that this has occurred – the last time being 1969, which was largely the result of the Federal Reserve Board's policy response to the cost of the war waged by America in Vietnam.

Coronation is a homegrown South African business with an expanding global presence. We demonstrated our deep belief in the future of our nation by opening our doors just a year before our first democratically elected government was instated.

Business update

In the tough and competitive fund management industry, our ability to consistently deliver outperformance, at scale, and over multi-decade periods is a significant differentiator. 2022 saw us deliver credible results that were in line with our expectations and market conditions.

This would not have been possible without the cohort of high-performing and dedicated people that make up the team at Coronation. As our Chairperson Prof Alexandra Watson mentioned in her statement, this is largely due to our strongly ingrained sense of ownership, backed by the flat-structured meritocracy that are hallmarks of our culture. The latter ensures that the full benefit of the diversity of our employee base feeds through into the business, as everyone has an equal voice and the ability to make an impact regardless of position or function.

With 27% of Coronation's shares owned by employees, we feel the cyclical nature of our business to the same extent as our other shareholders. This means that at the top of the cycle, we benefit, but employees also feel the pain when things turn. Therefore, each individual takes full responsibility for ensuring the efficient running and profitability of the business. Ultimately, at the core of Coronation's success is a team of diverse, talented, and dedicated people.

In short, as a whole, we are as fully invested as our clients and shareholders.

This year saw the investment team taking full advantage of the indiscriminate sell-off in global markets, and our portfolios are positioned to reap the rewards of a market recovery. Short-term market moves notwithstanding, across our book, our long-term investment track record remains exemplary. Over the past three decades, 96% of our portfolios have outperformed their benchmarks.¹

While tightly managing fixed costs in a high-inflation environment, we continued to invest in our business to position it to be sustainable and competitive in the long run. With the increasing scourge of cyber crime, of particular importance is ensuring the security and sophistication of our information technology and systems platforms. As part of our continuous drive to enhance our client experience, last year we launched our new Client Online Services for direct investors, and in the first half of 2023, we look forward to releasing a similar service for the IFA's that manage Coronation funds on behalf of their clients.

Transformation

Since we first opened our doors, we have understood the value that diversity, equality and inclusion bring to every aspect of society, and we have actively driven transformation in the business and our industry.

Our transformation status is the result of years of dedication to meaningful and substantive broad-based transformation via recruitment, training, procurement and enterprise development initiatives. This year, we were proud to place first in the Gender Reporting by JSE-listed Companies category in the Accenture 10th Gender Mainstreaming Awards.

We are 29% black owned and have maintained our status of Level 1 contributor to broad-based black economic empowerment.²

From an investment management perspective, R269 billion, representing 47% of our total AUM, is managed by black investment professionals and half of our South Africa-based investment team leaders are black. For more details on our employee transformation details, [→ refer to page 5](#).

In addition, we are aware of the serious skills deficit in South Africa, and we deploy a significant amount of funding and employee time to various business and graduate development and mentorship programmes.

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. Our 2021 Stewardship Report details our stewardship activities for that calendar year, including our position on climate change and the carbon emissions of our key equity portfolios. Having being awarded first place for companies with an AUM of less than £60 billion in the International Corporate Governance Network's Global Stewardship Disclosure Awards, we were honoured to be recognised for our stewardship disclosure.

We are a participating investor in Climate Action 100+ and fully support the transition to a greener, more sustainable and equitable world. We will continue in our endeavours to engage on these matters. We encourage companies to adopt the Task Force on Climate-Related Financial Disclosures framework when reporting on climate risks in their businesses and apply this when reporting on our business operations. This year we have published our first Sustainability Report and our third operational Carbon Footprint Assessment.

Active corporate citizenship

We are committed to contributing to an inclusive economy and a prosperous society. During the period under review, we continued to support education and training initiatives via our CSI and enterprise development programmes. We sharpened our focus on hunger relief initiatives in partnership with FoodForward SA and Ladles of Love. For us, it's not just about handing over money, we understand that time and human connection are integral aspects of uplifting communities, and our employees love getting involved. You can [watch us in action here](#).

¹ As at 30 September 2022, Company-wide, asset-weighted since-inception track record for funds with >10-year track records.

² As per the Financial Sector Code

Coronation is also an active participant in industry and government-related engagements to find solutions to reduce unemployment, improve the available skillset, kickstart growth, and place South Africa on the road to economic recovery. In response to the unemployment crisis in South Africa, we continue to support and engage the youth through job training initiatives.

What is particularly close to my heart is engaging with students in the financial services arena to inspire and support them in their journey towards becoming fully-fledged investment professionals contributing to the health of South Africa's business arena and economy.

Full year results

Fund management companies are cyclical businesses that are heavily impacted by market movements. Our financial results for the period under review reflect the sharp declines seen across all asset classes globally. In this challenging market environment, we experienced net outflows representing 6% of our average assets under management (AUM). This is in line with our expectations and reflects the realities of a shrinking domestic savings pool.

As a large domestic manager, we expect Coronation's flows to broadly reflect that of the South African savings pool and the economic reality within which it operates. Recent changes to Regulation 28 will further shrink the available pool of domestically managed assets. For the period under review, average AUM was R621 billion, which is marginally higher than that of the previous year (September 2021: R617 billion). Closing AUM is 9% lower at R574 billion (September 2021: R634 billion). Reflecting the extreme volatility currently in markets, AUM as at 15 November 2022 had recovered to R610 billion.

Total expenses were down by 12% from the previous year, which is a significant decline considering the current inflationary environment. This is the result of our continued focus on managing fixed expenses, which were marginally up by 2%, and our variable expenditure model that has shielded shareholders from the extreme cost pressures that businesses around the world are currently experiencing. It is also worth noting that we continue to invest in the business to ensure that we are able to offer our clients world-class service in an ever-evolving landscape.

Fund management earnings per share (FMEPS) for the year ended 30 September 2022 decreased by 18% to 387.0 cents from 470.9 cents in the previous year. FMEPS is used by management to measure true operating financial performance. FMEPS excludes the net mark-to-market impact of fair value gains and losses and related foreign exchange movements on our investments held for seeding products. Diluted and basic headline earnings per share decreased by 25% to 366.3 cents (September 2021: 487.9 cents).

Looking forward

While we have no direct impact on the global macro variables that inevitably impact emerging markets the most, in South Africa there is much to be done. My colleagues and I are very active in engaging with the authorities and industry bodies to accelerate policy implementation and to find ways to cut through the red tape that hinders growth. Of grave concern to us is how our once vaunted SOEs now weigh on growth and development potential and the lack of finalisation of investigations and legal processes relating to both public and private sector fraud and theft.

There is no doubt that there are tough times ahead for economies across the world, and there is no telling when the tide will turn.

Amid this ongoing uncertainty, our highly experienced and well-resourced investment team continues to employ the same long-term investment approach that has driven outperformance across a significant portion of our fund range for nearly three decades. We will continue to manage the business to deliver long-term value to our clients, shareholders and other stakeholders.

And finally, to our clients and shareholders for staying the course with us, and to the Board and my colleagues for their support, wise counsel and hard work, thank you.

* Company-wide, asset-weighted since-inception track record for funds with >10-year track records



Strategic focus areas

Coronation's purpose is clear and simple – to deliver superior long-term investment outcomes 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.



Long-term
investment
performance



Excellent
client service



Our global
footprint



Active corporate
citizenship



Effective and
integrated
governance

STRATEGIC FOCUS AREAS



LONG-TERM INVESTMENT PERFORMANCE

Deliverable: To continue to deliver sustainable long-term investment outperformance to clients

Strategy

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

Our stewardship approach

We are active owners that aim to influence positive change through analysis and meaningful engagement on important ESG issues. This approach is fully aligned with 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.



100%

ASSETS WE ENGAGED
IN CLIENT PORTFOLIOS



54%

INCREASE IN NUMBER
OF ENGAGEMENTS



82%

INCREASE IN ENGAGE-
MENTS ON ENVIRON-
MENTAL MATTERS



45%

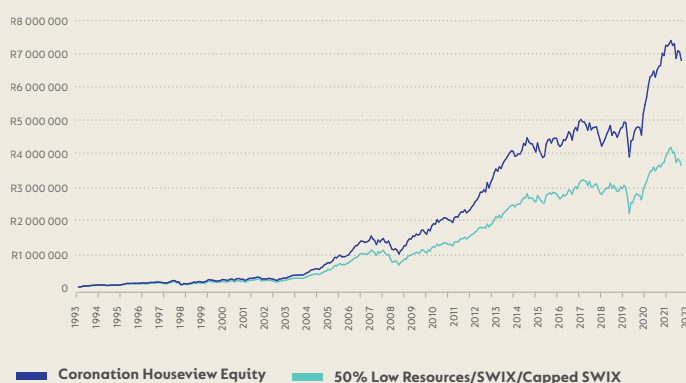
NUMBER OF MEETINGS
WITH AT LEAST ONE
DISSENTING VOTE

Outcome

Our long-term investment track record over that period remains exemplary. Over the past three decades, 96% of our portfolios have outperformed their benchmarks.*
(→ refer to page 26)

*An investment of R100 000 in Coronation Houseview Equity on 1 October 1993 would have grown to R6 867 922 by 30 September 2022. By comparison, the returns generated by the equity benchmark** over the same period would have grown a similar investment to R3 727 275*

CORONATION HOUSEVIEW EQUITY SINCE INCEPTION



* Company-wide, asset-weighted since inception track record for funds with >10-year track record

** Performance figures are quoted gross of management fees after the deduction of certain costs incurred within particular fund





EXCELLENT CLIENT SERVICE

Deliverable: To provide clients with appropriate and timely information, foster long-term relationships and deliver world-class service levels

Strategy

Retail

- Accessible and personalised service through clients' channel of choice:
 - Independent financial advisers and third-party platforms
 - Secure online service
 - Client service centre
 - Client meetings

Institutional

- World-class client service for our global and local clients:
 - Direct access to Client Service Fund Managers
 - Client meetings
 - Report backs

Technology

- High-quality IT/IS systems and processes
- World-class data security

Thought leadership

- Regular updates on views and strategies
- Regular client and stakeholder engagements, including thought-leadership events such as Talking Investments and Conversations with Coronation
- Regular digital distribution of investment team thought-leadership via Corospondent, the Weekend Read and FrontRow

Outcome

- Our annual direct retail client survey found 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
 - 94% of participating investors were either happy or very happy with their investment performance, in spite of negative short-term performance in our global developed and emerging market portfolios
(→ refer to page 35)
- Excellent, transparent relationships with our client base
- Stable, secure and constantly assured IT/IS platforms
- Increased focus on data security and management
- Regular communication, especially in tough times enhances trust
- Showcases our investment talent and expertise
- Keeps the Coronation brand top of mind





OUR GLOBAL FOOTPRINT

- Deliverable:** ➤ To appropriately grow our global footprint and related AUM
- Establish Coronation as a leading global investment management business in our chosen niches

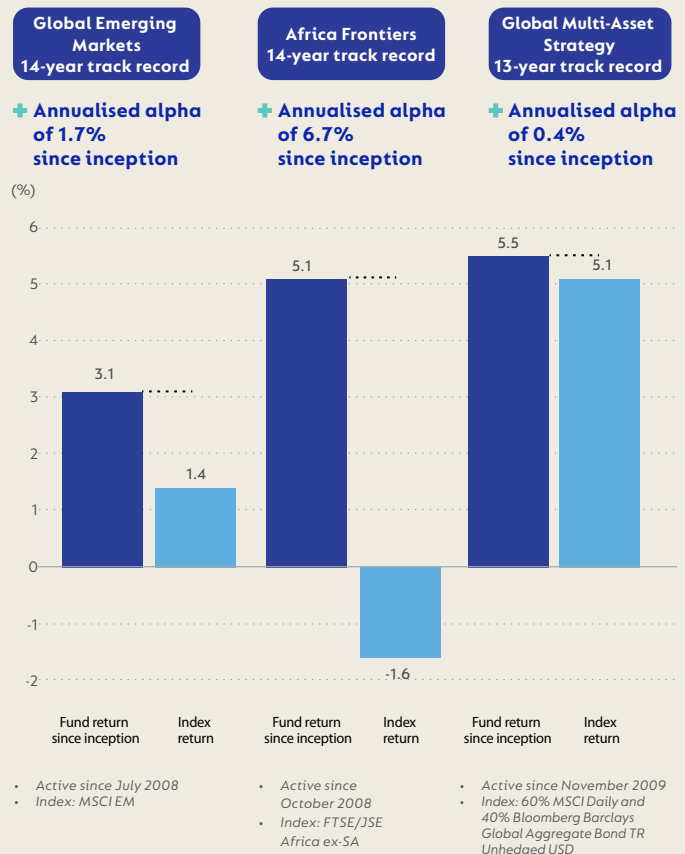
Strategy

- Deliver world-class, long-term investment performance to our global clients
- Ensure that our product range remains optimally positioned for the needs of our global clients and taking into account regulatory developments
- Develop and nurture trusted relationships with global clients and asset allocators
- Grow our established flagship global offering and leverage this into new products and markets

Outcome

- Comprehensive range of solutions that meets the needs of our global clients
- World-class long-term investment performance delivered to clients
- Compelling long-term track records across our global fund range
- A flexible and best-in-class multi-jurisdiction distribution and client service offering.
- A growing base of clients and R50 billion in AUM from multiple jurisdictions around the globe
(→ refer to page 37)

LONG-TERM OUTPERFORMANCE



Notes: All performance numbers since fund inception, gross, annualised as at 30 September 2022 | Performance in USD; Source: Coronation





ACTIVE CORPORATE CITIZENSHIP

- Deliverable:** ➤ To transform our business and the SA financial services sector, ensure business sustainability and contribute to an inclusive economy and a prosperous society
- To act as active owners by engaging investee companies on ESG matters to ensure a more sustainable world

Strategy

- Since we opened our doors, we have been actively driving transformation initiatives in our business and industry
- Active engagement with government, regulators and industry peers
- Active engagement with investee companies, about which we transparently report
- We have committed to and/or support the:
 - › UN Sustainable Development Goals
 - › UN Women Empowerment Principles
 - › Task Force on Climate-Related Financial Disclosures
- We have a robust, well-monitored corporate social investment programme and contribute to disaster relief initiatives
- The SET Committee monitors the Company's transformation and corporate citizenship activities

Outcome

- A transformed and diverse team and leadership structure
- Level 1 B-BBEE rating
- CEO serves as ASISA Chairperson
- Employees active on >65 ASISA committees and working groups
- Industry collaboration
- Established three black-owned businesses
- Stockbrokers Programme
- Training and development programmes
- Impactful education interventions via CSI
- Food relief programmes
- Winner of the Gender Reporting by JSE-listed Companies category in the Accenture 10th Gender Mainstreaming Awards



For more information on our industry transformation and CSI initiatives, *refer to our Sustainability Report*; for more detail on our employee diversity (→ *refer to page 5*)





EFFECTIVE AND INTEGRATED GOVERNANCE

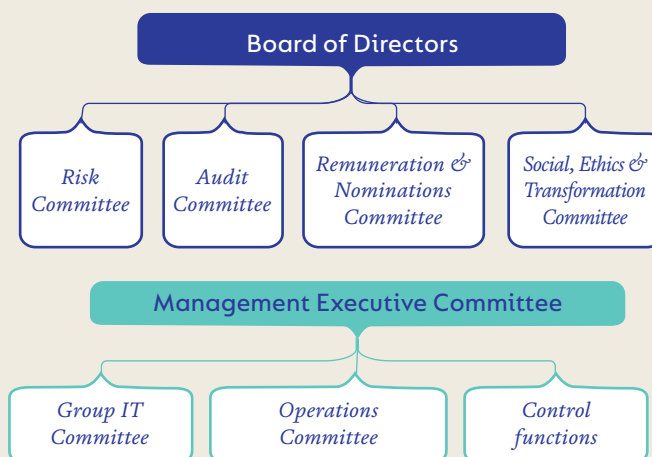
Deliverable: To ensure the Company always operates with integrity and in an ethical manner in the interest of the Company and its stakeholders

Strategy

- Executive directors and management are responsible for implementing the Board's strategy and ensuring the effective operation of all areas of the business. This includes:
 - development and implementation of appropriate policies, as approved by the Board
 - 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
- Combined Assurance**
With the support of the Board as well as the Audit and Risk committees, Coronation implemented a Combined Assurance Model (the model), comprising five lines of assurance. The model enables an efficient and holistic approach to risk management and assurance activities across the Company. 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 (→ [refer to page 44](#))

Outcome

- A 2022 independent, externally facilitated formal Board assessment concluded the following:
 - the Board is a mature and developed board and discharges its duties effectively and objectively.
 - the strategy processes are in place and members are given a fair opportunity to participate and share their views
 - the Board adequately acts as the focal point for, and custodian of, corporate governance (→ [refer to page 43](#))
- Control Environment**
No material exceptions in design and operating effectiveness of internal control environment.
- External Audit**
The Company has received an unmodified audit opinion issued for the financial year ending 30 September 2022





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.

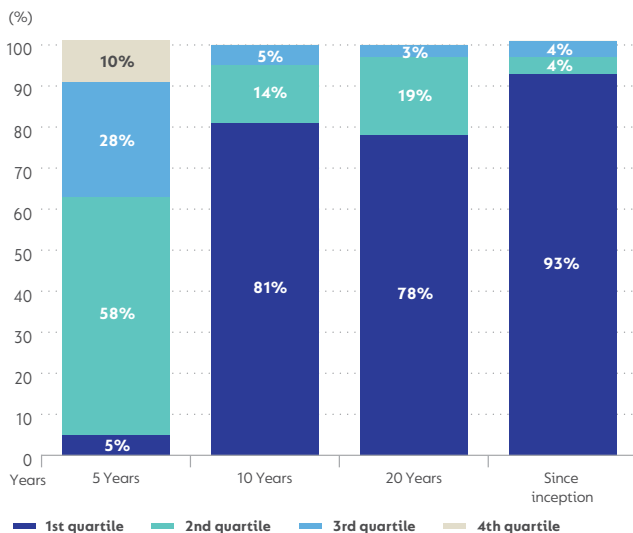
This reporting period for the financial year 2022 was one of material market weakness. While we are fully cognisant of the prevailing largescale risks and the negative macro events currently in play, the steep and indiscriminate sell-off in markets created opportunities for patient investors. We have taken full advantage of this mispricing and are optimistic about the long-term prospects for our clients' portfolios. We are confident that our current portfolio positions will deliver exemplary returns for our clients in the long run, as markets normalise. However, as always, the timing of this is unknowable.

Despite short-term underperformance in our global developed and emerging market portfolios, the bulk of our assets are South African, and our long-term track record remains exemplary.

Proven track record of delivering on client mandates over long term

INVESTORS WHO STAY THE COURSE HAVE BEEN REWARDED

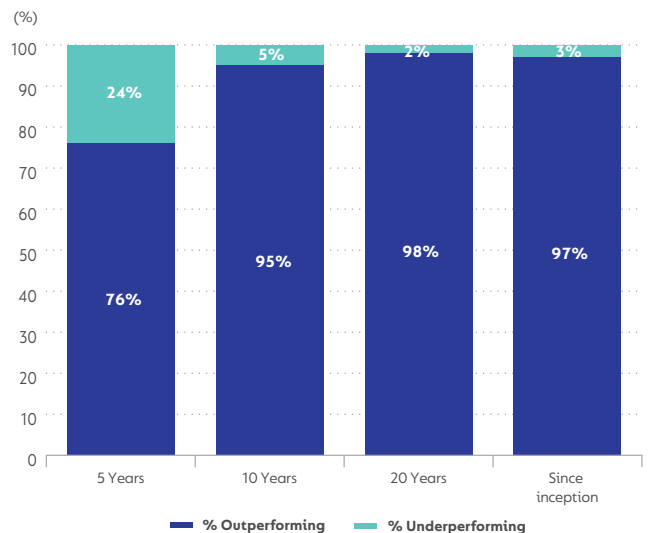
+ 93% of rand-dominated retail assets in top quartile of peer groups since inception*



* Asset-weighted performance of 19 funds representing 98% of rand-denominated CIS funds included above
Four specialist funds with less than five 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

+ 97% of institutional client assets outperformed benchmark since inception*



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

Source: Coronation



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

Stewardship at Coronation

You cannot talk long-term without discussing sustainability, ESG and the related material risks and opportunities. These are front and centre on the investment agenda and are increasingly important to asset owners when allocating mandates. We continue to focus on delivering superior long-term investment outcomes for our clients as responsible stewards of their capital. At Coronation, we have been reporting on our stewardship activities since 2018, and our [2021 Stewardship Report*](#) is available on www.coronation.com. We provide a summary below.

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 an active owner that aims to influence positive change through meaningful engagement on important ESG matters. 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 the geographies in which we invest.

An active approach

We believe that active engagement on material ESG issues is the most effective way to encourage companies to improve their practices and drive positive change. This approach aims to achieve a win-win outcome, where more responsible corporate behaviour leads to improved sustainability and, ultimately, higher long-term returns for our clients.

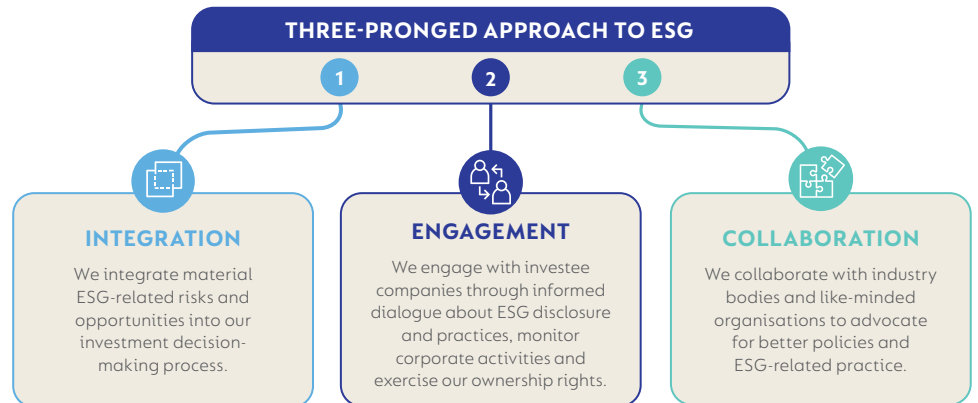
Conversely, divestment is a short-term solution that removes our ability to influence corporate behaviour and potentially transfers ownership to less accountable parties. In a South African context, eliminating entire categories of potential investments would exclude a large part of the investable market, including businesses that contribute significantly to employment in the country.

* We report our Stewardship activities over a calendar year



How we embed ESG in our investment process

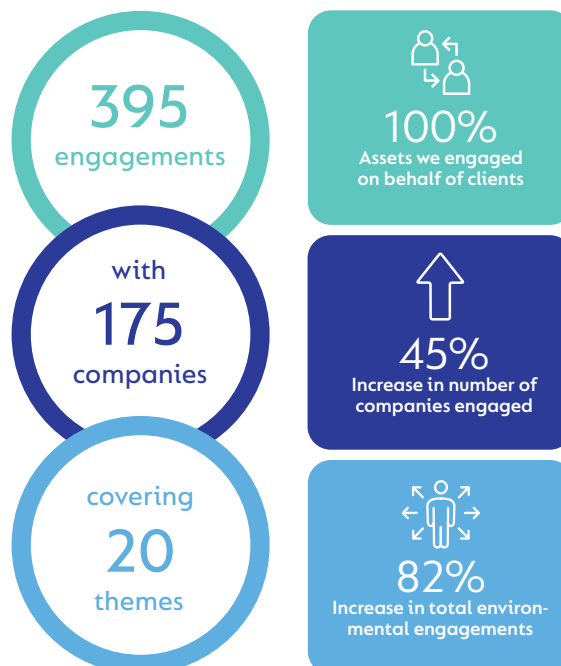
Our approach to ESG is underpinned by three core pillars, namely integration, engagement and collaboration.



Engagement activity

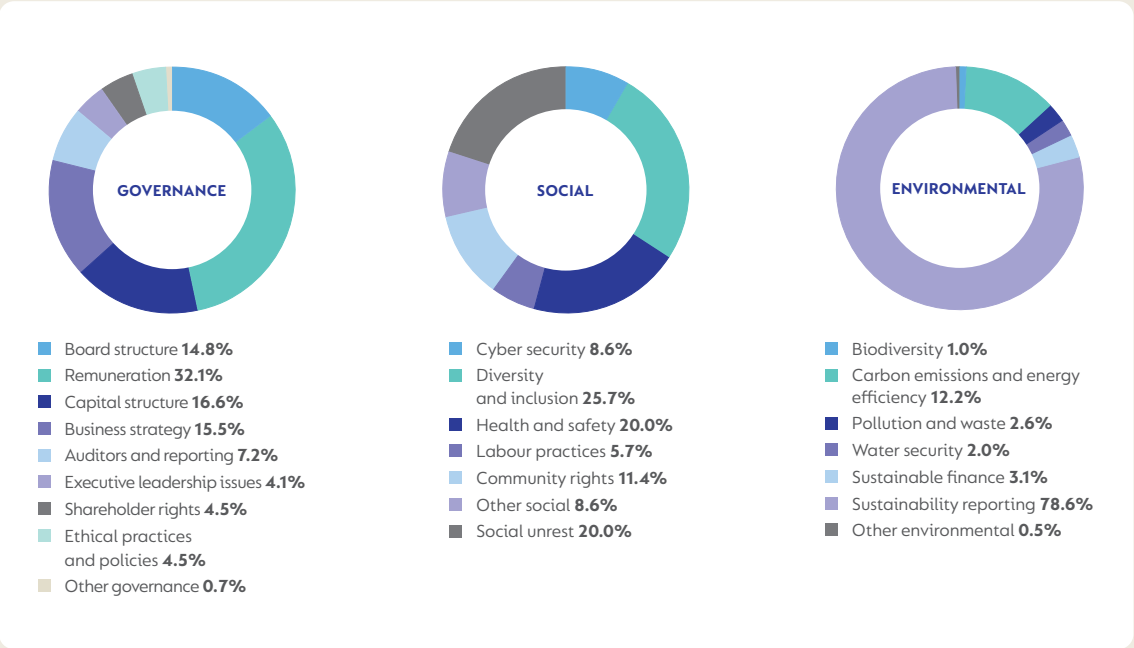
Meaningful engagement with investee companies is one of the most effective ways of driving positive change. Effective engagement drives responsible corporate behaviour which, in turn, leads to greater sustainability and, ultimately, higher long-term returns for our clients.

ROBUST ENGAGEMENT

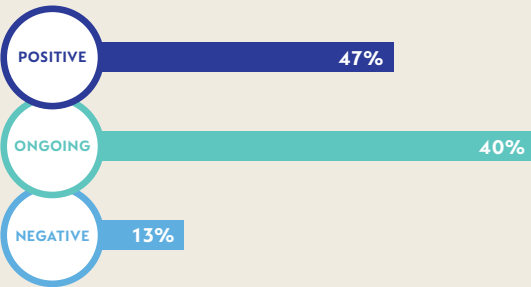


KEY ENGAGEMENT THEMES

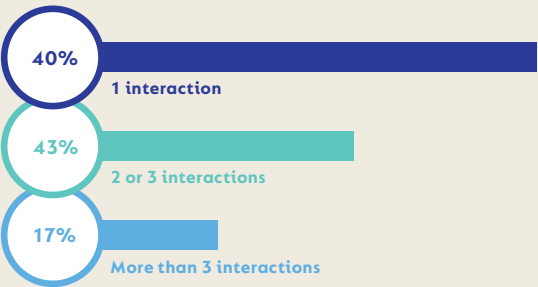
ENGAGEMENTS BY THEME



ENGAGEMENT OUTCOMES



NUMBER OF INTERACTIONS WITH A COMPANY



Key engagement themes

Environmental

- **Task Force on Climate-Related Financial Disclosures (TCFD) reporting:** We encouraged investee companies to report in line with the TCFD reporting guidelines.
- **Tackling climate change:** Climate change is a pervasive risk with significant implications for the global population. By addressing the challenges that climate change is presenting and by helping to mitigate the impacts thereof, we aim to ensure that individuals are saving for a future in a world worth living in.

Social

- **Diversity, inclusion and transformation:** The need for diversity, inclusion and transformation within the workplace remained an important topic of engagement. In South Africa, we held discussions with companies on broad-based black economic empowerment transactions in order to understand their essential elements, such as the financial implications and intended beneficiaries. We have also initiated a project to understand best practices for the safety of employees in the mineral extraction industry and to share these findings with all the companies in this sector.

Governance

- **Board composition:** We continued to advocate for a strong mix of financial, technical, and commercial skills that meet the individual needs of each business.
- **Remuneration:** We aimed for alignment between the interests of management and shareholders.
- **Shareholder value:** We engaged with investee companies to unlock or enhance shareholder value by focusing on company-specific issues ranging from business strategy, capital structure and capital allocation to corporate actions and regulatory matters.

Voting activity for the 2021 calendar year*

Proxy voting is an important way in which we are able to exercise our ownership rights. We consider and vote on all proxies for all companies in which we hold shares on behalf of our clients, regardless of the size of these holdings. As a result of our engagement approach, we often engage extensively with boards and management teams well ahead of any votes, as we want to ensure that our concerns are dealt with before the vote. We believe that exercising a proxy without prior engagement or forewarning to a company is contrary to the company's and, therefore, our investors' best interests. Voting against resolutions is generally a last resort and not something that we do lightly.

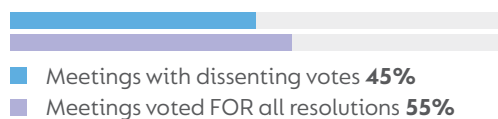
* We report on our Stewardship activities on a calendar year basis

2021 PROXY VOTING RECORDS

During the year, we VOTED on



HOW WE VOTED



Disclosure of climate data

Robust, comparable and reliable climate-related disclosure is a prerequisite for fundamental company analysis and the integration of transition, physical and liability risks into our investment process. Therefore, the lack of consistency in company reported sustainability data is one of the most pressing challenges facing the industry. In response, Coronation has adopted the TCFD reporting framework and encourages investee companies to do the same. The table below is a summary of our investment-related TCFD disclosures.

OUR SUMMARISED INVESTMENT-RELATED TCFD ACTIONS AND DISCLOSURES

TCFD theme	Key information	Further information
Governance	<ul style="list-style-type: none"> ➤ The Board provides oversight over climate-related risks and opportunities. ➤ Board members have undergone training on climate-related matters. ➤ Climate-related issues are tabled at Board and Risk Committee meetings. ➤ 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"> › CIO: integrating climate issues into the investment process and oversees appropriate level of engagement on climate-related issues with our investee companies 	<p>ESG Policy → download</p> <p>Stewardship Report 2021 → download</p>
Strategy	<ul style="list-style-type: none"> ➤ Material climate-change risks and opportunities are integrated into the valuation and investment decision-making process for every security in the investment universe, where climate change is a material risk. Climate factors are also considered at the portfolio level. ➤ 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. ➤ 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. ➤ Opportunities exist with respect to companies that can support a just low-carbon transition, and with respect to the provision of sustainable investment products. 	<p>Stewardship Report 2021 → download</p> <p>ESG Policy → download</p>

Continued on the next page



OUR SUMMARISED INVESTMENT-RELATED TCFD ACTIONS AND DISCLOSURES CONTINUED

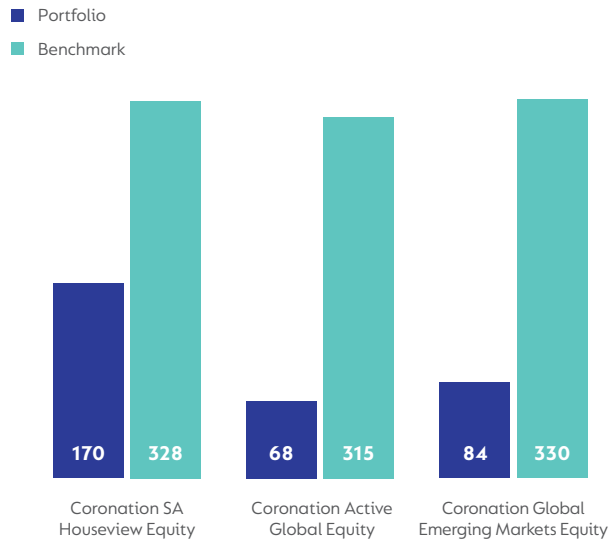
TCFD theme	Key information	Further information
Risk management	<ul style="list-style-type: none"> ➤ Material climate change risks and opportunities are integrated into all valuation and investment decisions. Information from various sources, including company reports, third-party data providers and through direct engagement with companies, is used to understand transition risks (such as stranded assets), physical risks and liability risks. ➤ 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, metrics, etc., and provides support to investment managers and analysts. ➤ 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. ➤ Letters and emails have been sent to 90 investee companies to urge them to adopt the recommendations of the TCFD. In 2021 an increase of 82% in environmental engagements with companies was largely driven by our efforts to encourage companies to adopt TCFD-aligned reporting. The letters instigated 20 substantial engagements with 15 companies. Of the 90 companies, 55 are implementing (or committed to implementing) the TCFD recommendations, 11 are committed to partial TCFD-aligned disclosure and 7 are assessing the TCFD or other frameworks to improve their disclosures. ➤ We collaborate with industry bodies and organisations (like Climate Action 100+ and the Code for Responsible Investing (CRISA) 2.0 in South Africa) to better understand the impact of climate change on our business and to advocate for more practices. 	<p>Stewardship Report 2021 → download</p> <p>ESG Policy → download</p>
Metrics and targets	<ul style="list-style-type: none"> ➤ Climate metrics monitored at the investee company and portfolio level include weighted average greenhouse gas (GHG) emissions per \$1m in revenue, and total emissions. Contribution to portfolio emissions intensity is used as first pass to identify exposure to the big emitters. Furthermore, 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 2021 Stewardship Report. The emissions intensities of comparable benchmarks are also disclosed, as are the largest contributors to portfolio emissions intensity per investment strategy. All strategies, at present, have emissions intensity levels below that of an investment in the appropriate index tracker for the strategy. 	<p>Stewardship Report 2021 → download</p>



Carbon reporting on our portfolios

We report the carbon intensity (the estimated number of tonnes of carbon emitted for every \$1 million in revenue generated by the portfolio's underlying holdings) of key equity portfolios. 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). Our South African Houseview Equity Strategy, Active Global Equity Strategy and Global Emerging Markets Equity Strategy have carbon exposure levels below that of an investment in the appropriate index tracker for each strategy. These values should be considered in tandem with the regular engagements we have in order to understand how companies plan to reduce their emissions.

MSCI WEIGHTED AVERAGE CARBON INTENSITY (T CO₂E/\$M SALES)



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.

SUPPORTING RESPONSIBLE INVESTING



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

Coronation is a signatory to or a 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.

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. In the 2021 assessment, we scored between 4 and 5 stars across all categories.

CORONATION'S LATEST PRI ASSESSMENT RESULTS

○ Coronation score
| Median score

Asst class % Coronation total AUM	Category	Coronation's star rating	Coronation's score vs the median score
	<i>Investment & stewardship</i>	★★★★☆	Policy 89%
>50%*	<i>Listed equity – active fundamental</i>	★★★★☆	Incorporation 89%
		★★★★☆	Voting 86%
<10%	<i>Listed equity – investment trusts</i>	★★★★☆	Incorporation 89%
		★★★★☆	Voting 86%
>10% <50%	<i>Fixed income</i>	★★★★★	SSA* 91%
		★★★★★	Corporate 91%
<10%	<i>Hedged Fund – long/short equity</i>	★★★★★	Incorporation 92%
		★★★★☆	Voting 71%
<10%	<i>Hedged Fund – long/short credit</i>	★★★★★	Incorporation 92%
<10%	<i>Hedged Fund – multi-strategy</i>	★★★★★	Incorporation 92%

Sources: PRI Assessment Report 2021; Coronation,
*Sovereign, supranational and agency debt.





EXCELLENT CLIENT SERVICE

We offer our clients a world-class experience via our client-facing teams, leading-edge systems, and access to digital and in-person thought-leadership conferences and content. We are constantly upgrading cyber security to ensure that client data and portfolios are protected from cyber criminals.

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. Following the relaxation of Covid-related lockdowns, our employees have returned to work in the office. However, this experience has demonstrated our ability to effectively service our clients, regardless of where our employees work.

Client satisfaction

CLIENT SURVEY SHOWS

>90%

client loyalty rating

Following our annual direct 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. 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 to refine the practical aspects of this outcomes-based framework.

Leading-edge client service platforms

>860

institutional client engagements

During the period under review, we launched a new digital investment platform for direct investors. We continued to build on the various client service enhancements to ensure that we consistently deliver world-class service. The new platform has been well received, with over 20 000 registered investors. On average, over 4 000 instructions are executed a month and over 3 500 investor reports have been downloaded. In 2023, we will be rolling out a similar secure portal for independent financial advisers who manage Coronation investments on behalf of their clients.

Communication and engagement

Following the pandemic, ongoing negative newsflow in 2022 continued to necessitate a high degree of communication with clients and stakeholders. Between October 2021 and September 2022, our retail team sent an estimated 1.6 million emails to investors and stakeholders, and had around 5 200 independent financial adviser engagements. In the institutional arena, we had over 860 client engagements during the year.

We continued to keep our clients informed about the macro environment as well as the shares held in their portfolios by publishing thought-leadership articles written by our investment team regularly throughout the year. In August 2022, we were delighted to once again host our institutional clients in-person at our iconic Talking Investments thought-leadership conference. The conference showcased subject matter experts from South Africa and around the world, across a range of interesting and relevant topics.

The personal investments team hosted five virtual sessions of Conversations with Coronation and one in-person round; each received an average satisfaction rating of 4.6/5. If you missed these engagements and would like to listen to the recordings, we have made them available on www.coronation.com. Watch a snapshot of our digital thought leadership [here](#).



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 building trusted and long-term relationships with our clients, underpinned by high-quality client service. We are aware that both our global and local institutional clients are increasingly engaged as active owners, with a sharper focus on long-term sustainability. We remain well positioned to meet these demands.





OUR GLOBAL FOOTPRINT

As global investors, we offer our clients access to nearly three decades of investment experience across global developed, emerging and frontier markets. We manage a total of R50 billion in our global strategies on behalf of leading international retirement funds, endowments and family offices.

Over the last decade, we have expanded our investment offering to cover a broad range of markets in a few targeted global investment strategies.

A world-class track record

Since the launch of our first global product in 2008, we have made great strides in establishing world-class track records across our entire range. We offer a compelling range of global strategies designed to meet the varying needs of a diversified client base from across the globe. We manage a combined total of R50 billion on behalf of our international clients in our global strategies at present.

The active and high-conviction nature of our investment approach globally means that short-term returns can deviate materially from their benchmarks whilst in pursuit of generating long-term outperformance. We are fortunate that the majority of our clients understand this and are able to tolerate the impact of underperformance in the short term.

While these periods may be uncomfortable and testing, we have endured them many times throughout our nearly three-decade history. We therefore understand that they are an important part of our compelling and proven long-term investment track record. We remain committed to delivering outstanding long-term investment returns to our clients, and continue to focus resolutely on the long-term prospects of the securities in which we invest.

Ensuring our global offering remains future fit

In 2019 and 2020, we launched global equity funds with product- and conduct-based exclusions. These funds exclude investments in certain companies or sectors, such as tobacco companies, companies that manufacture or distribute controversial weapons, and companies involved in the mining and extraction of thermal coal or the production of coal-based power and/or the extraction of oil from tar sands. These funds also exclude companies that are engaging in practices that cause or could result in material harm to the environment or have a negative societal impact.

In 2021, we decided to apply these exclusions to our existing global equity offering, including our Global Equity, Global Emerging Market, International Equity and Global Equity Income strategies. This aligns our approach across our global equity product offering and meets the growing demand from clients and regulators. We continue to follow the same approach to active engagement within these funds that we apply across our business by actively encouraging responsible business practices by investee companies.

Future focus

We will continue to establish and nurture trusted relationships with global clients and asset allocators, with the aim of leveraging our global product range into new markets.





ACTIVE CORPORATE CITIZENSHIP

We are a significant South African corporate citizen that is committed to building a transformed and inclusive financial services sector and an equitable society. We achieve this through education, training, enterprise development, stewardship, corporate social investment and industry engagement.

In a country beset with socioeconomic challenges, it is vital that the business community actively participates in helping to solve systemic issues, while operating in such a way that returns value to society, through creating employment, supporting the supply chain and uplifting those communities most in need. We do this by engaging with our peers, the financial services authorities, and more broadly SA Inc., government and NPOs.

We respond to crises

During the Covid-19 pandemic, Coronation made a significant contribution to relief programmes via the Solidarity Fund, #Payin30, FoodForward SA and Ladles of Love. This year, we continued to focus on food relief and emergency response efforts, such as providing support to those impacted by the flooding in KwaZulu-Natal (→ *refer to our Sustainability Report*).

We get involved

We play an active role in shaping the South African financial services industry. Most of our regulatory interactions are with the South African Financial Services Conduct Authority (FSCA) and the South African Prudential Authority (PA), either directly or through our involvement with the Association for Saving and Investment South Africa (ASISA).

As a member of the South African business community, Coronation is a member of Business Leadership South Africa, part of the CEO Initiative and is a shareholder in the SA SME Fund. Furthermore, 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.

To demonstrate our commitment to increased stewardship and ESG integration in our investment and operational activities, we are a 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 2021 Stewardship Report, available on www.coronation.com or → *refer to page 27* of this report.

We are a

Level 1

contributor to B-BBEE



We look to the future

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. We have made a significant contribution to the transformation and development of skills in the broader financial services industry. In addition, our corporate social investment programmes aim to address the South African education crisis and support food security in local communities.

For full details refer to our *Sustainability Report*.

Environmental impact

Environmental issues, such as climate change, water scarcity and pollution, are among the most significant challenges of our time. We understand that for our business and society to thrive, we need to promote and advocate for a healthy environment.

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 2018, we expanded our reporting to include investment stewardship, and have been making steady progress ever since, with the adoption of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and commencement of our carbon footprinting journey. This year, we enhanced our reporting suite by adding a *Sustainability Report* and providing greater texture to materiality and risks within our business operations.

Our recent reporting journey



For more information on how we engage with companies on material ESG issues, refer to our 2021 Stewardship Report, available on www.coronation.com or *page 27* of this report.

Our carbon footprint

Our third Carbon Footprint Assessment is published on www.coronation.com. We have achieved a carbon neutral footprint via our partnership with Walker's Recycling.

However, as noted in last year's report, our standard operating activities were interrupted by Covid-19 mobility restrictions. Of note were reductions in 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 they were pre-pandemic.

Our 2022 metrics are significantly higher than previous reports due to the resumption of business-as-usual operations and travel during the reporting period. We will continue to deepen our approach to monitoring and improving our operational sustainability.



Task Force on Climate-Related Financial Disclosures

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 mitigate the impacts of climate change. At Coronation, we apply the same ethos to our own business operations to identify opportunities to reduce and mitigate our environmental impact.

OUR SUMMARISED CORPORATE-RELATED TCFD ACTIONS AND DISCLOSURES

TCFD theme	Summary	Further information
Governance	<ul style="list-style-type: none"> ▶ The Board provides oversight over climate-related risks and opportunities. ▶ Board members have undergone training on climate-related matters. ▶ Climate-related issues are tabled at Board and committee meetings. ▶ 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"> › CEO: managerial oversight at the corporate level ▶ Corporate ESG and sustainability reporting are part of the KPIs of the executive directors. 	Corporate ESG Framework → download
Strategy	<ul style="list-style-type: none"> ▶ Climate strategy focuses on reducing the organisation's environmental impact and remaining resilient to the physical impacts of climate change. ▶ Collaboration with multiple responsible investment and stewardship codes, organisations and initiatives inform climate change best-practice and strategy. 	Carbon Footprint Assessment 2022 → download Stewardship Report 2021 → download
Risk management	<ul style="list-style-type: none"> ▶ Climate risks are ranked, rated and treated in accordance with the Group Risk Management Framework and included in the Group Risk Register, as appropriate. ▶ A carbon footprint assessment is used to identify and track improved efficiencies to reduce exposure to climate-related risks, such as increased energy prices and more stringent climate policies in future. Partnerships with accredited carbon offset providers are also used to reduce carbon exposure. 	
Metrics and targets	<ul style="list-style-type: none"> ▶ Detailed information on Scope 1, Scope 2 and some Scope 3 emissions are provided in the Carbon Footprint Assessment 2022. This includes data sources, total emissions, emissions sources, emissions intensity values, and Scope 2 emissions by location. ▶ GHG mitigation options that have been implemented and that are being considered are disclosed, as are future improvements in GHG emissions calculations. Coronation has committed to reducing its operational emissions as far as possible as business operations normalise post the Covid-19 pandemic. All emissions included in the 2022 Carbon Footprint Assessment have been offset and additional credits have been purchased that can offset increased emissions as business operations normalise. 	Carbon Footprint Assessment 2022 → download





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 which are detailed in our annual *Stewardship Report*.

- ▶ 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 (328 employees), with others in Johannesburg (8), Durban (3), Pretoria (3), London, UK (12) and Dublin, Republic of Ireland (7).*
- ▶ 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.



GENERATOR



REFRIGERANT

Scope 2:

Procured grid electricity.



ELECTRICITY

Reported Scope 3:

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



FLIGHTS



ACCOMMODATION



VEHICLE HIRE



COMMUTE



WASTE



MATERIALS



WATER

OUTPUT



GHGs

* Employee numbers include permanent and contract employees employed during the period ended 30 September 2022

** 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

1 698t



AVERAGE PER EMPLOYEE

3.7tCO₂e



96.1tCO₂e



+ 14.4tCO₂e

=



110.5tCO₂e

Electricity

Procured grid electricity was the main energy source for our built operations in 2022.



ELECTRICITY USE

843.3

MWh
(megawatt hours)



ELECTRICITY

129

kWh/m²
(kilowatt hours)



GHG EMISSIONS

726.8

tCO₂e

Business travel and commuting



+



+



+



=



TOTAL TRAVEL
857.3tCO₂e

Water, waste and materials***



2.4tCO₂e

+



0.9tCO₂e

+



0.1tCO₂e

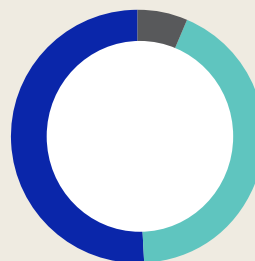
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3.4tCO₂e

*** 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

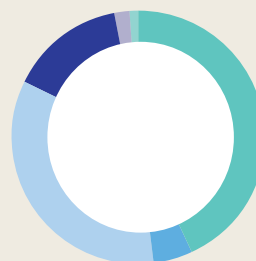
SCOPE OF EMISSIONS (TONNES CO₂e)



Scope 1	110.5
Scope 2	726.8
Scope 3	860.7 ¹

¹ Scope 3 emissions have significantly increased due the normalisation of business activities.

GHG CONTRIBUTORS



Electricity	42.8%
Refrigerant fugitive emissions	5.7%
Business travel - flights	34.1%
Staff commute	14.4%
Business travel - accommodation and vehicles	2.0%
Other ²	1.0%

² Municipal water; paper

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

Current initiatives that reduce our environmental impact

- ▶ Board-level reporting on climate change
- ▶ Ongoing Board training to deepen understanding of ESG matters
- ▶ First Sustainability Report to track progress
- ▶ 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
- ▶ Continue to track progress in 2023

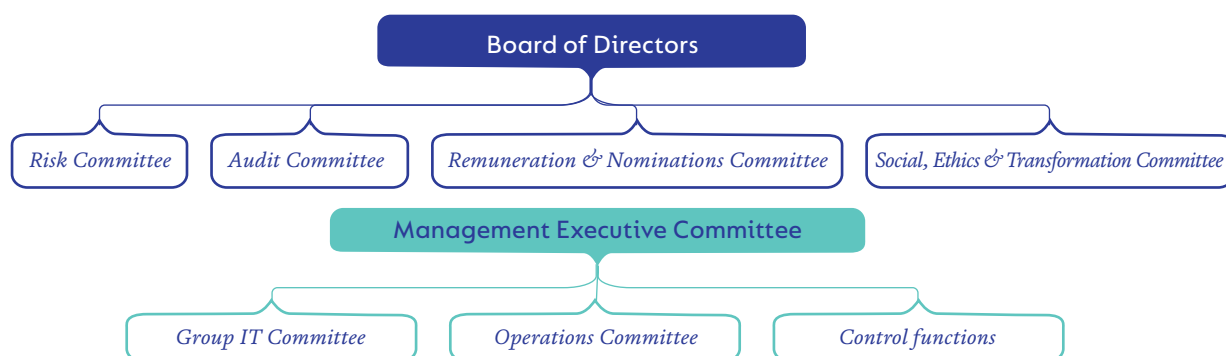


EFFECTIVE AND INTEGRATED GOVERNANCE

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.

Group governance structures

Leadership is effected through a unitary Board comprising a majority of independent non-executive directors.



The Board of Coronation Fund Managers Ltd 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 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 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 78](#) for the Board committee reports). The charters of the aforementioned committees are available for review on our [website](#).

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. 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.

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

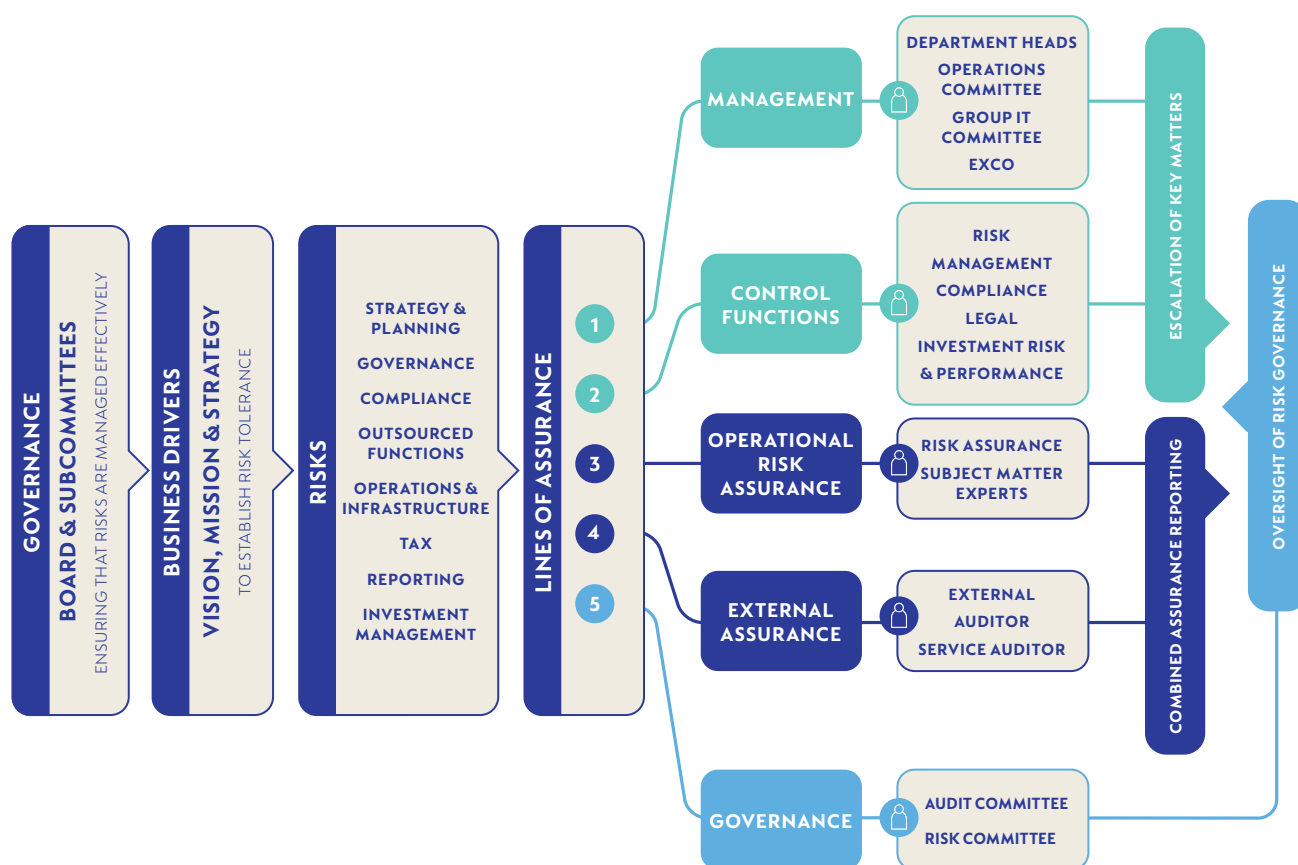


“The Board serves as the focal point and custodian of corporate governance.”

Executive directors and management are responsible for implementing the Board’s strategy and ensuring the effective operation of all areas of the business. This includes the 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.

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

As the first line of assurance, managers 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 comply with the relevant regulations.

Management is supported by specialist 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 87](#) and [93](#), 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 is termed operational risk assurance, which refers to internal reviews of the control environment. These results 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 Audit Committee-approved Operational Risk Assurance Charter, 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 Inc. and 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 Inc. 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, form the fifth line of assurance (→ *refer to pages 83 and 85*, respectively, for the reports of the Audit and Risk committees).



BOARD OVERVIEW



Back: Saks Ntombela, Judith February, Anton Pillay, Phakamani Hadebe, Lulama Boyce

Front: Neil Brown, Alexandra Watson, Madichaba Nhlumayo, Mary-Anne Musekiwa, Hugo Nelson

ALEXANDRA WATSON

Chairperson, 66

BCom (Hons), CA(SA)

Alexandra is an emeritus professor of the University of Cape Town, having retired in 2018 after decades of teaching postgraduate financial reporting. She was appointed as Chairperson of Coronation's Board of Directors in 2021, prior to which she served as the lead independent non-executive director and Chair 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 Limited and in November 2022 as an independent director of the Advtech Group. She 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.

SAKHIWD (SAKS) NTOMBELA

Lead independent non-executive director, 55

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 served as the Group CEO Hollard Insurance (Hollard) until June 2022. 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 also completed the Advanced Management Programme at the Harvard Business School in Boston.

HUGO NELSON

Independent non-executive director, 52

MBChB, MBA (Oxon), CFA

Hugo is 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, a member of the Steinhoff N.V. supervisory board and a patron of George Whitefield College. Hugo was appointed to the Board in November 2016.

JUDITH FEBRUARY

Independent non-executive director, 51

BA (Law), LLB, LLM (UCT)

Judith is Executive director: Freedom under Law, a regular media analyst on South African politics and editor of Daily Maverick's fortnightly legal and political newsletter, 'Judith's Prudence'. She is the author of 'Turning and Turning: exploring the complexities of South Africa's democracy', published by PanMacMillan in August 2018. She previously headed Idasa's Political Information and Monitoring Service. Judith is an admitted attorney, holds an LL.M in Commercial Law and is a registered Conflict Dynamics accredited commercial mediator. She was appointed to the Coronation Board in August 2008.

LULAMA BOYCE

Independent non-executive director, 44

BCom (Hons), CA(SA), MCom, Financial Management (UJ)

Lulama is the Head of Department: Commercial Accounting at the University of Johannesburg. She was appointed to Coronation's Board of Directors in October 2014 as an independent non-executive director and to the position of Chairperson of the Audit Committee in August 2021. She is also an independent non-executive director for Coronation Life Assurance Company Ltd, Coronation Management Company RF (Pty) Ltd and a member of the Board of Adcock Ingram Holdings and Bidvest Group Ltd. She graduated from the University of Cape Town in 2002 and served her articles at Grant Thornton Johannesburg. She is a former account manager for the Industrial Development Corporation. She is a former project finance consultant and served on the Audit Committee of Automotive Supplier Park.



MADICHABA NHLUMAYO

Independent non-executive director, 44
BBusSci, CA(SA)

Madichaba was appointed as an independent non-Executive director on 12 June 2019. Previous roles include 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 and Coronation Management Company (RF) (Pty) Ltd since 1 August 2015.

NEIL BROWN

Independent non-executive director, 57
NDip Company Admin, MBA (Finance)

Neil was appointed as an independent non-executive director on 19 October 2020. He 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, and following this he was the co-founder and co-head of the independent Electus Fund Managers.

PHAKAMANI HADEBE

Independent non-executive director, 55
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 in Arts in Rural Development from the University of Sussex, 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 of the Land and Agricultural Bank. Phakamani also worked in the National Treasury for 13 years, serving as Head of Assets and Liabilities from 2003 to 2008. Phakamani is currently running his businesses and consulting for the UN and multilateral institutions on debt, financial management and SOE operations, including turnaround strategies.

ANTON PILLAY

Chief Executive Officer, 53
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. He is a director of various Coronation subsidiaries, and serves as the Chairperson of Namibia Asset Management. Anton is also the Chairperson of the Association for Savings and Investments South Africa.

MARY-ANNE MUSEKIWA

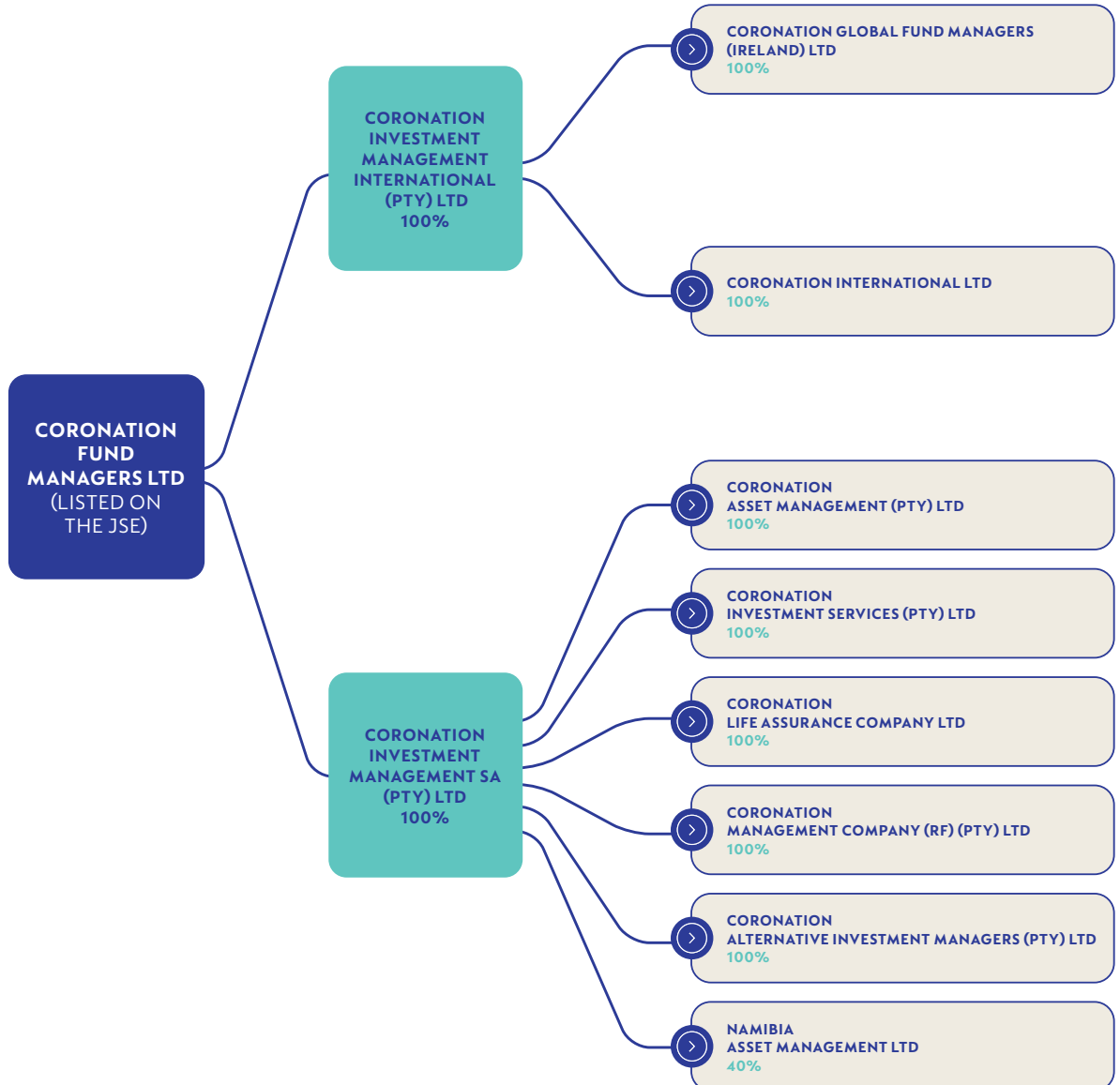
Chief Financial Officer, 41
BCom (Accounting), CA(SA)

Mary-Anne was appointed as 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.



CORPORATE STRUCTURE

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



Board composition

As at 30 September 2022, Coronation's unitary Board comprised two executive directors and eight independent non-executive directors. The Board is led by an independent non-executive Chairperson, who is supported by a lead independent director.

Prof Alexandra Watson serves as the Chairperson of the Board with Mr Saks Ntombela as the lead 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. This year the independence assessment formed part of the formal, externally facilitated Board assessment. The independence assessment was developed in line with the guidelines set out in King IV™ and was further aligned with international practice. In particular, the Board reviewed international practice in respect of long tenure and its impact on independence. 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 were not impaired by their length of service. All Board members act independently from each other and any shareholder or other stakeholder group.

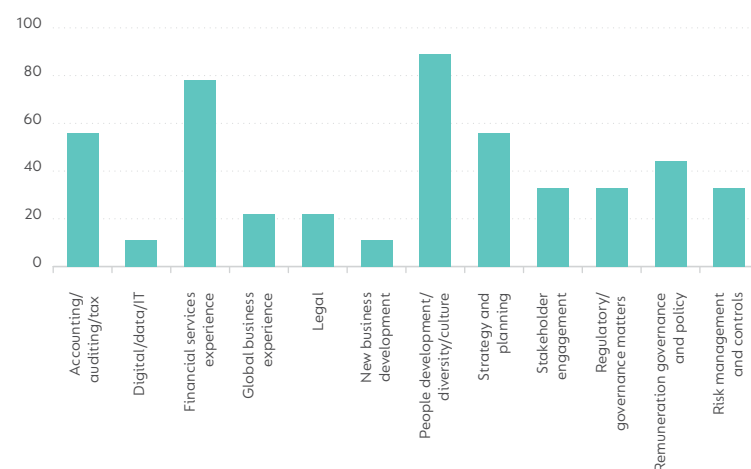
Board diversity

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.

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.

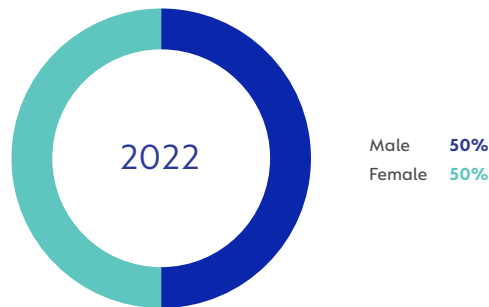
Board skills matrix

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

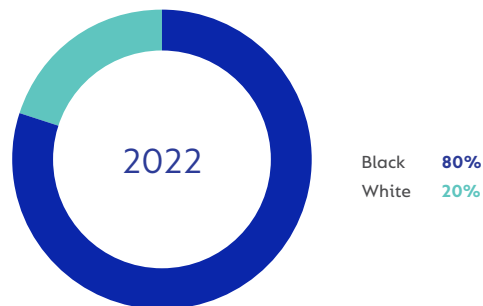


The Board Diversity Policy sets out the targets for representation on the Board. The policy stipulates that directors of the Board are no less than 50% black and 50% female. The policy, together with its targets, are reviewed annually. As at 30 September 2022, our targets for Board diversity were met.

BOARD OF DIRECTORS BY GENDER*



BOARD OF DIRECTORS BY RACE*



* As at 30 September 2022

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 independent, external formal Board assessment every second year and managing an internal assessment every alternate year. A formal Board assessment was conducted for the year ended 30 September 2022.

The formal Board assessment confirmed that the Board is operating effectively regarding 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. In addition, the sentiment was that the Board adequately acts as the focal point for and custodian of corporate governance coupled with members having sufficient knowledge of good corporate governance practices.



The Board agreed that the significant work undertaken to improve the Company's remuneration and ESG disclosures was necessary to ensure that stakeholder needs are adequately met. The Board therefore acknowledges the need to continue to enhance the Company's reporting and to deepen the Board's understanding of the benefits and impact of ESG disclosures. During the assessment process, the Board was in agreement that IT and IS skills at Board level will be beneficial.

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.

Key Board focus areas

Enhanced sustainability disclosures and TCFD:

As referenced earlier in this report, this year saw the introduction of the Coronation's first Sustainability Report. This standalone report was a natural progression in the Board's efforts to improve our reporting on climate-related risks and opportunities within our business operations.

Remuneration Policy amendments:

Following feedback from shareholders on the remuneration structure of executive directors, the Board mandated the Remuneration and Nominations Committee to make key amendments to the Remuneration Policy to ensure alignment with shareholder expectations. The key point that emerged in these engagements is that shareholders prefer a formulaic approach when determining the remuneration of the executive directors, which is in line with international best practice. These key changes are detailed in the Remuneration Policy (*refer to page 107*) section of this report and are also available on www.coronation.com.

Lead independent non-executive director

Mr Saks Ntombela serves as the lead independent non-executive director. 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 2023 AGM are Mr Neil Brown, Mr Phakamani Hadebe and Mr Sakhiwd (Saks) Ntombela.

Outside interests and conflicts of 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 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. During the period under 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 services as members of committees. These fees were determined and agreed to by the Board on the recommendation of the Remuneration and Nominations Committee (→ refer to non-executive directors' remuneration on [page 118](#)).

BOARD AND COMMITTEE MEMBERSHIP 2022

	Board	Audit Committee	Risk Committee	Social, Ethics and Transformation Committee	Remuneration and Nominations Committee
Prof Alexandra Watson – Chairperson ¹	✓				✓ ³
Mr Saks Ntombela ¹	✓	✓	✓ ²		
Dr Hugo Nelson	✓	✓	✓		✓ ⁴
Ms Judith February	✓			✓ ²	
Ms Lulama Boyce	✓	✓ ²	✓		
Mrs Madichaba Nhlumayo	✓	✓	✓	✓	
Mr Neil Brown	✓		✓		✓
Mr Phakamani Hadebe	✓			✓	
Mr Anton Pillay – executive director	✓				
Ms Mary-Anne Musekiwa – executive director	✓			✓	

¹ Appointed 10/08/2021

² Committee Chairperson

³ Chairperson Nominations Committee

⁴ Chairperson Remuneration Committee

Meeting attendance

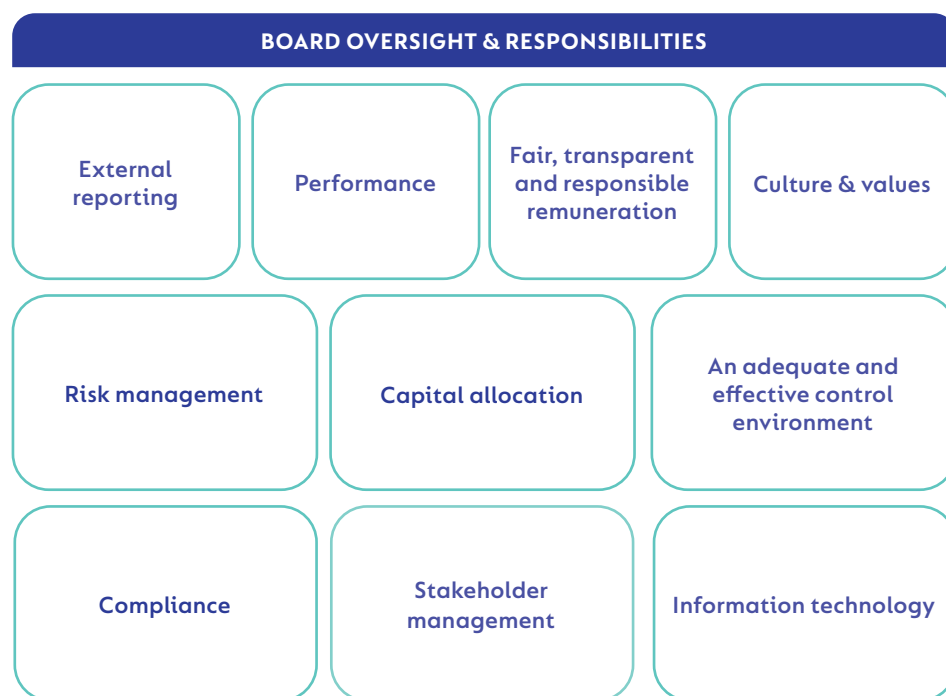
The Board meets a minimum of four times a year, with additional meetings as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the memorandum of incorporation. The non-executive directors are provided with comprehensive information on the business and are updated on business developments between Board meetings. The Board met on five occasions during the 2022 financial year. Director attendance at Board and committee meetings for the 2022 financial year 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, Ms Nazrana Hawa, who in turn has access to appropriate resources to provide this support.

An assessment regarding her competence, qualifications and experience was conducted as part of the Board's formal assessment process which was externally facilitated. The Board is satisfied that the Company Secretary has the necessary skills and experience and fulfils her responsibilities towards the Board.





Delegation

Executive directors and management are responsible for implementing the Board's strategy and ensuring the effective operation of all areas of the business. This includes the 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. For the year to date, no irregularities were escalated to 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.



Material matters

These are matters that have the potential to significantly impact our ability to deliver superior long-term investment outperformance for our clients and create value for all our stakeholders, as well as the Company's financial sustainability.

	Material matters and alignment to strategy	Risk	Opportunity
Investment performance  	<p>We are a long-term active manager. Our almost 30-year track record and single long-term, valuation-driven investment philosophy have proven our ability to deliver alpha over the long term. This is at the centre of our promise to deliver value to our clients and other stakeholders.</p>	<ul style="list-style-type: none"> ▶ Unprecedented global economic and geopolitical factors impacting markets and eroding medium- and long-term returns 	<ul style="list-style-type: none"> ▶ Indiscriminate asset sell-offs present an opportunity to acquire undervalued assets and sow the seeds for future outperformance ▶ Our long-term track record and in-depth proprietary research present a compelling opportunity for potential clients ▶ Our ESG model allows for holistic long-term risk and opportunity integration into valuation models. This yields a better understanding of the prospects of investee companies
ESG  	<p>Sustainability founded on the pillars of ESG is a critical cornerstone of our investment philosophy and our corporate operations.</p>	<ul style="list-style-type: none"> ▶ Misinterpretation of our integrated ESG investment approach that is founded on engagement before exclusion ▶ Many ESG factors manifest in the long-term and are subjectively integrated into valuation models. There is a risk that other market participants price these risks differently, which could impact market prices ▶ The ESG regulatory environment is rapidly changing from voluntary to mandatory disclosures. This results in increased demands on businesses and the risk of lagging best-practice disclosure 	<ul style="list-style-type: none"> ▶ Value creation and responsible corporate citizenship can be achieved through increased engagement and collaboration on material ESG matters with investee companies and our industry
Talent   	<p>Competition for talent in a skills-scarce environment has escalated, impacted by the globalisation of the workforce due to changes brought about by the pandemic.</p>	<ul style="list-style-type: none"> ▶ Achieving transformation in a scarce-skills environment ▶ Significant scarcity of IT and IS resources ▶ Emigration 	<ul style="list-style-type: none"> ▶ Continue to invest in employee development and wellness, with a sharp focus on young talent ▶ Introduction of flexibility for employees

	Material matters and alignment to strategy	Risk	Opportunity
South African environment 	<p>The SA savings pool is shrinking, impacted by low economic growth, low confidence in SA Inc. and low levels of formal employment, which has an impact on us as a large player in the market.</p>	<ul style="list-style-type: none"> ➤ Outsized impact of shrinking savings pool as a larger player in market 	<ul style="list-style-type: none"> ➤ Buying opportunity for undervalued SA stocks ➤ To actively engage with regulators and industry peers to lobby for policy implementation to support economic growth ➤ Our variable expenditure model enables our business to better withstand tough economic conditions and adverse market dynamics
Client requirements  	<p>A shift in consumer and client trends, including the request for alternative products, greater access to global markets, ESG-focused products and client engagement technology.</p>	<ul style="list-style-type: none"> ➤ Inability to meet evolving client needs 	<ul style="list-style-type: none"> ➤ Reconsider approach to new products ➤ Opportunity to further innovate client engagement
Regulatory environment  	<p>Significant changes in the regulatory environment, as well as the increased pace and volume of regulations.</p>	<ul style="list-style-type: none"> ➤ Non-compliance due to pace and volume of regulatory change ➤ Increased cost of doing business 	<ul style="list-style-type: none"> ➤ Greater engagement with policymakers and industry bodies
Transformation   	<p>Coronation continues to focus on diversity and inclusion, which has gained momentum globally. Clients, regulators, and industry bodies require a clear demonstration that we are a transformed and inclusive business.</p>	<ul style="list-style-type: none"> ➤ Potential penalties due to non-compliance with SA transformation regulations include loss of license and hefty fines ➤ Loss of clients due to: <ul style="list-style-type: none"> › their own transformation compliance needs › loss of credibility and relevance through failing to transform ➤ Lack of workplace diversity resulting in being an unattractive employer for top talent. 	<ul style="list-style-type: none"> ➤ Continue to champion inclusivity and transformation ➤ Introduce and maintain robust transformation programmes, internally and externally
Systems 	<p>Long-term sustainability and competitiveness requires investment.</p>	<ul style="list-style-type: none"> ➤ System/s no longer meeting operational and strategic requirements 	<ul style="list-style-type: none"> ➤ Strategic and targeted investments in data infrastructure and security
Cyber security 	<p>Increased reported cyber security breaches globally necessitates the increased focus on protection of business systems/ infrastructure and client data.</p>	<ul style="list-style-type: none"> ➤ A successful cyber attack and subsequent threat to reputation 	<ul style="list-style-type: none"> ➤ Continuous engagement with industry experts resulting in a more robust cyber security response



Our value chain creates value for our primary stakeholders

The quality of our capital inputs > *directed by our material matters*



INTELLECTUAL CAPITAL

- Coronation intellectual capital
- Ongoing investment in IT & IS infrastructure
- Robust, valuations-based investment process
- Thought leadership
- 367 years' cumulative Coronation experience of senior investment professionals
- IT & IS investment of R210 million
- 53 CFAs on our team



HUMAN CAPITAL

- Highly-skilled employees
- Strong, ethical culture
- Mentorship by senior investment professionals
- Best-practice recruitment process
- Significant investment in training
- 11 years' average tenure of investment team
- Training and wellness: R12 million
- Ownership culture



FINANCIAL CAPITAL

- High cash generating business and strong capital management
- Significant financial investments
- Variable expenditure model
- Dividend policy: a minimum of 75% of after-tax cash profit
- Seeding of international products
- Remuneration Policy reduces fixed costs



NATURAL CAPITAL

Active Stewardship

- Investment stewardship activities
- Efficient business operations
- Carbon footprint assessment
- Three-pronged approach to responsible investment



SOCIAL & RELATIONSHIP CAPITAL

- Recognise key role in building stronger and transformed society
- Active corporate citizen
- Key focus on diversity and transformation
- Investment in enterprise and supplier development

INVESTMENT PERFORMANCE



ESG



TALENT



SOUTH AFRICAN ENVIRONMENT



CHANGING CLIENT NEEDS



REGULATORY TIGHTENING



TRANSFORMATION

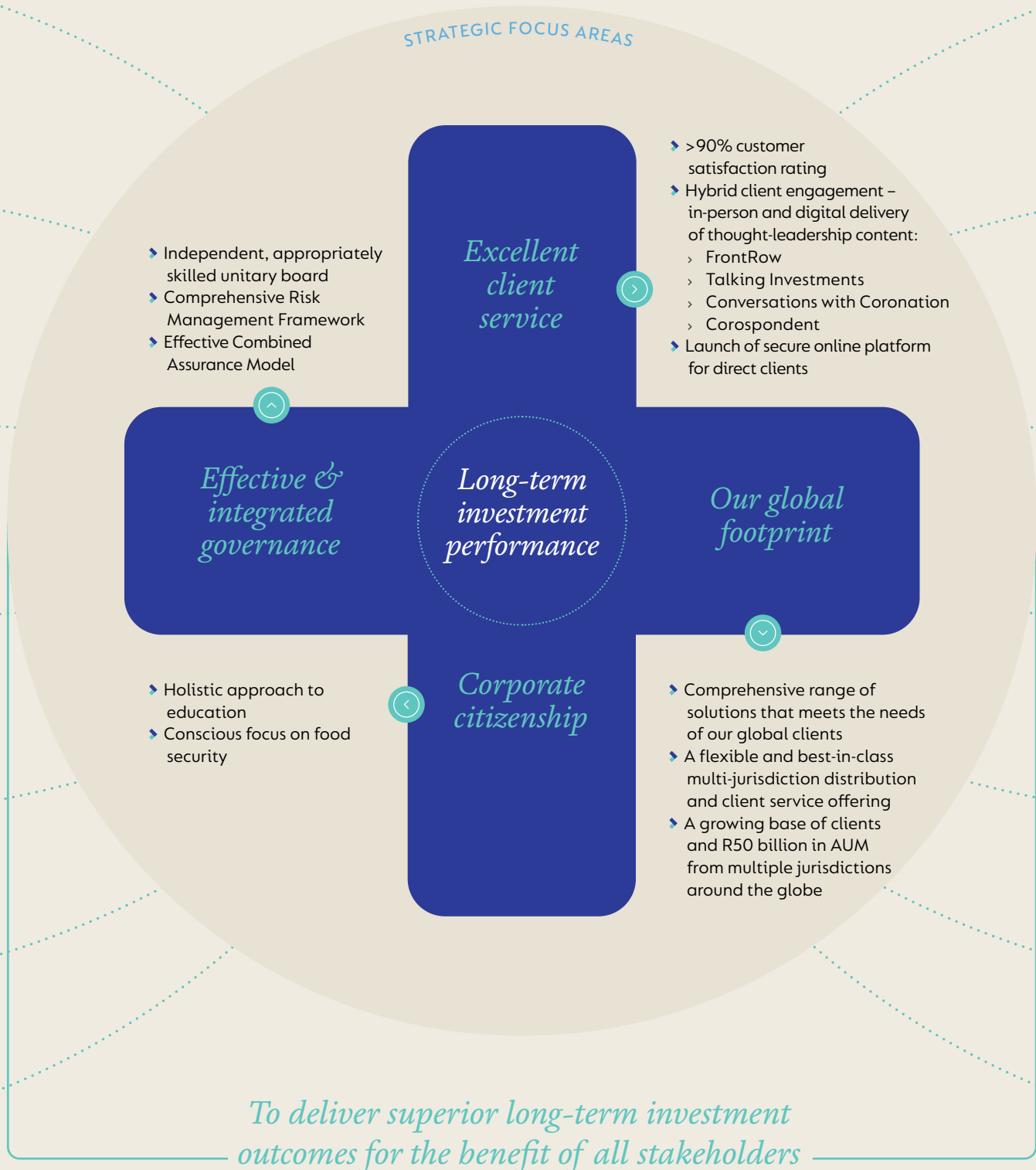


INPUTS

MATERIAL MATTERS

→ page 56

and our strategy enable our core business activities



to generate long-term value outcomes



for all our primary stakeholders



- Long-term investment out-performance
- Client experience improved by significant enhancement and the relaunch of the online customer platform
- Data project - morning reporting
- CFA outcomes



- Employee turnover: 6.9% is well below industry average
- Diversity and inclusion
 - 80% of our Board of Directors ARE BLACK
→ refer to page 76 for more stats
 - 63% of our employees
 - 51% of our employees ARE FEMALE
→ refer to page 76 for more stats
 - 50% of our Board of Directors
- Performance-based remuneration outcomes



- 100% of fund management earnings paid as dividend
- Strong equity position
- Our variable expenditure model protected earnings in downward market cycle



- Carbon footprint results (erosion) and carbon neutrality
- Further embedded our corporate TCFD reporting
- Continued engagement with investee companies on TCFD



- B-BBEE Level 1 contributor
- Stockbroker support initiative
- IFA initiatives
- Consumer financial education
- Education CSI initiatives

Clients

Shareholders

Our people



OUTCOMES

STAKEHOLDER VALUE

+ Value creation

| Value preservation

- Value erosion

HOW CORONATION CREATES VALUE FOR CLIENTS

Our Client Charter sets out the core principles that we consistently apply to the way in which we manage our client portfolios and service the needs of our clients.



Our Client Charter

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. 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 27% of the Company, while our Remuneration Policy aligns our employees with our clients' interests (→ [refer to our Remuneration Policy on page 107](#)). Furthermore, we focus on consistent execution of our long-term, 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. Our focused range of domestic and international unit trust funds and institutional strategies is designed to meet all of our investors' needs.

68

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 68 well-rounded professionals with the expertise to price for profit across sectors, asset classes and geographies. Three former chief investment officers are still in our team and actively managing money. On average, team members have 11 years of experience with Coronation. Our investment team has been notably stable for the past 10 years when compared to the industry. We believe our investment strategy benefits from a culture that encourages individuals to challenge one another, making us less prone to errors that may result from biases and/or faulty assumptions.

How we deliver investment outperformance

Coronation has invested its clients' assets according to the same disciplined philosophy for 29 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 short-term metrics, 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 27](#) or the 2021 Stewardship Report on 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 block portfolios (single-asset class funds). In this way, clients are able 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 nearly three-decade history. We therefore know that they are an important part of our compelling and proven long-term investment track record. We remain committed to delivering outstanding long-term investment returns to our clients and continue to focus resolutely on the long-term prospects of the securities in which we invest.

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

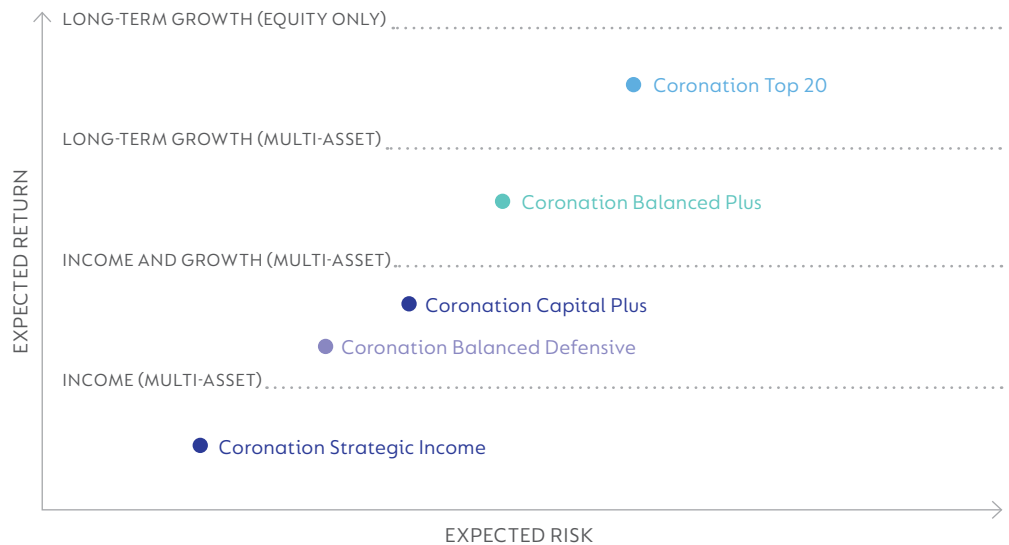
- Global Equity
- Emerging Market Equity
- Frontier Market Equity
- African Equity
- Multi-asset

Personal investment clients

We are a leading manager 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



Investment 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
Coronation Houseview Equity Since inception in October 1993	15.7%	2.4%
Coronation Aggressive Equity Since inception in February 2002	15.6%	2.6%
Domestic Multi-Asset	Annualised return	Active/real return
Coronation Global Houseview Since inception in October 1993	14.8%	8.9% real return
Coronation Managed Since inception in May 1996	14.9%	9.2% real return
South African Specialist Fixed Income	Annualised return	Active return
Coronation Strategic Bond Since inception in January 2008	8.8%	0.7%
Coronation Active Bond Since inception in July 2000	10.7%	0.8%

INSTITUTIONAL PERFORMANCE – GLOBAL PORTFOLIOS

Fund	Annualised return	Active/real return
Coronation Global Emerging Markets Equity Strategy Since inception in July 2008 (USD)	3.1%	1.7%
Coronation Africa Frontiers Since inception in October 2008 (USD)	5.1%	4.3%
Coronation Global Frontiers Since inception in December 2014 (USD)	2.3%	1.2%
Coronation Global Equity Fund of Funds Since inception in July 2000 (USD)	5.5%	0.9%
Coronation Global Managed Strategy Since inception in November 2009 (USD)	5.5%	3.0% real return

* All institutional performance returns are stated gross of fees as at 30 September 2022.

For more information on strategy benchmarks and performance, please view the fact sheets in the Investment Strategy section on our Institutional Client [website](#).

UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS

Fund	Lifetime multiplier*	Benchmark/peer group average**
Coronation Top 20	27.3	14.2
Coronation Balanced Plus	27.3	19.1
Coronation Capital Plus	8.7	7.2
Coronation Balanced Defensive	3.6	2.9
Coronation Strategic Income	6.8	5.1
Coronation Global Opportunities Equity [ZAR] Feeder	15.9	15.7
Coronation Global Optimum Growth [ZAR] Feeder	15.4	11.1
Coronation Global Managed [ZAR] Feeder	3.8	3.8
Coronation Global Capital Plus [ZAR] Feeder	3.1	2.0

Top 20 benchmark: SWIX; Balanced Plus: Peer Group Average (PGA); Capital Plus benchmark: CPI+4%; Balanced Defensive: PGA; Strategic Income benchmark: 110% of STeFI; Global Opportunities Equity Feeder benchmark: MSCI All Country World Index; Global Optimum Growth benchmark: 35% MSCI World, 35% MSCI EM, 30% BGBA; Global Managed Feeder: PGA; Global Capital Plus Feeder benchmark: US Cash+1.5%

* 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 Funds & Products section on our Personal Investments [website](#).

Engaging with our clients

With the lifting of mobility restrictions, this year, our interactions with clients took place through a combination of virtual and in-person meetings and conferences, reflecting the evolution in client engagement preferences and work arrangements that were the result of lockdown conditions.

Institutional

Our dedicated fund managers manage every aspect of client service, including investment strategy, reporting and product-related matters. Our 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 dedicated fund managers, a client relationship manager is allocated to each client to attend to all administrative queries. We provide comprehensive monthly and quarterly reports on our investment portfolios.

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.

Furthermore, 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 communication

We provide our clients with regular investment information, including through our thought-leadership publications, Corospondent (quarterly for retail clients and advisers) and the Weekend Read (regularly for institutional clients). To align our communication strategy with the changing consumption patterns of our clients, we broadened our channels to include podcasts and webinars and increased our thought-leadership presence in the media. This year, we were delighted to resume our client events, Talking Investments and Conversations with Coronation, in-person. Additional communication channels include client meetings, our Coroconnect adviser information portal, regular client mailers on topical issues and the Corolab Investment Guide series.

Stewardship and sustainability

We continued to build on our stewardship reporting and published our fourth annual Stewardship Report.¹ The report outlines our approach to responsible investing and how we integrate, engage and collaborate on ESG issues to fulfil our fiduciary responsibilities to our clients (→ [refer to page 28](#)). We have also published our first *Sustainability Report*, which details our corporate activities and the impact Coronation has on society and the environment.

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.

Fees aligned with clients' interests²



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 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 63](#)).

¹ Reports our stewardship activities for the calendar year 2021

² Personal investments fees

Client security

As the scourge of cyber attacks 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 98](#)).

Focus for the year ahead

Our focus remains on delivering superior long-term investment outcomes for our clients as responsible stewards of their capital. We will seek to deliver exceptional performance across all our strategies and build on our 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 29](#)).

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.

*“Our focus remains
on delivering superior
long-term investment
outcomes for our clients”*



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 that shareholders understand that Coronation always places the needs of clients first. It is our view that if we deliver for clients over the long term, that all other stakeholders will be well compensated. 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 period.

Shareholder engagement

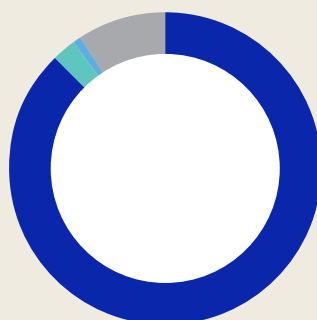
Coronation's CEO, CFO, and other Board members proactively engage with shareholders to garner their views and maintain strong relationships. We distribute information on financial results and other Company updates through both owned and public platforms. Great care is taken to ensure that critical updates 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 2022 AGM, in respect of the year ending 30 September 2021, shareholders and proxies representing 77.85% 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.

100%

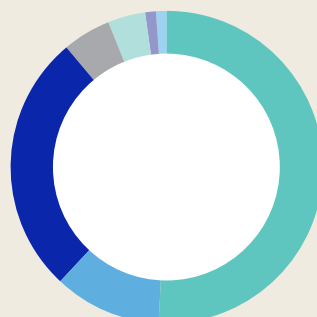
*dividend payout from
after-tax cash profit*

SHAREHOLDERS BY REGION



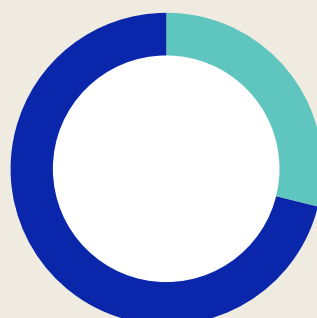
South Africa	85%
UK	2%
Europe (ex UK)	1%
North America	10%
Asia	1%
Rest of world	1%

INVESTOR TYPE



Domestic institutions	51%
Foreign institutions	11%
Employees	27%
Private stakeholders/investors	5%
Domestic brokers	4%
Corporate stakeholders	1%
Hedge funds	1%

EMPLOYEE VS PUBLIC SHAREHOLDERS



Employees (including director holdings)	29%
Public shareholders	71%

SINCE 2003

R18bn

in dividends

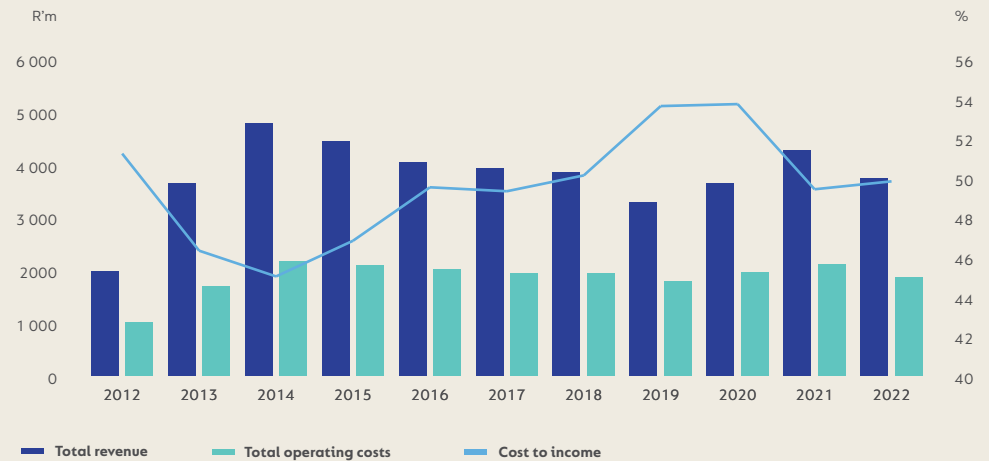
2022 outcomes for shareholders

Financial and operational performance

Fund management companies are cyclical businesses that are heavily impacted by market movements. Our financial results for the period under review reflect the sharp declines seen across all asset classes globally. Net profit and earnings from fund management decreased year on year by 25% and 18%, respectively.

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

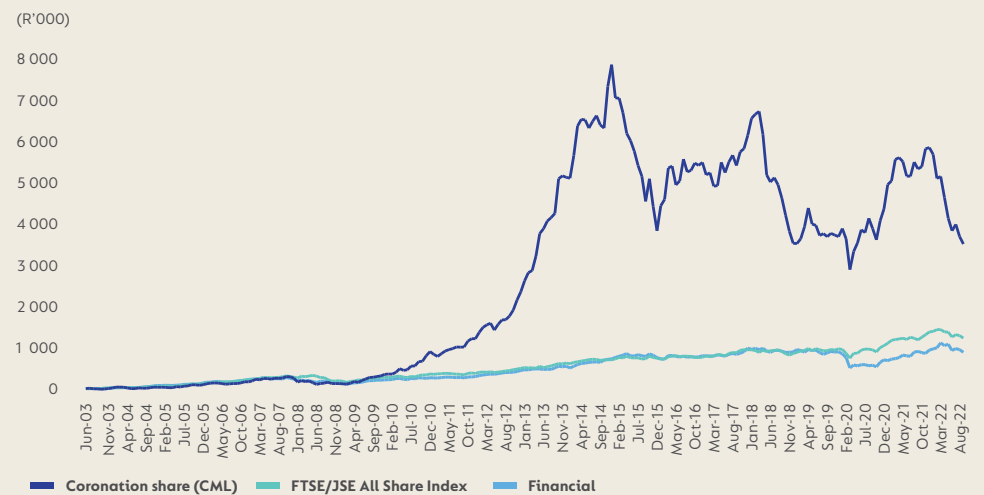
Protects shareholders in down years



Source: Coronation

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

Growth of R100 000 invested since Coronation's listing in 2003 (incl. dividends)

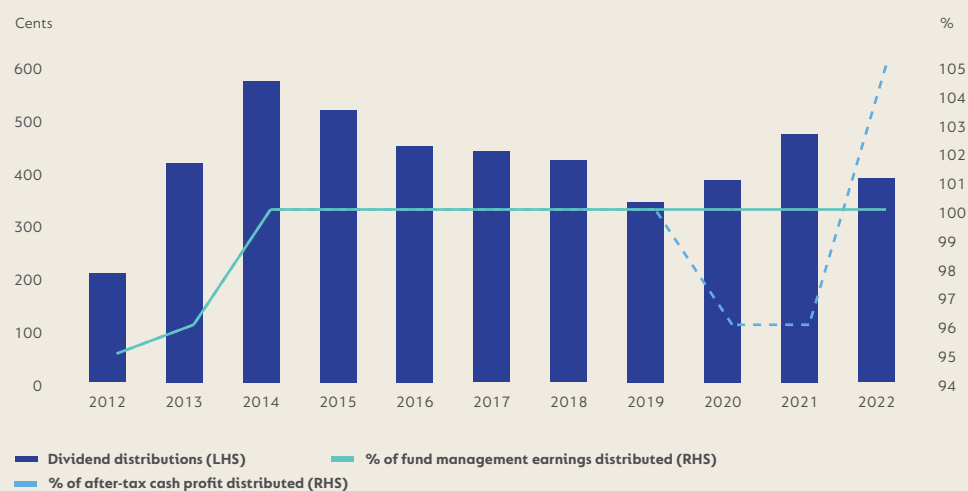


Source: Coronation

Revenue decreased by 12% to R3.7 billion. The continued focus on managing expenses and our variable expenditure model resulted in total expenses being down 12%, with fixed expenses marginally up by 2% year on year.

This is an exceptional result given the extreme inflationary pressures being felt by businesses around the world. It is also worth noting that we continue to invest in the business to ensure that we are able to offer our clients world-class service in an ever-evolving landscape.

SHAREHOLDER RETURN



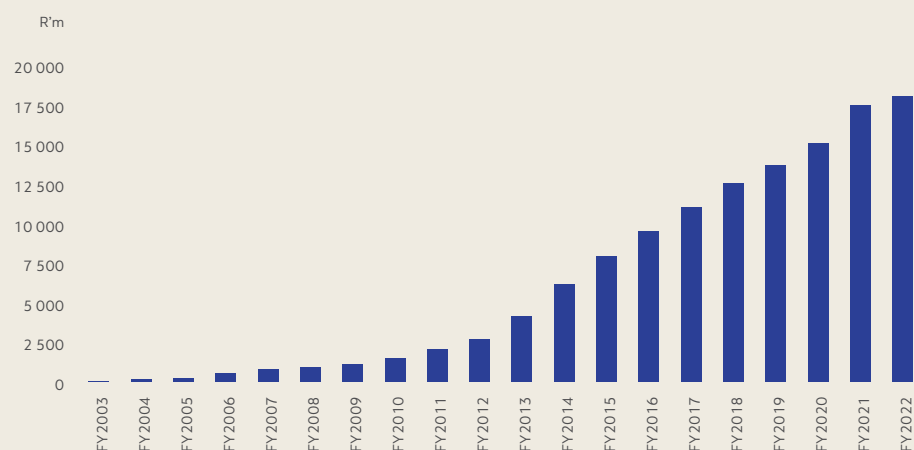
Source: Coronation

Note: Prior to the 2019 financial year, after tax cash profits and fund management earnings per share were identical

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

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 2022

R781m

total tax contribution

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:

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

Active engagement

The majority of our regulatory interaction is with the FSCA, 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 regulators and industry partners. 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.

Matters we engaged on during the course of the financial year include:

- Infrastructure SA
- Public/Private growth initiatives
- Transformation of the financial service sector
- Technical Assistance and Mentorship Development Initiative
- Engagement on key regulatory and legislative proposals

In line with our offshore fund offering and our strategy to grow our global client base and AUM, we abide by the requirements of the Investment Company Institute (US), the Irish Funds Industry Association and the UK Stewardship Code. 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 pressing national imperative 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 nearly three decades ago (→ *refer to our Sustainability Report*).

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 R781 million.



HOW CORONATION CREATES VALUE THROUGH AND FOR OUR PEOPLE

We strive to build and retain diverse, exceptional teams of highly skilled individuals – ensuring the sustainability of our business.

With the decrease in Covid-19 alert levels, Coronation's employees returned to office in November 2021. We continue to prioritise the health and safety of our employees and remain cognisant of the residual impact left behind by the pandemic. With this in mind, employees are encouraged to make use of the Coronation Healthy Company Employee Assistance Programme (EAP). This offers all employees and members of their household 24/7 access to free medical, financial, psychological and legal support. We have also offered all employees access to professional coaches, and online resources focused on resilience and stress management.

A high-performance culture

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.

27%

EMPLOYEE OWNED

We act like owners

Importantly, we believe in a culture of ownership and our employees currently own 27% 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 our 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.

2022 key focus and outcomes

Diversity strengthens our business

Through disciplined and determined recruitment, Coronation has achieved meaningful transformation of our employee base. We have made tangible progress in transforming our business to reflect the country's diversity.

For the 2022 financial year, our verification agency has confirmed that Coronation has maintained its rating as a Level 1 contributor to B-BBEE as per the Financial Sector Code. Furthermore, 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, Head of Core Equity and Head of Absolute Return.

Our diversity in numbers*

RACIAL DIVERSITY

Black individuals represent:



80%
OF OUR BOARD
OF DIRECTORS



67%
OF OUR EXECUTIVE
COMMITTEE



63%
OF OUR
EMPLOYEES



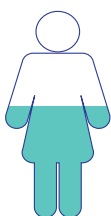
50%
OF OUR INVESTMENT
TEAM LEADERS

GENDER DIVERSITY

Women represent:



51%
OF OUR
EMPLOYEES



50%
OF OUR BOARD
OF DIRECTORS



55%
OF OUR NEW
HIRES



33%
OF OUR EXECUTIVE
COMMITTEE

* South African-based employees as at 30 September 2022

We are excited about the calibre of prospective employees who are currently benefiting from extensive internship and bursary programmes (→ [refer to our Sustainability Report](#)). These employees will strengthen our diversity profile for many years to come. We are determined to achieve greater black representation among senior management.

Retaining highly skilled employees

In a highly competitive industry, the long-term retention of world-class talent is critical to the success of our business. Our investment team remains one of the most experienced and stable in the industry. The average tenure in the investment team is 11 years. Across the South African business, employee turnover remained stable at 6.9%, well below industry standards. The average tenure of departing employees was five years in 2022.

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 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 101](#)).

Nurturing talent

Following the impact of the recent pandemic on overall employee wellbeing, we continue to focus on the holistic wellbeing of our workforce through structured and regular check-ins with our employees.

Welcoming new employees

We have a digital onboarding system to integrate new starters, build engagement and ensure continued support throughout their onboarding journey. A key feature of our onboarding process is our frequent check-ins with new starters, which aim to foster resilience and enhance productivity and performance. This continues 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 feel supported and aligned to our Company's vision and strategic objectives within the first three months of their start date.

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 sessions.

The business supports appropriate training initiatives by providing financial assistance towards employees' tuition fees for part-time study, and provides leave for study and writing exams. We continue to direct a large portion of the Company's training spend to black employees. In 2022, R9.3 million was allocated to the skills development of black employees (2021: R7.8 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. As of 2022, 53 employees, of whom 23% are women and 34% are black, are CFA charter holders. In 2022, nine employees, of whom eight are women and eight are black have completed the CFA exam towards becoming CFA charter holders. Other training areas include university qualifications and short courses, including regulatory and product training.

Aspiring Leaders Project

Our workplace career development initiative, the Aspiring Leaders Project (ALP), 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.

Since inception, 47 ALP alumni have benefited from the programme, of whom 57% are black and 49% female. Our retention rate of ALP alumni is 85%. Furthermore, of the ALP alumni that have been promoted or have had internal career progressions, 56% are black. Given the ongoing success that we have had with the programme, we offered it again in 2022, with 75% of the delegates being black 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 ongoing development.

Mentors

Mentorship is an important aspect of the skills development and advancement of our employees. The Coronation Mentorship Programme enables experienced employees to mentor new employees and provide guidance on Company culture, work processes and industry insight. We currently have 15 active mentors across the business, some of whom focus specifically on mentoring our bursary students.

Future focus

To continue to foster a culture that attracts, retains and motivates highly skilled employees to continue delivering investment excellence by prioritising the following talent management focus areas:

- Nurture an environment that fosters a sense of belonging and inclusion.
- Building future fit and critical skills across our workforce.
- Develop, strengthen and futureproof our leadership skillset.
- Enhance our efforts and focus on employee wellness programmes.
- Redefine and strengthen our employee value proposition.



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

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 (→ [page 101](#)) or the Remuneration and Nominations Committee Charter in the Stakeholder Relations section on 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, 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.

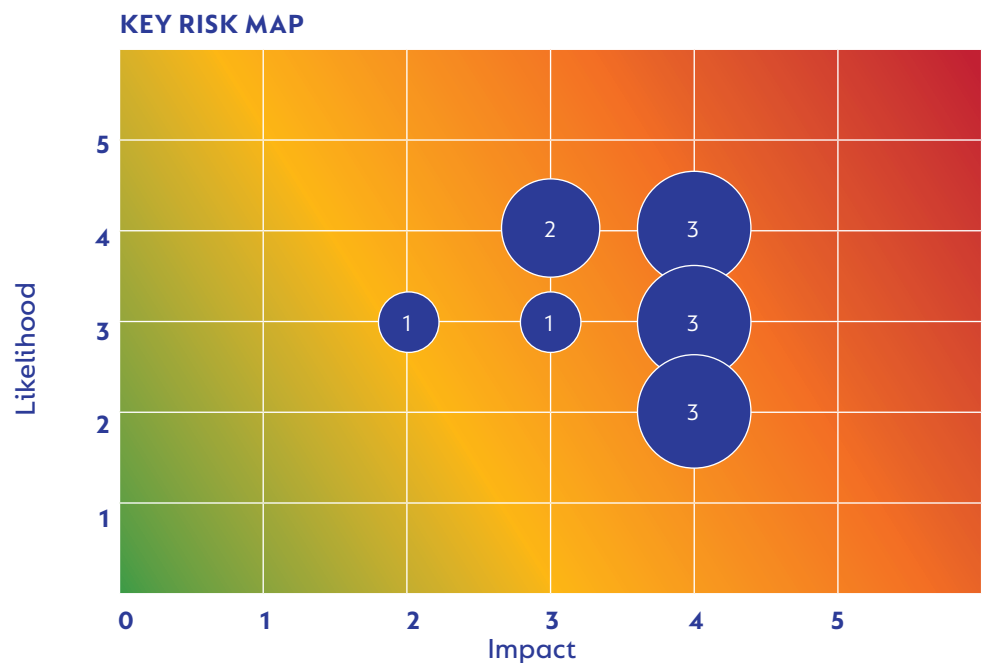


The risk management function is managed by the Risk Officer, who reports to the Head of Global Risk and Compliance. The Risk Officer is responsible for overseeing and reporting on management's procedures to manage risk across the Group. More specifically, the Risk Officer is responsible for ensuring 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.



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	Minor risks: risks are within the tolerable level and no further actions are required
From 9 – 10	Cautionary risks: should be monitored on a regular basis
From 12 – 15	Major risks: risk appetite has been exceeded. The risks must be managed, monitored on an ongoing basis and escalated
From 16 – 25	Critical risks: 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.

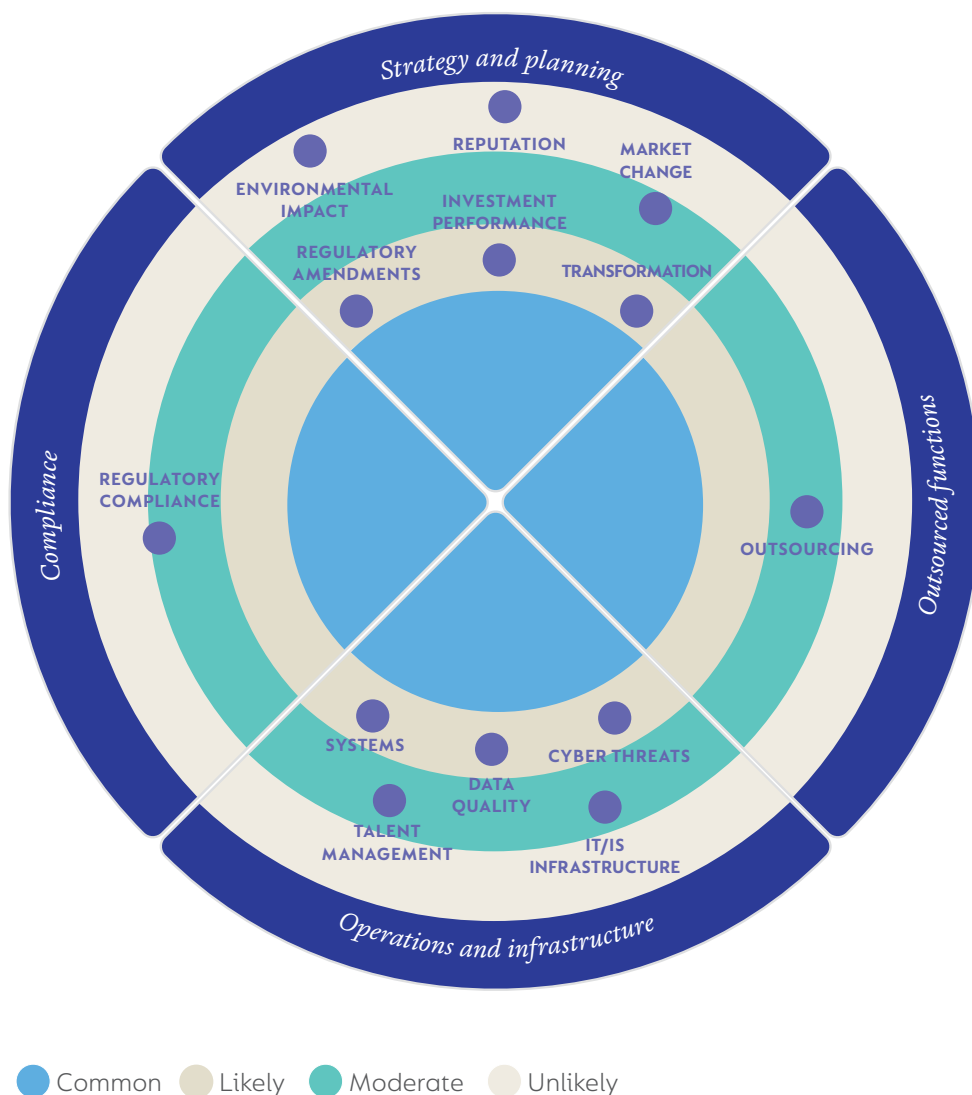
The table below outlines the risk types facing the business, along with the relevant mitigating controls. Refer to the residual risk rating table on the previous page.

Risk	Definition	Management and mitigation
STRATEGIC RISKS		
Investment performance	Sustained poor investment returns relative to peer funds and benchmarks.	<ul style="list-style-type: none"> ➤ 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 ➤ 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. ➤ 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 ➤ Investment analysts have deepened their research and understanding of ESG factors ➤ 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
Regulatory amendments	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"> ➤ Develop new products in response to changing client needs, subsequent to in-depth research and viability assessments ➤ Increased engagement with clients
Transformation	The inability to effectively respond to transformation targets as required by regulators and clients	<ul style="list-style-type: none"> ➤ The Employment Equity (EE) Committee reports to the SET Committee and: <ul style="list-style-type: none"> › oversees the achievement of transformational targets in accordance with our EE Plan; and › ensures that policies and practices encourage sourcing and retaining of talented black individuals ➤ 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>).
Market Change	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"> ➤ Continuous investment in the Coronation brand and our direct investor infrastructure ➤ Affirm our commitment to our long-term investment philosophy through ongoing client engagement and demonstration of thought leadership ➤ 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 ➤ Develop new products in response to changing client needs, subsequent to in-depth research and viability assessments

Risk	Definition	Management and mitigation
STRATEGIC RISKS (CONTINUED)		
Reputation	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"> ➤ Our ownership culture, long-term strategic thinking and client-centric philosophy drive our behaviour, protect stakeholder interests and mitigate reputational risk ➤ All forms of media are regularly monitored to enable a proactive approach to reputational risk management ➤ Material events that may impact the Group are directly escalated to the CEO and Chairperson of the Board for consideration
Stewardship	Our investment and corporate activities having an unintended environmental (including climate change), social and economic impact.	<ul style="list-style-type: none"> ➤ The Board provides broad oversight over ESG-related risks and opportunities, with managerial oversight provided by the Executive Committee ➤ 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 www.coronation.com. ➤ 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. ➤ The Coronation climate strategy focuses on reducing the organisation's environmental impact and remaining resilient to the physical impacts of climate change ➤ 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 ➤ 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 ➤ Carbon intensity benchmarks for our key equity portfolios are below the industry benchmarks
COMPLIANCE		
Compliance and regulatory	Non-adherence to regulations.	<ul style="list-style-type: none"> ➤ Robust compliance programme is maintained to ensure compliance with all relevant regulations ➤ Compliance department, aided by specialised external compliance consultants as needed, implements and tests adherence to current regulation on an ongoing basis ➤ Ongoing employee training and awareness on compliance-related matters and new regulatory requirements ➤ Continuous monitoring of the regulatory pipeline for new or amended legislation potentially impacting the business ➤ Periodic independent assurance of the adequacy and efficacy of our compliance arrangements

Risk	Definition	Management and mitigation
OPERATIONS AND INFRASTRUCTURE		
Talent management	Inability to attract, motivate and prevent the departure of top talent.	<ul style="list-style-type: none"> ➤ Our people are our most valued assets ➤ Accordingly, our work environment, culture and Remuneration Policy are designed to attract, retain and motivate great talent (→ refer to page 75) ➤ Our high-performance culture, employee ownership and personal career development opportunities are defining characteristics of our business ➤ We maintain a bursary and internship programme (→ refer to our Sustainability Report), which serves the dual purpose of developing the nation's youth and providing a workforce pipeline
Systems	A system/s no longer meeting operational and strategic requirements.	<ul style="list-style-type: none"> ➤ Increased engagement with service providers ➤ Systems not functioning optimally are prioritised for replacement and/or remediation of critical failures
Cyber security	A successful cyber-attack.	<ul style="list-style-type: none"> ➤ 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 ➤ Vulnerability management occurs regularly, whereby the server and desktop environments are scanned for threats and patches deployed as needed ➤ Independent subject matter experts perform penetration testing on a regular basis, and the implementation of recommendations is closely monitored ➤ Live monitoring of cyber threats and system logs occurs via our dedicated Security Operations Centre
Data quality	The inability to maintain accurate, complete, consistent and reliable data.	<ul style="list-style-type: none"> ➤ 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 ➤ An accelerated and extensive Data Disruption Project was initiated in 2020 – see Information Technology and Information Systems Report (→ refer to page 96)
Information technology/information systems risk	Obsolescence of infrastructure, deficiency in integration, failures/inadequacies in systems/networks that may significantly disrupt core operations.	<ul style="list-style-type: none"> ➤ 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 (→ refer to page 96) ➤ 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

Risk	Definition	Management and mitigation
OUTSOURCING		
Outsourcing	The inability or unwillingness of an outsourced key service provider to discharge its contractual obligations.	<ul style="list-style-type: none"> ➤ A Service Provider Management Framework has been implemented which includes: <ul style="list-style-type: none"> › robust oversight controls of key outsourced providers on a real-time and ongoing basis, including daily, weekly and monthly transaction reviews; › monitoring adherence to service level agreements, implementation of formal communication channels and escalation procedures to manage and resolve issues identified; and › conducting periodic, formal due diligences ➤ The business continuity plans of key outsourced providers are reviewed periodically as part of the formal due diligence process ➤ Key systems are tested as part of Coronation's Disaster Recovery Testing

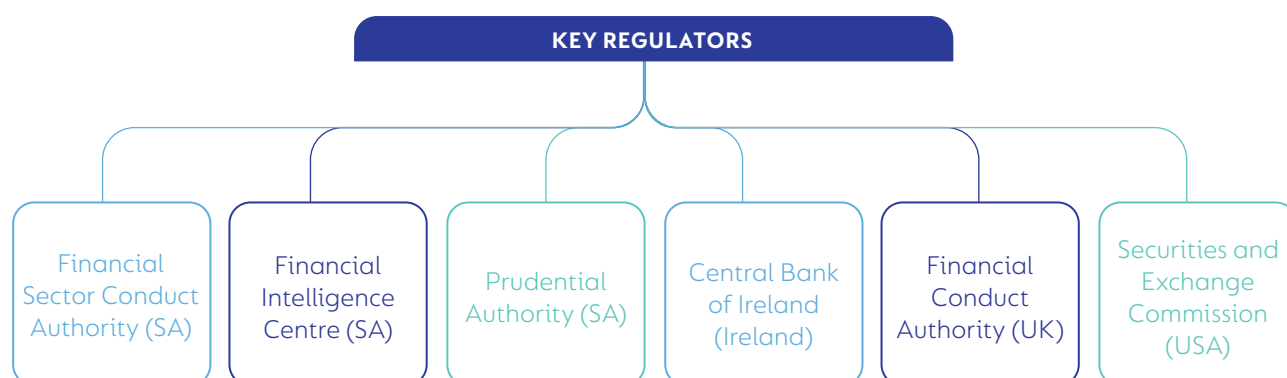


Compliance Report

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 (2nd line of assurance);
- independent assurance reviews/audits (3rd and 4th 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 (5th 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 (→ [refer to page 7](#)).

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">▶ 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
Take a proactive approach in identifying, preparing for and implementing changes required by new or amended regulation.	<ul style="list-style-type: none">▶ Locally, we commit significant resources to the various ASISA structures, which monitor, comment and lobby regarding new or amended regulation▶ Internationally, we are members of the Investment Company Institute and Irish Funds Industry Association, which serves a similar purpose regarding US and EU legislation▶ We maintain a regulatory consultation tracker to document and monitor the progression and impact of new or amended regulations, locally and internationally▶ These channels, together with our local and international network of advisers, ensures we remain abreast of all material regulatory developments
Promote employee awareness and understanding of regulatory obligations/ internal policies through training and communication.	<ul style="list-style-type: none">▶ We have an ongoing training and awareness programme consisting of the following elements:<ul style="list-style-type: none">› Compliance induction training› Compliance broadcasts distributed by email to all employees covering key policies and alerts› E-learning and in-person training to satisfy various regulatory requirements› On-the-job training, particularly in instances where compliance requirements are embedded in daily processes

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"> 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
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"> Monthly written compliance reports are provided to management and the independent chairpersons of the Group Risk and Audit committees A compliance report is provided to the Group Risk Committee for review and discussion at committee meetings, which are held three times per year
Manage service provider and regulatory relationships effectively.	<ul style="list-style-type: none"> 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)

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

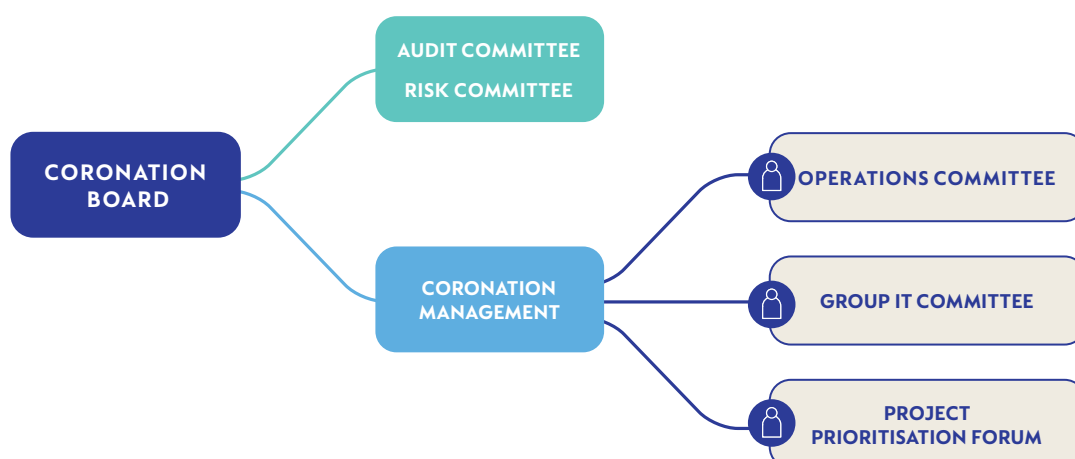
The effective management of information technology (IT) and information systems (IS) is key to achieving our strategic objectives, particularly in delivering excellent client service and supporting long-term investment outperformance.

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.



Party	Role and responsibility
Coronation Board	<ul style="list-style-type: none"> ➤ Sets strategic goals and objectives for the business, including IT-related goals and objectives ➤ Evaluates and approves significant IT-related initiatives ➤ Exercises ongoing oversight of IT management ➤ Evaluates the effectiveness of the Company's IT arrangements, including outsourced services, in achieving strategic objectives ➤ Monitors implementation of significant technology initiatives/projects ➤ Monitors the management of technology-related risks, including cyber risk, with the support of the Audit and Risk committees
Risk Committee	<ul style="list-style-type: none"> ➤ Monitor the management of IT-related risks, including cyber risk
Audit Committee	<ul style="list-style-type: none"> ➤ Oversees technology, IS and information-related assurance as it relates to financial controls
Management	<ul style="list-style-type: none"> ➤ Establishes the target business and operating model to achieve strategic goals established by the Board ➤ Responsible for the implementation and execution of effective IT services and IT risk management within the business ➤ Proposes significant IT-related initiatives prior to seeking Board approval to implement ➤ Oversees major IT projects
Operations Committee	<ul style="list-style-type: none"> ➤ Drives implementation of IT-related projects ➤ Recommends technology-related projects to executives based on strategic goals and objectives ➤ Oversees end-user acceptance of technology ➤ Responsible for the operational management of IT
Group Information Technology Committee	<ul style="list-style-type: none"> ➤ 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 ➤ 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
Project Prioritisation Forum	<ul style="list-style-type: none"> ➤ Prioritises and optimises efficient delivery of approved projects

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
Ineffective IT Strategy	<ul style="list-style-type: none"> ➤ All strategic IT initiatives are in response to business needs and/or requirements ➤ IT Strategy is developed by management in response to and in support of the overall business strategy ➤ IT Strategy is approved by the Coronation Board
A successful cyber attack	<ul style="list-style-type: none"> ➤ Cyber risk is holistically managed across people, processes and technology. This includes: <ul style="list-style-type: none"> › 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 ➤ Vulnerability management occurs regularly whereby the server and desktop environments are scanned for threats and patches are deployed as needed ➤ Independent subject matter experts perform penetration testing on a regular basis, and the implementation of recommendations is closely monitored ➤ Live monitoring of cyber threats and system logs occurs via our dedicated Security Operations Centre
Lack of effective IT resiliency and business continuity plans	<ul style="list-style-type: none"> ➤ 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 ➤ The continuity and recovery plans include offsite retention of data backups and access to a recovery warm site ➤ Highly available connectivity is provisioned for all cloud-based services ➤ 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
Ineffective technology vendor and third-party management	<ul style="list-style-type: none"> ➤ Thorough due diligence procedures are carried out before the appointment of significant third-party technology vendors ➤ 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) ➤ Vendor resilience and recovery capabilities are evaluated for all significant vendors
Failure to execute IT and IS programmes	<ul style="list-style-type: none"> ➤ An IS strategy is in place, which governs the replacement strategy of key systems and the achievement of business requirements ➤ Furthermore, IT and IS report to the Chief Operating Officer, facilitating the integration and alignment of the business and technology ➤ All key IT initiatives (programmes, projects, upgrades, purchases) are tracked and monitored by management and reported on to the Coronation Board ➤ All projects are prioritised and governed to ensure that objectives and critical success factors are delivered upon within budget and agreed timelines

Risk	Mitigation strategies
Inability to manage technology operations effectively	<ul style="list-style-type: none"> ➤ Ongoing operations risk is managed by a combination of software and dedicated technology specialists ➤ Changes made to production environments are implemented in line with Group policy and are highly controlled ➤ Changes made to production, rollbacks, and disruption from changes are monitored by management ➤ Internal SLAs are used to measure adherence to operational availability and delivery ➤ Power supply challenges related to Eskom have been managed by securing multiple alternative supplies
Ineffective management of IT and cyber security risks	<ul style="list-style-type: none"> ➤ IT and cyber security risks are managed in line with the Group Risk Management Framework and reported on to the Risk Committee
Ineffective data and information management	<ul style="list-style-type: none"> ➤ A significant amount of data has been migrated to a new data platform. ➤ A Master Data Management process has been implemented for static and analytics data ➤ An accelerated and extensive Data Disruption Project was initiated in 2020 → <i>Refer to page 98</i> for more details ➤ 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"> › improving the maturity of information management processes and systems; › reviewing and enhancing systems that proactively protect against common data breach vulnerabilities; and › managing third-party access to data stores and emphasis on employee awareness and training ➤ 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 ➤ 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 ➤ Encryption and Bring Your Own Device policies are in place. Mobile devices are secured before allowing Company data consumption ➤ Our systems also have the ability to remotely wipe and secure mobile phones

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.



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.



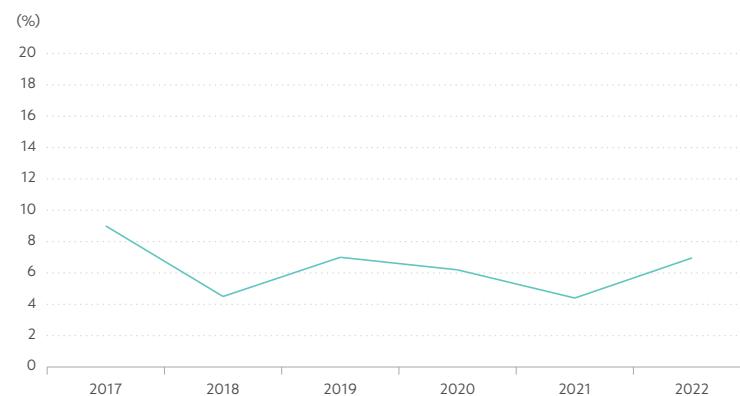
REMUNERATION COMMITTEE CHAIRPERSON'S STATEMENT

On behalf of Coronation's Board of Directors and its Remuneration and Nominations Committee (the Committee), I am pleased to present the Remuneration Report for 2022. Coronation continues to apply the remuneration philosophy that was adopted at the inception of the business in 1993.

As an independent investment manager, the assets that we manage on behalf of our clients are on 24-hours' notice. Our ability to retain existing clients and attract new business rests entirely on the calibre of the people employed. Therefore, in an industry where skills are scarce and fiercely sought after, the ability to attract and retain exceptional, high-performance people is essential to the sustainability of our business and our ability to deliver long-term outperformance and world-class service to our clients. Consequently, in what is an increasingly global and mobile work environment, the purpose of our remuneration philosophy is clear and simple: to attract and retain top talent and to instil a strong sense of ownership across the business.

The success of our Remuneration Policy is evidenced in our ability to recruit, retain and motivate top-calibre investment and business professionals. Over the reporting period, our total global employee complement increased from 345 to 352* and employee turnover across the Company was 6.9%. This is well below the industry standard and has been a long-term trend at Coronation. In the case of employees who receive long-term incentives, the turnover was even less at 3.8%.

GLOBAL EMPLOYEE TURNOVER



**Note: Numbers refer to global employees; South African employee number based on the definition of employee as per the Employment Equity Act 55 of 1998*

Operating environment

The uncertainty of the two previous reporting periods extended and intensified into 2022, with global equity markets and most asset classes precipitously down in response to a relentless sequence of negative events. Soaring inflation and the aggressive policy response by central banks are likely to constrain long-term economic growth.

Fund management companies are cyclical businesses that are heavily impacted by market movements, and Coronation's financial results for the period under review reflect the prevailing market conditions. In line with management's expectations, the business experienced outflows representing 6% of average AUM and fund management earnings per share was down 18%.

Total expenses were down by 12% from the previous year. This was the result of the meticulous management of fixed expenses, which were marginally up by 2%, and the variable expenditure model that has shielded shareholders from the extreme cost pressures that businesses around the world are currently experiencing.

We continued to play our part as an active corporate citizen, supporting the education of South Africa's youth via our corporate social investment programmes, and contributing to important feeding schemes via NGO's Ladles of Love and FoodForward SA. In addition, in the face of escalating socioeconomic crises, management continued to engage with government, industry peers and the broader South African business arena, with the aim of finding solutions to systemic issues and to boost growth.

The transformation of our business and building a culture that is enriched by diversity and inclusion remain at the heart of our talent management strategy. We have continued to make progress, and both race and gender diversity are well represented across the business, with key senior leadership positions occupied by black incumbents, including our CEO, CFO, COO, Global Head of Institutional Business, Head of Fixed Income, Head of Core Equity and Head of Absolute Return roles.

Of our South Africa-based employees, 63% are black, and 51% are women, while 86% of new recruits during the period are black and 55% are women. Coronation is a Level 1 contributor to broad-based black economic empowerment and is 29% black owned. R269 billion, representing 47% of our total AUM, is managed by black investment professionals.

Policy principles

We believe that our Remuneration Policy fosters a culture of ownership and is designed to meet the best interests of our clients, shareholders and employees.

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, and thus dividends distributed to shareholders. 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 contribution 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 can be used to fund restraint of trade agreements and extended notice periods, where management believes this supports a sustainable business.

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 as they offer 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.

Key remuneration outcomes

Coronation has a simple business model, which requires low levels of capital investment in relation to Company profitability. Its only real assets are its employees, and therefore an appropriate and effective remuneration approach is critical.

As per our Remuneration Policy, short- and long-term incentives are allocated to eligible employees of the Company. All our employees are eligible to receive cash variable remuneration subject to individual performance. The performance and remuneration details of the individual executive directors are detailed on [pages 114 and 116](#). In the current reporting period, 151 of our employees also received deferred variable remuneration allocations, as depicted below.

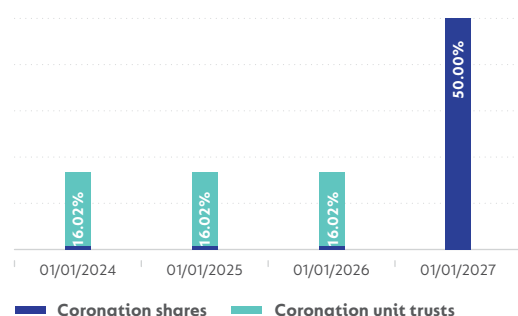
Year	% of incentives allocated to the long term*	Number of eligible employees who received long-term incentives
2022	44	151
2021	44	160

* Long-term incentives, restraints of trade and notice period extensions. Percentages and numbers pertain to total employee complement of the relevant year

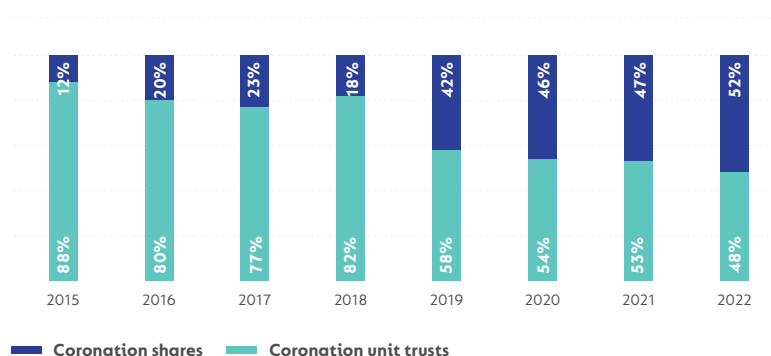
For the period under review, 151 employees, representing 43% of total employees, received long-term incentives in the form of Coronation unit trusts (48%) and Coronation shares (52%). In support of our long-term thinking and retention strategy, these recent allocations vest over 51 months, with 50% of the vesting commencing in January 2024 and split equally between January 2024, 2025 & 2026, with the final 50% vesting at the end of the period, in January 2027.

Generally, the Company aims to defer a minimum of 40% of total incentives. This outcome very clearly aligns the interests of employees with both clients and shareholders. Additionally, in 2022, 82 employees had restraints of trade, ranging in duration from three to 12 months, while 313 employees had extended notice periods, ranging from two to 12 months.

VESTING PROFILE OF 2022 LONG-TERM INCENTIVE ALLOCATION



INVESTMENTS ACQUIRED FOR LONG-TERM INCENTIVES PER FINANCIAL YEAR



Shareholder engagement and voting

At the 2022 AGM, 78.21% of the votes cast were in favour of the Remuneration Policy and 78.44% were in favour of the Remuneration Policy Implementation Report. While the outcome was favourable, members of the Committee attended numerous stakeholder engagement meetings during the year to ensure that our Policy and the implementation thereof are consistent with stakeholder expectations as detailed below.

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 2023.

While we look forward to the continued support of our shareholders, in the event that 25% or more of shareholders vote against either the Remuneration Policy or the Remuneration Policy Implementation Report at the meeting, Coronation will engage with these shareholders in order to understand their concerns.

Remuneration Committee key decisions

For 2023, we made some fundamental changes to the executive directors' remuneration taking into consideration feedback we received from shareholder engagement, and what makes commercial sense for our business. We consider that these enhancements will allow shareholders to determine the level of remuneration paid to executive directors relative to their performance. These key changes are detailed in the Remuneration Policy section of this report and are also available on our website.

During the course of the year, the Committee engaged with shareholders and our external remuneration consultant, PricewaterhouseCoopers, while also monitoring developments in the market with respect to executive remuneration.

The key point that emerged in these engagements is that shareholders prefer a formulaic approach when determining the remuneration of the executive directors, which is in line with international best practice. This approach has the effect of creating close linkage between executive remuneration and their performance as measured against a predetermined set of financial and non-financial metrics, and will determine both short- and long-term incentives.

However, to guard against any possible unintended consequences, the Committee retains the discretion to adjust the award by 25% – upwards or downwards.

Additionally, the Total Guaranteed Packages (TGP) of the executive directors have been increased to be more closely aligned with market-related levels than previously, but are still below that of average industry peers. The TGP for the CEO and CFO is R6 million and R3 million respectively. Awards for both the CEO and CFO are capped as a percentage of their TGP.

Other changes include an adjustment in terms of executive minimum shareholding requirements; however, the required rand value as at 30 September 2022 remains unchanged.

The Remuneration Policy Implementation Report details the performance of our executive directors for the 2022 financial year. It also outlines the metrics that will be applied to determine their short- and long-term incentives in 2023. → *refer to page 110*.

External advisers

As stated above, 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 in spite of the tempestuous operating environment, the executive directors and employees continued to deliver on our promise of delivering long-term alpha and world-class client service.

Notwithstanding this year's enhancements, we will continue 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 Committee

REMUNERATION POLICY

Coronation's remuneration framework is designed to create long-term value for our stakeholders, including shareholders, clients, 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.

Coronation's incentive structure underpins our values, instils a culture of ownership, and promotes a high-performance environment. The framework via which Coronation achieves these objectives is very simple, is included in its memorandum of incorporation and has been in place since its listing on the JSE in 2003.

This section provides an overview of the key remuneration elements currently in place for the executive directors. The Policy has been developed after due consideration by the Remuneration Committee and after taking into account market data, competitor practice and shareholder expectations.

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 short-term and long-term components.

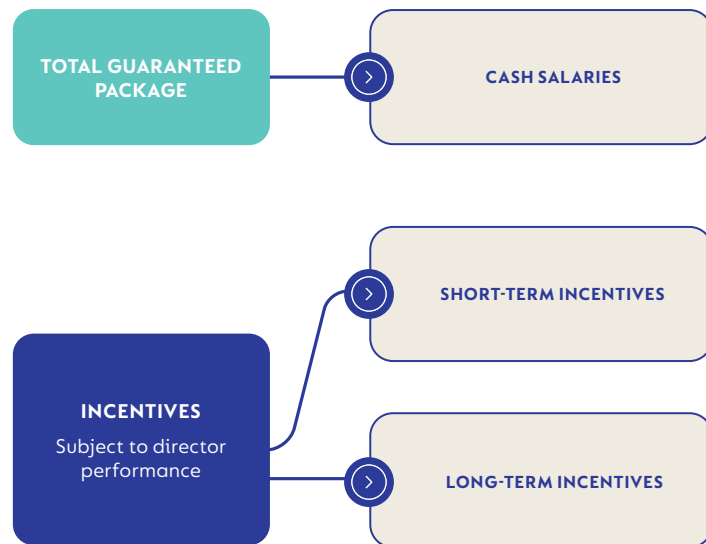
It is also critical to ensure that good corporate governance in relation to remuneration is applied and that the approach to remuneration is consistent with, and promotes, sound and effective risk management.

Remuneration principles and structure

Total guaranteed packages (TGP) are below market-related TGPs, resulting in a low fixed-cost base and the potential to participate in the bonus pool, which is defined as 30% of the audited net profit before tax. This has served shareholders well through the inevitable peaks and troughs of a cyclical asset management industry.

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.

Coronation includes the following remuneration elements in the composition of its total remuneration package:



All forms of incentives other than restraints of trade and notice period extensions are subject to malus and clawback

While Discretionary incentives have been the cornerstone of Coronation's success since its inception in 1993, feedback from certain stakeholders has resulted in a change to the way in which executive directors are remunerated. In response to requests for more clarity on how the variable remuneration element of the executive directors is calculated, a formulaic approach with a potential discretionary adjustment has been introduced this year. It comprises short-term and long-term incentives, 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 that were awarded as part of long-term incentives. If they do sell any Coronation shares, the restricted tranche of unvested long-term incentives (50%) is forfeited. The only instance in which shares may be sold without forfeiting this tranche is when shares were acquired in the executive director's personal capacity after 30 August 2022. However, these must be held for a minimum period of 12 months, in accordance with Coronation's personal account trading policy.

Elements of executive director remuneration

Total guaranteed package

TGPs are determined on a total cost-to-company basis, consisting of a base salary and compulsory benefits. Salaries are based on experience, roles and responsibilities, and TGPs are capped not only to contain fixed costs in an industry where revenues can be volatile, but to encourage a performance-driven culture. Compulsory benefits include retirement provision (including disability plans, death and funeral cover) and medical insurance.

Executive directors' TGPs are benchmarked against market levels and are set below industry norms. For the 2023 financial year, the TGP for the CEO and CFO is R6 million and R3 million, respectively.

Short- and long-term incentives

Discretionary performance-linked incentives will reward performance assessed against current and preceding years, utilising financial and non-financial measures. Discretionary incentives consist of short-term incentives (STI) and long-term incentives (LTI). The outcome of the short-term performance measures will determine the STI. Likewise, the outcome of the long-term performance measures will determine the LTI payable to the executive directors.

Incentive outcomes for executive directors will be assessed annually following year-end and will be based on a formulaic application of the policy, with the Committee retaining discretion to consider performance holistically and adjust formulaic outcomes to ensure that final incentive awards are aligned with the sustainable performance of Coronation and our purpose to deliver value over the long term. The Committee will retain the ability to amend allocations of both STIs and LTIs by an overall maximum of 25% to ensure reliance on pure financial measures does not result in unintended outcomes. Where discretion is applied, the Committee will provide an explanation detailing the rationale for the change.

Incentives awarded will be subject to the following parameters:

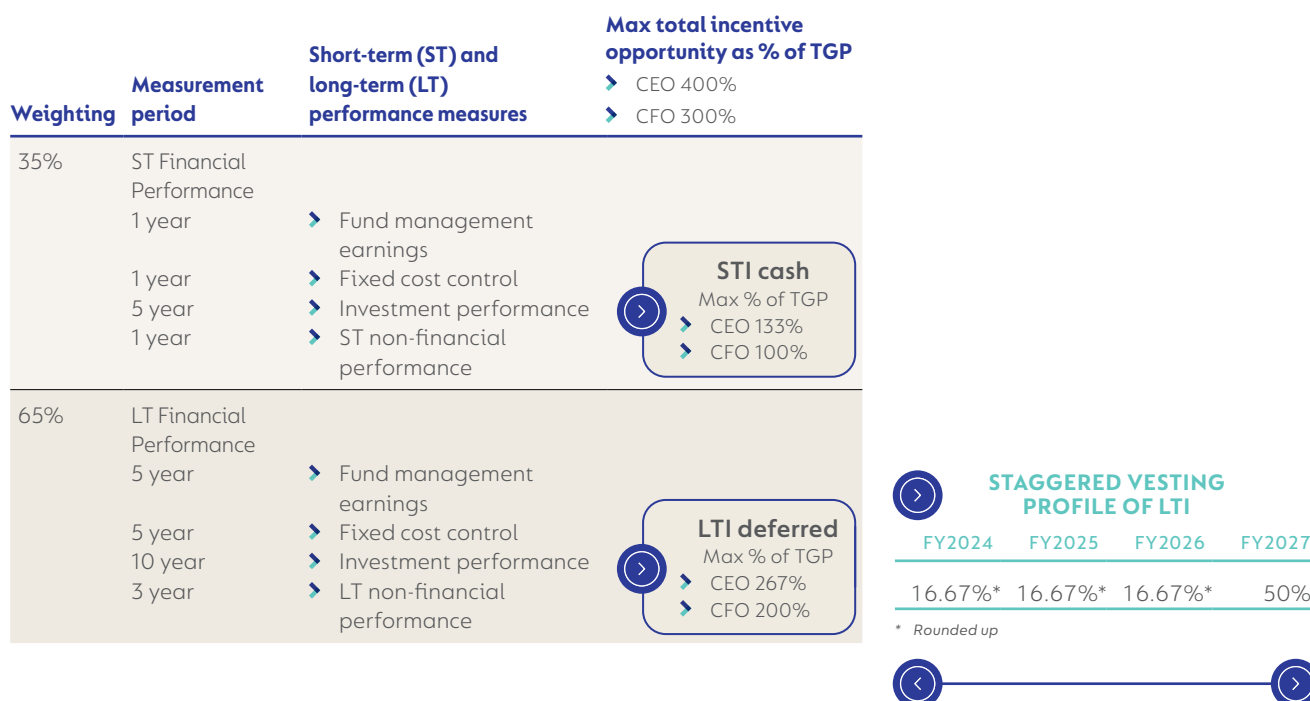
- Total incentives will be capped as a multiple of TGP, with a maximum allocation of STIs and LTIs as follows:

Executive directors	Short-term incentive as % of TGP	Long-term incentive as % of TGP	Total opportunity as % of TGP
CEO	133%	267%	400%
CFO	100%	200%	300%

- Incentive outcomes as a percentage of the maximum incentive opportunity will be as follows:
 - › Threshold: 25%
 - › Target: 50%
 - › Stretch: 100%

Incentive outcomes will be determined on a straight-line basis for performance between these levels

The graphic below illustrates the operation of the short-term and long-term incentives for the 2023 financial year.



Performance measures for 2023

The performance of the executive directors is reviewed against both financial and non-financial measures.

Targets have been set to align executive directors' performance with delivery of strategic objectives and the financial performance of the Company.

Financial measures:

The measures against which executive director performance will be assessed as set out below:

- **Growth in fund management earnings**
Fund management earnings is the primary measure of Coronation's performance
- **Growth in fixed costs**
A proactive focus on controllable costs is entrenched in the culture of Coronation
- **Investment performance**
Investment outperformance is critical to delivering value to our clients

Non-financial measures:

These would typically include the following:

- **Strategy and value**
Focus on maintaining our corporate culture, talent management, brand awareness, product range roll out, platform efficiency and technology
- **Operational excellence**
Focus on cost control, financial reporting, and managing the ongoing Covid-19 impact
- **Governance**
Building and maintaining an appropriate risk and compliance culture, driving transformation and prioritising Coronation's ESG objectives
- **Clients and stakeholders**
Strengthening relationships with key clients and stakeholders, including shareholders, regulators and analysts

Elements	Outcomes
Short-term incentives	<ul style="list-style-type: none"> These payments are made once a year in November
Long-term incentives	<ul style="list-style-type: none"> This is invested in either Coronation unit trusts or in listed Coronation shares, which are always purchased on the market This ensures alignment of executive directors' interests with the interests of shareholders and clients – a key area of focus for asset management firms. This vests over multiple periods, the durations of which are comparatively high. The vesting periods typically range from 15 months to 51 months. 50% vests evenly over 39 months and the final restricted tranche (50%) vests at the end of the period (51 months). This final tranche consists predominantly of Coronation shares The final tranche (50%) is forfeited in the event that any vested Coronation shares are sold

Malus and clawback

Malus and clawback remain essential features of our remuneration philosophy, as such Coronation operates a malus and clawback policy to align the interests of executive management with the long-term shareholder interests and to ensure that excessive risk taking is not rewarded. Malus is the ability to reduce, including to zero, an award that has not yet accrued or vested to an individual, while clawback is the ability to recover/seek repayment of awards already paid or vested to an individual.

- Malus applies to all short-term and long-term incentive allocations
- Clawback applies to all previously vested LTIs 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 LTIs

Malus and clawback provisions will be applied in the event of a broad range of transgressions, including:

- information used to measure performance was inaccurate;
- failure to disclose information that could result in a breach of regulations or reputational harm;
- contravention of the Financial Advisory and Intermediary Services Fit and Proper requirements;
- a material breach of any law in the scope of employment;
- failure to disclose a material misstatement of the Company's financial position; and
- failure to disclose that annual financial results do not properly reflect the Company's financial position

Executive directors' service contracts

In accordance with best practice, the following contractual conditions apply to executive directors' service contracts

Elements	Outcomes
Restraints of trade and notice periods	<ul style="list-style-type: none"> In certain instances, the Committee will secure notice period extensions or restraint of trade payments The CEO has a permanent employment contract with a notice period of 12 months and a 12-month paid restraint of trade The CFO has a permanent employment contract with a six-month notice period
Severance payments	<ul style="list-style-type: none"> Coronation does not make severance payments unless obliged to do so under labour law or if a labour dispute has been settled
Once-off allocations	<ul style="list-style-type: none"> 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
Shareholding requirement	<ul style="list-style-type: none"> Executive directors are encouraged to build up and maintain a shareholding in the Company in order to maintain the alignment of the executive directors with the long-term interests of Coronation and our stakeholders Requirements for current executive directors: <ul style="list-style-type: none"> 375% of TGP for the CEO 200% of TGP for the CFO Requirements for new executive directors: <ul style="list-style-type: none"> The level of interest in Coronation shares will be considered by the Committee at the time of appointment, having due regard to the scope of the role. This requirement will also need to be attained within a reasonable timeframe (expected to be no longer than five years from appointment) but having regard for any existing share interests

Ongoing regulatory compliance

The Committee remains mindful of broader remuneration governance guidance and frameworks and will maintain compliance to relevant developments as and when they mature, including proposed reporting approaches. This includes the proposed changes to the Companies Amendment Act, 2008, as published for public comment.

In the event that regulatory requirements change, the Committee has discretion to make such changes as are necessary to ensure continued compliance, even if a revised policy has not been tabled for approval by shareholders.

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 with the principles of the King IV™ Report on Corporate Governance for South Africa.

The Remuneration and Nominations Committee is composed of non-executive directors only, being Dr Hugo Nelson (Chairperson, Remuneration Committee), Prof Alexandra Watson (Chairperson, Nominations Committee) and Mr Neil Brown. As such, significant skills and institutional and industry experience are applied to the decision-making process when the Remuneration and Nominations Committee considers the allocations submitted for approval.

The Remuneration and Nominations 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 and Nominations Committee Charter is available on www.coronation.com.

Incentive allocations are calculated using a combination of financial and non-financial measures. The process is as holistic as possible and aims to balance the performance of the individual with that of the broader organisation.

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.

REMUNERATION POLICY IMPLEMENTATION REPORT

Introduction

The 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 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.

The context for resultant remuneration outcomes

Executive directors are considered each year for discretionary short- and long-term performance-linked incentives determined by the Company and personal performance based on a range of financial and non-financial 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 Committee considered the Company's performance, relative to its five strategic focus areas (*→ as outlined on page 20*).

The Committee considered financial and non-financial measures across the range of areas referred to on the previous page and, to assist in understanding their decision-making process, their assessment of performance is summarised below.

Key: ● Achieved ● Partially achieved ● Not achieved

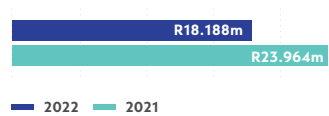
2022 CEO performance assessment

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 financial and non-financial KPIs, the Committee decided on an allotment from the long-term incentive allocation. In the current year, his remuneration decreased by 24% from the previous reporting period, demonstrating a strong alignment between his remuneration and the experience of the Company's shareholders.

CEO SINGLE FIGURE REMUNERATION



His total incentive award was determined after taking into account the outcome of his performance against 2022 KPIs, as well as the performance of the Company.

The key outcomes are as follows:

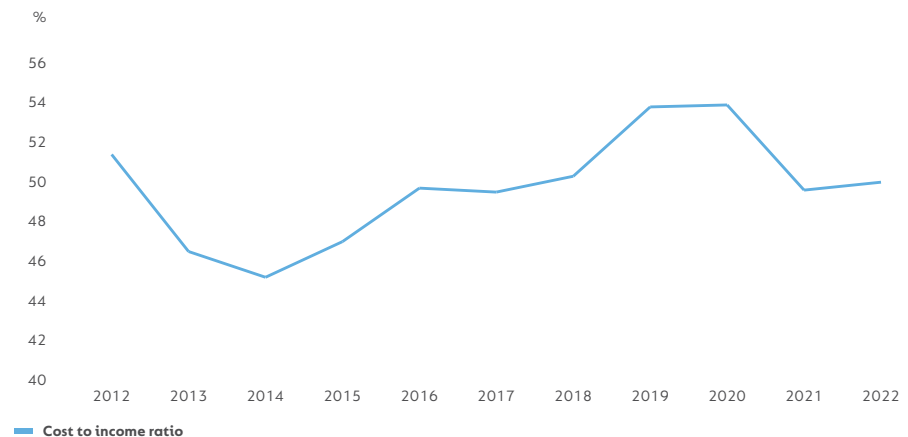
Strategy and values (35%) ●

- Sustained the culture and values of the business in the post-Covid-19 environment
Ownership culture entrenched by employees owning 27% of the business
- Ensured below-industry turnover among senior employees and stable employee turnover across the business at 6.9%
- Upheld Coronation's strong brand and reputation through effective marketing campaigns, including an award-winning television advertisement

Operational (20%) ●

- Successfully preserved operational effectiveness throughout the period
- Continued to extract efficiencies and synergies from recently implemented asset administration and transfer agency systems
- 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 49.8% and 0.14%, respectively
 - three-year compound annual growth rate of 6% on fixed expenses
 - decrease in total expenses of 12% from the previous year

COST-TO-INCOME RATIO



- Delivered continued long-term investment performance with an improvement in short-term performance (relative to mandate benchmarks):
 - 96% of our portfolios have outperformed their benchmarks since inception* and
 - 81% 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%) ●

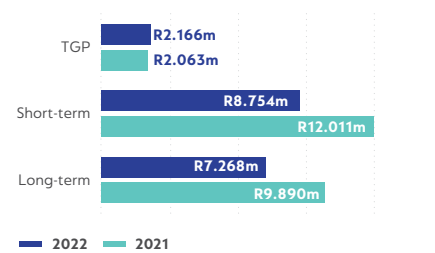
- Remained compliant with regulatory requirements across all jurisdictions
- Maintained strong communication and relationships with key clients and stakeholders
- Continued the focus on ESG factors and sustainability reporting
- Managed the transformation objectives for the Group. 86% of new hires were black and the B-BBEE score of Level 1 status was maintained

Clients and stakeholders (25%) ●

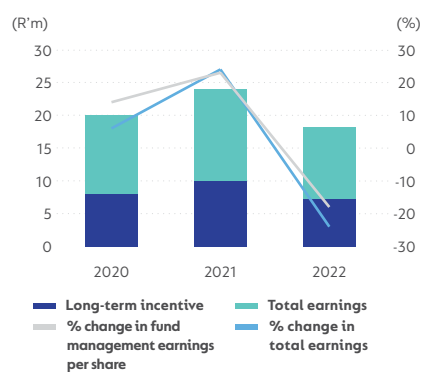
- Continued regular and meaningful engagements with clients, regulators and stakeholders throughout the year
- Appointed as Chairman of ASISA, demonstrating commitment to the wellbeing of the savings and investment industry

After considering the above, the Committee allocated the CEO short- and long-term incentive allocations. The long-term incentive allocation is invested in Coronation shares and unit trusts with 50% vesting equally over the first 39 months and the balance at the end of 51 months.

CEO REMUNERATION OUTCOME



CEO SINGLE FIGURE REMUNERATION HISTORY



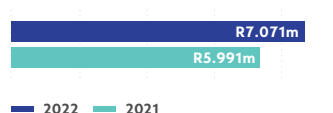
* Company-wide, asset-weighted since-inception track record for funds with >10 year track record

2022 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 financial and non-financial KPIs, the Committee approved the discretionary short- and long-term incentive allocation.

CFO SINGLE FIGURE REMUNERATION



As her incentive opportunity is determined by her individual performance assessment and is also aligned with the profitability of the Company and shareholders. Her total incentive award was determined after taking into account the outcome of her performance against 2022 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 as well as the transfer of knowledge and embedding of restructured team roles to mitigate key person risk
- Continued to unlock efficiencies and benefits from digitisation of accounting processes

Operational (35%) ●

- Effectively managed cash resources, foreign exchange 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 49.8% and 0.14%, respectively
 - Marginal increase in fixed expenses of 2% year on year, significantly lower than inflation
 - Decrease in total expenses of 12% from the previous year
- Executed unqualified audits across the Group during the financial year
- Maintained robust and efficient tax compliance

Governance (25%) ●

- Ensured compliance with regulatory requirements across all jurisdictions
- Supported corporate ESG initiatives, including corporate social investment programmes, environmental monitoring, including the completion of our Carbon Footprint Assessment and the preparation of Coronation's first Sustainability Report. Achieved a net-zero position through our carbon reduction and carbon offset initiatives
- Maintained the B-BBEE scorecard of Level 1 status

Clients and stakeholders (20%) ●

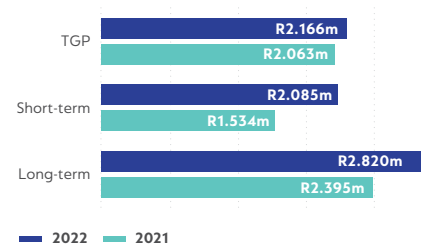
- Maintained strong relationships with various key stakeholders

After considering the above, the Committee allocated the CFO short- and long-term incentive allocations.

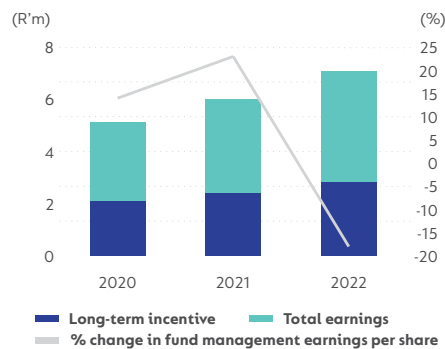
The CFO has settled into the role well since her appointment and the Committee agreed that the allocation awarded is a fair reflection of the performance of her roles and responsibilities as CFO over the past year and is an appropriate market-related level.

The long-term incentive allocation is invested in Coronation shares and unit trusts with 50% vesting equally over the first 39 months and the balance at the end 51 months.

CFO REMUNERATION OUTCOME



CFO SINGLE FIGURE REMUNERATION HISTORY



Minimum shareholding requirements

Executive directors are encouraged to build up and maintain a shareholding in the Company. The minimum shareholding for the CEO for 2022 was 1000% of his TGP 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.

Long-term incentive allocations typically include shares and therefore contribute to increasing executive director ownership. As the CFO is a relatively new appointment, her shareholding was below the CFO minimum target of 300% of her TGP. She is required to build up a shareholding in the Company to meet the target within the next four years.

Non-executive directors

Non-executive directors of Coronation received an annual fixed fee for Board and subcommittee membership, as contained in a resolution that was subject to shareholder approval in 2022. They do not participate in any other remuneration structures other than detailed below, nor do they receive share options.

In 2022 a benchmarking exercise was conducted which resulted in a change in NED fee structure from a per-meeting basis to a committee-membership basis which was approved by shareholders at the 2022 AGM.

2022 FEES FOR CURRENT NON-EXECUTIVE DIRECTORS

The table below reflects the remuneration of non-executive directors who served on the Board as at 30 September 2022.

Non-executive directors	Main Board R'000	Audit Committee R'000	Risk Committee R'000	Remuneration and Nominations Committee R'000		SET Committee R'000	Total 2022 R'000	Total 2021 R'000
Prof Alexandra Watson	1 250			300			1 550	1 337
Mr Saks Ntombela	650	200	300				1 150	749
Dr Hugo Nelson	560	200	200	300			1 260	1 079
Ms Judith February	560					250	810	774
Ms Lulama Boyce	560	300	200				1 060	795
Mrs Madichaba Nhlumayo	560	200	200			150	1 110	843
Mr Neil Brown	560		200	200			960	803
Mr Phakamani Hadebe	560					150	710	611
Total	5 260	900	1 100	800		550	8 610	6 991

The above fees exclude VAT.

This year we have proposed an inflation-based increase for 2023. 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, especially given that we will continue to focus on succession in the future. The proposal (as detailed in our Notice to Shareholders, which is available on www.coronation.com) will be submitted for approval by shareholders by way of a special resolution tabled at the AGM, in compliance with the Companies Act. Approvals for non-executive directors' fees are sought excluding VAT and, where necessary, non-executive directors will levy VAT on their fees.

ANNEXURE TO THE IMPLEMENTATION REPORT

Implementation of the Remuneration Policy in the financial year 2023

Shareholder approval is being sought, at the AGM to be held on Wednesday, 22 February 2023, for the Group Remuneration Policy (the Policy) as detailed on [page 107](#). The specific details to the implementation of the Policy as they relate to executive directors are included below:

Total guaranteed package

The executive directors TGP, as described in the Policy, have been benchmarked and set at levels below market levels. The Remuneration Committee will continue to review TGPs on a regular basis.

Mr Anton Pillay R6 million

Ms Mary-Anne Musekiwa R3 million

Maximum opportunity of short-term and long-term incentives

As described fully in the Policy, short- and long-term incentive performance will be assessed against financial and non-financial measures. Total incentives will be capped as a multiple of TGP, with a maximum allocation of STIs and LTIs as follows:

Executive director	Short-term incentive as % of TGP	Long-term incentive as % of TGP	Total opportunity as % of TGP
CEO	133%	267%	400%
CFO	100%	200%	300%

Performance will be measured relative to threshold, target and stretch achievement levels for financial and non-financial measures. Incentive outcomes as a percentage of the maximum incentive opportunity are as follows:

- Threshold: 25%
- Target: 50%
- Stretch: 100%

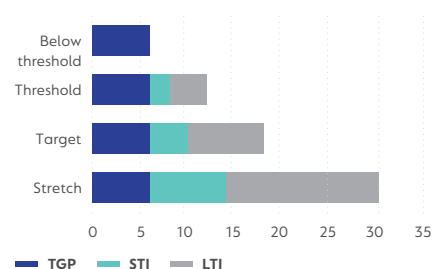
For performance between these levels, the incentive outcome will be determined on a straight-line basis.

Remuneration Policy scenario charts

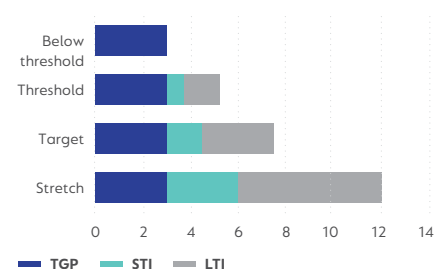
The following charts illustrate the potential range of remuneration outcomes for each of the executive directors under the policy. The following scenarios are presented:

	TOTAL GUARANTEED PACKAGE	SHORT-TERM AND LONG-TERM INCENTIVES
Below threshold		Nil
Threshold	Total TGP for the financial year, consisting of base salary plus benefits.	Value of incentive awarded if threshold performance is achieved, which is 25% of the maximum opportunity
Target		Value of incentive awarded if on-target performance is achieved, which is 50% of the maximum opportunity
Stretch		Value of the incentive awarded if stretch performance is achieved, which is 100% of the maximum opportunity

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



The Committee retains discretion to adjust formulaic outcomes where deemed appropriate. This discretion may be applied to STIs and LTIs separately, however the overall discretion may not exceed 25% of the total incentive opportunity. In the event that the Committee chooses to exercise this discretion, they will provide the rationale.

Remuneration Policy scenario charts

The following charts illustrate the potential range of remuneration outcomes for each of the executive directors under the policy. The following scenarios are presented:

The Committee retains discretion to adjust formulaic outcomes where deemed appropriate. This discretion may be applied to STIs and LTIs separately, however the overall discretion may not exceed 25% of the total incentive opportunity. In the event that the Committee chooses to exercise this discretion, they will provide the rationale.

Performance measures

The performance measures will be as follows for the 2023 financial year:

Long-term incentive measures		Period	CEO weighting	CFO weighting
1	Fund management earnings	5 years	15%	15%
2	Fixed-cost control ¹	5 years	10%	20%
3	Investment performance ²	10 years	20%	10%
4	Non-financial	3 years	20%	20%
			65%	65%
Short-term incentive measures		Period	CEO weighting	CFO weighting
1	Fund management earnings	1 year	15%	15%
2	Fixed-cost control ¹	1 year	5%	10%
3	Investment performance ²	5 years	10%	5%
4	Non-financial	1 year	5%	5%
			35%	35%
Total			100%	100%

¹ Growth in fixed costs, excluding project costs, over one year (short term) and five years (long term).

² Measured as the proportion of the firmwide AUM outperforming peers on an asset-weighted basis over five years (short term) and 10 years (long term).

75% of the award will be determined based on performance relative to financial measures. This comprises 45% long-term performance and 30% short-term performance.

Financial targets

Long term

Long-term performance will be measured relative to the following three financial targets for the 2023 financial year:

Measure	Threshold	Target	Stretch
Fund management earnings	0%	5%	10%
Fixed-cost control	10%	7.5%	5%
Investment performance	50%	65%	90%

The Committee took considerable care to ensure close linkage between performance and remuneration when setting the new performance targets for the executive directors. Of

particular importance was that the targets incentivise the executive directors to deliver on their mandate of unlocking long-term client value during extended periods of market downturns and economic uncertainty. This is because Coronation's performance is directly tied to market conditions, and the current view is that operating conditions will remain challenging for some time to come. However, the Policy affords the Committee discretion when considering total remuneration, to provide assurance that remuneration outcomes are in line with performance and the value created for shareholders.

Short-term

Given the performance periods remaining for these awards, the targets for the performance periods ending 30 September 2023 and 2024 are considered to be commercially sensitive and are therefore not disclosed here. The JSE, in terms of the Listings Requirements does not allow for short-term targets to be included. Performance against short-term targets will be included on a retrospective basis.

The Committee will report on the relevant targets set and provide a description of the achievement levels and outcomes against these measures in the relevant Remuneration Report.

Non-financial targets

The executive directors are also required to meet financial targets that are key to ensuring Coronation's long-term sustainability. These are determined by the Committee, which may also set measurable goals against which to assess the executive directors' progress. These will be disclosed annually in the Board's annual Remuneration Report as detailed on *page 105*.



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 2022. The audited annual financial statements are available at www.coronation.com.



FINANCIAL REVIEW

Our financial results for the period under review reflect the sharp declines seen across all asset classes globally. Net profit and revenue decreased 25% and 12%, respectively, year on year.

Condensed income statement

	2022 R MILLION	2021 R MILLION
Revenue	3 738	4 263
Total operating expenses	(1 862)	(2 104)
Profit from fund management	1 819	2 183
Profit before income tax	1 692	2 304
Income tax expense	(411)	(597)
Profit for the year	1 281	1 707
Headline earnings per share		
– basic	366.3	487.9
– diluted	366.3	487.9
Fund management earnings per share (cents)	387.0	470.9

Assets under management

In this challenging market environment, we experienced net outflows representing 6% of our average assets under management (AUM). This is in line with our expectations, and it reflects the realities of a shrinking domestic savings pool. As a large domestic manager, we expect Coronation's flows to broadly reflect that of the South African savings pool and the economic reality within which it operates. Recent changes to Regulation 28 will further shrink the available pool of domestically managed assets. For the period under review, average AUM was R621 billion, which is marginally higher than that of the previous year (September 2021: R617 billion). Closing AUM is 9% lower at R574 billion (September 2021: R634 billion).

Profits

Total operating expenses were down by 12% from the previous year, which is a significant decline considering the current inflationary environment. This is the result of our continued focus on managing fixed expenses, which were marginally up by 2%, and our variable expenditure model that has shielded shareholders from the extreme cost pressures that businesses around the world are currently experiencing. It is also worth noting that we continue to invest in the business to ensure that we are able to offer our clients world-class service in an ever-evolving landscape.

Fund management earnings per share (FMEPS) for the year ended 30 September 2022 decreased by 18% to 387.0 cents from 470.9 cents in the previous year. FMEPS is used by management to measure true operating financial performance.

Earnings

Diluted and basic headline earnings per share decreased 25% for the period to 366.3 cents (September 2021: 487.9 cents). Fund management earnings per share decreased 18% for the period to 387.0 cents (September 2020: 470.9 cents).

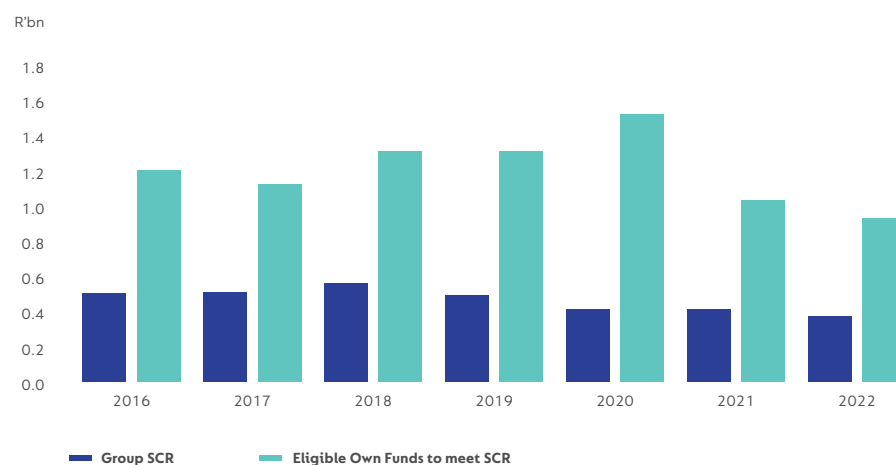
Reconciliation of fund management earnings

	2022 R MILLION	2021 R MILLION
Headline earnings attributable to ordinary shareholders	1 281	1 707
Sundry gains (condensed consolidated statement of comprehensive income)	129	(106)
Bonus impact at 30% and tax impact at 28%	(57)	46
Earnings from fund management	1 353	1 647
Earnings from fund management per share (cents)	387.0	470.9

FMEPS excludes the net mark-to-market impact of fair value gains and losses and related foreign exchange movements on our investments held for seeding products. 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 condensed consolidated statement of financial position.

Capital adequacy



* SCR – Solvency Capital Requirement

The Board is satisfied that the current capital and solvency position of the Group, is appropriate given the nature, scale and complexity of the business.

Solvency capital requirements (SCR) and technical provisions were continuously met during the financial year ended 30 September 2022.

The key drivers of risk that are inherent in the business strategy of the Group 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 R656 million (September 2021: R600 million). As a business that generates a significant amount of cash profits, of which we endeavour to distribute a minimum of 75% of after-tax cash profit, we monitor our liquidity requirements carefully. A final gross dividend of 172.0 cents per share has been declared and paid for the period ended 30 September 2022 from retained earnings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2022

	2022 R MILLION	2021 R MILLION
Fund management activities		
Revenue	3 738	4 263
Other (losses)/income	(13)	50
Total operating expenses	(1 862)	(2 104)
Results from operating activities	1 863	2 209
Finance and dividend income	16	13
Finance expense	(60)	(39)
Profit from fund management	1 819	2 183
Share of profit of equity-accounted investees	5	5
Sundry (losses)/gains	(129)	106
(Losses)/income attributable to policyholder linked assets and investment partnerships	(3)	10
Net fair value gains on policyholder and investment partnership financial instruments	122	118
Administration expenses borne by policyholders and investors in investment partnerships	(125)	(108)
Profit before income tax	1 692	2 304
Income tax expense	(411)	(597)
Taxation on shareholder profits	(414)	(587)
Taxation on policyholder investment contracts	3	(10)
Profit for the year	1 281	1 707
Other comprehensive gains/(losses) (to be recycled through profit and loss)	30	(46)
Foreign currency translation differences for foreign operations	30	(46)
Total comprehensive income for the year	1 311	1 661
Profit attributable to:		
– equity holders of the company	1 281	1 707
Profit for the year	1 281	1 707
Total comprehensive income attributable to:		
– equity holders of the company	1 311	1 661
Total comprehensive income for the year	1 311	1 661
Earnings per share (cents)		
– basic	366.3	487.9
– diluted	366.3	487.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

	2022 R MILLION	2021 R MILLION
Assets		
Intangible assets	1 088	1 088
Equipment	15	18
Right-of-use assets	74	61
Investment in equity accounted investees	41	41
Deferred tax assets	176	228
Investments backing policyholder funds and investments held through investment partnerships	54 718	60 786
Investment securities	1 341	1 278
Taxation receivable	62	54
Trade and other receivables	684	675
Cash and cash equivalents	656	600
Total assets	58 855	64 829
Liabilities		
Long-term borrowings	481	451
Long-term other payables	6	61
Lease liabilities	106	94
Deferred tax liabilities	6	51
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	54 712	60 771
External investors in consolidated funds	648	178
Trade and other payables	857	957
Total liabilities	56 816	62 563
Net assets	2 039	2 266
Equity		
Share capital and premium	256	256
Retained earnings	1 630	1 888
Reserves	153	122
Total equity	2 039	2 266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2022

	SHARE CAPITAL AND PREMIUM R MILLION	FOREIGN CURRENCY TRANSLATION RESERVE R MILLION
Balance at 30 September 2020	256	157
Profit for the year		
Other comprehensive losses		
Currency translation differences	-	(46)
Total comprehensive income for the year	-	(46)
Transactions with owners recorded directly in equity		
Share-based payments	-	-
Dividends paid	-	-
Total transactions with owners	-	-
Balance at 30 September 2021	256	111
Profit for the year	-	-
Other comprehensive income		
Currency translation differences	-	30
Total comprehensive income for the year	-	30
Transactions with owners recorded directly in equity		
Share-based payments	-	-
Dividends paid	-	-
Total transactions with owners	-	-
Balance at 30 September 2022	256	141

RETAINED EARNINGS R MILLION	SHARE-BASED PAYMENT RESERVE R MILLION	TOTAL EQUITY R MILLION
1 752	10	2 175
1 707		1 707
-		(46)
1 707		1 661
-	1	1
(1 571)	-	(1 571)
(1 571)	1	(1 570)
1 888	11	2 266
1 281	-	1 281
-	-	30
1 281	-	1 311
-	1	1
(1 539)	-	(1 539)
(1 539)	1	(1 538)
1 630	12	2 039

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2022

	2022 R MILLION	2021 R MILLION
Cash flows from operating activities		
Profit from fund management	1 819	2 183
Non-cash and other adjustments	119	11
Operating profit before changes in working capital	1 938	2 194
Working capital changes	(170)	220
(Increase)/decrease in trade and other receivables	(15)	35
(Decrease)/increase in trade and other payables	(155)	185
Cash flows from policyholder and investment partnership activities*	(1 081)	1 662
Cash generated from operations	687	4 076
Interest on lease liabilities paid	(12)	(11)
Interest paid	(33)	(28)
Income taxes paid	(406)	(682)
Net cash from operating activities	236	3 355
Cash flows from investing activities		
Finance and dividend income	16	13
Acquisition of equipment	(6)	(11)
Net disposal of investment securities	258	16
Net cash from investing activities	268	18
Cash flows from financing activities		
Dividends paid	(1 539)	(1 571)
Lease liability paid	(20)	(13)
Net cash utilised in financing activities	(1 559)	(1 584)
(Decrease)/increase in cash and cash equivalents	(1 055)	1 789
Net increase in cash and cash equivalents – shareholders	26	127
Net (decrease)/increase in cash and cash equivalents – policyholders and investment partnerships*	(1 081)	1 662
Cash and cash equivalents at beginning of year	7 485	5 742
Cash and cash equivalents at beginning of year – shareholders	600	519
Cash and cash equivalents at beginning of year – policyholders and investment partnerships*	6 885	5 223
Effect of exchange rate fluctuations on cash held	30	(46)
Cash and cash equivalents at end of year	6 460	7 485
Cash and cash equivalents at end of year – shareholders	656	600
Cash and cash equivalents at end of year – policyholders and investment partnerships*	5 804	6 885

* 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 these financial statements are set out below. These policies have been consistently applied to all the years presented.

On 23 February 2022, the Minister of Finance announced a change in the corporate tax rate from 28% to 27% effective for years of assessment ending on or after 31 March 2023. This resulted in a change in the rate of deferred tax for the current reporting period. The reduction of 1% in the corporate tax rate did not have a material impact on the financial statements.

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

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.

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

	AFRICA		INTERNATIONAL		GROUP	
	2022 R MILLION	2021 R MILLION	2022 R MILLION	2021 R MILLION	2022 R MILLION	2021 R MILLION
Segment report						
Fund management						
Segment external revenue	2 625	2 830	1 113	1 433	3 738	4 263
Segment operating expenses	(1 365)	(1 546)	(497)	(558)	(1 862)	(2 104)
Segment result	1 260	1 284	616	875	1 876	2 159
Segment financial income/ (expense)	25	61	(22)	2	3	63
Finance and dividend income	15	13	1	–	16	13
Other income/(losses)	10	48	(23)	2	(13)	50
Segment finance expense	(50)	(32)	(10)	(7)	(60)	(39)
Segment income from fund management	1 235	1 313	584	870	1 819	2 183
Share of profit of equity-accounted investees	5	5	–	–	5	5
Sundry (losses)/gains					(129)	106

NOTES AS SUMMARISED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

	AFRICA		INTERNATIONAL		GROUP	
	2022 R MILLION	2021 R MILLION	2022 R MILLION	2021 R MILLION	2022 R MILLION	2021 R MILLION
2 OPERATING SEGMENTS						
(continued)						
Income attributable to policyholder linked assets and investment partnerships					(3)	10
Net fair value gains on policyholder and investment partnership financial instruments					122	118
Administration expenses borne by policyholders and investors in investment partnerships					(125)	(108)
Profit before income tax					1 692	2 304
Income tax expense					(411)	(597)
Taxation on shareholder profits					(414)	(587)
Taxation on policyholder investment contracts and investors in investment partnerships					3	(10)
Profit for the year					1 281	1 707
Segment assets	1 561	1 458	1 197	1 167	2 758	2 625
Right-of-use assets	19	43	55	18	74	61
Intangible assets	-	-	-	-	1 088	1 088
Investment in equity-accounted investee	-	-	-	-	41	41
Deferred tax assets	-	-	-	-	176	228
Investments backing policyholder funds and investments held through investment partnerships	-	-	-	-	54 718	60 786
Total assets	1 580	1 501	1 252	1 185	58 855	64 829
Segment liabilities	1 600	1 368	392	279	1 992	1 647
Lease liabilities	50	72	56	22	106	94
Deferred tax liabilities	-	-	-	-	6	51
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	-	-	-	-	54 712	60 771
Total segment liabilities	1 650	1 440	448	301	56 816	62 563

Major customers

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

	2022 R MILLION	2021 R MILLION
3 LONG-TERM BORROWINGS		
Balance at beginning of year	451	467
Interest accrued	27	27
Interest paid	(27)	(27)
Foreign exchange losses/(gains)	30	(16)
	481	451

The cumulative redeemable preference shares with fixed rate dividends payable quarterly have a capital payment of R300 million (2021: R300 million) due on 1 April 2025.

Additional long-term borrowings at year-end reflect a term loan facility of R181 million (2021: R151 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) (refer to note 23) 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 R2 335 million (2021: R 3 983 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
2022				
Investments backing policyholder funds and investments held through investment partnerships	47 750	4 633	–	52 383
Investment securities	1 331	–	10	1 341
	49 081	4 633	10	53 724
Policyholder, external investor and investment partnership liabilities	–	52 981	–	52 981
2021				
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

During the current year, an amount of R88 million (2021: R243 million) in debentures included in investments backing policyholder 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 R185 million (2021: R69 million) moved from Level 2 to Level 1 as those 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.

Fair value for all other financial assets and liabilities have not been presented because they are not carried at fair value and their carrying amounts approximate fair value.

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 21 of the audited annual financial statements.

External investors in consolidated funds

The Group's interest at year-end in the Coronation Global Equity Select [ZAR] Feeder Fund is 21% (30 September 2021: 19%); and its interest in the Coronation Global Sustainable Equity Income Fund* is 100% (30 September 2021: 100%) and in the Coronation International Equity Fund* is 100% (30 September 2021: 100%) and its holding in Coronation Emerging Markets Diversified Equity Fund* is 100%.

The Group consolidates the Coronation Global Equity Select [ZAR] Feeder Fund; the Coronation Global Sustainable Equity Income Fund* and the Coronation International Equity Fund* due to the seed capital invested in the funds relative to the total fund size being significant. In the current year, the Group seeded the Coronation Emerging Markets Diversified Equity Fund* and is the largest unitholder in these funds and as such will consolidate this fund.

During the year, the Group's interest in Coronation Global Frontiers Fund and Coronation Sustainable Global Emerging Markets Fund* has decreased and Coronation no longer holds any interest in these funds and as such they are no longer consolidated.

* 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, the Coronation Investment Management (South Africa) group stands guarantor for the term loan facility of US\$10 million with Standard Bank (refer to note 17 of the audited annual financial statements).

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. In the prior financial year, this matter was heard in the Western Cape Tax Court ('the Court') and the Court ruled in the Group's favour on 17 September 2021. SARS subsequently appealed this judgment, and the matter was heard before the Supreme Court of Appeal on 17 November 2022. The Group awaits the judgement in this regard and management, supported by external legal advisers involved in the matter, remain confident of the Group's position. An outflow is not considered probable.

7 EARNINGS PER SHARE

	2022 CENTS	2021 CENTS
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.	366.3	487.9
	NUMBER '000	NUMBER '000
Issued ordinary shares at beginning of year	349 799	349 799
Weighted average number of ordinary shares in issue during the year	349 799	349 799
Adjusted weighted number of ordinary shares potentially in issue	349 799	349 799
	R MILLION	R MILLION
Earnings attributable to shareholders	1 281	1 707
Earnings attributable to ordinary shareholders	1 281	1 707
	2022 CENTS	2021 CENTS

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.

366.3 487.9

	2021 R MILLION	2020 R MILLION
7 EARNINGS PER SHARE (continued)		
Earnings attributable to shareholders	1 281	1 707
Diluted earnings attributable to ordinary shareholders	1 281	1 707

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
2022				
Per the financial statements	1 692	(411)	1 281	366.3
Headline earnings	1 692	(411)	1 281	366.3
Diluted headline earnings per share (cents)			1 281	366.3
2021				
Per the financial statements	2 304	(597)	1 707	487.9
Headline earnings	2 304	(597)	1 707	487.9
Diluted headline earnings per share (cents)			1 707	487.9

	2022 CENTS	2021 CENTS
DIVIDENDS PER SHARE		
Dividend distribution		
– interim: declared 24 May 2022 (2021: 25 May)	214	244
– final: declared 22 November 2022 (2021: 23 November)	172	226
Total dividend	386	470

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 held by the Group for seeding products.

	2022 R MILLION	2021 R MILLION
Headline earnings attributable to ordinary shareholders	1 281	1 707
Sundry gains (consolidated statement of comprehensive income)	129	(106)
Related tax (28% at capital gains inclusion rate) and bonus impact	(57)	46
Earnings from fund management	1 353	1 647
Fund management earnings per share (cents)	387.0	470.9
Diluted fund management earnings per share (cents)	387.0	470.9

9 EVENTS AFTER THE REPORTING PERIOD

The final cash dividend for the 2022 financial year of R602 million (172 cents per share) was declared based on the actual shares in issue of 349 799 102.



Company information

Annual General Meeting:

Wednesday, 22 February 2023 at 14:00

Share code (ordinary shares): CML

ISIN: ZAE000047353

LEI: 3789001BC9A294E6FF77

Board of Directors

Non-executive directors:

Prof Alexandra Watson (Chairperson)

Mr Saks Ntombela

Dr Hugo Nelson

Ms Judith February

Ms Lulama Boyce

Mrs Madichaba Nhlumayo

Mr Neil Brown

Mr Phakamani Hadebe

Executive directors:

Mr Anton Pillay (Chief Executive Officer)

Ms Mary-Anne Musekiwa (Chief Financial Officer)

Company Secretary

Ms Nazrana Hawa

Registered office

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Claremont 7708
Cape Town

Postal address

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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

and

Suite 1105
11th Floor
Sandton Eye Building
126 West Street
Sandton
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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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