



DELIVERING LONG-TERM INVESTMENT OUTPERFORMANCE

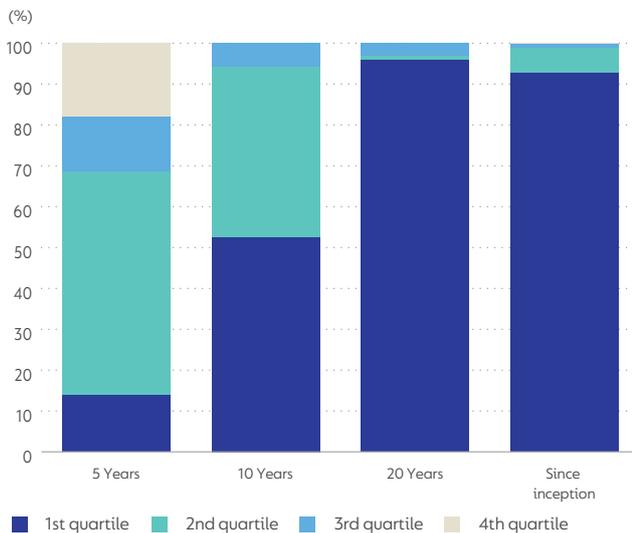
30 years ago, Coronation's founders had the vision of establishing an investment-led business with the single focus of delivering long-term alpha to its clients.

The year under review was a continuation of the difficult environment that the business has been operating in for the last few years, with anaemic market returns across domestic asset classes reflecting the very weak performance of the South African economy. Notwithstanding these challenging conditions, close to 95%¹ of our portfolios have outperformed their benchmarks since inception. Of note, is that performance across all of our key portfolios has been particularly encouraging over the last 12 months.

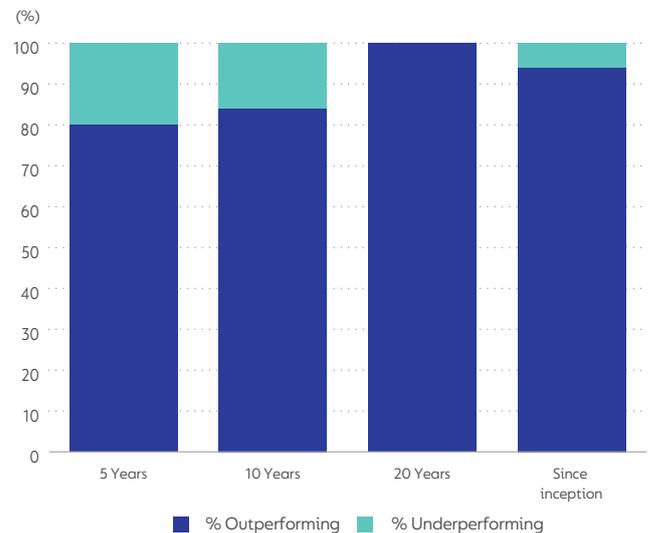
Proven track record of delivering on client mandates over long term

INVESTORS WHO STAY THE COURSE HAVE BEEN REWARDED

+ RETAIL CLIENT ASSETS¹



+ INSTITUTIONAL CLIENT ASSETS²



¹ 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

² On an asset-weighted basis; since inception figure refers to strategies with a ≥10-year track record

Source: Coronation



Stewardship at Coronation

You cannot talk long-term investment outperformance without discussing sustainability, ESG and the related material risks and opportunities. These are front and centre on the investment agenda and are important to asset owners when allocating to their 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 most recent Stewardship Report, which outlines our stewardship activities for the calendar year 2022, 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 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.

ESG is in our DNA

For Coronation, this is not a new imperative, as it has long been part of our investment DNA. This is because we genuinely believe that integrating sustainability factors into the investment process leads to better informed investment decisions and, ultimately, better long-term, risk-adjusted returns for our clients.

Active ownership

Active ownership is a core part of our stewardship approach. We aim to influence positive change through meaningful engagement on important ESG issues. We firmly believe that active engagement conducted in an informed, responsible, and robust manner with a focus on the long term, enables us to drive tangible positive improvements in sustainability and governance practices.

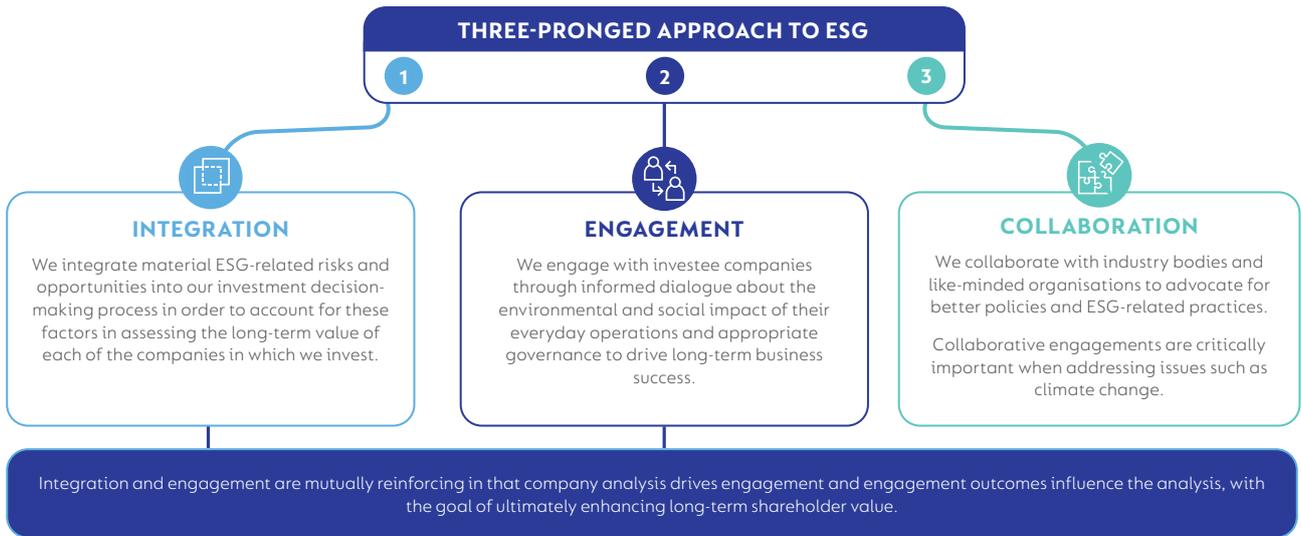
The benefits of active ownership include:

- ▶ By embarking on a journey to help a company decarbonise its operations, you ensure that exposure to fossil fuel assets and production is managed down in an orderly and sustainable manner.
- ▶ Active ownership requires companies to set credible emissions targets and commit to clear plans for meeting these targets.
- ▶ Companies are held accountable for their commitments through robust and ongoing engagement.
- ▶ Over time, active ownership can lead to overall emissions reduction. In contrast, divestment can lead to portfolio-level decarbonisation while doing little to reduce real-world emissions.

You cannot talk long-term investment outperformance without discussing sustainability, ESG and the related material risks and opportunities



Our approach to ESG is underpinned by three core pillars, namely integration, engagement and collaboration. For more details on our pillars and their application, please read our *2022 Stewardship Report*.



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.

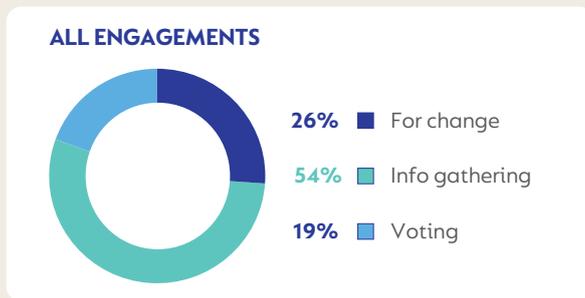


KEY ENGAGEMENT THEMES

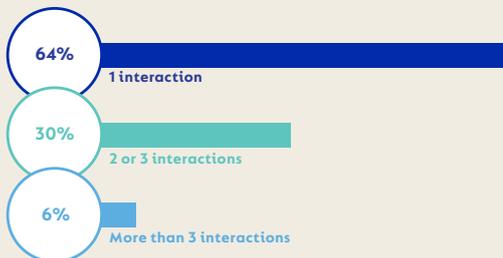
ENGAGEMENTS BY THEME



ALL ENGAGEMENTS

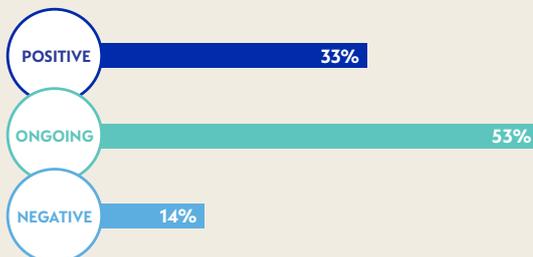


NUMBER OF INTERACTIONS¹ WITH A COMPANY



¹ Interactions include all types of engagements

ENGAGEMENTS FOR CHANGE



These relate to the outcomes of engagements that had specific change objectives and were therefore classified as "Engagements for change"

Note: Numbers might not add up due to rounding



Environmental

- › We have joined the CDP (formerly the Carbon Disclosure Project) as an investor signatory. As signatories we participated in collaborative initiatives by Climate Action 100+.
- › **Tackling climate change:** Climate change is a pervasive risk with significant implications for the global population. By addressing the challenges that climate change presents 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.

We had specific discussions with companies on their plans to increase their procurement of clean energy to reduce carbon emissions and improve energy security during power cuts. This is of particular relevance to South African companies, given the state of loadshedding.

Social

- › **Our key thematic project for the period centred on mining safety:** We engaged with South African mining companies and reviewed global mining firms to understand the factors influencing safety outcomes and the potential link between safety and remuneration.
- › **Diversity, inclusion and transformation:** The need for and promotion of diversity, inclusion and transformation within the workplace remained an important topic of engagement.

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:** The engagements related to governance and strategy encompassed a wide range of areas, including CEO performance, succession planning, business strategy, capital structure as well as financial and sustainability reporting.

Voting activity in 2022

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.

2022 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 adopted the reporting framework recommended by the now concluded Task Force on Climate-Related Financial Disclosures.

This conclusion notwithstanding, this framework provides relevant reporting guidance, and the International Sustainability Standards Board, which has now assumed oversight of climate reporting, has based their second International Financial Reporting Standard (IFRS S2) on the TCFD's framework. We will continue to monitor their recommended updates to climate-related disclosures as they pertain to South Africa.

OUR SUMMARISED INVESTMENT-RELATED CLIMATE ACTIONS AND DISCLOSURES

Theme	Key information	Further information
Governance	<ul style="list-style-type: none"> ▶ The Board of Directors (Board) provides oversight over climate-related risks and opportunities ▶ 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: ensures the integration of climate issues into the investment process › Sustainability Committee: oversight of investment stewardship activities 	Stewardship and Sustainable Investing Policy
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 ▶ Climate change concerns have led to an increased focus on ESG integration throughout the investment process. It is also increasingly influencing investee engagement and proxy voting activities ▶ Where there are material climate exposures and scenario analysis available from investee companies, this is assessed and incorporated into our overall analysis. For specific sectors where climate change matters are material, additional sensitivity analysis is performed ▶ Opportunities exist with respect to companies that can support a just, low-carbon transition journey ▶ The Company continued to evaluate its product offering, including the provision of sustainable investment products 	Stewardship Report 2022 Stewardship and Sustainable Investing Policy



OUR SUMMARISED INVESTMENT-RELATED CLIMATE ACTIONS AND DISCLOSURES CONTINUED

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), as well as physical 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, benchmarks and metrics, 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 approach is favoured over divestment in order to drive decarbonisation. However, if engagements fail, investment cases and valuations will be re-assessed 	<p>Stewardship Report 2022</p> <p>Stewardship and Sustainable Investing Policy</p>
Metrics and targets	<ul style="list-style-type: none"> ➤ Climate metrics are monitored at the investee company and portfolio level ➤ In addition, we assess other environmental metrics, such as water to understand scope of impact ➤ The weighted average Scope 1 and Scope 2 GHG emissions intensity of Coronation's key equity strategies are disclosed in the 2022 Stewardship Report. The emissions intensities of comparable benchmarks are also disclosed, as are the largest contributors to portfolio emissions intensity per investment strategy 	<p>Stewardship Report 2022</p>



Carbon reporting on our portfolios

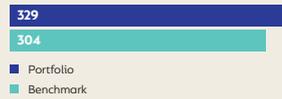
We report the carbon intensity (the estimated number of tonnes of carbon emitted for every \$1 million in revenue generated by the portfolio's underlying holdings) of select strategies. This calculation includes Scope 1 emissions (produced directly by a company's activities) and Scope 2 emissions (relating to the electricity that a company consumes). Our 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. Our South African Houseview Equity Strategy carbon exposure exceeds the benchmark due to the introduction of Sasol into the portfolio in 2022.

PORTFOLIO-LEVEL CARBON EMISSIONS

Weighted average carbon intensity (tCO₂e/\$M SALES)

Largest contributors to portfolio carbon intensity

SA Houseview Equity



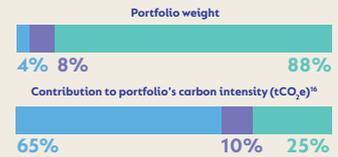
Sasol Ltd (ZA)



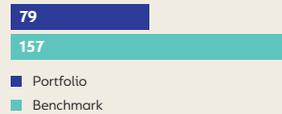
Anglo American Plc (GB)



Rest of portfolio



Active Global Equity



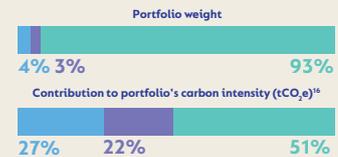
Canadian Pacific Railway (Canada)



Canadian National Railway (Canada)



Rest of portfolio



Global Emerging Markets Equity



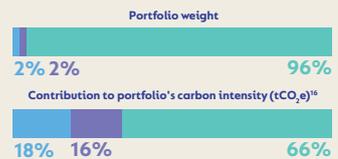
AngloGold Ashanti Ltd (ZA)



Anglo American Plc (ZA)



Rest of portfolio



Sources: MSCI, Coronation

¹⁶ Carbon dioxide equivalent or CO₂e is the number of metric tonnes of carbon dioxide emissions with the same global warming potential as one metric tonne of another greenhouse gas



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.

EARLY ADOPTER OF GLOBAL PRINCIPLES



We were one of the first South African asset managers to become a signatory of the UN-backed Principles for Responsible Investing.

SUPPORTING RESPONSIBLE INVESTING



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

Coronation is a signatory to/member of multiple responsible investing and stewardship codes and organisations, including the Principles for Responsible Investment (PRI), the Code for Responsible Investing in South Africa (CRISA), the CDP (formerly the Carbon Disclosure Project) and Climate Action 100+. In addition, we adhere to the principles denoted in the updated UK Stewardship Code.

