

In accordance with the Listings Requirements of the Johannesburg Stock Exchange Limited (“JSE”) and the King IV Report on Corporate Governance for South Africa 2016 (“King IV”), this document sets out the application of the seventeen corporate governance principles by Coronation Fund Managers’ Board of Directors (the Board) as recommended by the King IV Code on Corporate Governance.

KING IV PRINCIPLE	CORONATION’S AFFIRMATION STATEMENT	APPLICATION OF PRINCIPLE ²
<p>Principle 1: Leadership</p>	<p>The Board leads ethically and effectively</p>	<p>The Board¹ is committed to achieving the highest standards of corporate governance and ensuring strong ethical behaviour across the company. Board members are required to comply with Coronation’s Code of Ethics, which embodies the ethical characteristics listed in King IV and the JSE Listings Requirements.</p> <p>The role and responsibilities of the Board as set out in the Board charter include, inter alia, establishing and adhering to ethical standards, disclosure and management of conflicts of interest, as well as representing the interests of stakeholders of the Company in perpetuating a successful and sustainable business.</p> <p>A formal online performance appraisal for the 2018 financial year on the board was conducted by Deloitte & Touche, and no areas of concerns were noted.</p>
<p>Principle 2: Organisational Ethics</p>	<p>The Board governs the ethics of the Company in a way that supports the establishment of an ethical culture</p>	<p>The phrase ‘Trust is Earned’ is far more than three words in our logo. Earning and maintaining the trust of our stakeholders is at the heart of our ethos and requires that we always act with integrity across all levels of decision-making. Our six shared values encapsulate our culture, shape our principles and inform our behaviour.</p> <p>The Board monitors and evaluates the implementation of all strategies and policies, each of which affirms our uncompromising stance on maintaining organisational ethics. The Board is supported in its responsibility for organisational ethics by the Social, Ethics and Transformation Committee and the Audit and Risk Committee. The Social, Ethics and Transformation Committee oversees the implementation of and adherence to policies and practices, inter alia, the Code of Ethics, while the Audit and Risk Committee is responsible for the management of ethics-related risk, respectively.</p> <p>The committees periodically review and recommend revisions to the Code of Ethics and related ethics policies to the Board for approval.</p>
<p>Principle 3: Responsible corporate citizenship</p>	<p>The Board ensures that the Company is and is seen to be a responsible citizen</p>	<p>As a proudly South African company, we are active participants in advancing economic transformation in our industry as well as the communities in which we operate. As such, corporate citizenship is one of the company’s five strategic objectives. In everything we do, we consider the long-term impact of our actions on our business, our stakeholders, the wider community and the environment.</p>

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		<p>The Board has tasked the Social, Ethics and Transformation Committee with overseeing responsible corporate citizenship. Accordingly, the Employment Equity and Corporate Social Investment committees have been constituted. The committees' respective remits include ensuring that the Company maintains a safe and equitable workplace that is supportive of transformation and the development of employees and conducts social impact investing aimed at community upliftment through long-term education programmes; consumer education and development; transformation and preferential procurement practices.</p>
<p>Principle 4: Strategy and performance</p>	<p>The Board appreciates that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>Coronation's vision is to deliver both investment and service excellence to our clients. With the full support and approval of the Board, initiatives for the achievement of critical strategic objectives have been implemented. These strategic focus areas, as set out on pages 16 to 26 of the Integrated Annual Report (IAR), include long-term investment performance, client service, growing a global franchise, governance and corporate citizenship.</p> <p>With the full oversight of the Board, management will continue to focus on the implementation of these strategic initiatives in its quest to establish a world class asset management company.</p> <p>A more detailed description of the value creation process is included on pages 29 - 54 of the IAR.</p>
<p>Principle 5: Reporting</p>	<p>The Board ensures that reports issued by the Company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects</p>	<p>The Board consistently seeks to provide all stakeholders with timeous and relevant information to enable accurate assessments of the businesses performance and prospects to be made. Company updates and financial information are distributed through various channels, including the IAR, financial statements and SENS - all of which are prepared in accordance with applicable standards.</p> <p>Supporting the Board, the Audit and Risk Committee ensures that the combined assurance model incorporates and optimises all assurance services and functions to deliver an appropriately designed and effective control environment that supports the integrity of information used for decision making and ultimately the integrity of externally issued reports and information. Please refer to Principle 15 which more fully describes combined assurance.</p>
<p>Principle 6: Primary role and responsibilities</p>	<p>The Board serves as the focal point and custodian of corporate governance</p>	<p>The Board is primarily responsible for the strategic leadership of the company, with the aim of maintaining an ethical, effective and well governed business for all stakeholders. The Board is supported in its role by three subcommittees (Social, Ethics and Transformation Committee, the Audit and Risk Committee and the Remuneration and Nominations Committee) whose chairpersons provide feedback at all Board meetings. The Chief Executive Officer also serves as an executive director on each subsidiary Board, ensuring the consistent application of the company's overall strategy and governance.</p>

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<p>Principle 7: Composition</p>	<p>The Board is comprised of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>The role and responsibility of the Board is established in the Board Charter, which includes a schedule of specific powers retained by the Board. The function of each subcommittee is similarly set out in individual charters, each of which are reviewed annually.</p> <p>The Board recognises that an appropriately balanced and diverse governing body is critical to achieving progressive and sustainable transformation, and enhanced decision-making.</p> <p>The Remunerations and Nominations Committee ensures that candidates with an appropriate mix of knowledge, skills, experience, diversity and independence constitute the Board and, when required, are presented for election/ re-election to the Board.</p> <p>Further, it ensures that appropriate succession plans are in place. Additionally, the Board adopted a Board Diversity Policy that promotes race and gender diversity at Board level. A rigorous annual review of the independence of any director who has served on the Board for longer than nine years is conducted, including an external assessment in 2018. Based on the most recent assessment, the Board comprises a majority of independent non-executive directors.</p> <p>To strengthen the independence of the Board, the roles of CEO, Chairperson and Lead Independent Non-Executive Director are segregated. The chairperson of the Board is not a member of the Audit and Risk Committee. A detailed CV of each director is included on pages 70 to 71 of the IAR.</p>
<p>Principle 8: Committees</p>	<p>The Board is satisfied that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>The Board has constituted three committees to discharge specific respective responsibilities on behalf of the company. The responsibilities delegated to each committee by the Board are formally documented in committee charters (available on the web), approved by the Board. Each committee provides feedback on all activities within its mandate at each formal sitting of the Board.</p> <p>The Board ensures that the allocation of roles, responsibilities and composition of membership across the committees are complementary to each other, that there is effective collaboration through cross membership, and that there is a balanced distribution of power to ensure that no single individual has the opportunity to dominate a decision.</p>
<p>Principle 9: Evaluations of the performance</p>	<p>The Board evaluates its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<p>An appraisal by the Board was concluded during the financial year with reference to the Board charter. Deloitte & Touche facilitated a formal effectiveness assessment of the Board and its committees.</p> <p>The assessment included an online assessment by individual directors covering both targeted questions and free-text comments, and a series of one-on one meetings in which the directors provided constructive feedback on the functioning of the Board and its committees. The scope of the evaluation covered</p>

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		<p>various aspects including: size; independence and composition of the Board; Board functioning and processes; Board committee independence; Company secretarial; Board effectiveness; evaluation; director orientation; and fit and proper assessments of Board members.</p> <p>The Board interrogated the evaluation results and noted no areas of concern. The Board was satisfied with the process and in agreement that the evaluation process would improve its overall performance and effectiveness.</p> <p>An appraisal of each Board subcommittee was also concluded during the financial year. Each committee is satisfied with the performance of its members and that its responsibilities are in accordance with its respective charter. The Board is satisfied that all committees are functioning effectively.</p>
<p>Principle 10: Appointment and delegation to management</p>	<p>The Board ensures that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities</p>	<p>While the Board retains overall responsibility for the Company, it delegates authority to the executive directors to manage the day-to-day business and affairs of the business. The delegation of authority framework clearly sets out specific levels of authority and the required approvals necessary for all decision making, while providing the necessary autonomy to management for the day-to-day operations. The authority framework is reviewed annually by the Board.</p> <p>The executive directors (CEO & CFO) are appointed by the Board. With guidance from the Remuneration and Nominations Committee, the CEO and CFO are evaluated by the Board against key performance indicators. The performance of the Company Secretary is also assessed by the Board. The Remuneration and Nominations Committee is responsible for ensuring that succession plans are in place for the CEO and management.</p>
<p>Principle 11: Risk governance</p>	<p>The Board governs risk in a way that supports the Company in setting and achieving its strategic objectives</p>	<p>The Board is ultimately responsible for ensuring that risks are managed effectively. The Board has delegated responsibility for overseeing risk management and the risk function to the Audit and Risk Committee. A dual top-down and bottom-up approach has been followed to identify risks. This approach considers the external environment and strategic planning to identify key strategic risks, as well as identifying risks at the operational level.</p> <p>A risk framework, approved by the Board, has been implemented. Improvements to the framework are ongoing to ensure that the management of risk is integrated into the organisation's overall corporate governance structures, strategy, planning, reporting processes, policies, values and culture. Please see pages 81 to 86 of the IAR for more information.</p>
<p>Principle 12: Technology and information governance</p>	<p>The Board governs technology and information in a way that supports the Company setting and achieving its strategic objectives</p>	<p>The Board is assisted by the Audit and Risk Committee to oversee governance of technology and information risk. As key enablers in the achievement of Coronation's strategy, the strategic goals, objectives and governance structure in respect of information systems and information technology are formally</p>

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		<p>documented in an IT Governance Framework (“the Framework”), approved by the Board. The Framework formalises the processes in place to bring about the integration of people, technology and information throughout the company.</p> <p>Operational responsibility for technology has been delegated to the Coronation executive directors, who are in turn supported by relevant management, the operations committee; IT steering committee and project prioritization forum. These committees and forum are tasked to ensure that, inter alia, technology is fit for purpose; supports business objectives; is appropriately prioritised; and adds value commensurate to the cost of the technology. Information technology governance, risks, responsibilities and focus areas are more fully documented on page 91 to 95 of the IAR.</p>
<p>Principle 13: Compliance governance</p>	<p>The Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the Company being ethical and a good corporate citizen</p>	<p>The Board is assisted by the Audit and Risk Committee to oversee compliance. Coronation’s global compliance function is responsible for monitoring compliance with all regulatory obligations in all jurisdictions in which the Company operates. The arrangements for compliance are set out in a Compliance Framework, as approved by the Audit and Risk Committee, and various company- wide and jurisdiction-specific policies.</p> <p>The compliance function facilitates ongoing staff training and awareness of applicable regulation to continuously embed the culture of compliance and highest standards of ethical behaviour. In addition, a comprehensive compliance monitoring plan is executed throughout the year, comprising a combination of real-time and retrospective monitoring as well as external assurance on key elements of the compliance programme. A summary of compliance monitoring and assurance undertaken is reported at each sitting of the Audit and Risk Committee and ultimately to the Board.</p> <p>Coronation has not had any regulatory penalties, sanctions or fines for contraventions or non-compliance with regulatory obligations imposed on it or any of its directors or officers.</p>

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<p>Principle 14: Remuneration governance</p>	<p>The Board ensure that the Company remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in short, medium and long term</p>	<p>Coronation has a simple Remuneration Policy that creates value for all stakeholders, aligns with the company's primary purpose which is to create long-term value for clients, is fair and responsible, and complies with good governance principles. The remuneration policy plays a critical role in ensuring the success of the business by supporting the overall strategy of encouraging a high-performance culture that attracts, retains, and motivates employees.</p> <p>The Remuneration and Nominations Committee ensures that the remuneration process and the actual remuneration proposed for all levels in the organisation is fair, transparent and responsible in the context of overall employee remuneration.</p> <p>The Remuneration Policy and implementation report are detailed on pages 55 to 69 in the IAR. Both will be tabled every year at Coronation's annual general meeting for a separate non-binding advisory vote by the shareholders of the company. A compulsory procedure to engage with shareholders will be triggered in the event that either the Remuneration Policy or the implementation report are not endorsed by shareholders representing 25% or more of the votes exercised.</p> <p>The Remuneration and Nominations Committee reviews its remuneration framework to ensure that it supports the achievement of the company's strategic objectives and promotes positive long-term outcomes for all stakeholders.</p>
<p>Principle 15: Assurance</p>	<p>The Board oversees that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports</p>	<p>Coronation has implemented a combined assurance model, comprising five lines of assurance, ranging from management to external assurance providers. The implementation of a combined assurance model enables an efficient and holistic approach to risk management and assurance activities across the Company that, taken as a whole, provide a level of assurance that is greater than the sum of its parts and supports the integrity of information produced for reporting and decision-making.</p> <p>Assurance is undertaken in accordance with an annual risk-based plan, approved by the Audit and Risk Committee, the execution of which is allocated to the assurance provider best suited to the requirements of each engagement, maximising the level and confidence gained, and value added from each review. The arrangements for assurance are more fully described on pages 81 to 86 of the IAR.</p>
<p>Principle 16: Stakeholders</p>	<p>In the execution of its governance roles and responsibilities, the Board has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time</p>	<p>In accordance with the strategic objectives of the company, our material stakeholders are clients; shareholders; regulators; the community and our people.</p> <p>Coronation believes that taking the interests of our stakeholders into account in our decisions and our business practices is critical for the long-term sustainability of our business.</p>

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		<p>The management of Coronation's stakeholder relationships, including our engagement with stakeholders, is overseen by the Board with assistance from the Social, Ethics and Transformation Committee.</p> <p>Our stakeholder engagement takes place across a number of frameworks, including comprehensive reporting, interacting clients regarding their investments, reporting to and engagement with our regulators and industry bodies, shareholder reporting and engagement and leading community initiatives within and for the benefit of our community. Feedback received during stakeholder engagements is evaluated objectively and where appropriate, used to enhance our business practices and to inform our strategic views.</p> <p>The Social, Ethics and Transformation Committee receives regular feedback on interactions between the Board, management and material stakeholders and is tasked with evaluating the effectiveness of our stakeholder engagements and our inclusivity model.</p>
<p>Principle 17: Institutional investors</p>	<p>The Board oversees that responsible investment is practiced by the Company to promote good governance and the creation of value by the companies in which it invests</p>	<p>As a leading South African investment manager and stewards of our clients' assets, the Board recognises Coronation's responsibility in evaluating and monitoring whether the companies in which we invest on behalf of clients are managed in a sustainable manner.</p> <p>Coronation is committed to the principles of good corporate governance and to the extent possible, ensures that the companies invested in on behalf of clients are also committed to adhering to these same principles in the long term.</p> <p>As part of the investment process, an in-depth analysis of the investment target or company in which we are invested includes sound analysis of all significant environmental, social and governance-related (ESG) issues. These ESG issues are considered carefully and evaluated during our investment valuation process.</p> <p>As a signatory to the United Nations' Principles for Responsible Investment (UN PRI) since 2007, Coronation considers, on an ongoing basis, factors that may materially affect the sustainable long-term performance of an investment.</p> <p>Coronation fully supports the Code for Responsible Investing in South Africa (CRISA) and endorses the objectives that underpin the Financial Reporting Council (FRC) UK Stewardship Code.</p>

Notes

1. The Board of Directors of Coronation Fund Managers (“the Board”) is the ultimate governing body of the Coronation Group.
2. The principles and reference to Coronation above applies to the Coronation Group, which includes Coronation Fund Managers Limited and all companies that, from time to time, qualify directly or indirectly as subsidiaries of Coronation Fund Managers.
3. The Integrated Annual Report (“IAR”) as referenced above is available on our website (www.coronation.com) and provides further details on the application of the governance principles.