



CORONATION GROUP REMUNERATION POLICY

1. INTRODUCTION

- 1.1. Our remuneration framework is designed to support value creation for our shareholders, clients, our employees and our community in a manner that is fair, responsible and transparent.
- 1.2. This remuneration policy applies to all companies within the Coronation Group¹. It plays a critical role in supporting the overall business strategy of encouraging a high performance, competitive business with an ownership culture that attracts, retains, motivates and rewards high-performance employees.

2. REMUNERATION PHILOSOPHY

- 2.1. In setting our remuneration policy, we have ensured that it is aligned with our long-term corporate objectives and strategy and the core Coronation values. Embedded in its structure and implementation is the understanding that the most significant assets of Coronation are its employees. It is their collective output that drives the success of the Coronation Group and their retention is key to our long-term success. This policy is accordingly aimed at ensuring that the following objectives are met:
 - 2.1.1. the remuneration process supports the Coronation values, specifically:
 - a. rewarding sustainable, long-term outcomes - the Coronation Group is a fund management business focused on generating excellent long-term investment returns for its clients and stakeholders. All decision-making, both in business and investment management, is made with a long-term view, regardless of any potential short-term benefit;
 - b. always putting clients first - clients' interests come first and if the Coronation Group is successful in delivering on this promise, all stakeholders will prosper;
 - c. creating a culture of ownership - it is important that employees feel and behave like long-term owners of the business;
 - 2.1.2. recognising that Coronation is a team-based organisation that is focused on creating value for all its stakeholders. It is critical that, as a consequence of the remuneration process, employees do not pursue personal interests at the expense of the organisation and its stakeholders. It is therefore also essential that the performance appraisal process balances the performance of the individual with that of the team in which he/she operates and the broader organisation;
 - 2.1.3. Coronation acts as a responsible corporate citizen with an ethical culture - our remuneration framework must be reflective of our culture that does not discriminate against our employees based on racial or gender diversity or any other difference nor do we subscribe to practices that may lead to negative outcomes for our stakeholders and the wider community. We also strive to identify value contribution at all levels, enabling fair and competitive remuneration across the organisation.

¹ The Coronation Group refers to Coronation Fund Managers Limited and all its directly and indirectly held subsidiary companies. Any references to Coronation in this policy is a reference to the Coronation Group as a whole.



- 2.1.4. Coronation is able to attract, retain and motivate highly talented and sought-after individuals;
- 2.1.5. Employees are rewarded for outstanding and excellent performance. This is essential if Coronation's remuneration process is to successfully support its strong performance culture;
- 2.1.6. The remuneration structures and implementation are simple and easy to understand, and result in no unintended consequences;
- 2.1.7. The remuneration process is holistic enough to be able to make an accurate assessment of the long-term performance of an individual. Annual and long term quantitative metrics are considered but do not provide for the full assessment of performance. The assessment process therefore includes qualitative considerations, which provide additional insights into an individual's overall performance;
- 2.1.8. The rewards for excellent performance should align employees' interests with that of the broader organisation, shareholders and its clients. This is best achieved through a variable remuneration structure that allows employees to share in the Coronation's success, but also requires them to participate in any decline in the Coronation's earnings;
- 2.1.9. An effective balance is achieved between cash and deferred remuneration to ensure alignment with stakeholder interests, business sustainability and Coronation's long-term ethos; and
- 2.1.10. Good corporate governance in relation to remuneration is applied and the approach to remuneration is consistent with, and promotes, sound and effective risk management.

3. REMUNERATION GOVERNANCE, PRINCIPLES AND STRUCTURE

3.1. Governance

- 3.1.1. The Coronation board has the ultimate responsibility for the governance of the remuneration framework of the Coronation Group and for setting the direction for how remuneration is approached on an organisation-wide basis. As part of its role, the Coronation board has approved this policy and has mandated the Coronation Group Remuneration and Nominations Committee ("Remco") with responsibility for the implementation thereof. The Remco is constituted in such a way as to enable it to exercise competent and independent judgement on remuneration policies and practices;
- 3.1.2. Moreover, the Remco is responsible for key decisions regarding remuneration, including those with implications for the overall risk management of Coronation; and
- 3.1.3. The Remco charter provides comprehensive details on the composition, roles and responsibilities of the Remco and is available on our website (www.coronation.com).



3.2. Principles and Structure of Remuneration

- 3.2.1. A key characteristic of the remuneration policy is that it is simple and avoids complicated structures that can result in unintended outcomes. Total employee remuneration consists of fixed and variable (performance-based) remuneration for all employees of Coronation;
- 3.2.2. In determining the total remuneration of an employee, due consideration is given to individual performance over the longer term as well as the most recent 12-month period. An individual's performance as part of the team in which he/she operates is also considered. The performance assessment process is holistic and gives as much consideration to qualitative as quantitative metrics;

Fixed Remuneration

- 3.2.3. Fixed remuneration is determined based on an employee's role and responsibilities and on market conditions. For senior employees, the Coronation Group will set fixed remuneration below market-related levels. In the case of its most senior employees, the differential should be material;
- 3.2.4. Coronation operates both domestically and internationally and is obliged to take both local and international legislative and regulatory requirements into consideration when structuring fixed remuneration. The key components of the fixed remuneration will typically comprise of the following:
 - a. Base Salary;
 - b. Compulsory benefits which include pension and disability plans, death cover and medical insurance;

Variable Remuneration

- 3.2.5. The variable remuneration component enables employees to share in the value that they have created for all stakeholders. Its application has been the cornerstone of Coronation's success over more than two decades and underpins our values. It entrenches ownership and a strong performance culture, and aligns employees and shareholders' interests through the symmetrical manner in which employees share in Coronation's success and any decline in earnings;
- 3.2.6. The genesis of the agreed annual variable component of the remuneration policy occurred at the inception of the Coronation Group in 1993 where variable remuneration was introduced to share the risks and rewards of ownership and incentivise employees to build a leading fund management group from a zero base. The annual variable remuneration as agreed between shareholders and employees is calculated at 30% ("variable remuneration rate") of the audited annual consolidated net operating profit before taxation of the Coronation Group ("the variable remuneration formula"). It is a tool that has demonstrated its value to all stakeholders and represents a contractual commitment between Coronation and its employees;
- 3.2.7. The annual variable remuneration is allocated to all employees of Coronation on an individual basis, and is not allocated to departments. The allocations to employees may include the following components:
 - a. Cash payment;
 - b. Cash payments for restraint of trade undertakings and notice period extensions; and



- c. Deferred remuneration payments are allocated via the CFM Deferred Remuneration Trust to eligible employees, with application of the following principles:
- Staggered percentages over periods that can range from one to three years. As a meritocracy, the same terms and conditions apply to all eligible employees;
 - Made to employees who possess skills key to the continued success of Coronation as demonstrated by their contribution and expertise; and
 - The remuneration process will allocate an appropriate portion of total remuneration in deferrals to the most senior employees.

Given that the CFM Deferred Remuneration Trust invests only in Coronation Fund Managers shares and Coronation unit trusts, this further strengthens the alignment between the long term performance of these instruments (and thus the long term performance of the Coronation Group) and the ultimate long term rewards received by the employees once their allocations vest.

- 3.2.8. Any other form of remuneration or incentivisation as may be approved by the Remco from time to time. This may include, if approved by the Remco, ad hoc, once-off sign-on payments and/or benefits to cover the cost of relocation of a new employee or to make good any loss of benefit or obligation that arises from the particular employee's resignation from their previous employer. Coronation, as a practice, will not make termination payments to its employees unless it is obliged to do so under labour law or if a labour dispute has been settled, with the approval of the Remco, on the basis that such a payment is required;
- 3.2.9. Senior employees will experience more variability in their earnings due to the volatility embedded in the variable remuneration formula. Junior employees should be shielded from the volatility embedded in variable remuneration by awarding them steady and consistent annual increases based on their individual performance;
- 3.2.10. Coronation's policies encourage behaviour that is in line with Coronation's risk management strategy. The entrenchment of employee ownership and the deferral of a significant portion of an employee's remuneration (see *Employee Equity Ownership* below in this regard), this ensures behaviour which is consistent with the risk profiles, rules and memorandum of incorporation of the entities being managed;
- 3.2.11. Variable remuneration paid to eligible employees under this policy or otherwise shall, to the maximum extent permissible in law, not form part of and be excluded from employees' remuneration for the purposes of calculating any annual leave, severance pay, notice pay or other entitlements due to the employees by law or otherwise;
- 3.2.12. The Remco is responsible for ensuring that in instances of the annual variable remuneration not being fully allocated to eligible employees, the unallocated portion is retained for no longer than 12 months.

Performance Measurement

- 3.2.13. Employees and managers must undertake a performance review annually (as a minimum) to assess past performance against objectives and to set new goals. The objectives set for employees should be ambitious, verifiable, relevant, quantitative and qualitative. In assessing employee performance, both qualitative and quantitative criteria must be taken into account;



- 3.2.14. Proposed remuneration allocations to eligible individual employees are formulated and management's final recommended allocations are submitted to the Remco for consideration and approval. When considering and approving the final recommended allocation, the Remco will satisfy itself that:
- 3.2.14.1 the process that governs the assessment of an employee's performance is robust and fair. This will inform the recommended allocation and take into account whether it meets Coronation's needs and strategic objectives, and that it is consistent with and promotes effective risk management;
 - 3.2.14.2 the remuneration process and the actual remuneration proposed for all levels in the organisation is fair and responsible in the context of overall employee remuneration in the Coronation Group;
- 3.2.15. The Remco may make adjustments to an individual's final recommended remuneration as it objectively considers appropriate. Upon approval of the respective individual remuneration by the Remco, payments are made in accordance with such allocations but subject to Coronation's policy on when payments of approved and allocated variable remuneration are to be made;

Malus and Clawback

- 3.2.16. To further entrench alignment with our stakeholders, Malus and Clawback is applied to cash and deferred remuneration payments subject to specific trigger events. Malus is defined as pre-vesting forfeiture of remuneration awards and Clawback as post-vesting forfeiture of such awards subject to specific trigger events.

4. EMPLOYEE OWNERSHIP

Employee ownership of Coronation Fund Managers equity contributes significantly to the culture and values of the Coronation Group. As such, it is desirable to increase the employee equity ownership, where appropriate, through the purchase of Coronation shares via the CFM Deferred Remuneration Trust.

- 4.1. The CFM Deferred Remuneration Trust is a fully independent vesting trust established for the housing and administration of deferred remuneration. It provides stakeholders with the confidence that the allocations will be managed appropriately and that the underlying investments will be distributed in future years on condition that the relevant terms and conditions are met. The terms of the allocations do allow for forfeiture under specific circumstances; and
- 4.2. The trustees of the CFM Deferred Remuneration Trust are independent of the executive and ensure that, once allocations have been made, the rules are strictly applied to all beneficiaries.

5. NON-EXECUTIVE DIRECTOR REMUNERATION

- 5.1. Non-executive directors of Coronation receive an annual fixed fee and an attendance fee for board and subcommittee meetings as pre-approved by shareholders at the AGM of the prior financial year. The fees are proposed and approved based on market-related factors and the duties and responsibilities of each of the functions performed by the non-executive directors.
- 5.2. Non-executive directors do not participate in any of the remuneration structures addressed in this policy document or receive share options.
- 5.3. As set out in 7.1 below, the fees payable to non-executive directors are submitted to shareholders for approval in accordance with the requirements of the Companies Act 71 of 2008 ("Companies Act").



6. REMUNERATION REPORT

Coronation shall include a remuneration report in its integrated report to shareholders which will inter alia include a chairman's statement, overview, remuneration policy and implementation report.

7. VOTING ON REMUNERATION

- 7.1. The fees for non-executive directors are submitted for approval by shareholders by way of a special resolution tabled at the annual general meeting in compliance with the Companies Act.
- 7.2. This remuneration policy and the implementation report will be tabled every year at Coronation's annual general meeting for a separate non-binding advisory vote by the shareholders of Coronation.
- 7.3. Coronation continuously reviews its remuneration framework to ensure that it supports achieving our strategic objectives and promotes positive outcomes in the short, medium and long-term 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 and the manner in which it reports its remuneration to shareholders. In addition, in the event that either the remuneration policy or the implementation report are voted against by shareholders exercising 25% or more of the votes exercised:
 - a) Coronation shall undertake an engagement process with dissenting shareholders to ascertain the reasons for the dissenting vote and will, where appropriate, take steps to address legitimate and reasonable objections and concerns raised, which may include amending this remuneration policy or clarifying or adjusting remuneration governance and/or processes.
 - b) As part of this engagement process, Coronation will, in the results announcement for the particular annual general meeting, extend an invitation to dissenting shareholders to inform Coronation that they dissented, and the nature of their dissent to enable it to engage with them, along with the manner and timing of such engagement.
 - c) In the subsequent implementation report following the dissenting vote, Coronation shall disclose (i) with whom it engaged, the manner and form of engagement and (ii) the nature of the steps taken to address legitimate and reasonable objections and concerns.

8. POLICY REVIEW

The Remco reviews and approves this policy annually and may, from time to time, in its sole and absolute discretion, review and/or amend the provisions of this policy, subject to the approval of the Board.

Policy	CFM Group Remuneration Policy
Approved by	CFM Board: November 2018