



CORONATION

TRUST IS EARNED™

Stewardship Highlights

2020



Overview



2020 will go down as the year in which environmental, social and governance (ESG) matters came into focus for the investment industry. Stewardship and sustainable investment practices are now mainstream requirements in the global financial services sector. It is no longer sufficient for investment managers to solely consider the two dimensions of risk and return. The consideration of the impact that companies have on their external environment has become a key factor in the investment decision-making and engagement processes.

For us at Coronation, this is nothing new, as the imperative to act as responsible stewards of our clients' capital has long been part of our investment DNA.

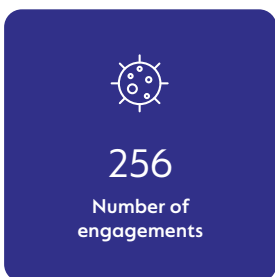
This report provides a summary of Coronation's stewardship activities during 2020.

Access our full 2020 Stewardship Report [here](#).

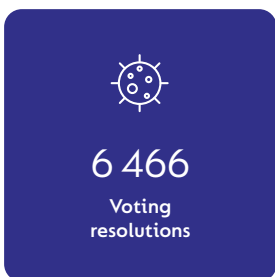
ENGAGEMENT AND VOTING

Our active ownership activities included investee company engagements, proxy voting and collaboration on a variety of ESG themes.

A year of intense engagement



Voting in line with our principles



KEY THEMES TACKLED



THE INVESTMENT IMPACT OF COVID-19 ON COMPANIES AND SOCIETY



RESPONSIBLE CITIZENSHIP IN A TIME OF CRISIS



DRIVING GOOD CORPORATE GOVERNANCE



TACKLING CLIMATE CHANGE



SUSTAINABILITY REPORTING



DIVERSITY AND INCLUSION



Stewardship at Coronation



OUR PURPOSE

To deliver superior long-term investment outcomes to our clients as responsible stewards of their capital.



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.

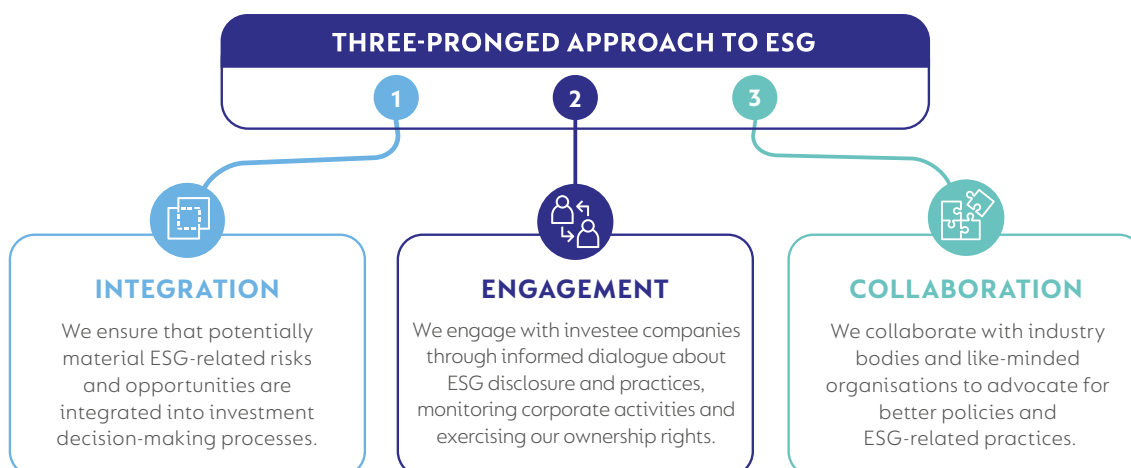


OUR STEWARDSHIP APPROACH

We are active owners that aim to influence positive change through meaningful engagement on important ESG issues. 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 geographies in which we invest.

OUR APPROACH TO ESG

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





Diversity and inclusion

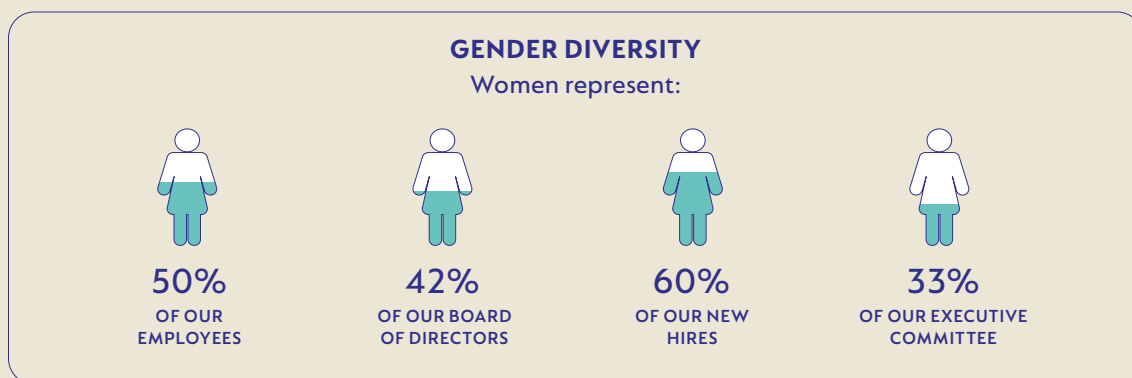


2020 was a watershed year for many reasons, including the enhanced focus on diversity and inclusion. This has become one of the most pressing topics in the asset management industry, both within our own sector and for the companies in which we invest.

There are numerous research studies that continue to show the benefits of diverse and well-balanced workforces and the manner in which they positively contribute to a company's long-term success. An inclusive culture that leverages diverse views effectively will be an important element in determining a firm's success.

Coronation's diverse community of individuals and our integrated culture have always been a key part of who we are. We are proud that our representations across all categories score well above global averages. The work is never done and we continue to push for progress.

Our diversity in numbers*



* South African-based employees as at end-December 2020



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.

As a research-driven, fundamental manager, we regularly interact with all of the companies in our investment universe. In 2020, we had 256 engagements with 121 companies covering 25 themes. Interactions with companies on material issues often require ongoing dialogue and almost half of our current engagements are ongoing. For those engagements that did reach resolution during the year, more than 75% were positive. Not surprisingly, Covid-19 was a priority focus area, with engagements covering over 360 companies across the full spectrum of related issues.

Key engagement themes



Response to Covid-19: Reassessed and engaged every full-coverage stock in our universe to understand the business impact of the pandemic and the nature of their crisis response strategies. This included assessing the financial and operational measures taken to protect their businesses, as well as stakeholder management.



Carbon disclosures: Advocated for reliable and consistent climate-related disclosure. We sent letters to 89 JSE-listed companies urging them to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework.



Board composition: Engaged investee companies on matters such as board independence and the diversity, competence, skills and effectiveness of directors.



Remuneration: Assessed the adequacy of remuneration policies in order to ensure an appropriate balance between short- and long-term incentives, and alignment between the interests of management and stakeholders.

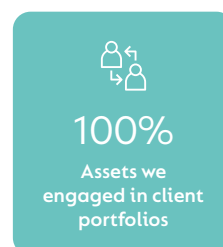


Corporate governance practices: Advocated for improved corporate governance practices and addressed areas of material concern.



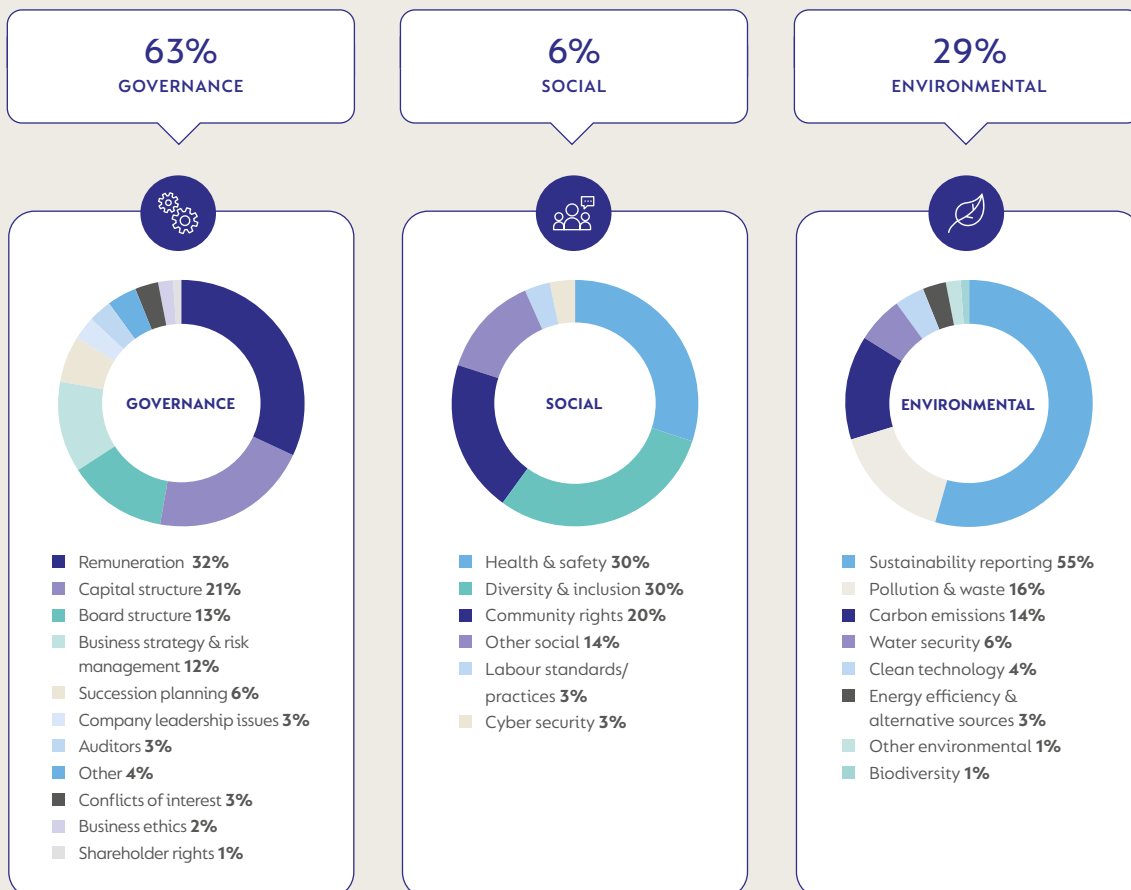
Shareholder value: Identified areas where action is required by investee companies to unlock or enhance shareholder value. This included capital allocation strategies, dividend policies, corporate actions and other drivers of shareholder value.

ROBUST ENGAGEMENT

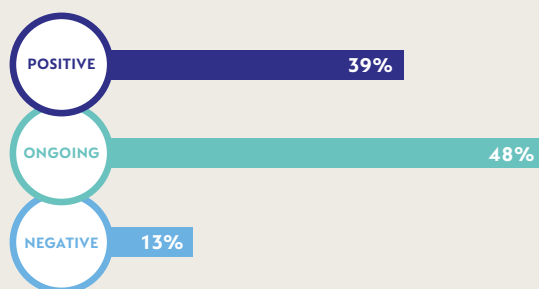




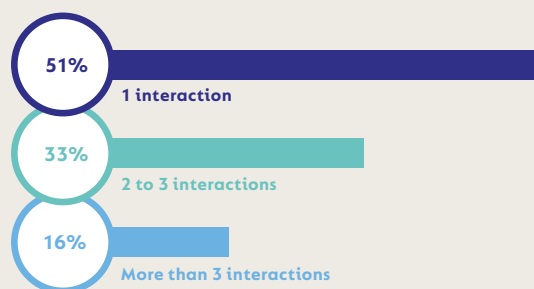
ENGAGEMENTS BY THEME



ENGAGEMENT OUTCOMES



NUMBER OF INTERACTIONS WITH A COMPANY





Voting activity in 2020

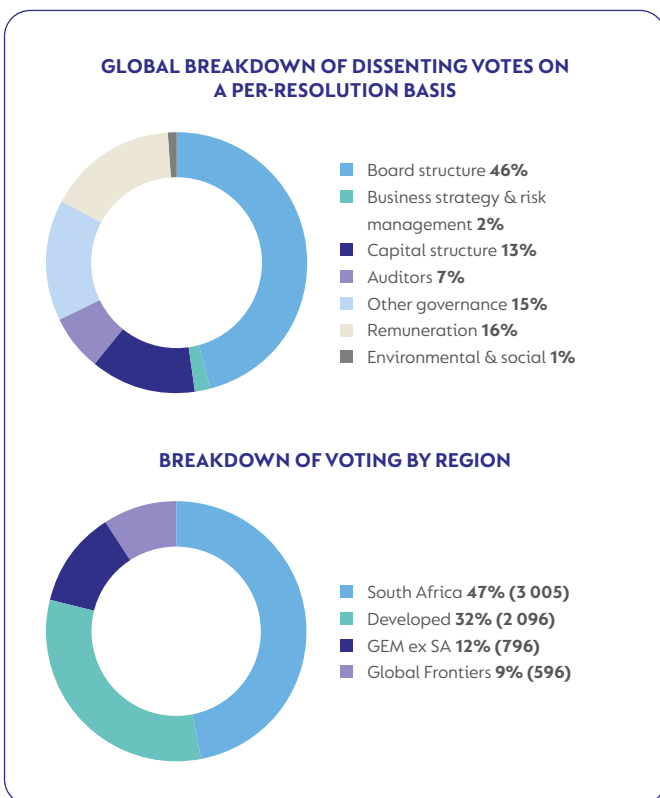


Active ownership

Proxy voting is an integral part of our stewardship responsibilities and an important way in which we are able to exercise our ownership rights. We have been voting on behalf of our clients' portfolios since our inception in 1993.

Constructive, pre-emptive engagement and resolution are preferable to formulaic voting at general meetings. We believe that exercising a proxy without prior engagement is contrary to the company's, and, therefore, our investors' best interests. In general, voting against resolutions is a last resort and not something that we do lightly.

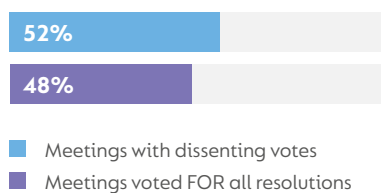
Last year, we voted at 524 meetings covering 6 466 resolutions. We recorded at least one dissenting vote at 52% of these meetings.



DURING THE YEAR WE VOTED ON



HOW WE VOTED





VOTING STATISTICS PER REGION

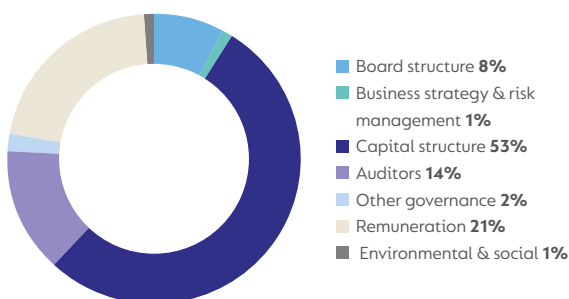
SOUTH AFRICA

In 2020, we made voting recommendations on 3 005 resolutions at 195 meetings, of which 109 meetings contained dissenting votes.

HOW WE VOTED:



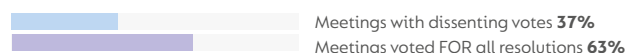
BREAKDOWN OF DISSENTING VOTES ON A PER-RESOLUTION BASIS



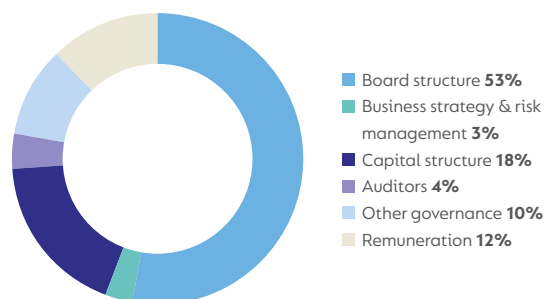
EMERGING MARKETS (EX-SOUTH AFRICA)

In 2020, we made voting recommendations on 796 resolutions at 97 meetings, of which 36 meetings contained dissenting votes.

HOW WE VOTED:



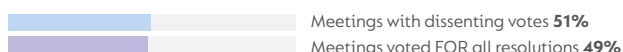
BREAKDOWN OF DISSENTING VOTES ON A PER-RESOLUTION BASIS



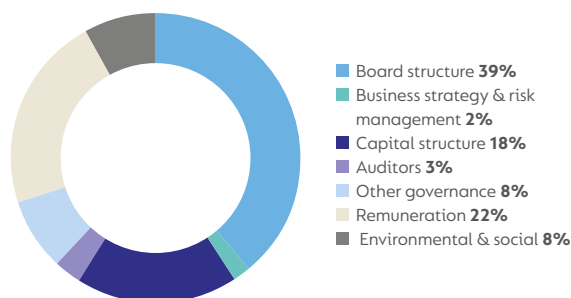
DEVELOPED MARKETS

In 2020, we made voting recommendations on 2 096 resolutions at 158 meetings, of which 81 meetings contained dissenting votes.

HOW WE VOTED:



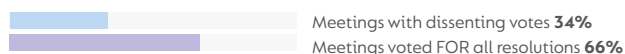
BREAKDOWN OF DISSENTING VOTES ON A PER-RESOLUTION BASIS



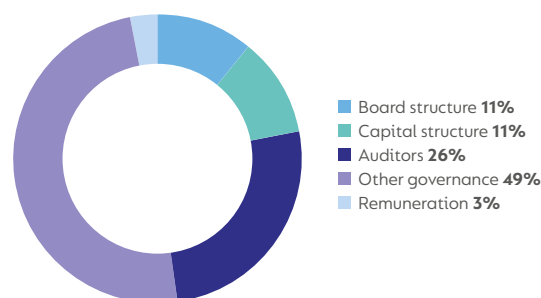
GLOBAL FRONTIER MARKETS

In 2020, we made voting recommendations on 569 resolutions at 74 meetings, of which 25 meetings contained dissenting votes.

HOW WE VOTED:



BREAKDOWN OF DISSENTING VOTES ON A PER-RESOLUTION BASIS





Tackling climate change



Climate change is a material investment risk that we factor into our investment process. We use our three-pronged approach of integration, engagement and collaboration to tackle climate-related risks in our portfolios.

Real progress toward emissions reduction is only made when companies change the way in which they operate on the ground. We aim to drive decarbonisation through active engagement with investee companies to help drive real-world change. When we engage on important environmental issues, we do so by carefully considering the possible unintended consequences.

Disclosure

The lack of reliable and consistent climate-related data is a key area of concern for investors around the world. Robust, comparable and reliable climate-related disclosure is essential for company analysis and to provide portfolio-level views of climate-related risks and exposures.

We use the Task Force on Climate-related Disclosures (TCFD) framework to help manage information. We encourage investee companies to adopt disclosure practices that are in line with the TCFD's recommendations.



We supported proposals that encouraged improved climate disclosures tabled by other investors:

CLIMATE SHAREHOLDER PROPOSALS

Company	Shareholder proposal
YUM Brands Inc.	Report on supply chain impact on deforestation
ABSA Group Ltd.	Provide shareholders with an initial assessment of the company's exposure to climate risk
Nedbank Group	Adopt and publicly disclose an energy policy

Carbon reporting on our portfolios

We reported on the carbon intensity of our strategies for the first time in 2020. This is the estimated number of tonnes of carbon emitted for every \$1 million in revenue generated by the portfolio's underlying holdings. This calculation includes Scope 1 emissions (produced directly by a company's activities) as well as Scope 2 emissions (relating to the electricity that a company consumes). All strategies, at present, have carbon exposure levels below that of their respective benchmarks. These values should be looked at in tandem with the regular engagements we have to understand how companies plan to reduce their emissions.



PORTFOLIO CARBON INTENSITY VS BENCHMARK

For every \$1m in revenue, the number of tonnes of CO₂e (tCO₂e)¹ emitted by the underlying holding is:

SA HOUSEVIEW EQUITY

305
portfolio
339
benchmark

ACTIVE GLOBAL EQUITY

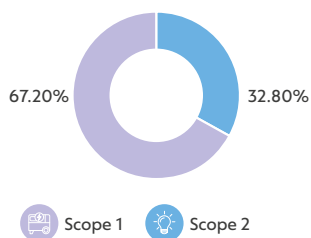
41
portfolio
155
benchmark

GLOBAL EMERGING MARKET EQUITY

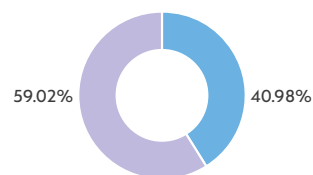
35
portfolio
264
benchmark

SCOPE 1 AND 2 EMISSIONS PER PORTFOLIO

SA HOUSEVIEW EQUITY



ACTIVE GLOBAL EQUITY



GLOBAL EMERGING MARKET EQUITY



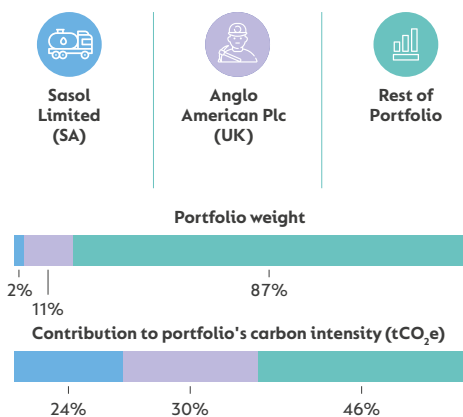
Sources: MSCI, Coronation

Within these portfolios, we do have exposure to businesses that would be considered to be carbon intensive. We are comfortable with these holdings as we have engaged with them in a proactive manner about the path forward in reducing their carbon emissions in a just and responsible manner.

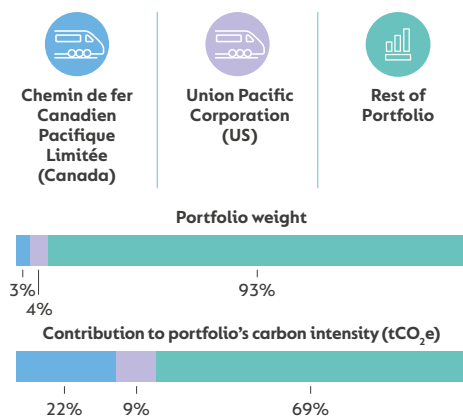
LARGEST CONTRIBUTORS TO PORTFOLIO CARBON INTENSITY

Contribution to total portfolio intensity

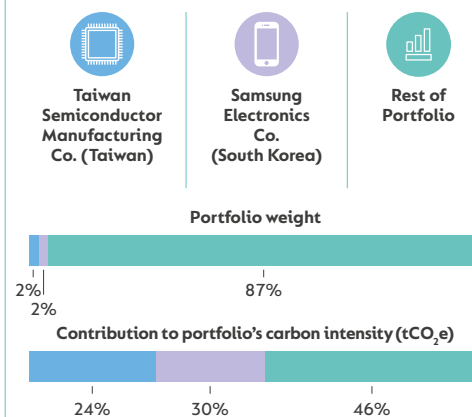
SA HOUSEVIEW EQUITY



ACTIVE GLOBAL EQUITY



GLOBAL EMERGING MARKET EQUITY



Sources: MSCI, Coronation

¹ 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



Collaborating with others



As an active investor, we believe in proactively participating in shaping an environment that:

- protects the long-term interests of asset owners, and
- promotes collaboration in support of a sustainable and diverse investment industry that serves the best interests of the societies in which we operate.

We are key contributors to the activities of the Association of Savings and Investments South Africa (ASISA), whose role is to ensure the sustainability and relevance of the investment industry for the benefit of the country and its citizens.

In addition, we are a member/signatory of a number of local and global organisations that are driving for positive change in the asset management arena to the benefit of investors and society.

SUPPORTING CLIMATE ACTION 100+

We worked with lead engagers to engage high carbon emitters on actions to improve disclosure and reduce emissions.

A+ RATING FOR 2020 PRI ASSESSMENT

We achieved the highest PRI rating of A+ across all assessment categories, exceeding the median participant score across every category.

SUPPORTING THE RESPONSE TO COVID-19

We worked with industry bodies, like ASISA, Business Leadership SA and Business for SA to help mitigate the devastating impact of the pandemic on the local economy.

CORONATION'S 2020 PRI ASSESSMENT REPORT CARD

	2020	
Module name	Coronation	Median
Strategy & Governance	A+	A
Listed Equity – Incorporations	A+	A
Listed Equity – Active Ownership	A+	B
Fixed Income – Sovereign, Supranational and Agency	A+	B
Fixed Income – Corporate Financial	A+	B
Fixed Income – Corporate Non-Financial	A+	B

Sources: PRI, Coronation

**CAPE TOWN**

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708

PO Box 44684
Claremont 7735

Telephone: +27 (0)21 680 2000
Fax: +27 (0)21 680 2100

JOHANNESBURG

3rd Floor, Building 2
Oxford and Glenhove
114 Oxford Road
Houghton 2196

Telephone: +27 (0)11 328 8200
Fax: +27 (0)11 684 2187

PRETORIA

1st Floor, Block 4
The Boardwalk Office Park
Eros Street
Faerie Glen 0043

Telephone: +27 (0)12 990 9040
Fax: +27 (0)12 991 6079

DURBAN

Suite 6, 15 The Boulevard
Westway Office Park
Westville 3635

Telephone: +27 (0)87 354 0508

LONDON

7th Floor, St Albans House, 57-59
Haymarket London SW1Y 4QX,
United Kingdom

Telephone: +44 (0)207 389 8840
Fax: +44 (0)207 389 8899

DUBLIN

Suite One, 2 Grand Canal Square
Macken Street
Dublin D02 A342, Ireland

Telephone: +353 (0)1 674 5410
Fax: +353 (0)1 674 5411

All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. As a result, there may be limitations as to the appropriateness of any information given. It is therefore recommended that the reader first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the reader prior to acting upon such information and to consider whether any recommendation is appropriate considering the reader's own objectives and particular needs. Neither Coronation Fund Managers Limited nor any subsidiary of Coronation Fund Managers Limited (collectively "Coronation") is acting, purporting to act and nor is it authorised to act in any way as an adviser. Any opinions, statements or information contained herein may change and are expressed in good faith. Coronation does not undertake to advise any person if such opinions, statements or information should change or become inaccurate. This document is for information purposes only and does not constitute or form part of any offer to the public to issue or sell, or any solicitation of any offer to subscribe for or purchase an investment, nor shall it or the fact of its distribution form the basis of, or be relied upon in connection with any contract for investment. In the event that specific funds and/or strategies (collectively "funds") and/or their performance is mentioned, please refer to the relevant fact sheet in order to obtain all the necessary information regarding that fund (www.coronation.com). Fund investments should be considered a medium-to long-term investment. The value of investments may go down as well as up and is therefore not guaranteed. Past performance is not necessarily an indication of future performance. Funds may be allowed to engage in scrip lending and borrowing. To the extent that any performance information is provided herein, please note that: Performance is calculated by Coronation for a lump sum investment with distributions, to the extent applicable, reinvested. Performance figures are quoted gross of management fees after the deduction of certain costs incurred within the particular fund. Fluctuations or movements in exchange rates may cause the value of any underlying international investment to go down or up. This report is for informational purposes and should not be taken as a recommendation to purchase any individual securities. The companies mentioned herein may currently be held in Coronation managed strategies, however, Coronation closely monitors its positions and may make changes to investment strategies at any time. If a company's underlying fundamentals or valuation measures change, Coronation will re-evaluate its position and may sell part or all of its position. There is no guarantee that, should market conditions repeat, the abovementioned companies will perform in the same way in the future. There is no guarantee that the opinions expressed herein will be valid beyond the date of this presentation. There can be no assurance that a strategy will continue to hold the same position in companies described herein. Coronation Fund Managers Limited is a full member of the Association for Savings and Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548), Coronation Investment Management International (Pty) Ltd (FSP 45646) and Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893) are authorised financial services providers. Coronation Life Assurance Company Limited is a licenced insurer under the Insurance Act, No.18 of 2017. Coronation International Limited is authorised and regulated by the Financial Conduct Authority. Coronation Global Fund Managers (Ireland) Limited is authorised by the Central Bank of Ireland under the European Communities (UCITS) Regulations 2011 and the Alternative Investment Fund Managers Directive 2011, with effect from 22 July 2014. Coronation Investment Management International (Pty) Limited is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). An investment adviser's registration with the SEC does not imply a certain level of skill or training. Additional information about Coronation Investment Management International (Pty) Limited is also available on the SEC's website at www.adviserinfo.sec.gov. The information in this document has not been approved or verified by the SEC or by any state securities authority. Coronation Life Assurance Company Limited is a licenced insurer under the Insurance Act, No.18 of 2017.