April 2023

Man

Statement of commitment

Man Group UK Stewardship Code 2022

INTELLIGENT RI

Introduction

The UK Stewardship Code (‘the Code’), first published by the Financial Reporting Council (‘FRC’) in 2010 and subsequently revised in 2012 and 2020, is designed to strengthen the quality of engagement between investors and investee companies in order to improve long-term, risk-adjusted returns to shareholders. The Code consists of 12 Principles on an ‘apply and explain’ basis for asset managers and asset owners, and six Principles for service providers. These Principles are supported by reporting expectations and requirements for signatories.

Man Group fully supports the Code, applying its 12 Principles across the firm’s investment strategies. In September 2022, we were proudly reinstated as signatory to the Code, following the submission of our respective UK Stewardship Code Report for the reporting period 1 January to 31 December 2021, after initially gaining signatory status in September 2021.

This document provides Man Group’s response to the Code for the reporting period 1 January to 31 December 2022. Our response details how we approach each Principle, in terms of policy and how we conduct business in practice. It is noted that the structure of this report closely follows the Code’s proposed order of principles. However, rather than addressing each section in isolation, we have recognised the interdependencies and links between effective stewardship and our broader corporate purpose to assist our clients in creating or preserving value for the many millions of individual savers and pensioners that they represent and have therefore attempted to capture this information as one.

Principles of the UK Stewardship Code

Purpose and governance

1. Purpose, strategy, and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment approach

6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement

9. Engagement
10. Collaboration
11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

CONTEXT REPORTING

1. Purpose, Strategy and Culture

In this section, we outline our purpose, culture, and values. Further, we describe our business model and strategy and how this is fundamentally linked to exercising stewardship over our clients' entrusted assets.

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients. Headquartered in London, we actively manage $143.3bn[1] and operate across multiple offices globally.

Man Group plc is listed on the London Stock Exchange under the ticker EMG.LN and is a constituent of the FTSE 250 Index. Further information can be found at www.man.com.

Our Purpose

We are a technology-empowered active investment management firm focused on delivering outperformance for our clients and the millions of savers they represent.

Our Culture

We have an inclusive, meritocratic culture designed to achieve excellence through collaboration and differentiated thinking.

Our Principles

Our business principles are designed to distil and define our key priorities, focus and culture.

- Performance

We focus on achieving superior risk-adjusted performance.

- Clients

Our clients are at the heart of everything that we do.

- Differentiation

We seek to be differentiated and original in our thinking.

- Excellence

Good is not enough, we strive to be excellent in all we do.

- Responsibility

Our people do the right thing and conduct business with the highest standards of integrity.

- Meritocracy

We succeed through talent, commitment, diligence and teamwork.

Our Business Model

We are a global leader in liquid alternatives and solutions with a proven track record of investment performance across our strategies, and a differentiated business model.

- Client focus

We serve millions of underlying savers and retirees through the largest institutions and intermediaries in the world via our relationship driven global sales effort.

[1] As of 31 December 2022. All investment management and advisory services are offered through the investment "engines" of Man AHL, Man Numeric, Man GLG, Man Solutions / FRM and Man GPM.

- Range of investment decisions

We offer alternative and long-only strategies run on a quantitative and discretionary basis across liquid and private markets, where each investment team has the autonomy to apply their own approach.

- Bespoke solutions

We understand the unique needs of our clients and create solutions tailored to meet their individual risk, return and structuring requirements.

- Single operation platform

Our infrastructure creates operating efficiencies throughout the firm and provides scalable options for growth.

Our Strategy

We leverage our 35 years of experience investing in liquid alternatives to deliver alpha and customised solutions for our clients. Four main strategic pillars drive value for Man Group.

- Innovative investment strategies

Combining our exceptional talent and market-leading technology to generate superior investment returns for our clients.

- Strong client relationships

Building long-term partnerships with clients, through one point of contact, to understand their needs and offer solutions to meet their risk and return requirements.

- Efficient and effective operations

Harnessing technology to power investment performance and infrastructure, provide scalable options for growth and create operating efficiencies throughout the firm.

- Returns to shareholders

Generating excess capital to either return to shareholders or reinvest in our business to create long-term value.

Our Climate Strategy

At Man Group, we are committed to reducing our impact on the environment. As stewards of capital and long-term investors, we seek to manage financially material climate-related risks and opportunities through our own investment decisions, as well as through our influence on investee companies, in line with the values of our clients.

How we address climate-related risks and opportunities

1. Broaden our range of climate-focused investment strategies.
2. Apply a rigorous, data-driven process to ESG integration.
3. Focus on our stewardship efforts to drive meaningful, positive outcomes.
4. Contribute to industry-wide initiatives and thought leadership.
5. Manage our corporate operations in a sustainable way.

As our understanding of climate-related risks and opportunities evolves and we develop a better understanding of the interdependencies among climate factors and their impact on our business, we will continue to refine our strategy to build sustainable value for all our stakeholders.

Highlights from 2022

- Launched AHL TargetClimate, an Article 9 systematic, multi-asset fund aligned with the global transition to a low-carbon economy.
- Added to our ESG data capabilities by expanding our RI technology, as well as onboarding new ESG datasets.

- We strengthened our Proxy Voting Policy in two key areas: climate (including related risk mitigation and disclosure), and diversity.
- We produced a number of proprietary research papers, including 'Carbon Emissions: Under the MicroScope3', published in the Journal of Impact and ESG.
- We renewed our corporate carbon emissions targets for the next three years on our path to net zero by 2030.
- We set interim targets related to the carbon emissions of our assets under management, in line with our commitment to investing aligned with net zero emissions by 2050.

Our Diversity and Charity Commitments

We are committed to creating a diverse and inclusive workplace where difference is celebrated and everyone has an equal opportunity to thrive, as well as giving back and contributing positively to our communities. For more information about Man Group's global charitable efforts and our diversity and inclusion initiatives, please visit: https://www.man.com/corporate-responsibility.

Our Investment Beliefs

We invest across a diverse range of strategies and asset classes, with a mix of long only and alternative strategies run on a discretionary and quantitative basis, across liquid and private markets. Our investment teams work within Man Group's single operating platform, enabling them to invest with a high degree of empowerment while benefiting from the collaboration, strength and resources of the entire firm. Our platform is underpinned by advanced technology, supporting our investment teams at every stage of their process, including alpha generation, portfolio management, trade execution and risk management.

Man Group's investment teams are empowered and supported by our advanced infrastructure and technology, which aim to facilitate the most efficient exposure to markets and effective collaboration across the organisation. The firm's infrastructure encompasses operations, trade execution, compliance, legal, distribution and administration.

Furthermore, we use advanced financial technology and quantitative techniques across our business and believe this enables us to better serve our clients. We are committed to being a leader in this area, and are continually investing in talent, technology and research as we strive to be at the forefront of the industry. We have a unique partnership with the University of Oxford called the Oxford-Man Institute of Quantitative Finance ('OMI'), conducting academic research into machine learning and data analytics, which can be applied to investment management.

We believe we can achieve outperformance because of our technology, our talented professionals and our platform. We have more than 30 years of experience in applying quantitative techniques to financial markets. We believe these techniques and our cutting-edge technology can deliver better outcomes for clients than traditional approaches, and we apply them to new markets each year.

The Board spends a significant amount of time reviewing the performance of our investment strategies. We monitor the sourcing and development of business partnerships with our major clients. We ensure that management is focused on the creation of customised client portfolio solutions to meet investor needs. Investment in our people and our technology is critical to our continuing success.

Our Commitment to Clients

Our clients and the millions of retirees and savers they represent are at the heart of everything we do. We form deep and long-lasting relationships and create tailored solutions to help meet their unique needs.

At the core of Man Group's investment management and distribution capabilities are an institutional quality infrastructure and disciplined risk management, controls, and governance frameworks, which ensure we can grow sustainably and take advantage of new opportunities to generate an attractive return on capital.

Man Group is a proud signatory of the UN-supported Principles for Responsible Investment ('PRI') and is represented on several working groups within the organisation. Additionally, we are a founding member of the Standards Board for Alternative Investments ('SBAI'). These organisations aim to develop and reinforce a framework for the better implementation and adherence of ESG as well as governance for the alternative asset management industry.

We believe that as stewards of our clients' capital we owe it to them to manage their entrusted resources actively and responsibly in order to unlock long-term and sustained value. Accordingly, Man Group fully supports the UK Stewardship Code.

In ensuring the sound stewardship of our investors' capital we seek not only to align with the values of our clients but also balance the expectations of our shareholders and all the other stakeholders of Man Group. We view ESG as a natural complement to traditional financial analysis, resulting in a more comprehensive assessment of a company's long-term prospects.

Additionally, Man Group recognises that risk management is an indispensable aspect of our role as an investment manager. The increasingly complex nature of risk - from economic and political considerations to financial and non-financial factors - demands the adoption and development of responsible investing capabilities.

Our stewardship structure is receptive to clients' own interests with this being fed into stewardship priorities and reported on annually. Our record of targeted voting and outcome-driven engagements over the years evidences our focus on enhancing stewardship efforts, including on key client concerns such as climate, and meeting client expectations in this area.

Our stewardship efforts have again been recognised by ShareAction, in their annual 'Voting Matters' report. For the third successive year, Man Group was ranked in the top 10 (2022: #7) against other asset managers for our support of environmental and social related shareholder resolutions. We believe, this speaks to our progress on stewardship and is evidence of how we are actively using our voting rights to support shareholder resolutions through our custom voting policy implemented by our Stewardship team.

Our Commitment to Stewardship

Firmwide approach

Man Group’s business principles, designed to distil and define the firm’s key priorities, focus and culture, are intrinsically linked to our stewardship approach. Primarily through the principles of performance, clients and responsibility as we firmly believe that by exercising effective stewardship we have the opportunity to unlock long term sustained value for our clients.

Man Group has five investment engines that offer a broad range of alternative and long-only strategies, run on a systematic and discretionary basis across liquid and private markets. This multi-asset, multi-strategy business necessitates a nuanced and flexible approach to integrating stewardship into the investment process and we have taken a number of actions to ensure effective stewardship across our different investment engines.

We have designed our approach to stewardship in close collaboration with senior members across Man Group’s investment engines, many of whom focus on discretionary climate-related or climate transition strategies to leverage resources across the business to drive sound ESG practices at all investee companies.

Our approach to stewardship reflects our key operational strengths utilising quantitative based research processes to identify engagement opportunities while leveraging the Group’s scale and aggregate ownership in securities to promote best practices and affect meaningful, positive outcomes and operational efficiency through our centralised dedicated Stewardship team.

Using our heritage in data to our advantage, we systematically monitor investee companies across a range of measures identifying scenarios where we believe there is a fundamental gap between a holding's material ESG risk that could be managed by the company and what the company is managing. This allows us a high-level overview of our broad holdings. This quantitative assessment is complemented by qualitative research by our dedicated stewardship specialists in devising our engagement target lists. Please refer to Principle 7 for more information on our approach to stewardship and ESG integration.

ESG and stewardship tools

To help effectively monitor our investments on key ESG characteristics that may be material to long term performance we have designed our proprietary ESG Analytics Platform ('the Tool'). The Tool was developed internally under the direction of Man Group's RI team, with close collaboration between Man Group's Risk and Performance team, Technology team, and Man Numeric (the firm's fundamentally driven, quantitative investment engine) as well as Man Group's Stewardship team. The Tool provides our investment teams with an innovative, standardised approach to managing ESG risks and opportunities. It is a proprietary, dashboard-style tool enabling the firm's investment teams to monitor non-financial risks and analyse ESG factors on both a single-stock basis and across portfolios. It embeds a proprietary quantitatively designed ESG scoring system. The designing of the Tool highlights the firm's collaborative, technology driven culture utilising our diverse expertise to design tools that help us achieve our purpose.

Further, we have developed an internal engagement tool that allows our investment and stewardship teams to review and record company engagements. Please see Principle 7 for more information on our proprietary tools.

Assessment

Our commitment to good quality stewardship of our clients' entrusted assets is reflected in us being awarded a PRI score significantly higher than median score for investment and stewardship policy (78 vs. median score of 60). This score sees us above a selected group of investment management peers of similar size and includes more traditional discretionary managers. Our latest assessment report was generated in August 2022 and is available on https://www.man.com/responsible-investment. Please consult Principle 5 for more information on how we assess the effectiveness of our RI activities.

2. Governance, Resources and Incentives

Recognising the importance of 'tone from the top' and effective governance systems in promoting good stewardship, Man Group has designed a clear governance structure providing oversight of our stewardship initiatives.

Man Group plc Corporate Governance Structure

Man Group strives to ensure that our governance architecture provides oversight and accountability for stewardship while promoting adherence to best practices across our five investment engines.

The Man Group plc Board has therefore established a clear governance structure for the Group as set out below.

Man Group Board of Directors

The Man Group plc Board of Directors consists of two Executive Directors, five independent Non-Executive Directors, and a Non-Executive Chair (John Cryan). Further details on the Board of Directors (including details of their biographies and external directorships) are available on https://www.man.com/corporate-governance.

Man Group's Board Diversity Policy, available for download from our website, aims to promote diversity in its broadest sense within the Board of Directors, Man Group's senior management and within the employee base as a whole. The policy focuses on three main areas on:

- Board appointments
- Oversight of recruitment, development and inclusion
- Review and reporting.

Matters reserved for the Board

To fulfil its role, the Man Group Board (the 'Board') reserves for itself certain key areas of decision such as business strategy, major acquisitions, risk appetite, capital structure, borrowings, financial reporting and communications with shareholders. For a full list of Board reserved matters, please see https://www.man.com/corporate-governance.

During 2022, the RI leadership team presented and/or submitted papers to the Board and its Audit and Risk Committee ('ARCom'). This included an analysis of ESG risk monitoring and governance, a review of Man Group's ESG-integrated AUM data and metrics, and updates on our pipeline of Sustainable Finance Disclosure Regulation ("SFDR") Article 8 and Article 9 funds. The ARCom also receives a standing RI dashboard at each meeting. The Board was also kept updated on enhancements to Man Group's ESG governance framework, as well as on our ESG data and technology development in support of our commercial and regulatory ESG needs. The RI team also reported progress on our stewardship efforts to the Board (including the 2022 strategy and vision for our stewardship efforts).

The ARCom and the Board were focused on Man Group plc reporting requirements including both the Taskforce for Climate-related Financial Disclosures and our commitment to net zero that addresses both our corporate non-investment and investment activities (on which the Board was informed of our interim targets under the Net Zero Asset Managers Initiative).

Further detail on our governance structure can be found in our Annual Report and Financial Statements.

ESG Governance

As noted above, strong governance underpins our entire operation. Consistent with that, we have developed an overarching ESG governance framework to oversee and control all elements of our RI and Corporate Sustainability ('CS') mandates, with a focus on climate.

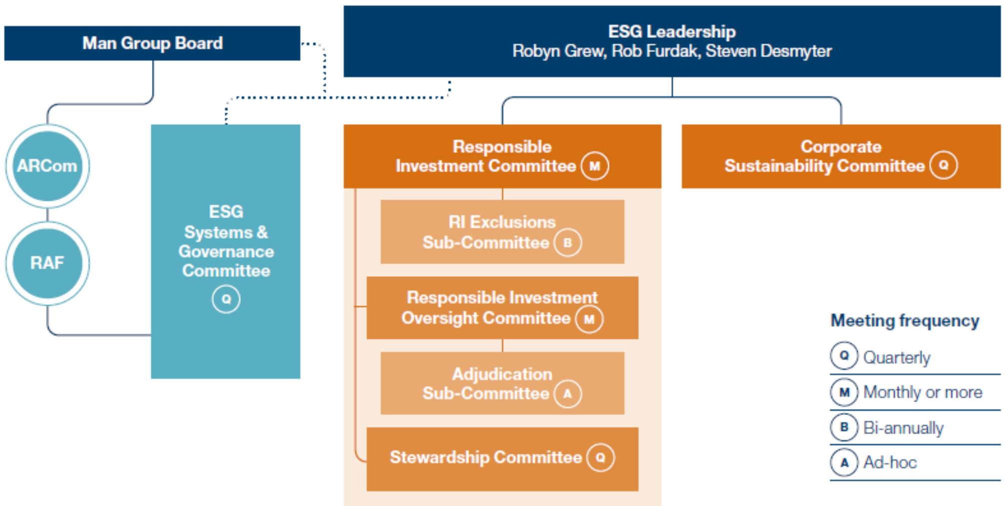
Man Group has a strong ESG governance framework to ensure that we have oversight and controls up to and including at Board-level, and that we have dedicated resources to both deliver on our ESG commitments and to ensure that any associated risks are properly mitigated.

The ESG Leadership team consists of Man Group's President who undertakes the role of Head of ESG (Robyn Grew), CIO for RI (Robert Furdak) and Global Head of Sales & Marketing (Steven Desmyter). The ESG Leadership team, in conjunction with Man Group's Board, sets the overarching ESG vision and strategy for the firm and seeks to embed RI and CS within Man Group's investment strategies and global operations. The team also advances ESG-related opportunities across the firm and promotes a culture that holds us to the highest standards of corporate social responsibility.

Five dedicated committees each have assigned responsibilities, established processes to identify, assess and monitor risks and opportunities, and regularly inform and report on ESG-related matters to senior management, the ESG Leadership team and the Man Group Board. In 2022, the committee structure was further enhanced by the introduction of two new sub-committees: the Adjudication Sub-Committee (which considers stewardship issues and determines the ESG classification of underlying securities in the event of any uncertainty or disagreement) of the Responsible Investment Oversight Committee, and the RI Exclusions Sub-Committee (which designates sectors and companies that will be excluded from Man Group's RI investment strategies) of the Responsible Investment Committee ('RI Committee').

Figure 2.1

Organisational Structure



Man Group's RI Committee ('RI Committee') is overseen by member of the Senior Our ESG Centre of Expertise (RI team) is responsible for supporting all our RI activities. Led by Robert Furdak, this team drives the integration of ESG and engagement into the investment strategies across the firm and works with all our investment teams who are ultimately responsible for the integration of ESG into the strategies they manage.

The RI team also works to ensure that the firm stays up-to-date with new developments, opportunities, evolving regulations and risks in the sector. The RI team includes ESG thematic research specialists who provide insight into specific RI topics, strategy oversight, thought leadership, stewardship knowledge and sector expertise to support Man Group's investment teams, as well as ESG data specialists and dedicated ESG compliance experts.

Stewardship and RI Oversight

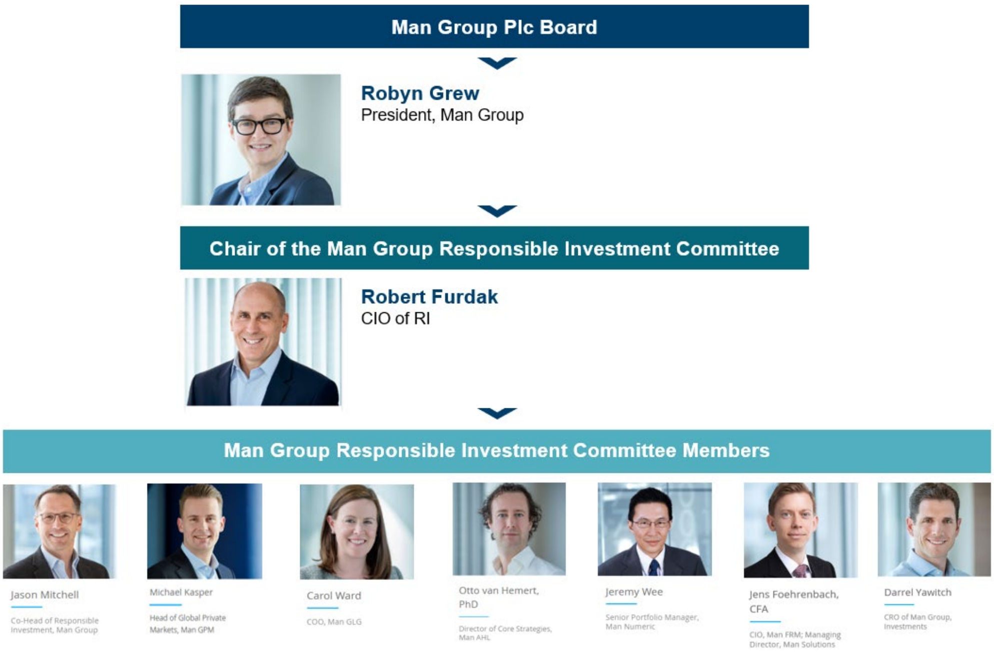
Man Group's RI Committee is overseen by Robyn Grew who is a member of the Senior Executive Committee and President of the firm. She provides oversight for our RI leadership, which includes Rob Furdak, CIO for RI and Jason Mitchell, Head of RI Research.

Man Group's RI Committee oversees and reviews the implementation of all RI policies and processes, ESG initiatives, as well as the firm's stewardship capabilities, across Man Group's investment engines. Additionally, the RI Committee provides the firm's employees with a resource with which to formulate and disseminate information regarding Man Group's approach to responsible investing. The RI Committee is composed of senior representatives from across Man Group's businesses in order to provide a broader perspective across asset classes and investment strategies and supported by an RI team and key individual stakeholders across the firm and its investment engines. This not only underlines the strategic importance of RI to Man Group's corporate philosophy; it also ensures that RI initiatives are organised and managed from the highest level with each investment engine represented by a senior decision maker.

The RI Committee promotes a culture that enables us to hold ourselves to the highest standards of CS. The committee reinforces the firm's CS commitment and works with multiple stakeholders to assess our ethical and sustainable business practices.

Figure 2.2

Man Group RI Committee, as at January 2023



Man Group's Responsible Investment Oversight Committee ('RI Oversight Committee') is chaired by Jason Mitchell and comprises of senior members from across the firm, including representative from RI, the various Investment Engines, Portfolio Risk, Compliance, and Investment Analytics.

The RI Oversight Committee oversees the firm's compliance with relevant global ESG regulations at a fund and corporate level. The primary objectives of the RI Oversight Committee are to approve the launch or adaptation of ESG funds, to oversee the control framework for each fund and to monitor each fund's compliance with regulatory and mandate obligations.

The RI Oversight Committee is a sub-committee reporting to and taking instructions from the RI Committee (represented by its Chair) in terms of its duties and responsibilities from time to time.

Lastly, recognising that our business contains a multitude of different approaches, viewpoints and investment strategies, we have established a Stewardship Committee which is responsible for resolving stewardship-related issues when deemed necessary, making stewardship-related decisions where a material conflict of interest may exist (including proxy voting; the process for which is described in Principle 3), monitoring compliance with proxy voting and engagement policies and setting new and/or modifying existing policy. Given the importance of incorporating views from all areas of the Group, the Stewardship Committee is chaired by Jason Mitchell, Head of RI Research, with support from the Stewardship team, with members from the RI team, as well as Investment Operations, Compliance and Portfolio Manager representatives.

Stewardship and RI Implementation

While ownership of RI policies and processes rests with investment teams, Man Group has internal dedicated teams for both RI and stewardship. We believe this ensures consistency in our approach to stewardship and ESG integration while also providing a foundation of expertise to guide managers and to discharge firm level frameworks and policies. The Stewardship team forms part of the wider RI team, with both teams working in close collaboration allowing for Man Group's RI and stewardship duties and outlook to be in parallel.

Our Stewardship team comprises three professionals (one female and two male) with an average of eight years' stewardship related experience, more specifically in areas including corporate governance, shareholder rights and public policy. We believe, this makes the team well positioned to keep abreast of the latest regulatory and industry developments with an understanding of its historic advancement. The wider RI team, inclusive of stewardship, comprises 10 professionals (six female and four male) with an average of approximately six years' experience in the ESG space.

The RI team are responsible for the day-to-day implementation of the Man Group RI policy. The team works to ensure investment managers across Man Group's investment engines are provided with the tools and education to integrate the best practices in RI that are most relevant to their strategy.

RI Leadership

Robert E. Furdak, CFA

Chief Investment Officer of RI, Man Group

Robert ('Rob') Furdak is Chief Investment Officer of RI of Man Group. He is responsible for overseeing all aspects of responsible investing across Man Group's five investment engines. Rob serves as the chairman of the Man Group RI Committee and is a member of the Man Group Executive Committee. He also serves on the PRI Macroeconomic Risk Advisory Committee, the CFA Institute's Global Industry Standards Steering Committee and is on the Advisory Board of the Journal of Impact and ESG Investing.

Rob was previously the Co-Chief Investment Officer at Man Numeric and Chairman of Man Numeric's Investment Committee. In that position, Rob led the ESG initiatives and oversaw all aspects of the investment process. Rob joined Man Numeric in 1997 as Director of International Strategies and designed and launched Man Numeric's first non-US strategies. Before joining Man Numeric, Rob was a Principal in the Active International Group at State Street Global Advisors. During his eight years there, Rob performed global quantitative research and was the principal architect of State Street's active emerging markets investment process. Previously, Rob worked at Harvard Management Company.

Rob holds a Bachelor's Degree in Finance from the University of Michigan and an MBA in Finance from the University of Chicago. He is also a CFA charter holder.

Jason Mitchell

Head of RI Research, Man Group

Jason Mitchell is Head of RI Research at Man Group and chairs Man Group's Stewardship Committee.

Jason worked at Man GLG from 2004 to 2008 as a portfolio manager. Between 2008 to 2010, he advised the UK government on infrastructure development across Sub-Saharan Africa. He returned to Man GLG in 2010 as a portfolio manager, before becoming a sustainability strategist across Man Group in 2017. Prior to Man GLG, he was a Vice President at Andor Capital Management and an investment research analyst with Pequot Capital Management.

Besides having managed environmental and sustainability strategies, he speaks and publishes widely on RI. He also hosts the podcast series A Sustainable Future.

Jason is Chair of the Board of the UK Sustainable Investment and Finance Association (UKSIF). Jason serves on the Esmée Fairbairn Investment Committee, the Climate Financial Risk Forum ('CFRF') Disclosure, Data and Metrics Working Group, the Sustainable Accounting Standards Board ('SASB') Investor Advisory Group, the CFA Institute's ESG Technical Committee, AIMA's RI Committee and the PRI Academic Advisory Committee.

Jason holds a MSc in International Political Economy from the London School of Economics and a bachelor's degree in English literature and classics. He is a Fellow of the Royal Society of the Arts and the British-American Project. He was named one of Institutional Investor's 2011 Hedge Fund Rising Stars.

Stewardship Team

Ines Cunha Pereira

Stewardship Manager

Ines Cunha Pereira is a Stewardship Manager at Man Group. She is responsible for the day-to-day management of Man Group's proxy-voting and engagement activities. She is also a member of the Man Group Stewardship Committee.

Ines joined Man Group in August 2018 as part of the stewardship team, located in London. Prior to joining Man Group, Ines was a Senior Associate at Institutional Shareholder Services, working actively with clients in formulating their corporate governance guidelines and proxy-voting policies.

Ines holds a BA in International Relations from the University of Lisbon and an MBA from KU Leuven.

Lewis Naylor

Investment Stewardship Analyst

Lewis Naylor joined Man Group in August 2021 as part of the Stewardship team located in London. He is responsible for overseeing Man Group's day-to-day proxy voting and engagement activities. He is also a member of Man Group Stewardship Committee.

Prior to joining Man Group, Lewis was a Senior Associate at Institutional Shareholder Services, as part of the research department, producing research reports containing vote recommendations ahead of shareholder meetings of publicly listed companies and engaging with the companies within scope.

He holds a BA in Human Geography from University of Portsmouth.

Freddy Piper

Investment Stewardship Analyst

Freddy Piper joined Man Group in November 2021 and is responsible for undertaking day-to-day proxy-voting and engagement activities. He serves as secretary to the Stewardship Committee.

Prior to joining Man Group, Freddy was a Stewardship Manager at Equinti in their corporate governance advisory business, where he worked with corporate clients at the director- and company secretariat-level to analyse shareholder voting behaviour and coordinate engagement.

Freddy holds a BA in Politics with International Relations from the University of York and an MA in Russian and post-Soviet Politics from the School of Slavonic and East European Studies at UCL.

The Stewardship team oversees all proxy voting and engagement activities at the firm level, including the application of a custom voting policy. The team designs and supports firm-wide engagement programmes to maximise sustainable long-term value creation across the Man Group's assets.

All engagement initiatives are carried out by the Stewardship team and/or relevant portfolio managers. We do not currently utilise the services of specialised engagement service providers. We believe the centralisation of this function allows us to leverage the firm's ownership of securities and helps drive better outcomes for our clients as described in each of the case studies in the attached Activities and Outcomes Reporting.

Training and Education

We are committed to promoting and raising awareness of stewardship and RI within the firm and more widely across the investment industry. In addition to our active participation in industry initiatives, we also seek to produce high-quality research through the Man Institute and thought leadership around pressing ESG issues.

Another way Man Group develops RI and stewardship knowledge within the firm is by sponsoring relevant staff for extra training and examinations, including the CFA's Certificate in ESG Investing.

Use of Proxy Advisors and Other Service Providers

As a data centric firm, we believe in providing our managers with as much high quality ESG data as possible to assist in investment analysis. We describe these providers and systems in more detail in Principle 8.

Incentives

Since 2022, executive pay at Man Group has been linked to ESG objectives as part of both the short-term and long-term incentive plans. In terms of the annual bonus, 15% of the overall outcome is allocated to ESG objectives; and, under the Long-Term Incentive Plan ('LTIP'), 10% is allocated to an ESG scorecard.

Man Group strives to be a leader in RI across all our investment styles and our commitment to RI includes integration of ESG considerations into investment decisions, stewardship, advocacy and thought leadership. We are also committed to our people, wider society and the environment, which reflect our core values. The inclusion of ESG objectives and metrics into the incentive arrangements for the executive directors, in relation to both the Group and the funds we manage, is therefore core to our strategy as an important offering for our clients and shareholders, as an expression of our corporate values. Further details are included in the 2022 Directors' Remuneration Report, including the specific ESG objectives being considered.

Remuneration packages at Man Group seek to promote a long-term approach to investment and include some, or all, of the following elements: salary, annual performance bonus, marketing incentives and deferred share and fund awards, as well as pension, medical insurance and other non-cash benefits. Man Group aims to balance remuneration for delivering operational results over the short-term with remuneration for creating sustained long-term value for shareholders.

In terms of the investment teams, Man Group does not currently link remuneration to the integration of RI/ESG or stewardship practices, except where this is required under the SFDR. The incentive aspects of SFDR apply to one regulated entity within Man Group, Man Asset Management (Ireland) Limited. Man Asset Management (Ireland) Limited has adopted a sustainability risk policy which sets out its approach with regard to the integration of sustainability risks in its decision-making processes. This policy shall be considered as part of the overall assessment of compliance with policies and procedures when determining variable compensation. A negative assessment of overall compliance with policies (including the sustainability risk policy) may result in a reduction in the variable remuneration that would otherwise have been awarded to that individual.

More generally, Man Group does recognise the increasing prevalence of this practice including RI/ESG or stewardship targets as part of variable compensation assessments. However, Man is still considering how to balance this incentive against disparate strategies and their different approaches across its investment groups. Within investment teams, team leaders may choose to distribute discretionary compensation for the inclusion of non-financial factors depending upon their effectiveness towards the performance of that particular strategy.

A key mechanism for linking short and long-term performance is the bonus deferral arrangement. Bonus awards are determined by the annual performance of the firm, the team and the individual. A significant portion of the award for senior employees is deferred into company shares, so that they build up a significant investment in Man Group shares, thereby encouraging them to think and behave like long-term shareholders. Deferral may also be into funds to align senior employees with our investors and hence our shareholders. The deferral arrangement allows flexibility in the mix between short-and long-term focus as appropriate for employees at different levels in the firm.

Man Group operates a board level Remuneration Committee comprised of non-executive members of the Man Group plc board. Further details on the Remuneration Committee (including membership and remuneration principles) are available on https://www.man.com/corporate-governance.

Man Group is subject to the following remuneration regimes:

- Man Group includes a number of EU AIFMs under the Alternative Investment Fund Managers Directive. The EU AIFMs are subject to the AIFM Remuneration Code;
- Man Group includes a number of UCITS Management Companies under the UCITS V Directive (Undertakings for Collective Investment in Transferable Securities). The UCITS Management Companies are subject to the remuneration requirements of these Regulations; and
- Man Group includes a number of MiFID firms under the Markets in financial Instruments Directive II ("MiFID II"). The MiFID firms are subject to the remuneration requirements of MiFID II and the MIFIDPRU Remuneration Code.

Man Group has implemented a Remuneration Policy that is in line with all of the above. This policy is subject to periodic review and formal sign-off by the Remuneration Committee.

For further information on remuneration of employees, please refer to the statement of remuneration principles in the Corporate Governance section of Man Group's website.

3. Conflicts of Interest

In this section, we outline our policies and procedures around conflicts of interests that may arise in the discharge our stewardship initiatives.

As a publicly listed asset manager on the London Stock Exchange, Man Group conducts its business in accordance with the highest standards of corporate governance and compliance. We apply a consistent, transparent approach to the management of conflicts of interests. This approach includes policies, procedures and controls designed to prevent undue influence from emerging in our stewardship practices.

Man Group maintains a Global Conflicts of Interest Policy which sets out the firm's approach for identifying, recording, escalating and monitoring conflicts of interest. Man Group has three approaches to managing or remediating conflicts of interest, including: termination or avoidance of the activity to which the conflict of interest relates, managing the conflict of interest via appropriate internal controls and disclosure to the affected clients to which the activity relates, as appropriate. Our Global Conflicts of Interest Policy is available upon request.

In addition, Man Group maintains a centralised Conflicts of Interest Register ("COI Register") where identified conflicts of interest (including investment division-specific conflicts of interest) are recorded. Upon identification, a conflict of interest is recorded on the COI Register along with the relevant mitigating measures adopted or to be adopted to manage the COI. The COI Register consists of each identified conflict, potentially impacted business units and the measures adopted in an effort to mitigate each respective conflict.

All employees are responsible for acting in our clients' and investors' best interests. Man Group employees are required to comply with these policies and regularly undertake training and assessment on areas relating to conflicts of interest. Training covers identifying conflicts of interest as well as managing conflicts of interests. Our objective is to create a culture of awareness and appropriate action identifying and reconciling any conflict of interest.

Regarding stewardship specifically, Man Group has a number of bodies and procedures designed to prevent conflicts of interest in its stewardship decisions, with both the Stewardship Committee and the Stewardship team seeking to ensure best practice in this area.

Stewardship Team

The Stewardship team oversees all proxy voting and engagement activities at the firm level, including the application of an enhanced custom voting policy. Furthermore, the team designs and supports firm-wide engagement programmes to maximise sustainable long-term value creation across the Man Group's assets. We believe that by conducting these activities on a centralised firm-level basis, any conflicts of interest can be better dealt with.

With respect to proxy voting, on critical holdings (including larger holdings and "Proxy Watch List" companies; see below for more details), the team conducts an extra level of analysis of the third-party research and recommendations, taking into consideration relevant information and company-specific factors.

Stewardship Committee

Man Group established the Stewardship Committee to be responsible for resolving stewardship-related issues (both proxy voting and engagement) when deemed necessary, making stewardship-related decisions where a material conflict of interest may exist, monitoring compliance with the proxy voting and engagement policies; and setting new and/or modifying existing policy. Compliance will undertake monitoring of proxy votes where potential conflicts of interest may have existed.

The Stewardship Committee meets on a quarterly basis or as-needed when actual or potential material conflicts of interest are identified. Given the importance of incorporating views from all areas of the Group, the Stewardship Committee consists of Responsible Investment and Stewardship personnel, as well as Investment Operations, Compliance and Portfolio Manager representatives.

Case Study 3.1. Our Conflicts of Interest Process in Action: Adjudication Sub-Committee meeting

In 2022, the Adjudication Sub-Committee to the RI Committee was formed, which, as well as broader RI concerns, considers stewardship issues. The Sub-Committee consists of representatives from different parts of the business and is called together on an ad-hoc basis when deemed appropriate. Sub-Committee meetings are convened in instances where a disagreement and / or conflict of interest has arisen in relation to stewardship activities between, for instance, the stewardship team and an investment team. Its formation has provided a forum for progressive debate and discussion of stewardship related issues with multiple stakeholders within Man Group.

Since conception, the Sub-Committee has been convened in an instance where the stewardship team were keen to join an NGO-coordinated group of investors co-filing a shareholder resolution at a food products company. The need for a Sub-Committee meeting was realised when through its usual internal approval and notification process, the stewardship team contacted relevant parties, including the invested portfolio managers. The shareholder resolution related to consumer health commitments, which the co-filing group had identified as insufficient following an extensive engagement period. The shareholder resolution was chosen as a necessary escalation tactic to encourage the company to take the issue seriously.

One of Man Group's invested portfolio managers, who owned a significant portion of the firm's overall holding, objected to the Stewardship team progressing with the co-filing. The objection was on a company performance basis directly related to the issue at hand and in other aspects. Both the Stewardship team and the portfolio manager were permitted airtime at the meeting to present their side of the argument with Sub-Committee members allowed opportunity to ask questions and provide their view. A formal vote was later co-ordinated by the Sub-Committee Chair.

Ultimately, the action did not receive the required support from the Sub-Committee and therefore the Stewardship team was not in a position to go ahead with the co-filing. This decision did not restrict the Stewardship team from engaging with the company on this topic. In fact, the team continued to join meetings between the investor group and the company.

We believe it is this kind of active debate and discussion that tests and advances our thinking and processes.

Proxy Watch List

To the extent applicable, the Stewardship Committee maintains a Proxy Watch List comprised of issuers the Committee believes Man Group may have an actual or potential material conflict of interest with respect to voting proxies on behalf of its clients. The Proxy Watch List is updated periodically and maintained by the Stewardship Committee. In order to mitigate potential conflicts of interest during the voting process, any proxies of an issuer on the Proxy Watch List will be voted in accordance with Man Group Proxy Voting Policy unless otherwise decided by the Stewardship Committee. A majority vote of the participating voting members of the Stewardship Committee members is required for a final ruling on proxy issues.

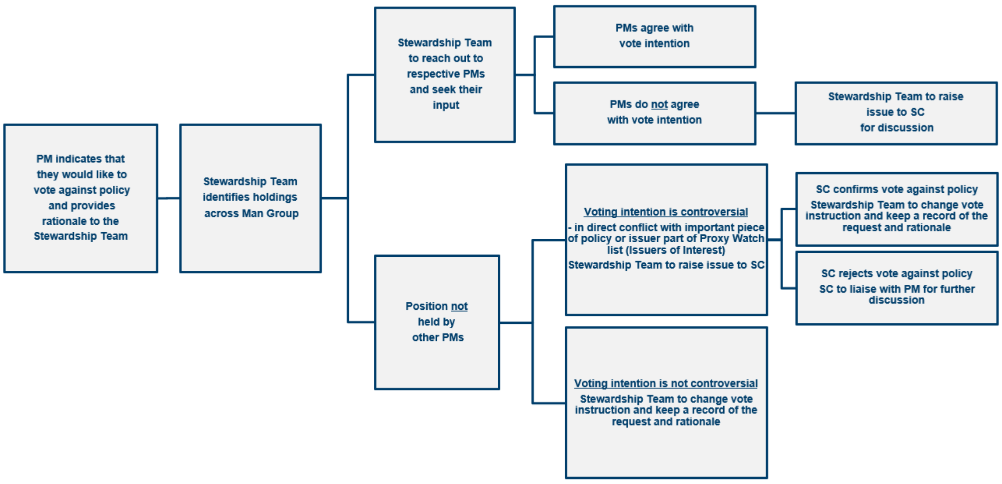
If a proxy with respect to a particular issuer as to which a material conflict of interest exists is not voted in accordance with the relevant proxy voting guidelines or if there are no applicable proxy voting guidelines, the Stewardship Committee will determine how to vote and will document the basis for its decision. If a member of the Stewardship Committee believes he/she has a material conflict of interest with regards to an issuer with respect to which a proxy is to be voted, he/she shall refrain from participating in a decision on such proxy. A majority vote of the participating voting members of the Stewardship Committee is required for a final ruling on proxy issues.

As a further buffer against any actual or potential conflicts of interests in 2022, all names on the Proxy Watch List were voted strictly in line with our agreed upon Voting Policy.

Override Process

In addition, Man Group maintains a policy that governs potential conflict of interests that may arise on an intra-firm basis, specifically among investment teams and their independent stewardship activities. It is in Man Group's interest to establish and vote according to best practices and policies while also giving a level of autonomy to investment teams to develop and form strong views around stewardship decisions. Given the number and diversity of investment teams at Man Group, we recognise that situations may arise where investment teams form differing opinions on a proxy vote and/or shareholder resolution. In instances where a Portfolio Manager wants to vote a proxy contrary to Man Group Proxy Voting Policy, the Stewardship team will identify all holdings across Man Group and contact the relevant Investment teams. If no agreement is reached on the best course of action or if the voting intention is deemed controversial, the issue is escalated to the Stewardship Committee and potentially the Adjudication Sub-Committee, which will make a decision on how to vote (please see Case Study 3.1, above, for details of the Adjudication Sub-Committee).

Figure 3.1



More broadly, Man Group maintains clear policies to manage conflicts of interest across the firm, including:

- Man Group Code of Ethics Policy
  - This broad policy sets out the ethical standards and core values which inform, govern and determine corporate and individual behaviour across the firm. It covers frameworks such as:
    - Global Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy;
    - Global Gifts and Entertainment Policy;
    - Electronic Communications Code of Conduct;
    - Treating Customers Fairly (‘TCF’) Best Practice Statement;
    - Market Abuse/Insider Dealing policies.

- Global Personal Account Dealing Policy
  - Man Group staff must regularly report all trading activity from personal accounts in securities which are or may be traded on behalf of clients and investors.
- Global Inside Information Policy
  - This sets out clear expectations for the treatment of market-sensitive or inside information.

Further information on each of these policies is available upon request.

4. Promoting Well-Functioning Markets

In this section, we explain how we manage risk and identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Effective risk management is an essential component of Man Group's investment management process. Good risk management helps manage volatility and avoid positions that could lead to excessive losses. Risk management is unified and fully embedded into our approach, both to the management of funds on behalf of our investors and the management of Man Group's business on behalf of our shareholders. The business has substantial resources and technology dedicated to managing the complexities that relate to the risks inherent in its portfolios.

Risk Governance

Man Group's Board has ultimate responsibility for risk governance and management. Accountability for day-to-day risk management, however, is embedded throughout the business. Our risk management framework ensures that the business operates within acceptable risk tolerances, as defined by the Board's risk appetite, with our governance structure providing a foundation for continuous oversight in a changing environment. In addition, independent fund boards are responsible for protecting the interests of fund investors.

Across Man Group, portfolio managers and investment teams are responsible for risk management of the funds they manage and each of our investment engines have policies and procedures in place to ensure risk is managed in a way that is appropriate to the investment style utilised. In this, they are supported by Man Group's technology infrastructure that provides the means for daily risk management and performance attribution/contribution analysis as well as independent engine specific risk teams.

The investment restrictions and investment objectives of each fund are implemented in the central risk system PAM/ROSA.

Risk Management Framework

Strategic and/or operational ESG risks to our business, including climate change risks, are managed in the same way and with the same rigour as other business risks, and are covered by our firmwide risk management systems.

The firm's control environment manages risks in accordance with the statements made by the Board that reflect the Board's risk appetite to the organisation, covering risks as they apply to both investment teams and the firm itself. If there is a breach of risk appetite, risks will be resolved promptly in line with the firm's procedures and processes.

We dedicate significant time and resource to ensure we are abreast of regulatory changes and we regularly engage with regulatory bodies. Responsible investing is a complex, evolving landscape and our dedicated committees comprising senior members of the firm work to address the impact of these changes.

Risk Technology

ROSA is Man Group's in-house risk system. It is synchronised in real-time with Beauchamp, Man Group's Portfolio Management back-end system, for trades, positions, P&L, reference data and market data.

ROSA offers:

- A secure, centralised store of position, risk, operational, market and static data;
- A sophisticated reporting layer to access this data in a repeatable and controlled fashion;
- A common set of tools based upon the reporting layer to support sophisticated business processes, such as data maintenance and risk analysis.

ROSA's benefits include:

- The centralisation of data into a common framework reduces the risk of errors due to incorrect data - a key operational risk;
- The ability to access different types of data through one mechanism reduces errors associated with combining different data sources together;
- The common framework allows the creations of new tools more quickly and more accurately, decreasing development time;
- The separation of data and business logic helps ensure that changes to how data is stored do not impact the business process, improving flexibility and making enhancements easier;
- It allows the investment divisions of Man Group to leverage off capability created by other parts of the business. This includes analytical capability created by other areas;
- It allows the investment divisions of Man Group to benefit from the robust infrastructure and depth of technology resource that being part of the Man Group brings.

Investment Risk Compliance

Man Group has a dedicated Investment Risk Compliance team, with responsibility for implementing and monitoring regulatory and contractual investment restrictions. The investment restrictions including those related to ESG criteria and investment objectives of each fund are implemented in the central risk system.

For any new funds or managed accounts, the Investment Risk Compliance team reviews the prospectus and any other relevant fund documents ahead of launch. Any new limits which may be required are developed and there is an independent review process to ensure correct implementation.

Cooperation

Man Group considers our broader position as a market participant and in this respect Man Group works with different players in the market towards positive outcomes that benefit the functioning of the market.

As such, and as described more fully in Principle 10, Man Group engages with different asset managers and organisations in the form of collaborative engagement and through participation in industry initiatives, organisations and fora.

Man Group may also engage with policy makers and regulators in the markets in which we operate in an effort to support the development of policies and regulations that support the transition to, and the development of, sustainable financial markets, where relevant.

Assessment of Principal Risks

Given its wide range of investment products and strategies, Man Group manages a broad spectrum of business, credit, liquidity, market, operational and reputational risks, to both the firm and our funds. Climate change risk aligns to many of these risks but is also captured as a standalone principal risk. Certain of these risks are described and assessed below and explained how they are being managed or mitigated. Links are made to the four main strategic pillars included earlier in this report. Further details are included in the 2022 Strategic Report.

Table 4.1

Link to strategy
1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

Business risks

1 2 3 4

	Risk	Mitigants	Status and trend	Change
Investment performance	Fund underperformance, on an absolute basis, relative to a benchmark or relative to peer groups, could reduce AUM and may result in lower subscriptions and higher redemptions. This risk is heightened at times of disrupted and volatile markets, which could be triggered by geopolitical or climate factors. This may also result in dissatisfied clients, negative press and reputational damage. Lower AUM results in lower management fees and underperformance results in lower performance fees.	Man Group's investment businesses each have clearly defined investment processes with integrated risk management, designed to target and deliver on the investment mandate of each product. We focus on hiring and retaining highly-skilled professionals who are incentivised to deliver alpha within the parameters of their mandate. Man Group's diversified range of products and strategies limits the risk to the business from underperformance of any particular strategy or market.	Overall performance in 2022 has been strong given the challenging markets and the geopolitical backdrop in 2022: trend-following strategies performed well on an absolute basis; long-only strategies carried a beta to falling markets, but generally outperformed their benchmarks; and equity and bond market falls led to poor absolute performance for our TargetRisk product range. In addition, USD strengthening led to a fall in AUM for non-USD funds or share classes. Although we had net inflows, the LDI crisis is an example of an unanticipated redemption headwind faced in 2022.	
Key person risk	A key person to the business leaves or is unable to perform their role. Retention risk may increase in years of poor performance and the expectation of reduced compensation.	Business and investment processes are designed to minimise the impact of losing any key individuals. Diversification of strategies and the emphasis on technology and systematic strategies reduce the overall risk to Man Group. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.	Man Group has continued to be able to attract and retain an array of talented individuals across the firm. We did not see any investor concerns or material outflows as a result of announced departures or changes in management structure in 2022, including the retirement of the Man Group President and subsequent Senior ExCo reorganisation.	

Credit risks

1 2 3 4

	Risk	Mitigants	Status and trend	Change
Counterparty	A counterparty with which the funds or Man Group have financial transactions, directly or indirectly, becomes distressed or defaults. Shareholders and investors in Man Group funds and products are exposed to credit risk of exchanges, prime brokers, custodians, sub-custodians, clearing houses and depository banks.	Man Group and its funds diversify exposures across a number of the strongest available financial counterparties, each of which is approved and regularly reviewed and challenged for creditworthiness by a firm-wide counterparty committee. The risk teams monitor credit metrics on the approved counterparties daily. This includes Credit Default Swap spreads and credit ratings.	There were no concerns arising in relation to our key counterparties in 2022. We finalised our migration away from a key prime broker linked to the collapse of Archegos in 2021. Our counterparty diversification model functioned as intended and we succeeded in moving material exposures to other key-relationship counterparties in a controlled manner.	

Liquidity risks

1 3 4

	Risk	Mitigants	Status and trend	Change
Corporate and fund	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	A $500 million revolving credit facility provides Man Group with a robust liquidity backstop. Liquidity forecasting for Man Group and the UK/EEA sub-group, including downside cases, facilitates planning and informs decision-making. The investment risk team conducts regular liquidity tests on Man Group's funds. We endeavour to manage resources in such a way as to meet all plausible demands for fund redemptions according to contractual terms.	The balance sheet seeding programme and three share buybacks in 2022 were managed using the corporate liquidity forecast tool. The asset liquidity distribution across funds remained broadly unchanged. Our in-house liquidity analysis and reporting toolkit continued to evolve. The LME/Nickel short squeeze effectively closed the market for much of March but the impact on our funds was minimal. The Gilt/LDI crisis led to material redemption requests from our UK defined benefit pension clients – these were managed without any issues.	

Market risks

1 3 4

	Risk	Mitigants	Status and trend	Change
Investment book	Man Group uses capital to seed new funds to build our fund offering, expand product distribution and generate returns for shareholders. Man Group also holds Collateralised Loan Obligation (CLO) risk retention positions until the product maturity, and is currently participating in a US CLO Warehouse to facilitate a product launch. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed based on its risk and return on capital. Approvals are granted by a Seed Investment Committee (SIC), which is comprised of senior management, Group Risk and Treasury. Investments are subject to risk limits, an exit strategy and are hedged to a benchmark where appropriate. The positions and hedges are monitored regularly by Group Risk and reviewed by the SIC.	The investment book grew over 2022 with 23 new seed positions. The pure seeding book returns were positive, with the benchmark hedges performing as intended in the volatile markets. However, these gains were offset by losses on the CLO and private markets positions. Repo and swap financing, used for some of the CLO and seed positions to release liquidity, became more costly with the rate rises. However, there were no problems encountered sourcing and rolling financing.	
Pension	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is healthy but is exposed to changes in net asset versus liability values.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation though the use of LDI funds. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest remaining risk but is uncorrelated to Man Group's other risks.	In 2022 the scheme has increased its surplus on both an accounting and actuarial basis. The scheme managed the UK Gilts and LDI crisis in September/October without serious mishap. However, it was necessary to rapidly sell return-seeking assets to fund the LDI margin requirements.	

Case Study 4.1. Man Group climate change risk management and strategy

Man Group recognises the urgent challenge presented by climate change, and our corporate responsibilities and ability to effect positive change through our own behaviour, responsible investment principles and fund offerings.

The firm has articulated its climate change risks using existing risk identification processes: from the bottom-up the Risk and Control Self-Assessment (RCSA) has identified short-term risks, while the top-down emerging risks assessment identifies medium- and long-term risks. Both of these processes assess risks in terms of impact (such as business continuity, financial, regulatory or reputational) and likelihood (or time frame over which it may manifest). By using the same risk assessment framework we are able to calibrate the relative significance of climate-related risks against our other principal risks.

For short-term risks there are associated controls and/or actions that help manage/mitigate them. Climate change risks are captured in Man Group's risk governance and reporting framework as a standalone risk but also within the associated risk category such as investment performance or business continuity. The risk governance framework is owned by the Board and implemented by the senior management of Man Group, and it is at this level that strategic decisions are made to avoid, mitigate, transfer or accept risks, including those related to climate change.

The impact of climate change on the downside scenarios within our three-year business planning horizon has been considered – currently none of Man Group's plausible material downside scenarios, within this time period, are materially driven by specific adverse impacts of climate change.

We consider 'material' risks or downside scenarios as being above a threshold of importance to our investors, shareholders and other stakeholders such that they should be publicly reported. This threshold will evolve over time and our senior management and internal committees will continue to reassess our risk profile in this context.

The key short-term risk (one to five-year time horizon) and strategic opportunity for Man Group relates to meeting and exceeding client expectations for inclusion of meaningful climate-related analysis into our investment strategies. Failure, or taking too long, to deliver genuinely suitable investment products could lead to outflows or reduced inflows over time. 35% of Man Group AUM integrates ESG analytics into the investment process, and we now offer 32 Article 8 and 9 products representing 3.4% of AUM. A related reputational risk comes from any suggestion of greenwashing if the ESG credentials of a fund or Man Group's corporate commitments do not meet client, regulatory, media or wider public expectations.

In the medium term (five to ten-year time horizon), the key risks to Man Group are from market disruption or volatility triggered by weather events and disruption to transport and working arrangements. These could lead to increased costs (e.g. procurement, insurance or taxes) and restrictions on business practices such as international travel to meet clients. Some of these are already being mitigated through ongoing investment in collaboration technology and flexible working, others can be addressed through agile working practices and having a more local presence. Thoughtful new regulatory requirements will be an important tool in helping companies to consistently effect genuinely positive change – we will closely monitor emerging requirements and have been, and will seek to be early adopters of new regulations.

As the world transitions towards a low-carbon economy (in line with the consensus path to a 1.5°C or 2°C scenario) fund performance could be impacted by fundamental moves in underlying asset prices or liquidity. The firm has invested in a proprietary ESG analytics tool to facilitate analysis of the underlying exposures through an ESG lens.

Longer-term (ten to 30-year time horizon) physical risks include major business or market disruption following severe weather events and long-term impacts on employee health and well-being. For example, the corporate headquarters in London could be impacted by a failure of River Thames flood defences. Such events, or even a heightened risk, could cause the firm's key business locations to become less relevant. This is mitigated through long-range monitoring and our small physical footprint helps to reduce our exposure.

We are committed to demonstrating responsible conduct and leadership to all of our stakeholders – clients, shareholders, business partners, employees and our local communities.

Case Study 4.2. Investment Risk Management

The challenging markets of 2022 highlight the need for a strong investment risk management process. This is achieved at Man Group in the following ways:

- risk management is embedded into the business process within each investment engine, and not just an afterthought;
- our culture actively promotes openness and collaboration and there is daily or weekly dialogue between risk, portfolio managers and management;
- many systematic funds have built in diversification mechanisms and volatility scaling which are designed to keep risk levels (not exposure) stable as market volatility changes; and
- as a firm, we continually invest to stay at the cutting-edge in technology and research and risk management is no exception.

The lead up to the Russian invasion of Ukraine in February 2022 illustrates this:

In the second half of 2021, the investment risk team ran stress scenarios relating to the potential conflict. In December, the lead discretionary portfolio manager for our emerging market debt funds made the decision to cut their Russian positions due to the geopolitical risks. The trend-following programmes also reacted to worsening market moves by cutting Russian positions.

As the expectation of an invasion grew through January and February 2022 more evolved stress testing led to further risk reductions in both discretionary and systematic long-only funds. In the final days leading up to the invasion, the Risk Committee cut all Russian exposure linked to benchmarks.

When the invasion was announced, and the subsequent raft of international sanctions were imposed, Man Group's funds' exposures and remaining number of positions were immaterial.

Case Study 4.3. the UK Gilts and Liability Driven Investment (LDI) Crisis

The September mini-budget led to rapid increases and volatility in long-dated UK interest rates and was only calmed following a prompt intervention by the Bank of England. Many UK defined benefit pension schemes use LDI to balance interest rate and inflation liabilities. The sharp market moves combined with implied leverage within LDI strategies meant they had insufficient cash to meet margin calls, leading to urgent demands for liquidity from the schemes.

Man Group's pension scheme was able to cover the liquidity demands without mishap through cash holdings and the redemptions of approximately one quarter of its return-seeking funds, the majority of which had daily or weekly redemption terms. Once markets had stabilised the liabilities and assets supporting them were materially reduced but the difference between the two, the scheme's funding position, was marginally improved.

Several Man Group funds, predominantly Diversified Risk Premia, are used by a number of UK defined benefit schemes. They delivered positive returns in 2022 but faced redemption requests to fulfil the urgent liquidity demands of the schemes due to their short redemption terms versus other less liquid funds in the schemes.

We were able to manage the sale of the underlying assets and return of cash to the investor without any issues or material transaction costs. Whilst redemptions on the back of outperformance are disappointing, we are pleased that we could support our investors' need for liquidity when they needed it most. As schemes look to rebalance their portfolios with a more liquid redemption profile and reduced leverage we are already seeing re-subscriptions and expect this trend to continue.

5. Review and Assurance

In this section, we explain how we review our policies, assure our processes, and assess the effectiveness of our RI activities.

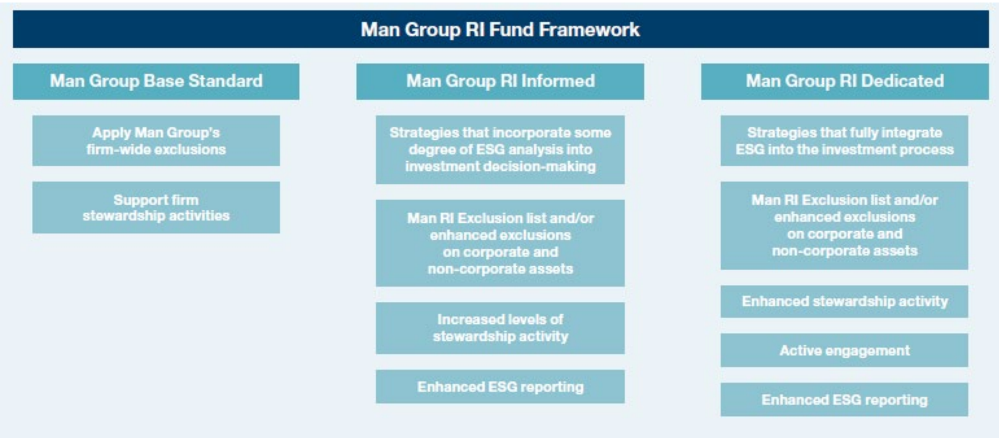
Man Group has a robust organisational framework to support all of our RI activity. Underpinning this is our Governance Structure as described in Principle 2 and our RI Fund Framework, which form the basis of our approach to integrating ESG into our investment decision-making process.

RI Fund Framework

Although we do not impose a single house view in terms of ESG application or stewardship approach, we provide our investment engines with the ESG resources and tools needed to support and facilitate the investment decision-making process from both financial and non-financial perspectives.

To ensure consistency and credibility in our approach to RI, we have formalised a monitoring procedure for funds that have a defined ESG approach. We monitor fund managers' compliance with our RI policies and fund framework (see below) on an annual basis. Additionally, dedicated compliance and investment risk professionals monitor adherence to ESG-related investment restrictions and to our RI exclusions list on an ongoing basis. Man Group exclusions include ownership in global banned weapons, nuclear weapons, tobacco producers and there are also restrictions on coal. All Man Group funds fall into three categories[2] : Man Group Base Standard, Man Group RI-Informed and Man Group RI-Dedicated. For further details in relation to our RI approach please refer to Principle 6.

Figure 5.1



Our firm-wide Man Group RI Fund Framework aims to establish coherent ESG categorisation across the investment strategies and asset classes we offer. As at 31 December 2022, $50.0 billion of Man Group's total AUM integrates explicit ESG criteria into the investment process. To provide a consistent framework around Man Group's calculation of ESG-integrated AUM, we base our calculation on the Global Sustainable Investment Alliance (GSIA) categories and definitions.

Man Group's ESG-integrated AUM is based on the GSIA's 'ESG Integration' sustainable investment category, which is defined as the 'systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis'. The ESG integration category is relevant and applicable to Man Group's investment process and its use has been approved by our RI Committee. Using the ESG Integration approach, our calculation methodology identifies all relevant funds and mandates for which explicit ESG criteria are used in asset selection (discretionary) or where a dedicated environment, social and governance model is incorporated in the investment process (systematic). For multi-

[2] Please note these categories do not give any indication to SFDR classifications.

strategy/ multi-asset portfolios, currently only the portion of a fund or mandate for which ESG is factored into the investment process is included. This approach may evolve in the future as we introduce dedicated ESG multi-strategy funds and/or mandates, in which case this disclosure will also be updated so that it continues to accurately reflect our approach.

The identification of Man Group's ESG-integrated AUM is undertaken by our Responsible Investment team, reviewed by the relevant investment teams, and subject to formal oversight by multiple control functions. This rigorous process and the resulting ESG-integrated AUM figure is overseen by the RI Committee. We have used this approach consistently since we started publishing Man Group's ESG-integrated AUM. While we believe we have a prudent framework for the calculation, we continue to monitor the development of best practice methodologies.

Sustainable Finance Disclosure Regulation ('SFDR') related checks

Man Asset Management (Ireland) Limited ('MAMIL') and Man Asset Management (Cayman) Limited, have a Sustainability Risk Policy that covers the entities approach with regards to the consideration of sustainability risk in the investment process.

As a member of Man Group, MAMIL is supported by Man Group's RI and Stewardship Committees which oversee and review the implementation of all the RI policies and processes at Group Level, including this Policy and the integration of sustainability risk across the Investment Managers where applicable. The Committees are composed of senior representatives from all of Man Group's underlying businesses, ensuring a broad perspective of RI across asset classes and investment strategies. Through its team of investment professionals based in Ireland, MAMIL oversees the Investment Managers to ensure compliance with this Policy. The Policy is available for download on the Man Group website: https://www.man.com/regulatory-disclosures#_sfdr.

Policy Review

Man Group's RI Committee oversees and reviews the implementation of all RI policies and processes, as well as the firm's stewardship capabilities, across Man Group's investment engines. The Committee reviews and updates our businesses' RI policies at least annually.

Additionally, our Stewardship Committee, reporting to the RI Committee, annually reviews the firm's stewardship policies and processes. Any changes to these policies or any reporting regarding stewardship is communicated to and discussed by the Committees. We believe this approach is appropriate for us given the make-up of our RI Committee, which is explained in more detail under Principle 2.

Process Review

Our dedicated Stewardship team is overseen by the Stewardship Committee. The team presents at least quarterly to the Stewardship Committee a review of the team's engagement and voting activities. We believe this approach supports our implementation of stewardship through a focus on continuous improvement. We have increased our reporting on stewardship activities in recent years in an attempt to give a balanced, fair and clear account of our stewardship initiatives, including increasing transparency through the publication of our RI Engagement Framework and annual Stewardship Review. Our Voting Policy was reviewed during 2022 and this process, along with the renewed policy, is detailed under Principle 12.

Assurance

As mentioned, we conduct an annual internal audit to monitor fund managers' compliance with our RI policies and fund framework. In terms of external assurance, one audit by a third-party assurance provider was also conducted in 2022 focusing on RI. We believe the combination of internal and external assurance is optimal and provides us with helpful input on how to improve our polices and processes.

6. Client and Beneficiary needs

In this section, we explain how we take account of client and beneficiary needs and communicate the activities and outcomes of our stewardship and investment.

Client Focused Culture

In ensuring the sound stewardship of our investors' capital, we seek to ensure that our approach closely aligns us with the values of our clients. We achieve this by developing long-term partnerships with our clients through one key point of contact, enabling us to truly understand their individual needs and create innovative solutions for them.

Table 6.1

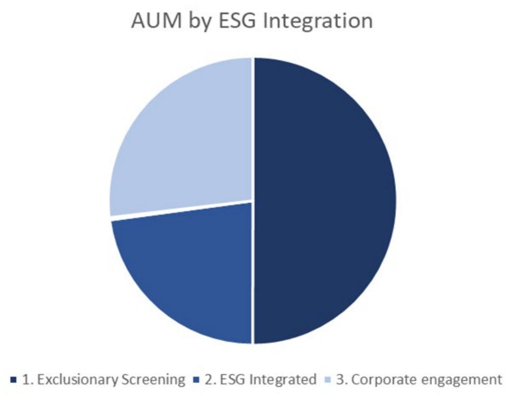
Man Group AUM, as of 31 December 2022

By client type

	%
Institution	78.9%
Distributor	20.1%
Employees	0.2%
Direct Investors/Unknown	0.2%
Man capital	0.6%
Total	**100.0%**

By region

Supra-client region	Client region	%
Americas	Canada	6.9%
	Other Americas	2.1%
	US	24.1%
	Americas Total	33.1%
Asia Pacific	Asia (ex.Japan)	3.7%
	Australia/NZ	14.2%
	Japan	5.6%
	Asia Pacific Total	23.5%
EMEA	Europe (ex. UK)	20.1%
	Middle East	6.3%
	UK & Channel Islands	17.0%
	Africa	0.0%
	EMEA Total	43.4%
Total		**100.0%**



As part of our continued efforts to play a role in developing industry leading RI strategies, the RI team works closely in conjunction with the sales team to produce products that are not only compliant with new regulatory requirements, but that meet the needs of our clients who are increasingly looking for broad range of investment opportunities.

While we have a diverse global client base, this focus on nurturing long-term relationships with our clients is reflected in the trend of clients investing in more strategies across the firm. This illustrates the strength and breadth of our offering, and the value of providing clients with a service that understands them and their unique requirements.

Establishing and maintaining client relationships has always been a strength and priority for Man Group in an evolving landscape around stewardship reporting and standards, both for asset owners and asset managers. Clients continue to have increased expectations, with listening and responding to them being central to the development of the long-term partnerships that Man Group is known for.

Whether through keeping the majority of our international offices open during the pandemic to maintain a local presence, or in developing new structures and procedures to ensure client feedback is captured and communicated to all internal stakeholders, we are committed to ensuring that we can meet our clients' needs. This ethos extends from the service we provide to influencing the development of new strategies and products.

An example of where Man Group has responded to this changing landscape is in implementation of exclusion lists, particularly where climate impact and the environment are concerned. These were strengthened in 2021 to include those companies who receive 30% or more of revenues from coal production.

Where we can we meet clients' specific needs by undertaking mandates on their behalf. This offers clients full control over specific requirements they may have and is an example of where Man Group is able to accommodate ESG considerations alongside other aspects, such as specific investment timelines.

This approach is favoured by clients who are looking for stewardship opportunities across a full range of investment products. In one instance, Man Group were approached by an existing emulation portfolio client seeking to become increasingly involved in engagement with portfolio companies. The centralised Stewardship team met directly with the client to discuss what they were looking for, agreeing to share expertise and to collaborate on future engagement opportunities.

Similarly, mandate clients who are looking for opportunities to participate in portfolio company engagements, but do not have the capacity to undertake them, are able to benefit from their investments directly impacting stewardship activities. For example, a shareholder proposal Man Group co-filed in 2022 at the AGM of an investee company was undertaken on the direct holdings of a mandate client who had expressed to us their interest in, and support for, robust engagement escalation. For Man Group's Stewardship team to utilise their holdings required a direct consultation, receiving their feedback and collaboration, ultimately leading to powerful engagement piece for 2022.

In relation to the interplay between stewardship activity with investment decision making, recent updates to our internal frameworks stipulates the conditions for divestment in the event of principle adverse impact breaches and where engagement has received no response. There is also a broader effort to further integrate established stewardship practices with our quantitative investment strategies. For more information, please see Principle 9.

Transparency and Reporting on Stewardship

Man Group has the capacity to report consistently on ESG activities across our investment engines, allowing our clients a uniform means to assess ESG performance at a strategy level. The report is generated from our proprietary ESG Analytics Tool. Our reporting is also consistent with the key measures our portfolio managers use to monitor their portfolios on ESG issues embedding a proprietary ESG scoring system derived from both standard data sources and Man Numeric's data research. The system applies advanced data science and quantitative analysis to disaggregate multi-vendor ESG datasets, allowing clients to assess a holistic score for the sustainability profile and impact of a portfolio and the potential to compare to its benchmark, when applicable. The report additionally provides third party data from the industry standard ESG data providers to provide a more complete picture.

Man Group believes that reporting transparency and consistency is essential to stewardship activities. Accordingly, Man Group reports overall firm voting data on a quarterly basis on its RI website: https://www.man.com/responsible-investment. This data offers an overview of our voting activity at a meeting, ballot and proposal level. Furthermore, Man Group reports annually on Stewardship outcomes in our Stewardship Review.

In addition, access to fund-level stewardship data is available to the investment teams through the ESG Analytics Tool. Man Group expects investment teams who are involved in issue-specific, fund-level engagements with companies that go beyond the engagement activities of Man Group's Stewardship team to report on these activities to their external investors.

Our dedicated RI funds reflect their increased focus on ESG and stewardship by providing more thorough quarterly commentary on their portfolios ESG and stewardship activities.

7. Stewardship, Investment and ESG Integration

We recognise that effective stewardship requires the integration of material environmental, social and governance issues, and climate change, into the investment process. In this section, we explain how we integrate stewardship and investment.

Man Group's approach to stewardship is guided by our belief that as stewards of our client's capital we owe it to them to actively and responsibly manage their entrusted resources in order to unlock long term and sustained value, whilst taking account of financially material ESG considerations.

We understand the importance of sound stewardship in managing investors' capital and our approach to responsible investing ensures that our interests and values are closely aligned to those of our clients and shareholders. The Man Group RI website defines our commitment to RI and lists our RI policies across our investment engines.

Man Group has five investment engines that offer a broad range of alternative and long-only strategies, run on a systematic and discretionary basis across liquid and private markets. This multi-asset, multi-strategy business necessitates a nuanced and flexible approach to integrating stewardship into the investment process. Accordingly, we have designed our approach to stewardship in close collaboration with senior members across Man Group's investment engines to leverage resources across the business and drive ESG analysis and integration.

RI at Man Group: A differentiated approach

The RI team at Man Group is what drives integration of Stewardship, Investment and ESG, taking a diversified approach across asset classes and investment strategies.

As an asset manager and investor, our overarching goal and responsibility is to maximise long-term, risk-adjusted investment returns for our clients. We recognise that there is not one answer to responsible investing – each of our clients (from corporate pension plans to sovereign wealth funds), have different needs, and each is on their own ESG journey. Accordingly, we do not adhere to a 'one size fits all' approach across our investment businesses and seek to leverage our broad skills and experience – ESG, data science, quant research, technology, investment – to deliver better outcomes for our clients.

Our multifaceted approach allows us to see things differently. Processing ESG data is a complex and nuanced exercise; it requires a data-driven approach to clean, analyse and gain insights from the multiple data sources available. With over 600 quants and technologists and more than 35 years of experience in quantitative investing, including years spent interrogating ESG datasets, we are in a prime position to leverage our skills to understand nuanced and non-standard ESG datasets. Our leadership in quantitative investing and cutting-edge technology allows us to create intelligence-driven RI solutions across long-only and alternative strategies.

Our culture of innovation means we are continuously exploring opportunities to improve our processes across our business. Our unique combination of quant expertise and extensive discretionary experience in the fundamental analysis of E, S and G issues allows us to integrate RI concepts across a range of asset classes and investment strategies we offer.

We continue to be thought leaders developing appropriate ways to apply RI in less explored areas such as futures and derivatives, commodities, private credit, non-listed equities and real estate investments. These initiatives enable us to add meaningfully to the development of RI, in particular on the quantitative side but in our discretionary strategies too. Our diversified range of alternative and long-only strategies seek to apply the best practices of RI in the way that is most relevant to their fields of research and we expect our investment engines to apply the norms and best practices of RI that are most appropriate for their strategy and asset class.

Firmwide, our commitment to RI spans three core areas – ESG integration, where we consider and apply ESG criteria in the investment decision-making process;

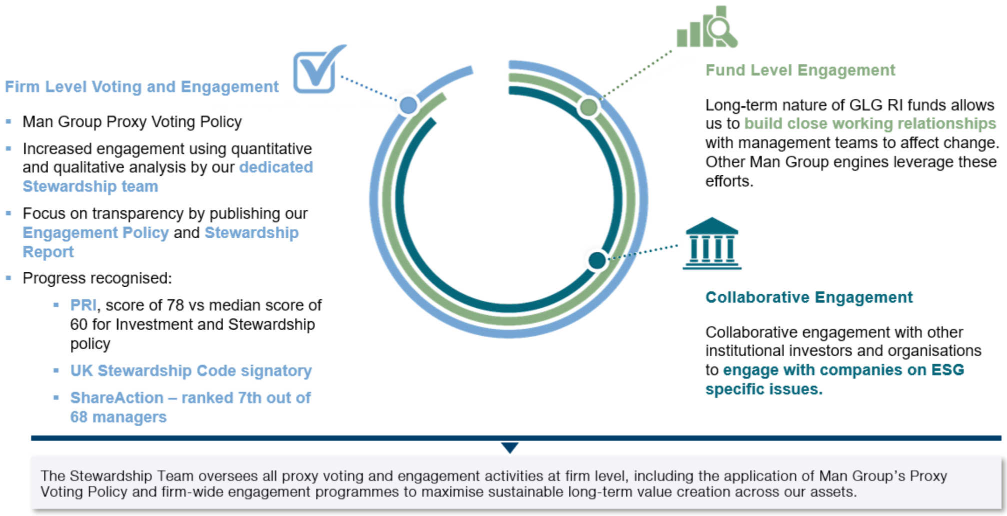
stewardship, where we exercise meaningful stewardship and engagement across our holdings actively; and education and advocacy, where we participate in industry-wide initiatives to promote RI. Across these three spheres, we aim to lead the way in advancing the science behind responsible investing.

Figure 7.1

Stewardship

Recognising that our businesses incorporate a multitude of different investment approaches, the relevant aspects of stewardship will vary according to the investment discipline. Man Group's approach to stewardship extends across three distinct dimensions: *firm level voting and engagement*, collaborative engagement and *fund level engagement.*

Figure 7.2



Since Man Group employs multiple strategies across the five investment engines, stewardship activities are multifaceted, ranging across all asset classes. For equities, shareholder voting and engagement is key to our stewardship approach. It is also the vehicle for co-filing shareholder resolutions, which have a record of producing successful outcomes. For all other asset classes, such as synthetic or fixed income positions, which do not carry voting rights, we endeavour to use the full available suite of mediums to engage, whether directly or collaboratively, such as writing or acting as signatories to letters and conference calls with management.

Man Group's ESG Analytics Tool highlights an effective initiative taken to increase the availability of high quality ESG data to managers. It offers investment teams an innovative and standardised approach to managing ESG risks and opportunities and is a platform to monitor ESG characteristics, environmental statistics, voting and stewardship data and company controversies. It also serves as a repository for stewardship and proxy voting activities accessible to investment and client servicing teams, strengthening the integration of stewardship practices and considerations throughout the firm.

The Tool was developed by Man Technology and Risk & Reporting teams under the direction of Man Group's RI Committee and address the following traditional challenges to investment teams:

Table 7.1

Key Features	Solutions
Applied across equity and fixed income securities for long-only and alternative strategies;	Helps to breakdown and organise the complexity of ESG data for investment teams;
Embeds Man Group's proprietary ESG score alongside datasets from three leading ESG data providers;	Multi dataset format allows to better measure and manage ESG risks and opportunities on a comprehensive basis across asset classes;
Analyse and compare ESG data at a portfolio, country, sector, company, and index level;	Allows us to take an innovative, uniform approach to ESG reporting.
Overview of a portfolio's stewardship activity.	Allows for better integration and understanding of stewardship data.

ESG Integration

Man Group actively works to cultivate a diversity of approaches to identify, assess and integrate ESG-related risks and opportunities. Indeed, the breadth of Man Group's investment engines means that the firm represents a unique intersection of perspectives – quantitative, discretionary, macro, private markets and asset allocator – where competing expectations, approaches and applications of ESG are actively debated.

We believe that material risks can impact long-term value creation for the companies in which our funds and mandates invest. In this context, we seek to manage financially material ESG factors alongside all other relevant investment risks. We view ESG as a natural complement to traditional financial analysis resulting in a more comprehensive analysis of a company's long-term prospects.

In the past, the lack of a definition for ESG investing has meant that it was perceived more as a qualitative process than a true investment factor, and we believe that is changing. Throughout the industry we see diminishing returns for traditional factors, which drives the search for new, orthogonal factors; ESG may be one corner where decision-useful investment signals can be found, and we have taken a quantitative approach to investigating this. We have used this knowledge and developed an uncorrelated, ESG factor for real ESG performance attribution, and applied this to many of the investment strategies we offer at Man Group.

We believe that RI is best addressed through a combination of top-down and bottom-up approaches. While we have a unified approach to RI across our firm with respect to organisation, policy frameworks, stewardship, analytics platforms and participation in industry activities, we actively and intentionally cultivate a decentralised approach when it comes to ESG integration across our investment teams and strategies.

Figure 7.3

Identify

- Identify ESG factors both top down (systematic) and bottom up (discretionary).
- How generalisable across regions and asset classes?
- Distinguish idiosyncratic risk from systemic risk.

Measure

- What retraining (biases, risk adjustment) need to be done on structured data?
- What are the organizing principles behind unstructured data?
- What, through analytics tools, does this reveal about risk in a non-score-oriented manner?

Manage

- Understand and manage underlying ESG risks at a portfolio level.
- Elevates ESG risk to a higher level (asset and allocation, etc.)
- Enables investors to allocate to or away from risks in the context of their overall portfolio.

When considering materiality, we use a proprietary framework, in tandem with best practices such as SASB's Materiality template, to determine which ESG issues move the price of individual stocks and sectors. While some considerations (notably in governance) are applied universally across all investments, we are careful to apply our analysis on a case-by-case basis depending on the end markets and regions a company operates.

Additionally, investment managers' approach to ESG risk management may be differentiated by various factors including (amongst other things) the time horizon for investments (for example, longer term investments driven by fundamental analysis vs. shorter term investments driven by systematic trading programmes); asset class (noting that single name equity, single name fixed income and real estate investments may potentially be more exposed to ESG risks than other asset classes such as FX, rates or derivatives on broad based equity or fixed income indices); and the availability of adequate reliable data.

Our proprietary ESG tools

We continue to invest in our suite of proprietary ESG tools to power our data-driven approach to RI. 2022 was a year of significant expansion, leveraging our quant and technology capabilities to enhance our ESG Analytics Tool, as well as developing two new ESG tools.

Our ESG tools have been developed internally under the direction of Man Group's RI and stewardship teams, with close collaboration between risk and performance analysis teams, technology teams and the investment engines. The sophisticated design and capabilities of each tool highlights the firm's collaborative, technology-driven culture, which helps us achieve our purpose: to assist our clients in preserving and creating value for the many millions of individual savers and pensioners that they represent.

ESG Analytics tool

The Man Group ESG analytics tool embeds our proprietary ESG scores alongside datasets from leading ESG data providers and standardises ESG reporting for our investment teams and our clients.

The ESG Analytics Tool provides an innovative, standardised approach to managing ESG risks and opportunities. It is a proprietary, dashboard-style tool enabling the firm's investment teams and clients to monitor non-financial risks and analyse environmental, social and governance factors on a single-stock, portfolio and index level. Key features include:

- Applied across equity and fixed income securities for long-only and alternative strategies.
- Ability to analyse and compare ESG data at a portfolio, sector, regional, company and index level.
- Embeds Man Group's proprietary ESG scores alongside datasets from leading ESG data providers.
- Enhanced, standardised ESG reporting.
- Details of portfolio stewardship and voting statistics.

GAIA (Global Active Issuer Assessment) tool

GAIA is a proprietary, company-wide tool to view issuer-level ESG-related data and identify sustainable investments. Key features include:

- Use of the UN SDGs to give us a consistent model for categorising ESG values for an issuer.
- A systematic approach with a robust methodology for combining multiple datasets to give the best coverage.
- Monitoring of Principal Adverse Impacts (PAIs), controversies and Do No Significant Harm (DNSH) for regulatory purposes.
- Ability to display sector and universe-based comparisons.

Engagement tool

We have developed an internal engagement tool that allows our investment and stewardship teams to review and record company engagements. Key features include:

- Record and track engagement topics spanning several interactions.
- Record and review proxy voting data.
- View/add engagements on the road via mobile access.
- Benefit from automated/systematic reporting on engagement history.

Education

We are committed to promoting and raising awareness of RI within the firm and more widely across the investment industry. Our commitment to RI involves promoting education and setting standards through participation in industry-wide initiatives.

Man Group is proud to be involved with many industry groups that promote responsible investment practices. Man Group is a signatory to the Institutional Investors Group on Climate Change (IIGCC), the International Sustainability Standards Board (ISSB) and the Standards Board for Alternative Investments (SBAI). These organisations aim to develop and reinforce frameworks for better implementation and adherence of ESG, as well as governance for the alternative asset management industry.

In addition to our active participation in industry initiatives, we also seek to produce high-quality research through the Man Institute and thought leadership around pressing ESG issues. Highlights of our industry involvement and research during the year include:

- We produced a number of proprietary research papers, including 'Carbon Emissions: Under the MicroScope3', published in the Journal of Impact and ESG. This paper explores how carbon emissions can be viewed through the lenses of Scope 1, 2 and 3 and how subjective interpretations remain an issue.

- In 2022, we continued to expand our involvement in industry bodies which promote improved climate disclosure, such as the Climate Financial Risk Forum (CFRF), where Jason Mitchell, Head of RI Research at Man Group, is on the Disclosure, Data and Metrics Working Group.
- Head of RI Research, Jason Mitchell, was elected as the new Chair of UKSIF. UKSIF works to bring together the UK's sustainable finance and investment community and as Chair, Jason will fulfil a leadership role on the board and work closely with the CEO to ensure that the board's decisions are implemented and that the organisation's strategic goals are met. Jason will be joining at a unique time in the UK following the FCA's cutting-edge Sustainability Disclosure Requirements (SDR) regulation – making the UKSIF's sustainable investing mission more important and relevant than ever.
- The continuation of our podcast series, 'A Sustainable Future', featuring commentary from asset owners, managers, consultants, academics and policymakers on pressing ESG issues. Hosted by Jason Mitchell, the podcast makes a conscious effort to create a neutral ground, combining critical commentary from asset owners, managers, consultants, academics and policymakers on pressing ESG issues. The podcast serves as an educational tool, sparking conversation and debate around the intersection of ESG, regulation and public policy. The listener base of investors, policymakers and academics means the podcast has the capacity to influence investor approaches to ESG and public policy developments.

2022 Highhlights

In 2022, we enhanced our approach to responsible investing and furthered our understanding of what it means to be a sustainable global company. We launched a number of investment strategies dedicated to RI and invested in our RI technological capability, expanding the suite of proprietary RI tools available to our investment teams.

After a strong 2021, 2022 was a more challenging market for ESG investing. Despite the market headwinds, we continued to broaden our range of RI strategies and deepen our ESG knowledge, understanding, processes and risk management. Data continues to drive analysis and decision-making in corporate sustainability and in the generation of intelligence-driven RI solutions. We believe there is a clear case for 'quant ESG', and by leveraging thorough analysis, expertise and interrogating complex ESG data, we are able to successfully apply responsible investing across a range of long-only and alternative investment strategies.

Reflecting on our progress in RI, we have now successfully integrated ESG within $50.0 billion of our assets under management. This metric is a non-financial KPI and is one of the ESG-aligned metrics linked to executive remuneration. To provide a consistent framework around Man Group's calculation of ESG-integrated AUM, we base our calculation on the Global Sustainable Investment Alliance's 'ESG Integration' sustainable investment category.

Developing and researching innovative investment solutions which are compatible with supporting a transition to net zero is a key area of focus for Man Group. As a signatory of the Net Zero Asset Managers initiative, we are committed to the attainment of net zero emissions within our investment portfolios by 2050. In July 2022, the initiative approved our first set of interim targets around the percentage of our assets to be managed in line with net zero emissions, and an emissions reduction target on those assets.

Case Study 7.1. The Net Zero Asset Managers initiative

The Net Zero Asset Managers initiative, launched in December 2020, is an international group of asset managers committed to support investing aligned with net zero emissions by 2050 or sooner.

Currently there are more than 300 signatories, who collectively manage more than $55 trillion in assets under management.

We joined the Net Zero Asset Managers initiative to raise our own standards of accountability for portfolio-born emissions, and to acknowledge the importance of managing climate risk for our clients, employees, stakeholders, and the environment.

Our commitment:

(a) Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management (AUM).

(b) We have set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner. Specifically, ~41% of total Man Group assets to be managed in line with Net Zero initially (comprised of 100% of Man Numeric assets and 75% of Man GLG assets based on Man Group's AUM as at 31 March 2022). We disclose the WACI for a number of our key strategies on page 63.

(c) A portfolio decarbonisation reduction target on the aforementioned portion of AUM: 50% reduction in emissions intensity by 2030 (compared with a baseline weighted average carbon intensity as at 2019).

(d) Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.

As data availability improves and guidance develops, we look forward to expanding the scope of asset classes included in our target, as well as the portion of our AUM that can be managed in line with Net Zero. We will also seek to expand the scope of target setting beyond decarbonisation (setting, for example, engagement targets).

We will continue working with network partners and industry bodies, playing an active role in working groups to assess and develop methodologies for other asset classes. We will also continue to expand our climate capabilities across our investment engines and engage with portfolio companies to encourage them to adapt their business models, set forward-looking targets and disclose their emissions.

Case Study 7.2. AHL TargetClimate: a unique, systematic multi-asset ESG offering

In 2022, we launched a systematic, multi-asset, long-only programme aligned with the global transition to a low-carbon economy. This strategy takes the systematic techniques Man AHL has honed over the past 35+ years and applies them to a portfolio made up predominantly of single names, using climate criteria as the primary driver for asset selection. The programme has a sustainable investment objective to promote climate change mitigation and invests in climate-aligned equities, climate-aligned corporate bonds and green bonds and commodities that are essential to the green transition. Removing any particular social and governance laggards, we believe the approach is best in class, looking for securities that rank highly across a variety of environmental metrics among Man AHL's liquid universe.

Climate Integration: Hold a portfolio of climate-integrated assets, chosen utilising a systematic process that improves when new data, insights or technological advancements arrive.

Risk Management: Use futures to dynamically manage exposure for risk mitigation during difficult markets and leverage institutional scale that allows for efficient execution.

Multi-Asset: Apply climate principles across a wide investment universe including commodities, government bonds and green bonds, as well as equities and credit.

8. Monitoring Service Providers

This section outlines how we monitor our service providers to ensure we receive high quality and consistent data and advice.

Man Group uses a variety of service providers specific to stewardship and ESG integration. Broadly speaking we can segment these services providers in two categories:

1. Proxy Voting Providers
2. ESG Data Providers

Proxy Voting Providers

Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically and to receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship team manually reviews the pre-populated votes for such positions to ensure recommendations are in line with our Voting Policy. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Initial and ongoing due diligence

When considering a suitable proxy voting service provider, Man Group considers selection criteria based on a range of factors. These include: the ability to empower Man Group to step into the process and execute on its stewardship agenda; the degree of collaboration, including facilitating the sharing of industry expertise; the scope of markets covered matching Man Group's investment universe; robust and user-friendly systems; and the adherence to best practice principles.

Man Group conducts initial due diligence on all new proxy voting service companies and performs ongoing due diligence on all appointed proxy voting service companies. This ongoing due diligence will generally include the review of the proxy voting service company's policies and procedures, conflict procedures and voting guidelines at least annually.

Additionally, our Stewardship team conducts a quarterly due diligence questionnaire on the service provided by Glass Lewis and presents this to our Stewardship Committee.

ESG Data Providers

Man Group utilises an extensive range of ESG raw data and analysis from third party providers. As a data-centric firm, we believe in providing our managers with as much high quality ESG data as possible as well as conducting our own proprietary research. We subscribe to a variety of leading ESG data providers, with Trucost, Sustainalytics, MSCI and ISS as our primary ESG data providers.

We have onboarded complementary data sets which provide our investment teams with stronger frameworks for analysing ESG risk and opportunities on a more forward-looking basis, such as Paris-Aligned Climate data sets which assess alignment with sub 2 degrees Celsius targets and potential company emissions reductions plans. In addition, we have integrated SDG data that maps companies' revenue to the UN Sustainable Development Goals ('SDGs'), enabling our investment teams to assess a company's preparedness and commitments towards sustainability goals as well as their obstruction or contribution to the UN SDGs.

ESG Data Onboarding Process

Man Group's Data Science team sources and provisions data and analytics to Man Group's investment engines. The creation of the centralised team establishes investment data as a key priority across Man Group, aiming to avoid duplication of effort and increase the usage of alternative data across investment engines to generate alpha for our clients.

The team, led by the Director of Man Data Science, aims to:

- Align data strategy and sourcing across Man Group to enhance alpha creation;
- Introduce and maintain common data platforms with a rich set of data analytical tools;
- Enhance data discovery and data usage across investment teams; and
- Create data insights products to help investment engines make higher conviction decisions.

The Data Science team sources, negotiates and onboards trial data for the researchers within the different investment engines to evaluate. The investment engines conduct their own research to evaluate the usefulness of datasets and decide whether to purchase. There are several variations of this process:

- For cases where there is specific data with generally only one source (i.e. Glass Door Employee ratings), the researchers within an investment engine will assess the dataset and make a decision on whether to purchase.
- If there are multiple data providers for a specific project (i.e. plant location data for individual companies), the investment engines will evaluate the data and its cost and decide whether to purchase. For ESG data, the RI team will likely assist with the due diligence process and assess the various data options based off key criteria such as number and type of ESG indicators, data coverage and pros/cons vs other ESG third party data providers.
- For data that will be used on a firmwide basis (i.e. SDG mapping) the group with the most urgent requirement for the data, or the RI team, will lead the process of evaluating different options whilst working in conjunction with the relevant engines and central reporting. The RI team will likely be heavily involved in the assessment process and will assess the various options based off key criteria (examples provided above). The due diligence process might also involve asking providers to complete a detailed questionnaire.

Additionally, Man Group's Risk and Performance team uploads data to an independent system from production to ensure integrity in the data retrieval. Further, as with all our data feeds, we have automated checks that will trigger when there is significant day-over-day change in correlation of the data. To ensure completeness of the data, we have built substitution rules-for example if carbon intensity data is not provided by the vendor for specific companies (particularly small caps), we substitute with industry mean.

ESG Data Due Diligence

We have spent considerable time to understand the few vendors we use and their processes so we can present the best combinations to our clients in each pillar of RI and meet regularly with our selected data providers. We believe by understanding and compiling the disparate pieces of ESG data, we can potentially turn the off-the-shelf variables into a useful and informative signal. This work has given us what we believe is a deep understanding of our selected data providers and allows us a strong platform to monitor changes to their methodology.

Any new data feed coming into the firm must complete a Data Vendor Review form which includes applicable due diligence, including how data is collected and stored, how it will be obtained, the nature of the information and compliance with legal obligations. The form is reviewed by Compliance and approved prior to any usage by the firm.

To ensure the validity of the ESG/sustainability claims made by third party providers, the RI team will likely be involved in the due diligence of third-party ESG data, research and analytical resources. As mentioned previously, the team will assess third-party ESG data based off key criteria such as:

- Data quality and integrity (i.e. look-ahead bias)
- Relationships with casual/intuitive concepts
- Data delivery
- Granularity
- Data uniqueness
- Coverage
- Frequency and history
- Methodologic transparency
- Market adoption
- Cost

The due diligence process might also involve asking providers to complete a detailed questionnaire, allowing us to dig deeper into the quality of the provider and the data/services they offer.

Aside from the dedicated RI team, the ESG experts within each investment engine also play a critical role in ensuring the integrity of ESG data at the engine level, utilising their specialist knowledge to validate the ESG/sustainability claims made by third-party providers.

In choosing data providers, we reviewed more than a dozen ESG data providers and trialled eight of them to test in our rigorous quantitative framework. Our key criteria were how well each could be used for our purposes and which data sets complement each other well. This was preferable, in our view, to a shallow understanding of a larger number of providers.

Understanding ESG data

As a technology-empowered and data-driven firm, we approach the implementation of ESG factors with the same scientific rigour and caution we would apply to any investment risk or opportunity, staying true to the data and ensuring a robust methodology is in place. ESG data has matured over the last decade, and we are entering a phase where the data has both a long-enough history and broad-enough coverage to make it interesting to quantitative investment firms.

However, unlike traditional quantitative factors sourced from financial statements and exchange data, ESG statistics are often qualitative, discretionary and unregulated. The ESG data we obtain from vendors typically has a short history and is often retroactively collected, and there are inherent biases in each vendor’s approach.

We have spent considerable time reviewing and understanding the processes of leading ESG data vendors, and believe our quantitative capabilities provide a unique position from which to analyse, innovate and apply ESG datasets. By looking at disparate sets of ESG data using this approach, we can turn the off-the-shelf variables into useful and informative signals. This work has given us a strong understanding of our selected data providers and provides a strong platform from which to monitor changes to their methodology.

Meeting our needs

An area of focus in improving the service we receive from our multiple providers has been the integration of the proxy analytics and ESG data into Man Group's proprietary tools. As we continue to expand the scope of our stewardship activities, particularly to meet requirements for new products at the fund-level, the importance of leveraging the firm's longstanding expertise in creating tools in collaboration with our voting and data providers is what will continue to ensure that Man Group is a leader in this area.

Furthermore, we have engaged with our established service providers, such as our custodial banks and prime brokerage partners, and have involved them in a number of conversations to improve their ability to meet our increasing stewardship activities. This has been far-ranging, exploring new services and the streamlining of existing processes so that we are able to operate more efficiently and maximise our impact.

In particular, as an alternative asset manager with numerous synthetic strategies, we have been working with prime brokerage partners to explore future possibilities to exercise stewardship activities traditionally unavailable to alternative asset managers, particularly in relation to voting, on these positions. Though we recognise the traditional limitations that are posed in this area, there are clear opportunities in this space to expand the scope of stewardship within the asset manager universe, opportunities that Man Group is committed to becoming a leading organisation in.

9. Engagement

As a responsible investor, Man Group complements its stewardship activity by carrying out rigorous engagement work with investee companies. We define engagement as a constructive and purposeful dialogue with companies on material risks tied to ESG issues – a targeted and focused discussion with a clear agenda and defined objectives. In this section, we explain how we engage with issuers.

Our approach to engagement extends across three distinct dimensions:

1. Systematic engagement (Firm-level / Direct Engagement)
2. Collaborative engagement (Firm-level / Collective Engagement)
3. Fund-level engagement (Fund-level / Direct Engagement)

The first dimension - systematic - is led by Man Group's Stewardship team, which conducts direct engagement with companies on several ESG themes through conference calls, letters, e-mails, video calls and in-person meetings. This dimension spans all of Man Group's investment engines. It leverages the Group's scale and aggregate ownership in securities to promote best practices and affect meaningful, positive outcomes.

The second dimension - collaborative engagement - is also managed at the Group level by Man Group's Stewardship team and the RI team. Collaborative engagement occurs when a group of institutional investors come together to engage with companies on ESG issues. This approach often benefits from the involvement of an intermediary that supports investor coordination and dialogue and acts as a facilitator between investors and companies. We will provide additional information on our collaborative engagement initiatives in the following principle.

Finally, the third dimension - fund-level engagement - is conducted at the subgroup level, particularly within the firm's discretionary investment strategies. In this area, Man Group discharges its stewardship responsibilities primarily through company interactions and active engagement undertaken by investment teams within Man GLG who perform fundamental-oriented investment research.

Systematic Engagement

Systematic engagement as implemented by the Stewardship team generally follows six key steps:

1. Identification

The process starts with problem identification. Using our heritage in data to our advantage, we systematically monitor investee companies across a range of measures identifying scenarios where we believe there is a fundamental gap between a holding's material ESG risk that could be managed by the company and what the company is managing. This allows us a high-level overview of our broad holdings. This quantitative assessment is complemented by qualitative research by our dedicated stewardship specialists in devising our engagement target lists.

This analysis triggers enhanced company engagement with the purpose of augmenting our knowledge of the company, instigating change, and improving corporate practices and management of ESG issues. Typically, it involves an intensive, in-depth approach, tailored to the company and its challenges, over multiple interactions.

We also select engagement themes each year in cooperation with the RI team, our Stewardship Committee, RI Committee, and senior management. Thematic company engagement is focused on a single issue, allowing us to explore carefully chosen ESG problems each year with a larger number of companies. In 2022, our engagement priority was to focus on companies identified as lagging on environmental reporting and GHG reductions plans and on consumer health and human rights matters. Our Stewardship team focuses their engagement efforts on encouraging issuers to take these issues seriously. Please see our Activities and Outcomes section which shows examples of this approach's success.

2. Selection

The second step is company selection. From the list of potential candidates, companies are chosen based on the materiality of the ESG risk, controversy level and / or exposure to the engagement theme. We then give priority to companies based on coverage, ownership stake and RI-dedicated funds overlap. This ensures that we have an active and constructive relationship with our key investee companies and increases the likelihood that our engagement efforts have a significant impact.

- Coverage - We will prioritise companies widely held by several portfolios across our investment engines.
- High-value positions - We will prioritise companies where funds managed by Man Group hold a meaningful ownership stake.
- RI-dedicated funds - We will prioritise companies in our RI-dedicated funds' portfolios. These are funds within Man Group that are focused on RI, and which fully integrate ESG into the investment process.

3. Discussion

We favour a transparent and collaborative approach. If we think we have a case for engagement, our next step is internal discussion. For this purpose, the Stewardship team identifies holdings across Man Group for each target company and seeks the input of the relevant investment managers. We also conduct an internal consultation and approval process that includes multiple stakeholders, including RI and Stewardship, Legal, Compliance, Client Services, Sales, and Communications.

At this phase, we will work on a strategy and define objectives for the engagement - deciding whom we are going to approach, how we are going to initiate dialogue with the company, and the key issues we are going to address. Establishing a plan with clear objectives and conducting research beforehand is essential for the successful implementation of our approach.

4. Initiation

The fourth stage is dialogue initiation. This is the point we contact the company and explain our motives and the background for the engagement. Generally, we will write to the company first and define the issues we would like to address and why. We then try to schedule an in-person meeting or conference call to discuss these matters at greater length, clarify our expectations, and hear the company's response. The way we choose to lead an engagement is not static, however, it varies depending on the company's response, circumstances and type of engagement.

We record all interactions with a company in our engagement tool along with meeting notes and any other pertinent documentation.

5. Evaluation

The fifth step is evaluation. This is about monitoring progress and assessing the extent to which our objectives have been met. At this stage, we will deliberate if and when follow-up is needed, or if escalation is required - see Principle 11 for further information on our engagement escalation procedures.

6. Conclusion

The sixth and final step is conclusion. When we close an engagement, we consider the results, what we have learnt and the efficacy of our engagement approach. Man Group believes that reporting transparency and consistency is essential to stewardship activities. Accordingly, on an annual basis we will report a summary of our engagement activity throughout the year. We will also report details of our engagement activities to clients upon request.

Figure 9.1

Engagement Process

1. Problem Identification
   - ESG Screening and Research
   - Engagement Themes
   - Engagement Proposition (internal / external)
2. Company Selection
   - Risk & ESG Performance
   - Exposure to Engagement Theme
   - Prioritisation (Coverage, High-Value Positions, RI-Dedicated Funds
3. Internal Discussion
   - In-house Consulting
   - Strategy & Objectives
4. Dialogue Initiation
   - Communication
   - Tracking & Documentation
5. Evaluation
   - Progress Monitoring
   - Escalation
6. Conclusion
   - Reporting
   - Engagement
   - Closure

Fund-level engagement

Our discretionary managers have exposure to a significant number of securities from separate corporate issuers and conduct routine meetings with company management teams to discuss economic, financial and non-financial ESG matters. This practice of active, positive engagement is an integral part of our discretionary managers' investment processes, enhancing our research as well as, crucially, helping to reinforce long-term, constructive relationships with investee companies for the benefit of our clients.

A number of our funds at Man Group have a strong focus on ESG engagement as part of their investment process and these funds typically carry out their own prioritisation on which issues to engage on drawing on their deep understanding of material issues in their portfolios. These engagements typically are long term in nature matching investment horizons and allow our portfolio managers to build close working relationships with stakeholders which ultimately, we hope, will help drive better outcomes.

Furthermore, the nature of engagement at the fund-level is approached through the lens of a fund's designation under the SFDR, with greater requirement of investments teams of Article 8 and 9 funds to actively engage with investee companies on a range of ESG topics. Engagements are undertaken across all affected asset classes and regions. The nature of the dialogue may also differ from that undertaken by the firm-level Stewardship team, with more regular interaction, leveraging the close relationship that is fostered between investment teams and investee companies to great high-impact engagements. These are methodically recorded with progress tracked internally to ensure a material impact.

Enhanced Stewardship for Man Group RI Dedicated Funds

Man Group RI Dedicated Funds are subject to an enhanced engagement framework which applies to all investee companies in their portfolios. This engagement framework is defined by a rigorous assessment of companies' good governance practices prior to investment and periodic monitoring while the investment remains in the portfolio and contains clear engagement timescales and escalation strategy.

Sustainalytics controversy ratings on governance matters are used to trigger the engagement process. If an investee company is considered to not follow good governance practices, the relevant investment team or the Stewardship team is to engage with the company unless a reasonable explanation can be provided which demonstrates that the controversy is not material, no longer relevant or has already been addressed. If the investee company does not substantively respond within 3 months, the relevant Man team will follow-up. If the investee company's response shows that the controversy has not been adequately addressed, or the investee company fails to respond to the follow-up within 3 months (6 months since engagement), then the investee company will be deemed not to meet the good governance test. In this situation, an escalation strategy is to be discussed and agreed. For Article 8 SFDR products, specifically, the investment team must not make a proposed new investment or must divest from a current position within 4 weeks. This requirement also applies to any other Article 8 or Article 9 products invested in the investee company managed by Man Group.

10. Collaboration

We understand the importance of sound stewardship in managing investors' capital, and our three-dimensional approach closely aligns us with the values of our clients, shareholders, and other stakeholders.

Participation in Leading Industry Standard Setters

We see merit in efforts to collaborate on RI and ESG-related standardisation through investor groups and initiatives. Man Group recognises that, in pursuing the best interests of our clients, institutional investors have a responsibility to consider working with other investors with the objective of protecting and enhancing shareholder value.

Man Group is a proud member and supporter of the following organisations and initiatives as of March 2023:

Collaborative engagement initiatives

UN Principles of Responsible Investment ('UN PRI')

Man Group leverages many collaborative investor efforts within UN PRI and take an active role within the organisation contributing to the development of ESG best practices.

Engagement initiatives:

UN PRI Advance: A stewardship initiative where institutional investors work together to take action on human rights and social issues. The overall objective of the initiative is to advance human rights and positive outcomes for people through investor stewardship. The initiative will primarily seek change through investors' use of influence with portfolio companies.

Man Group become signatory to UN PRI Advance at its launch in 2022.

Climate Action 100+

Climate Action 100+ is a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Man Group believes that engaging and working with the companies in which we invest - to communicate the need for greater disclosure around climate change risk and company strategies aligned with the Paris Agreement.

Man Group become a partner with Climate Action 100+ in 2018.

Examples of companies engaged in 2022:

- NRG Energy inc

The Investor Forum

Established in 2014 with the support of the Investment Association, the Investor Forum seeks to position stewardship at the heart of investment decision-making by facilitating dialogue between investors and UK listed companies creating long-term solutions and enhancing value;

Man Group has been a member of the Investor Forum since March 2019.

Examples of companies engaged in 2022:

- Rio Tinto plc
- Barclays plc
- Unilever plc

ShareAction

Established in 2005, ShareAction works to define the highest standards for responsible investment and to drive change until these standards are adopted worldwide.

Engagement initiatives Man Group participate in:

Raising Banking Standards: A collaborative engagement initiative working to ensure that the banking sector accounts for its impact on people and the planet. The initiative has brought together a coalition of investors to engage with some of the worlds largest banks, seeking for them to strengthen their climate policies and reduce financing for the fossil fuel industry.

Man Group began its involvement in late 2020.

Long-term Investors in People's Health (LIPH): LIPH is a collaborative engagement initiative with the goal of addressing elevated and preventable financial risk linked with worker, consumer, and community health.

Man Group become signatory to LIPH at its launch in 2022.

Farm Animal Investment Risk & Return ('FAIRR')

FAIRR and its founding members believe that a worrying knowledge gap has emerged among investors in relation to the material investment risks and opportunities connected with intensive livestock farming and poor animal welfare standards. The FAIRR initiative aims to close that knowledge gap, ensuring that investors understand the risks and opportunities to emerge from this growing method of livestock production, and to support investors to assess these issues as part of their investment processes.

Man Group has been partner of FAIRR since March 2017.

Engagement initiatives Man Group participate in:

- **Sustainable Proteins:** FAIRR's Sustainable Proteins Engagement is the first and largest global investor engagement focused on encouraging global food companies to systematically transition product portfolios to facilitate healthier, more sustainable diets.
- **Unpacking Labour Risk in Global Meat Supply Chains:** The FAIRR Initiative is leading a collaborative investor engagement to address labour risks in global protein value chains. The impact of COVID-19 on production line workers around the world has exposed the materiality of working conditions, including supply chain disruptions, reputational risks, fines, prosecutor investigations, and lawsuits from employees.
- **Biodiversity Loss from Waste & Pollution:** In the first part of a three-pronged engagement series, the FAIRR Initiative seeks to address animal waste mismanagement and nutrient pollution.

Ceres

Ceres is a non-profit organization working with the most influential capital market leaders to solve the world's greatest sustainability challenges.

Engagement initiatives Man Group participate in:

- **Valuing Water Finance Initiative (VWFI):** The VWFI is a global investor-led effort to engage companies with a high water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems.

Man Group joined the VWFI from its inception in 2022.

Ceres & PRI - Investor Statement on deforestation and forest fires in the Amazon - The Investor Initiative for Sustainable Forests, run in collaboration with Ceres, is helping investors to understand how deforestation within cattle and soybean supply chains represents a material risk to companies. More than 35 investors are already engaging with over 20 companies across the soy and cattle value chains.

UNI Global Union

UNI Global Union brings together workers from over 150 different countries in the service economy to win better jobs and better lives. UNI helps workers build power by growing unions through organizing; protecting and expanding collective bargaining; and holding corporations and governments accountable to workers, not just an elite few.

Engagement initiatives Man Group participate in:

- **Expectations for the nursing home sector:** 95 investors with US$3.34trn assets under management signed a joint statement making clear that the long-standing problems of the industry during the pandemic must be addressed through adequate staffing levels, expanded collective bargaining and union representation, improved health and safety, liveable wages, and enhanced quality of care.

Rathbones - FTSE350 modern slavery engagement initiative

The engagement, led by the Rathbones stewardship team and co-ordinated through the PRI Collaboration Platform, includes 29 asset managers and institutional investors, including pension funds, and targets FTSE 350 companies which fail to comply with Section 54 of the Modern Slavery Act (2015).

As a result of previous engagements through Rathbones, the 61 FTSE 350 companies targeted in 2021 became compliant by January 2022, and 20 out of 22 FTSE 100 companies contacted in 2020 became compliant by the end of that year.

Industry associations and standards-setting bodies

UK Stewardship Code

Man Group was delighted to be part of the first wave of signatories to the inaugural UK Stewardship Code, and applies and evidences the twelve principles across the firm's investment strategies;

UN PRI

As a firm, we support initiatives such as the UN PRI Collaboration Platform designed to address the collective concerns of multiple investors in order to support best practices in corporate governance and engagement in capital markets.

We are involved with the following PRI working groups:

- PRI Hedge Funds Advisory Committee
- PRI Academic Network Advisory Committee

- PRI Macroeconomic Risk Advisory Committee

Institutional Investors Group on Climate Change ('IIGCC')

Man Group is a signatory to the IIGCC. The IIGCC works with business, policy makers and fellow investors to help define the investment practices, policies and corporate behaviours required to address climate change. Addressing key issues through the programme areas below, they also work closely with other investor groups and play a leading role in global investor initiatives on climate change;

Man Group became a signatory to the IIGCC in 2021 and is member of various working groups.

Net Zero Asset Managers Initiative ('NZAM')

The Net Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions in investment portfolios by 2050 or sooner. Man Group joins the initiative in order to build on our existing progress on climate objectives, raise our own standards of accountability for portfolio-born emissions and send an unequivocal message that we recognise the importance of managing climate risk for our clients, employees, stakeholders and the environment;

Man Group became a signatory in 2021.

UK Sustainable Investment and Finance Association ('UKSIF')

UKSIF exists to bring together the UK's sustainable finance and investment community. UKSIF is active in efforts to promote the sustainable finance agenda and works closely with policymakers to find new ways to overcome the barriers to the growth of sustainability and deliver progress towards decarbonisation of the economy.

Man Group is a member of UKSIF and very actively involved in UKSIF's work, with Jason Mitchell, Man Group's Head of RI Research, serving as Chair of the UKSIF board and playing a key role in overseeing the strategic decisions and long-term ambition of the organisation. Jess Henry, Senior RI Research Analyst, also sits on UKSIF's Analyst Committee.

Standards Board Alternative Investments ('SBAI')

Man Group is a founding signatory of the Standards Board Alternative Investments ('SBAI').

The SBAI is a standard setting body for the alternative investment industry and custodian of the Alternative Investment Standards. The SBAI provides a powerful mechanism for creating a framework of transparency, integrity and good governance which improves how the alternative investment industry operates, facilitates investor due diligence and complements public policy which ultimately benefits our clients.

Luke Ellis, Man Group's CEO, is a member of the Board of Trustees.

Alternative Investment Management Association ('AIMA')

AIMA promotes the best interests of the alternative investment industry in order to enhance the wider understanding of its function. AIMA is closely aligned with policy makers, legislators and regulatory authorities around the world, also collaborating with key governments and authorities on proposed legislation and consultation;

Robyn Grew, Man Group's COO and General Counsel, sits on the AIMA Council.

We are a member of AIMA Global RI Committee.

Task Force on Climate-related Financial Disclosures ('TCFD')

Man Group is a formal supporter of the TCFD and currently working to document how our reporting and strategy are in line with the recommendations. We report our own carbon intensity and total emissions in line with TCFD recommendations and are refining reporting on our strategy and risk management;

Man Group became a formal supporter of the TCFD in 2020.

Managed Funds Association ('MFA')

An advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy.

Man Group is a member of MFA and a part of the ESG Working Group.

The Investment Association ('IA')

Trade body that represents UK investment managers. The association promotes UK investment management, which is the largest industry of its kind in Europe.

Man Group is a member of the IA and is also represented on committees and working groups, including the IA's Sustainability and RI Committee and the IA's Climate Change Working Group.

CFA Institute

Seeks to set professional standards for investment management practitioners and broadly engage other finance professionals through their interest and interactions with the investment management industry.

Man Group is a member of CFA ESG Technical Standards Committee and member of Global Industry Standards Steering Committee.

Man group has made significant contributions to the CFA's Investing in ESG Certificate course (Jason Mitchell is the author of a chapter) and the CFA's Climate Change Analysis in the Investment Process.

Climate Financial Risk Forum ('CFRF')

The CFRF, co-chaired by the FCA and the Prudential Regulation Authority (PRA), builds capacity and shares best practice across financial regulators and industry, to advance our sector's responses to the financial risks from climate change.

The CFRF set up 4 working groups on disclosures, scenario analysis, risk management and innovation. Each working group is chaired by a CFRF member and supported by an external secretariat. Membership consists of wider industry participants, including trade associations, to make sure that a broad range of firms is represented.

Jason Mitchell, Head of RI Research at Man Group, is on the Disclosure, Data and Metrics Working Group.

Additional ESG-focused organisations:

Imperial College Climate Finance & Investment Centre Advisory Board

The role of the Advisory Board is to review the research priorities for each coming academic year and advise on potential changes to improve the real-world relevance of our research agenda.

Carbon Pricing Leadership Coalition ('CPLC')

Established in September 2014, the World Bank-supported CPLC formed from a groundswell of support for carbon pricing at the UN Climate Summit, where 74 countries and more than 1,000 companies expressed support for carbon pricing. The Coalition officially launched at COP21 in Paris, with the goal to expand the use of effective carbon pricing policies that can maintain competitiveness, create jobs, encourage innovation, and deliver meaningful emissions reductions.

Man Group has been a member of the Leadership Coalition since December 2015.

New Plastics Economy Global Commitment

The New Plastics Economy Global Commitment unites businesses, governments, and other organisations behind a common vision and targets to address plastic waste and pollution at its source. Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations, investors, and other organisations. The New Plastics Economy Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with UN Environment.

Man Group has been a signatory since 2019.

Pensions for Purpose

Pensions for Purpose is a collaborative initiative of impact managers, pension funds, social enterprises and others involved or interested in impact investment.

Man Group has been a member of the initiative since 2019.

Additionally, Man Group is also either a member or signatory to the United Nations Global Compact ('UNGC') and the International Sustainability Standards Board ('ISSB') (formerly known as Sustainability Accounting Standards Board ('SASB').). These organisations aim to develop and reinforce frameworks for the better implementation and adherence of ESG as well as governance for the alternative asset management industry.

11. Escalation

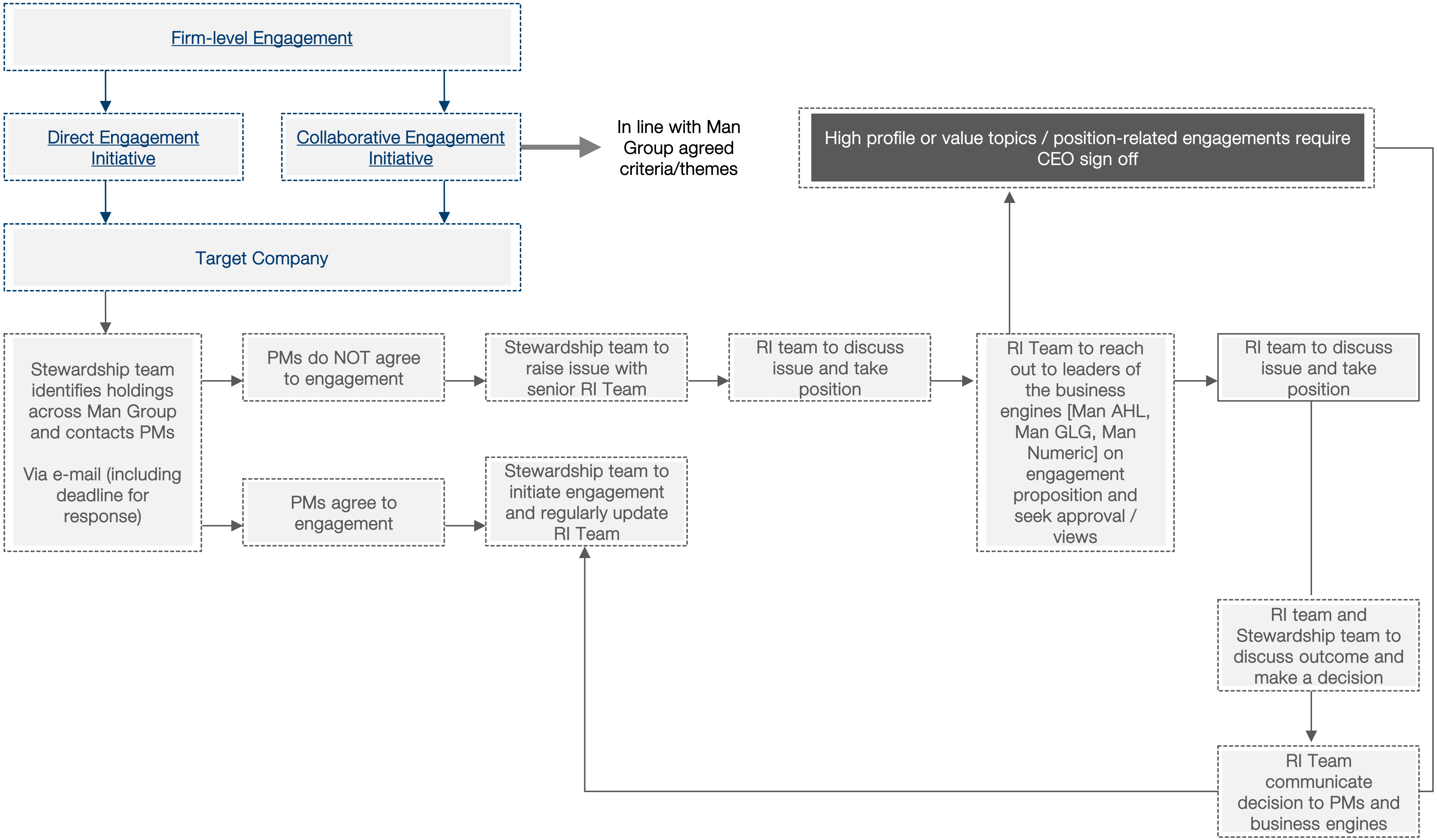
Our aim is to conduct all engagements in a positive and mutually beneficial manner. We strive to resolve any issues before taking further action. Our escalation process is outline below.

Man Group's multi-dimensional approach to stewardship — systematic at the firm level; selectively collaborative at the firm level; and targeted engagement at the fund level — provide a number of opportunities, sometimes overlapping, for engagement and, if necessary, escalation. Tactical (non-systematic) engagement is assessed on a case-by-case basis. Any escalation of Man Group's engagement activities is generally dependent on the nature and size of our ownership; the circumstances of the issue and its relevance to a specific fund strategy and its guidelines; our relationship with the management and board of the investee company; and the likelihood of collaborative engagement with other investors.

Man Group's investment strategies cover most asset classes across the long-only and alternative spectrum. While Man Group's Stewardship team and the Stewardship Committee will address engagement activities at the firm level, it should be recognised that the nature of Man GLG, Man Group's discretionary business, makes it most relevant in active ownership and stewardship activities. While many of our discretionary strategies focus on companies regarded as best-managed, other strategies concentrate on realising value through distressed assets where engagement with investee companies is critical to the investment case. Similarly, Man Group's Stewardship team applies a uniform approach to escalation where different asset classes and geographies are concerned, with exception to equity positions where opportunities to vote and filing shareholder proposals offer increased leverage in cases where utilising the Man Group escalation process has been required.

In 2022, Man Group introduced an internal framework, the 'Engagement Escalation Matrix'. This framework ensures that, where the need to escalate an engagement is identified, a multistakeholder group is consulted to challenge the merits of an engagement and ensure that best practice for engagement is adhered. The range of stakeholders included differs, depending on the type of engagement (e.g., letters to management, co-filing shareholder resolutions, joining collaborative engagement initiatives etc). Should there be disagreement about whether to escalate an engagement or not, then further internal discussion can take place in the Adjudication Sub-Committee (please see Principles 2-3 for more details).

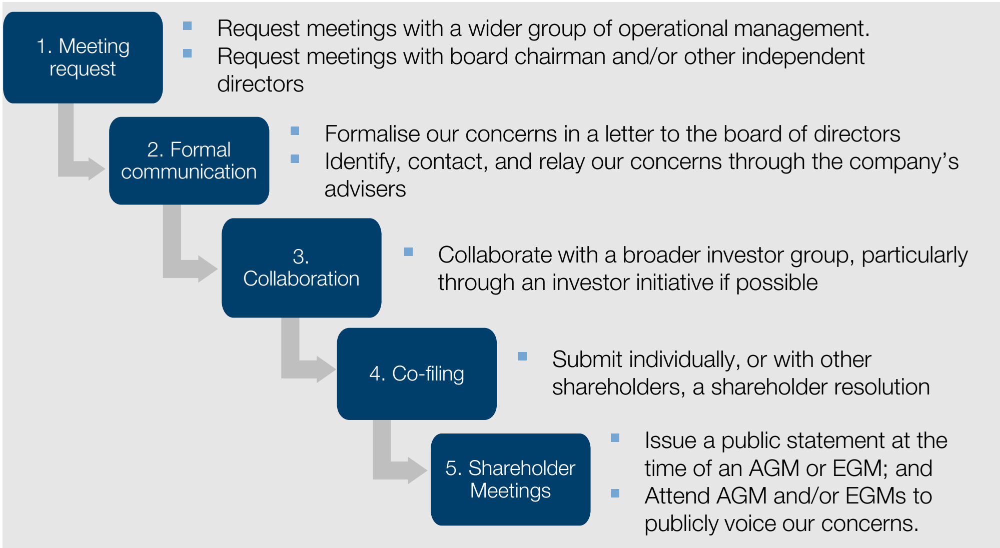
Figure 10.1


Firm-level Engagement
Direct Engagement Initiative
Collaborative Engagement Initiative
In line with Man Group agreed criteria/themes
High profile or value topics / position-related engagements require CEO sign off
Target Company
Stewardship team identifies holdings across Man Group and contacts PMs
Via e-mail (including deadline for response)
PMs do NOT agree to engagement
Stewardship team to raise issue with senior RI Team
RI team to discuss issue and take position
RI Team to reach out to leaders of the business engines [Man AHL, Man GLG, Man Numeric] on engagement proposition and seek approval / views
RI team to discuss issue and take position
PMs agree to engagement
Stewardship team to initiate engagement and regularly update RI Team
RI team and Stewardship team to discuss outcome and make a decision
RI Team communicate decision to PMs and business engines

Man Group's discretionary, non-quantitative manager business, Man GLG, frequently assumes an active approach in communicating their investment decisions to investee companies. We typically engage with management through meetings to discuss business strategy and other issues. At all stages of escalation, we will seek to ensure that our views are represented by those who have appropriate seniority and experience. We may complement these meetings with requests for publicly disclosed information or follow-up communication. We recognise the importance of escalating these discussions sensitively and confidentially. As such, we strive to reach consensus with investee companies before taking further action (such as calling shareholder meetings or collaborating with other investors). Should conflicting opinions arise surrounding a voting decision among different investment strategies or teams, the Stewardship team, Global Compliance team and Stewardship Committee will ensure that best practice is applied for the firm as a whole.

If we fail to resolve the issue, but still recognise the case for the investment in a company, we may take steps to escalate our actions. If overtures to engage on issues are not acknowledged by company management or the board of directors, Man Group's discretionary managers will consider a number of steps towards greater escalation. On such issues and in such circumstances, our actions may be as follows:

Figure 10.2



Ultimately, Man Group believes that a constructive dialogue with the board and/or management is the optimal means of engagement. Should this and all other efforts fail, or we believe that the company is not making reasonable amendments to its strategy or underlying policies, Man Group may sell its entire ownership stake for the preservation of capital in the interest of its clients.

** The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.*

12. Proxy Voting Exercising Rights and Responsibilities

Signatories to the Stewardship Code should actively exercise their rights and responsibilities. In this section, we outline our use of proxy voting as an essential part of our investment oversight.

The execution of voting rights is a key element of Man Group's active ownership approach, through voting at shareholder meetings and expressing our support for (or concern with) management and shareholder resolutions.

Man Group's Stewardship team oversees all proxy voting activity at the firm level. Our voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. Details of our voting policy is available on the Man Group website.

Voting Process

Vote all meetings

Our aim is to vote at all meetings for our holdings where we have the legal right to do so. Unless directed otherwise under the terms of an investment mandate, Man Group's general policy is to vote on issues in the same fashion for all of our clients unless a client reserves specific instructions or there are other compelling circumstances.

In line with voting policy

Man Group generally actively vote on every holding in client portfolios in accordance with its voting policy guidelines, unless otherwise restricted within separately-managed client accounts or limited because of exposure to synthetic instruments. Although we generally vote in accordance with the recommendations of our proxy voting service provider, based on the application of our custom policy, we retain our right to determine and exercise the final voting decision. In addition, if a Portfolio Management team or client provides Man Group with specific instructions as to the manner in which a proxy should be voted, we will endeavour to follow such instructions, notwithstanding that they may not be in accordance with our voting policy. We expect our investment teams to be aware of the corporate structure and governance of our holdings, both for financial and non-financial ESG issues. Further, we facilitate the implementation of specific client requirements which, in the US, may include Taft-Hartley guidelines for clients under such requirements.

In the case of fund of funds, such as those managed by Man FRM, our investment specialist and advisory business, we consider voting an important right to be exercised and part of the external manager's duty. While those underlying managers hold the discretion to vote, we do make it clear that active stewardship is preferable. We believe that approaches to proxy voting, including abstention, may constitute part of a manager's investment thesis.

Man Group's Stewardship team maintains documentation of all proxy voting decisions which are contrary to Man Group's voting policy. Man Group's Stewardship Committee meets quarterly to review the firm's approach to stewardship activities and voting activity.

Departures from best practice

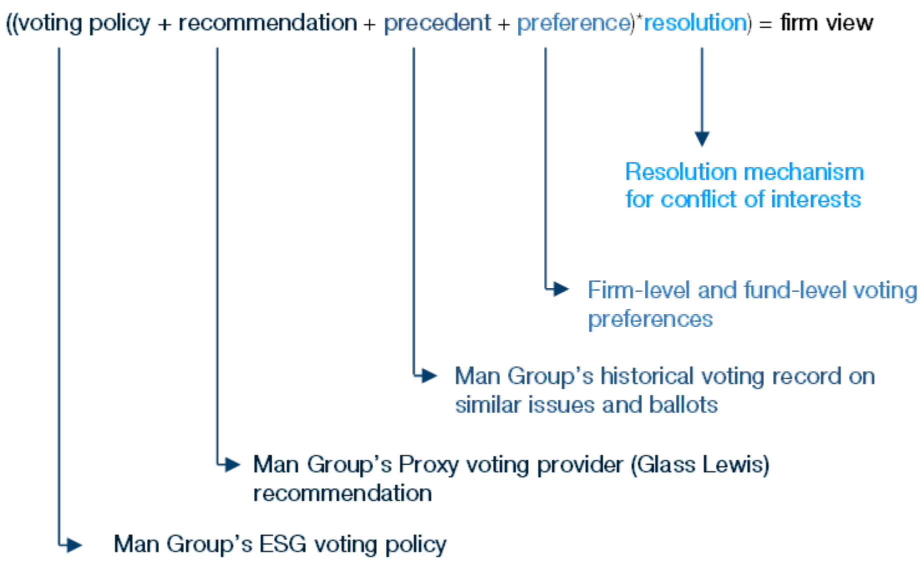
Regarding departures from best practices in corporate governance, Man Group believes that the 'comply or explain' approach is the foundation of corporate governance in the UK and Ireland. While our proxy voting service provider operates a policy-based approach, we recognise that, in certain cases, there may be a good reason why non-standard corporate governance arrangements fit a company's particular circumstances. When assessing the quality of a company's explanation, our proxy voting service provider follows the guidance provided by the Financial Reporting Council ('FRC') in the UK Corporate Governance Code (the Governance Code). Should a company not sufficiently comply or effectively explain a failure to abide by the Governance Code, we would expect our proxy voting service provider recommend a vote against management which we would follow unless there were extenuating circumstances.

The nature and topic of these interactions can be wide-ranging, including matters relating to stewardship and corporate governance practices. They may also include long-term corporate strategy ambitions, board issues (remuneration, composition and independent representation), financing, corporate actions such as potential acquisitions or divestitures, exposure to non-financial ESG risks and overall corporate performance metrics.

Differing opinions on a vote

Given the number and diversity of investment teams at Man Group, we recognise that situations may arise in which investment teams form differing opinions on a proxy vote. In such circumstance, Man Group maintains a process designed to consider all perspectives, weighing them against management recommendations, recommendations from our proxy adviser, the advice of Man Group's Stewardship team and, when required, guidance from our Stewardship Committee, in order to arbitrate a decision that is transparent and in line with best practice.

Figure 12.1



Circumstances where we would refrain from voting

It should be noted that, in exceptional cases, we may choose to refrain from voting due to additional costs associated with the vote which we believe are not beneficial to our clients. A primary example is where there are restrictions placed on trading. If share blocking applies to a meeting, we think that the disadvantage of being unable to sell the stock generally outweighs the benefit of voting. In addition, some jurisdictions may require documentation that is difficult or costly to obtain as a condition to voting. From time to time, Man Group funds may also hold equity positions purely for financing purposes. The net result of these holdings is that we have no economic interest in the issuer in which case we would seek to refrain from voting to prevent instances of empty voting.

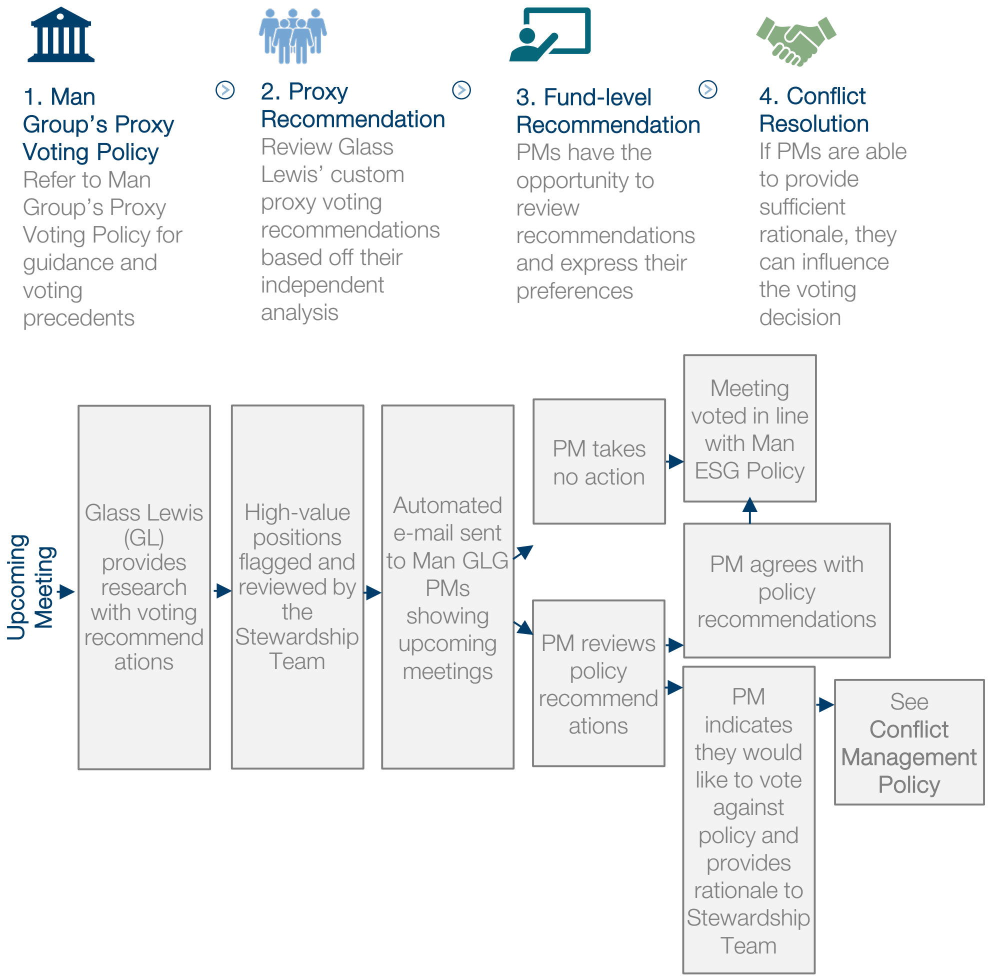
Other asset classes

For other asset classes where a vote may be permitted, such as fixed income and private equity positions, the Stewardship team will be alerted to any meeting as and when they occur. A case-by-case approach is taken with the Stewardship team seeking the opinion of the respective investment team on how to vote, if at all. These opportunities are voted on a best-efforts basis and require certain documentation to be completed. In the past year, there have been examples of such meetings within the North American, European and Asian markets.

Pass-through voting

We are mindful of growing interest from certain clients and other asset owners in directly participating in certain general meeting issues through so-called "pass-through voting". Allowing clients to influence and instruct voting in segregated and pooled accounts is something we are exploring. To date, we have no formal processes in place in this regard but we remain open to different ways that we can serve our clients to meet evolving expectations of stewardship practices and standards.

Figure 12.2



Man Group's Proxy Voting Guidelines

Our custom voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. We understand that not all companies can fit a single model of governance and that best practice, regulatory requirements and corporate governance codes within different markets require a balanced and bespoke voting approach. We endeavour to conduct a fair level of research and consider the context and explanations provided by investee companies when making voting decisions. Nevertheless, our voting policy also comprises global best practice guidelines and areas of focus that we believe should be considered across all regions.

Our voting policy is active uniformly firm-wide across all investment engines. The policy is subject to annual review by the Stewardship team, primarily in the Autumn, with assistance from Glass Lewis, and any updates routinely apply from January of each year. Prior to going ahead with any voting policy amendments the Stewardship Committee is contacted.

The latest amendments took effect from January 2023 and include a strengthening of climate requirements, as-well-as further conditions regarding diversity and human rights. The renewed policy takes a stance on “say-on-climate”. Management-sponsored votes seeking approval of climate transition plans are evaluated based on several factors, including the request of the resolution, the level of board oversight, disclosure of emissions and targets, and the company’s capital allocations and expenditures.

Use of Proxy Voting Services

We are supported by a third-party proxy voting service provider to vote proxies on our behalf. Our proxy voting service provider Glass Lewis assists us in assessing corporate governance considerations and in providing voting recommendations for investee companies according to our voting policy.

We use Glass Lewis’s voting platform ‘Viewpoint’ to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Glass Lewis is an advisor only. We retain the ability to override any vote decisions.

Monitoring our voting rights

On a daily basis, an automated list of Man Group accounts that hold cash equities is sent by Man Group to Glass Lewis. We are alerted by Glass Lewis when new Man Group accounts are set-up on Proxy Edge, the ultimate voting platform managed by Broadridge. There is then an internal process co-ordinated by the Stewardship team to realise whether we have authority to vote. If the account has not been set up for voting where it should be this can then be set-up. Another aspect to this is the details the Stewardship team receive from the New Business team when new funds are set up across the various investment engines within Man Group. A similar process is then required to identify the existence of voting rights and for setting up the account for proxy voting if required. These systems allow us to monitor what shares and voting rights we have.

Our Proxy Voting Framework – Significant Votes

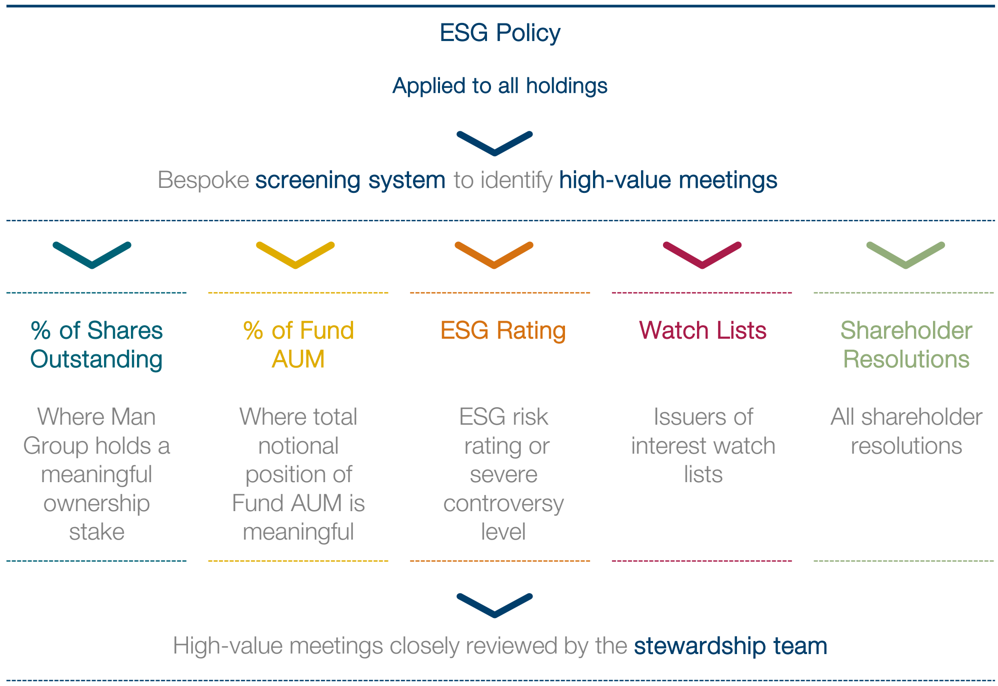
Our voting framework employs screening to identify high-value meetings. Any prepopulated votes for such meetings are manually reviewed by the Stewardship team. This allows us to monitor the quality and accuracy of the research and voting recommendations provided by our third-party provider Glass Lewis and to keep up-to date with the governance system and practices of these companies.

Our screening combines an internal metric on deemed importance of the meeting with the ESG rating from a third-party provider (Sustainalytics). It also includes watch lists of sensitive securities, such as issuers Man Group is engaging with and high-profile events. Finally, all shareholder resolutions are reviewed and voted in house.

- % of Shares Outstanding: Where Man Group holds a significant ownership stake
- % of Fund AUM: Where total notional position of Fund AUM is meaningful
- ESG Rating: Poor ESG rating or severe controversy level
- Watch lists: ‘Issuers of interest’ watch lists
- Shareholder Resolutions: All shareholder resolution

Figure 12.3

Man Group's Proxy Voting progress



Synthetic Instruments

As previously noted, Man Group manages a number of strategies where it is a normal practice to hold certain positions through synthetic instruments such as equity swaps. Where positions are expressed through synthetic exposure, the underlying ownership of the position is held by a prime broker. While synthetic instruments carry the benefit of lower transaction costs, they also make it possible to express short positions in strategies such as UCITS funds that prohibit outright short sales of physical positions. For securities where we choose to own synthetic instruments, we maintain economic ownership, benefiting from the distribution of cash dividends and share splits. However, we do not own the underlying shares and, consequently, are limited in exercising our voting rights for those companies.

In the event that an investee company where we own synthetic exposure proposes a voting recommendation that we disagree with, we may choose to inform the company about our views and potentially convert our synthetic position to physical share ownership to better express our voting intentions. If we choose not to convert our synthetic position to physical share ownership, we will have no rights or means of influence for the holding. Synthetic instruments like equity swaps are designed to be held at arms-length with the prime broker. Prime brokers, themselves, may not even own the underlying physical position as there is no requirement for them to hold an equal and opposite hedge. Lastly, synthetic instruments can best be characterised as cash not physically settled. As such, while Man Group may or may not choose to swap out of the synthetic instrument into the physical position, it should be noted that conversion is not always an automatic right.

Stock Lending

Stock positions lent on behalf of Man Group funds are done so through our custodial agency stock-lending program. Because Man Group has no direct management in the running of this scheme, we do not typically engage in stock recalls, however we will occasionally request for shares to be recalled in order to vote if the meeting is deemed to be important by the Stewardship team on a case-by-case basis.

Transparency and Reporting

Man Group publishes details on proxy voting activity on its RI website on a quarterly basis, including overall firm voting data at a meeting, ballot and proposal level. Viewers will note that Man Group does not automatically support management proposals. Companies may be informed of our dissenting vote upon which some may choose to conduct follow-up discussions to understand our rationale for voting against or abstention. Because of the breadth and number of investment strategies across Man Group, we do not publicly display voting activity at a fund level. However, Man Group does make fund and strategy-level voting activity available for clients upon request. In addition, Man Group also makes fund and strategy-level voting activity available for all investment teams within our proprietary Man Group ESG Analytics Tool.

As a general reporting format, Man Group will provide the following voting disclosure data as illustrated below: meetings attended and voted; ballot overview including votable ballots and ballots voted; and proposal overview including votable items, items voted, votes against, votes abstain, votes with policy, votes against policy, votes with management, votes against management and votes on shareholder proposals.

Engagement Activities and Engagement and Proxy Voting Outcomes Reporting

2022 in Numbers

Voting Recap - In 2022, Man Group:

- Voted at **7,201** meetings
- Voted on **74,100** resolutions
- Opposed more than **9,300** resolutions globally
- Voted against management at **48.01%** of meetings
- Engaged with **176** companies
- Supported **98.01%** of environmental-related resolutions
- Most common topic of engagement: **Climate Change**

Engagement

Number of companies engaged: **176**

Number of countries covered: **25**

Direct Engagement

Number of companies engaged: **58**

Number of interactions: **205**

Collaborative Engagement

Number of companies engaged: **120**

Table 12.1

Man Group Voting Overview, 2021

Meetings	Number	Percentage
Total	7353	-
Voted*	7201	97.93%
Unvoted	4	0.05%
Meetings with at least 1 vote against management	3457	48.01%

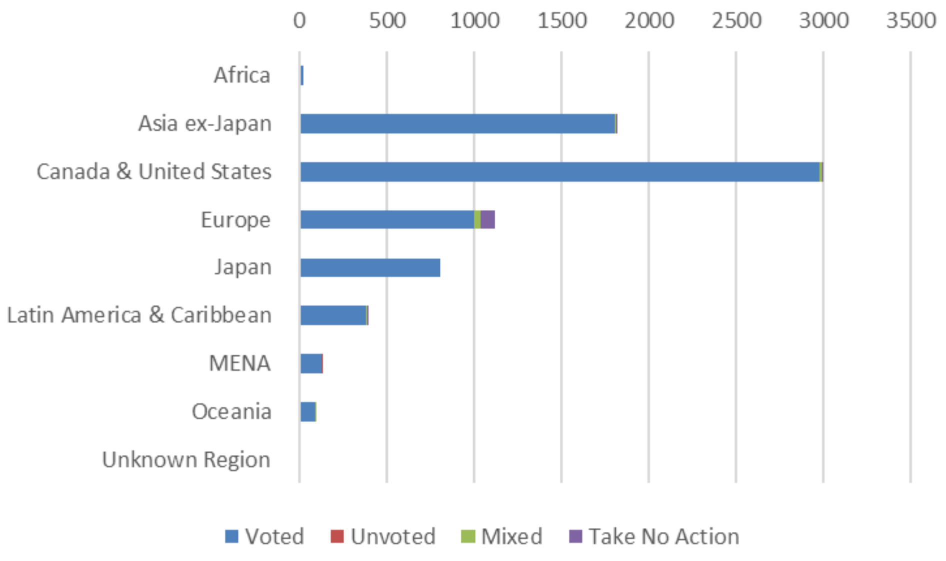
Ballots	Number	Percentage
Total	33739	-
Voted*	33213	98.44%
Unvoted	70	0.21%

Proposals	Number	Percentage
Total	76083	-
Voted*	74100	97.39%
Unvoted	8	0.01%
Votes against	9342	12.61%
Votes abstain	704	0.95%
Votes with policy	73881	99.70%
Votes against policy	58	0.08%
Votes with management	63307	85.43%
Votes against management	9976	13.46%
Votes on shareholder proposals	1435	1.94%

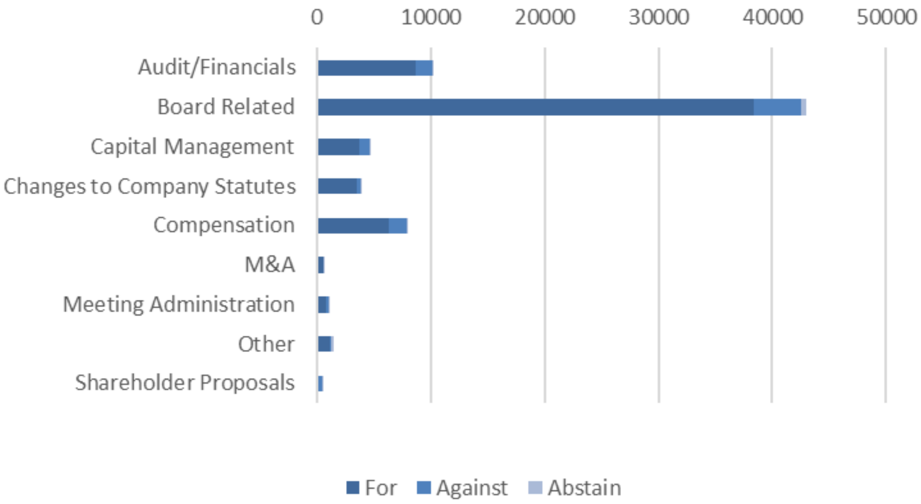
* Excludes Take No Action (TNA). In line with our voting policy, in exceptional cases, we may TNA due to additional costs associated with the vote which we believe are not beneficial to our clients. This includes share blocking and equity positions held purely for financing purposes (meaning that our clients have no economic interest in the issuer).

Figure 12.4

Votes by region - Year 2022



Votes by topic - Year 2022



Votes on shareholder proposals - Year 2022

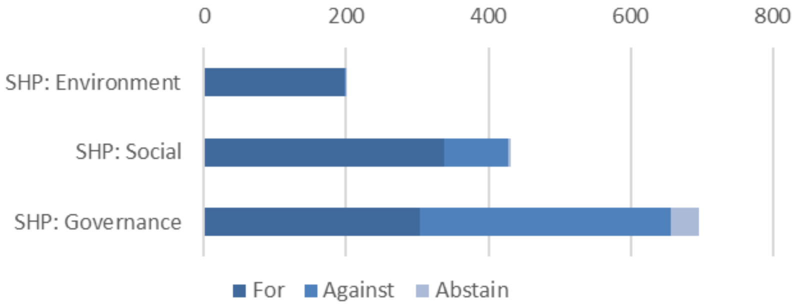


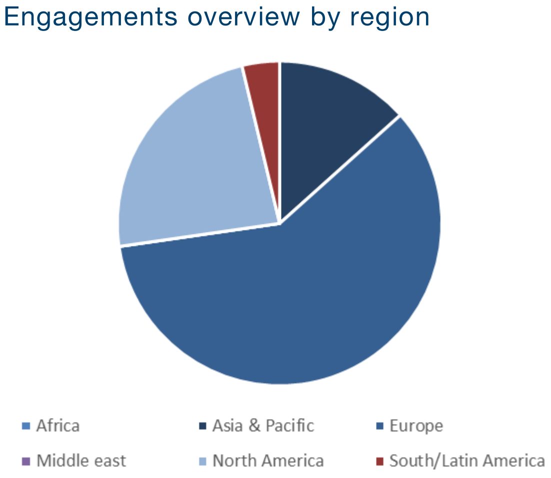
Figure 12.5

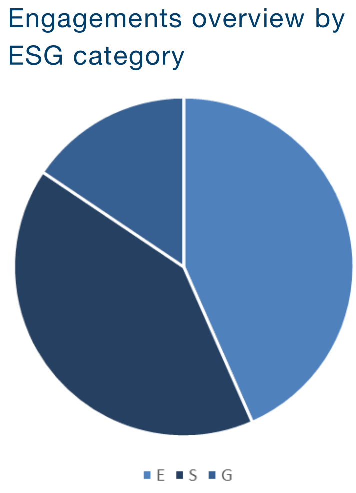
% Votes in favour of shareholder resolutions FY22

*Reasons for opposition were in instances where the proposals were considered detrimental/not environmentally positive. Our Voting Policy supports shareholder initiatives that request additional disclosure on behalf of a company or are otherwise environmentally or socially positive, and not conversely aimed at limiting disclosure or consideration of key issues

**2022 saw a significant rise in the number of 'Trojan Horse' or 'anti-ESG' shareholder proposals. These proposals are generally put forward by critics of companies' progressive efforts on environmental and social matters and aim to curb efforts and advancements in ESG. Although historically this type of proposals has received minimal shareholder support, we note that recently many of these proposals have modelled traditional ESG proposals and received higher support from shareholders as a result of their composition. Although our voting policy is distinguished by its high level of support for environmental and social resolutions, we endeavour to read and analyse all shareholder resolutions based on their merits.

Figure 12.6





Top five engagement topics

1. Climate Change
2. Human Rights
3. Health
4. Biodiversity
5. Compensation

Table 12.2

Engagement results

Success	21
Positive progress	118
Flat progress	25
No success	23

Voting & Engagement Highlights

- In 2022, we voted on 74,100 management and shareholder proposals at more than 7,000 meetings, voting against management on at least one agenda item at 48.0% of meetings.
- To compare, in 2021, we voted against management on at least one agenda item at 40.1% of meetings. The primary reason for the increased opposition was the strengthening of our custom voting policy, in two key areas: climate, including related risk mitigation and disclosure, and diversity.
- We continued to promote good corporate governance and high ESG (Environmental, Social and Governance) standards with the application of our Global Proxy Voting Policy, voting in favour of 98.0% of environmental-related and 78.0% of social-related shareholder proposals.
- As a result of our voting record, we were ranked by ShareAction, in their recent report Voting Matters 2022, as the seventh best asset manager supporting resolutions on climate and social matters[3].

[3] Source: ShareAction, Voting Matters 2022 report.
Awards and/or ratings are for information purposes only and should not be construed as an endorsement of any Man Group company nor or of their products or services. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are determined.

- We engaged with 176 companies across 25 countries on ESG issues (58 direct engagements and 129 engagements in collaboration with other shareholders). Climate Change, Human Rights, Health, Biodiversity and Compensation were key areas of discussion.
- In 2022, we focused on several high profile and deep engagements, including our work in relation to shareholder resolution co-filings. With this being more resource and time intensive it had the effect of decreasing our overall number of engagements for the year but it meant a more active stance in terms of stewardship.
- Looking forward to 2023, our custom voting policy has been reviewed, effective for shareholder meetings on and after 1 January 2022. The policy has been strengthened in the following key areas: diversity, human rights, and climate strategy, targets, and oversight.

Engagement Case Studies

Case Study 1

JFE Holdings Inc

Region: Asia & Pacific

Sector: Materials

Industry: Metals & Mining

Topic: Climate Change

Objective: To secure a commitment for JFE Holdings to strengthen their emissions reduction target.

Background: JFE Holdings is a Japan headquartered corporation. Through its subsidiary, JFE Steel, the company is the second largest steel producer in Japan, both in terms of installed capacity and market capitalisation. In 2020, JFE Steel revenues represented more than 60% of the corporation's total revenues, while contributing to 99% of its total emissions. In terms of both their headline target for emissions reduction, and their stated strategy for achieving it, JFE lag behind their steel producer peers.

Approach: An investor group comprised of Man Group, Storebrand, and the Australasian Centre for Corporate Responsibility (ACCR) engaged with JFE Holdings ahead of the company's annual general meeting. This comprised of a letter, followed by multiple meetings with management, discussing the ambition of existing targets, the strategy to achieving them, and whether current incentives for management via the remuneration policy were sufficiently aligned with these goals.

Outcome: The investor group successfully secured enhanced climate commitments from JFE Holdings, including: 1) A focus on exceeding its current 30% emissions reduction target by 2030; 2) Annual shareholder consultation on technology investment to meet target; 3) A commitment to link executive remuneration with company's medium term business plan.

Since the engagement, JFE Holdings announced it will switch one of its furnaces to electric around 2028, in contrast to statements made as recently as May 2021. The company also agreed to meet with Man Group's Stewardship team at the beginning of 2023, representing an on-going, constructive dialogue.

Case Study 2

HSBC Holdings plc

Region: Europe

Sector: Financials

Industry: Banks

Topic: Climate Change

Objective: To set and publish a strategy to reduce its exposure to fossil fuel assets, including a full phase out from coal, on a timeline aligned with the Paris agreement.

Background: In 2021, Man Group co-filed a shareholder resolution, together with 14 other institutional investors (representing $2.4 trillion in assets under management) and 130+ retail investors, which was co-ordinated by responsible investment NGO ShareAction, calling on the bank to reduce its exposure to fossil fuel assets, starting with coal, in line with the goals of the Paris agreement.

Following constructive engagement with ShareAction and the co-filing group, the bank committed to phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries, and to publish a new coal policy. Subsequently, due to the bank's positive response on climate policies and coal targets, the shareholder resolution was withdrawn.

In December 2021, HSBC announced its new coal phase out policy, which the co-filing group identified as failing to meet the red lines previously set out by investors. While HSBC's renewed coal policy was an important step forward, after previously lagging those of its European peers, certain important loopholes were identified.

Approach: Man Group co-filed a second shareholder resolution, together with 10 other institutional investors and retail shareholders, calling on the bank to close its fossil fuel policy loopholes. We participated in further constructive engagement, including various meetings and a collective investor letter outlining investors' expectations sent to HSBC.

Outcome: As a result of the engagement and investor pressure, HSBC committed to phase down financing of fossil fuels in line with limiting global temperature rise to 1.5C, as well as to update the scope of its oil, gas, and thermal coal policies by the end of 2022. Importantly, HSBC pledged to update the scope of its fossil fuel targets to cover capital markets activities by Q4 2022. The coalition of investors and ShareAction agreed to drop the shareholder resolution with the expectation that the bank followed through on its commitment with serious action.

In December 2022, as part of its new energy policy, HSBC announced it will stop funding new oil and gas fields and new metallurgical coal mines, introduce strict requirements for new clients relating to oil and gas exploration, and set an absolute thermal coal on balance sheet financed emissions target of 70 per cent reduction by 2030, among other commitments.

Case Study 3

Electric Power Development ("J-Power")

Region: Asia & Pacific

Sector: Utilities

Industry: Independent Power and Renewable Electricity

Topic: Climate Change

Objective: To set GHG emissions reduction targets aligned with the goals of the Paris agreement and for capex and remuneration to reflect these targets

Background: A coalition was formed between Man Group and the Australasian Centre for Corporate Responsibility ("ACCR"), HSBC Asset Management and Amundi, whom each individually held concerns in relation to J Power's climate commitments. Working collectively, the newly formed investor group agreed on several specific issues. These issues being that the company: has not set science-aligned short- and medium-term targets; is investing in prolonging the life of coal-fired power stations rather than rapid closure and diversification seems like a very large scale risk to shareholders that rests on an unclear evidence base, especially in relation to emerging or undeveloped technologies; does not publish an internal carbon price; and that its relationship with governments, in Japan and Australia, adds to the risk profile.

Approach: Man Group, as part of the wider investor group, co-filed the first institutional investor group-led climate shareholder proposals filed in Japan. The decision to file followed a series of meetings with the company and a letter exchange outlining the investor group's expectations. During this process it became evident that the company was not prepared to meet these asks.

Three proposals were filed: 1) set Paris-aligned emissions reduction targets; 2) disclose alignment of future capital investment against targets, and 3) disclose how its remuneration policy incentivises climate goals.

Outcome: The resolutions received 26%, 18% and 19% support, respectively, representing a strong call by J-Power shareholders to strengthen the firm's decarbonisation strategy and for continued engagement to monitor the company's response to these matters.

Case Study 4

J Sainsbury plc

Region: Europe

Sector: Consumer Staples

Industry: Food and Staples Retailing

Topic: Sustainable Proteins / Climate

Objective: To understand Sainsbury's progress to date on protein diversification, its long-term ambitions to diversify its product portfolio and improve the sustainability of its supply chain, and metrics development.

Background: This is a collaborative engagement as part of the FAIRR Sustainable Proteins campaign, supported by 84 investors with almost $23 trillion of AUM.

The campaign targets 23 global food companies, asking them to set time-bound commitments

Approach: Man Group joined FAIRR and six other investors for a meeting with Sainsbury's. The company was represented by its product experts and IR representatives.

Outcome: Sainsbury's recognises the climate mitigation potential of healthy and sustainable diets; it has included them in its net-zero strategy. The company uses a dual approach for sustainable proteins; It engages with suppliers to encourage them to produce healthier whole food protein products; and it drives consumer demand through marketing, increasing product offerings and integrating plant-based products into most of its product ranges.

Sainsbury's is shifting its focus from heavily processed plant-based proteins to more whole-food proteins and vegetables. The company is launching a product range to encourage customers to cook more whole-food protein recipes at home.

Sainsbury's is particularly hesitant to set a protein diversification target given the discrepancies in definitions. Additionally, the company is reluctant to report Scope 3 data due to the lack of standardisation on granular emissions data.

Case Study 5

Pennon Group

Country: Europe

Sector: Utilities

Industry: Water Utilities

Topic: Storm Overflows

Objective: To understand the potential financial, reputational and legal risks in connection with ongoing investigations into company operations. Also, to understand the company's response, including specific actions and timing to address those issues.

Background: Pennon Group's South West Water business is under investigation by The Water Services Regulation Authority ("Ofwat") and the Environment Agency ("EA") over possible violations involving its wastewater treatment works, namely unpermitted sewage discharges into rivers and watercourses.

Approach: The Stewardship team joined the GLG Water & Circular Economy Investment team for a meeting with the CFO and IR representatives to discuss the company's response to the situation, which has been widely reported in the press risking reputational damage for the company.

Outcome: The company provided some useful clarification on how they will achieve the 4-star rating by 2024 and why 2022 is still not there.

The same issue is common to many of the UK water utilities companies and Pennon's operations by beaches makes it more exposed to controversies regarding storm overflows. They made no direct comment on the investigations which was unsurprising.

Case Study 6

Inghams Group Ltd

Region: Asia & Pacific

Sector: Consumer Staples

Industry: Food Products

Topic: Climate Change

Objective: To encourage improved GHG reporting and the setting of meaningful GHG emissions reduction targets.

Background: This engagement formed part of a wider campaign targeting more than 30 companies identified as laggards regarding GHG reporting and target setting.

This is the first example of where the Stewardship team has focused an engagement campaign on the investment portfolio on one of our Numeric quantitative strategies. This pioneering effort is one that Man Group is uniquely positioned to undertake, given the firm's broad range of strategies, and our firm-level Stewardship team which represents each of the firm's five investment management businesses.

Approach: A letter was sent to each of the target companies which led to further detailed discussions with individual companies.

Outcome: The overall response rate to the letter was approximately 50%. One notable dialogue was a meeting with the COO at food products company, Inghams Group. The company believe it is premature of them to target net zero GHG emissions. A 2030 reduction target is in place which aims to cut Scope 1 and 2 GHG emissions by 43% against a 2019 baseline. The company highlighted that Its GHG emissions disclosure will become more granular over the coming years, including Scope 3 to be published in 2024. In addition, it was said that ESG KPIs will likely be a consideration for executive pay in 2024.

Case Study 7

Unilever

Region: Europe

Sector: Consumer Staples

Industry: Personal Products

Topic: Consumer health and product portfolio

Objective: To encourage open and transparent reporting on the healthiness of product sales and promote the inclusion of ambitious targets to grow share of healthier products as a proportion of sales.

Background: Man Group's engagement with Unilever is part of ShareAction's *Long-term Investors in People's Health* ("LIPH") initiative. Following a successfully engagement with Unilever - beginning in late-2021, in which a shareholder proposal had been filed and withdrawn - the company announced that it would measure the sales of its products against major government-endorsed Nutrient Profile Models ("NPM") and its own proprietary model, representing what would be a new benchmark for public reporting the healthiness of its product portfolio.

Approach: In September 2022, to hold Unilever to account on the integrity of its proposed reporting, and subsequent target-setting, the ShareAction-led investor group held a meeting with Unilever to discuss the detail of their approach to reporting on the healthiness of their portfolio. This discussion included the government-endorsed NPMs, which would be used to benchmark their own *Unilever's Science-based Nutrition Criteria* ("USNC"), and how they would report on the findings.

Outcome: In October 2022, Unilever announced that they would be raising their nutritional targets for 85% of product servings to meet the company's USNC. This is a significant step forward and sets Unilever our as a leader among its international food manufacturer peers. The engagement group continues to meet with Unilever, with future meetings to take place in 2023.

Case Study 8

Korian

Region: Europe

Sector: Health Care

Industry: Healthcare providers and services

Topic: Patient care

Objective: To encourage improved GHG reporting and the setting of meaningful GHG emissions reduction targets.

Background: Following the publication of *Les Fossoyeurs* by Victor Castanet, an exposé into the allegations of malpractice and negligence by leading French healthcare group Orpea, and subsequent investigations by the French authorities, an investor group led by Sycomore Asset Management as part of UNI Global Union's initiative to raise labour standards and quality of care in nursing homes, has sought to engage with European competitor, Korian.

Though not subject to the same levels of public scrutiny as Orpea, there have been similar concerns and reports into systemic issues in the health and social care provision by all large nursing home providers.

Approach: In efforts to engage constructively, the engagement group met with management throughout 2022 to discuss both; the company's mission and business model; interaction between mission committee and other governance bodies; communication with investors; and specific areas for improvement, such as KPIs on staffing levels. Korian is an example of Man Group engaging on an exclusively fixed-income position.

Outcome: Engagement with Korian throughout 2022 has encouraged to the company to adopt an *entreprise à mission*, or 'mission-led' corporate structure. This is a French legal framework that requires a company to align social and environmental objectives with its business model. It has also enhanced specific targets to improve working conditions and quality of care, as well as its suite of disclosures.

Case Study 9

The FAIRR Initiative

Region: Global

Sector: Consumer Staples

Industry: Food Products

Topic: Waste and Pollution

Objective: This FAIRR Initiative seeks to address animal waste mismanagement and nutrient pollution.

Background: Per the initiative's stated goal, the initiative aims understand the biodiversity, climate and social risks arising from manure mismanagement at every level of the chain: 1) their own facilities, 2) owned or contracted farms, 3) upstream feed crops and 4) downstream once it leaves those facilities and farms.

This initiative targets 10 listed pork and chicken producers with material market shares in their respective markets, based in North America, Asia, Latin America, and Europe. The engagement also includes two agrichemical companies, whose services include the nutritional extraction from manure.

In backing this initiative, Man Group proudly joins an investor group representing over $8tn in AUM.

Approach: In November 2022, Man Group joined the investor letter to all target companies. This letter asks each company to disclose a full assessment of how manure is managed in their supply chains and which concrete actions they are taking to manage the associated risks, such as nutrient pollution.

Following initial responses from target companies, the next step is to meet with companies to understand what more can be done to improve their impact on biodiversity through waste and pollution, allowing for the opportunity to escalate engagement if required.

Outcome: This engagement marks the beginning of extensive engagement with the companies targeted by the initiative into 2023, with the first meetings to be held in the new year.

Case Study 10

Carlsberg A/S

Region: Europe

Sector: Consumer Staples

Industry: Beverages

Topic: Water waste and usage

Objective: Seek reassurance on the credibility of targets relating to water usage and waste.

Background: This engagement formed part of a wider campaign targeting more than 30 companies identified as laggards regarding GHG reporting and target setting.

This is the first example of where the Stewardship team has focused an engagement campaign on the investment portfolio on one of our Numeric quantitative strategies. This pioneering effort is one that Man Group is uniquely positioned to undertake, given the firm's broad range of strategies, and our firm-level Stewardship team which represents each of the firm's five investment management businesses.

Approach: Man Group approached Carlsberg in a formal letter seeking to address our primary concern over whether the targets are achievable, and second, in the face of acute water risk in a number of the areas in which it operates – particularly in India and China, whether the rollout of innovative technology and practices by undertaken in areas where they will have the greatest impact.

Outcome: Following their response to the letter, and subsequent email correspondence. They confirmed that some facilities in high water risk areas will be the first to adopt the innovative technology and practices. It was also stated that the current inflationary environment would not impact the timeline for this.

Proxy Voting Case Studies

Please note the organisations and/or financial instruments mentioned below are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

Case Study 11

Barratt Developments plc

Region: Europe

Sector: Industrials

Industry: Household Durables

Topic: Board Diversity

Meeting Date: 17 October 2022

Resolution: Director re-elections – Nomination Committee members

Our vote and rationale: Changed from AGAINST to FOR following discussion with company – Lack of women on the board

As at the 2022 AGM, two of the eight (25%) board members were women, falling short of requirements of the Hampton-Alexander review and our own in-house proxy voting policy. The board composition did not comply with these guidelines due to the standing down of a woman from the board at the AGM. In engagement prior to the AGM, the company explained that the recruitment process for an additional woman to the board is near completion and that the successful candidate will soon be announced. Given the mitigating circumstances provided by the company, together with the company's record on gender diversity at board-level, we made the decision to change our stance and vote in support of the board.

Vote Result: Resolutions approved – The Board Chair, who also Chairs the Nomination Committee, received significant shareholder dissent, at c. 21% – other Nomination Committee members received c. 11% dissent.

Case Study 12

Shell Plc

Region: Europe

Sector: Energy

Industry: Oil, Gas and Consumable Fuels

Topic: Climate

Meeting Date: 24 May 2022

Resolution: Election of Directors - Catherine J. Hughes

Our vote and rationale: AGAINST - Failure to adopt a science-based GHG emissions reduction target

Shell plc operates as an energy and petrochemical company worldwide. The company operates through Integrated Gas, Upstream, Oil Products, Chemicals segments. Shell faces significant risks due to increased regulation and investor scrutiny on account of climate change. Although the company has set interim targets on the way to achieving its net zero ambition, covering Scopes 1, 2, and 3 emissions, these targets are not certified as science-based and the company was assessed as "not aligned" with sectoral Paris Agreement benchmarks in the short term, and "national pledges" in the medium- and long-term, according to the Transition Pathway Initiative. Our voting policy was updated in 2022 to include a stronger focus on environmental risk mitigation and enhanced climate disclosure. For Climate Action 100+ companies, which are the highest-emitting companies and thus have significant exposure to climate-related risks, the policy considers the level of governance afforded to climate change, the disclosure provided and the way these companies incentivize executives to mitigate climate-related risks. On the election of directors, the policy considers whether the company has set or has committed to setting a science-based emissions reduction target through the Science Based Targets Initiative (SBTi). We voted against nominee Hughes, Chair of the E&S Committee, due to the company's failure to adopt science-based targets.

Vote Result: Resolution Approved – The resolution received 98.46% support from shareholders. We remain concerned about the company's target setting and will continue to monitor the company's progress on this area and take appropriate action.

Case Study 13

Grafton Group

Region: Europe

Sector: Industrials

Industry: Trading, Companies and Distributors

Topic: Climate

Meeting Date: 28 April 2022

Resolution: Compensation - Remuneration Report

Our vote and rationale: AGAINST - Failure to incentivize mitigation of material E&S risks

Grafton Group plc engages in the distribution, retailing, and manufacturing businesses in Ireland, the Netherlands, and the United Kingdom. The company provides comprehensive disclosure of the executive compensation policies and structure, but we find the link between compensation and environmental and social criteria insufficient, especially for a company with a significant degree of exposure to environmental and climate-related issues. For Climate Action 100+ focus list companies and those where SASB has deemed GHG emissions to be financially material, our policy considers the extent to which executives are incentivized to act in ways that mitigate a company's climate impact. We voted against the company's remuneration report as we believe the current structure fails to provide sufficient incentives in that regard.

Vote Result: Resolution Approved – The resolution was approved with 89.45% of shareholders voting in favour. We would like to see the company's enhancing its remuneration framework in line with our comments and will continue to request a more robust link between compensation and environmental and social factors.

Case Study 14

Nike, Inc.

Region: North America

Sector: Consumer Discretionary

Industry: Textiles, Apparel and Luxury Goods

Topic: Shareholder Rights

Meeting Date: 9 September 2022

Resolution: Election of Directors - Elect Michelle A. Peluso

Our vote and rationale: WITHHOLD - Multi-class share structure with unequal voting rights

NIKE, Inc., together with its subsidiaries, designs, develops, markets, and sells athletic footwear, apparel, equipment, and accessories worldwide. The Company maintains a multi-class share structure with unequal voting rights, which we believe is not in the best interests of common shareholders. We favour the one-share-one-vote principle as an important safeguard for all shareholders. We voted against nominee Peluso in her capacity as Chair of the Corporate Responsibility, Sustainability and Governance Committee.

Vote Result: Resolution Approved – The resolution was approved with 87% of votes FOR. We will continue to advocate for the removal of unequal voting rights and expect the company to see the number of votes AGAINST as a reason to reconsider its current share structure.

Case Study 15

ASML Holding NV

Country: Europe

Sector: Information Technology

Industry: Semiconductors and Semiconductors Equipment

Topic: Compensation

Meeting Date: 29 April 2022

Resolution: Compensation – Remuneration Report

Our vote and rationale: AGAINST - Excessive termination agreement

ASML Holding N.V. develops, produces, markets, sells, and services advanced semiconductor equipment systems consisting of lithography, metrology, and inspection related systems for memory and logic chipmakers. We voted against the company's advisory vote on the remuneration report due to concerns regarding the terms of the former executive van Hout's termination package. While we acknowledge van Hout's tenure at the company, we note that the company has opted to retain full vesting of awards, which means van Hout will continue to receive awards for performance beyond the end of his mandate. We believe that awards should be pro-rated for time served and that the company did not provide a robust rationale as to why it will allow the entire grant to vest contrary to best practice.

Vote Result: Resolution Approved – The resolution was approved with 84.59% of shareholder support. However, the relative high level of dissident (15.41%) is a clear signal of dissatisfaction with the company's position.

Case Study 16

Chevron Corp.

Country: North America

Sector: Energy

Industry: Oil, Gas and Consumable Fuels

Topic: Climate

Meeting Date: 25 May 2022

Resolution: Shareholder Proposal - Report on GHG Targets and Alignment with Paris Agreement

Our vote and rationale: FOR - Favour increased environmental reporting/responsibility

Chevron Corporation, through its subsidiaries, engages in integrated energy, chemicals, and petroleum operations worldwide. The company operates in two segments, Upstream and Downstream. Given the nature and scope of the company's operations, we believe Chevron to be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come because of climate change. We voted in favour of the shareholder proposal requesting the company to set and publish medium- and long-term for its Scope 1, 2 and 3, consistent with the goal of the Paris Climate Agreement, as we believe the establishment of medium- and long-term emissions reduction targets can signal longer-term priorities and ambitions and help shareholders understand how the company's is responding to climate-related risks.

Vote Result: Resolution Rejected – The resolution received 32.6% of shareholder support. Although it did not pass, the significant level of support is indicative of an increased climate focus and interest from shareholders.

Case Study 17

Apple Inc

Country: North America

Sector: Information Technology

Industry: Technology Hardware, Storage and Peripherals

Topic: Civil Rights

Meeting Date: 4 March 2022

Resolution: Shareholder Proposal – Civil Rights Audit

Our vote and rationale: FOR - Favour improved disclosure

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services. We supported the shareholder resolution requesting that the company oversees a third-party audit analysing adverse impact of policies and practices on the civil rights of stakeholders as we believe it is crucial for companies to address issues of equity and inclusion. We think that undertaking the requested audit would help to identify and mitigate potentially significant risks and that it is important for shareholders to be able to assess efforts through reporting.

Vote Result: Resolution Approved – Despite management recommending shareholders to vote against the proposal and the fact that it is only advisory, the resolution received almost 54% of votes in favour, prompting Apple to say that it will follow through on the proposal.

Case Study 18

Citigroup Inc

Country: North America

Sector: Financials

Industry: Banks

Topic: Diversity

Meeting Date: 26 April 2022

Resolution: Shareholder Proposal - Non-discrimination Audit

Our vote and rationale: AGAINST - Shareholder proposal is anti-social

Citigroup Inc., a diversified financial service holding company, provides various financial products and services to consumers, corporations, governments, and institutions in North America, Latin America, Asia, Europe, the Middle East, and Africa. We voted against the shareholder proposal requesting that the company commission a non-discrimination audit analysing its impacts on civil rights and non-discrimination for 'all Americans' given the underlying supporting statement which raised questions regarding the objective of the resolution, including the suggestion that anti-racism and diversity programmes raise significant objection and foster reverse discrimination against White people. The proponent, National Center for Public Policy Research, has filed numerous shareholder resolutions over the past few years with the intention to fight ESG-aligned practices and policies. We are mindful of the recent rise of anti-ESG proposals that mimic many aspects of positive shareholder proposals but in fact intend to frustrate company actions.

Vote Result: Resolution Rejected – The resolution was rejected with 97.05% of shareholders voting against.

MKT007785/ST/GL/W/300424