



Response to ESG Questionnaire Man Group

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Introduction

The issue of defining ESG and how individual companies express their specific values is now at the forefront of many of our clients' minds. We have researched SRI funds for many years now and have a separate rating category, but we acknowledge that this is now a mainstream strategy for an increasing number of investors and ESG issues are impacting all funds, not just those designated responsible or SRI.

In order to understand each company's stance on ESG factors at the corporate level, and how this is built into the investment managers' research and process we ask all our rated fund managers four questions:

- Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.
- Please provide an overview of how ESG is integrated into your business.
- Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.
- What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

The responses given by Man Group are shown here.

1. Please provide an overview of any Responsible Ownership/Stewardship strategy that your business follows.

Firm Plans

Going forward, we plan to continue exploring innovative ways of incorporating ESG criteria in the investment decision-making process, engaging in meaningful stewardship of our holdings, and actively participating in industry-wide initiatives to promote Responsible Investment (RI) and lead the way in setting standards for alternative asset managers.

We have identified several key areas of focus over the next 12 months including, but not limited to:

- **Leveraging our climate expertise:** we believe our rigorous, thoughtful, and data-driven approach puts us in a strong position to assist clients in reducing the systemic risk of climate change while identifying opportunities in the transition towards a low carbon economy. We have invested in multiple climate-related data sources and plan on launching additional climate strategies, with a focus on climate solutions. We now have 2 full-time climate scientists to evaluate existing systematic portfolios and develop new approaches for modelling climate change impacts.
- **Launching new RI products:** we expect to significantly improve our mix of RI/ESG-managed strategies through EU SFDR alignment as well as the development of new strategies. Specifically, we are looking to expand our range of impact and climate-focused strategies.

- **Leveraging our expertise in alternatives, data and quant investing:** we strive to apply RI to commonly shunned areas and have developed unique ESG frameworks on non-corporate assets.
- **Enhancing RI Research capabilities:** we continue to expand our RI Research resources and capabilities, with specific focus areas including Biodiversity Loss and Impact measurement frameworks.

Responsible Investment

Man Group's Responsible Investment Policy can be accessed via Man Group's [Responsible Investment site](#). The policy outlines our approach to RI and how we incorporate ESG into our investment process across our multiple investment engines. Please also question 2 for further details on our RI integration approach.

Stewardship

At Man Group, we recognise that RI is fundamental to our duty to act in the best long-term interests of our investors, shareholders and stakeholders. We understand the importance of sound stewardship in managing investors' capital, and our approach to RI ensures that our interests and values are closely aligned to those of our clients and shareholders.

As a proud signatory of the UN-supported Principles for Responsible Investment, Man Group views ESG analysis as fundamental to investment risk management.

The [Man Group Engagement Policy](#) and [Voting Policy Summary](#) detail how Man Group exercises voting rights, how it manages actual and potential conflicts of interest, and the ways in which it engages with companies it invests in.

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:

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

Recent Progress

Man Group is making strides in aligning with climate goals, achieving net zero targets, and enhancing stewardship capabilities. Man Numeric, in conjunction with the RI team and climate scientists, has developed an advanced climate-focused alpha model. This model assesses climate-related risks and opportunities as part of Man Group's commitment to environmentally conscious portfolio management. We are on course to achieve a 50% reduction in portfolio carbon intensity by 2030, with a 46% decrease already realised across approximately 41% of our managed assets, benchmarked against 2019 levels. Separately, our [Annual Stewardship Review](#) provides detailed accounts of our engagements, highlighting significant climate resolutions with HSBC and collaboration with institutional investors to co-file against J-Power in Japan to address climate challenges.

Please see below for further information on Net Zero and our climate capabilities.

Net Zero

Man Group signed up to the Net Zero Asset Managers initiative in June 2021 and has thereby committed to supporting investing aligned with net zero emissions by 2050 or sooner. The firm already has a significant focus on Responsible Investment and ESG, and this commitment complements the progress already made on climate objectives across RI investing, stewardship, and industry advocacy. 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.

Specifically, we have committed to:

- 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').

- 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.
- Review our interim target at least every five years.

Man Group's interim target:

1. 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
2. A portfolio decarbonisation reduction target on the aforementioned portion of AUM: 50% reduction in weighted average carbon intensity ('WACI') by 2030, compared with a baseline WACI as at the end of 2019.

Man Group's interim targets have been approved by the Net Zero Asset Managers initiative. Please see [here](#) for more information.

For our initial percentage of AUM to be managed in line with net zero, we included listed equities and corporate bonds after assessing that these asset class methodologies were the most robust. Some strategies/asset classes have been excluded from our initial commitment due to insufficient data and methodologies:

- We are currently reviewing methodologies and data for incorporating sovereign assets, unlisted companies and direct real estate investments.
- NZAM methodologies do not cover/are not applicable to some of the other asset classes we trade such as commodities.
- In our initial AUM figure, we have excluded certain systematic strategies due to lack of adequate methodologies and the directional nature of these strategies which leads to volatility in emission figures.
- There are some assets managed by external managers within our fund of funds business, which for the time being we are excluding.

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 align their business models, set forward-looking targets and disclose their emissions.

Climate

Man Group is made up of a broad range of multi-asset, multi-strategy businesses that represent a unique intersection of perspectives. This along with our net zero commitments necessitates Man Group addressing climate-related issues through a variety of ways, including negative screening, traditional ESG integration, quantitative ESG integration, norms-based screening, and engagement led processes.

While Man Group gives investment teams the autonomy to self-determine and manage their ESG and climate exposures we are focused on providing managers across the firm with training, tools and resources to analyse climate and ESG factors across our broad array of investment strategies. Available across the firm, Man Group's proprietary ESG Analytics Tool collates emission related data from Trucost and allows investment managers to analyse their portfolio against a benchmark. It produces two scores: the Carbon Intensity score, and the Impact Ratio. Please note that coverage is dependent on data availability.

We believe that meaningful stewardship is central to the management and mitigation of climate risk. In 2023, climate change was a key priority engagement theme, and we prioritised asking companies to: 1.) publicly disclose their GHG emissions, 2.) set reduction targets, 3.) align these targets with the goals of the Paris Agreement (science-based targets). We also understand the importance of corporations and investors working alongside one another to achieve the common goal of limiting the impacts of climate change and have participated in a number of collaborative engagements to improve corporate climate commitments.

Further to integrating climate in investment decision-making processes and engaging in climate stewardship, Man Group also actively participates in a number of industry-wide initiatives and groups on climate such as Climate Action 100+ and the Institutional Investors Group on Climate Change ('IIGCC'). Man Group's team also produces research and thought leadership on climate, including; significant contributions to the CFA's *Climate Change Analysis in the Investment Process*, and our podcast, *A Sustainable Future*, which has featured a number of climate experts, and Man Institute research pieces.

Our dedicated Responsible Investment team continues to review our firm-wide RI strategy on a regular basis. Please speak to your relationship manager for further updates on this.

2. Please provide an overview of how ESG is integrated into your business.

Responsible Investment

Man Group takes a diversified approach to RI across its investment engines and strives to be a leader across all asset classes and investment strategies. 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 and sometimes conflicting expectations, approaches and applications of ESG are actively debated. Despite our different approaches to RI, we apply a set of core efforts to underpin every portfolio we manage, for Man Group as a whole, these core efforts include:

1. **Stewardship:** We recognise that effective stewardship goes beyond just applying exclusions to the proactive and we seek to use our resources, rights and influence to exercise positive change in the companies in which we invest.
2. **Research and Data:** We aim to identify and address ESG-related risks and opportunities via deep fundamental analysis and our proprietary quantitative ESG model.
3. **Advocacy and education:** Man Group is actively building industry influence and educating our staff while promoting best practices and education in ESG to our stakeholders.

The below graphic outlines our rationale for ESG integration and how each of the facets listed above feed into our approach:



Each of our investment engines build on these firm-wide efforts to design differentiated RI policies that credibly address Responsible Investment in a way that is aligned with their investment philosophy.

Please note that we will always consider the preferences of our clients. We recognise that our clients may have different investment priorities and, in fulfilling our duty, we consider ESG factors that support their investment objectives.

Corporate Sustainability

Corporate Sustainability (CS) is an essential element of Man Group's business proposition. It sets out the standards we believe are appropriate and necessary in meeting the needs of our stakeholders. In practice, this covers the way we conduct our business and interact with our people, investors, clients, suppliers and the wider communities in which we operate, as well as mitigating our environmental impact. We are committed to making Man Group a more socially responsible firm – not only as stewards of our clients' capital, but also as an employer and member of society.

Please review the attached [Corporate Sustainability Brochure](#) for further detail on how Man Group looks to meet our commitment to: our people; diversity, equity and inclusion; our climate; ethics and conduct; human rights and equality; our communities; our service providers; and to delivering operational resilience.

Performance Review

Man Group's RI capabilities are reviewed on an annual basis by external third-parties such as the Principles for Responsible Investment and the UK Stewardship Code. Further details of both can be found on our [Responsible Investment webpage](#). Separately, Man Group maintains a number of internal non-financial KPIs to demonstrate our commitment to our people, communities and the environment. Information on KPIs such as 'Women in senior management roles' and 'ESG-integrated AUM (\$bn)' can be found on page 21 of our [2023 Corporate Annual Report](#).

3. Does your business have a policy of excluding any companies or sectors from all strategies managed? If yes, please provide further details.

Man Group has two exclusionary policies. We have a firm-wide mandatory exclusion policy that is applicable across the firm and a more expansive Responsible Investment ('RI') exclusion list that is voluntary and applied to funds that have a defined ESG approach.

Typically, Man Group does not try to impose restrictions on investments that managers may make. One exception to that rule is that we will not buy stocks that are in controversial industries, such as *Banned Weapons*, no matter how well they fare from a financial perspective.

Consequently, Man Group has established a ***firm-wide zero tolerance threshold to limit the firm's exposure to Banned Weapons***. The funds we manage are not permitted to directly invest in or finance companies which our independent third-party specialist screening provider believe are involved in the manufacture, supply or distribution of weapons banned by international convention.

We consider the following weapons to be those explicitly banned by international convention:

- ***Anti-Personnel Mines*** – Anti-Personnel Mine Ban Convention (or Ottawa Treaty) ratified by UK through the Landmines Act 1998
- ***Biological weapons*** – Biological Weapons Convention
- ***Blinding laser weapons*** – Convention on Certain Conventional Weapons, Protocol IV on Blinding Laser Weapons
- ***Chemical weapons*** – Chemical Weapons Convention
- ***Cluster munitions*** – Convention on Cluster Munitions (or Oslo Treaty) ratified by UK through the Cluster Munitions (Prohibitions) Act 2010
- ***Non-detectable fragments*** – Convention on Certain Conventional Weapons, Protocol I on Non-Detectable Fragments

As mentioned above, **Man Group's Responsible Investment Exclusion List** is a more stringent policy and is applied to funds that have a stronger ESG focus than our base standard funds. This expansive restriction list

reflects international norms and conventions—effectively, global consensus—supporting the exclusion of three additional areas from strategies that have a further degree of ESG commitment;

Those areas are:

- **Nuclear Weapons** – Companies materially involved in the manufacture of Nuclear Weapons or depleted uranium - The Treaty on the Non-Proliferation of Nuclear Weapons (1968) which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China)
- **Tobacco** – Companies involved in the production of tobacco - The World Health Organization (WHO) Framework Convention (2003) on Tobacco Control with 181 parties commits to implementing a broad range of tobacco control measures
- **Coal Mining & Power Generation:** Companies where the production of coal or provision of coal-based energy represents more than 30% of revenues, with the exception of companies that generate less than 40% revenue from the production of coal or provision of coal-based energy that are on track to reach their 2025 target CO₂ emissions reduction in alignment with the Paris Climate agreement

Further information is available on Man Group's [Responsible Investment website](#).

Man Group offers clients the ability to express a specific worldview in their investment strategy. These strategies have included faith-based exclusions, restriction lists based on ESG scores and themes as well as single-stock exclusions. Man Group regularly structures investment strategies for its fund managers around specific ESG themes.

4. What improvements (if any) have been made over the past 12 months within your business to the points highlighted in the previous questions?

Firm Progress

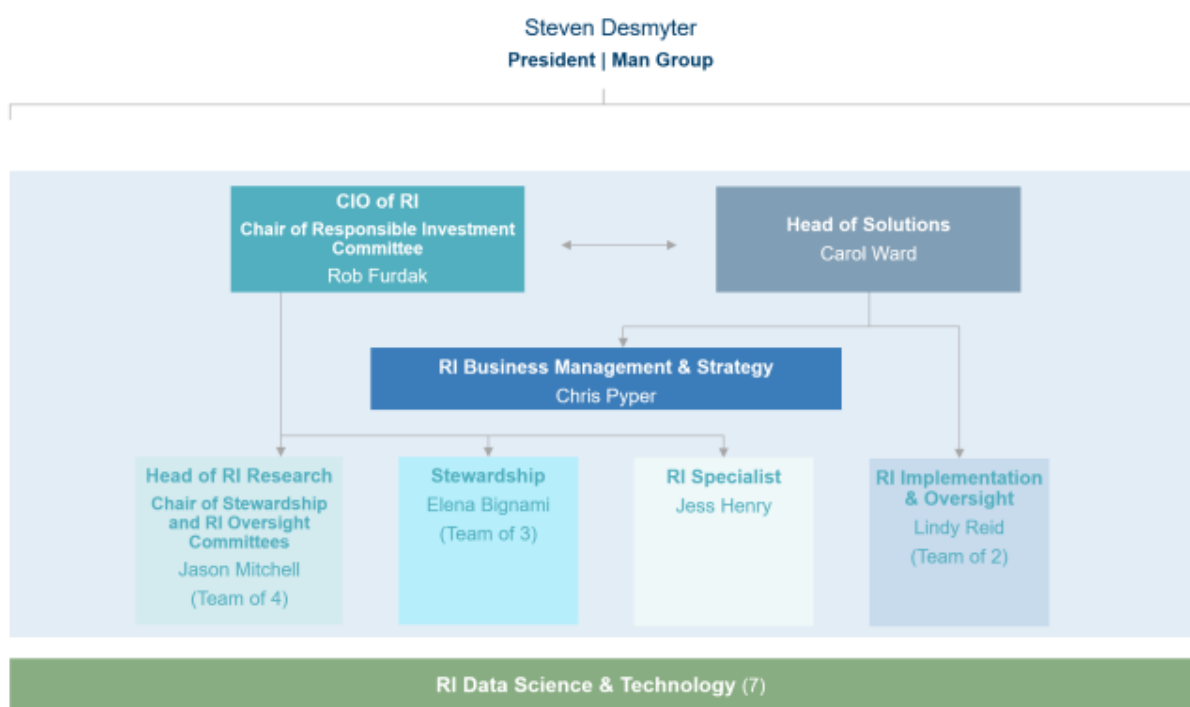
Some of our key achievements/progress in RI/ESG in the last 12 months:

Team Changes	Structural Overhaul	In the last 12 months, Man Group has expanded its RI team structure into several key areas to better integrate RI across the firm. These changes include: the introduction of an RI specialist to support subject matter knowledge across teams; an RI Business Management function to oversee the RI strategy; and, an Implementation and Oversight team to monitor fund compliance and regulation. Please see the image below the table for a visual representation of Man Group's RI team*.
Initiatives	UKSIF	Jess Henry has been elected as the Chair of the UK Sustainable Investment and Finance Association (UKSIF)'s Industry Development Committee in Q1 2024. UKSIF's Industry Development Committee works to determine the emerging and ground-breaking issues in advancing integration of sustainability factors into investment analysis.
	UN PRI's Reference Groups	Senior RI Research Analyst, Jess Henry joined the Principles of Responsible Investment ('PRI') Nature Reference Group. Members of this reference group feed into PRI's broader capacity building efforts on the topic of nature, including the development of relevant products and guidance.
		RI Research Analyst, Bowie Ko will be joining UN PRI Human Rights & Social Issues reference group, providing strategic advice on human rights and social work programmes.

Stewardship	Man Group's Stewardship team wins Environmental Finance award for 2023 - Asia	<p>Man Group's Stewardship team won the award for the first institutional-investor led climate resolution in Japan. Details on the resolution are highlighted below.</p> <p>Man Group worked as part of an investor group alongside Australasian Centre for Corporate Responsibility ('ACCR'), which co-filed three sets of resolutions for Electric Power Development, a Japanese electric utility company known as J-Power. This represents the first investor group-led climate shareholder proposal ever filed in Japan and is the result of several months of collaboration with the co-filing group and engagement with the Company. This co-filing sends a clear message to the investor community about concerns that J-Power's current decarbonisation strategy would see the company lose competitiveness as Japan moves to cut greenhouse gas emissions to net zero by 2050.</p>
	TotalEnergies Shareholder Resolution	<p>Man Group, together with 16 other investors (including Achmea IM, PGGM Investments and Sycomore AM) with AUM of approximately EUR 1.1 trillion, as well as the shareholder group Follow This, co-filed a climate-related shareholder resolution for the AGM of TotalEnergies SE. The resolution asks the oil major to align its 2030 scope 3 emissions reduction targets with the Paris Climate Agreement. The investor group is of a view that given its scale, capital, and knowledge, TotalEnergies has not made sufficient progress in supporting the world transition from fossil fuels to low carbon energy sources.</p>
	ShareAction Ranking	<p>In January 2024, Man Group was ranked 9th amongst 69 other asset managers who vote in favour of environmental and social shareholder resolutions in ShareAction's 2023 report. This report examines how the world's largest asset managers voted on over 250 environmental and social shareholder proposals in 2023. ShareAction is a registered charity that promotes RI and aims to improve corporate behaviour on ESG issues.</p>
	UK Stewardship Code	<p>UK Stewardship Code Signatory Status Reaffirmed in August 2023.</p>
Tools and Products	Man Group's suite of proprietary tools improved	<p>SDG Tool (Gaia): After the launch of Gaia last year which expresses how sustainable a portfolio is in percentage terms and its SDG alignment, the tool was nominated for the 'ESG Innovation of the Year' award at the ESG Investment Leaders Awards in October 2023.</p>
	Man Group's Sovereign ESG framework	<p>Man Group developed a new Sovereign ESG Framework to determine sustainable investments for countries that are E & S aligned and Doing No Significant Harm ('DNSH'). The framework uses ratings from multiple vendors coupled with principal adverse indicators ('PAIs') and human rights ratings.</p>
	Launch of new Article 8 and 9 funds	<p>Man Group has a number of RI focused funds across our investment engines including, discretionary, quantitative, and private market funds. We continue to expand our range of RI products and in Q1 2024 launched an Article 9 Climate Impact Bond strategy which focuses on financing climate solutions and net zero transition. Please contact your relationship manager for additional information on funds available in your region.</p>
	Carbon Dataset	<p>Man Group's Data Science and RI team have worked together to create a centralised carbon dataset, curating data from multiple data providers to improve coverage and data accuracy.</p>
Thought Leadership	Man Institute Publications and 'A Sustainable Future' Podcast	<p>We continue to share our insights on RI themes through the Man Institute channel - publishing articles, podcasts and in focus opinions. Some of the latest publications include:</p> <ul style="list-style-type: none"> ▪ 'The Path Less Travelled: Understanding Corporate Green Bonds', Man AHL

		<ul style="list-style-type: none"> ▪ 'A Sustainable Future', Jason Mitchell talks to Chris Stark, Climate Change Committee CEO, about UK's global climate leadership and the climate policy outlook for 2024.
	Responsible Investment Summit	<p>We hosted our inaugural RI Summit in November, bringing together academics and investors to discuss how a data-driven approach to responsible investing can help to create a more sustainable future. Topics included:</p> <ul style="list-style-type: none"> • A quantitative approach to biodiversity. • Sustainable Housing • Climate News and Investment Opportunities • Multi-asset Sustainable Portfolios
	Partnership with Colombia University	<p>In Q4 2023, we announced a partnership with the Columbia Center on Sustainable Investment (CCSI) to conduct research addressing how climate impact is defined and measured in fixed income and equity portfolios. We held our first on-campus research symposium in Q1 2024 with a number of investors and academics in attendance.</p>

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