MIFIDPRU Disclosure Report: Man Group Investments Limited

For the year ended 31 December 2022

Table of Contents

1 Overview

1.1 Background and scope

Man Group Investments Limited ("MGIL"), a wholly owned indirect subsidiary of Man Group plc, is authorised and regulated by the Financial Conduct Authority (firm reference number 185621) to provide services within the scope of the UK Markets in Financial Instruments Directive ("MiFID"). MGIL is subject to the prudential requirements of the Investment Firms Prudential Regime ("IFPR") contained in the FCA's MIFIDPRU prudential sourcebook for MiFID investment firms.

The disclosures within this document have been prepared in accordance with the requirements of MIFIDPRU 8.

MGIL is classified as a non-small non-interconnected ("non-SNI") MIFIDPRU investment firm.

1.2 Basis of disclosure

The disclosures within this document relate to MGIL on a solo firm basis, in accordance with the requirements of MIFIDPRU 8. The information in this document is based on MGIL's financial position at 31 December 2022, MGIL's accounting reference date. These disclosures will be made at least annually.

MGIL is exempt from the requirement to provide investment policy disclosures as it meets the conditions under MIFIDPRU 7.1.4R i.e. its average assets over the preceding four-year period are less than £300 million and it has no trading book business or derivative exposures.

These disclosures do not constitute financial statements and have not been (and are not required to be) audited by MGIL's external auditors.

2 Risk Management Objectives and Policies

The primary goal of risk management is to support the achievement of a firm's objectives within appropriate risk parameters in a controlled and regulatory compliant context. The risk universe and appetite of Man Group plc and its subsidiaries (together "Man Group") are defined in Man Group's Risk Appetite and Governance Framework (the "Framework"). The Framework details the universe of risks to which Man Group is exposed. The categorisation of risks set out in the Framework is embedded throughout Man Group's risk management practices to drive a common understanding and to ensure consistent articulation of risk across the business, at both a Man Group and individual MIFIDPRU investment firm level. Accountability for risk management is embedded throughout all layers of the business.

For each risk identified in the Framework, Man Group's Audit and Risk Committee ("ARCom") regularly receives a risk commentary supported by a risk dashboard. The risk dashboard is also presented to the Man Group plc Board on a bi-annual basis. The ARCom Chair will report to the plc Board on any material items identified in the risk commentary.

MGIL is a member of the UK-EEA investment firm group, headed by Man Group Limited (the "UK-EEA Group"). The risk dashboard is submitted to the board of Man Group Limited (the "UK-EEA Board"), with a focus on the risks and commentary relevant to the UK-EEA Group and the individual regulated firms within it.

Risk appetite is a description of the amount and type of risk that the Man Group plc Board considers appropriate in order to execute its strategy and is expressed both quantitatively and qualitatively via a number of risk appetite statements. These risk appetite statements cover both investment management risks and corporate risks. Management measures and monitors the magnitude of each risk and implements controls and processes to reduce and hedge exposures in order to ensure that they remain within the parameters of the Man Group plc Board's risk appetite. In the event of a breach of risk appetite, appropriate actions will be taken to bring the risk back within appetite. The risk appetite statements are reviewed at least annually by the Man Group plc Board.

Man Group's governance framework and control environment have been designed to manage risks in accordance with the plc Board's risk appetite, with a robust committee structure in place:

- *Man Group plc Board:* responsible for the framework of risk governance and risk management across Man Group as a whole.
- *UK-EEA Board:* responsible for final decision making and implementation of overall strategy for the UK-EEA Group in accordance with Man Group's risk appetite. The UK-EEA Board has adopted Man Group's delegated authorities to ensure that a consistent approach is adopted across the Man Group for all material business decisions.
- *MIFIDPRU investment firm Boards:* each investment firm is responsible for the implementation of the risk management framework at the individual firm level.
- *ARCom:* provides oversight and independent challenge in relation to internal control and risk management systems.
- *Executive Committee (formerly Senior Executive Committee):* accountable for all risks assumed in the business and responsible for the execution of appropriate risk management discipline within the framework of policy and delgated authority set by the Man Group plc Board and its Chief Executive Officer.
- *Risk and Finance Committees ("RAFs"):* provide a forum for the monitoring and independent challenge and oversight of financial, operational, reputational and regulatory risks and the adequacy of the control environment. The RAFs have a number of sub-committees representing business areas, regions and risk types. The various RAFs operate at different levels of the business, with one RAF allocated specific responsibility for the oversight of UK-EEA risk management.
- *Three lines of defence:* the overall risk management framework is based on a three lines of defence model:
    - The first line of defence is the business who are responsible for ownership, management and supervision of the risks within risk appetite, ensuring appropriate controls are in place to identify, report and manage risks.

- The second line of defence comprises Man Group's risk control functions who work with the business to establish the risk and control framework relevant to each area.
- The third line of defence is the internal audit function which provides independent assurance of the adequacy of the design and operational effectiveness of Man Group's risk management framework and control and governance processes.

Policy framework

Man Group has an extensive and comprehensive framework of policies to ensure that risk is managed within the Board's risk appetite. These policies include:

- *Man Group Authorities Summary:* sets out the authorisation framework which applies to decisions being taken across the business.
- *Man Group Risk policies:* support the Framework, covering the various types of risk as set out below.
- *Risk policies:* cover market, liquidity and counterparty risk for each investment manager.
- *First line of defence risk policies:* cover specific areas including treasury management and counterparty approvals.
- *Second line of defence compliance policies:* cover material regulatory risks.

Potential for harm

The material potential harms associated with MGIL's business are as follows:

- *Harm to clients:* material underperformance, disruption or determinent to a fund, mandate or investors in a fund product, which may also indirectly result in losses through compensation.
- *Harm to firm:* material detriment via direct losses, fines, censure, reputational damage, costs or disruption to key revenue-generating activities.
- *Harm to market:* material detriment or disruption to the public markets in which MGIL operates, through failure to meet expected market standards, obligations to counterparties or through anti-competitive behaviour.

The UK-EEA Group operates a group Internal Capital Adequacy and Risk Assessment ("ICARA") process. The ICARA process supports the UK-EEA Group and, by extension, MGIL, in its ongoing assessment of the risk of harm to clients, firm and markets and is used to determine whether the UK-EEA Group, and by extension MGIL, has adequate financial resources to enable it to:

- Remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from ongoing activities; and
- Conduct an orderly wind-down while minimising harm to consumers or to other market participants and without threatening the integrity of the wider UK financial system.

The ICARA assesses own funds requirements, concentration risk and liquidity and ensures that the UK-EEA Group and the MIFIDPRU firms individually hold own funds and liquid assets that are adequate for the business they undertake. In particular, the ICARA considers:

- What inherent risks do the UK-EEA Group and the MIFIDPRU entities within it face?
- What mitigating effects and actions are in place to offset these risks?
- What material harms do these risks post to clients, the UK-EEA Group/firm itself and the markets in which the Group/firm operates?
- Post mitigation, what is the assessment of capital and liquidity required to manage these risks on an ongoing basis?

The starting point for this assessment is Man Group's principal risks register since this underpins all risk processes and reporting across Man Group as a whole and also at a UK-EEA Group and individual MIFIDPRU investment firm level. Taking each principal risk in turn, we assess the application of these risks to the UK-EEA Group, the mitigants in place and undertake a material harms assessment. Finally, we assess whether the risk can be further mitigated through the holding of capital and additional liquidity.

The following risks have been identified as having the potential to materially harm clients, firms and/or markets. Set out below are the mitigating actions that are in place to reduce the potential for harm.

<table>
<tr><th>Risk type</th><th>Description</th><th>Mitigating strategies and processes</th></tr>
<tr><td>Business risk</td><td>Includes:
Investment underperformance, resulting in investor redemptions and lower fees, in turn limiting the ability to invest in the people and technology that deliver investment performance.
Strategic execution risk, resulting in the failure to achieve the firm's objectives.
Key person risk, potentially leading to increased operational risks or investment underperformance.
Regulatory change, potentially damaging the firm's business prospects.
Changes in tax rates or treatment that impact after-tax earnings.
Business risk presents potential material harm to both client and firm.</td><td>Risk controls and monitoring are in place across all risk types to reduce the probability and magnitude of losses.
Investment processes are in place to monitor performance and ensure the investment mandate of each product is being fulfilled.
Man Group focuses on hiring and retaining highly skilled professionals who are incentivised to deliver alpha within the parameters of their mandate.
A financials and capital forecast model provides estimates of future revenues and expenses based on a variety of future scenarios, including performance and redemptions.
Liquidity planning estimates the impact of the largest investor in each fund redeeming and provides comfort that there is sufficient liquidity to avoid gating.
Strategic execution risk is a key area of focus for Man Group's Senior Executive, Man Group plc's Board and the Board of the prudential consolidation group.
Man Group continually invests to stay at the cutting edge in technology and research so that funds continue to deliver the outperformance that clients expect and new product offerings are developed to cater to evolving markets and client requirements.
Business and investment processes are designed to minimise the impact of losing any key individuals. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.
Man Group operates a global compliance framework, resourced by experienced teams physically located in key jurisdictions. Emphasis is placed on proactively analysing new regulatory developments and communications to assess likely impacts and mitigate risks.
Man Group works closely with tax authorities to ensure it is being transparent about its activities and tax treatment.</td></tr>
<tr><td>Liquidity risk</td><td>A failure to maintain adequate capital and liquidity resources could arise from a sustained period of poor performance and outflows, a sustained period of costs exceeding revenues, a large operational event or mismanagement of resources.
In addition, liquidity risk includes the risk that investments held within funds prove difficult to liquidate in the event of redemption requests from investors.
Liquidity risk presents potential material harm to both client and firm.</td><td>A $500 million revolving credit facility ('RCF') provides Man Group and the Group with a robust liquidity backstop.
Liquidity assets (cash, money market funds, RCF, seed investments) are short dated. In contrast, liquidity liabilities are more distributed over time and larger payments can be well planned for.
Capital and liquidity forecasting, including downside cases, action triggers and surpluses to regulatory thresholds, facilitates planning and informs decision making.
The business model has in-built flexibility to respond to lower revenue periods. For example, compensation is linked to fund performance for portfolio managers.
Dividends/distributions must be approved by the relevant Board of directors with due consideration to downside liquidity and capital forecasts.
Processes are in place to budget for, monitor and forecast costs. Strict sign-off controls are in place.</td></tr>
<tr><td>Market risk</td><td>The risk that movements in foreign exchange and interest rates negatively impact the firm's AUM, balance sheet and/or income statement.
Market risk is a potential harm to firm.</td><td>A financials and capital forecast model estimates future revenues and expenses based on a variety of future scenarios, including FX moves.
The FX exposures of all Man Group's subsidiaries, forecast and hedge effectiveness and the sensitivity of regulatory capital surplus to FX moves are reviewed on a monthly basis.
Interest rate risks from cash positions are partially reduced by offsetting risks to repo financing.</td></tr>
</table>

<table>
<tr><th>Risk type</th><th>Description</th><th>Mitigating strategies and processes</th></tr>
<tr><td>Credit (counterparty) risk</td><td>The risk that counterparty failure causes the firm or the funds it manages to suffer losses. Includes potential losses on deposits, prime brokerage accounts, derivatives and margins deposited.
Concentration risk is a component of credit risk.
Credit risk presents potential material harm to both client and firm.</td><td>
In line with risk appetite, core/material counterparty relationships are, wherever possible, with strong names with a global footprint and diversified business model. We expect them to be more robust to challenging markets.
Exposures are diversified across multiple counterparties, wherever possible, at a fund and firmwide level. We focus on strong commercial relationships with our core names that would facilitate a quick transfer of risk if necessary.
Counterparties are centrally approved and subject to ongoing review by the Counterparty Monitoring Committee which meets at least bi-monthly.
A daily counterparty monitoring process highlights worsening of credit ratings, CDS spreads and other quantitative early warning signals.
If there are counterparty concerns in the first instance any fund and corporate cash deposits and excess funding/margin are withdrawn from the counterparty. If the situation worsens a detailed exit plan is prepared which may involve closing or migrating positions to alternative counterparties.
Money market funds in use are AAA-rated due to investing only in short-dated UK or US sovereign debt.
The firm has a robust operational risk monitoring framework which makes a fund default and non-payment of fees unlikely. Aged debt monitoring identifies any delayed payments.
Any disagreements over manually invoiced fee amounts are settled through dialogue and agreement. In the past 10 years there have been no legal escalations.
In the event of a client default there is a reasonable expectation of full recovery of fees, albeit with a delay. In addition, the material exposures are typically with highly rated clients and so a default is unlikely.
A robust liquidity management and operational risk monitoring framework makes a default unlikely.
Risks are small and well diversified across many counterparties.
Employee benefit and insurance providers and tax authorities have high credit ratings.
</td></tr>
<tr><td>Operational risk</td><td>Includes the risks associated with:
Corporate process failure
IT and business continuity
Fund process failure
Model and data integrity
Information security and cyber crime
Third party process failure
Legal/litigation risk
Regulatory or investment mandate breach
Conflicts of interest
Fraud
Insider trading and market abuse
Financial crime
Operational risks are a potential source of harm to client, firm and market.</td><td>
The most important part of risk management is Man Group's culture – expectations are universally understood and adopted. All employees are risk owners empowered to identify and mitigate risks. Man Group's policies define and enforce acceptable behaviours and reward positive risk management conduct. We seek to learn constructively from errors without assigning blame, a message that is reinforced though senior management communications and annual mandatory training.
The independent second line of defence risk teams provide support, review and challenge across all aspects of operational risk and risk event management.
Business units and functions that carry significant operational risk conduct Risk and Control Self-Assessments ("RCSAs") for their key business activities. Risk owners formally identify and document their key risks and consider the design and effectiveness of the controls mitigating the risk as well as whether the overall control environment is sufficient and proportionate to the level of risk. These control assessments are factored into the overall risk assessment. Any material control gaps identified not consistent with risk appetite are documented as issues and escalated with corrective actions.
Operational risk events occur when an operational risk materialises into either a financial, regulatory, reputational or financial reporting impact (resulting in a gain or a loss) or where any one of these impact types was avoided by chance (a near miss). Any event occurring is identified and assessed for impact or control gaps with material events escalated to senior management. Independent review and analysis of events includes identifying the causal factors and whether the identified issues and actions are sufficient to reduce the likelihood of reoccurrence of events.
Key Risk Indicators (KRIs) are metrics that provide information about risk profile. They are designed to act as an early warning to risk owners of where there may be potential weaknesses in risk mitigation before any events occur. They also provide evidence of the effectiveness of risk mitigation. KRIs are
</td></tr>
</table>

Risk type	Description	Mitigating strategies and processes
		generally owned and reviewed by the relevant business unit. Any adverse trends or breaches of thresholds are escalated to management. • Business units and functions that carry significant operational risk operate Systems and Controls Committees ("SYSCs"). The purpose of the SYSCs is to identify, review, manage and monitor risks, including operational risk. The SYSCs will review and challenge the appropriateness of risk mitigation activity being pursued and will escalate material items to the Risk and Finance Committee. • Insurance is used to protect the firm from significant events in the tail end of the severity distributions. Man Group's insurance team and the insurance brokers work at each renewal to match policies and wordings to the specific risks faced.
Reputation risk	The risk that an incident or negative publicity undermines the firm's reputation, potentially leading to significant investor redemptions, issues with external financing or relations with investors and suppliers. A reputational incident may trigger a material harm to firm.	• Man Group's reputation is dependent on its operational and fund performance and the conduct of its employees. The governance and control structure mitigates operational concerns, and attention to people and investment processes are designed to comply with accepted standards of investment management practice.

3 Governance Arrangements

3.1 Management Body

In line with definition of Management Body provided under the MIFID II, the firm's Board of Directors has been identified as its Management Body. Accordingly, the term 'Management Body' shall have the same meaning as the Board of Directors for the purposes of this document.

The Management Body is collectively responsible for the long-term success of MGIL and recognises the importance of considering the interests of all stakeholders in its decision-making in order to discharge this duty. As MGIL is part of Man Group, the Management Body also ensures that Man Group-wide governance and risk management structures to which MGIL is subject are adhered to.

The Management Body has responsibility for MGIL's governance arrangements, including the oversight, implementation and execution of MGIL's strategic objectives, risk strategy, risk appetite, and internal governance structures. The effectiveness of the MGIL strategic objectives, risk strategy and governance arrangements are monitored by the Management Body whilst the day-to-day management of the firm is delegated to the MGIL senior management.

The Management Body meets quarterly, with additional meetings convened as required. Regular business of the MGIL Management Body meetings includes (but is not limited to) consideration of ad hoc matters affecting MGIL and briefings on MGIL business strategy, risk, financial reporting, compliance, technology, and information security. Consideration and review of the implementation of MGIL's governance structure is also undertaken. The Management Body also reviews frameworks and policies applicable to MGIL and considers remuneration matters for persons involved in the provision of services to clients on behalf of the firm.

MGIL is categorised as a non-SNI MIFIDPRU investment firm, however MIFIDPRU 7.3, concerning the establishment of risk, remuneration and nomination committees, does not apply, with oversight of such matters instead discharged by the Management Body.

Director conflicts of interest

The directors of MGIL do not hold any directorship positions within the scope of MIFIDPRU 8.3.1R(2). Man Group has a Global Conflicts of Interest Policy (the "Conflicts Policy") which outlines circumstances which constitute or may give rise to a conflict of interest and the procedures to be followed and the measures to be adopted in order to manage such conflicts. The Management Body of MGIL are required to comply with the Group's Conflicts Policy to prevent and manage any potential and actual conflicts should they arise.

3.2 Diversity, Equity and Inclusion

MGIL adopts Man Group's framework for diversity, equity and inclusion, including the approval by its Management Body of the Man Group Global Inclusion Statement. Man Group's culture is based on mutual respect for others, a commitment to prioritising diversity, equity and inclusion ("DE&I") and a zero tolerance approach to discrimination of any kind. Man Group's Executive Committee champions this and several of its senior management are involved in industry working groups and committees, enabling it to help drive change in the industry as well as within the Group. Man Group's work is coordinated by its DE&I Steering Committee, which progresses its initiatives and agenda under the umbrella of Drive, our global programme for the firm's DE&I initiatives. The Drive Steering Committee oversees five networks: Women at Man (WAM); Pride@man (for our LGBT+ community and its allies); BEAM (Black Employees and Allies at Man); Families at Man (FAM); and South Asian Network at Man (SANAM). It also oversees workstreams for NextGen; Disability; Neurodiversity; Social Mobility; Veterans; and Amigos de Man (a group for our Latin and Hispanic employees and allies).

Man Group is a signatory to the Woman in Finance Charter, the UK's Race at Work Charter and the United Nation's Global Compact on human rights, labour, environment and anti-corruption. Man Group has also joined the UK Government's Department for Work & Pensions scheme as a Disability Confident Committed employer, which seeks to ensure that disabled people have opportunities to fulfil their potential in the workplace. Further information is available in Man Group's 2022 Diversity, Equity & Inclusion Report which is available here: https://www.man.com/diversity.

4 Own Funds

This disclosure has been made using the template in MIFIDPRU 8 Annex 1R. All balances are as at 31 December 2022.

Table 1: Composition of regulatory own funds			
	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Table 2)
1	OWN FUNDS	46,918	
2	TIER 1 CAPITAL	46,918	
3	COMMON EQUITY TIER 1 CAPITAL (CET1)	46,918	
4	Fully paid-up capital instruments	25,785	1 - Called-up share capital
5	Share premium	-	
6	Retained earnings	21,133	2 - Profit and loss account
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Table 2: Own funds - reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to Table 1
		As at 31 December 2022 (£'000)	As at 31 December 2022 (£'000)	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Cash and cash equivalents	4,400		Not applicable
2	Debtors	58,621		Not applicable
3	Current asset investments	51		
	Total Assets	63,072		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	(16,154)		Not applicable
	Total Liabilities	(16,154)		Not applicable
Capital and reserves				
1	Called-up share capital	25,785		1
2	Profit and loss account	21,133		2
	Capital and reserves	46,918		

Own funds: main features of own instruments issued

Issuer	Man Group Investments Limited
Public or private placement	Private
Instrument type	Ordinary share
Regulatory classification	Common Equity Tier 1
Amount recognised in regulatory capital (£'000 as at 31 December 2022)*	25,785
Nominal amount of instrument (number of shares)	20,000,002
Issue price (GBP whole number)	1£
Accounting classification	Called-up share capital
Original date of issuance	12 June 1997 : 2 shares 28 November 1997 : 1,500,000 shares 1 January 2011 : 18,500,000 shares**
Perpetual or dated	Perpetual
Coupons/dividends	Discretionary dividends
Existence of a dividend stopper	No

* MGIL's functional currency is United States dollars (USD). The amount recognised in regulatory capital applies the USD:GBP exchange rate at 31 December 2022 to the USD value of the share capital reported in the audited financial statements, which is based on the exchange rate prevailing at the date of the change in functional currency or the date of issue, as appropriate.

** Converted from preference shares.

5 Own Funds Requirements

At all times, MGIL maintains own funds that are at least equal to its own funds requirement calculated in accordance with MIFIDPRU 4.3. Under MIFIDPRU 4.3, a MIFIDPRU investment firm's own funds requirement is the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5; and
- its K-factor requirement under MIFIDPRU 4.6.

A summary of these requirements at 31 December 2022 is shown below:

	Amount (£'000)
Permanent minimum capital requirement (PMCR)	75
Fixed overheads requirement (FOR)	5,538
K-COH	70
Total K-factor requirement (KFR)	70
Own funds requirement (higher of PMCR, FOR and KFR)	5,538

In addition to ensuring compliance with the own funds requirement above, MGIL is required to comply with the overall financial adequacy rule. The overall financial adequacy rule requires a firm to hold adequate own funds (the "own funds threshold requirement") to ensure that it is able to (a) manage the risks associated with its ongoing business operations that may result in material harms; and (b) wind down its business in an orderly manner. The own funds threshold requirement is the higher of assessment (a), assessment (b) and the own funds requirement.

As set out in section 2, MGIL is a member of an investment firm group which operates a group ICARA process. In accordance with MIFIDPRU 7.9.5, the assessed own funds required to cover the identified risks of the investment firm group are allocated to the firms within the investment firm group, including MGIL. MGIL maintains a separate wind-down plan.

6 Remuneration Policy and Practices

This Remuneration Disclosure Statement sets out the information that MGIL, being a non-SNI MIFIDPRU investment firm, is required to publish pursuant to MIFIDPRU 8.6 of the FCA Handbook.

The information provided in this Remuneration Disclosure Statement applies in respect of remuneration awarded for the MGIL's remuneration year which commenced on 1 January 2022 and ended on 31 December 2022.

6.1 Approach to remuneration

6.1.1 Summary of approach to remuneration for all staff

MGIL applies policies of Man Group, which cover remuneration for all Man Group staff.

The Man Group plc Board has appointed a Remuneration Committee to oversee remuneration matters within Man Group. The Remuneration Committee performs defined roles covering remuneration principles, policies and risk management, compensation, and shareholder engagement. The Remuneration Committee determines Man Group's remuneration philosophy and the principles and structure of its Remuneration Policy with the view to ensure that these support and promote the long-term sustainable success of Man Group and are in line with Man Group's purpose and values, business strategy, objectives, risk appetite and long-term interests and comply with all regulatory requirements and promote long-term shareholder and other stakeholder interests. Under its terms of reference, the Remuneration Committee reviews and approves all MIFIDPRU material risk taker ("MRT") compensation, with the Chief Executive Officer reviewing compensation across the firm, including for control functions.

6.1.2 Summary of the objectives of Man Group's financial incentives

The policy that underpins Man Group's approach to remuneration as stated in the Remuneration Committee's Statement of Remuneration Principles is (i) for Man Group staff to be measured against delivery on business objectives, risk management and compliance, measured through performance reviews assessing individuals' contribution and potential, and (ii) for Man Group staff's interests to be aligned with those of Man Group's shareholders and clients.

The key principles that underpin Man Group's approach are:

(a) Remuneration is structured to support corporate strategy and sound risk management;

(b) Employees' interests are aligned with those of shareholders and Man Group's bonus pool is drawn from profits;

(c) Incentives are designed to encourage behaviour focussed on longer-term strategic and sustainable performance; and

(d) Man Group's total remuneration is competitive against the talent markets from which it hires.

Man Group's business objectives include building the sustainable profitability and creating value for its stakeholders, which are achieved by managing risk within its governance framework. The purpose is to increase the effectiveness and potential of every Man Group employee by ensuring that individual objectives are consistent with overall business and department strategy, objectives and Man's long-term interests, accounting for the risk appetite and strategy, Man Group's policies and procedures, as well as the long-term effects of its investment decisions.

6.2 Identification of MRTs

6.2.1 Types of staff the firm has identified as MRTs

The Remuneration Committee approves the approach to determining which roles and individuals should be designated as MRTs for the purposes of the MIFIDPRU Code. It reviews this group annually and any additional MRTs identified during the year receive a notification to inform them of their status. Should any individual cease to be an MRT, such individual would also receive a communication.

6.2.2 Criteria used to identify MRTs

In determining the list of MRTs, the Remuneration Committee undertakes a risk mapping exercise and reviews the risk framework and responsibilities for risks to determine which Man Group staff could materially impact risk. In particular, the Remuneration Committee has applied risk mapping to review staff conducting the following roles (as well as any other roles which will or may direct that staff are identified as MRTs):

(a) Senior management (including members of the management body of a relevant MIFIDPRU investment firm);

(b) Risk owners identified through Man Group's internal Risk Appetite and Governance Framework;

(c) Any other risk takers whose professional activities have a material impact on the risk profile of the relevant MIFIDPRU investment firm;

(d) Any control function staff whose professional activities have a material impact on the risk profile of the relevant MIFIDPRU investment firm; and

(e) Staff members with total compensation which is in the same remuneration bracket as the risk owners identified in (a), (b) and (c) above) and whose professional activities have a material impact the risk profile of the relevant firm.

6.3 Key characteristics of remuneration policies and practices

6.3.1 Components of remuneration

Man Group's compensation structure comprises fixed and variable components as set out below.

(a) Fixed remuneration

- Base salary: the level of base salary awarded reflects a staff members' professional experience and organisational responsibility, as set out in their job description and terms of employment. Salaries are reviewed on an annual basis.

- Pension and benefits: Man Group provides a package of benefits focussed on employee health and wellbeing. Man Group does not award discretionary pension benefits.

(b) Variable remuneration

- Discretionary bonus (including deferred compensation): Discretionary bonuses are awarded on an annual basis and are based on performance assessments as outlined in paragraph 3.2 below. Individuals earning total compensation above a certain amount have a portion of their discretionary bonus deferred. A deferred share and/or fund award is granted in respect of the deferred portion, providing alignment with the long-term interests of shareholders and clients. Discretionary bonus awards for control functions are not linked to the performance of the business over which they have oversight and are instead determined based on the achievement of objectives linked to their functions, considering individual and Man Group performance, a proportion of which is deferred into shares and/or funds.

- Long-term incentive plan (LTIP): Man Group operates a LTIP for its executive directors, which is capped at 300% of salary. The vesting of the LTIP awards is linked to a range of financial metrics measured over a three-year performance period, with a further two-year retention period applicable after vesting. All share awards under the LTIP are conditional on satisfaction of performance conditions and unvested share awards under the LTIP are subject to forfeiture if the executive resigns (subject to the leaver rules in the LTIP), as well as being subject to malus and clawback provisions.

- Formulaic compensation: Certain Man Group staff members may be awarded their discretionary bonus based on either sales commissions or management and performance fees. All such compensation is discretionary compensation and subject to Man Group's standard deferral policies.
    - *Sales commissions:* Certain members of Man Group sales staff may receive a portion of their variable compensation based on an internal sales compensation structure designed to promote asset gathering and retention while aligning interests with clients.
    - *Management and performance fees:* Certain investment staff have management and performance fee sharing arrangements, through which such staff receive a pre-determined share of the net management and performance revenues from investment vehicles that they manage.

6.3.2 Performance criteria

Man Group's approach to remuneration is for staff to be measured against delivery on both Man Group's business objectives (listed in paragraph 1.2 above) and risk management compliance, measured through individual performance assessments. Individual objectives should be consistent with overall business and department goals and the risk appetite of Man Group.

The assessment of individual performance is set in a multi-year framework, with both financial and non-financial criteria being taken into account. This assessment takes into account both quantitative and qualitative criteria and is structured in a way that staff are encouraged to act in the best interests of clients.

The non-financial criteria used form a significant part of the assessment process and include an assessment of whether the relevant individual has complied with Man Group's policies and procedures, as part of which the Man Group Compliance and Risk functions highlight to HR any compliance or risk-related concerns arising during the relevant performance year. Non-financial criteria can override financial criteria, where appropriate. A negative assessment of overall compliance with policies and procedures by an individual may result in a reduction in the variable remuneration amount which would otherwise have been awarded to that individual. Such negative assessments are considered by the Audit and Risk Committee and any negative remuneration adjustment would be recommended to, and considered by, the Remuneration Committee.

The reporting line and performance assessments for the control functions are independent of the businesses they oversee with objectives linked to their functions and independent of the performance of the business unit that they control.

6.3.3 Framework and criteria used for ex-ante and ex-post risk adjustment of remuneration

Robust risk management is a fundamental feature of Man Group's business. Man Group's remuneration practices promote sound and effective risk management and do not encourage risk-taking that exceeds the Man Group plc board's risk appetite.

Man Group's bonus pool is based on profitability and set at the Remuneration Committee's discretion according to business conditions to ensure that variable remuneration does not limit Man Group's ability to strengthen its capital base. The principles underpinning the bonus pool calculations are reviewed by the Remuneration Committee, which includes the impact of current and potential risks together with an assessment of the timing and likelihood of receiving potential future revenues which are included in current reported earnings.

As mentioned above, Man Group's approach to remuneration is for staff to be measured against delivery on both business objectives and risk management compliance, measured through individual performance assessments. The qualitative criteria used includes an assessment of whether the relevant individual has complied with Man Group's compliance policies and procedures, as part of which the Man Group Compliance and Risk functions highlight to HR any compliance or risk-related concerns arising during the relevant performance year. A negative assessment of overall compliance with policies and procedures may result in a compensation adjustment as described in paragraph 3.2 above.

Deferring performance bonus into shares and/or funds is a critical element in managing risk as it exposes staff remuneration to risks comparable to those faced by shareholders and fund investors, thereby ensuring that their interests are aligned. Both the share and fund deferred awards are conditional awards and are subject to forfeiture in the event that (i) a participant resigns their employment or withdraws from a Man Group partnership, or (ii) a participant's employment is terminated for gross misconduct or is removed from a Man Group partnership for cause.

The Remuneration Committee has the ability to operate ex-post risk adjustments for certain individuals either through the application of malus and/or clawback:

- *Malus:* any award of deferred compensation under Man Group's share and fund deferral plans may be subject to malus adjustments, for example where the participant fails to meet the required standards of fitness and propriety; or if there has been a material failure of risk management or of other operational systems and controls in which the participant participated or for which the participant was responsible; or the participant's behavious caused or contributed to a material extent to either (a) the censure of any Man Group company by any regulatory authority or (b) a significant detrimental impact on the reputation of any Man Group company.

- *Clawback:* 100 per cent of variable remuneration paid to any MRT will be subject to clawback for a period of three years from the date on which it is awards. Clawback applies where the Remuneration Committee determines that the MRT (a) participated in or was responsible for conduct with intent or severe negligence which resulted in material losses to Man Group; or (b) failed to meet the required standards of fitness and propriety. Clawback also applies to buy-out awards, guaranteed bonuses and severance payments granted to an MRT.

Additional malus and clawback provisions apply to executive directors of Man Group plc. Details can be found in the Directors' Remuneration Report in Man Group plc's Annual Report.

6.3.4 Guaranteed variable remuneration

- *Guaranteed bonus:* guaranteed bonuses are only granted to new hires in respect of the first year of their employment. They are conditional on the individual being employed and in good standing on the payment date.

- *Buy-Out Awards:* buy-out awards are granted to new hires only, and are awarded only following confirmation through documentary evidence from the previous employer of the type and amount of deferred award being forfeited. The buy-out award is granted under Man Group's deferred share, fund and/or cash plans, depending on the instrument being forfeited. It is not more favourable either in amount, instrument type or vesting schedule than the award being forfeited.

- *Retention Awards:* retention awards are only granted on an exceptional basis to MRTs, and generally only in circumstances of significant restructure within the business.

- *Sign-on Awards:* sign-on awards are only granted to new hires and form part of the individual's total compensation for the purposes of determining the amount which is subject to deferral.

6.3.5 Severance pay

Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure. Staff may be entitled to severance payments in certain circumstances, subject to the maximum severance amount payable pursuant to Man Group's current severance practice.

6.4 Quantitative disclosures

6.4.1 Total number of MRTs identified by the firm

For the performance year 2022, 13 individuals were identified as MRTs in accordance with the MIFIDPRU Remuneration Code.

6.4.2 Total amount of remuneration awarded

	Senior Management, £M	Other MRTs, £M	Other Staff, £M	Total (All Staff), £M
Fixed remuneration	1.4	3.1	3.4	7.9
Variable remuneration	14.5	36.7	9.1	60.3
Total remuneration	15.9	39.8	12.5	68.2

6.4.3 Guaranteed variable remuneration and severance awards

	Senior Management, £M	Other MRTs, £M	Total, £M
Guaranteed variable remuneration awards			
Number of MRTs to whom guaranteed variable remuneration has been awarded	-	-	-
Total amount of guaranteed variable remuneration	-	-	-
Severance payments			
Number of MRTs to whom a severance payment has been awarded	-	-	-
Total amount of severance payments awarded to MRTs	-	-	-
Highest severance payment awarded to an MRT	-	-	-