Man

Statement of commitment

Man Group
Japan Stewardship Code

February 2024

INTELLIGENT RI

Introduction

The Japan Stewardship Code (the "Code") was first launched by the Financial Services Agency ("FSA") in February 2014, and is aimed at promoting medium to long-term growth at companies through encouraging investor engagement.

In March 2020, the FSA finalised and published the second revised version of the Code, following initial revisions in 2018. The most recent revisions include a focus on sustainability, including Environmental, Social and Governance ("ESG") factors, disclosure of voting rationale, and the application of the Code to asset classes other than listed equities.

Man Group fully supports the Code, applying its eight Principles across the firm's investment strategies.

This document provides Man Group's response to the Code detailing how we approach each Principle, in terms of policy and how we conduct business in practice.

Principles of the Japan Stewardship Code

1. Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
3. Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.
4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.
5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.
6. Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
7. To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.
8. Service providers for institutional investors should endeavour to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.:

Principle 1. Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients.

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.

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. 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.

We also recognise 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.

Firmwide approach

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 strategies to leverage resources across the business to drive sound ESG practices at all investee companies.

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.

We provide comprehensive reporting on stewardship policies and activities giving a balanced, fair and clear account of our stewardship priorities, including publication of our engagement and proxy voting polices, as well as our annual stewardship review. The Man Group RI website defines our commitment to RI and lists our RI and stewardship policies across our investment engines.

Principle 2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Man Group has a number of internal 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 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

The Stewardship Committee is responsible for resolving stewardship-related issues when deemed necessary (including both proxy voting and engagement), 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.

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, Portfolio Manager representatives, and Compliance (as a non-voting member).

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.

If there are no applicable guidelines for proxy with respect to a particular issuer as to which a material conflict of interest exists, 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.

For an issuer to avoid being listed there must be confirmation that there is no client relationship. We have a robust client onboarding process whereby the Proxy Watch List is updated at the earliest opportunity, including clients in co-mingled vehicles. As explained in the Voting Process section above, where voting rights have been retained by the client via a commingled vehicle or separately managed account we refrain from engaging on these positions.

Principle 3. Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

Monitoring through ongoing research and analysis

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.

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 Analytics Tool'). The Analytics 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 Analytics 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 Analytics Tool highlights the firm's collaborative, technology driven culture utilising our diverse expertise to design tools that help us achieve our purpose.

Monitoring through 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.

Our approach to engagement[1] 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.

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. The nature of Man GLG, Man Group's discretionary business, makes it most relevant in active ownership and stewardship activities.

These three dimensions are explained in more details under Principle 4, below.

[1] Only portfolio investments where Man Group's Investments subsidiaires adheres to its Stewardship Policy are represented in its engagement with investee companies.

Principle 4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Systematic Engagement

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

1. Identification

The process starts with problem identification using both quantitative and qualitative methods, as discussed under Principle 3. 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 focused on a single issue, allowing us to explore carefully chosen ESG problems each year with a larger number of companies.

2. Selection

From the list of potential targets, companies are selected 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.

3. Discussion

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

At the dialogue initiation stage, 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 a meeting (in-person or virtual) 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

Evaluation 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.

6. 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.

Collaborative Engagement

We see merit in efforts to collaborate on critical ESG-related matters through investor groups and initiatives and are therefore very much active in this space. Man Group recognises that, in pursuing the best interests of our clients, institutional investors have a responsibility to consider working with other investors and policy makers with the objective of protecting and enhancing shareholder value.

Fund-level engagement

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 European Sustainable Finance Disclosure Regulation ("SFDR"), with greater expectations of investments teams of Article 8 and 9 funds[2] to actively engage with investee companies on a range of ESG topics[3]. 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.

Escalation

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 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 file shareholder proposals offer increased leverage.

2. In summary, under SFDR:

- Article 8 SFDR Products (which promote environmental and/or social characteristics) must disclose whether and to what extent they invest in sustainable investments; and
- Article 9 SFDR Products (with a sustainable investment objective) must invest exclusively in sustainable investments, subject to certain limited exceptions.

[3] Article 6 products (products which are neither disclosing under article 8 or article 9 of SFDR) are typically expected to consider how sustainability risks may affect the financial performance of their product (unless non-relevant to the type of instruments).

5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

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 Analytics Tool.

As a general reporting format, Man Group will provide voting disclosure data as follows: 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.

In addition, our rationale for our proxy voting activities is determined by company-level research, research provided by out proxy service provider, Glass Lewis, and Man Group's custom proxy voting policy guidelines.

Key details of these guidelines are available in Man Group's Global Proxy Voting Policy Summary document. This provides a broad overview of some of Man Group's proxy voting guidelines, particularly where climate governance and human rights are concerned, and are designed to retain and promote shareholder value at investee company meetings where Man Group's voting policy is applied.

This document, in addition to Man Group's other Stewardship documents, can be found here: https://www.man.com/responsible-investment#_stewardship

6. Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

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.

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.

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.

Man Group's funds internally labelled as 'RI Dedicated' reflect an increased focus on ESG integration and stewardship and provide more thorough reporting to clients, such as quarterly portfolio commentary, proxy voting and engagement.

Reporting and transparency

Man Group's Stewardship policies and activities are made publicly available on our website. These include the following:

- **Stewardship Annual Review:** A document providing a summary of the key proxy voting and engagement activities of Man Group's firm-level Stewardship team from the previous year, including key achievements, voting and engagement statistics, and case studies. It is published on an annual basis.
- **UK Stewardship Code submission:** Since 2021, Man Group has been successfully accredited by the UK's Financial Reporting Council ("FRC") as signatories of the UK Stewardship Code. The Stewardship team at Man Group maintain, update and fulfil its submission on an annual basis, as required by the FRC.
- **Global Proxy Voting Policy Summary:** Please see Principle 5
- **Engagement Policy:** Details the ways in which Man Group engages with investee companies, as-well-as how Man Group exercises voting rights and manages actual and potential conflicts of interest.

7. To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

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.

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.

Our Stewardship team comprises three professionals. 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 approximately 10 professionals.

Man Group maintains and operates an internal oversight and approval process - the 'Engagement Escalation Matrix' - in which a wide range of stakeholders are informed of the Stewardship team's intention to participate in an engagement and are given the opportunity to consult on next steps, particularly in instances of public or high-profile engagement.

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.

Collaborative Engagement

Man Group participates in a number of collaborative engagement initiatives alongside research providers, civil society groups, and institutional investors. *Please see Principle 4 for more information*.

8. Service providers for institutional investors should endeavour to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.

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:

- Proxy Voting Providers
- 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

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 and meet with Glass Lewis to discuss their annual performance.

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 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.

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.

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 central to supporting our proxy voting, engagement, and reporting.

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.