

At Man Group, our commitment to Responsible Investment ('RI') is fundamental to our corporate strategy, both as a listed company ourselves and in the services we offer to our clients around the world.

We believe that material environment, social and governance ('ESG') risks and opportunities can impact long-term value creation for the companies in which our funds and mandates invest. In our approach to RI, we seek to manage financially material ESG factors alongside other investment risks. We believe that ESG complements traditional financial analysis, resulting in a more comprehensive assessment of a company's long-term prospects.

Our clients' preferences are of the utmost importance to us. We recognise that our clients may have different investment priorities, and where clients have sustainable investment goals, we consider ESG factors to support their investment objectives. Our firmwide RI Fund Framework is a proprietary ESG classification system, separate to regulatory classifications, which aims to establish coherent ESG categorisation across our offering (and is further described below). Man Group 'RI Informed' strategies incorporate some degree of ESG analysis into the investment process while the Man Group 'Sustainable Range' strategies are funds and mandates for which ESG factors are fundamental to the product design or investment objective. We also provide enhanced ESG reporting for our Sustainable Range strategies.

We are committed to our stewardship practices through engagement and voting, and we also recognise and accept our role as a thought leader in advancing the application of RI and engaging with regulators.

Our approach

As a diversified asset manager, we strive to be a leader in RI across asset classes and investment styles. We believe that the breadth of Man Group's investment capabilities means that the firm represents a unique intersection of perspectives – quantitative and discretionary, macro and multi-strategy, liquid and private markets – where competing expectations and applications of ESG are actively debated. We work to cultivate a range of approaches to identify and address ESG-related risks and opportunities.

The diversified range of alternative and long-only strategies across our investment teams seeks to apply the best practices of RI in the way that is most appropriate for the particular strategy, asset class and field of research. We believe that RI is best addressed through a combination of top-down and bottom-up approaches. Although we have a unified approach to RI across our firm with respect to organisation, policy frameworks, stewardship, analytics platforms and participation in industry activities, we do not impose a single house view regarding ESG integration at the strategy-level. We actively and intentionally cultivate a decentralised approach when it comes to ESG integration across our investment teams and strategies.

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

Across Man Group, our RI focus is on:

- **ESG integration and strategies:** we view ESG as a natural complement to traditional financial analysis resulting in a more comprehensive view of a company's long-term prospects and seek to integrate ESG concepts in our investment strategies.
- **Data-driven approach:** we use our data science expertise to analyse, innovate and apply ESG datasets. We approach the implementation of ESG factors with scientific rigour, staying true to the data and ensuring robust methodology.
- **RI research:** quantitative, academic and thematic considerations underpin our approach to RI research, which spans theoretical to applied research. We specialise in climate, human capital, nature and impact research to protect against risk and source alpha for our clients.
- **Stewardship:** as stewards of our clients' capital, we responsibly manage their assets to unlock long-term value.
- **Education and advocacy:** we are committed to promoting and raising awareness of RI within the firm and more widely across the investment industry.

This policy applies to all Man Group assets under management and is implemented for each asset class in the way and to the extent that RI can be most practically addressed.

We take a quantitative approach to building our understanding of RI. In the past, ESG investing lacked a clear definition, and at times, has been perceived as a qualitative process as opposed to a true investment factor. We believe this is changing. Our RI team is comprised of dedicated specialists who provide insight into specific ESG topics and pursue a diverse agenda of theme-based research in collaboration with our investment teams. As a part of our firm-wide strategic objectives, our vision is to be recognised as a leader in providing sustainable investment solutions to investors globally. We believe that the complementary approaches of 'mitigation' (to focus on addressing the root causes of climate change) and 'adaptation' (to focus on managing the effects of climate hazards and on resilience) need to be adopted globally to combat climate change in investment portfolios and in the real world. Aligned with our clients' needs, our goal is ultimately to find practical research outcomes that lead to improved ESG integration in our investment strategies and stewardship practices.

Within our broader climate framework, we focus on three key areas: (i) the physical cost of climate change; (ii) the transition cost of moving to a decarbonised global economy (including the stranded fossil assets left behind); and (iii) the opportunities of a greener world. We bring a rigorous approach to analysing the impact of climate change. For example, in Man Numeric, we have developed a proprietary climate projection system. In 2024, we have collaborated with the Columbia Center on Sustainable Investment to develop a framework for strategically investing in real world decarbonisation.

We continue to be thought leaders in the application of RI to less explored areas. For example, within financial instruments (such as commodity futures) or within non-traditional asset classes (such as direct lending, or real estate). This enables us to add meaningfully to the development of RI, on the quantitative side and across our discretionary strategies.

RI Fund Framework

Man Group has established an internal RI Fund Framework which is designed to define baseline requirements of ESG standards. There are three categories into which all strategies will fall:

- **The Base Standard:** Strategies that apply Man Group's firmwide exclusions and support our stewardship activities.
- **RI Informed:** Strategies that incorporate some degree of ESG analysis into investment decision-making.
- **Sustainable Range:** Strategies for which ESG factors are fundamental to the product design or investment objective.

Man Group has established a firmwide zero tolerance threshold to limit the firm's exposure to Global Banned Weapons. The funds we manage are not permitted to directly invest in or finance issuers which our independent third-party specialist screening provider believes are involved in the manufacture or distribution of weapons banned by international convention¹.

In connection with the RI Fund Framework, we also have a more stringent exclusion policy applied to funds and mandates that have a stronger ESG focus than our base standard – the Man Group 'RI Exclusion List'. This Exclusion List is applied to all our Sustainable Range strategies and most (but not all) of our RI Informed strategies. It reflects international RI norms and conventions, supporting the exclusion of three additional areas from strategies that have a further degree of ESG commitment. Those areas are:

- **Nuclear weapons:** Zero tolerance threshold applied to issuers directly associated in the manufacturing of nuclear weapons, depleted uranium or white phosphorus.²
- **Tobacco:** Zero tolerance threshold applied to issuers involved in the production of tobacco.³
- **Coal:** Issuers where the production of coal or provision of coal-based energy represents more than 30% of revenues.⁴

Man Group employs a third-party specialist to identify, monitor and administer our investment universe. This third-party specialist is overseen by the Man Group Exclusions Sub-Committee⁵ to ensure the highest level of integrity.

A framework for real-world decarbonisation – in collaboration with the Columbia Center on Sustainable Investment, we have developed the Climate Allocation Compass, a Framework for Real-World Decarbonisation ('**Compass-FRWD**'). Compass-FRWD represents a top-down, long-term, iterative approach to strategic investing in decarbonisation that aligns with investor goals, integrates decarbonisation needs into portfolio construction alongside traditional financial requirements, sets the tone

¹ Including, but not limited to, anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions, non-detectable fragments.

² Recognising international support pursuant to UN conventions and treaties, including the Treaty on the Non-Proliferation of Nuclear Weapons (1968).

³ Recognising international support pursuant to UN conventions and treaties, including the World Health Organization (WHO) Framework Convention (2003) on Tobacco Control.

⁴ In support of the 2015 Paris Agreement.

⁵ The Exclusions Sub-Committee is a sub-committee of the Man Group Responsible Investment Committee, as described in the section below.

for stakeholders and portfolio companies, and fosters accountability through monitoring, reporting and adapting. It is an asset allocation framework designed to guide strategic capital distribution across multiple portfolios.

ESG data, tools, and reporting

As a data-driven firm, we believe in providing our investment teams with as much high quality ESG data as possible. Thus, we subscribe to leading ESG data providers as well as conducting our own proprietary research. Our approach utilises an extensive range of raw ESG data and analysis from a broad range of ESG data providers.

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

We approach the implementation of ESG factors with the same scientific rigour and caution we would apply to any investment risk or opportunity, staying true to the data and ensuring that we have a robust methodology in place.

In recent years, we have leveraged our quant expertise to build a number of proprietary ESG tools that power our data-driven approach to RI. Our ESG tools have been developed internally under the direction of our RI research and stewardship specialists, with extensive input from our investment engines and close collaboration with our technology and investment analytics teams. Man Group has the capacity to report consistently on ESG activities across our investment engines, allowing our clients a uniform means of assessing ESG performance at a strategy level.

ESG Analytics tool – the Man Group ESG Analytics Tool embeds our proprietary ESG scores alongside datasets from leading ESG data providers. It standardises ESG reporting for our investment teams and our clients. The Analytics Tool provides an innovative, standardised approach to managing ESG risks and opportunities. It is a proprietary, dashboard-style tool enabling the firm's investment teams and clients to monitor non-financial risks and analyse ESG factors on a single stock, portfolio and index level. In addition to the issuer-level dashboard, the Analytics Tool also features a carbon dashboard (showing key carbon metrics) and a stewardship dashboard (providing an overview of a portfolio's stewardship activity).

Global Active Issuer Assessment tool (GAIA) – GAIA is a proprietary, firmwide tool to view issuer-level ESG-related data and identify sustainable investments. GAIA uses UN sustainable development goals ('SDGs') to give a consistent model for categorising ESG values and provides a systematic 'one stop shop' for a range of ESG data points. It supports ESG integration into the investment process and in meeting certain ESG regulatory requirements, such as the EU SFDR and the EU Taxonomy. GAIA provides ESG insights into over 23,000 companies (significantly more than any individual ESG data vendor), allowing our investment teams to access a real-time view of the ESG ratings for portfolio holdings.

Engagement tool – the Engagement Tool allows our investment and stewardship teams to review, record and track company engagements. The Tool captures key information on the life cycle of an engagement activity, including type of ESG meeting, key stakeholders, ESG objectives, milestones, next steps and outcomes.

The sophisticated design and capabilities of each tool highlights the firm's collaborative, technology-driven culture, and helps us to achieve our purpose: to assist our clients in meeting their investment objectives.

RI Governance

Strong governance underpins our entire operation at Man Group, and we have developed an overarching 'ESG Governance Framework' to oversee and control all elements of RI. Our ESG Governance Framework incorporates committees to implement and oversee all elements of our RI and corporate sustainability mandate. It ensures that we have strong oversight and controls up to and including the Man Group Board, and that we have dedicated resources to both deliver on our ESG commitments and to ensure that any associated risks are identified, assessed and properly mitigated.

The Board is ultimately responsible for ESG-related risks and opportunities and for overseeing Man Group's ambitions in relation to ESG matters. The RI Leadership team, in conjunction with Man Group's CEO and Board, sets the overarching RI vision and strategy for the firm, seeking to embed RI within Man Group's investment and operational activities while identifying new opportunities across the firm and promoting a culture that holds us to the highest standards of responsibility.

Our resources include:

RI Leadership Team

The RI Leadership Team, in conjunction with Man Group's Board, sets the overarching ESG vision and strategy for the firm, seeking to embed RI within Man Group's investment and operational activities while identifying new opportunities across the firm and promoting a culture that holds us to the highest standards of responsibility.

RI Governance Committees

Man Group continues to create a centralised, formal governance structure around its consideration of ESG, and has established five dedicated committees. Each committee has its own assigned responsibilities, established processes to identify, assess and monitor ESG risks and opportunities. The committees regularly inform and report on RI-related matters to the RI Leadership Team, the Executive Committee and the Man Group Board. Please refer to the below illustration for an outline of our organisation's structure and committees.



* Audit and Risk Committee ('**ARCom**') is a Committee of the Board which has oversight of the assurance functions. The ARCom plays a key role in assessing the integrity of Man Group's financial reporting, monitoring the effectiveness of the firm's systems and processes of risk management and internal controls, and reviewing and monitoring the activities of the Internal Audit function and the external auditor.

** The Risk and Finance Committees ('**RAF**') oversee the operational, regulatory and reputational risks and the internal control environment.

| Committee | Responsibilities |
|--|---|
| Responsible Investment Committee ('RIC') | Drives all actions the firm takes to integrate RI within Man Group's investment engines, managing ESG risks and capitalising on ESG opportunities. The RIC oversees the implementation of this policy, and other RI-related policies and processes. Meets monthly. |
| Exclusions Sub-Committee ('ESC') of the RIC | Designates sectors and companies that will be excluded from Man Group's RI investment strategies. Meets bi-annually. |
| Responsible Investment Oversight Committee ('RIO') | Approves the launch or adaptation of our ESG funds, oversees the control framework for each fund and monitors each fund's compliance with regulatory and mandate obligations. Meets monthly. |
| Adjudication Sub-Committee ('ASC') of the RIO | Determines the ESG classification of underlying securities in the event of any uncertainty or disagreement. Meets on an ad hoc basis. |
| Stewardship Committee ('SC') | Implements the firm's Global Proxy Voting Guidelines and Engagement Policy. The SC is responsible for resolving stewardship-related issues when deemed necessary, making stewardship-related decisions where a material conflict of interest may exist. Meets quarterly. |

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| RI Systems & Controls Committee ('RI SYSC')⁶ | Creates and maintains effective systems and controls for the implementation of RI across the firm by identifying, reviewing, managing and monitoring ESG risks. Meets quarterly. |
| Corporate Sustainability ('CS') Committee | Drives Man Group's global corporate social responsibility, sustainability and climate-related initiatives and monitors the firm's environmental impact from operations. Meets quarterly. |

RI Team

Our broader team of RI professionals, working closely with our investment teams, drives the integration of ESG into investment strategies across the firm and promotes engagement with investee companies. The RI Team is responsible for supporting all our RI activities and for the day-to-day implementation of Man Group's RI Policy.

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

Risk management framework

Strategic and/or operational ESG risks to our business, including climate change risks, are managed in the same way and with the same level of rigour as other business risks. The firm's control environment manages risks to investment teams and the organisation as a whole, in accordance with the Man Group Board's risk appetite. If there is a breach of risk appetite, risks will be resolved promptly, in line with the firm's procedures and processes.

ESG risks form part of the overall risk management process and are considered alongside many other factors which may, depending on the specific investment opportunity, be relevant to a determination of risk. Where it is consistent with a client's mandate, we seek to manage ESG risks alongside other financially material ESG factors, just as we manage all other relevant investment risks.

We dedicate significant time and resource to ensure that we are abreast of regulatory changes, and we engage regularly with regulatory bodies. RI is a complex, evolving landscape and our dedicated committees, comprising senior staff from across the firm, work to address the impact of changes in ESG regulation on our business and our investment strategies. To ensure that we are consistent and credible in our approach to RI, we have formalised a monitoring procedure for strategies that have a defined ESG approach. Dedicated investment risk professionals monitor ongoing adherence to our RI exclusions list and other ESG-related investment restrictions. Additionally, we monitor portfolio managers' compliance with our RI policies and fund framework on an annual basis through detailed sample reviews led by our RI Implementation & Oversight experts within the RI team. Dedicated ESG Compliance experts monitor our ESG-related regulatory obligations, stewardship activities, and review RI strategy-related and marketing documentation. Collectively these controls aim to minimise the risk of greenwashing. They also serve to enhance interaction and collaboration between the RI team and the investment teams and to identify opportunities for RI training and support.

ESG-integrated AUM

Semi-annually, we determine and publish Man Group's ESG-integrated AUM, i.e., the amount of Man Group's total AUM that incorporates ongoing consideration of ESG factors within the investment analysis and decision-making process with the aim to improve risk-adjusted returns.

To provide a consistent framework for our calculation of ESG-integrated AUM, we use the latest Global Sustainable Investment Alliance (GSIA) investment approach and definitions. Our ESG-integrated AUM metric is based on the GSIA's current 'ESG Integration' investment approach, which is defined as the 'ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns'. In this context, the use of ESG factors for ESG integration may be less significant than other factors in the investment selection process. The ESG integration investment approach is relevant and applicable to Man Group's investment process and its use has been approved by our Responsible Investment Committee (RIC).

⁶ The RI SYSC is effective from Q4 2024, replacing the ESG Systems & Governance Committee.

Under this approach, our calculation methodology identifies all relevant funds and mandates for which explicit ESG criteria are used in asset selection (for discretionary investment strategies) or where a dedicated ESG model is incorporated in the investment process (for systematic investment strategies).

More specifically:

- For single manager/strategy funds: if ESG factors are materially integrated into the investment strategy (e.g. ESG factors impact security selection⁷), then the entire assets of the fund will be accounted for as ESG AUM. In the case of Man Numeric, it will be relevant to the integration of Man Numeric's proprietary ESG factor model⁸.
- For ESG multi-strategy funds and/or mandates (e.g. strategies which are marketed as ESG strategies): we include all the relevant AUM.
- For non-ESG multi-strategy funds and/or mandates: currently only the portion of a fund or mandate for which ESG is factored into the investment process is included⁹.
- For third-party multi-strategy managers: we will seek to assess at the sub-strategy level for ESG-integrated AUM on the same basis. If we are unable to get transparency or single sleeve allocation is not disclosed, those strategies will be assumed to not include ESG content.

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

Stewardship

Man Group's approach to stewardship is guided by a belief that as stewards of our clients' capital we owe it to them to responsibly manage their assets to unlock long term, sustained value, while taking account of financially material ESG considerations, and always adhering to our clients' requirements in accordance with the mandate given to us. 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 with those of our clients and shareholders.

Man Group has investment capabilities that offer a broad range of alternative and long-only investment 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 our investment process.

We are committed to our stewardship practices through engagement and voting. Engaging with different stakeholders, including companies, policymakers and industry peers, enables us to address material risks and opportunities. Voting at annual general meetings allows us to exercise our voice as a shareholder.

Our stewardship approach is further guided by our commitment to the UK Stewardship Code and the Japan Stewardship Code, as well as our Stewardship Policy, which describes how Man Group engages with companies it invests in, how it exercises voting rights and the ways in which it manages actual and potential conflicts of interest. Man Group's [Stewardship Policy](#) and [Global Proxy Voting Policy Summary](#) are available on our website.

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

- Firm-level Stewardship.
- Stakeholder-level Stewardship.
- Fund-level Stewardship.

⁷ For example: Article 8 and Article 9 Funds under the Sustainable Finance Disclosure Regulation or where the ESG factor is considered for every single security selection.

⁸ Which currently can be as high as 70% but may be as low as 3% in terms of weight compared to the other models. For instances where the model weight is at the lower bound, it is still commensurate/proportional with other individual models used in the process.

⁹ For example, some of our multi-strategy/multi-asset portfolios may only incorporate ESG factors in certain sleeves or asset classes. For such strategies/portfolios, we only include the portion of the strategies/portfolios for which we integrate ESG factors into the investment process.

The first dimension – firm-level stewardship – is carried out through the application of Man Group’s Global Proxy Voting Policy and rigorous engagement. This dimension spans all of Man Group’s investment capabilities (Discretionary, Systematic and Solutions). It leverages the Group’s scale and aggregate ownership in securities to promote best practices and affect meaningful, positive outcomes.

The second dimension – stakeholder-level stewardship – is implemented through Man Group’s involvement in stakeholder initiatives and cooperation with companies, policymakers, standard setters, reporting bodies, academics, service providers, NGOs and industry peers. To this effect, Man Group works with institutional investors and organisations to address financially material ESG issues in line with our independent stewardship approach. These partnerships enable us to collaborate with other organizations to share information and stay abreast of relevant stewardship issues.

Finally, the third dimension – fund-level stewardship – is conducted at the sub-group level, particularly within the firm’s discretionary investment strategies. This is an integral part of our portfolio managers’ investment processes, enhancing our research as well as, crucially, helping to enhance shareholder value and preserve investors’ rights. In this area, the Stewardship team also works with portfolio managers to develop tailored stewardship approaches that fit the individual characteristics of our investment managers, inclusive of our quantitative business.

Man Group’s Advocacy and Memberships

Man Group is committed to promoting and raising awareness of RI within the firm and more widely across the investment industry. Our commitment to RI involves promoting education, setting standards and sharing best practice, and we do so through participation in industry-wide initiatives.

We are proud to be involved with many industry groups that promote RI practices. These organisations aim to develop and reinforce frameworks for better implementation and adherence of ESG, as well as governance for the alternative asset management industry. We are also members of or contributors to various committees and industry groups that track the implementation of ESG regulation across our global presence.

We are signatories to the Institutional Investors Group on Climate Change (‘IIGCC’), the UK Sustainable Investment & Finance Association, and the Standards Board for Alternative Investments, as well as being an active member of the International Sustainability Standards Board’s Investor Advisory Group. We are also signatories to the United Nations-supported Principles for Responsible Investment, the United Nations Global Compact, the UK Stewardship Code, the Japan Stewardship Code and the Net Zero Asset Managers Initiative.

Thought Leadership

In addition to our active participation in industry initiatives, we produce thought leadership around pressing ESG issues and high-quality research through the Man Institute. Our research includes producing proprietary research papers, including Man Institute research pieces, in which we discuss a range of environmental and governance issues. We also continue to make significant contributions to the CFA Institute’s ESG courses. Our long-standing podcast series, ‘A Sustainable Future’, continues to feature commentary from institutional investors, academics, regulators and policymakers on pressing ESG issues. The podcast serves as an educational tool, sparking conversation and debate around the intersection of ESG, regulation and public policy.

Man AHL

Man AHL is a systematic investment manager that applies scientific rigor and robust technology to diverse collections of data and numerous global markets. Man AHL's breadth of capabilities means that there is no single ESG methodology which can be applied uniformly across our strategies. As such, we are constantly looking at innovative ways to incorporate RI into our systematic portfolios and investment processes.

RI Integrated Investment Approach

Climate

After focusing much of its research efforts on climate, Man AHL has developed the ability to apply its innovative systematic capabilities within its climate-focused portfolios by embedding environmental data within this quantitative research process. From a data standpoint, Man AHL analyses environmental and climate data sets to identify those securities most closely aligned with the transition to a low carbon economy. From a research standpoint, Man AHL considers all asset classes when developing climate-dedicated solutions, including several asset classes that have traditionally received less focus, such as commodities and government bonds.

ESG Integration

Man AHL actively looks at innovative ways to apply ESG principles to areas where they have traditionally been ignored, despite a large part of systematic macro managers' investment universe being derivatives, such as futures and forwards. For example, Man AHL began trading ESG equity index futures in its strategies in 2021, alongside continuing research on ESG scoring frameworks as well as enhanced analytics and reporting. We are proud to be an early adopter of these instruments and play our part by contributing to increasing liquidity in the market. As it stands, these allocations are small but nonetheless, we look forward to assisting the development of a new and exciting market, while also taking steps to better integrate ESG into our index-based funds.

Transparency and Reporting

Man AHL uses data (subject to availability), including from Man Group's proprietary ESG tools (described above) to assist with reporting of non-financial ESG risks and analyse ESG factors on both a single-stock basis and across broader macro assets, such as government bonds and equity index futures. Man AHL works with clients to provide any additional RI reporting, where required.

Industry Engagement

From 2021 to 2024, Man AHL representatives participated in ESG working groups for the IIGCC. Man AHL contributed to collaborative efforts to provide guidance on incorporating ESG principles into alternative investment assets via these working groups. The first guidance, "Incorporating Derivatives & Hedge Funds into the Net Zero Investment Framework" was published in 2022. In 2024, the "Derivatives and Hedge Funds Guidance" was published.

Discretionary

Discretionary comprises of Man's discretionary investment managers operating across public markets, real estate and US direct lending, offering absolute return and long-only funds across asset classes, sectors and geographies. Discretionary is committed to building a credible, alpha driven approach to sustainable investing. Discretionary's portfolio managers build upon Man Group's strengths in the understanding of data and quantitative capabilities, identifying ESG opportunities through their own fundamental research, helping to mitigate some of the challenges of ESG data. Through this, investment teams are empowered to incorporate RI in a way that is relevant and effective to their respective investment strategies, within the constraints of the Man RI Fund Framework.

Public Markets

Discretionary applies RI principles across a diverse range of active discretionary strategies in the public markets, using the following approach:

- **Fundamentals-based approach** – Discretionary teams take a fundamental approach to their investment research, with the majority of investment teams running concentrated portfolios, allowing for deep knowledge of corporates and underlying investment themes. Through this fundamental approach Discretionary portfolio managers seek out sustainable, purpose-led companies and investment opportunities to the extent relevant to their strategies and asset classes.
- **ESG integration** – ESG integration is employed across a diverse range of strategies including broad-based ESG and thematic in varied asset classes: long only in both equity and fixed income (including sovereign debt); as well as alternatives.
- **ESG risk analytics (access to data)** – Discretionary investment teams are well-positioned to leverage Man Group's ESG Analytics Tool, drawing on ESG data from leading providers combined with in-house scores and carbon metrics. The resulting ESG ratings are fully integrated into the trading platform.
- **Engagement** – Discretionary has exposure to an array of securities from separate corporate issuers and our investment teams can drive change through constructive engagement with company management teams to effect long-term change. A number of Discretionary funds have a strong focus on ESG engagement as part of their investment process and typically carry out their own prioritization 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 Discretionary investment teams to build close working relationships with stakeholders which ultimately, we hope, will help drive better outcomes.
- **Transparency and reporting** – Discretionary regularly reports to clients on the RI-related activities undertaken by the investment teams. Discretionary produces periodic reports for Sustainable Range funds that cover RI and investment philosophy, commentary on RI themes, engagement and RI-specific case studies, ESG analytics, stewardship activities and voting records.
- **Education and activities** – Discretionary participates in a number of initiatives and organisations that encourage the sharing of best RI practices within the industry and those that aim to formulate policy proposals to support efficient markets that take into account ESG risks. Discretionary investments also produce research and white papers discussing their views across a range of environmental and governance issues.

Real Estate

Discretionary also has a focus on investing in real assets in differentiated markets with high barriers to entry. Discretionary has long-standing experience in residential real estate, and we believe that we are positioned to deliver long-term sustainable outcomes for our investors and other stakeholders impacted by our investments. Discretionary seeks to integrate environmental and social impact principles to the housing we bring to market in our real estate equity strategies, and the impact of the debt capital we provide to real estate investors.

RI Integrated/Sustainable Range investment approach

We focus on the energy efficiency of the housing we bring to market, including net zero (operating) carbon homes.

Discretionary's real estate team builds housing to be offered for rent or sale in the UK real estate market. Our investment process integrates a comprehensive suite of ESG objectives, with a focus on environmental innovation, and delivering operationally net zero carbon residential communities. We recognise the synergy between environmental and social objectives, with innovative energy efficient homes demonstrating our clear commitment to the net zero pathway, while also

delivering significant affordability advantages to our residents. Our environmental strategy includes the use of 'Modern Methods of Construction', net zero carbon homes with energy generated by rooftop solar panels, and the inclusion of electric vehicle charging points. We also incorporate double/triple glazed windows, LED lighting, air source heat pumps, and consider sustainable landscaping and the biodiversity of our developments.

Discretionary's real estate team partners with housing associations to deliver new high-quality, mixed-tenure, affordable homes. Our affordable housing-focused investments are underwritten from a social and environmental perspective and are audited by an independent third-party specialist on an annual basis to ensure that the housing we deliver meets a rigorous set of social and environmental requirements. The investments explicitly target environmental and social returns in addition to financial returns.

US Direct Lending

Man Varagon is Discretionary's US Direct Lending manager, specialising in directly originated, secured senior and unitranche loans to performing, private equity-backed U.S. middle market companies. Man Varagon considers sustainability risks, including those attributable to ESG factors, in the conduct of its business, both in terms of the investments it makes, and also Man Varagon's own conduct as a stakeholder to its investors, investees, and society in a responsible manner.

Man Varagon is committed to investing responsibly by:

- Incorporating relevant material ESG factors into its investment analysis and decision-making processes.
- Reviewing each investment opportunity to determine whether there are any critical ESG or reputational concerns.

Man Varagon's ESG Team leads the processes of creating, updating, and implementing the RI and ESG integration framework. The ESG Team includes representation from the investing, sales, and legal teams. Accountability extends throughout the organization, and Man Group's RI Team provides ultimate oversight of these efforts.

Man Varagon's ESG strategy incorporates ESG into its research, underwriting, and portfolio monitoring processes. Investment opportunities that proceed to the underwriting stage are evaluated on financial and non-financial attributes including material ESG factors. The relevant material ESG factors for a particular investment are defined as those issues that Man Varagon determines either currently have, or have the potential to have, a substantial impact on a company's near-term and long-term viability and value to its stakeholders, including the value of Man Varagon's investment in the company. To help identify material ESG issues, Varagon utilizes the industry-specific issue topics identified by the Sustainability Accounting Standards Board ('SASB') Materiality Finder, which can be accessed at: <https://sasb.ifrs.org/standards/materiality-finder/find/>.

As a US Direct Lending manager, incorporating ESG analysis into the investment process can be challenging due to limited ESG data from private companies. Unlike public companies, private companies are not required to track or publish ESG reporting, while smaller private companies may face resource constraints, making it difficult for them to engage in comprehensive ESG reporting. To overcome these challenges, Man Varagon's Underwriting Team has a robust due diligence process, adopting a bottom-up approach to understand all aspects of a potential investment's merits, risks and fundamental values.

As a direct lender investing in senior secured loans, while Man Varagon does not have control over its borrowers through equity ownership, board control or other voting rights, Man Varagon works with its private equity sponsors and borrowers themselves to monitor for, and where possible, implement action plans to mitigate or resolve any material sustainability risks. Where feasible, Man Varagon works with its private equity sponsors to the best of its abilities to effectuate positive changes in borrowers' ESG practices, although this practice is not binding on whether Man Varagon approves lending to the specific borrower.

Man Numeric

Man Numeric is an institutional investment manager with a research-driven culture focused on innovation and generating alpha for our clients through quantitative security selection models. Man Numeric believes that incorporating both ESG and Climate 'signals' into the investment process can be a benefit to portfolios from both a risk and return perspective and has incorporated proprietary ESG and Climate models across its equity and credit strategies. Man Numeric's ESG/Climate integration is consistent with its existing investment philosophy: a principles-based approach that focuses on data and academic research rather than datamining factors.

RI Integrated Investment Approach

ESG Data

Man Numeric views data to be at the heart of any quantitative investment process and as such, inputs to its process come from a variety of external ESG and climate related data vendors. Man Numeric has undertaken a stringent process to understand the data, what the indicators measure, how vendors represent the data, how the data has changed over time, what factors are relevant for different industries, and whether there are any biases in the data (vendor, industry, and region). By understanding and compiling disparate pieces of unstructured data, Man Numeric can potentially turn the off-the-shelf data items into useful and informative inputs to its proprietary signal and ESG/Climate models.

Broad-Based ESG Model

The goal of the Broad-Based ESG model is to take a multiple perspective, unbiased view of ESG utilising multiple vendors. The model is created using a fundamental-based framework anchored by 14 key pillars representing E, S and G, which are adjusted for country, industry/sector and factor biases. Multiple data sources are mapped to the principles-based pillars using data science techniques. The factors used and resulting weights are industry-focused and based on the expertise of the hundreds of analysts from the primary data providers. The result is a proprietary ESG model that is integrated into the model mix.

Specialised ESG Models

The goal of specialised ESG models is to supplement the Broad-Based Model by focusing on specific ESG themes. Examples of specialised ESG models include:

- **The Climate Model** - this seeks to identify both the risk and opportunities due to climate change. There are three underlying components that drive the climate model output: Physical Cost, Transition Cost, and Opportunity. The model is also aided by our two in-house climate scientists, who work with a team of quantitative researchers to enhance our proprietary Man AI Climate Change Computation System ('MACCS'). MACCS uses the latest climate models to project various climate perils well into the future and at a very granular scale around the globe. This allows us to assess the impact of climate perils on companies' operations and supply chains and the effect of temperature rise on economic activity.

These ESG models are integrated into the Man Numeric investment model mix in accordance with the investment strategy of each portfolio.

Solutions

Man Group's Solutions business ('Solutions') contains our external alpha investment team. This team is a global alternative investment specialist with a detailed understanding of hedge fund and private market managers, their return characteristics and an internal forward-looking view of the opportunity set for each manager and each strategy. As a responsible investor, Solutions pays particular attention to wealth preservation in the management of its funds, fulfilling its responsibility as a shareholder (i.e., proxy voting) and appropriately managing conflicts and potential conflicts of interest. As part of meeting this responsibility, Solutions adheres to this policy which governs its RI process.

RI Integrated Investment Approach

A solutions-based approach is often required to fully meet clients' objectives. At Man Group, Solutions leverages the broad ESG expertise across all of Man Group's investment engines. Solutions believes that RI does not require ruling out investment in any sector or industry. Rather it involves including ESG information as part of investment decision-making, to ensure that all relevant factors are accounted for when assessing risks and returns. Solutions integrates ESG information into its qualitative and quantitative analysis, which could impact areas such as selection and weighting to asset allocations within a client's overall portfolio solution, taking into account the investment objectives and risk profile of the particular mandate.

Solutions' research team conducts a qualitative assessment of the managers' RI policies and procedures as they relate to their strategy and investment processes. This analysis is supported by a proprietary scoring framework. The framework evaluates managers based on three primary categories: business level support of RI, strategy level RI integration and execution of RI objectives. Additionally, the team utilises Man Group's ESG Analytics Tool, which provides position level risk and ESG exposures reporting for the team's managed accounts. It is through this multi-faceted assessment that the investment team determines the extent to which a manager incorporates RI analysis in their strategy, as well as identifies potential RI risks related to the investment strategy.

Solutions appreciates that there exists a range of client views on the importance of ESG factors within their overall portfolio and therefore, generally does not restrict investments based on criteria set by the Solutions team. Rather Solutions seeks to engage in active dialogues with clients to understand their views and then incorporate these into the investment mandates they entrust to Solutions. In that context, Solutions acts as the firm's central platform for building customised ESG portfolios and designing solutions to help clients meet their RI goals. Solutions has launched an ESG-oriented, multi-strategy offering and is increasingly working with clients, and the RI Team, to leverage Man Group's expertise in decarbonisation and portfolio advisory services to develop low carbon and decarbonising products and solutions aligned to our clients' goals.

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