



'Perspectives towards a Sustainable Future' Podcast Series

Engagement 'Much More Effective' Than Divestment

Jason Mitchell speaks to Harvard Management Company's Michael Cappucci

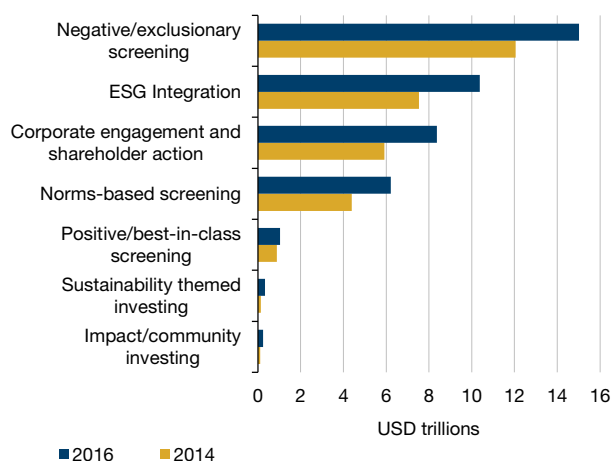
October 2018

Engaging with businesses over their environmental, social and governance ('ESG') decisions is a "much more effective strategy" when influencing their behaviours than divesting from the companies altogether, according to Michael Cappucci, Senior Vice President of Sustainable Investing at Harvard Management Company.

"There is (a lot) of evidence that engagement can be very effective in improving the incentives and performance of companies on a number of different factors, including things like ESG," Cappucci said in a podcast with Jason Mitchell, Co-Head of Responsible Investment at Man Group. "We found that those are much more productive conversations when you come at it from a much more neutrally conducive perspective than as somebody who has declared a whole industry evil and off-limits."

Indeed, corporate engagement and shareholder action is the third-largest sustainable investment strategy globally as of 2016, according to the Global Sustainable Investment Alliance ('GSIA'). Between 2014 and 2016, GSIA estimates that the volume of assets managed with explicit commitments to engage or vote on ESG issues grew by 41% to USD8.4 trillion. Expectations are changing such that even non-dedicated shareholder strategies are increasingly under pressure to demonstrate their engagement activities.

Figure 1. The Growth of Sustainable Investment Strategies, 2014-2016



Source: 2016 Global Sustainable Investment Review: 2014-2016.

"When you make a public decision to divest from either a company or an industry, that's kind of the end of the conversation in a lot of ways," Cappucci said. "You've chosen not to pursue something and the flipside to that is that those companies are not going to talk to you about improving their practices."

Cappucci's article on the ESG Integration Paradox can be found [here](#).

To listen to the full podcast go to:

man.com/ri-podcast

IMPORTANT INFORMATION

This information is communicated and/or distributed by the relevant Man entity identified below (collectively the "Company") subject to the following conditions and restriction in their respective jurisdictions.

Opinions expressed are those of the author and may not be shared by all personnel of Man Group plc ("Man"). These opinions are subject to change without notice, are for information purposes only and do not constitute an offer or invitation to make an investment in any financial instrument or in any product to which the Company and/or its affiliates provides investment advisory or any other financial services. Any organisations, financial instrument or products described in this material are mentioned for reference purposes only which should not be considered a recommendation for their purchase or sale. Neither the Company nor the authors shall be liable to any person for any action taken on the basis of the information provided. Some statements contained in this material concerning goals, strategies, outlook or other non-historical matters may be forward-looking statements and are based on current indicators and expectations. These forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to update or revise any forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements. The Company and/or its affiliates may or may not have a position in any financial instrument mentioned and may or may not be actively trading in any such securities. This material is proprietary information of the Company and its affiliates and may not be reproduced or otherwise disseminated in whole or in part without prior written consent from the Company. The Company believes the content to be accurate. However accuracy is not warranted or guaranteed. The Company does not assume any liability in the case of incorrectly reported or incomplete information. Unless stated otherwise all information is provided by the Company. Past performance is not indicative of future results. Unless stated otherwise this information is communicated by Man Solutions Limited which is registered in England and Wales at Riverbank House, 2 Swan Lane, London, EC4R 3AD. Authorised and regulated in the UK by the Financial Conduct Authority.

Unless stated otherwise this information is communicated by Man Solutions Limited which is registered in England and Wales at Riverbank House, 2 Swan Lane, London, EC4R 3AD. Authorised and regulated in the UK by the Financial Conduct Authority.

Australia: To the extent this material is distributed in Australia it is communicated by Man Investments Australia Limited ABN 47 002 747 480 AFSL 240581, which is regulated by the Australian Securities & Investments Commission (ASIC). This information has been prepared without taking into account anyone's objectives, financial situation or needs.

European Economic Area: Unless indicated otherwise this material is communicated in the European Economic Area by Man Solutions Limited which is an investment company as defined in section 833 of the Companies Act 2006 and is authorised and regulated by the UK Financial Conduct Authority (the "FCA"). Man Solutions Limited is registered in England and Wales under number 3385362 and has its registered office at Riverbank House, 2 Swan Lane, London, EC4R 3AD, England. As an entity which is regulated by the FCA, Man Solutions Limited is subject to regulatory requirements, which can be found at <http://register.fca.org.uk>.

Germany: To the extent this material is used in Germany, the communicating entity is Man (Europe) AG, which is authorised and regulated by the Liechtenstein Financial Market Authority (FMA). Man (Europe) AG is registered in the Principality of Liechtenstein no. FL-0002.420.371-2. Man (Europe) AG is an associated participant in the investor compensation scheme, which is operated by the Deposit Guarantee and Investor Compensation Foundation PCC (FL-0002.039.614-1) and corresponds with EU law. Further information is available on the Foundation's website under www.eas-liechtenstein.li. This material is of a promotional nature.

Hong Kong: To the extent this material is distributed in Hong Kong, this material is communicated by Man Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission in Hong Kong. This material can only be communicated to intermediaries, and professional clients who are within one of the professional investor exemptions contained in the Securities and Futures Ordinance and must not be relied upon by any other person(s).

Liechtenstein: To the extent the material is used in Liechtenstein, the communicating entity is Man (Europe) AG, which is regulated by the Financial Market Authority Liechtenstein (FMA). Man (Europe) AG is registered in the Principality of Liechtenstein no. FL-0002.420.371-2. Man (Europe) AG is an associated participant in the investor compensation scheme, which is operated by the Deposit Guarantee and Investor Compensation Foundation PCC (FL-0002.039.614-1) and corresponds with EU law. Further information is available on the Foundation's website under www.eas-liechtenstein.li.

Switzerland: To the extent this material is distributed in Switzerland, this material is communicated by Man Investments AG, which is regulated by the Swiss Financial Market Authority FINMA.

United States: To the extent his material is distributed in the United States, it is communicated and distributed by Man Investments, Inc. ("Man Investments"). Man Investments is registered as a broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"). Man Investments is also a member of the Securities Investor Protection Corporation ("SIPC"). Man Investments is a wholly owned subsidiary of Man Group plc. The registration and memberships described above in no way imply a certain level of skill or expertise or that the SEC, FINRA or the SIPC have endorsed Man Investments. Man Investments, 452 Fifth Avenue, 27th fl., New York, NY 10018.

This material is proprietary information and may not be reproduced or otherwise disseminated in whole or in part without prior written consent. Any data services and information available from public sources used in the creation of this material are believed to be reliable. However accuracy is not warranted or guaranteed. © Man 2018