

Man Group's Risk Appetite Statements

Updated May 2024



Introduction

The following statements are made by Man Group's Board of Directors (the 'Board') and reflect its Risk Appetite for the firm, covering risks that apply to the corporate entities and the funds it manages.

The control environment within the firm has been constructed to manage risks in accordance with these statements. In the event a breach to Risk Appetite occurs, it will be resolved promptly in line with the firm's procedures and processes.

None of the statements are intended to represent a warranty or representation to any third party.

Qualitative Statements

The Board and management are aware that a considerable amount of judgement is required to translate some of the risks into a quantified potential impact on the Group's profitability.

For measures of risk that are not direct drivers of profitability but are important to ensuring that the overall risk profile of Man Group is controlled, the Board sets standards using qualitative statements. Adherence is monitored via risk systems, controls, and processes throughout the firm, as well as regular reporting to the Board.

- Fund investment risk – our clients expect us to take investment risk on their behalf, but we must adhere to the investment mandates, regulations and internal risk requirements.
- Key person risk – succession planning to be in place.
- Fund liquidity – funds should be conservatively managed so there is no harm to investors due to being unable to meet redemption requests, accounting for investor behaviour and liquidity in stressed markets.
- Regulatory capital & liquidity – ensure we always meet local requirements.
- Corporate liquidity – manage firmwide liquidity so we can continue to operate under plausible downside scenarios.
- Counterparty risk – take a conservative approach to corporate and fund counterparty selection and seek to manage and minimise counterparty risks.
- Operational risk – manage both Man Group and the funds to high operational standards. Maintain robust process and controls, at proportionate expense, to actively mitigate operational risk and minimise potential harms to clients, the firm and markets.
- Information security & cybercrime – actively monitor, assess and manage the continuously evolving threat. Maintain robust systems, processes and controls, at proportionate expense, to mitigate the risk actively.
- No appetite for engagement in illegal activity – this includes money laundering, fraud, insider trading, market abuse, misallocation, unauthorised activities, bribery, sanctions breaches, and facilitation of tax evasion. Comply fully with formal requirements and, where appropriate, consider the spirit of the law.
- Reputational risk – manage the firm in line with our values, considering the Environmental, Social and Governance impacts of our decisions.
- Climate change – manage and seek to mitigate climate-related risks in how the business is operated.

Quantitative Statements

The Board has set quantitative risk appetite statements, where appropriate, expressed as the residual loss that it is prepared to tolerate. For a risk to be within Risk Appetite, the risk usage must be at or below the Risk Appetite level.

The risk categories for which there are quantitative statements are:

- Investment book risk – market risk to the investments held on Man's balance sheet, at a likelihood of 1-in-20y.
- Loan syndication warehouse – market risk to the warehoused loans of credit spreads doubling.
- Pension risk – market and longevity risk faced by the UK defined benefit pension scheme at a likelihood of 1-in-20y.