

Man Group (the “Company”): Statement of Remuneration Principles

Introduction: Remuneration as a business driver

In recognition of remuneration as a business driver, it is appropriate for Man Group’s Remuneration Committee to define the Company’s objectives in making remuneration decisions for Man Group plc. Our objective is to motivate senior management to implement the Company’s strategy and ensure that the performance of the Company is sustainable over the long-term and that our shareholders are appropriately rewarded for their investment in the Company. Put simply, we aim to have the best people making the best decisions for our investors, shareholder and other stakeholders.

The key principles that underpin our approach are:

- remuneration is structured to support corporate strategy and sound risk management;
- employees’ interests are aligned with those of shareholders and our bonus pool is drawn from profits;
- incentives are designed to encourage behaviour focussed on longer-term strategic and sustainable performance; and
- our total remuneration is competitive against the talent markets from which we hire.

An overview of each of these principles follows below.

Remuneration is structured to support Company strategy and risk management

Robust risk management is a fundamental feature of our business. Deferring performance bonus into shares and/or funds is a critical element in managing risk as it exposes the employee’s remuneration to risks comparable to those faced by our shareholders and fund investors.

Our Risk and Compliance functions (following consultation with our HR function) report via the Audit and Risk Committee to the Remuneration Committee any issues to be taken into account in making remuneration decisions. An individual performance rating together with a Compliance confirmation is provided as part of the compensation review.

The Remuneration Committee is focussed on a targeted and appropriate compensation policy having regard to business strategy, financial performance, risk, regulation and competitive markets in which the Company operated. It ensure that aggregate compensation costs are balanced so that the Company remains successful, attracts and retains high calibre individuals, performs for investors and delivers shareholder value.

The Remuneration Committee assesses the governance framework and processes to ensure that reward is aligned with risk management.

Employee's interests are aligned with those of shareholders and our bonus pool is drawn from profits

The Company bonus pool is based on profitability and set at the Remuneration Committee's discretion according to business conditions to ensure that variable remuneration does not limit the Company's ability to strengthen its capital base. It also and takes into account current and potential risks together with an assessment of the timing and likelihood of receiving potential future revenues which are included in current reported earnings.

Incentives encourage behaviours focussed on longer-term strategic and sustainable performance

Remuneration packages at Man Group include some, or all, of the following elements: salary, annual performance bonus and deferred share and fund product awards, as well as pension, medical insurance and other non-cash benefits.

We aim to balance remuneration aimed at delivering operational results over the short-term with remuneration aimed at creating sustained long-term value for shareholders.

A key mechanism for linking short and long-term performance is our bonus deferral arrangements. Bonus awards are determined by the annual performance of the Man Group (or the relevant business unit, as applicable), the team and the individual. Certain employees have part of their performance bonus mandatorily deferred into Company shares and funds with the proportion deferred increasing as total compensation increases, thereby further aligning them to long-term shareholders. The deferral arrangement allows flexibility in the mix between short and long-term focus as appropriate for employees at different levels in the Company. The fund deferral aligns relevant staff with fund investors, which is important in delivering shareholder value.

Both the share and fund deferred awards are conditional awards and are subject to forfeiture where a participant ceases to be employed or engaged by a Man Group entity for reasons other than those set out in the good leaver provisions of the relevant share or fund plan rules. Unvested share and fund awards are additionally subject to malus provisions.

The Company operates an annual bonus and a Long Term Incentive Plan ("LTIP") for its executive directors. The annual bonus awarded in respect of the 2018 performance year will be capped at 250% of salary and the LTIP, the first awards under which were in March 2019, is capped at 350% of salary. The bonus is determined by performance against annual objectives, of which at least 70% is based on financial metrics, with the outcome published in the Company's annual report. The vesting of the LTIP awards is linked to a range of financial metrics measured over a three-year performance period, with a further two-year retention period after vesting. All share awards under the LTIP are conditional and subject to forfeiture if the executive resigns, as well as subject to malus and clawback provisions for material misstatement, an error or inaccuracy relating to the determination of variable pay and/or misconduct.

Our total remuneration is competitive against the talent markets from which we hire

The sustainability of our business depends upon the long-term commitment of talented individuals of the very highest calibre in the alternative investment sector. Our remuneration structure is key in this respect. Therefore we aim to provide remuneration appropriate for the talented individuals in the markets in which we operate.

In understanding our remuneration policy, it is important to note that Man Group is in a unique situation. There are few companies of comparable size in our section and even fewer that are publicly quoted and subject to the same level of transparency and public scrutiny. Benchmarking and formulaic remuneration approached alone therefore fail to reflect the complexity of our business and the diversity of professional roles within our workforce. Available data is used to inform not override our recommendations to support the Company in creating sustained long-term value for shareholders.

Our remuneration programme must incorporate flexibility to use different performance measures within the various parts of the Company. Consequently, while all incentive payments are determined and limited by the Company's performance, we maintain scope to distribute rewards to employees according to their individual and team contributions.

Summary

Our approach is intended to be equitable and robust against variable business conditions and time-spans. As performance measurement and remuneration design continue to evolve we will keep these principles under continuous review to ensure we are aligned with best practice and regulation. We remain open to continuing dialogue with our shareholders.