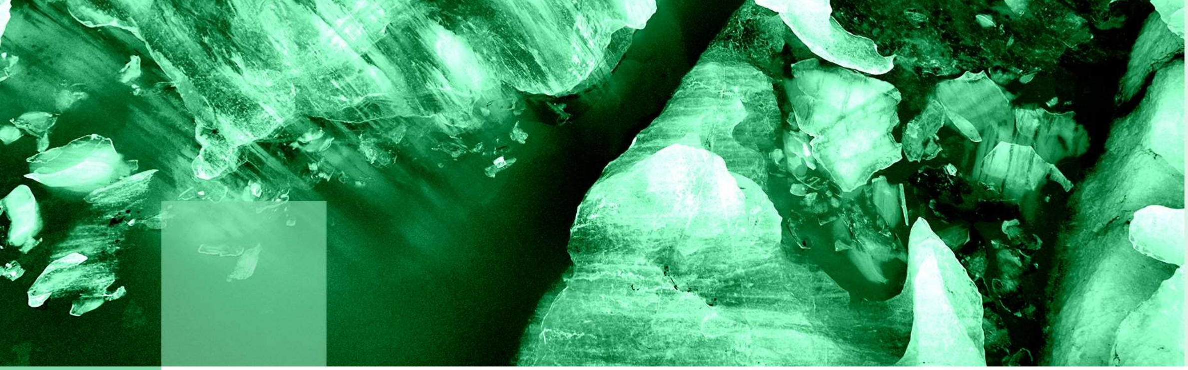
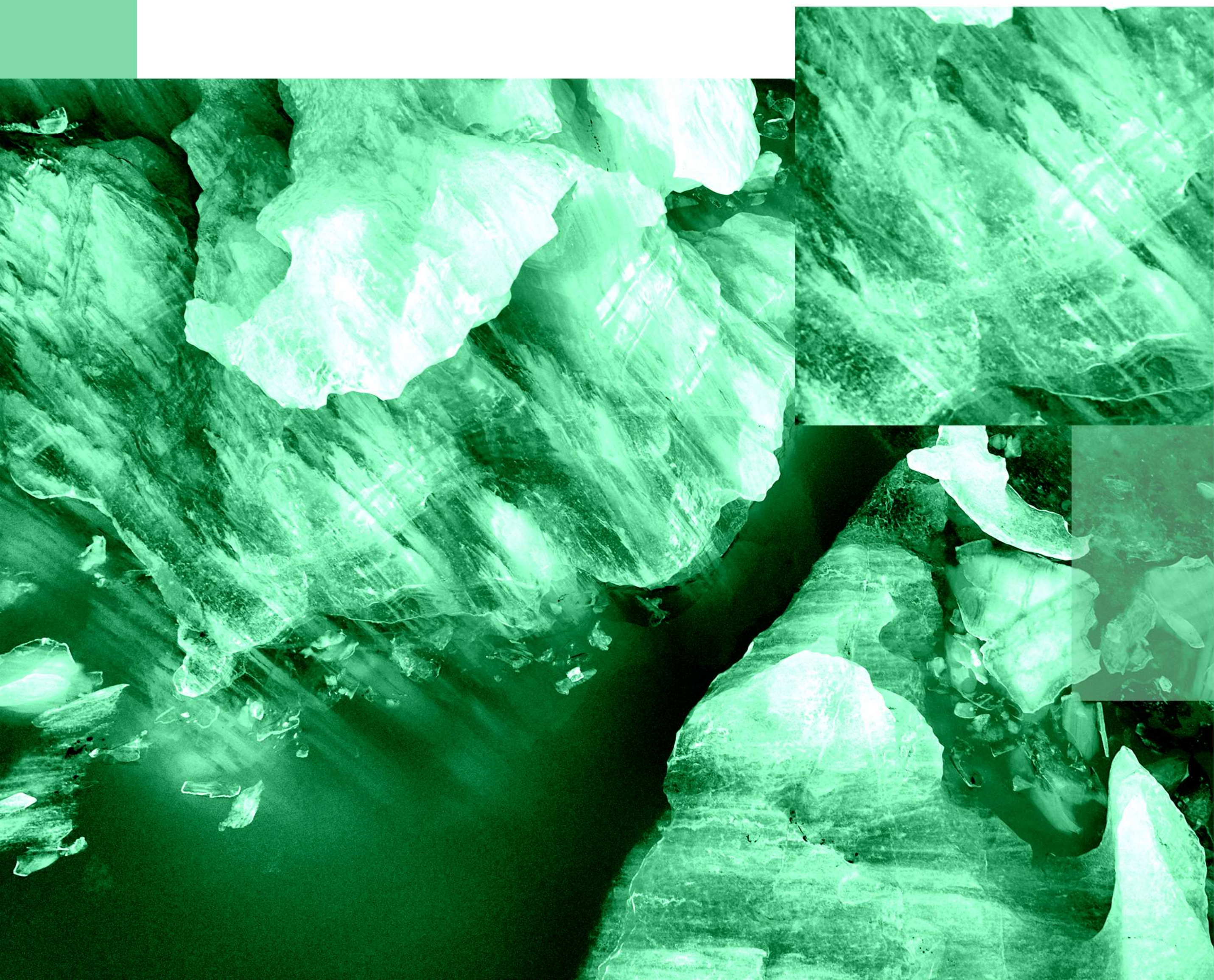


Man Group

Engagement Policy

December 2023



Man Group's approach to stewardship is guided by our belief that as stewards of our client's capital we owe it to them to actively and responsibly manage their entrusted resources in order to unlock long term and sustained value, whilst taking account of financially material Environmental, Social, Governance (ESG) considerations.

We understand the importance of sound stewardship in managing investors' capital and our approach to responsible investing (RI) ensures that our interests and values are closely aligned to those of our clients and shareholders.

This policy describes how Man Group exercises voting rights, how it manages actual and potential conflicts of interest, and the ways in which it engages with companies it invests in.

More information on our approach to RI and Stewardship, including our RI policies across our investment engines, can be found on our website: https://www.man.com/responsible-investment

Engagement & Investment Strategy

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

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.

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.

ESG and stewardship tools

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

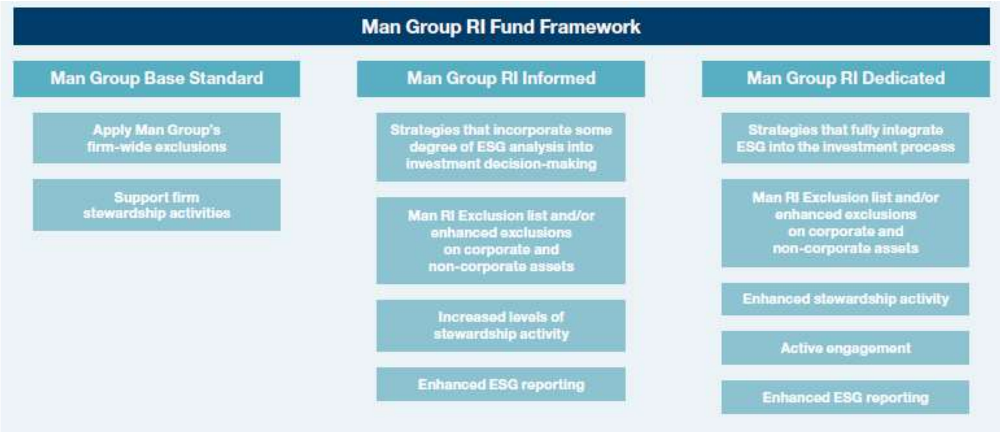
Further, Man Group has a proprietary engagement tool (the "Engagement Tool"). The Engagement Tool allows investment and stewardship teams to review, record and track engagements with companies. The Engagement Tool captures key information on the life-cycle of an engagement activity, including type of interaction, key stakeholders, ESG objectives, milestones, next steps and outcomes.

RI Fund Framework

Although we do not impose a single house view in terms of ESG application or stewardship approach, we provide our investment engines with the ESG resources and tools needed to support and facilitate the investment decision-making process from both financial and non-financial perspectives.

To ensure consistency and credibility in our approach to RI, we have formalised a monitoring procedure for funds that have a defined ESG approach. We monitor fund managers' compliance with our RI policies and fund framework on an annual basis. Additionally, dedicated compliance and investment risk professionals monitor adherence to ESG-related investment restrictions and to our RI exclusions list on an ongoing basis. Man Group exclusions include ownership in global banned weapons, nuclear weapons, tobacco producers and there are also restrictions on coal-related activities. All Man Group funds fall into three categories: Man Group Base Standard, Man Group RI-Informed and Man Group RI-Dedicated.

Figure 1
Man Group RI Fund Framework



Education

We are 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 and setting standards through participation in industry-wide initiatives.

Man Group is proud to be involved with many industry groups that promote responsible investment practices. Man Group is a signatory to the Institutional Investors Group on Climate Change (IIGCC), the International Sustainability Standards Board (ISSB) and the Standards Board for Alternative Investments (SBAI). 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.

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.

Proxy Voting

The execution of voting rights is a key element of Man Group's active ownership effort. We are committed to being responsible stewards of our clients' assets and we take our voting action very seriously.

Our voting policy seeks to encourage good corporate governance practices and ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. We understand that not all companies can fit a single model of governance and that best practice, regulatory requirements and corporate governance codes within different markets require a balanced and bespoke voting approach. We endeavour to conduct a fair level of research and consider the context and explanations provided by investee companies when making voting decisions. Nevertheless, our voting policy also comprises global best practice guidelines and areas of focus that we believe should be considered across all regions.

Man Group's Proxy Voting Guidelines

A summary of our proxy voting policy and guidelines can be found on our website: https://www.man.com/responsible-investment

Voting Process

Vote all meetings

Our aim is to vote at all meetings for our holdings where we have the legal right to do so. Man Group generally actively vote on every holding in client portfolios unless otherwise restricted within separately-managed client accounts, there is a situation where the client retains voting rights or we are limited because of exposure to synthetic instruments. Where a separately managed account exists, or where voting rights have been retained by the client, we also refrain from engaging on these positions.

In line with voting policy

Although we generally vote in accordance with the recommendations of our proxy voting service provider, based on the application of our custom policy, we retain our right to determine and exercise the final voting decision. On occasion, a certain investment team may wish to vote in contradiction to the Man Group custom voting policy, which is then considered and actioned by the Stewardship team. We expect our investment teams to be aware of the corporate structure and governance of our holdings, both for financial and non-financial ESG issues. In addition, if a client has contractual or regulatory requirements as to the manner in which a proxy should be actioned, we will follow such instructions, notwithstanding that they may not be in accordance with our voting policy. Further, we facilitate the implementation of specific client requirements which, in the US, may include the Employee Retirement Income Security Act (ERISA) statutes[1] for clients under such requirements.

In the case of fund of funds, such as those managed by Man FRM, our investment specialist and advisory business, we consider voting an important right to be exercised and part of the external manager's duty. While those underlying managers hold the discretion to vote, we do make it clear that active stewardship is preferable.

Man Group's Stewardship team maintains documentation of all proxy voting decisions which are contrary to Man Group's voting policy. Man Group's Stewardship Committee meets quarterly to review the firm's approach to stewardship activities and voting activity.

Departures from best practice

Regarding departures from best practices in corporate governance, Man Group believes that the 'comply or explain' approach is the foundation of corporate governance in the UK and Ireland. While our proxy voting service provider operates a policy-based approach, we recognise that, in certain cases, there may be a good reason why non-standard corporate governance arrangements fit a company's particular circumstances. When assessing the quality of a company's explanation, our proxy voting service provider follows the guidance provided by the Financial Reporting Council ('FRC') in the UK Corporate Governance Code (the Governance Code). Should a company not sufficiently comply or effectively explain a failure to abide by the Governance Code, we would expect our proxy voting service provider recommend a vote against management which we would follow unless there were extenuating circumstances.

The nature and topic of these interactions can be wide-ranging, including matters relating to stewardship and corporate governance practices. They may also include long-term corporate strategy ambitions, board issues (remuneration, composition and independent representation), financing, corporate actions such as potential acquisitions or divestitures, exposure to non-financial ESG risks and overall corporate performance metrics.

Differing opinions on a vote

Given the number and diversity of investment teams at Man Group, we recognise that situations may arise in which investment teams form differing opinions on a proxy vote. In such circumstance, Man Group maintains a process designed to consider all perspectives, weighing them against management recommendations, recommendations from our proxy adviser, the advice of Man Group's Stewardship team and, when required, guidance from our Stewardship Committee, in order to arbitrate a decision that is transparent and in line with best practice. As discussed in the "Override Process" section below, if no agreement is reached on the best course of action, or if the voting intention is deemed controversial, the Adjudication Sub-Committee may be called upon and will subsequently come to a decision on how to vote.

Further explained below, the Stewardship Committee maintains the Proxy Watch List which contains names of Man Group clients. 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.

1. For additional details please contact stewardship@man.com

Figure 2
Man Group's Stewardship - Formula

((**policy** + **recommendation** + **precedent** + **preference**)*__resolution__) = **firm view**

Resolution mechanism for conflict of interests

Firm-level and fund-level voting preferences

Man Group's historical voting record on similar issues and ballots

Man Group's Proxy voting provider (Glass Lewis) recommendation

Man Group's voting and engagement policies

Circumstances where we would refrain from voting

It should be noted that, in exceptional cases, we may choose to refrain from voting due to additional costs associated with the vote which we believe are not beneficial to our clients. A primary example is where there are restrictions placed on trading. If share blocking applies to a meeting, we think that the disadvantage of being unable to sell the stock generally outweighs the benefit of voting. In addition, some jurisdictions may require documentation that is difficult or costly to obtain as a condition to voting. From time to time, Man Group funds may also hold equity positions purely for financing purposes. The net result of these holdings is that we have no economic interest in the issuer in which case we would seek to refrain from voting to prevent instances of empty voting.

Other asset classes

For other asset classes where a vote may be permitted such as fixed income and private equity positions, the Stewardship team will be alerted to any meeting as and when they occur. A case-by-case approach is taken with the Stewardship team seeking the opinion of the respective investment team on how to vote, if at all. These opportunities are voted on a best-efforts basis and require certain documentation to be completed.

Pass-through voting

We are mindful of growing interest from certain clients and asset owners in directly participating in certain general meeting issues through so-called "pass-through voting". Allowing clients to influence and instruct voting in segregated and pooled accounts is something we are exploring. To date, we have no formal processes in place in this regard but we remain open to different ways that we can serve our clients to meet evolving expectations of stewardship practices and standards.

Monitoring our voting rights

On a daily basis, an automated list of Man Group accounts that hold cash equities is sent by Man Group to Glass Lewis. We are also alerted by Glass Lewis when new Man Group accounts are set-up on Proxy Edge, the ultimate voting platform managed by Broadridge. There is then an internal process coordinated by the Stewardship team to understand whether we have authority to vote. If the account has not been set up for voting where it should be this can then be set-up. Another aspect to this is the details the Stewardship team receive from the New Business team when new funds are set up across the various investment engines within Man Group. A similar process is then required to identify the existence of voting rights and for setting up the account for proxy voting if required. These systems allow us to monitor what shares and voting rights we have.

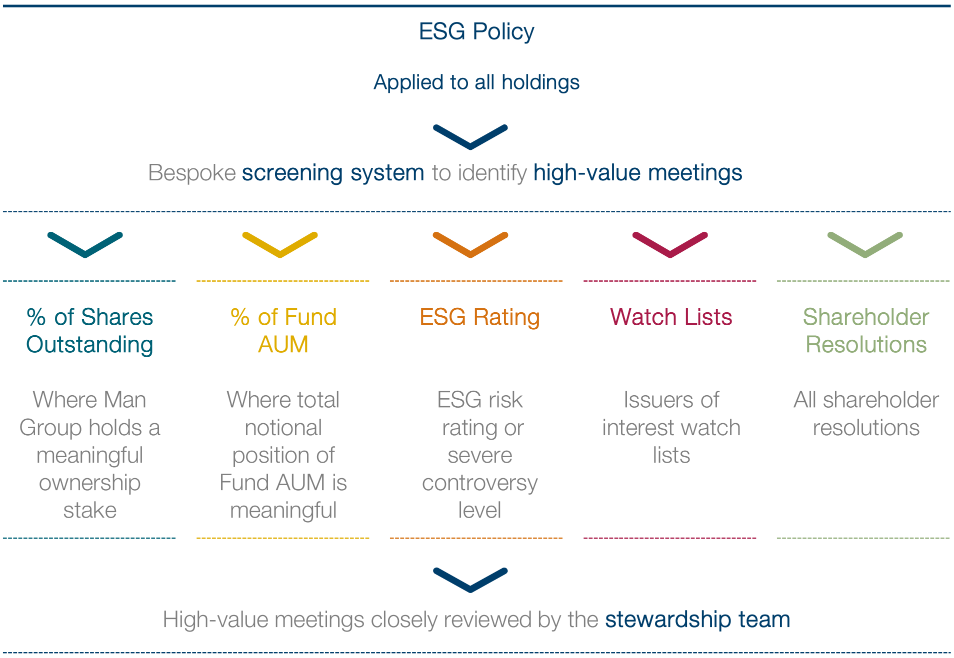
Our Proxy Voting Framework – Significant Votes

Our voting framework employs screening to identify high-value meetings. Any prepopulated votes for such meetings are manually reviewed by the Stewardship team. This allows us to monitor the quality and accuracy of the research and voting recommendations provided by our third-party provider Glass Lewis and to keep up-to date with the governance system and practices of these companies.

Our screening combines an internal metric on deemed importance of the meeting with the ESG rating from a third-party provider (Sustainalytics). It also includes watch lists of sensitive securities, such as issuers Man Group is engaging with and high-profile events. Finally, all shareholder resolutions are reviewed and voted in house.

- % of Shares Outstanding: Where Man Group holds a significant ownership stake
- % of Fund AUM: Where total notional position of Fund AUM is meaningful
- ESG Rating: Poor ESG rating or severe controversy level
- Watch lists: ‘Issuers of interest’ watch lists
- Shareholder Resolutions: All shareholder resolutions

Figure 3
Man Group's Proxy Voting Framework



Synthetic Instruments

As previously noted, Man Group manages a number of strategies where it is a normal practice to hold certain positions through synthetic instruments such as equity swaps. Where positions are expressed through synthetic exposure, the underlying ownership of the position is held by a prime broker. While synthetic instruments carry the benefit of lower transaction costs, they also make it possible to express short positions in strategies such as UCITS funds that prohibit outright short sales of physical positions. For securities where we choose to own synthetic instruments, we maintain economic ownership, benefiting from the distribution of cash dividends and share splits. However, we do not own the underlying shares and, consequently, are limited in exercising our voting rights for those companies.

In the event that an investee company where we own synthetic exposure proposes a voting recommendation that we disagree with, we may choose to inform the company about our views and potentially convert our synthetic position to physical share ownership to better express our voting intentions. If we choose not to convert our synthetic position to physical share ownership, we will have no rights or means of influence for the holding. Synthetic instruments like equity swaps are designed to be held at arms-length with the prime broker. Prime brokers, themselves, may not even own the underlying physical position as there is no requirement for them to hold an equal and opposite hedge. Lastly, synthetic instruments can best be characterised as cash not physically settled. As such, while Man Group may or may not choose to swap out of the synthetic instrument into the physical position, it should be noted that conversion is not always an automatic right.

Stock Lending

Stock positions lent on behalf of Man Group funds are done so through our custodial agency stock-lending program. Because Man Group has no direct management in the running of this scheme, we do not typically engage in stock recalls, however we will occasionally request for shares to be recalled in order to vote if the meeting is deemed to be important by the Stewardship team on a case-by-case basis.

Use of Proxy Advisors

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. As mentioned, 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

When considering a suitable proxy voting service provider, Man Group considers selection criteria based on a range of factors. These include: the ability to empower Man Group to step into the process and execute on its stewardship agenda; the degree of collaboration, including facilitating the sharing of industry expertise; the scope of markets covered matching Man Group's investment universe; robust and user-friendly systems; and the adherence to best practice principles.

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 regularly.

Additionally, our Stewardship team conducts a quarterly due diligence questionnaire on the service provided by Glass Lewis and presents this to our Stewardship Committee.

Transparency and reporting

Man Group has the capacity to report consistently on ESG activities across our investment engines, allowing our clients a uniform means to assess ESG performance at a strategy level. The report is generated from our proprietary ESG Analytics Tool. Our reporting is also consistent with the key measures our portfolio managers use to monitor their portfolios on ESG issues embedding a proprietary ESG scoring system derived from both standard data sources and Man Numeric's data research. The system applies advanced data science and quantitative analysis to disaggregate multi-vendor ESG datasets, allowing clients to assess a holistic score for the sustainability profile and impact of a portfolio and the potential to compare to its benchmark, when applicable. The report additionally provides third party data from the industry standard ESG data providers to provide a more complete picture.

Man Group believes that reporting transparency and consistency is essential to stewardship activities. Accordingly, Man Group reports overall firm voting data on a quarterly basis on its RI website: https://www.man.com/responsible-investment. This data offers an overview of our voting activity at a meeting, ballot and proposal level. Furthermore, Man Group reports annually on Stewardship outcomes in our Stewardship Review.

Access to fund-level stewardship data is also available to the investment teams through the ESG Analytics Tool. Man Group expects investment teams who are involved in issue-specific, fund-level engagements with companies that go beyond the engagement activities of Man Group's Stewardship team to report on these activities to their external investors.

Our dedicated RI funds reflect their increased focus on ESG and stewardship by providing more thorough quarterly commentary on their portfolios ESG and stewardship activities.

Conflicts of Interest

As a publicly listed asset manager on the London Stock Exchange, Man Group conducts its business in accordance with the highest standards of corporate governance and compliance. We apply a consistent, transparent approach to the management of conflicts of interests. This approach includes policies, procedures and controls designed to prevent undue influence from emerging in our stewardship practices.

Man Group maintains a Global Conflicts of Interest Policy which sets out the firm's approach for identifying, recording, escalating and monitoring conflicts of interest. Man Group has three approaches to managing or remediating conflicts of interest, including: termination or avoidance of the activity to which the conflict of interest relates, managing the conflict of interest via appropriate internal controls and disclosure to the affected clients to which the activity relates, as appropriate. Our Global Conflicts of Interest Policy is available upon request.

In addition, Man Group maintains a centralised Conflicts of Interest Register ("COI Register") where identified conflicts of interest (including investment division-specific conflicts of interest) are recorded. Upon identification, a conflict of interest is recorded on the COI Register along with the relevant mitigating measures adopted or to be adopted to manage the COI. The COI Register consists of each identified conflict, potentially impacted business units and the measures adopted in an effort to mitigate each respective conflict.

All employees are responsible for acting in our clients' and investors' best interests. Man Group employees are required to comply with these policies and regularly undertake training and assessment on areas relating to conflicts of interest. Training covers identifying conflicts of interest as well as managing conflicts of interests. Our objective is to create a culture of awareness and appropriate action identifying and reconciling any conflict of interest.

Regarding stewardship specifically, Man Group has a number of 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 the 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), 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

Man Group established the Stewardship Committee to be responsible for resolving stewardship-related issues (both proxy voting and engagement) when deemed necessary, 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. Prior to the Stewardship Committee meeting, Compliance will receive a list of proxy votes to monitor where potential conflicts of interest may have existed.

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, Compliance and Portfolio Manager representatives.

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.

Override Process

In addition, Man Group maintains a policy that governs potential conflict of interests that may arise on an intra-firm basis, specifically among investment teams and their independent stewardship activities. It is in Man Group's interest to establish and vote according to best practices and policies while also giving a level of autonomy to investment teams to develop and form strong views around stewardship decisions. Given the number and diversity of investment teams at Man Group, we recognise that situations may arise where investment teams form differing opinions on a proxy vote and/or shareholder resolution. In instances where a Portfolio Manager wants to vote a proxy contrary to Man Group Proxy Voting Policy, the Stewardship team will identify all holdings across Man Group and contact the relevant Investment teams. If no agreement is reached on the best course of action or if the voting intention is deemed controversial, the issue is escalated to the Stewardship Committee and potentially the Adjudication Sub-Committee, which will make a decision on how to vote.

More broadly, Man Group maintains clear policies to manage conflicts of interest across the firm, including:

- Man Group Code of Ethics Policy
  - This broad policy sets out the ethical standards and core values which inform, govern and determine corporate and individual behaviour across the firm. It covers frameworks such as:
    - Global Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy;
    - Global Gifts and Entertainment Policy;
    - Electronic Communications Code of Conduct;
    - Treating Customers Fairly ('TCF') Best Practice Statement;
    - Market Abuse/Insider Dealing policies.
- Global Personal Account Dealing Policy
  - Man Group staff must regularly report all trading activity from personal accounts in securities which are or may be traded on behalf of clients and investors.

- Global Inside Information Policy
  - This sets out clear expectations for the treatment of market-sensitive or inside information.

Further information on each of these policies is available upon request.

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 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.

Systematic Engagement

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

1. Identification

The process starts with problem identification. 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.

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 in cooperation with the RI team, our Stewardship Committee, RI Committee, and senior management. Thematic company engagement is focused on a single issue, allowing us to explore carefully chosen ESG problems each year with a larger number of companies.

2. Selection

The second step is company selection. From the list of potential candidates, companies are chosen 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.

- Coverage - We will prioritise companies widely held by several portfolios across our investment engines.
- High-value positions - We will prioritise companies where funds managed by Man Group hold a meaningful ownership stake.
- RI-dedicated funds - We will prioritise companies in our RI-dedicated funds' portfolios. These are funds within Man Group that are focused on RI, and which fully integrate ESG into the investment process (see Figure 1).

3. Discussion

We favour a transparent and collaborative approach. 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[2] 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

The fourth stage is dialogue initiation. This is the point 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 an in-person meeting or conference call 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

The fifth step is evaluation. This 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

The sixth and final step is 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.

2. Only portfolio investments where Man Group’s investment subsidiaries adheres to its Stewardship Policy are represented in this process.

Fund-level engagement

Our discretionary managers have exposure to a significant number of securities from separate corporate issuers and conduct routine meetings with company management teams to discuss economic, financial and non-financial ESG matters. This practice of active, positive engagement is an integral part of our discretionary managers' investment processes, enhancing our research as well as, crucially, helping to reinforce long-term, constructive relationships with investee companies for the benefit of our clients.

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 SFDR, with greater requirement of investments teams of Article 8 and 9 funds[3] to actively engage with investee companies on a range of ESG topics. Engagements are undertaken across all affected asset classes and regions. 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 internally to ensure a material impact.

Figure 4
Engagement Process

1. Problem Identification
   - ESG Screening and Research
   - Engagement Themes
   - Engagement Proposition (internal / external)
2. Company Selection
   - Risk & ESG Performance
   - Exposure to Engagement Theme
   - Prioritisation (Coverage, High-Value Positions, RI-Dedicated Funds
3. Internal Discussion
   - In-house Consulting
   - Strategy & Objectives
4. Dialogue Initiation
   - Communication
   - Tracking & Documentation
5. Evaluation
   - Progress Monitoring
   - Escalation
6. Conclusion
   - Reporting
   - Engagement
   - Closure

3. 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.

Enhanced Stewardship for Man Group RI Dedicated Funds

Man Group RI Dedicated Funds are subject to an enhanced engagement framework which applies to all investee companies in their portfolios. This engagement framework is defined by a rigorous assessment of companies' good governance practices prior to investment and periodic monitoring while the investment remains in the portfolio and contains clear engagement timescales and escalation strategy.

Sustainalytics controversy ratings on governance matters are used to trigger the engagement process. If an investee company is considered to not follow good governance practices, the relevant investment team or the Stewardship team is to engage with the company unless a reasonable explanation can be provided which demonstrates that the controversy is not material, no longer relevant or has already been addressed. If the investee company does not substantively respond within 3 months, the relevant Man Team will follow-up. If the investee company's response shows that the controversy has not been adequately addressed, or the investee company fails to respond to the follow-up within 3 months (6 months since engagement), then the investee company will be deemed not to meet the good governance test. In this situation, an escalation strategy is to be discussed and agreed. For Article 8 SFDR products, specifically, the investment team must not make a proposed new investment or must divest from a current position within 4 weeks. This requirement also applies to any other Article 8 or article 9 products invested in the investee company managed by Man Group.

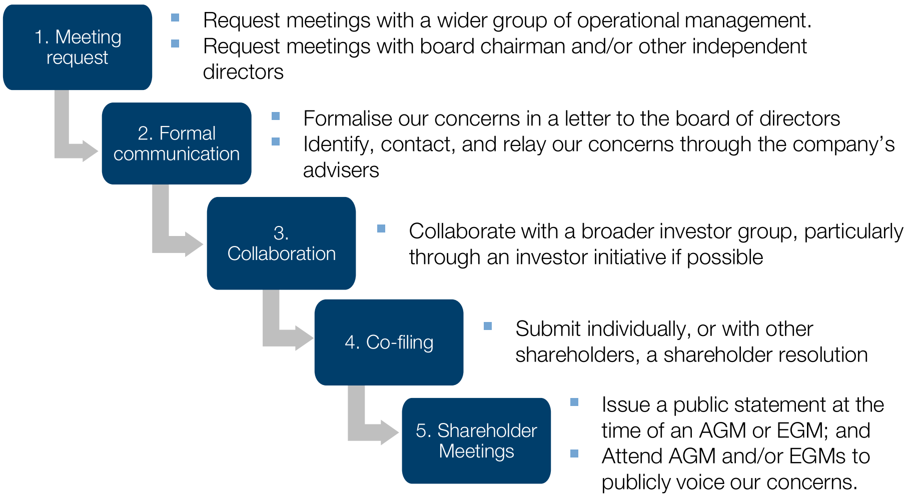
Escalation Guide

Man Group's multi-dimensional approach to stewardship — systematic at the firm level; selectively collaborative at the firm level; and targeted engagement at the fund level — provide a number of opportunities, sometimes overlapping, for engagement and, if necessary, escalation. Tactical (non-systematic) engagement is assessed on a case-by-case basis. 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 investment strategies cover most asset classes across the long-only and alternative spectrum. While Man Group's Stewardship team and the Stewardship Committee will address engagement activities at the firm level, it should be recognised that the nature of Man GLG, Man Group's discretionary business, makes it most relevant in active ownership and stewardship activities. While many of our discretionary strategies focus on companies regarded as best-managed, other strategies concentrate on realising value through distressed assets where engagement with investee companies is critical to the investment case. Similarly, 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 filing shareholder proposals offer increased leverage in cases where utilising the Man Group escalation process has been required.

We recognise the importance of escalating discussions sensitively. If we fail to resolve the issue, but still recognise the case for the investment in a company, we may take steps to escalate our actions. If overtures to engage on issues are not acknowledged by company management or the board of directors, Man Group's discretionary managers will consider a number of steps towards greater escalation. On such issues and in such circumstances, our actions may be as follows:

Figure 5
Escalation Steps



Ultimately, Man Group believes that a constructive dialogue with the board and/or management is the optimal means of engagement. Should this and all other efforts fail, or we believe that the company is not making reasonable amendments to its strategy or underlying policies, Man Group may sell its entire ownership stake for the preservation of capital in the interest of its clients.

Collaborative Engagement

We see merit in efforts to collaborate on RI and ESG-related standardisation through investor groups and initiatives. 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.

Man Group is a proud member and supporter of the following organisations and initiatives:

Collaborative engagement initiatives

- UN Principles for Responsible Investment (‘UN PRI’)
- Climate Action 100+
- The Investor Forum
- ShareAction
- Farm Animal Investment Risk & Return (‘FAIRR’)
- Ceres
- Valuing Water Finance Initiative (VWFI)
- UNI Global Union

Industry associations and standards-setting bodies

- UK Stewardship Code
- UN PRI
- Institutional Investors Group on Climate Change (‘IIGCC’)
- Net Zero Asset Managers Initiative (‘NZAM’)
- UK Sustainable Investment and Finance Association (‘UKSIF’)
- Standards Board Alternative Investments (‘SBAI’)
- Alternative Investment Management Association (‘AIMA’)
- Task Force on Climate-related Financial Disclosures (‘TCFD’)

- Managed Funds Association (‘MFA’)
- The Investment Association (‘IA’)
- CFA Institute
- Climate Financial Risk Forum (‘CFRF’)

Additional ESG-focused organisations

- Imperial College Climate Finance & Investment Centre Advisory Board
- Carbon Pricing Leadership Coalition (‘CPLC’)
- New Plastics Economy Global Commitment
- Pensions for Purpose