

# Responsible Investment Policy

August 2022

## Statement of commitment

Man GLG recognises that risk management is fundamental to our role as an investment manager. Moreover, the increasingly complex nature of risk – from economic and political considerations to financial and non-financial factors – demands the development of Responsible investment ('RI') capabilities. In short, we believe that companies with a long-term track record of strong management and governance combined with an awareness of environmental, social and governance ('ESG') risks will enhance shareholder value. We believe abiding by this principle will allow us to act in the best long-term interest of our clients.

As a proud signatory of the United Nations Principles for Responsible Investment ('UN PRI'), Man GLG is committed to a RI approach that combines best practices in ESG analysis with the interests and values of our clients. Man GLG's participation in the UN PRI dates back to January 2012; in September 2017, Man Group elevated the firm's signatory status to include all five of the Group's investment engines.



## Our approach

Man GLG is committed to the continued expansion of our RI offering. Man GLG recognises that different investment styles and approaches can be equally effective, therefore, we encourage our portfolio managers to think independently, unconstrained by a house view. Our teams have the opportunity to express their views, act decisively on ideas or opportunities and take prudent risks.

The purpose of this policy is to outline our commitment and approach to RI, which can be distilled into three core pillars:

1. ESG integration: fundamentally-driven ESG approach tailored for each investment team;
2. Active ownership: enhancing and protecting the value of our clients' assets through voting and active engagement;
3. Education and activities: participating and promoting RI within the investment community.

Man GLG is supported by Man Group's Responsible Investment Committee and Stewardship Committee ('SC') which oversee and review the implementation of all RI policies and processes, as well as the firm's stewardship capabilities, across Man Group's investment engines. The Responsible Investment Committee is composed of

senior representatives from across Man Group's businesses, including Man GLG, providing a broader perspective across asset classes and investment strategies. Man GLG adopts Man Group's RI Fund Framework, which is designed to establish a baseline requirement of ESG standards. Man GLG's RI funds are categorised as RI-Informed, funds with a further level of RI integration, or RI-Dedicated, funds that operate a dedicated ESG/RI strategy that fully integrates ESG into the investment process.

## ESG in our investment process

As a discretionary investment manager with a diverse product offering, Man GLG's methods and approaches to ESG integration vary between strategies. At a top-down level, we focus on empowering individual investment teams to incorporate RI in a way that is relevant and effective to their respective investment strategies. We facilitate ESG in a number of ways, including:

- Ensuring that investment teams have the resources to analyse a company from both a financial and a non-financial perspective. Man Group's proprietary ESG Analytics Tool allows our teams to monitor and report their ESG risks and exposures in real-time. The Tool integrates data from third party data providers, as well as proprietary Man Group ESG scores, to help teams to build as complete a picture as possible of ESG risks to embed into the investment decision-making process.
- Man GLG has established a firm-wide zero tolerance threshold to limit the firm's exposure to Banned Weapons. The funds we manage are not permitted to directly invest in or finance companies which our independent third-party specialist screening provider believes are involved in the manufacture, supply or distribution of weapons banned by international convention. In addition, a number of our funds apply Man Group's RI Exclusion List, which excludes companies where the production of coal or provision of coal-based energy represents more than 30% of revenues, with the exception of companies that generate less than 40% revenue from the production of coal or provision of coal-based energy that are on track to reach their 2025 target CO2 emissions reduction in alignment with the Paris Climate agreement. The Man RI Exclusion list also excludes companies involved in the manufacture of Nuclear Weapons or depleted uranium and companies involved in the production of tobacco.
- We recognise that beyond broad, standard definitions of RI, norms-based approaches differ widely by region and faith. Accordingly, Man GLG offers clients the ability to express a specific world view in their investment strategy. These strategies have included faith-based exclusions, restriction lists based on ESG scores and themes as well as single-stock exclusions.
- We provide structured reports on portfolio level ESG analytics (for example ESG scoring and carbon measures) along with Man Group and portfolio level Stewardship activity.
- Implementation of EU Sustainable Finance Disclosure Regulation (SFDR), where relevant across our fund range, based on Man Group's internal framework. SFDR is designed to encourage the integration of sustainability risks into the investment decision making process, create consistent disclosure standards to help investors more easily compare and understand the ESG objectives of a product, and prevent greenwashing.

## Our role as active owners

We recognise that exercising our shareholder rights and responsibilities is fundamental to our role as an active owner. We view constructive engagement with company management combined with consistent proxy voting as the best means to produce positive outcomes.

Our stewardship objective is to enhance and protect the sustainable value of our clients' investments. As a general rule, engagement is dictated by several factors, including investment materiality and the potential for reputational impact. Engagement often requires addressing ESG issues with an aim to improving a company's policies and ratings. Our approach to active ownership comprises three components:

### 1. Fund level engagement

At a fund level, Man GLG's investment teams are encouraged to engage proactively with corporate management teams on relevant ESG issues and push for best practices. The long-term nature of Man GLG's RI funds allow investment teams to build close working relationships with management teams to affect change, and in the process seek to generate alpha for investors. Our preference is for engagement with companies to be conducted privately and confidentially in order to facilitate an open dialogue conducive to resolving our areas of concern. As a general rule, we emphasise a policy of constructive engagement over one of divestment, as we view ownership as a means to contribute positively to the improvement in ESG standards of portfolio companies.

### 2. Systematic proxy voting

As active shareholders in our portfolio companies, we believe that it is our duty to use our voting rights to promote sound corporate governance practices at our investee companies on behalf of our clients. Proxy voting is conducted at the Man Group level by our Stewardship Team, who work together with a third-party proxy voting service to apply an enhanced RI-oriented voting policy across all our holdings. Areas of focus include environmental footprint, executive remuneration and board diversity.

### 3. Collaborative engagement

Man GLG encourages and facilitates the exploration of opportunities for collaborative engagement by its investment managers with other asset owners and managers as a means to engage with companies on ESG specific issues. We view collaborative engagement as leveraging the efforts of the responsible investment community as well as lending transparency to the engagement process.

## Our promotion of RI best practices

Man GLG is an active advocate of RI best practices, and we participate in a number of initiatives and organisations:

- Man GLG is an active member in norms-based organisations aimed at developing governance frameworks for the alternative asset management industry. Man GLG has participated in the UN PRI Hedge Fund Advisory Committee since 2011. Representatives from Man GLG regularly speak at annual UN PRI and responsible investing conferences. In addition, Man GLG is a founding member of the Standards Board for Alternative Investments ('SBAI') and active within the Alternative Investment Management Association ('AIMA').
- Man GLG participates in a number of initiatives and organisations aimed at formulating policy proposals to support efficient markets that take into account ESG risks. These include our participation in the World Banks' Carbon Pricing Leadership Coalition and the Carbon Disclosure Project.

- Man GLG produces research and white papers discussing its views across a range of environmental and governance issues. These pieces often appear in industry media, including Institutional Investor, Wall Street Journal, Bloomberg, CNBC and the AIMA Journal, and also feature on our internal research platform, [Man Institute](#). Topics include the implications of environmental policy on markets and demonstrating ways in which ESG analysis can both enhance performance returns as well as mitigate risks.

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