# Man Asset Management (Cayman) Limited

## Sustainability Risk Policy

This document sets out the Sustainability Risk Policy (the **"Policy"**) of **Man Asset Management (Cayman) Limited ("CMC")**, in respect of the integration of sustainability risk in the investment decision-making process in respect of the Products (as defined below).

1. **Introduction**

1.1 The EU Sustainable Finance Disclosure Regulation ("**SFDR**") requires CMC to publish on its website information about their policies on the integration of sustainability risks in the investment decision-making process in respect of the Products (as defined below).

1.2 "Sustainability risk" is defined in the SFDR as meaning an environmental, social or governance event that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

1.3 CMC, in the course of its activities, delegates day-to-day portfolio management activities to GLG Partners LP, AHL Partners LP, Man Solutions Limited and Man Global Private Markets (UK) Limited (together the "**Investment Managers**"). This document sets out CMC and the Investment Managers' approach in respect of the integration of sustainability risks in the investment decision-making process, as required by Article 3 SFDR. Where an Investment Manager integrates sustainability risk in their investment decisions, this Policy applies to all investment professionals of such Investment Manager, and applies in respect of all portfolio management services, investment advisory services, AIF management and UCITS management, in each case in relation to a product subject to Article 6, Article 8 or Article 9 of SFDR (together the "Products"), whether such service is carried on by CMC directly or through delegation via the Investment Managers.

1.4 This policy applies as from 31 January 2022.

2. **Purpose of this policy**

2.1 CMC takes a diversified approach to integration of sustainability risk across the Investment Managers, recognising the importance of implementing responsible investment across asset classes and strategies where relevant. The Investment Managers' diversified range of alternative and long-only strategies, private real estate, and illiquid strategies seek to apply the best practices of sustainability risk integration and of responsible investment in the way that is most relevant to their fields of research – there is no 'one size fits all'.

2.2 The purpose of this policy is to outline CMC's recognition, commitment and support for the development and integration of sustainability risk and of responsible investment modalities across the Investment Managers. The diversified nature of CMC's multi-strategy businesses means that no single Environmental, Social and Governance ('ESG') framework, and in particular this Policy, is universally applied. Accordingly, CMC expects the Investment Managers to apply the norms and best practices of responsible investment that are most appropriate for their strategy and asset class.

2.3 For CMC these norms and best practices include:

- **Sustainability risk**: integrating the consideration of sustainability risks into the investment decision-making processes of Investment Managers where appropriate;
- **Stewardship**: enhancing the value and interests of CMC clients' assets through voting and active engagement;
- **ESG factors**: considering and/or applying ESG criteria in the investment decision-making process;
- **Education & activities**: participating and educating responsible investment within the investment community.

2.4 For the purposes of SFDR, the regime around sustainability risks is concerned with the risk that ESG events could impact on the value of the Products. In other words, this policy covers "value" rather than "values", and does not take into account the perspective harm that a Product's investment positions might do externally to sustainability factors.

3. **<u>Application of sustainability risks policy</u>**

3.1 CMC and the Investment Managers have reviewed the sustainability risks which are potentially likely to cause a material negative impact on the value of the Products, should those risks occur. While these risks will vary by strategy and by subgroup, they may include the following.

- <u>Environmental sustainability risks</u> may include climate change, carbon emissions, air pollution, water pollution, harm to biodiversity, deforestation, energy inefficiency, poor waste management practices, increased water scarcity, rising sea levels / coastal flooding, and wildfires / bushfires.
- <u>Social sustainability risks</u> may include human rights violations, human trafficking, modern slavery / forced labour, breaches of employee rights / labour rights, child labour, discrimination, restrictions on or abuse of the rights of consumers, restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment, and infringements of rights of local communities / indigenous populations.
- <u>Governance sustainability risks</u> may include lack of diversity at Board or governing body level, inadequate external or internal audit, infringement or curtailment of rights of (minority) shareholders, bribery and corruption, lack of scrutiny of executive pay, poor safeguards on personal data / IT security (of employees and/or customers), discriminatory employment practices, health and safety concerns for the workforce, poor sustainability practices in the supply chain, workplace harassment, discrimination and bullying, restrictions on rights of collective bargaining or trade unions, inadequate protection for whistleblowers, and non-compliance with minimum wage or (where appropriate) living wage requirements.

3.2 In evaluating sustainability risk, the Investment Managers may take account of the "physical" or tangible risks of a sustainability event (for example, the impact of severe climate events leading to business disruption or losses for its investment positions). In addition, the Investment Managers may also take account of the "transition" risk, which focuses on the risk to investments as the world moves towards a more sustainable environmental and social model. Finally, the Investment Managers may, where appropriate, view sustainability risk as cross-cutting into other categories of risk (such as litigation risk or reputational risk).

3.3 The Investment Managers' approach to sustainability risk management is differentiated by various factors including (amongst other things) the time horizon for investments (for example, longer term investments driven by fundamental analysis vs. shorter term investments driven by systematic trading programmes); asset class (noting that single name equity, single name fixed income and real estate investments may potentially be more exposed to sustainability risks than other asset classes such as FX, rates or derivatives on broad based equity or fixed income indices); and the availability of adequate reliable data.

3.4 While the Investment Managers that integrate sustainability risks in their investment decisions are provided with information on sustainability risks, and are encouraged to take sustainability risks into account when making an investment decision, sustainability risk would not by itself prevent them from making any investment. Instead, sustainability risk forms part of the overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. However, as a matter of baseline processes, CMC and such Investment Managers do not apply any absolute risk limits or risk appetite thresholds which relate exclusively to sustainability risk as a separate category of risk.

3.5 As such and as per the below table, sustainability risks are currently integrated into the investment decisions of GLG Partners LP ('Man GLG) , and Man Global Private Markets (UK) Limited ('Man GPM') but not those of [AHL Partners LLP ('Man AHL')] Man Solutions Limited ('Man MSL') as the latter is not in scope for SFDR and as such it does not have a specific Sustainability Risk Policy.

| **Investment Manager** | **Approach to the Integration of Sustainability Risks in investment decisions** |
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| **Man GLG** | As a discretionary investment manager with a diverse product offering, Man GLG methods and approaches to sustainability risk integration vary between strategies and Man GLG focuses on empowering individual investment teams to incorporate sustainability risks in a way that is relevant and effective to them.<br><br>To ensure that investment teams have the resources to analyse a company from a sustainability risk perspective, Man GLG subscribes to a number of leading ESG data providers. Man GLG utilises a wide array of metrics, such as carbon footprint, |

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| | social supply chain incidents and controversy scores to facilitate the monitoring and reporting of sustainability risks and exposures in real time. This allows investment teams to understand the sustainability risks faced by their investments and to embed this into their investment decision-making process.<br><br>In evaluating sustainability risk, an investment team may take into account the "physical" or tangible risks of a sustainability event (for example, the impact of severe climate events leading to business disruption or losses for its investment positions) and/or the "transition" risk, which focuses on the risk to investments as the world moves towards a more sustainable environmental and social model. In some cases, this sustainability risk may cross-cut into other categories of risk (such as litigation risk or reputational risk).<br><br>Sustainability risk forms part of the overall risk management process and is one of many aspects which may, depending on the specific investment opportunity, be relevant to a determination of risk. While Man GLG's investment professionals are encouraged to take sustainability risks into account when making an investment decision, sustainability risk may not by itself prevent Man GLG from making any investment.<br><br>Man GLG consider that sustainability risks are relevant to the returns of the funds. |
| **Man MSL** | Man MSL does not consider sustainability risks to be relevant to the returns of the funds it manages because it is generally expected that (a) the funds will invest in a diversified portfolio of underlying funds, (b) the underlying funds will be diversified and not contribute to the funds' portfolio significant exposure to any particular underlying issuers, and/or (c) the underlying funds will not hold any particular positions for an extended period of time.<br><br>As such, Man MSL does not specifically integrate sustainability risks into investment decisions in respect of the funds. |
| **Man AHL** | Man AHL does not consider sustainability risks to be relevant to the returns of the funds it manages because it is generally expected that the funds will (a) trade a diversified portfolio of financial instruments, (b) not have significant exposure to any particular underlying issuers, and/or (c) not hold any particular underlying positions for an extended period of time.<br><br>As such, Man AHL does not specifically integrate sustainability risks into investment decisions in respect of the funds. |
| **Man GPM** | As a discretionary investment manager with a varied product offering, Man GPM's approach to sustainability risk integration varies between strategies and Man GPM seeks to empower individual investment teams to incorporate sustainability risks in a manner and to the extent that is relevant and effective to such teams, the underlying asset classes of the relevant product and the investment restrictions pursuant to which they invest.<br><br>Integration of sustainability risk is a particular focus for Man GPM in respect of certain categories of direct real estate investment, including where social and environmental factors are deemed relevant in determining the value of an investment, its long-term returns potential, and/or the social impact of the real estate that is brought to market (such as social and affordable residential housing). Factors that may be considered in such sustainability risk analysis include housing quality standards as they relate to social and employee matters, financial sustainability as it relates to the affordability of housing, additionality as it relates to the provision of housing as an essential social good, environment-related indicators and anti-bribery and anti-corruption matters as they relate to transactional counterparties and the impact that such factors may have on the value of the investment. |

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| | Sustainability risk may also be factored into the investment and risk management process through an assessment of the potential impact on value of a sustainability event. For example, in evaluating sustainability risk in relation to a direct investment in physical real estate, the investment teams may take into account the risk of extreme-weather events linked to climate change. Such events (for example flooding), or the likelihood of such events, may impact marketability of assets, may lead to damage of properties, disruption to supply chains or other business operations, resulting in loss of operating income, which would in turn negatively impact investment returns and the value of underlying assets if not managed appropriately. |

4. **Governance and senior management responsibility**

4.1 CMC's Board of Directors are ultimately responsible for the firm's policies and procedures in respect of sustainability.

4.2 CMC's Board of Directors has approved this Policy.

5. **Monitoring**

5.1 As a member of Man Group, CMC is supported by Man Group's Responsible Investment Committee and Stewardship and Active Ownership Committee ('SAOC') which oversee and review the implementation of all the Responsible Investment policies and processes at Group Level, including this Policy and the integration of sustainability risk across the Investment Managers where applicable. The Committee is composed of senior representatives from all of Man Group's underlying businesses, ensuring a broad perspective of Responsible Investment across asset classes and investment strategies.

6. **Disclosure of this policy**

SFDR requires that CMC must publish on its website information about this Policy. CMC satisfies this requirement by disclosing this Policy on Man Group's website at www.man.com/responsible-investment and https://www.man.com/regulatory-disclosures