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March 2023

Man

Annual Review 2022

# Stewardship: Proxy Voting and Engagement

INTELLIGENT RI

# 2022 in Numbers

## In 2022, Man Group:

Voted at
**7,201**
meetings

Voted on
**74,100**
resolutions

Opposed more than
**9,300**
resolutions globally

Voted against management at
**48.01%**
of meetings

Engaged with
**176**
companies

Supported
**98.01%**
of environmental-related shareholder resolutions

**Most common topic of engagement: Climate Change**

# Voting

## Voting overview

| Meetings | Number | Percentage |
|---|---|---|
| Total | 7,353 | – |
| Voted* | 7,201 | 97.93% |
| Unvoted | 4 | 0.05% |
| Meetings with at least 1 vote against management | 3,457 | 48.01% |

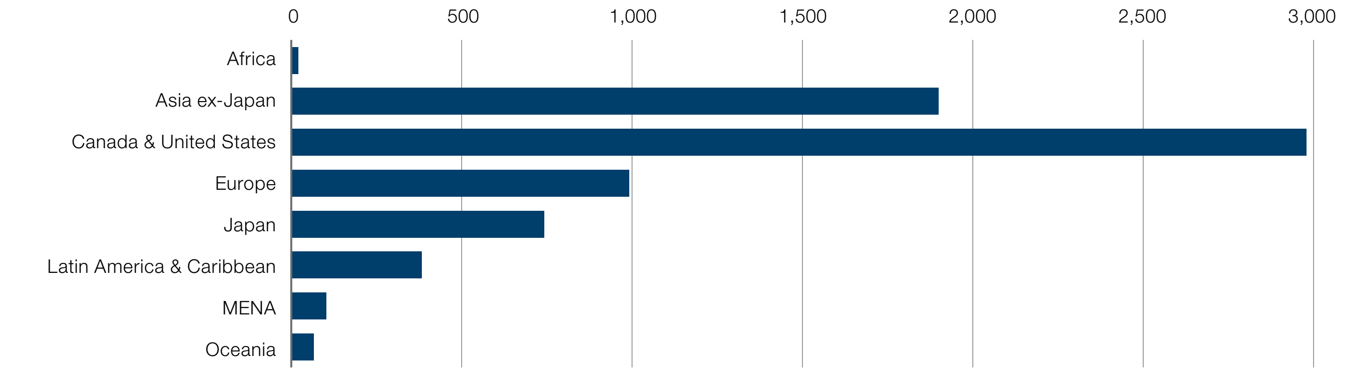
| Ballots | Number | Percentage |
|---|---|---|
| Total | 33,739 | – |
| Voted* | 33,213 | 98.44% |
| Unvoted | 70 | 0.21% |

*Excludes Take No Action (TNA). In line with our voting policy, in exceptional cases, we may TNA due to additional costs associated with the vote which we believe are not beneficial to our clients. This includes share blocking and equity positions held purely for financing purposes (meaning that our clients have no economic interest in the issuer).

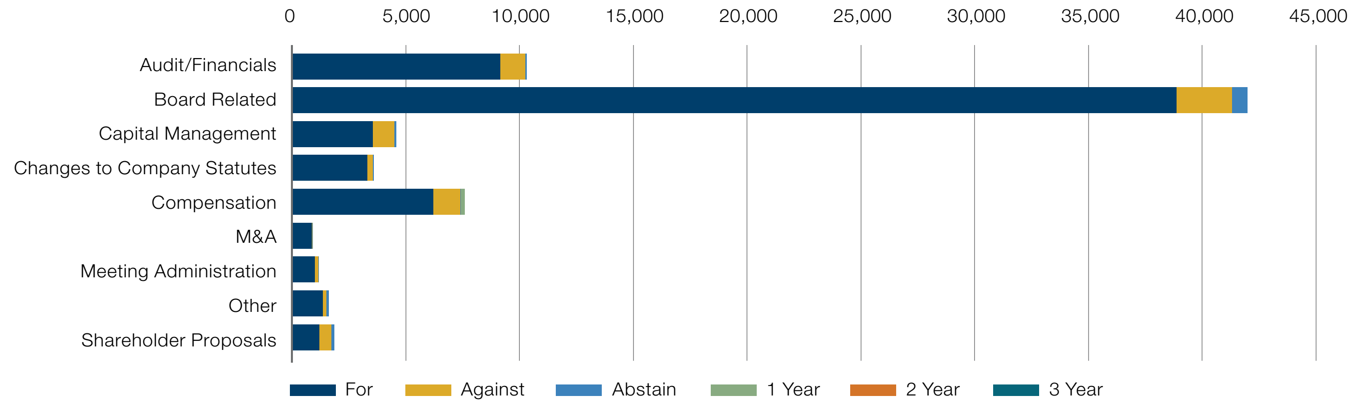
| Proposals | Number | Percentage |
|---|---|---|
| Total | 76,083 | – |
| Voted* | 74,100 | 97.39% |
| Unvoted | 8 | 0.01% |
| Votes against | 9,342 | 12.61% |
| Votes abstain | 704 | 0.95% |
| Votes with policy | 73,881 | 99.70% |
| Votes against policy | 58 | 0.08% |
| Votes with management | 63,307 | 85.43% |
| Votes against management | 9,976 | 13.46% |
| Votes on shareholder proposals | 1,435 | 1.94% |

*Excludes Take No Action (TNA). In line with our voting policy, in exceptional cases, we may TNA due to additional costs associated with the vote which we believe are not beneficial to our clients. This includes share blocking and equity positions held purely for financing purposes (meaning that our clients have no economic interest in the issuer).

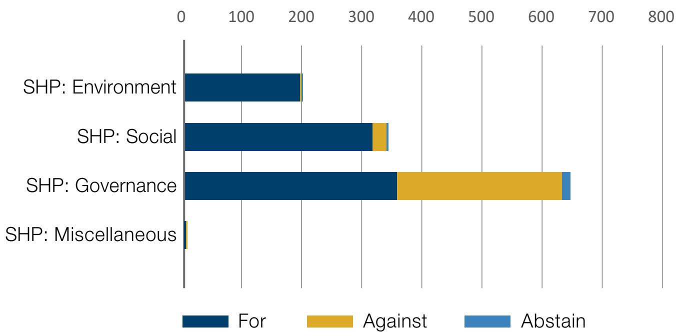
## Meetings voted by region




## Votes by topic




## Shareholder proposals




### % Votes in favour of Shareholder Resolutions FY22

| Environment | Social | Governance |
|---|---|---|
| 98.01% | 78.01% | 45.88% |

# Engagement

Number of companies engaged
**176**

Number of countries covered
**25**

### Direct Engagement

Number of companies engaged
**58**

Number of interactions
**205**

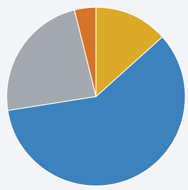
### Collaborative Engagement

Number of companies engaged
**120**

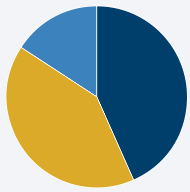
### Top five engagement topics

1. Climate Change
2. Human Rights
3. Health
4. Biodiversity
5. Compensation

### Engagements overview by region




### Engagements overview by ESG category




### Engagement results

Success
**21**

Positive progress
**118**

Flat progress
**25**

No success
**23**

# Voting & Engagement Highlights

- In 2022, we voted on 74,100 management and shareholder proposals at more than 7,000 meetings, voting against management on at least one agenda item at 48% of meetings.
- To compare, in 2021, we voted against management on at least one agenda item at 40% of meetings. The primary reason for the increased opposition was the strengthening of our custom voting policy, in two key areas: climate, including related risk mitigation and disclosure, and diversity.
- We continued to promote good corporate governance and high ESG (Environmental, Social and Governance) standards with the application of our Global Proxy Voting Policy, voting in favour of 98% of environmental-related and 78% of social-related shareholder proposals.
- As a result of our voting record, we were ranked by ShareAction, in their recent report *Voting Matters 2022*, as the seventh best asset manager supporting resolutions on climate and social matters[1].
- We engaged with 176 companies across 25 countries on ESG issues (58 direct engagements and 129 engagements in collaboration with other shareholders). Climate Change, Human Rights, Health, Biodiversity and Compensation were key areas of discussion.
- In 2022, we focused on several high profile and deep engagements, including our work in relation to shareholder resolution co-filings. With this being more resource and time intensive, it had the effect of decreasing our overall number of engagements for the year, but increasing how active we were in our stances in terms of stewardship.
- Looking forward to 2023, our custom voting policy has been reviewed, effective for shareholder meetings on and after 1 January 2022. The policy has been strengthened in the following key areas: diversity, human rights, and climate strategy, targets, and oversight.

**1.** Source: ShareAction, Voting Matters 2022 report. Awards and/or ratings are for information purposes only and should not be construed as an endorsement of any Man Group company nor or of their products or services. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are determined.

## Use Of Proxy Advisor Services

Man Group uses Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote on our shares and receive research reports and voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our Global Proxy Voting Policy and that our votes are timely and effectively instructed.

We have electronic alerts to inform us of meetings that require further review by the Stewardship team, votes against our policy, votes that need manual input and rejected votes that require further action.

*Glass Lewis is an advisor only. We retain the ability to override any vote decisions.*

## 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 an 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 on in-house.

Our proxy voting framework includes the following considerations:

- **% 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:** ESG risk rating or severe controversy level
- **Watch lists:** 'Issuers of interest' watch lists
- **Shareholder Resolutions:** All shareholder resolutions

### Proxy Voting Framework

**Applied to all holdings**

Bespoke **screening system** to identify **high-value meetings**

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

High-value meetings closely reviewed by the **stewardship team**

# Engagement Case Studies

**Engagement Policy**

Our Engagement Policy discloses how Man Group monitors and conducts dialogue with investee companies, exercises voting rights, cooperates with other shareholders, and manages actual and potential conflicts of interest.

Our Engagement Policy is publicly available on our website: ***www.man.com/responsible-investment***

**1**
Case Study

| | |
|---|---|
| **Region** | Asia & Pacific |
| **Sector** | Materials |
| **Industry** | Metals & Mining |

**Topic**
Climate Change

## JFE Holdings Inc

### Objective

To secure a commitment for JFE Holdings to strengthen their emissions reduction target.

### Background

JFE Holdings is a Japan headquartered corporation. Through its subsidiary, JFE Steel, the company is the second largest steel producer in Japan, both in terms of installed capacity and market capitalisation. In 2020, JFE Steel revenues represented more than 60% of the corporation's total revenues, while contributing to 99% of its total emissions. In terms of both their headline target for emissions reduction, and their stated strategy for achieving it, JFE lag behind their steel producer peers.

### Approach

An investor group comprised of Man Group, Storebrand, and the Australasian Centre for Corporate Responsibility (ACCR) engaged with JFE Holdings ahead of the company's annual general meeting. This comprised of a letter, followed by multiple meetings with management discussing the ambition of existing targets, the strategy to achieving them, and whether current incentives for management via the remuneration policy were sufficiently aligned with these goals.

### Outcome

The investor group successfully secured enhanced climate commitments from JFE Holdings, including: 1) a focus on exceeding its current 30% emissions reduction target by 2030; 2) annual shareholder consultation on technology investment to meet target; 3) a commitment to link executive remuneration with company's medium term business plan.

Since the engagement, JFE Holdings announced it will switch one of its furnaces to electric around 2028, in contrast to statements made as recently as May 2021. The company also agreed to meet with Man Group's Stewardship Team at the beginning of 2023, representing an on-going, constructive dialogue.

**2**
**Case Study**

**Region** Europe

**Sector** Financials

**Industry** Banks

**Topic**
Climate Change

# HSBC Holdings plc

## 2022 Objective

To set and publish a strategy to reduce its exposure to fossil fuel assets, including a full phase out from coal, on a timeline aligned with the Paris agreement.

## Background

In 2021, Man Group co-filed a shareholder resolution, together with 14 other institutional investors (representing $2.4 trillion in assets under management) and 130+ retail investors, which was co-ordinated by responsible investment NGO ShareAction, calling on the bank to reduce its exposure to fossil fuel assets, starting with coal, in line with the goals of the Paris agreement.

Following constructive engagement with ShareAction and the co-filing group, the bank committed to phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries, and to publish a new coal policy. Subsequently, due to the bank's positive response on climate policies and coal targets, the shareholder resolution was withdrawn.

In December 2021, HSBC announced its new coal phase out policy, which the co-filing group identified as failing to meet the red lines previously set out by investors. While HSBC's renewed coal policy was an important step forward, after previously lagging those of its European peers, certain important loopholes were identified.

## 2022 Approach

Man Group co-filed a second shareholder resolution, together with 10 other institutional investors and retail shareholders, calling on the bank to close its fossil fuel policy loopholes. We participated in further constructive engagement, including various meetings and a collective investor letter outlining investors' expectations sent to HSBC.

## Outcome

As a result of the engagement and investor pressure, HSBC committed to phase down financing of fossil fuels in line with limiting global temperature rise to 1.5C, as well as to update the scope of its oil, gas, and thermal coal policies by the end of 2022. Importantly, HSBC pledged to update the scope of its fossil fuel targets to cover capital markets activities by Q4 2022. The coalition of investors and ShareAction agreed to drop the shareholder resolution with the expectation that the bank followed through on its commitment with serious action.

In December 2022, as part of its new energy policy, HSBC announced it will stop funding new oil and gas fields and new metallurgical coal mines, introduce strict requirements for new clients relating to oil and gas exploration, and set an absolute thermal coal on balance sheet financed emissions target of 70% reduction by 2030, among other commitments.

## Case Study 2 – HSBC Holdings plc (continued)

- **Oct – 2020**: HSBC announced net zero ambitions leading to conversations with other investors and ShareAction
- **Jan – 2021**: Co-filing parties submit shareholder resolution
- **Q1 – 2021**: Collaboration via meetings and letters outlining the co-filing group's expectations for the development of HSBC's new coal policy
- **Mar – 2021**: Shareholder resolution is withdrawn as HSBC react positively with new climate policies and coal targets
- **H2 – 2021**: Extensive period of consultation and engagement between HSBC and the co-filing group regarding the new coal policy
- **Dec – 2021**: HSBC announced its coal policy leading to further conversations with other investors and ShareAction
- **Feb – 2022**: Co-filing parties submit a second shareholder resolution due to the coal phase out policy failing to meet he red-lines previously set out by investors
- **Q1 – 2022**: Further period of collaboration between HSBC and the co-filing group aiming to align expectations
- **Mar – 2022**: Shareholder resolution is withdrawn for a second time as HSBC react positively by making several climate commitments
- **Dec – 2022**: HSBC announced it will stop funding new oil and gas fields as part of the new energy policy

**3**
**Case Study**

**Region** Asia & Pacific

**Sector** Utilities

**Industry** Independent Power and Renewable Electricity

**Topic**
Climate Change

## Electric Power Development ('J-Power')

### Objective

To set GHG emissions reduction targets aligned with the goals of the Paris agreement and for capex and remuneration to reflect these targets.

### Background

A coalition was formed between Man Group and the Australasian Centre for Corporate Responsibility ('ACCR'), HSBC Asset Management and Amundi, whom each individually held concerns in relation to J Power's climate commitments. Working collectively, the newly formed investor group agreed on several specific issues. These issues being that the company: has not set science-aligned short- and medium-term targets; is investing in prolonging the life of coal-fired power stations rather than rapid closure and diversification seems like a very large scale risk to shareholders that rests on an unclear evidence base, especially in relation to emerging or undeveloped technologies; does not publish an internal carbon price; and that its relationship with governments, in Japan and Australia, adds to the risk profile.

### Approach

Man Group, as part of the wider investor group, co-filed the first institutional investor group-led climate shareholder proposals filed in Japan. The decision to file followed a series of meetings with the company and a letter exchange outlining the investor group's expectations. During this process it became evident that the company was not prepared to meet these asks.

Three proposals were filed: 1) set Paris-aligned emissions reduction targets; 2) disclose alignment of future capital investment against targets, and; 3) disclose how its remuneration policy incentivises climate goals.

### Outcome

The resolutions received 26%, 18% and 19% support, respectively, representing a strong call by J-Power shareholders to strengthen the firm's decarbonisation strategy and for continued engagement to monitor the company's response to these matters.

**4**
**Case Study**

**Region** Europe

**Sector** Consumer Staples

**Industry** Food and Staples Retailing

**Topic**
Sustainable Proteins/Climate

## J Sainsbury plc

### Objective
To understand Sainsbury's progress to date on protein diversification, its long-term ambitions to diversify its product portfolio and improve the sustainability of its supply chain, and metrics development.

### Background
This is a collaborative engagement as part of the FAIRR Sustainable Proteins campaign, supported by 84 investors with almost $23 trillion of AUM.

The campaign targets 23 global food companies, asking them to set time-bound commitments.

### Approach
Man Group joined FAIRR and six other investors for a meeting with Sainsbury's. The company was represented by its product experts and IR representatives.

### Outcome
Sainsbury's recognises the climate mitigation potential of healthy and sustainable diets; it has included them in its net-zero strategy. The company uses a dual approach for sustainable proteins; it engages with suppliers to encourage them to produce healthier whole food protein products; and it drives consumer demand through marketing, increasing product offerings and integrating plant-based products into most of its product ranges.

Sainsbury's is shifting its focus from heavily processed plant-based proteins to more whole-food proteins and vegetables. The company is launching a product range to encourage customers to cook more whole-food protein recipes at home.

Sainsbury's is particularly hesitant to set a protein diversification target given the discrepancies in definitions. Additionally, the company is reluctant to report Scope 3 data due to the lack of standardisation on granular emissions data.

5
Case Study

**Region** Europe
**Sector** Utilities
**Industry** Water Utilities

**Topic**
Storm Overflows

## Pennon Group

### Objective

To understand the potential financial, reputational and legal risks in connection with ongoing investigations into company operations. Also, to understand the company's response, including specific actions and timing to address those issues.

### Background

Pennon Group's South West Water business is under investigation by The Water Services Regulation Authority ('Ofwat') and the Environment Agency ('EA') over possible violations involving its wastewater treatment works, namely unpermitted sewage discharges into rivers and watercourses.

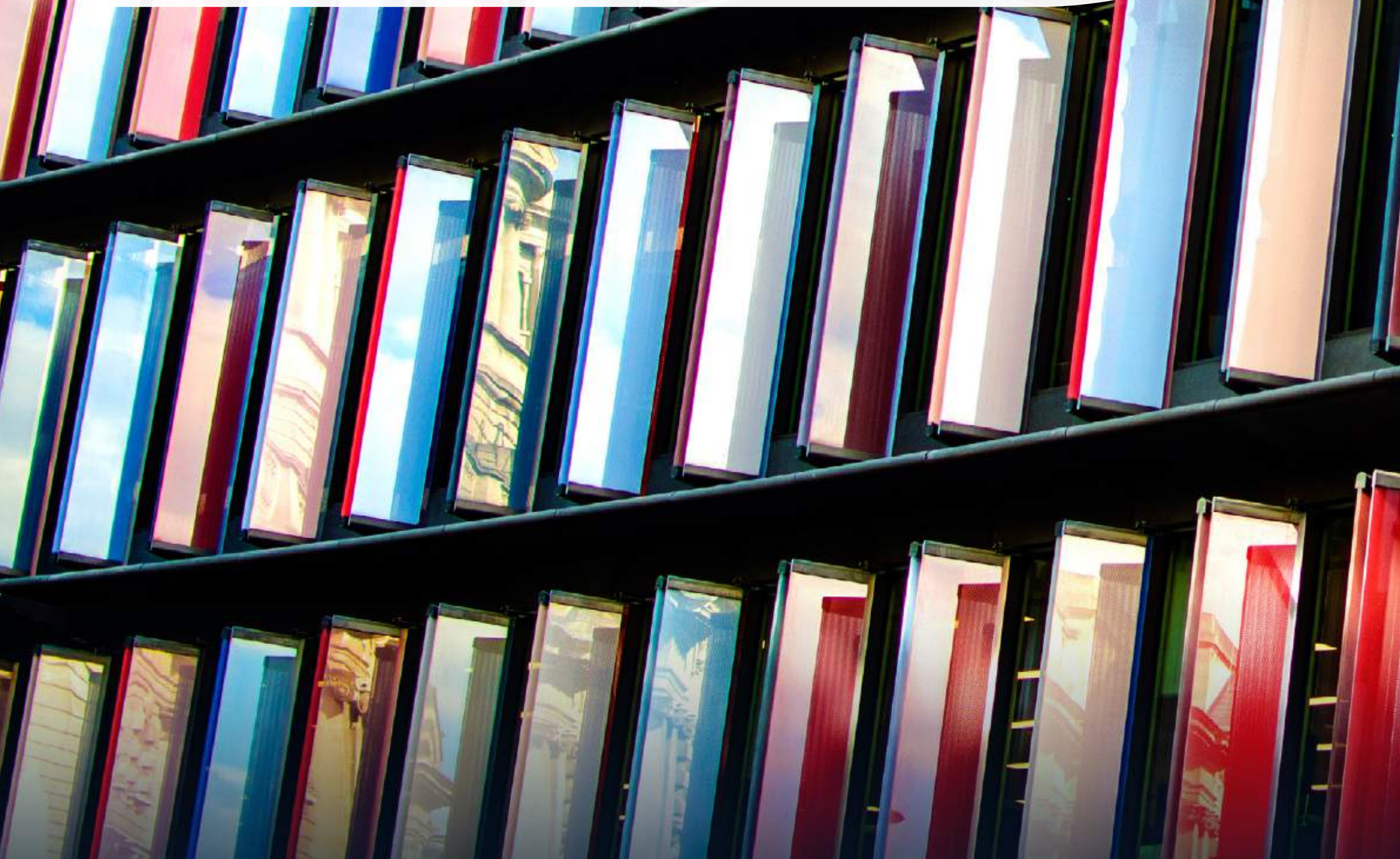
### Approach

The Stewardship Team joined the GLG Water & Circular Economy Investment Team for a meeting with the CFO and IR representatives to discuss the company's response to the situation, which has been widely reported in the press risking reputational damage for the company.

### Outcome

The company provided some useful clarification on how they will achieve the 4-star rating by 2024 and why they haven't yet in 2022.

The same issue is common to many of the UK water utilities companies. Pennon's operations are also near beaches, which makes it more exposed to controversies regarding storm overflows. They made no direct comment on the investigations which was as expected.



**6**
**Case Study**

**Region** Asia & Pacific
**Sector** Consumer Staples
**Industry** Food Products

**Topic**
Climate Change

# Inghams Group Ltd

## Objective

To encourage improved GHG reporting and the setting of meaningful GHG emissions reduction targets.

## Background

This engagement formed part of a wider campaign targeting more than 30 companies identified as laggards regarding GHG reporting and target setting.

This is the first example of where the Stewardship Team has focused an engagement campaign on a group of companies held in one of Man Numeric's quantitative strategies. This pioneering effort is one that Man Group is uniquely positioned to undertake, given the firm's broad range of strategies, and our firm-level Stewardship Team which represents each of the firm's five investment management businesses.

## Approach

A letter was sent to each of the target companies which led to further detailed discussions with individual companies.

## Outcome

The overall response rate to the letter was approximately 50%. One notable dialogue was a meeting with the COO at Inghams Group, a food products company. The company believe it is premature of them to target net zero GHG emissions. A 2030 reduction target is in place which aims to cut Scope 1 and 2 GHG emissions by 43% against a 2019 baseline. The company highlighted that Its GHG emissions disclosure will become more granular over the coming years, including Scope 3 to be published in 2024. In addition, it was said that ESG KPIs will likely be a consideration for executive pay in 2024.

The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

7
Case Study

**Region** Europe

**Sector** Consumer Staples

**Industry** Personal Products

**Topic**

Consumer health and product portfolio

## Unilever

### Europe

To encourage open and transparent reporting on the healthiness of product sales and promote the inclusion of ambitious targets to grow share of healthier products as a proportion of sales.

### Background

Man Group's engagement with Unilever is part of ShareAction's *Long-term Investors in People's Health* ('LIPH') initiative. Following a successful engagement with Unilever – beginning in late-2021, in which a shareholder proposal had been filed and withdrawn – the company announced that it would measure the sales of its products against major government-endorsed Nutrient Profile Models ('NPM') and its own proprietary model, representing what would be a new benchmark for public reporting the healthiness of its product portfolio.

### Approach

In September 2022, to hold Unilever to account on the integrity of its proposed reporting, and subsequent target-setting, the ShareAction-led investor group held a meeting with Unilever to discuss the detail of its approach to reporting on the healthiness of its portfolio. This discussion included the government-endorsed NPMs, which would be used to benchmark its own *Unilever's Science-based Nutrition Criteria* ('USNC'), and how it would report on the findings.

### Outcome

In October 2022, Unilever announced that it would be raising its nutritional targets for 85% of product servings to meet the company's USNC. This is a significant step forward and sets Unilever apart as a leader among its international food manufacturer peers. The engagement group continues to meet with Unilever, with future meetings to take place in 2023.

The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

**8**
**Case Study**

**Region** Europe

**Sector** Health Care

**Industry** Healthcare providers and services

**Topic**

Patient care

# Korian

## Objective

To address systemic concerns relating to patient care and staffing levels.

## Background

Following the publication of Les Fossoyeurs by Victor Castanet, an exposé into the allegations of malpractice and negligence by leading French healthcare group Orpea, and subsequent investigations by the French authorities, an investor group led by Sycomore Asset Management as part of UNI Global Union's initiative to raise labour standards and quality of care in nursing homes, has sought to engage with European competitor, Korian.

Though not subject to the same levels of public scrutiny as Orpea, there have been similar concerns and reports into systemic issues in the health and social care provision by all large nursing home providers.

## Approach

In efforts to engage constructively, the engagement group met with management throughout 2022 to discuss the company's mission and business model; interaction between mission committee and other governance bodies; communication with investors; and specific areas for improvement, such as KPIs on staffing levels.

## Outcome

Engagement with Korian throughout 2022 has encouraged to the company to adopt an *entreprise à mission*, or 'mission-led' corporate structure. This is a French legal framework that requires a company to align social and environmental objectives with its business model. It has also enhanced specific targets to improve working conditions and quality of care, as well as its suite of disclosures.

**9**
**Case Study**

**Region** Global
**Sector** Consumer Staples
**Industry** Food Products

**Topic**
Waste and Pollution

## The FAIRR Initiative

### Objective

This FAIRR Initiative seeks to address animal waste mismanagement and nutrient pollution.

### Background

Per the initiative's stated goal, it aims to understand the biodiversity, climate and social risks arising from manure mismanagement at every level of the chain: 1) their own facilities, 2) owned or contracted farms, 3) upstream feed crops and 4) downstream once it leaves those facilities and farms.

This initiative targets 10 listed pork and chicken producers with material market shares in their respective markets, based in North America, Asia, Latin America, and Europe. The engagement also includes two agrichemical companies, whose services include the nutritional extraction from manure.

In backing this initiative, Man Group proudly joins an investor group representing over $8tn in AUM.

### Approach

In November 2022, Man Group joined the investor letter to all target companies. This letter asks each company to disclose a full assessment of how manure is managed in their supply chains and which concrete actions they are taking to manage the associated risks, such as nutrient pollution.

Following initial responses from target companies, the next step is to meet with companies to understand what more can be done to improve their impact on biodiversity through waste and pollution, allowing for the opportunity to escalate engagement if required.

### Outcome

This engagement marks the beginning of extensive engagement with the companies targeted by the initiative into 2023, with the first meetings to be held in the new year.

The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

**10**
**Case Study**

**Region** Europe

**Sector** Consumer Staples

**Industry** Beverages

**Topic**
Water waste and usage

# Carlsberg A/S

## Objective

Seek reassurance on the credibility of targets relating to water usage and waste.

## Background

Carlsberg's *Together Towards ZERO* campaign sets ambitious targets for the reduction of water use in the production of beer. This campaign includes targets for the company's carbon footprint, irresponsible drinking, accidents culture, and for this engagement, water use. The targets include: 1) 50% reduction in water use; and 2) zero water waste. This follows a successful pilot of innovative technology and practices at the Fredericia Brewery in 2021, where 90% of process water can be treated and recycled.

Though this is a welcome development, we had questions over the integrity of this target and concerns over which facilities will be prioritised, particularly in relation to those which are located in areas of high-water risk. The latter came from reports that recent upgrades to the boiler system in a brewing site in India faced delays due to the disruption caused by the Covid-19 pandemic, which has had an impact on achieving its short-term emissions reduction targets.

## Approach

Man Group approached Carlsberg in a formal letter seeking to address our primary concern over whether the targets are achievable, and second, in the face of acute water risk in a number of the areas in which it operates – particularly in India and China -whether the rollout of innovative technology and practices was happening in areas where they will have the greatest impact.

## Outcome

Following its response to the letter, and subsequent email correspondence Carlsberg A/Sconfirmed that some facilities in high water risk areas will be the first to adopt the innovative technology and practices. It was also stated that the current inflationary environment would not impact the timeline for this.

The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

# Significant Votes

**11**
**Case Study**

| | |
|---|---|
| **Region** | Europe |
| **Sector** | Industrials |
| **Industry** | Household Durables |

**Topic**
Board Diversity

**Meeting Date**
17 October 2022

## Barratt Developments plc

### Resolution

Director re-elections – Nomination Committee members.

### Our vote and rationale

Changed from AGAINST to FOR following discussion with company – Lack of women on the board

As at the 2022 AGM, two of the eight (25%) board members were women, falling short of requirements of the Hampton-Alexander review and our own in-house proxy voting policy. The board composition did not comply with these guidelines due to the standing down of a woman from the board at the AGM. In engagement prior to the AGM, the company explained that the recruitment process for an additional woman to the board was near completion and that the successful candidate would soon be announced. Given the mitigating circumstances provided by the company, together with the company's record on gender diversity at board-level, we made the decision to change our stance and vote in support of the board.

### Vote Result

Resolutions approved – The Board Chair, who also Chairs the Nomination Committee, received significant shareholder dissent, at c. 21% – other Nomination Committee members received c. 11% dissent.

**12**
**Case Study**

**Region** Europe

**Sector** Energy

**Industry** Oil, Gas and Consumable Fuels

**Topic**
Climate

**Meeting Date**
24 May 2022

## Shell Plc

### Resolution
Election of Directors – Catherine J. Hughes

### Our vote and rationale
AGAINST – Failure to adopt a science-based GHG emissions reduction target.

Shell plc operates as an energy and petrochemical company worldwide. The company operates through Integrated Gas, Upstream, Oil Products, and Chemicals segments. Shell faces significant risks due to increased regulation and investor scrutiny on account of climate change. Although the company has set interim targets on the way to achieving its net zero ambition, covering Scopes 1, 2, and 3 emissions, these targets are not certified as science-based and the company was assessed as ‘not aligned’ with sectoral Paris Agreement benchmarks in the short term, and ‘national pledges’ in the medium- and long-term, according to the Transition Pathway Initiative. Our voting policy was updated in 2022 to include a stronger focus on environmental risk mitigation and enhanced climate disclosure. For Climate Action 100+ companies, which are the highest-emitting companies and thus have significant exposure to climate-related risks, the policy considers the level of governance afforded to climate change, the disclosure provided and the way these companies incentivize executives to mitigate climate-related risks. On the election of directors, the policy considers whether the company has set or has committed to setting a science-based emissions reduction target through the Science Based Targets Initiative (SBTi). We voted against nominee Hughes, Chair of the E&S Committee, due to the company’s failure to adopt science-based targets.

### Vote Result
Resolution Approved – The resolution received 98.46% support from shareholders. We remain concerned about the company’s target setting and will continue to monitor the company’s progress on this area and take appropriate action.

**13**
**Case Study**

**Region** Europe

**Sector** Industrials

**Industry** Trading, Companies and Distributors

**Topic**
Climate

**Meeting Date**
28 April 2022

## Grafton Group

### Resolution
Compensation – Remuneration Report

### Our vote and rationale
AGAINST – Failure to incentivize mitigation of material E&S risks

Grafton Group plc engages in the distribution, retailing, and manufacturing businesses in Ireland, the Netherlands, and the United Kingdom. The company provides comprehensive disclosure of its executive compensation policies and structure, but we find the link between compensation and environmental and social criteria insufficient, especially for a company with a significant degree of exposure to environmental and climate-related issues. For Climate Action 100+ focus list companies and those where SASB has deemed GHG emissions to be financially material, our policy considers the extent to which executives are incentivized to act in ways that mitigate a company's climate impact. We voted against the company's remuneration report as we believe the current structure fails to provide sufficient incentives in that regard.

### Vote Result
Resolution Approved – The resolution was approved with 89.45% of shareholders voting in favour. We would like to see the company's enhancing its remuneration framework in line with our comments and will continue to request a more robust link between compensation and environmental and social factors.

**14**
**Case Study**

**Region** North America

**Sector** Consumer Discretionary

**Industry** Textiles, Apparel and Luxury Goods

**Topic**
Shareholder Rights

**Meeting Date**
9 September 2022

## Nike, Inc.

### Resolution
Election of Directors – Elect Michelle A. Peluso

### Our vote and rationale
WITHHOLD – Multi-class share structure with unequal voting rights

NIKE, Inc., together with its subsidiaries, designs, develops, markets, and sells athletic footwear, apparel, equipment, and accessories worldwide. The Company maintains a multi-class share structure with unequal voting rights, which we believe is not in the best interests of common shareholders. We favour the one-share-one-vote principle as an important safeguard for all shareholders. We voted against nominee Peluso in her capacity as Chair of the Corporate Responsibility, Sustainability and Governance Committee.

### Vote Result
Resolution Approved – The resolution was approved with 87% of votes FOR. We will continue to advocate for the removal of unequal voting rights and expect the company to see the number of votes AGAINST as a reason to reconsider its current share structure.

**15**
**Case Study**

**Region** Europe

**Sector** Information Technology

**Industry** Semiconductors and Semiconductors Equipment

**Topic**
Compensation

**Meeting Date**
29 April 2022

## ASML Holding NV

### Resolution
Compensation – Remuneration Report

### Our vote and rationale
AGAINST – Excessive termination agreement

ASML Holding N.V. develops, produces, markets, sells, and services advanced semiconductor equipment systems consisting of lithography, metrology, and inspection related systems for memory and logic chipmakers. We voted against the company's advisory vote on the remuneration report due to concerns regarding the terms of the former executive van Hout's termination package. While we acknowledge van Hout's tenure at the company, we note that the company has opted to retain full vesting of awards, which means van Hout will continue to receive awards for performance beyond the end of his mandate. We believe that awards should be pro-rated for time served and that the company did not provide a robust rationale as to why it will allow the entire grant to vest contrary to best practice.

### Vote Result
Resolution Approved – The resolution was approved with 84.59% of shareholder support. However, the relative high level of dissident[ce?]t (15.41%) is a clear signal of dissatisfaction with the company's position.

**16**
**Case Study**

**Region** North America

**Sector** Energy

**Industry** Oil, Gas and Consumable Fuels

**Topic**
Climate

**Meeting Date**
25 May 2022

## Chevron Corp.

### Resolution
Shareholder Proposal – Report on GHG Targets and Alignment with Paris Agreement

### Our vote and rationale
FOR – Favour increased environmental reporting/responsibility

Chevron Corporation, through its subsidiaries, engages in integrated energy, chemicals, and petroleum operations worldwide. The company operates in two segments, Upstream and Downstream. Given the nature and scope of the company's operations, we believe Chevron to be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come because of climate change. We voted in favour of the shareholder proposal requesting the company to set and publish medium- and long-term for its Scope 1, 2 and 3, consistent with the goal of the Paris Climate Agreement, as we believe the establishment of medium- and long-term emissions reduction targets can signal longer-term priorities and ambitions and help shareholders understand how the company's is responding to climate-related risks.

### Vote Result
Resolution Rejected – The resolution received 32.6% of shareholder support. Although it did not pass, the significant level of support is indicative of an increased climate focus and interest from shareholders.

**17**
**Case Study**

**Region** North America

**Sector** Information Technology

**Industry** Technology Hardware, Storage and Peripherals

**Topic**
Civil Rights

**Meeting Date**
4 March 2022

## Apple Inc

### Resolution
Shareholder Proposal – Civil Rights Audit

### Our vote and rationale
FOR – Favour improved disclosure

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services. We supported the shareholder resolution requesting that the company oversees a third-party audit analysing adverse impact of policies and practices on the civil rights of stakeholders as we believe it is crucial for companies to address issues of equity and inclusion. We think that undertaking the requested audit would help to identify and mitigate potentially significant risks and that it is important for shareholders to be able to assess efforts through reporting.

### Vote Result
Resolution Approved – Despite management recommending shareholders to vote against the proposal and the fact that it is only advisory, the resolution received almost 54% of votes in favour, prompting Apple to say that it will follow through on the proposal.

**18**
**Case Study**

**Region** North America

**Sector** Financials

**Industry** Banks

**Topic**
Diversity

**Meeting Date**
26 April 2022

## Citigroup Inc

### Resolution
Shareholder Proposal – Non-discrimination Audit

### Our vote and rationale
AGAINST – Shareholder proposal is anti-social

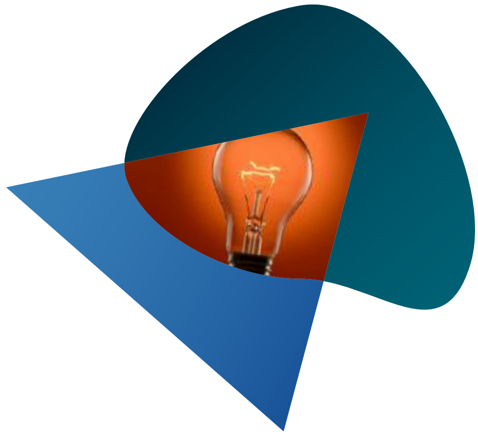
Citigroup Inc., a diversified financial services holding company, provides various financial products and services to consumers, corporations, governments, and institutions in North America, Latin America, Asia, Europe, the Middle East, and Africa. We voted against the shareholder proposal requesting that the company commission a non-discrimination audit analysing its impacts on civil rights and non-discrimination for 'all Americans' given the underlying supporting statement which raised questions regarding the objective of the resolution, including the suggestion that anti-racism and diversity programmes raise significant objection and foster reverse discrimination against White people. The proponent, National Center for Public Policy Research, has filed numerous shareholder resolutions over the past few years with the intention to fight ESG-aligned practices and policies. We are mindful of the recent rise of anti-ESG proposals that mimic many aspects of positive shareholder proposals but in fact intend to frustrate company actions.

### Vote Result
Resolution Rejected – The resolution was rejected with 97.05% of shareholders voting against.

### Anti-ESG Proposals

2022 saw a significant rise in the number of 'Trojan Horse' or 'anti-ESG' shareholder proposals. These proposals are generally put forward by critics of companies' progressive efforts on environmental and social matters and aim to curb efforts and advancements in ESG. Although historically this type of proposal has received minimal shareholder support, we note that recently many of these proposals have modelled traditional ESG proposals and received higher support from shareholders as a result of their composition.

Although our voting policy is distinguished by its high level of support for environmental and social resolutions, we endeavour to read and analyse all shareholder resolutions based on their merits.



# Education & Thought Leadership

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. Highlights of our industry involvement and research during the year include:

- We produced a number of proprietary research papers, including 'Carbon Emissions: Under the MicroScope3', published in the Journal of Impact and ESG. This paper explores how carbon emissions can be viewed through the lenses of Scope 1, 2 and 3 and how subjective interpretations remain an issue.
- In 2022, we continued to expand our involvement in industry bodies which promote improved climate disclosure, such as the Climate Financial Risk Forum ('CFRF'), where Jason Mitchell, Head of RI Research at Man Group, is on the Disclosure, Data and Metrics Working Group.
- Head of RI Research, Jason Mitchell, was elected as the new Chair of UKSIF. UKSIF works to bring together the UK's sustainable finance and investment community and as Chair, Jason will fulfil a leadership role on the board and work closely with the CEO to ensure that the board's decisions are implemented and that the organisation's strategic goals are met. Jason will be joining at an incredibly unique time in the UK following the FCA's cutting-edge Sustainability Disclosure Requirements ('SDR') regulation – making the UKSIF's sustainable investing mission more important and relevant than ever.
- The continuation of our podcast series, A Sustainable Future, featuring commentary from asset owners, managers, consultants, academics and policymakers on pressing ESG issues. Hosted by Jason Mitchell, Man Group's Head of Responsible Investment Research, the podcast makes a conscious effort to create a neutral ground, combining critical commentary from asset owners, managers, consultants, academics and policymakers on pressing ESG issues. The podcast serves as an educational tool, sparking conversation and debate around the intersection of ESG, regulation and public policy. The listener base of investors, policymakers and academics means the podcast has the capacity to influence investor approaches to ESG and public policy developments.

**Ontario**

Section 130.1 of the Securities Act (Ontario) provides that every purchaser of securities pursuant to an offering memorandum shall have a statutory right of action for damages or rescission against the issuer in the event that the offering memorandum contains a misrepresentation. A purchaser who purchases securities offered by an offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and the selling security holders, provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages against the issuer;

(b) the issuer will not be liable if they prove that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) the issuer will not be liable for all or any portion of damages that it proves do not represent the depreciation in valueofthe securities as a result of the misrepresentation relied upon; and

(d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

  (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years from the day of the transaction that gave rise to the cause of action.

The rights referred to in section 130.1 of the Securities Act (Ontario) do not apply in respect of an offering memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in section 2.3 of National Instrument 45-106 Prospectus and Registration Exemptions (the "accredited investor" exemption) if the prospective purchaser is:

(a) a Canadian financial institution or a Schedule III bank,

(b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada), or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The foregoing summary is subject to the express provisions of the Securities Act (Ontario) and the regulations, rules and instruments thereunder, and reference is made to the complete text of such provisions contained therein. Such provisions may contain limitations and statutory defenses on which the issuer may rely. The enforceability of these rights may be limited.

Similar rights may be available to investors resident in other Canadian jurisdictions under local provincial securities laws.

The issuer and related entities, their affiliates, and their respective shareholders, members, partners, managers, directors,officers, principals, employees and agents, are not registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser, dealeror investment fund manager will not be available to purchasers in Canada.

Man Investments, Inc. ("MII") will be relying on the international dealer exemption pursuant to subsection 8.18(2) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations in Ontario. Please note that:

I. MII is not registered in Ontario to trade in securities;

II. MII's head office or principal place of business is located in the State of New York, U.S.A.;

III. all or substantially all of MII's assets may be situated outside of Canada;

IV. there may be difficulty enforcing legal rights against MII because of the above;

V. the name and address of MII's agent for service of process in Ontario is 152928 Canada Inc., c/o Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9.

Please note that MII's agent for service of process is solely for purposes of serving upon it notices, pleadings, subpoenas, summons or other processes in actions, investigations or administrative, criminal, quasi-criminal or other proceedings arising out of or relating to or concerning MII's activities in Ontario.