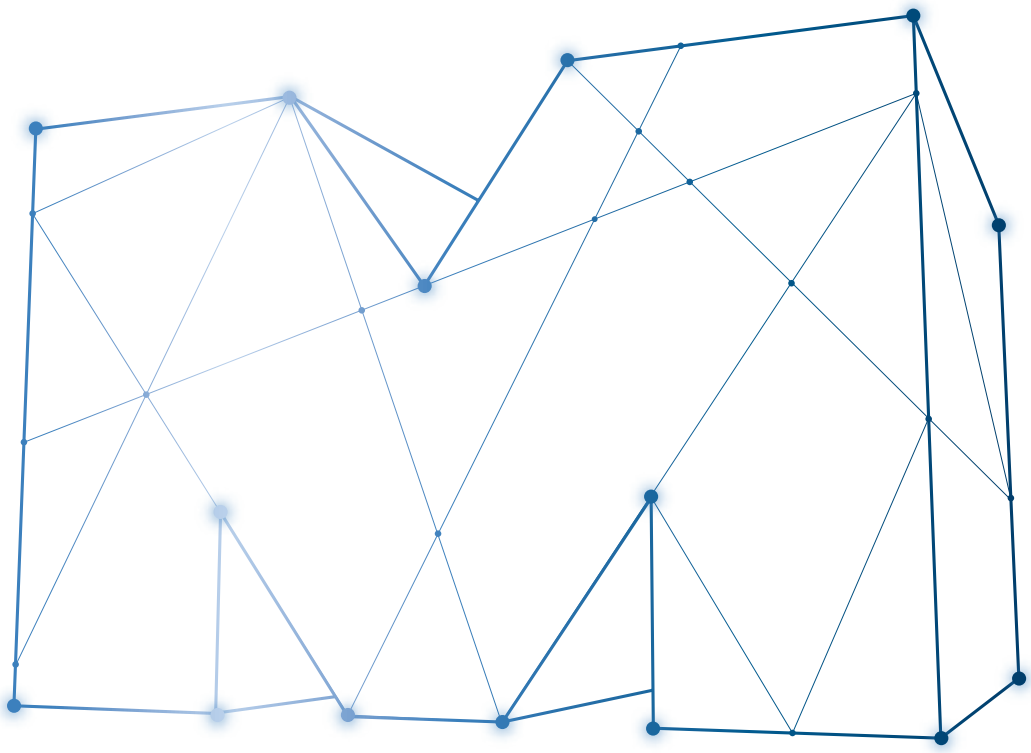

//Talent meets tech
Powering our performance

Man Group plc
Annual Report 2020

Contents

The strategic report was approved by the Board and signed on its behalf by:
Luke Ellis
Chief Executive Officer

Man Group is a technology-empowered active investment management firm with

1,400+

employees

from

50+

countries.

We offer

80+

alternative and long-only investment strategies

and trade in

750+

markets around the world

Our purpose

We are an active investment management firm focused on delivering outperformance for our clients and the millions of individuals they represent.

We seek to position ourselves for continued growth and to set ourselves apart from the trends affecting the traditional asset management industry by:

- **Powering** performance with cutting-edge technology

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- **Investing** in exceptional talent

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- **Building** a sustainable business model

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to help our

600+

institutional clients meet their investment goals.

Our proposition is strong

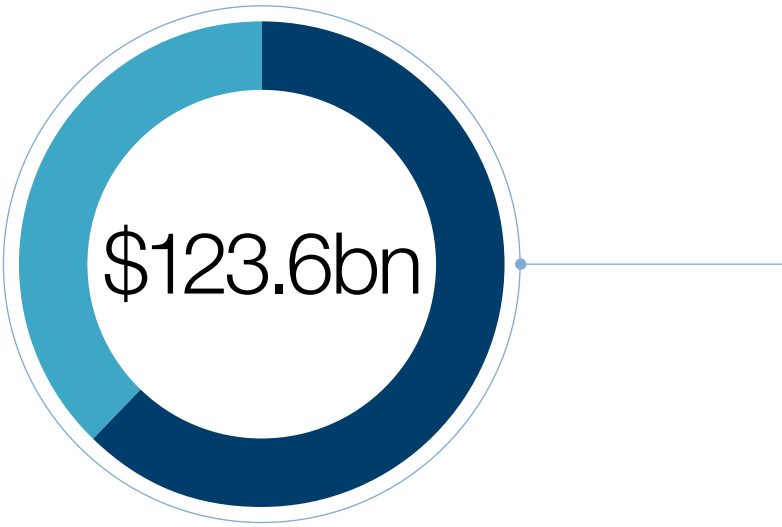
We are a technology-empowered investment manager.
We harness the power of technology across alpha generation, trading and execution, and our operating platform.

Our clients are at the heart of everything we do.
We are here to help clients meet their individual investment goals and we tailor our strategies to fit their needs.

We prioritise risk management and best execution.
Our judicious approach to risk management and cost effective execution drive better returns for clients.

We are fundamentally a people business.
We seek to attract and retain the best people, and ensure that everyone can reach their full potential.

> We actively manage investments of $123.6 billion in alternative and long-only strategies_

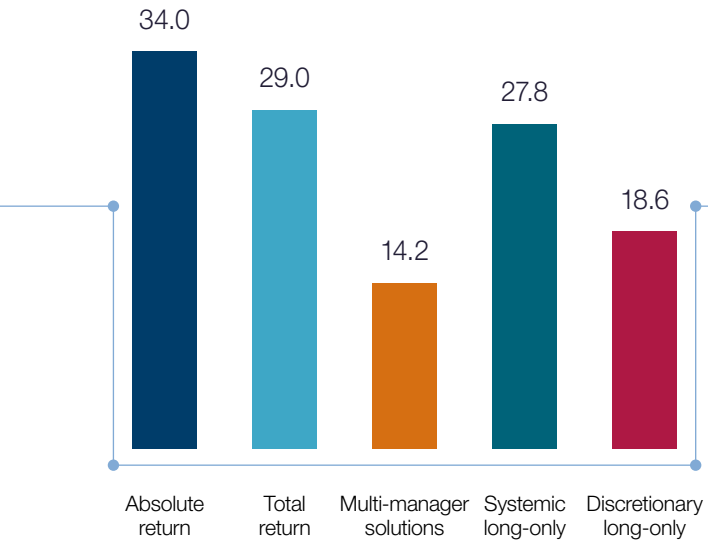


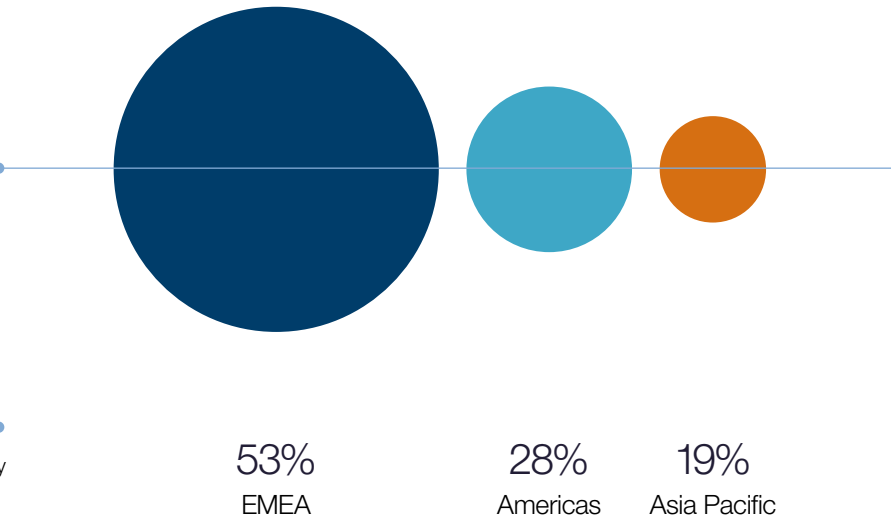
Alternative	$77.2bn
Long-only	$46.4bn

run on a quantitative and discretionary basis across liquid and private markets

_for our global client base and the millions of individuals they represent.

FUM[1] by product category ($bn)



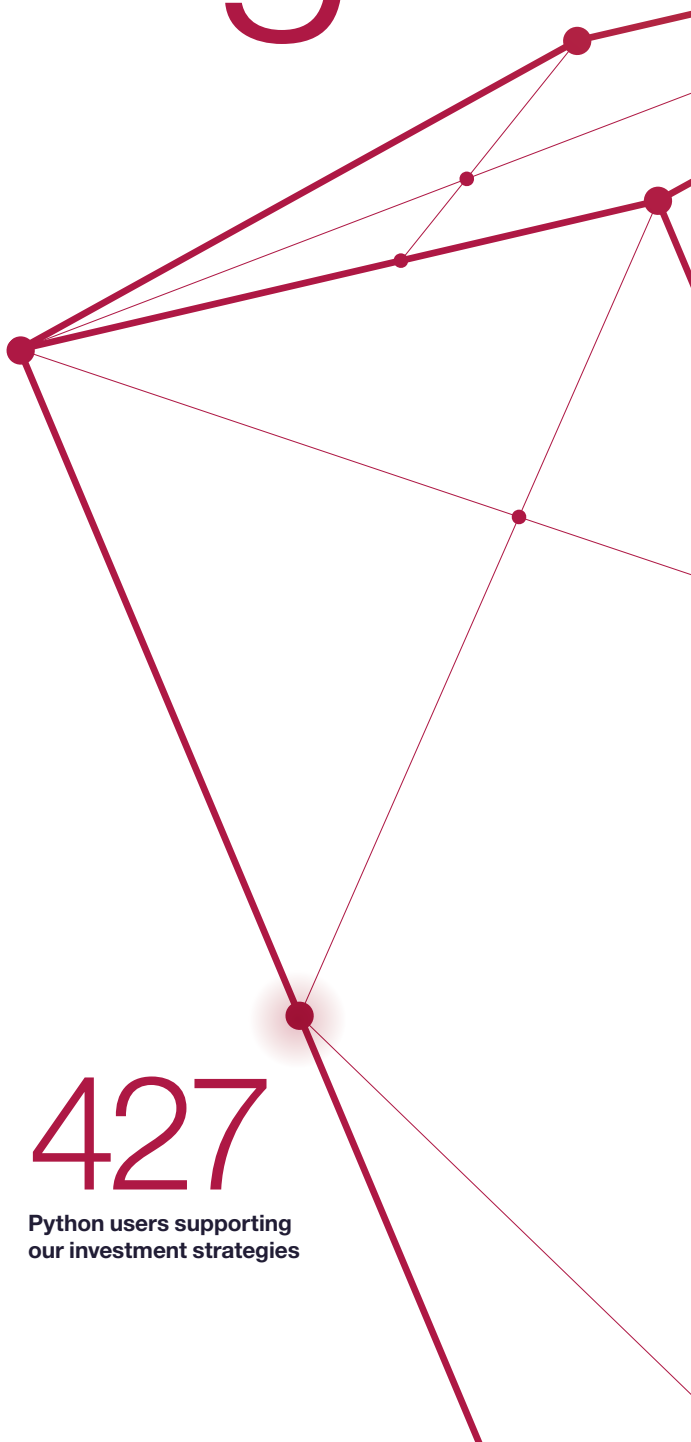


1 The Group's alternative performance measures are outlined on pages 166-169.

//Powering

performance with cutting-edge technology

Technology is part of our DNA. With 30+ years of quant investing experience, we harness the power of technology to improve performance and efficiency across everything from alpha generation and risk management to trade execution and operating infrastructure.



427

Python users supporting our investment strategies

#1

ranked asset manager in the GitHub open source software community

"The Board is justifiably proud of the resilience, dedication and commitment shown by all our staff during the year."

John Cryan
Chair

Overview of the year

2020 will be remembered for a generation as the year the world became gripped by a pandemic, economic and social activity was locked down, and governments took extraordinary and unprecedented steps to support their economies using a broad range of stimulus measures. Although we see the prospect of science being able to combat the effects of the virus more successfully, the impact of government and central bank intervention will be felt for years, if not decades, to come.

Despite the stresses that the pandemic has placed on the real economy, financial markets have performed strongly in 2020. Of all the major asset classes, precious metals provided the best performance last year, led by silver with a 47% return. US equities and emerging market equities both delivered double-digit returns, 16% and 15% respectively, while US treasuries were more muted, returning close to 4% despite the tumultuous year. We ended the year with net inflows of $1.8 billion and a new record high FUM of $123.6 billion. A key feature of our relative investment performance for the year was the broad dispersion of outcomes, with continuing relative underperformance from styles aimed at capturing excess returns from value opportunities. Overall, we delivered net underperformance of 1% across our managed portfolio.

The investment management industry continues to be heavily impacted by pressure on profit margins on fees charged to clients. At Man Group we are not immune to this trend, although our technological edge differentiates us from much of the competition and helps us to grow our market share in active investment management. Our AHL TargetRisk strategy was a key driver of net inflows. Its margin profile supported the firm's ability to deliver an increase in core management fee profits[1], which increased by $10 million. We use this metric to give you a clearer insight into the profitability of our core investment management fees.

1 The Group's alternative performance measures are outlined on pages 166-169.

Our overall profitability was impacted by the $110 million decline in performance fee profits[1], after a very strong performance in 2019. Our 2020 core profit before tax[1] fell by 26% to $284 million compared to the prior year. Statutory profit before tax fell by 42% to $179 million compared to the prior year.

The Board has decided to update our ordinary dividend policy. It will be progressive, taking into account growth in the firm's overall earnings each year. We are making this change to reflect the fact that our overall profitability is now driven by the growth and opportunity in our core business, unaffected by any legacy business roll-off. We are confident in our core business growing over time, and this new policy reflects that. Additionally, we seek to return to shareholders – recently through share buyback programmes – remaining retained earnings not deemed required to meet foreseeable business needs. To initiate the new policy, the Board has recommended a final dividend of 5.7 cents per share, which, when taken together with the interim dividend already distributed, amounts to a full-year dividend of 10.6 cents per share. The final dividend recommendation is, as usual, subject to approval by shareholders at the AGM to be held in May 2021. In 2020 we completed the $100 million share repurchase announced in October 2019, and in September 2020 we announced our intention to repurchase a further $100 million of shares.

Our role as an asset manager

We are an active investment manager. We aim to help our clients to meet their investment goals by delivering better performance than benchmarks or equivalent competitor strategies. We serve millions of underlying savers and pensioners through our clients, the institutions or intermediaries who pool their savings. We aim to outperform by virtue of the combination of our technological edge versus competitors, our talented and experienced investment professionals, and our inclusive, collaborative culture.

The Board spends a significant amount of time reviewing the performance of our investment strategies. We monitor the sourcing and development of business partnerships with our major clients. We ensure that management is focused on the creation of customised solutions to meet investor needs. Investment in our people and our technology is critical to our continuing success.

We at Man Group recognise that part of our fiduciary duty to our clients is the responsible investment of the funds we manage on their and their own clients' behalf. In ensuring the sound stewardship of our investors' capital we seek not only to ensure that our approach closely aligns us with the values of our clients but also balances the expectations of our shareholders and all the other stakeholders of Man Group. To this end, we employ a formalised process that quantifies the degree of responsible investment focus for each of Man Group's funds. We offer our investment managers proprietary tools to monitor and manage Environmental, Social and Governance (ESG) factors. We also maintain a list of companies whose securities are ineligible for inclusion in our portfolios. We thereby seek to ensure a clear and consistent approach to responsible investment across our entire range of strategies, and to inform how we deliver on our approach to ESG matters in a manner that can meet the broad palette of preferences expressed by our clients. We also believe that we must be transparent about the implications of climate change on our business. We have clearly set out actions that we are taking to manage environmental risks: we actively seek to minimise our environmental footprint; we are committed to carbon offsetting; and we have defined our pathway to net zero emissions by 2030.

Working from home

In line with new local laws and government guidelines aimed at controlling the spread of the pandemic, nearly all of our workforce has been working from home since mid-March 2020. I am pleased to report that the transition to remote working was seamless. This is a reflection of the quality of our technology and networks, and the effectiveness of our organisational structure, support systems and infrastructure services. It also reflects the strength and robustness of our key vendor relationships.

Funds under management

$123.6bn

+5%

2019: $117.7bn

Statutory EPS

9.3¢

-49%

2019: 18.4¢

Core EPS[1]

16.2¢

-23%

2019: 21.0¢

Proposed dividend per share

10.6¢

+8%

2019: 9.8¢

"Our success in attracting, retaining, developing and motivating staff is of vital importance to our future and remains a key area of focus for the Board and senior management."

Importantly, there was no noticeable impact on our ability to service our clients nor on the effectiveness of our operations or controls. The Board is justifiably proud of the resilience, dedication and commitment shown by all our staff during the year.

Throughout the period of remote working, management has been extremely attentive to the needs of individuals and the specific challenges that each member of staff has faced when working in their home environment. The Board has been hugely impressed by the thoughtful and caring approach management has taken to the physical and emotional well-being of everyone at Man Group during these trying times.

People and culture

Our success in attracting, retaining, developing and motivating staff is of vital importance to our future and remains a key area of focus for the Board and senior management. An element of this effort involves us ensuring that Man Group remains a highly attractive place to work. Increasingly too, it means ensuring that we espouse and act with corporate social responsibility. Firms that are well run get their CSR engagement right. Good governance, a social conscience, respect for the environment: these should be the very least that we expect from a 21st century company. As your Board, it is our duty to foster a culture of responsibility and decency in everything Man Group does.

The Board also oversees management's alignment of our culture with the ethical values we embrace. We encourage management in its promotion of diversity and inclusion of staff at all levels of the organisation. To assess progress, we conducted another employee survey during the year. We were keen to understand the views of staff in the context of remote working. I am pleased to report that the results of the survey, while indicating areas for further improvement, were highly encouraging.

Community

We aim to give back and contribute positively to those around us. Giving back to our local communities has been tremendously important to us. For example, during the COVID-19 lockdowns, we have encouraged each staff member to donate to their local foodbank, something that the firm has funded. Our global charitable efforts are primarily run through the Man Charitable Trust (UK) and the Man US Charitable Foundation which focus on promoting literacy and numeracy.

ManKind is the firm's community volunteering programme, which enables all our employees to take two additional days' paid leave per annum to volunteer with charities supported by the Trust, the Foundation, or a registered charity of their choice. Many of our employees take on regular commitments using their skills, for example sitting as trustees of charities or as governors of local schools. Some also work with projects that the firm has set up as part of its Diversity and Inclusion work, such as mentoring students from King's College London Mathematics School, or in the US, working with the Codman Academy. We continue to promote diversity and social mobility in education and to work with organisations such as SEO London and Speakers4Schools. We continually look to expand our work and to form partnerships that allow us to reach more students.

Shareholders

The Board gives high priority to shareholder and investor communications. It receives regular investor reports which detail the feedback from investor meetings and from engagement with the various shareholder representative organisations. The Board has also been focused on ensuring proactive engagement with shareholders in specific relation to remuneration matters.

In 2020, we held our Annual General Meeting via a webcast. This provided our shareholders with a safe environment to join the meeting, and the ability to directly ask the Board questions as if they were attending in person.

Board changes

In February 2020, Matthew Lester stepped down from the Board after having served for nine years. Upon the conclusion of our Annual General Meeting in May, Andrew Horton also stepped down from the Board. Both Matthew and Andrew saw significant change at Man Group over their many years of service, and I would like to thank them for their tremendous contributions and for their support and friendship. I wish them both the very best for the future.

I am delighted to welcome to the Board Lucinda Bell and Ceci Kurzman, who joined us in February, and Anne Wade who joined us at the end of April. All three have already made a significant impact on the Board. Lucinda took over as Chair of the Audit and Risk Committee of the Board upon Andrew Horton's retirement. Upon the conclusion of the next AGM in May 2021, Anne will become Chair of our Remuneration Committee. Richard Berliand, the current Chair, who is also our Senior Independent Director, will remain on the Committee. I would like to thank Richard for his invaluable support and leadership and his dedication to shareholder engagement on remuneration matters.

Workforce engagement

We include in our report to shareholders a statutory statement on how your Board has considered and balanced, among other matters, the interests of all of the Group's stakeholders in coming to its decisions. Implicit in this is the Board's consideration of the impacts of corporate decision making on our employees. We choose to engage formally and directly with our employees across the globe. Dame Kate Barker and Zoe Cruz are the Board's appointed representatives, who take the lead with this engagement. Given the global restrictions on face-to-face gatherings, direct engagement in 2020 had to be somewhat restricted and tailored to remote working. The Board has discussed and considered the feedback to date.

We continue to assess what may be the most effective means whereby the interests of our staff can inform Board discussions, both in the light of our own staff feedback and by comparing how other UK-listed public companies interpret and use the 2018 UK Corporate Governance Code.

I would like to thank all my colleagues for their dedication and hard work. On behalf of the Board I would like to thank all our shareholders for their continuing support and look forward to engaging with those who join the firm's Annual General Meeting this year.

John Cryan
Chair

"We encourage management in its promotion of diversity and inclusion of staff at all levels of the organisation."

Resilient and sustainable

> Our aim…

…is to help our clients meet their investment goals through value-added active investment management. We seek to deliver better performance than benchmarks or competing strategies through the combination of our talent and technology.

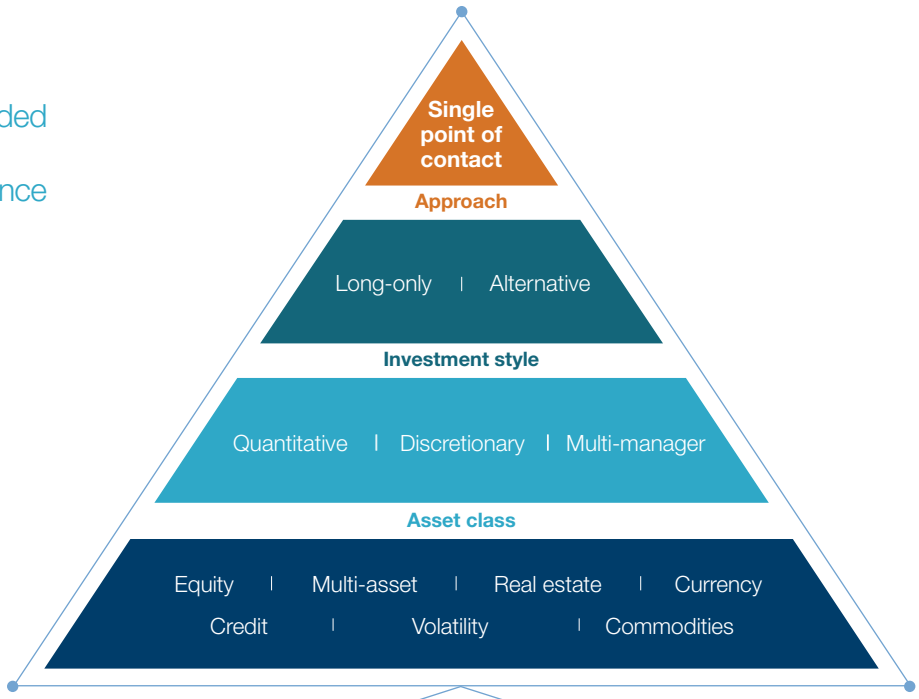
> Why we are well positioned

We believe we can achieve outperformance because of our technology, our talented professionals and our platform.

We have more than 30 years of experience in applying quantitative techniques to financial markets. We believe these techniques and our cutting-edge technology can deliver better outcomes for clients than traditional approaches, and we apply them to new markets each year.

We serve millions of underlying savers through longstanding relationships with the largest institutions and intermediaries in the world and put our clients' needs at the centre of everything we do.

At the core of Man Group's investment management and distribution capabilities are an institutional quality infrastructure and disciplined risk management, controls and governance frameworks, which ensure we can grow sustainably and take advantage of new opportunities to generate an attractive return on capital.



Our business is underpinned by our:

People and culture

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Risk management

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Governance framework

Go to page 62

Strong capital base

Go to page 29

> How we deliver

We strongly believe that different investment approaches work better at different times and therefore we do not enforce any one investment style on our teams.

Our culture is designed to allow each team to apply their own approach, while also benefiting from collaboration with their colleagues and our world-class trading and technology. We believe this gives us an edge in developing, attracting and retaining high-quality, experienced teams. The combination of internal research and development and hiring experienced investment professionals allows us to maintain and broaden our offering to clients.

Our products and customised solutions are distributed to institutions and private investors via our global sales team. Each client has one point of contact whose role is to be an expert in that client's requirements and maintain client relationships on behalf of the entire business.

> Cash flow generation

We believe the combination of profit growth, dividend yield and capital generation from performance fees provide a highly attractive total return to shareholders over time.

Revenues

Capital growth in our investment strategies together with net inflows from clients drive organic revenue growth. Management fees are typically charged as a percentage of funds under management or net asset value. Performance fees are typically charged as a percentage of investment performance above a benchmark return or previous valuation 'high-water mark'.

Costs

Man Group is fundamentally a people business and a significant portion of the firm's costs comprises compensation for individuals, whether they are investment managers, our sales staff or the teams that manage the firm's operations and infrastructure.

Profitability

The operating leverage inherent in our business means management fee profits can grow faster than management fees if we maintain cost discipline. This in turn supports a growing dividend in line with our new progressive dividend policy. In addition, we generate capital from performance fees which may be returned or reinvested.

> The value we deliver to our stakeholders

Clients

Absolute performance

$3.3bn

of gains for clients in 2020

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Servicing clients' needs

58%

FUM customised for individual client needs

Shareholders

Shareholder returns

$1.4bn

of dividends and buybacks in the last five years

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Dividends and share buyback

$253m

in relation to 2020

Employees

Employee engagement score

83%

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Internal transfers

184

Communities

Rapid Assistance in Modelling the Pandemic

2,400

employee volunteer hours provided to the Scottish COVID-19 Consortium

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Donations

£500

offered to every employee to donate to a local food bank

Market environment and industry trends

> Market

Macro environment

Description

- Having rallied strongly in 2019, markets opened 2020 at all-time highs. News of the COVID-19 outbreak brought a total decline of 34% in the S&P 500 index from 19 February to 23 March.
- Subsequently, global central banks lowered benchmark interest rates and announced new asset purchases, with government bond yields reaching new all-time lows.
- Most major markets recovered to reach fresh highs by year-end, led primarily by the technology sector.

What this means for Man Group

- While we do not focus on market timing, many of our strategies are able to profit from upward or downward trends in markets and are therefore well positioned to protect client capital through periods of market disruption.
- We maintain the highest standards of risk management and monitor liquidity carefully across our investment strategies.
- Our funds remained liquid and our open-ended funds remained open to subscriptions and redemptions throughout the year.

Brexit

Description

- The UK entered a transition period after leaving the European Union (EU) on 31 January 2020. This transition period ended with a trade and cooperation agreement (TCA) between the UK and EU coming into effect on 1 January 2021. The UK and EU continue to work on a framework for regulatory cooperation on financial services and equivalence, which may impact market access in the UK and other European countries.

What this means for Man Group

- We planned for a range of Brexit scenarios that may impact our employees, our business or our clients. At the beginning of 2019, we received regulatory approval to upgrade the regulatory permissions of our existing Irish entity and opened a physical office in Dublin, with locally based staff. Branches of the regulated Irish entity have been established in various European countries. This has allowed us to continue to service our existing European clients and to solicit new business in the EU.
- Throughout the Brexit process, Man Group has advised and supported our EU national staff in the UK.
- We will continue to monitor developments closely throughout 2021 and will take necessary steps to ensure that any negative impacts of Brexit on our employees, our business and our clients are minimised.

> Industry

Margin pressure

Description

- The average fee margin across the industry has been reducing over time, particularly among traditional investment management strategies, as clients allocate towards cheaper products or seek to renegotiate fees.

What this means for Man Group

- 77% of our revenue in 2020 related to alternative product categories. These are higher-fee, alpha-oriented products that are supported by strong investment performance and are less affected by the fee pressures facing the broader industry.
- We face particularly strong demand for our flagship strategies in the liquid alternatives space and we manage capacity carefully to preserve our ability to outperform. Fee margins are not reducing in those areas of our business where client demand exceeds the supply of available capacity.
- In other areas of our business, notably multi-manager solutions and systematic long-only strategies, we are able to take advantage of our technological expertise and internal infrastructure to service large accounts profitably at lower fee rates.

Demand for alternatives

Description

- We see increased demand for alternatives as a diversifying source of return in a low interest rate environment and to reduce portfolio correlations to traditional markets.

What this means for Man Group

- We have over 30 years of experience in liquid alternative investment strategies and are a market leader in this area.
- Alternatives represent 62% of our FUM which positions Man Group well to take advantage of this trend.
- Our trend-following strategies have historically performed well in market sell-offs, including in the first half of 2020, reinforcing the diversifying nature of our product offering.

ESG

Description

- The long-term trend toward ESG-linked investment strategies accelerated sharply in 2020 as investors' interest in strategies which incorporate Environmental, Social and Governance factors increased significantly against the backdrop of the COVID-19 pandemic.

What this means for Man Group

- Man Group strives to be a leader in Responsible Investment (RI) across all our investment styles and our commitment to RI includes integration of ESG into investment decisions, stewardship, advocacy and thought leadership.
- $43 billion of our FUM incorporates ESG factors into the investment process and we see strong demand for ESG-linked investment products.
- Our quantitative expertise allows us to cleanse and extract insights from ESG data, making ESG a driver of alpha across our strategies.
- For more information on our approach to Responsible Investment, see page 48.

Technology

Description

- This year has shown the importance of technology in investment performance and risk management for our clients, in particular with the majority of our employees required to work from home.

What this means for Man Group

- Technology is a key differentiator for Man Group relative to our competitors.
- The ability to reposition risk and exposures quickly during volatile markets creates significant value for clients.
- We employ machine learning and proprietary algorithms for trading through a centralised, global desk across all asset classes.
- We executed more than four million trades in March, double our usual monthly volume, without incident.
- Our employees have been able to work from home seamlessly.
- We continue to invest heavily in our technology with 500 quants and technologists across the firm.

Driving sustainable growth with talent and technology

Many of the major trends that impact asset management have been the same for some time now: clients continue to rotate into low-cost passive strategies for core equity and fixed income exposure, while also increasing allocation to alternative and high-alpha strategies. Innovative investment products and the technology to handle complexity efficiently are as important as ever. This year, COVID-19 has had a further impact on financial markets and the asset management industry. The ultra-low interest rate environment has increased demand for alternatives, and market volatility has highlighted both the importance of risk management and operating a sustainable business model. Lastly, adapting to a new working environment has demonstrated why technology remains a core differentiator.

Four strategic pillars drive value for Man Group:
Firstly, we develop innovative investment strategies. By hiring exceptional talent, fostering a collaborative environment and leveraging our 30+ years of experience in liquid alternatives and systematic investing, we are uniquely positioned to cater to client demand with an institutional quality platform and strong risk management.

Secondly, we cultivate strong client relationships to ensure we understand our clients' needs and can offer tailored solutions. We provide a single point of contact and build long-term partnerships. We meet each client's unique risk and return requirements by leveraging our broad investment capabilities and designing customised portfolios. Over the last few years, we have also responded to client demand and worked to develop our Responsible Investment framework, strengthening our capabilities in stewardship and ESG integration. We now manage $43 billion of ESG-integrated FUM.

Thirdly, efficient and effective operations are at the core of everything we do. With 500 quants and technologists across the firm, our advanced investment technology platform supports our investment teams at every stage of their process, from alpha generation and portfolio management to trade execution and risk. Our single operating platform underpins our business processes in a flexible and scalable way. As a result, we were able to seamlessly transition to working from home this year.

Finally, we focus on returning capital to shareholders or reinvesting in our business for growth. We continued our share buyback programme and dividend payments as normal this year while maintaining a strong and liquid balance sheet.

> Innovative investment strategies

Combining talent and technology to generate superior investment returns and develop new products for our clients.

How we performed in 2020

- Absolute performance of $3.3 billion in a volatile year.
- Gains from momentum strategies.
- Excellent relative performance during the sell-off.
- Challenging year for quant equity and valuation-focused strategies resulted in overall relative asset weighted underperformance of 1.0%.
- Strong performance from growth and ESG strategies.
- Investment into our UK community housing fund to build social housing as part of our commitment to society.
- Further enhanced our Responsible Investment capabilities, see page 48.

9

new investment strategies seeded across our business this year

Objectives for 2021

- Build on the success of AHL TargetRisk research and investment process by launching new related strategies.
- Encourage greater collaboration between investment engines to develop products for clients in areas of particular interest e.g. RI-dedicated.

> Strong client relationships

Building long-term partnerships with clients, through a single point of contact, to understand their needs and offer customised solutions across our range of investment strategies.

How we performed in 2020

- Net inflows of $1.8 billion outperformed the industry by 4.6%.
- Transitioned to remote working seamlessly, providing continuous client support.
- Conducted 1,000+ remote client conversations monthly.
- Hosted our annual quant conference virtually for 350+ attendees in June.
- Maintained a focus on reinforcing existing client relationships: 42% of FUM from clients invested in four or more products.
- Continued to build new relationships: 28 new clients invested $50 million or more with us.
- Published 180+ new pieces of thought leadership to engage with clients.

58%

FUM customised for individual client needs

Objectives for 2021

- Attract and develop talent in sales, providing relevant training and development across all levels.
- Broaden and deepen existing client relationships and continue to develop relationships with key target clients.

> Efficient and effective operations

Harnessing technology to power investment performance and infrastructure, provide scalable options for growth and create operating efficiencies throughout the firm.

How we performed in 2020

- Able to reposition risk and exposures quickly during volatile markets, creating significant value for clients.
- Minimised slippage during March liquidity shock and executed four million trades – more than double our usual monthly volume – while transitioning to work from home.
- Seamlessly transitioned to work from home and rolled out several collaborative tools to support employees e.g. Slack.
- Cost control and FX tailwinds supported growth in management fee profits despite the environment.

10%

reduction in fixed cash costs in 2020

Objectives for 2021

- Continue investment in technology across both our investment and infrastructure teams to support future growth.
- Maintain focus on our cost base to ensure that we run the business efficiently.

> Returns to shareholders

Generating excess capital to either return to shareholders or reinvest in our business to create long-term value.

How we performed in 2020

- FY20 dividend of 10.6c, 8% higher than in FY19, which is the starting point for our new progressive dividend policy.
- Strong cost discipline and resilient cash flows during a challenging period.
- FY19 and HY20 dividend paid as normal.
- Completed $100 million share buyback announced in October 2019.
- Announced the intention to repurchase a further $100 million of shares in September 2020.
- Strong, liquid balance sheet with $716 million of net financial assets.
- $4 million reduction in net financing expense.

9%

average capital return as % of market cap since 2016

Objectives for 2021

- Maintain focus on balance sheet efficiency and generate incremental capital through performance fee profits.
- Assess capital returns alongside any potential acquisition opportunities.

The Group's alternative performance measures are outlined on pages 166 to 169.

For more information on how KPIs relate to our strategy go to page 22.

For more information on how Risks relate to our strategy go to page 30.

"Over the past few years, we have built a business that is fundamentally resilient and run for long-term growth and success. It is during difficult times that the merit of having such a robust business model shines through."

Luke Ellis
Chief Executive Officer

Overview[1]

Few events in the last 75 years have had as profound an impact on our society and on markets as the COVID-19 pandemic. Looking back on 2020, I am proud of how we have responded at Man Group. Despite the market volatility, the public health emergency, and more than 99% of the firm working remotely for most of the year, our team has not missed a beat, continuing to deliver for our clients throughout. Above and beyond the professionalism and commitment, I am proud of how the whole firm has come together to support and look after each other in difficult and testing times.

Throughout 2020, our foremost concerns were the health and well-being of our employees and the performance of our clients' assets. Over the past few years, we have built a business that is fundamentally resilient and run for long-term growth and success. It is during difficult times that the merit of having such a robust business model shines through. Our investment in cutting-edge technology and our people meant we were able to be proactive in dealing with both the personal and investment challenges of the year in a calm and measured fashion. This is a reflection of the resilience of our business as well as the incredibly positive, collaborative attitude and dedication of the entire Man Group workforce, to whom I am sincerely grateful. We have not furloughed any employees, reduced pay or utilised any government liquidity facilities. Our ability to handle such a material challenge as 2020 reinforces my belief that our technology edge, the incredible talent and dedication of our staff, the positive, supportive culture we have, and the strength of our client relationships mean we are well placed to deliver performance to our clients over time and therefore growth and income to our shareholders.

With that in mind, I am delighted to deliver a strong set of financial results for 2020. Volatility in the financial markets has been significant and at times challenging; in March alone, markets had one of their steepest and fastest falls on record. Crucially, we were able to respond rapidly and to demonstrate the benefits of our investment in our risk management and trading capabilities and thereby adjust our portfolio positioning rapidly to the changing circumstances, delivering for our clients in a time of crisis. Following the equity market's trough in March, the MSCI World Index rose 71% on a total return basis and ended the year on a new high driven by huge fiscal and monetary stimulus. The dramatic improvement in sentiment towards the end of the year particularly benefited our long-only strategies and our momentum strategies.

Against this backdrop, we grew our funds under management (FUM) by $5.9 billion to $123.6 billion, a new high for Man Group. This increase in FUM was driven by positive investment performance of $3.3 billion across our strategies and strengthening of the US dollar against other currencies. Relative performance across the firm was mixed, with asset weighted underperformance versus peers across our strategies of 1.0% in the year.

AHL TargetRisk, which has performed strongly in rising markets in recent years and protected capital during the sell-off, was an important contributor to our overall net inflows for the year of $1.8 billion. These inflows are also testament to the strength of our client relationships. We believe that communicating with our clients in times of crisis is more critical than ever and have focused on maintaining or indeed accelerating client engagement in order to counter the effects of the ongoing pandemic and remote working environment.

Despite these positive elements, core profit before tax[2], one of our financial KPIs, decreased by 26% to $284 million compared to 2019. This reflects a decline from a strong performance fee outcome in the previous year. Statutory profit before tax also decreased by 42% to $179 million compared to 2019.

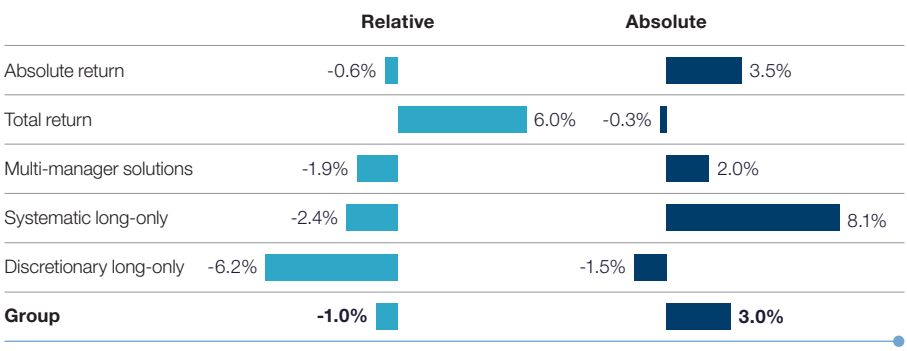
Performance[1]

2020 was characterised by the arrival of the global pandemic, with repercussions that few had forecast. Financial markets responded initially with alarm and then rebounded with an uncharacteristic speed as governments and central banks rapidly introduced accommodative measures supporting liquidity, businesses and individuals. In the last quarter, positive news about the efficacy and safety of vaccines began to help the world to foresee an eventual end to the devastating effects of the pandemic.

Absolute performance across our product categories was up 3.0%. Our alternative strategies were up 2.0%, driven by strong performance from AHL Alpha (+7.9%) and AHL TargetRisk (+5.7%). Our long-only strategies were up 4.3% on average, having benefited from the rebound in equity markets in the latter part of the year. Performance in GLG Continental European Growth (+24.7%) and Numeric Global Core (+13.0%) was particularly strong, whilst performance in our value-biased strategies, namely GLG Japan CoreAlpha (-15.9%) and GLG Undervalued Assets (-16.0%), was weaker.

Asset weighted relative outperformance of 1.4% in alternatives was driven by our total return strategies, while Alternative Risk Premia continued its relative outperformance since launch despite a difficult year for absolute performance. AHL TargetRisk was in line over the year having outperformed significantly during the sell-off and the GLG Emerging Market Debt strategy outperformed as it anticipated the sell-off. Relative performance across our long-only strategies was weaker, driven by their valuation focus. The GLG Japan CoreAlpha strategy, which has a large cap value focus, in particular underperformed for much of the year, although we saw improvements following the vaccine news.

Absolute and relative performance in 2020



1 Past performance is not indicative of future results. Returns may increase or decrease as a result of currency fluctuations. Performance figures are shown net of representative management and performance fees.
2 The Group's alternative performance measures are outlined on pages 166 to 169.

Absolute performance

$3.3bn

2019: $10.1bn

Asset weighted relative performance

-1.0%

2019: -1.1%

Funds under management

$123.6bn

+5%

2019: $117.7bn

Statutory profit before tax

$179m

-42%

2019: $307m

Core profit before tax[2]

$284m

-26%

2019: $384m

"To best service our clients and shareholders, one of our top priorities is to attract and retain the best people, creating an environment in which they can achieve their potential."

Progress against strategic priorities

Strong client relationships

Following positive investment performance in 2019, net inflows in 2020 were $1.8 billion despite the impact of COVID-19. This is very strong relative performance compared to the industry, which saw on average an outflow of 3% across comparable strategies in 2020. We worked hard to continue to deepen our relationships with existing clients as well as add new relationships with strategically important asset allocators and distributors over the course of the year. This was particularly important in 2020 and remains so into 2021 with clients also forced to work from home and typically only interested in talking to their best and most reliable relationships. As a result of this focus, we continue to see clients investing in multiple strategies across the firm, with 71% of FUM at 31 December 2020 relating to clients invested in two or more products, and 42% relating to clients invested in four or more products. Our 50 largest clients are invested in an average of approximately three of our strategies. This illustrates the strength and breadth of our offering, and the value of providing clients with a single point of contact who understands them and their unique requirements.

Innovative investment strategies

Innovation is what drives the firm forward, maintains our relevance with existing clients, and attracts new clients. It strengthens our resilient business model by further diversifying our revenue streams and provides interesting development opportunities for our people. COVID-19 has altered the way we work, but the product development pipeline has been unaffected and remains attractive – despite a change for most to a home office, this didn't dampen their creativity and we have seen countless innovative ideas arise over the past year.

AHL TargetRisk is an excellent example of that innovation bearing fruit. It was a product we developed six years ago, seeded with our own capital for a number of years and which is now seeing material client demand and is a significant contributor to the firm as a whole. Last year, AHL TargetRisk reached a new milestone, $10 billion of FUM. In response to this strong client demand, we have launched additional products within the AHL TargetRisk range, including products in collaboration with Man Numeric.

While not every new idea can be a $10 billion runaway success, we do see our pipeline of new ideas and products as being very strong. We are seeing growing demand for Responsible Investment funds in particular, with a focus on ESG factors. At Man Group we believe it is important that we implement ESG across all our investment engines. Each investment engine takes a distinct approach to responsible investment according to the specific asset classes and strategies under management. At the same time, all investment engines are able to leverage our firmwide ESG infrastructure for engagement with companies and collection and analysis of ESG data, which we see as essential to our Responsible Investment funds adding real value for clients.

Using the Global Sustainable Investment Alliance's definitions and classification, we recently reported that $43 billion of Man Group's funds under management integrate ESG factors into their decision-making process. We see ESG analysis as a way to improve client outcomes. As an example, Man Numeric has developed an ESG alpha model based on cutting-edge use of data and technology that is now live across most of their strategies.

We have made continued progress in the development and launch of quantitative fixed income strategies across both Man AHL and Man Numeric. We also continue to broaden our discretionary capabilities, most notably launching our GLG Asia ex-Japan Equity strategies in Q4, which are managed by an experienced team who joined Man Group earlier in 2020.

We have also broadened our alternative offering across both equity and credit during the year. Within our discretionary business, we continue to embed quantitative techniques to enrich the fundamental process of the portfolio managers.

Efficient and effective operations

Technology powers our efficient and effective operations at Man Group. Our single technology platform is the foundation on which the firm operates. With the knowledge, experience and talent of 500 quants and technologists across the firm, the platform facilitates alpha generation, portfolio management, trade execution, operations, compliance, risk management and financial reporting.

Our proprietary platform enables us to evolve and adapt to markets and our clients' needs. In March 2020, as market volatility and volumes surpassed the peak of the global financial crisis, the platform demonstrated its resilience and reliability. We comfortably operated at double our usual monthly volume, executing millions of trades on behalf of clients, without incident. Continuous investment in our people, data and platform technology in order to enhance our capabilities is what maintains and increases our technological lead and our competitive edge.

During the Brexit negotiations there was little clarity as to what the final outcome may look like. Our planning ensured that the impact of the transition on our employees, business and clients was minimised and we will continue to monitor developments closely throughout 2021.

People and culture

We are fundamentally a people business. To best serve our clients and shareholders, one of our top priorities is to attract and retain the best people, creating an environment in which they can achieve their potential. We place great importance on being an employer of choice and a place where all our employees feel that they belong.

We are a meritocracy, succeeding through talent, commitment, diligence and teamwork. We are committed to supporting our employees so that everyone at Man Group has the opportunity to be the best they can be. Our well-being programme continues to grow and has taken on a new importance as we support our colleagues around the globe faced with the challenges of living and working in a pandemic. Our programme has been enabled virtually as we continue to focus on engagement and culture in the pandemic (and hopefully post-pandemic) world.

We also believe that by celebrating diversity and building an inclusive working environment, we can attract the best talent to our business and generate the best ideas – experience has shown that homogeneous groups are typically constrained by a sense of group think, whereas diverse groups naturally approach problems differently and so come up with better, more rounded solutions. We encourage original and collaborative thinking with multiple and differing perspectives, positioning us to deliver for our clients. We are committed to increasing diversity in all forms, at all levels, because we think it makes Man Group a better, stronger firm. To facilitate this, we operate Drive, an employee-led diversity and inclusion network, which seeks to inform, support and inspire our people. I am pleased to report we have met our target of 25% female representation in senior management roles by the end of 2020 and have set a new target of 27.5% by the end of 2022 and 30% by the end of 2024. A wide variety of broader diversity and inclusion initiatives continue to take place, with one example from many being that we have become a corporate member of 'PurpleSpace', enabling us to raise the profile of our support for disabled employees both internally and externally.

Embedded in the firm's culture is the desire to give back to our communities, which can be through financial donations, sharing our expertise or time spent volunteering. A particular highlight in 2020 was our response to the UK Government's Rapid Assistance in Modelling the Pandemic initiative.

I believe that we do our best work for our clients when we support our employees, and value their different perspectives and experience. I would like to thank everyone at Man Group for their contribution to the progress we made during 2020.

Growth

Before turning to our outlook for the future, I also wanted to reflect a little on the growth we have achieved over the last five years. When I became CEO in 2016, we faced structural challenges, including the transition away from legacy guaranteed products. It was necessary to transform in order to grow and thrive. We believed that an intensely client-centric approach would be key to improving flows and to delivering sustainable growth. We also believed that our technology expertise had to be integral to every aspect of the business in order to build on our competitive advantage. We reorientated the business to have a focus on larger allocators of capital and ramped up North American distribution. In addition, we successfully integrated Numeric, which allowed us to develop new strategies based on capabilities across the firm.

The approach has been a success. Since the end of 2015, we have seen $26 billion of net inflows from clients and the number of clients for whom we manage more than $1 billion has grown from 12 to 22. We have increased our core management fee profitability by 82% to $180 million and have grown our core management fee EPS by 98%, while returning on average 9% of our market cap in dividends and share buybacks every year.

We have moved to a progressive dividend policy with the intention to maintain or increase our dividend each year as we grow our business.

Outlook

Progress towards normality in our day-to-day lives depends on progress made in vaccine development and the pace of vaccinations on both national and global levels. Our clients and our business adjusted rapidly, and we have been operating at close to normality for some time now. We saw net inflows last year and we've seen that positive engagement with clients continue into 2021. We are confident in our growth trajectory and enter the year with good momentum, with the combination of our talented team and leading technology driving our strong competitive position.

Luke Ellis
Chief Executive Officer

Female representation target met

26%

in senior management roles by the end of 2020.

AHL TargetRisk

$11.2bn

FUM at 31 December 2020. Last November, AHL TargetRisk reached a new milestone: $10 billion of FUM.

Net inflows

$26.0bn

over five years.

"We remain confident in our growth trajectory, with the combination of our talented team and our lead in technology driving our strong competitive position."

50%

female representation on our Board

//Investing

in exceptional talent

A deep and diverse pool of talent is vital to our continued success. Our priority is to hire and develop world-class talent across the firm, from quants and technologists to portfolio managers and analysts, and to foster a diverse and inclusive workforce to support our culture of innovation and collaboration.

500

quants and technologists

Measuring our success

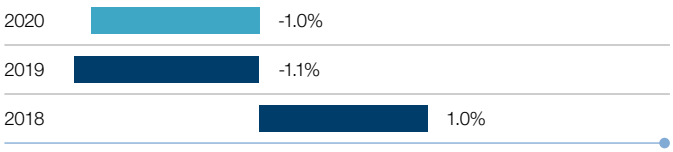
Our financial KPIs illustrate and measure the relationship between the investment experience of our clients, our financial performance and the creation of shareholder value over time.

Link to strategy

1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

> Investment performance 1 4

0-2% Target not met

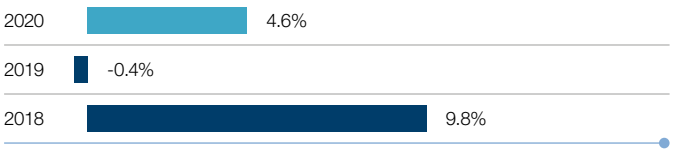


What we measure
The asset weighted performance[1] of Man Group's strategies compared to peers gives an indication of the competitiveness of our investment performance against similar alternative investment styles offered by other investment managers.

How we performed
We had asset weighted underperformance of 1.0% in 2020, despite strong absolute performance, and therefore we did not achieve this KPI target. For further discussion on performance see page 17.

> Relative net flows 1 2 4

1-6%[2] Target met

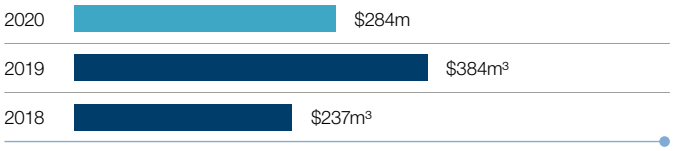


What we measure
Relative net flows[1,2] are a measure of our ability to attract and retain investor capital in comparison to our industry peers. As set out in the 2019 Annual Report, this represents a change from the previous metric which was calculated on an absolute as opposed to a relative basis in order to better represent performance that management can control. FUM drives our financial performance in terms of our ability to earn management fees.

How we performed
Relative net flows of 4.6% in 2020 are within the target range, and indicate the attractiveness of our diversified offering across our client base despite a challenging year for fundraising.

> Core profit before tax 1 2 3 4

$237m-$388m Target met



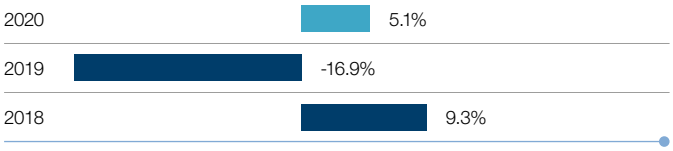
What we measure
Core profit before tax[1] is a measure of overall profitability and cash generation and excludes legacy income streams, so better represents the core business of Man Group today. This includes our performance fee profits which, although volatile in nature, are a key earnings stream and a significant component of value creation for shareholders over time.

How we performed
Core profit before tax of $284 million for 2020 is comfortably within the target range, reflecting our management fee profitability and solid performance fee generation in the year.

Change to KPI for 2021
Our core profitability KPI will change to core EPS[1] for the 2021 financial year, in order to reflect the year-on-year profitability of our core business as well as management actions such as share repurchases. This KPI provides better comparability across our peers and further aligns management and shareholder incentives, and is aligned with directors' remuneration (page 107).

> Adjusted management fee EPS growth 1 2 3 4

5-12% growth Target met



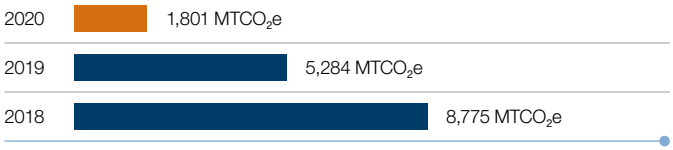
What we measure
Adjusted management fee EPS[1] growth in the year measures the overall effectiveness of our business model, and reflects the value generation for shareholders from our more stable earnings stream.

How we performed
Adjusted management fee EPS increased by 5.1%, from 9.8 cents to 10.3 cents. The increase during a challenging year was underpinned by lower discretionary spend as a result of COVID-19 (see page 27), partially offset by lower net management fee revenues which have since bounced back above closing 2019 run rate levels, driven by the increase in FUM in the latter part of the year.

Due to the roll-off of our legacy business profits during 2019, this KPI will change to core management fee EPS[1] growth from 2021 as adjusted and core growth measures will be aligned.

Our non-financial KPIs further demonstrate our commitment to our people, wider society and the environment, which reflect our core values.

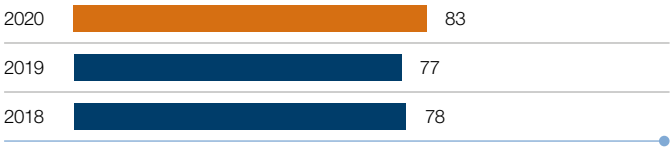
> Carbon footprint



What we measure
In order to monitor and decrease our carbon footprint, we measure total greenhouse gas emissions ($MTCO_2e$), including scope 2 market-based emissions[4].

How we performed
In 2020, total carbon emissions decreased by 66% compared to 2019. The significant drop reflects the impact of COVID-19 and reduced travel and energy use as a result of working from home. We also reduced emissions by streamlining our data centre facilities and improving the energy efficiency of our leased office premises. Further information on how we seek to minimise any negative impact on the environment can be found on pages 52 to 54.

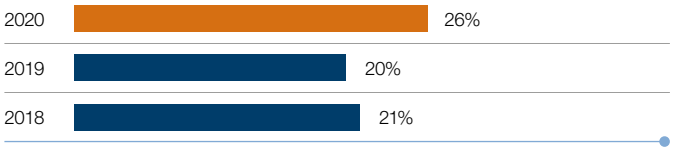
> Employee engagement



What we measure
Each year we conduct a staff survey to help us monitor and understand employee engagement and identify any areas for action.

How we performed
Our 2020 staff survey recorded an engagement score of 83 and an increase in the response rate to 85% from 83% in 2019. The welfare of our employees has been at the heart of our COVID-19 response, and the survey results suggest people have recognised and appreciated this. More information on how we prioritised and supported staff well-being throughout the year can be found on page 57.

> Women in senior management roles



What we measure
The number of women in senior management positions, as we seek to encourage greater diversity across the investment management industry. This is defined as those who are or report directly to members of our Executive Committee.

How we performed
We made progress in the number of women in senior management roles during the year, however, we recognise there remains a long way to go. Further information on our initiatives to support and develop a diversified pool of talent at Man Group can be found on pages 58 and 59.

1 Details of the calculation of our alternative performance measures are provided on pages 166 to 169.
2 The 2019 and 2018 net flows KPIs were on an absolute as opposed to a relative basis in those years, however have been presented here on a relative basis in line with the 2020 KPI to aid comparability.
3 The target range for 2019 was $234 million to $388 million and for 2018 was $272 million to $473 million. The target range for each financial year is established by the Board upon approval of the Group's Medium Term Plan.
4 Indirect emissions from non-renewable electricity sources.

"2020 illustrates the strength of our business. Despite the challenging environment we saw growth in management fee profitability, solid performance fee earnings and continued cash generation and returns to shareholders."

Mark Jones
Chief Financial Officer

Core management fee EPS[1]

10.3¢
+6%
2019: 9.7¢

Core EPS[1]

16.2¢
-23%
2019: 21.0¢

Statutory EPS[1]

9.3¢
-49%
2019: 18.4¢

Returns to shareholders over five years

$1.4bn

Overview

Despite the volatility seen across global financial markets in 2020 as a result of the COVID-19 pandemic, we have managed to protect and grow our management fee profits, driven by solid performance and net inflows over the course of the year together with effective cost control. Core EPS[1] decreased from 21.0 cents in 2019 to 16.2 cents in 2020, and statutory EPS decreased from 18.4 cents to 9.3 cents, largely driven by lower performance fee generation compared to a particularly strong 2019. Our profitability and cash generation has meant we have maintained existing returns to shareholders, paying our 2019 year-end and 2020 interim dividends as planned and completing our previously announced share buyback, and also commenced additional returns with a further $100 million buyback announced in September 2020. Our diversified business model provides a strong foundation as we head into 2021.

Our funds under management increased by $5.9 billion to a new record of $123.6 billion at the end of 2020, largely due to positive absolute performance of $3.3 billion across both alternative and long-only strategies and net inflows of $1.8 billion, with inflows relative to peers of 4.6%[1]. We had small net outflows in the first half of the year, as certain clients sought cash in response to the impacts of COVID-19 during the second quarter in particular, followed by good net inflows in the second half, primarily from our alternative strategies. Performance fee generation was solid, with $179 million earned in the year, reduced from the particularly strong performance fee generation of $325 million in 2019. Our relative performance was around 1.0% below our peers, with a number of our larger long-only strategies underperforming in a challenging environment for valuation-focused strategies.

Due to the roll-off of profits from our legacy guaranteed products business in 2019, our core and adjusted measures are now equivalent. Core net management fee revenue[1] was $730 million for the year, a decrease of 3% from prior year due to lower average FUM as a result of lower FUM levels mid-year and a small decline in average net management fee margins. Run rate net management fee revenue[1] has increased to $815 million at the end of 2020, up by 6% from $771 million in 2019 as a result of the increase in closing FUM. Performance fee revenues of $179 million were largely generated by Man AHL and Man GLG. We made a gain of $20 million on our seed book, in line with 2019, reflecting effective risk management and strong performance from various strategies despite a challenging investment environment.

Total costs, excluding adjusting items, were $651 million, down from $710 million in 2019, driven both by lower performance fee related variable compensation and a decrease in fixed cash costs. Lower fixed cash costs reflected both measures to reduce costs we implemented in response to market declines in the first half of the year and some lower costs as a result of the pandemic, particularly in travel and entertainment. We also benefited from around $9 million of foreign exchange translation benefit on fixed costs due to more favourable sterling to US dollar achieved rates in 2020 compared with hedged rates in 2019, with the Group no longer hedging fixed costs from 2020. Overall reduced discretionary spend has supported our profitability in 2020, however we have also consciously supported and invested in our people over this period to ensure we are appropriately resourced through the current environment. We consider that running our operations efficiently is an important driver of profit growth for shareholders over time, and continue to focus on effective cost control.

The main sub-tenant in our primary London office paid us $26 million in the first half in order to surrender their lease early, in effect bringing forward their remaining lease payments. Following this we exercised a break clause in our other London office in order to bring all of our London staff together in one location from 2021. The lease surrender resulted in a net accounting gain of $18 million on statutory profits, due to a non-cash write-off of deferred rent of $8 million. We have recognised $11 million of this statutory gain in adjusted profits to reflect the associated foregone sub-lease rental income and costs incurred in 2020, with the remainder to be recognised through 2021 as we seek to sub-let the remaining space. Given the commercial property market uncertainty as a result of COVID-19, we have assessed our vacant sub-lease space and recorded a $25 million impairment of our right-of-use lease asset at year-end, which we will continue to monitor as the market stabilises post-pandemic. We expect to incur around $6 million of additional net costs on the remaining vacant space in 2021, and around $22 million of project capital expenditure over the next 12 months as we ready our consolidated London office for the post-COVID future working environment and prepare the remaining vacant space for sub-let.

Summary income statement

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Core net management fee revenue[2]	**730**	751
Non-core net management fee revenue[1]	**–**	2
Performance fees[2]	**179**	325
Gains on investments[2]	**20**	20
Sub-lease rental and lease surrender income	**18**	14
Net revenue	**947**	1,112
Asset servicing	**(55)**	(55)
Fixed compensation[1]	**(194)**	(193)
Variable compensation[1]	**(257)**	(284)
Other costs – cash costs[2]	**(97)**	(131)
Other costs – depreciation and amortisation	**(48)**	(47)
Total costs	**(651)**	(710)
Net finance expense[1]	**(12)**	(16)
Core profit before tax[1]	**284**	384
Core management fee profit before tax[1]	**180**	170
Performance fee profit before tax[1]	**104**	214
Adjusting items[1] (see page 28)	**(105)**	(79)
Statutory profit before tax	**179**	307
Statutory EPS	**9.3¢**	18.4¢
Core EPS[1]	**16.2¢**	21.0¢
Core management fee EPS[1]	**10.3¢**	9.7¢
Adjusted management fee EPS[1]	**10.3¢**	9.8¢
Dividend per share[3]	**10.6¢**	9.8¢

Statutory profit before tax decreased by $128 million from 2019, driven by lower performance fee profits in 2020 as well as the $55 million impairment of GPM goodwill in the first half of the year as a result of slower growth for GPM than planned and a weaker economic outlook due to COVID-19, partially offset by a decrease in the associated contingent consideration creditor of $22 million. The decrease in core profit before tax[1] and core earnings per share[1] was driven by the lower level of performance fees compared to 2019. Core profit before tax[1], which excludes legacy business profits, reached a ten-year peak in 2019, largely driven by the strong performance fee generation in that year.

Our balance sheet remains strong and liquid and allows us to successfully navigate stressed scenarios whilst continuing to invest in the business and support our long-term growth prospects. This is evidenced by our continued return of capital to shareholders through both dividends and share repurchases throughout the course of the pandemic, whilst many other UK companies have either suspended or cut their dividend and share repurchase programmes.

We have net tangible assets of $716 million or 46 cents per share at 31 December 2020, and net financial assets[1] of $716 million (see page 29 for further detail). We have cash of $289 million (2019: $220 million) and continue to be strongly cash generative, with operating cash flows of $391 million (2019: $483 million). During the year we paid an interim dividend of 4.9 cents per share and intend to pay a final dividend of 5.7 cents per share, with the total dividend for the 2020 results year up 8% on 2019. We completed the $100 million share repurchase announced in October 2019, and in September 2020 announced our intention to repurchase a further $100 million of shares. We have returned over $1.4 billion to shareholders via dividends and share repurchases over the past five years (see page 29) and continue to focus on generating strong cash flows which we can in turn reinvest or return to shareholders via dividend and share repurchase programmes.

1 The Group's alternative performance measures are outlined on pages 166 to 169.
2 Management and other fees, performance fees and other costs exclude amounts for consolidated fund entities (per Note 13.2 to the Group financial statements on page 146), with these reclassified to gains on investments together with the third-party share. Refer to pages 166 to 169 for details of the Group's alternative performance measures.
3 Dividend per share includes the interim and final dividend relating to each financial year, including the 2020 proposed final dividend.

Funds under management (FUM[1])

$bn		FUM at 31 December 2019	Net inflows/ (outflows)	Investment performance	Foreign currency and other movements	**FUM at 31 December 2020**
Alternative	Absolute return	30.5	0.9	0.8	1.8	**34.0**
	Total return	27.0	3.7	(0.1)	(1.6)	**29.0**
	Multi-manager solutions	14.0	(0.3)	0.8	(0.3)	**14.2**
	Total	71.5	4.3	1.5	(0.1)	**77.2**
Long-only	Systematic	27.5	(2.4)	2.5	0.2	**27.8**
	Discretionary	18.7	(0.1)	(0.7)	0.7	**18.6**
	Total	46.2	(2.5)	1.8	0.9	**46.4**
Total		117.7	1.8	3.3	0.8	**123.6**

Net management fee revenue

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Absolute return	**355**	354
Total return	**171**	139
Multi-manager solutions	**32**	43
Systematic long-only	**73**	93
Discretionary long-only	**99**	122
Core net management fee revenue[1]	**730**	751
Guaranteed	**–**	2
Net management fee revenue[1]	**730**	753

Absolute return

Absolute return FUM increased by 11% as a result of positive investment performance, net inflows and foreign currency and other movements. Performance was driven by Man AHL's Alpha and Institutional Solutions strategies, with net inflows of $2.3 billion into AHL Institutional Solutions and AHL Evolution partially offset by net outflows principally from Man GLG's European Long-Short strategy. Foreign currency movements gave rise to a $0.9 billion increase in FUM during the year.

Total return

Total return FUM increased by 7% due to net inflows of $3.7 billion. Net inflows included $5.3 billion into Man AHL's TargetRisk strategy with net outflows from Alternative Risk Premia and from Man GLG's Global Emerging Markets Debt Total Return strategy. Investment performance included gains from AHL TargetRisk offset by losses from Alternative Risk Premia. Other movements primarily relate to net leverage decreases of $2.0 billion, partially offset by an increase of $0.9 billion due to foreign currency movements.

Multi-manager solutions

Multi-manager solutions FUM increased by $0.2 billion, with positive investment performance of $0.8 billion from our dedicated managed account platform.

Systematic long-only

Systematic long-only FUM increased by $0.3 billion, driven by positive investment performance of $2.5 billion including $1.1 billion and $1.2 billion from Man Numeric's Emerging Markets and Global Core strategies respectively. Net outflows of $2.4 billion were across a range of strategies following weaker relative short-term performance.

Discretionary long-only

Discretionary long-only FUM ended the year broadly flat. Foreign currency movements of $0.6 billion largely offset negative investment performance, driven by Man GLG's Japan CoreAlpha strategy, which also had net outflows of $2.1 billion. Man GLG's UK UVA strategy had $1.0 billion of net inflows during the year.

Guaranteed products

All of our legacy guaranteed products had matured at 31 December 2020, FUM having been $39 million at the start of the year and associated profits having rolled-off in 2019.

Revenue

Net management fee revenue and margins

The Group's total net management fee margin[1] decreased by 2 basis points during the year to 65 basis points, with the reduction continuing to be driven by mix effects as higher margin strategies, particularly in discretionary long-only, decreased during the year. The Group's run rate net management fee margin[1] at 31 December 2020 had increased slightly to 66 basis points (2019: 65) as a result of higher closing FUM from absolute return, particularly AHL Institutional Solutions and AHL Evolution which have higher margins. The run rate net management fee revenue[1] was $815 million (31 December 2019: $771 million), largely as a result of the increase in absolute return FUM during the year.

The net management fee margins of absolute return and multi-manager solutions continued their gradual decline due to margin pressure from mix effects in recent years, with discretionary long-only margins decreasing to 62 basis points in 2020 from 67 basis points in 2019 as a result of a decrease in GLG Japan CoreAlpha FUM which attracts a higher margin. Conversely, the total return margin increased from 56 basis points to 62 basis points due to the growth of higher margin products, in particular AHL TargetRisk. The absolute return net management fee margin decreased by 2 basis points to 118 basis points as a result of the continued mix shift towards institutional assets which are at a lower margin. The multi-manager solutions net management fee margin decreased to 24 basis points in 2020 from 31 basis points in 2019, as a result of Man FRM's continued shift towards a solutions provider from traditional fund of funds manager. The systematic long-only run rate net management fee margin is broadly in line with the year-end 2019 run rate margin.

Core net management fee revenue[1] decreased by 3% to $730 million in 2020, driven by the lower average FUM and the decline in our average margin during the year, despite closing FUM being 5% higher than prior year and closing run rate net management fee margin[1] also being higher.

Performance fees and investment gains and losses

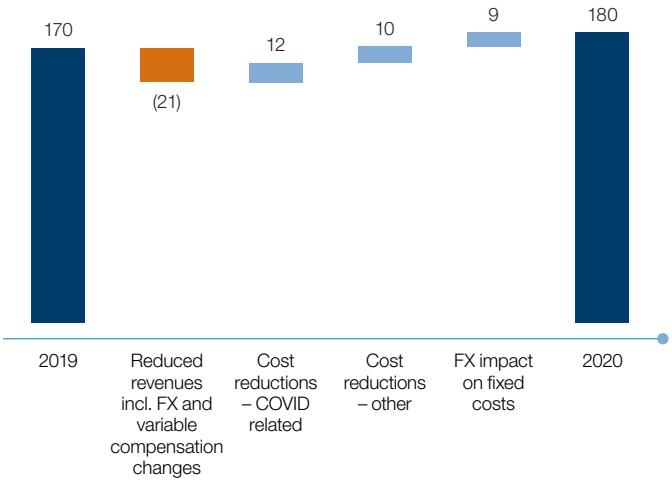
Performance fees for the year were $179 million (2019: $325 million), which included $124 million from Man AHL (2019: $291 million), $54 million from Man GLG (2019: $34 million), and $1 million from Man Numeric (2019: nil). We have strong performance fee optionality and diversity, with $49.0 billion of performance fee eligible FUM at year-end and a diverse range of strategies having contributed to our performance fee earnings over recent years.

Investment gains of $20 million (2019: $20 million) primarily relate to gains on seed investments (page 29). The seeding book was $485 million at year-end, down from $514 million in 2019 driven by net redemptions as a result of the successful marketing of a number of funds we seeded last year. In addition we had $50 million of exposure via total return swaps (TRSs) at year-end (2019: $62 million).

Sub-lease rental and lease surrender income

As outlined on page 25, $11 million of the $18 million net accounting sub-lease surrender gain from our principal London sub-tenant relating to lost rental income and other associated costs in 2020 has been recognised within adjusted profits. We expect to release the remaining $7 million in 2021. Due to the impact of COVID-19 on the commercial property market, we have recognised $25 million of impairment expense on the associated right-of-use lease asset, reflecting a lower valuation of the sub-let floors at year-end compared to the IFRS 16 'Leases' accounting carrying value (an adjusting item per page 28).

Core management fee profit before tax[1] ($m)



Costs

Asset servicing

Asset servicing costs vary depending on transaction volumes, the number of funds, and fund NAVs. Asset servicing costs were $55 million (2019: $55 million), which equates to around 7 basis points of average FUM, excluding systematic long-only and Man GPM strategies.

Compensation costs

Total compensation costs[1] were $451 million for the year, down by 5% compared to $477 million in 2019 as a result of lower management and performance fee revenues together with more favourable achieved sterling to US dollar exchange rates on fixed compensation in 2020. The Group's compensation ratio is generally between 40% and 50% of net revenues, depending on the mix and level of revenue. We expect to be at the higher end of the range in years when absolute performance fees are low and the proportion from Man Numeric and Man GLG is higher, and conversely we expect to be at the lower end of the range when absolute performance fees are high and the proportion from Man AHL is higher. The overall compensation ratio[1] therefore increased to 48% in 2020 from 43% in 2019, which reflects the decrease in performance fee revenue generated in 2020.

Other costs

Other costs were $145 million for the year (2019: $178 million excluding adjusting items). Our recruitment and temporary staff costs decreased as a result of lower levels of hiring during the year, with global travel restrictions, working from home and a further reduction in recruitment as a result of COVID-19 providing additional cost savings. As we stopped hedging fixed costs one year in advance at the end of 2019 we were able to benefit from the more favourable sterling to US dollar exchange rates in 2020, compared to our hedged rate of 1.36 for 2019, although we approach 2021 with an FX headwind.

For the year to 31 December 2020, we had sterling denominated net management fee revenues of around $113 million (2019: $114 million) and fixed costs of $177 million (2019: $190 million).

Net finance expense

Net finance expense, excluding the unwind of discount on contingent consideration which is classified as an adjusting item[1], decreased to $12 million from $16 million in 2019. This was due to 2020 including the full-year benefit of reduced interest on the Tier 2 notes, given these were repaid in September of 2019, and the use of cheaper financing sources in the form of TRSs and repo arrangements from the latter half of 2019.

1 The Group's alternative performance measures are outlined on pages 166 to 169.

Core and adjusted profit before tax

The directors consider that the Group's profit is most meaningful when considered on a basis which reflects the revenues and costs that drive the Group's cash flows and inform the base on which the Group's variable compensation is assessed, and therefore excludes acquisition and disposal related items (including non-cash items such as amortisation of purchased intangible assets), impairment of assets, costs relating to substantial restructuring plans, and certain significant event-driven gains or losses. Movements in deferred tax relating to the recognition of tax assets in the US are similarly excluded from core and adjusted profit after tax in order to best reflect cash taxes paid.

Core profit before tax[1], which is equivalent to adjusted profit before tax[1] with the exclusion of legacy business profits which rolled-off in 2019, was $284 million compared to $384 million in 2019. In 2019 our core profitability reached a ten-year peak, driven by the strong performance fee generation.

Adjusting items[1] (pre-tax) in the year totalled a net expense of $105 million (2019: $79 million), as summarised below.

Adjusting items[1]

$m	Year ended 31 December 2020
Impairment of goodwill	**(55)**
Amortisation of acquired intangible assets	**(63)**
Revaluation of contingent consideration creditors	**22**
Unwind of contingent consideration discount	**(2)**
Recycling of FX revaluation on liquidation of subsidiaries	**17**
Unrealised foreign exchange movements on lease liabilities	**(6)**
Lease surrender income	**7**
Impairment of right-of-use lease asset – investment property	**(25)**
Total adjusting items (excluding tax)	**(105)**
Net derecognition of US deferred tax asset (see below)	**(8)**

Tax

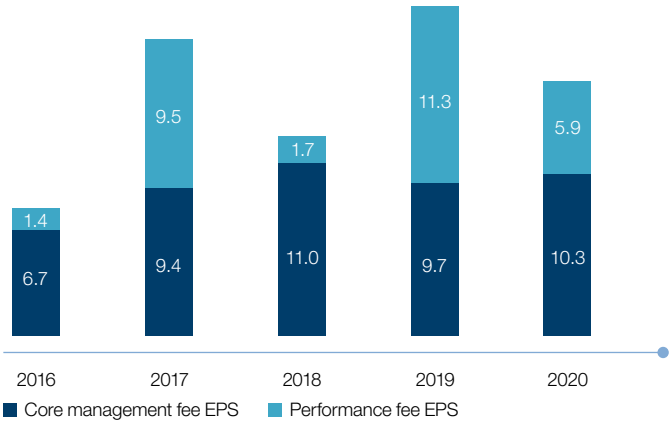
The majority of Man Group's profits are earned in the UK, with significant profits also arising in the US, where our cash tax rate is effectively nil as a result of available tax assets, and in Switzerland, which has a lower rate than the UK.

The underlying rate on adjusted profit of 17% (2019: 15%) represents the statutory tax rates in each jurisdiction in which we operate, including nil for the US, applied to our geographical mix of profits. The adjusted tax rate[1] was 16% (2019: 15%).

Tax on statutory profit for the year was $41 million (2019: $22 million), which equates to a statutory effective tax rate of 23% (2019: 7%). The increase in the tax rate is largely due to the impairment of the GPM goodwill, partially offset by the associated revaluation of the Aalto contingent creditor, and the derecognition of a small portion of our US deferred tax assets (detailed below).

In the US, we have accumulated tax losses as well as tax deductible goodwill and intangibles of $95 million (2019: $89 million), which can be offset against future US profits and will therefore reduce taxable profits. We have recognised $81 million of these US deferred tax assets on the balance sheet at 31 December 2020 (2019: $89 million), due to the derecognition of certain state and city tax losses which are expected to expire before consumption. The associated tax expense adjusting item of $8 million represents this derecognition, partially offset by a net increase in the year of $6 million. As movements in the deferred tax asset are classified as an adjusting item[1], the US core and adjusted tax rate[1] will remain at nil until cash taxes are payable in the US. As a result of the adjustment of the US deferred tax assets in the year, the 2020 statutory effective tax rate on US profits is higher than the prevailing US federal tax rate.

Core earnings per share (cents)



The principal factors that we expect to influence our future underlying tax rate are the mix of profits by tax jurisdiction, changes to applicable statutory tax rates, including in the UK, and the consumption of US tax assets. As a result of the recognition of the majority of the US deferred tax assets, should the earnings profile of the Group in the US increase significantly in the future, the core and adjusted tax rate for the Group would then be affected by the prevailing corporation tax rate in the US and the proportion of the Group's profits generated in the US. The underlying tax rate in 2021 is currently expected to remain consistent with 2020, dependent on the factors outlined above.

Cash earnings

Given the strong cash conversion of our business, we believe our core profit after tax is a good measure of our underlying cash flow generation, although the timing of cash conversion is impacted by the seasonal movements in our working capital position through the year and the size of our seed book over time. Operating cash flows, excluding working capital movements, were $341 million during the year and cash balances at year-end were $289 million[2].

$m	Year ended 31 December 2020	Year ended 31 December 2019
Opening cash[2]	**220**	344
Operating cash flows before working capital movements, excluding contingent consideration	**341**	465
Working capital movements (excluding seeding)	**9**	(127)
Working capital movements – seeding[2]	**41**	145
Payment of dividends	**(147)**	(152)
Share repurchase (including costs)	**(107)**	(92)
Repayment of Tier 2 notes	**–**	(150)
Payment of acquisition-related contingent consideration	**(2)**	(169)
Other movements	**(66)**	(44)
Cash at year-end[2]	**289**	220

Working capital movements in 2020 principally relate to the year-on-year decrease in performance fee receivables and a reduction in the Group's seed book.

As at 31 December 2020, the Group's cash balance was $289 million and the undrawn committed revolving credit facility, which matures in 2025, was $500 million. The management of liquidity is explained in Note 12 to the Group financial statements.

Balance sheet

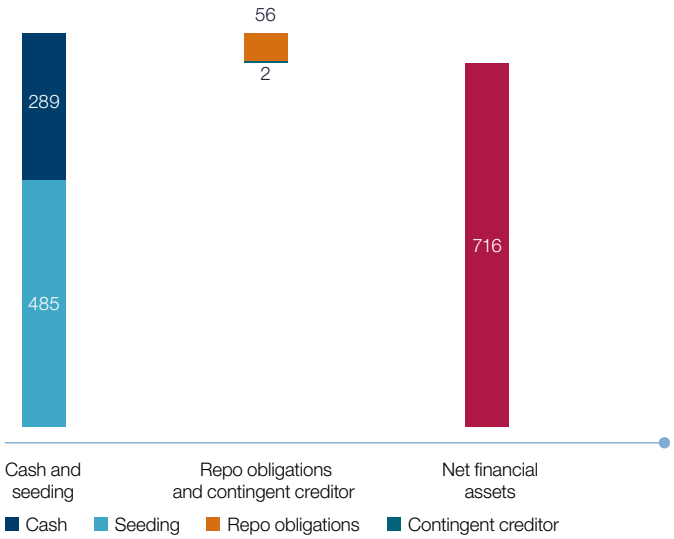
The Group has a strong and liquid balance sheet. Fees and other receivables have decreased as a result of the lower level of performance fees earned in December compared to the prior year. Payables have decreased due to a decrease in compensation accruals. The decrease in investments in funds is driven by seeding investments, as outlined below.

$m	31 December 2020	31 December 2019
Cash and cash equivalents[2]	**289**	220
Fee and other receivables[2]	**382**	424
Payables[2]	**(568)**	(570)
Net investments in fund products and other investments[2]	**607**	615
Pension asset	**2**	16
Right-of-use lease assets – investment property[3]	**74**	79
Right-of-use lease assets – leasehold[3]	**78**	141
Leasehold improvements and equipment[3]	**30**	29
Total tangible assets	**894**	954
Lease liability	**(272)**	(307)
Net deferred tax asset	**94**	92
Net tangible assets[4]	**716**	739
Goodwill and other intangibles	**781**	885
Shareholders' equity	**1,497**	1,624
Net financial assets	**716**	674

Seeding investments

Man Group uses capital to invest in new products to assist in the growth of the business, which will be redeemed as practicable as funds are marketed to clients. At 31 December 2020, the Group's seeding investments were $485 million (refer to Note 13 to the Group financial statements), which have decreased from $514 million at 31 December 2019 largely as a result of redemptions due to seeded funds being successfully taken up by clients. In addition, we held $50 million of total return swap exposure at 31 December 2020 (2019: $62 million).

Net financial assets[1] ($m)



Capital management

Capital management, including dividends and share repurchases

We have a robust balance sheet and liquidity position that allows us to weather crises whilst continuing to invest in the business and support our long-term growth prospects, maximising shareholder value. Despite the impacts of the pandemic during 2020 we continued to return capital to shareholders through completion of the $100 million share repurchase announced in October 2019, and in September 2020 announced our intention to repurchase a further $100 million of shares ($36 million of shares had been repurchased at 31 December 2020), in addition to continuing to pay our bi-annual dividends.

We continue to generate strong cash flows. We are moving to a progressive dividend policy (see page 170), taking our 2020 total dividend of 10.6 cents per share as a starting point. Our core business is highly cash generative and these cash flows support a growing dividend over time. We actively manage Man Group's capital to seek to maximise value to shareholders and support the Group's strategy by either investing that capital to improve shareholder returns in the future, or returning it to shareholders through higher dividends or share buybacks, after taking into account required capital (including liabilities for future earn-out payments) and potential strategic opportunities, to ensure we maintain a prudent balance sheet. Over the past five years we have returned $800 million through dividends and announced $600 million of share buybacks for shareholders.

We have a capital and liquidity framework which allows us to invest in the growth of our business. We have maintained prudent capital and available liquidity throughout the year. The Group's $500 million revolving credit facility provides additional liquidity (see Note 12 to the Group financial statements on page 144). We utilise capital to support the operation of the investment management process and the launch of new fund products. We monitor our capital requirements through continuous review of our regulatory and economic capital, including monthly reporting to the Risk and Finance Committee and the Board.

The Board is proposing a final dividend for 2020 of 5.7 cents per share, which together with the interim dividend of 4.9 cents per share equates to a total dividend for 2020 of 10.6 cents per share, an 8% increase from 2019. The proposed final dividend equates to around $81 million, which is more than covered by the Group's available liquidity and capital resources. Key dates relating to the proposed final dividend are provided in the Shareholder information section on page 170.

Mark Jones
Chief Financial Officer

1 The Group's alternative performance measures are outlined on pages 166 to 169.
2 Cash and cash equivalents, fees and other receivables and payables balances exclude amounts relating to consolidated fund entities. These are presented net within net investments in fund products and other investments, together with third-party interest in consolidated funds (see Note 13.2 to the Group financial statements on page 146).
3 Right-of-use lease assets for investment property relates to our operating sub-leases, and includes the portion of leasehold improvements relating to those premises. These have been reclassified in the prior period presented to separately identify these on the balance sheet as investment property, as detailed further in Note 18 to the Group financial statements on page 149.
4 Equates to net tangible assets per share of 46 cents (2019: 48 cents).

Risk management
A coherent approach

Risk management is unified and fully embedded into our approach, both to the management of funds on behalf of our investors, and the management of Man Group's business on behalf of our shareholders.

Man Group's Board is ultimately responsible for risk governance and management; however accountability is embedded throughout the business. Our risk management framework ensures that the business operates within acceptable risk tolerances, as defined by the Board's risk appetite, with our governance structure providing a foundation for continuous oversight in a changing environment. Independent fund boards are responsible for protecting the interests of fund investors.

The impact of COVID-19

The COVID-19 pandemic and its impact on the health and safety of our staff and the behaviour of markets has dominated much of risk management throughout 2020. We have focused on looking after our people and enabling them to work from home effectively and protecting our clients' assets with work across market, liquidity, counterparty, cybercrime and operational risks. Risk levels generally peaked in March and subsequently reverted to more normal levels, although some pockets remain (specific details are provided in the principal risks on pages 34 to 37). Existing risk controls and processes functioned well albeit with increased oversight and frequency of monitoring. Despite the heightened risk factors, there have not been any material operational loss events or control failures associated with COVID-19.

A dedicated COVID-19 response team was created at the start of the year to lead, oversee and implement Man Group's pandemic response plan and support the well-being of staff. The team monitored the pandemic and local government advice closely – whilst most employees have worked from home since March, some offices opened at significantly reduced occupancy to accommodate those wanting to return to work. Employees shifted seamlessly to working from home practices utilising existing business continuity infrastructure. The significant change was facilitated by video conferencing and collaboration technologies. We benefited from our thorough business continuity planning work from previous years.

Other developments in 2020

Investment underperformance remains the biggest risk facing Man Group. Performance in 2020 has been mixed – many of our alternative strategies performed well on an absolute basis and relative to peers. This was offset by underperformance of valuation-focused strategies such as Japan CoreAlpha and within Alternative Risk Premia. Performance fees and investment gains/losses were solid but fell by 42% compared to a strong 2019, as described on page 27. Funds under management rose by $5.9 billion in 2020, as described on page 25, largely driven by absolute performance and net inflows during the year.

Our product offering is supported by our balance sheet, which we utilised to continue the firm's seeding programme. 2020 saw the seeding of a number of funds spanning Man Group's investment managers, such as a Man GPM Responsible Investment Community Housing fund. Whilst the firm is exposed to a decline in the value of seed investments, supporting the development of new products is an important way to increase and diversify revenues. Overall the seeding book performed well in 2020 despite the market disruption.

In May, we completed the $100 million share repurchase programme announced in October 2019. In September, we began a new share repurchase programme which will return $100 million of capital to shareholders. As at 31 December 2020, the programme was 36% complete.

Man Group climate change risk management and strategy

Man Group recognises our corporate responsibilities and ability to effect positive change though our responsible investment principles and fund offerings.

The firm has articulated its climate change risks using existing risk identification processes – Risk and Control Self-Assessment (RCSA) for the short-term risks through to the emerging risks assessment for medium and long-term risks. Both processes assess risks in terms of likelihood (or timeframe over which it may manifest) and impact (such as business continuity, financial, regulatory or reputational). For the risks identified there are associated controls and actions that help manage/mitigate the risks. Climate change risks are captured in Man Group's risk governance and reporting framework within the associated risk category such as investment performance or business continuity.

The key short-term risk and strategic opportunity relates to meeting and exceeding client expectations for inclusion of meaningful climate-related analysis into our investment strategies. Failure, or taking too long, to deliver suitable investment products could lead to outflows or reduced inflows over time.

We must demonstrate responsible conduct and leadership to our stakeholders – clients, shareholders, business partners, employees and our local communities. Our strategic initiatives relating to our direct environmental footprint are discussed on pages 52 to 54, including a commitment to be net zero carbon by 2030, and our support of TCFD is outlined on page 47. Our stewardship role in relation to responsible investment is discussed on page 50.

As the world moves towards a low-carbon economy (in line with the consensus path to a 1.5°C or 2°C scenario) transition risks include increased costs of business (e.g. insurance, taxation or procurement) and restrictions on business practices such as international travel to meet clients. Some of these are already being mitigated though investment in collaboration technology and agile working, others can be addressed as they arise through updated working practices and having a more local presence. Transition risks as they relate to underlying fund asset price or liquidity could impact fund performance – the firm has invested in a proprietary ESG analytics tool to facilitate analysis of the underlying exposures through an ESG lens.

Longer-term physical risks include business or market disruption following severe weather events. For example, the corporate headquarters in London could be impacted by a failure of flood defences. Such events, or even a heightened risk, could cause the firm's key business locations to become less relevant. This is mitigated through long-range monitoring and our small physical footprint helps to reduce our exposure.

Brexit

The UK left the European Union (EU) on 31 January 2020 and the transition period ended with a trade and cooperation agreement between the UK and EU coming into effect on 1 January 2021. The UK and EU continue to work on a framework for regulatory cooperation on financial services and equivalence. This may impact market access and general economic conditions in the UK and other European countries.

Man Group planned for a range of Brexit scenarios that might impact its employees, business or its clients. At the beginning of 2019, Man Group received regulatory approval to upgrade the regulatory permissions of its existing Irish entity and opened a physical office in Dublin, with locally based staff. Branches of the regulated Irish entity have been established in various European countries. This allows Man Group to continue servicing its existing European clients and to access new business in the EU under the delegation model.

Man Group closely monitored risk, trading, volatility and liquidity in the lead-up to the end of the transition period and into the start of 2021. This included frequent scenario stress testing and factor analysis of the impacted investment mandates with active investment decisions to manage the exposure to each plausible outcome. Although there were movements in liquidity for some instruments in early 2021, we did not experience any risk, liquidity, execution or reporting issues.

We will continue to monitor developments closely throughout 2021 and will take necessary steps to ensure that the impact of the agreement on our employees, business and clients is minimised.

Viability statement

The directors believe that there continues to be robust global demand for asset management firms, such as Man Group, to provide fund management services and make active investment decisions on behalf of their clients in order to manage their capital. Man Group's value-adding services form the basis of a sustainable business model.

A failure to deliver superior performance is the main risk to Man Group's ability to maintain a capital and liquidity surplus but this is mitigated through diversified fund offerings. The directors confirm that they have a reasonable expectation that Man Group will continue to operate and meet its liabilities, as they fall due, for the next three years. A three-year period is consistent with Man Group's business planning horizon.

The directors' assessment has been made with reference to Man Group's current position and prospects, the firm's strategy, the Board's risk appetite and Man Group's principal and emerging risks and how these are managed (described later in this section, on pages 34 to 37). The principal risks are linked to each of Man Group's strategic priorities. The strategy and associated principal risks form the basis of Man Group's medium-term plan. This covers a three-year period and includes downside scenario testing. Man Group's medium-term plan is built by aggregating the expected business performance across the firm, and then stressing key business assumptions (particularly investment performance, fund flows and expected performance fees determined using internal quantitative models).

The directors have considered the impact of climate change on the downside scenarios. Currently none of Man Group's plausible downside scenarios, within the three-year business planning horizon, are driven by adverse impacts as a result of climate change.

Given the significant impact of COVID-19 on many equity and credit markets, the downside scenarios run around mid-year unsurprisingly showed reduced run rate profitability for the firm. The directors remained comfortable that management actions available in such scenarios, including cost reductions or capital management, meant that Man Group would maintain a capital and liquidity surplus even when forecasting further plausible downside scenarios from that point. Since then we have seen FUM and profitability growth that has built up a bigger buffer against downside scenarios. Our operational and financial performance during 2020 demonstrates Man Group's resilience to the effects of COVID-19 and supports our assessment that it does not impact our future viability.

The medium-term plan assessment is augmented throughout the year by regular briefings at the ARCom on strategy, risk and controls, as well as dashboards across risk, compliance, finance and Internal Audit. The principal and emerging risks are considered within the Board's risk appetite framework.

Three lines of defence

1st		2nd	3rd	
Business Management	Business Operational Risk and Resilience	Group Compliance	Internal Audit	External Audit
'In Business' Risk Management		Group Risk		
Operational Management				

The overall risk management framework at Man Group is based on the three lines of defence model and is overseen by the ARCom as delegated by the Board.

The framework instils the principles of direct responsibility for risk management in each business unit. Embedding accountability with each employee at the business level is the 'first line of defence'.

The business units are monitored by the Group Risk and Compliance control functions which form the 'second line of defence'.

The independent review and oversight provided by Internal Audit is the 'third line of defence', which independently evaluates the adequacy and effectiveness of the firm's risk management, control and governance processes against best practice.

Although Man Group and the investors in its products are susceptible to losses, we believe our risk management framework supports long-term value through the process of risk-aware decision making.

Board oversight of risk management and internal controls

The Board oversees and monitors Man Group's risk management and internal control systems on an ongoing basis and, at least annually, carries out a review of their effectiveness. A summary of the firm's risk management and internal control systems, including those relating to the financial reporting process, is given below.

Objectives and governance framework

Man Group's risk management framework and internal control systems aim to safeguard assets, maintain proper accounting records and provide assurance that the financial information used in the business and published externally is robust and reliable. The framework is designed to manage key risks but cannot eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The risk management framework and internal control systems, which have been in place throughout the year and up to the date of this Annual Report, comply with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Whilst the Board retains overall responsibility for Man Group's risk management and internal control systems, it has delegated oversight to the Audit and Risk Committee (ARCom). The report from the Chair of the ARCom on pages 80 to 85 provides further information on how the ARCom has discharged its risk oversight responsibilities during the year.

The governance framework and control environment within Man Group have been designed to manage risks in accordance with risk appetite. The Board and ARCom receive regular reporting on Man Group's risk profile and adherence with risk appetite. Any breaches to risk appetite would be resolved in line with the firm's procedures and processes.

Man Group's risk appetite statements

The risk appetite statements are set by the Board and cover all significant risk categories. They apply to both the investment management functions and Man Group itself. The statements express the Board's appetite for risk, promote a risk-aware culture and set out objectives and boundaries for Man Group's business. The primary goal of risk management is to support the achievement of Man Group's objectives by encouraging an appropriate balance between risk and benefit, in a controlled and regulatory compliant context.

During the year, the Board reviewed and approved the output from the annual refresh of Man Group's Risk Governance and Appetite Framework. There were no material changes to the risk tolerances of the business. However, the risk appetite articulation was updated to reflect the level of risk focus for the Board, including additional qualitative statements where appropriate. A summary of the risk appetite statements is available on our website.

Corporate reorganisation risk governance implementation

The corporate reorganisation in May 2019 included the creation of UK/EEA and Rest of World holding companies and boards. Each board has its own review and authorisation framework to ensure a consistent approach to business decisions in accordance with Man Group's risk appetite.

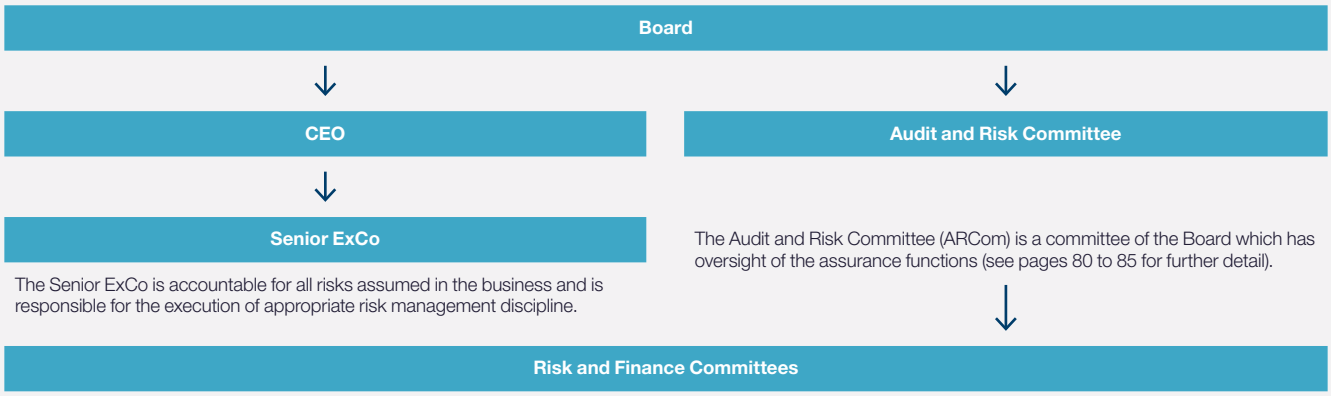
The UK/EEA entities are regulated on a consolidated prudential basis by the FCA. The 2019 Internal Capital Adequacy Assessment Process (ICAAP) for the UK/EEA entities was approved by the UK/EEA board in 2020. In addition, an ICAAP for the Irish entity was prepared for the CBI. As for all regulatory submissions, the ARCom has satisfied itself that the appropriate ICAAP preparation process steps were being followed.

Financial reporting controls

Man Group's financial controls framework is designed to provide assurance that proper accounting records are adequately maintained, and that financial information used within the business and for external publication is reliable and free from material misstatement, thereby safeguarding Man Group's assets. This framework is managed through a process whereby control owners certify that key preventative and detective controls have been performed and are operating effectively. These include balance sheet reconciliations and the financial statements preparation process. During the year, senior management monitored the results of the certification process and a sample of the certifications was independently spot checked each month to provide assurance that the certifications were correct.

Man Group's governance

The committees below have been given a mandate by the Board and the CEO to oversee the risk management framework. These committees provide assurance to the Board that risk has been managed according to the risk appetite statements.



Ongoing risk reporting

The Board receives regular reports from the Chair of the ARCom, business management and Group Risk on the risks to the achievement of Man Group's operational and financial objectives, together with assurance that the level of risk taken is consistent with and being managed in accordance with the Board's risk appetite and with business planning. These reports include a summary 'risk commentary' and a quantitative assessment of the downside risks faced by Man Group. The Board reviewed and discussed Man Group's emerging risks and the firm's response to these.

Specific annual review of risk management and internal controls

In addition to its ongoing monitoring of Man Group's risk management and internal controls, the Board has conducted a specific annual review of their effectiveness in respect of 2020 and up to the date of this Annual Report. This review included a robust assessment of Man Group's principal and emerging risks (see details on pages 34 to 37) and any significant operational risk events and Internal Audit findings raised during the period. The Board also considered the potential impact of certain risks identified by the business, the outcome of the Risk and Control Self-Assessment (RCSA) process performed by business management and the quality of the controls in place to mitigate these risks. Following this review, the Board concluded that Man Group's risk management processes were effective and that there were no significant weaknesses or failings in the system of internal controls.

Assessment of principal and emerging risks

Man Group's comprehensive risk framework includes business, credit, liquidity, market, operational and reputational risks to both the firm and our funds.

Man Group's risk profile has not changed materially in 2020. However, market and operational risks linked to COVID-19, mass working from home and a no-deal Brexit have been a focus. Man Group does not currently have any integration risk. Business risks continue to represent the biggest risks to Man Group; of these, investment underperformance is the single biggest risk.

Given its wide range of investment products and strategies, Man Group manages a wide array of operational risks. The breadth and complexity of the regulations that Man Group and its funds are subject to across multiple jurisdictions also represent significant operational risks should the firm fail to comply with these regulations. Man Group supports proportionate and thoughtful regulation and initiatives that develop the regulatory environment. However, regulatory change can also result in increased operational complexity and costs.

The directors confirm that they have carried out a robust assessment of the principal and emerging risks facing Man Group, including those that would threaten its business model, future performance, solvency or liquidity. In 2020 this also included a specific assessment of climate change risks facing the firm – as a principal risk in its own right and impacting the other principal risks.

The directors have described and assessed these principal and emerging risks on pages 34 to 37 and explained how they are being managed or mitigated.

Link to strategy
1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

Change in status and trend
- Increased
- Unchanged
- Decreased

> Business risks 1 2 3 4

	Risk	Mitigants	Status and trend	Change
1 **Investment performance**	Fund underperformance on an absolute basis, relative to a benchmark or relative to peer groups, could reduce FUM and may result in lower subscriptions and higher redemptions. This risk is exacerbated at times of volatile markets. This may also result in dissatisfied clients, negative press and reputational damage. Lower FUM results in lower management fees and underperformance results in lower performance fees.	Man Group's investment businesses each have clearly defined investment processes designed to target and deliver on the investment mandate of each product. We focus on hiring and retaining highly skilled professionals who are incentivised to perform within the parameters of their mandate. Man Group's diversified range of products and strategies limits the risk to the business from underperformance of any particular strategy. This includes a current focus on responsible investment products incorporating ESG analytics to meet current and future investor needs.	2020 has seen mixed performance. Many alternative strategies performed well over the year on an absolute and relative basis. However, performance has been weaker for the valuation-focused strategies such as Japan CoreAlpha and those within Man Numeric and Alternative Risk Premia. FUM increased largely due to absolute performance and net inflows over the year. The discussion of Man Group's performance is on page 17.	^
2 **Key person risk**	A key person to the business leaves or is unable to perform their role. In 2020 this included team resilience to individuals being incapacitated by COVID-19. Retention risk may increase in years of poor performance and reduced compensation.	Business and investment processes are designed with a view to minimise the impact of losing any key individuals. Diversification of strategies reduces the overall risk to Man Group. The COVID-19 response sought to minimise resilience risks through physical separation of key persons. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.	Man Group has continued to be able to attract and retain an array of talented individuals across the firm. We have seen a decline in voluntary staff turnover as a result of COVID-19. We did not see any investor concerns or material outflows as a result of announced departures in 2020. We continue to operate a succession planning process to manage this risk.	>

> Credit risks 1 2 3 4

	Risk	Mitigants	Status and trend	Change
3 **Counterparty**	A counterparty with which the funds or Man Group have financial transactions, directly or indirectly, becomes distressed or defaults. Shareholders and investors in Man Group funds and products are exposed to credit risk of prime brokers, custodians, sub-custodians, clearing houses and depository banks.	Man Group and its funds diversify exposures across a number of strong financial counterparties, each of which is approved and regularly reviewed for creditworthiness by the Counterparty Monitoring Committee (CMC). The CMC also oversees contingency planning ahead of significant market or political events. The risk teams monitor credit metrics on the approved counterparties daily. This includes CDS spreads and credit ratings.	Increased regulatory scrutiny, stress testing and capital requirements for investment banks and central clearing houses following the 2008 financial crisis supported the overall stability of Man Group's core counterparties going into the stressed markets of March 2020. Credit spreads widened in March (some of which can be attributed to less liquid markets) and Man Group's core counterparties underwent heightened monitoring during this time until the credit indicators reverted to more normal levels. It was not necessary to take any meaningful mitigating action against any name.	>

> Liquidity risks 1 3 4

	Risk	Mitigants	Status and trend	Change
4 **Corporate and fund**	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	A $500 million revolving credit facility (RCF) maturing in five years provides Man Group with a robust liquidity backstop. Liquidity forecasting for the Man Group and UK/EEA entities, including downside cases, facilitates planning and informs decision making. The investment risk teams conduct regular liquidity tests on Man Group's funds. We endeavour to manage resources in such a way as to meet all demands for fund redemptions according to contractual terms.	The asset liquidity distribution across funds has remained broadly unchanged. Markets in March 2020 saw significantly increased transaction costs and reduced liquidity in the less liquid markets. Man Group's funds generally trade in more liquid markets but nevertheless some funds took steps to reduce exposure to the less liquid assets where necessary. Liquidity largely returned to markets by mid-year, while transaction costs were elevated for longer.	>

> Market risks 1 3 4

	Risk	Mitigants	Status and trend	Change
5 **Investment book**	Man Group uses capital to seed new funds to build our fund offering and expand product distribution. Man Group also holds Collateralised Loan Obligation (CLO) risk retention positions until the product maturity. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed on its risk and return on capital. Approvals are granted by a Seed Investment Committee (SIC), which is comprised of senior management, Risk and Treasury. Investments are subject to risk limits, an exit strategy and are hedged to a benchmark where appropriate. The positions and hedges are monitored regularly by Group Risk and reviewed by the SIC.	The investment book ended 2020 with a similar size and risk profile compared to the start of 2020. Market volatility in March/April was challenging, particularly for the CLO risk retention positions. Overall the seeding book returns for 2020 were positive, with the benchmark hedges performing as expected. Man Group continues to use repo and swap financing for some of the CLO and seed positions to release liquidity but retain the market risk, and was able to roll positions throughout 2020.	>
6 **Pension**	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is well funded but is exposed to changes in net asset versus liability values.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest remaining risk but is uncorrelated to Man Group's other risks.	The scheme has a slight surplus on an accounting basis and has a projected small deficit on an actuarial basis, which will be reviewed in the upcoming triennial valuation as of year-end. The deficit increased in March 2020 with underperformance of most of the return-seeking funds but has largely recovered to end the year with only a modest deficit increase over the year. The impact of COVID-19 on mortality assumptions has not been built into actuarial assumptions.	^

Link to strategy
1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

Change in status and trend
- Increased
- Unchanged
- Decreased

> Operational risks 1 3 4

	Risk	Mitigants	Status and trend	Change
7 **Information technology and business continuity**	Risk of losses incurred by IT software and hardware failures resulting in system downtime, severely degraded performance or limited system functionality. Business continuity risks arise from a denial of access to a key site or a data centre outage leading to business disruption.	Technology plays a fundamental role in delivering our objectives, so the IT functions work closely with each business unit to ensure work is correctly prioritised and financed. The prioritisation process considers the life cycle of both hardware and software to ensure both are adequately supported and sized. The firm's operational processes include mature risk, incident and problem management procedures to minimise the likelihood and impact of technology failures. Business continuity risk has been mitigated through detailed planning and testing of remote access and contingency/recovery operations, and ongoing risk and threat assessment.	2020 has tested our business continuity plans and we are pleased with how we have operated. Despite this, we continue to improve our technology capability and security. New hardware and software have enhanced core technology and data centres, whilst the trading and operations platforms continue to be enriched. Considerable progress was made in the centralisation of order and execution management technology for the firm. Collaboration technologies (and prior extensive business continuity planning) facilitated a seamless move to mass working from home, with enhancements in this space continuing through 2020 to provide added security, resiliency and efficiency.	>
8 **Internal process failure**	Risk of losses resulting from inadequate or failed processes within Man Group.	Man Group's risk management framework and internal control systems are based on a three lines of defence model. In response to the pandemic, the Risk and Finance Committee attendees identified areas of heightened risk and associated management actions.	Man Group remains focused on enhancing its systems and control processes where required and ensuring internal process failures are kept to a minimum. Man Group has not observed an increase in material internal events in 2020, nor any material operational events directly attributable to COVID-19.	>
9 **External process failure**	Man Group continues to outsource a number of functions as well as managing outsourcing arrangements on behalf of its funds. The risk is that the outsourced service providers do not perform as required, resulting in knock-on implications for our business and processes. External service providers faced heightened risks attributable to COVID-19.	Man Group's operations team has implemented a robust methodology (including ongoing third-party due diligence and KPI monitoring) to confirm that outsourced service providers are delivering as required.	The firm has concentrated its outsourcing into a smaller number of carefully selected and proven outsource providers with which it has established working relationships allowing for greater process consolidation and rationalisation. We observed a modest increase in issues faced by some of our third-party providers during 2020. However, these have not had any material loss impacts.	^
10 **Information and cybercrime security**	The risk of loss resulting from cybercrime, malicious disruption to our networks or from the theft, misplacing, interception, corruption or deletion of information. The risk and potential impact are heightened while most of the firm is working from home.	Man Group has established information security and cyber security programmes that are aligned with industry expectations and best practices. They are continuously reviewed and adjusted to keep pace with the regulatory, legislative and cyber threat landscapes. Our security mechanisms are layered in a defensive posture and include technologies powered by artificial intelligence enabling them to detect and prevent malicious activities and highly complex cyber-attacks.	The cyber landscape continued to evolve throughout 2020 with criminals seeking to exploit COVID-19 and working from home. Key threats arise from social engineering (phishing), ransomware, extortion, denial of service and cloud data storage/processing attacks. Criminals increased attacks against remote access infrastructures aiming to disrupt workforces and breach poorly configured remote access gateways and services. Man Group did not experience any material cyber or data breaches in 2020, and our security operations and incident response functions remained fully operational.	^

> Operational risks continued 1 3 4

	Risk	Mitigants	Status and trend	Change
11 **Legal and regulatory**	The global nature of Man Group's business, the expansion of its investment businesses and the acquisition of new investment businesses, with corporate and fund entities located in multiple jurisdictions and a diverse investor base, makes it subject to a wide range of laws and regulations. Failure to comply with these laws and regulations may put Man Group at risk of fines, lawsuits or reputational damage. Changes in laws and regulations can materially impact Man Group or the sectors or the market in which it operates.	Man Group operates a global legal and compliance framework which underpins all aspects of its business and is resourced by experienced teams. These teams are physically located in Man Group's key jurisdictions, helping them to understand the context and impact of any requirements. Emphasis is placed on proactively analysing new legal and regulatory developments to assess likely impacts and mitigate risks. Man Group continues to liaise directly and indirectly with competent authorities e.g. FCA, SEC, FINMA, CBI.	Man Group continues to experience new regulatory requirements. In 2020 this included embedding of SMCR and transaction reporting. Man Group maintained an open dialogue with regulators throughout 2020 around the impact of COVID-19 on markets, fund performance and our resilience. Work continues on a number of regulatory initiatives including IBOR transition, implementing the Investment Firms Prudential Regime (IFPR) and climate change disclosures (TCFD).	>

> Reputational risks 1 2 3 4

	Risk	Mitigants	Status and trend	Change
12 **Negative publicity**	The risk that an incident or negative publicity undermines our reputation as a leading investment manager and place to work. Reputational damage could result in significant redemptions from our funds, and could lead to issues with external financing, credit ratings and relations with core counterparties and outsourcing providers.	Our reputation is dependent on both our operational and fund performance. Our governance and control structure mitigate operational concerns, and our attention to people and investment processes are designed to comply with accepted standards of investment management practice.	Man Group continues to enjoy a good reputation and this risk is assessed as stable. Work continues to build Man Group's Responsible Investment brand through fund offerings and corporate behaviour.	>

> Climate change risks 1 2 3 4

	Risk	Mitigants	Status and trend	Change
13 **Physical and transition risks**	Physical risks of business disruption, property damage or to employee well-being due to a severe weather event or longer-term shifts in climate patterns. Transition risks as the world moves towards a low-carbon economy can be legal, regulatory, technological, market or reputational. The risks to Man Group are described in the call-out box on page 30.	Man Group has a small number of employees and a relatively limited physical footprint. Man Group is sufficiently agile to be able to adjust to medium-term transition risks.	The firm continues to focus on providing investors with products that incorporate ESG analytics and meeting and exceeding stakeholder expectations. This is augmented by active stewardship of fund assets to influence positive change. The firm has announced its commitment to become net zero carbon by 2030. The firm will continue to monitor and manage other medium/long-term risks though BAU reporting and management processes for the relevant principal risk (see numbers 1, 7, 11 and 12).	^

> Emerging risks 1 2 3 4

	Risk	Mitigants	Status and trend	Change
14 **External risks**	Primarily external in nature and complementary to the principal risks which are focused on current internal risk. The emerging risk categories include natural disasters, future pandemics, disruption to financial markets and business infrastructure, political risk and changes in the competitive landscape.	The Board and Group Risk monitor emerging risks, trends and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the firm.	The emerging risks were reviewed by the Board in 2020. No material changes were made to Man Group's headline principal risks, but some likelihoods and impacts were reassessed. The coronavirus (COVID-19) transitioned from a generic pandemic emerging risk to a business continuity principal risk.	>

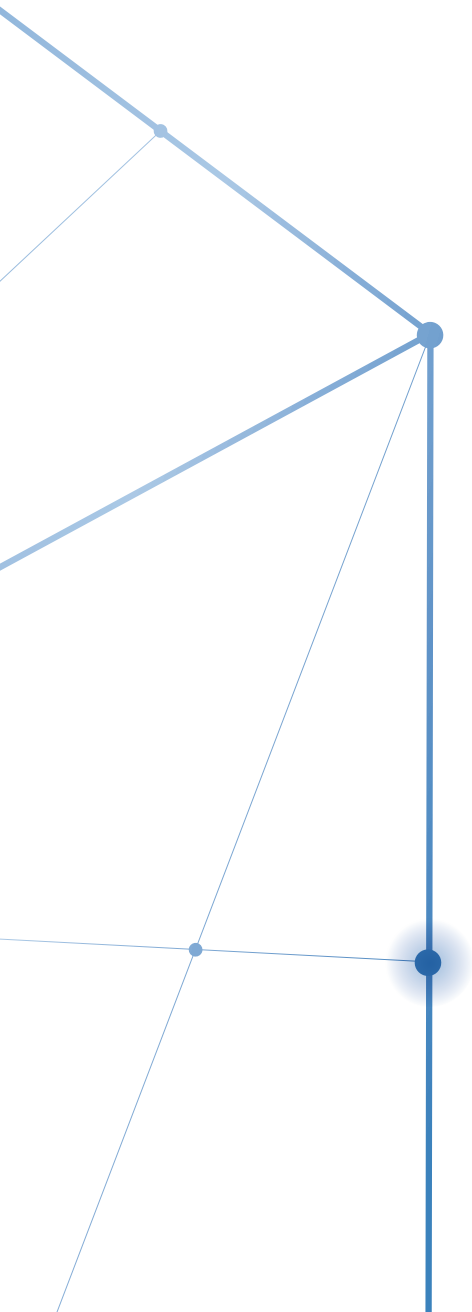
2,400

hours of employee volunteer time provided to the UK Government's Rapid Assistance in Modelling the Pandemic initiative

//Building

a sustainable business

Making a positive impact on our stakeholders, our communities and the environment is a key priority for us, and we have achieved these goals in what was a challenging and volatile year for many firms.



$43bn

ESG-integrated FUM according to the Global Sustainable Investment Alliance definition

Introduction

We manage our business for long-term growth, building a resilient company that can thrive and grow during periods of stress.

This section of our Annual Report showcases the resilience and sustainability of our business model and demonstrates the sincerity of our approach to running Man Group in a responsible way as we seek to grow.

We achieve this by investing in and developing state-of-the-art technology, offering a highly diversified range of investment strategies, continuing to build a pool of exceptional talent and maintaining a strong, liquid balance sheet.

While we, like many other businesses, faced a unique set of challenges this year, the benefits of our approach and the resilience we had established were evident. We were able to adapt quickly to the pandemic, with minimal disruption, and to prioritise the interests of all our stakeholders throughout the year.

For our clients, this meant protecting their assets in a volatile market environment and continuing to invest responsibly. We have made significant progress on the latter in recent years and have now successfully integrated ESG within $43 billion of our funds under management, spanning long-only and alternative strategies. More information about our approach to Responsible Investment can be found on page 48. This year we were particularly proud to have received an 'A' grade from the UN PRI for our stewardship efforts, alongside an A+ for overall strategy and governance.

For our people, this meant ensuring a seamless transition to new ways of working and providing support remotely. It also meant continuing our efforts to address all forms of inequality. Our commitment to improving diversity across our business and industry is unwavering, but we recognise that there is still significant progress that we can make.

The pandemic has also taken a tremendous toll on our communities. We contributed our expertise and resources where we could to make a positive difference. In March, for example, we responded to the Royal Society's call for volunteers by providing significant computing power and employees with world-leading skills in quant and modelling to help with its Rapid Assistance in Modelling the Pandemic programme.

We continued to work on reducing our environmental footprint, offsetting any remaining emissions, and have committed to achieving net zero carbon in our global workplaces by 2030. We are also a registered supporter of the TCFD and more information about this can be found on page 47.

This section of our Annual Report showcases the resilience and sustainability of our business model and demonstrates the sincerity of our approach to running Man Group in a responsible way as we seek to grow. We believe this approach is linked to our long-term success, with social and financial rationales and benefits. Therefore, we continue to conduct our business with honesty, to challenge ourselves to be better, to raise the bar and to continuously improve the way in which we operate.

Our policies and practices

We run our business with integrity and holding ourselves to high ethical standards in everything we do is embedded within our culture. Our policies and practices are designed to foster a business environment where each and every one of our employees upholds these standards, and to help ensure we are transparent and held to account as a firm.

We define our ethical standards within our Global Code of Ethics, which makes an overarching commitment to high standards and professional conduct. We expect our people to follow our core business principles by acting ethically and with integrity, putting clients' interests first, managing conflicts of interest, retaining and disclosing information appropriately, and observing high standards of market conduct.

This policy sits alongside further guidance for staff that includes our Code of Conduct; Global Personal Account Dealing Policy; Global Gifts and Entertainment Policy; Global Conflicts of Interest Policy; Global Whistleblowing Policy; and Global Complaints Policy. Our staff receive annual training on the standards and obligations set out within these, along with other core policies and practices that include: anti-bribery and corruption, slavery and human trafficking, security and privacy, human rights, whistleblowing and service provider selection, management and oversight.

Anti-bribery and corruption

The Anti-Bribery and Corruption Policy, alongside other policies covering political and charitable donations, gifts and entertainment, fraud, tax evasion, sanctions, anti-money laundering and counter-terrorist financing, sets out our standards and processes. Our programme is designed to comply with all applicable laws and regulations, including the US Foreign Corruption Practices Act 1977 and the UK Bribery Act 2010. The programme and risk methodology is overseen by a dedicated due diligence team and includes various policies, procedures and controls designed to prevent and detect bribery and corruption. These include: 'know your customer'; due diligence and enhanced due diligence checks; procedures to prevent, detect and report suspicious activity and red flags; training employees; and undertaking politically exposed persons (PEPs) screening.

Annual training is given on our financial crime programme to ensure employees understand their responsibilities and duties. We have implemented risk-based due diligence procedures, designed to identify and verify the owners and controllers of relationships. This ensures we know our partners in business, our suppliers and our clients, and that we comply with all applicable laws and regulations. We perform enhanced due diligence for relationships in higher-risk countries. Man Group also expects those who provide services to us or who work on our behalf to have the same commitment, wherever in the world they operate.

The annual report from the Money Laundering Reporting Officer is submitted to the Man Group Audit and Risk Committee and the firm's policies and procedures are subject to regular review by the Internal Audit function.

Slavery and human trafficking

Man Group has a zero-tolerance approach to slavery and human trafficking, and we expect all those in our supply chain to comply with those standards. Our employees receive annual training on modern slavery which includes the various forms of servitude and the actions to be taken should staff become aware of or suspect the presence of modern slavery at the firm or within our supply chain.

Fund service provider due diligence

As an investment manager, we have relatively simple supply chains that are largely comprised of business and professional service organisations. When we engage with fund service providers, we follow the firmwide process set out in our Service Provider Management Policy. These policies ensure our fund service providers are appropriately selected, managed and overseen, with any issues identified and escalated.

Human rights

We do not tolerate discrimination or harassment of any kind and call out behaviour that is against our values. Our Human Rights Statement gives information on our recognition and promotion of human rights around the world.

Raising concerns

Staff can raise feedback and concerns in various ways, including in person with management or the HR and Compliance departments, via pulse surveys and the annual staff survey or via our anonymous 'whistleblowing' hotline operated by an external provider. Advice for staff is set out in various documents, including our Global Inclusion Statement and Global Whistleblowing Policy. Our Audit and Risk Committee has oversight of matters that have been raised and can raise these to our Board if appropriate.

Health and safety

Man Group is committed to ensuring the health and safety (H&S) of its employees and any other persons who may be affected by Man Group's activities. We recognise our responsibility to provide and maintain a safe working environment to prevent ill health, occupational injury and to promote mental well-being. Our commitment is set out in the Man Group Environmental, Health and Safety Policy Statement endorsed by the CEO. We have defined control objectives to address H&S risks and our policy objectives are aligned to the requirements of an internationally recognised H&S management system to ensure that we implement a structured management system, which defines Man Group's minimum H&S standards, to support the safe delivery of our services globally.

ESG-linked revolving credit facility

In 2019, Man Group converted its revolving credit facility into one which incorporates a range of ESG targets. The facility will be priced according to Man Group's performance against three sustainability-linked targets:

- To remain a signatory to the Women in Finance Charter and increase the percentage of women in senior management roles in line with targets.
- To increase the percentage of employees volunteering in charitable initiatives.
- To maintain the highest PRI rating of A+ for our strategy and governance approach to responsible investment.

S172(1) statement

Man Group plc, as a listed company, discloses its section 172(1) statement in accordance with the requirements of the 2018 UK Corporate Governance Code.

The Board of Directors confirms that during the year ended 31 December 2020, it has acted in a way that it believes promotes the long-term success of the Company for the benefit of its members as a whole, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the UK Companies Act 2006.

The Board has identified its key stakeholders as its shareholders, clients, employees, local communities, the environment and its business partners and supply chain. The case studies on page 43, the Board Activities section on pages 70 and 71 and the Stakeholder Engagement section on pages 72 to 75 provide further information on how the Board has considered, engaged with and responded to each stakeholder group.

Consequences of decisions in the long term

The Board has demonstrated its awareness of the likely consequences of its decisions over the long term through its consideration of Man Group's strategy and business model as set out on pages 10 to 15. The Board has spent considerable time in the latter part of the year discussing the long-term strategic direction of the firm and has two dedicated strategy sessions arranged for 2021. As part of its strategy discussions, the Board considered the market environment and key trends impacting the asset management industry which are set out on pages 12 and 13.

The principal decisions undertaken by the Board in 2020 are set out on pages 70 and 71, with each principal decision clearly linking to at least one of Man Group's strategic priorities. The case studies on the opposite page also demonstrate the Board's consideration of likely long-term consequences of two specific decisions taken during the year.

In relation to decisions with long-term strategic importance, the Board generally has a policy in place to formally review these decisions two years after they have been implemented to assess their effectiveness and whether there are any lessons learned that can be applied to future decisions. The Board plans to undertake in 2021 a 'Two years on' review of the corporate restructure that was completed in 2019.

Interests of employees

The Board dedicated significant time during 2020 to considering employees' interests, particularly in the context of the global pandemic. The Board received regular updates on culture and well-being initiatives that were introduced to support our employees and considered specific plans to enable those who wished to do so to return to the office.

In 2019, the Board endorsed management's plans to move to a single office space in London, recognising the benefits that having all London-based employees in the same building would bring. The Board continued to consider the workplace environment during 2020 with specific focus on progress on the office move and the proposed rollout of a more agile working model in London in response to employee feedback. The 'Workplace environment' case study on page 43 provides further details on these discussions.

Further details on how the Board has considered and engaged with employees are set out on page 74. The People and Culture section on pages 56 to 60 describes how the Company has engaged more broadly with its employees throughout the year.

Fostering business relationships

Man Group's most significant business relationship is with its clients. The Board has looked to strengthen its understanding of key client relationships during the year through discussions with the Sales team on client engagement processes and in the context of the development of ESG strategies and the ESG analytics tool in response to client demand and feedback. The Board was updated on initiatives that had been implemented to maintain strong client engagement throughout the pandemic and the plans that had been implemented to mitigate any potential negative client impact arising from Brexit.

The Board also considered Man Group's key suppliers and business partners in the context of Brexit and plans that had been implemented to reduce any negative impact on them, as well as Man Group's engagement with its broader supply chain as part of its annual approval of the Modern Slavery Transparency Statement.

Further details on how the Board has considered and engaged with clients, suppliers and business partners are set out on page 75.

Impact on the community and the environment

The Board actively encourages, supports and monitors progress on initiatives that it believes will have a positive impact on the environment and communities in which Man Group operates. Man Group's commitment to communities and the wider environment has been codified in the Corporate Social Responsibility booklet which was presented to and reviewed by the Board during the year.

The Board has also considered Man Group's environmental impact in the context of discussions with the Responsible Investment team on Man Group's ESG strategies and its approach to responsible investment within its own portfolios. Further details can be found on pages 48 to 51.

Further details on how the Board has considered and engaged with communities and considered the wider impact on the environment as part of its decision-making process are set out in the case study on page 43 which highlights the Board's decision to donate the proceeds received from the share forfeiture exercise to the Man Group plc Charitable Trust, and on page 75.

High standards of business conduct

As an asset management company, it is vital that our workforce act with a high degree of integrity in accordance with our published business principles. The Board is responsible for determining the Company's values and leading by example to instil a positive culture throughout the organisation which reflects a reputation of adhering to high standards of business conduct. The policies and practices set out on page 41 support the Group in upholding these standards.

The Board considered culture at each Board meeting through updates contained within the CEO Report and had specific discussions on employee engagement and the output of the 2020 employee survey. It also received updates from the Audit and Risk Committee on any business conduct issues reported to it and the actions taken by management to address such issues.

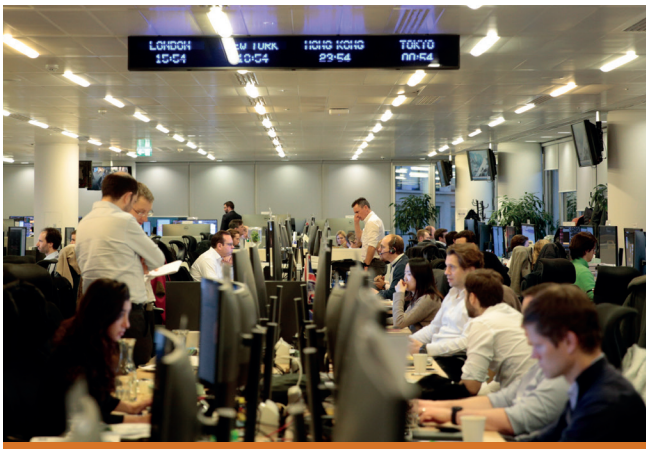
Need to act fairly between shareholders

The Board actively engages with Man Group's largest shareholders and encourages feedback as part of this engagement process. The Board recognises, from this feedback, that shareholders sometimes have conflicting priorities and therefore takes differing shareholder views into consideration when setting the strategy for the long-term success of the firm.

The asset reunification programme highlighted on the opposite page sets out the process that was followed to ensure that a consistent approach was taken to the identification of and engagement with Man Group's 'lost' shareholders and the Board's consideration and approval of this process.

The Board Activities section on pages 70 and 71 and the Stakeholder Engagement section on pages 72 to 75 provide further details on how the Board has considered and engaged with shareholders during the year.

Examples of key Board decisions and impact on stakeholders



> Workplace environment

During the year, the Board has devoted substantial time to considering its workplace environment. Following the decision taken in 2019 to move all London-based employees into one office space, the Board has continued to monitor the implementation of the office move.

As part of this, the Board was keen to ensure that the views of employees were considered as it relates to the office move as well as the general working environment. Employees were asked, via an email survey, to provide an indication of their future working preferences once the UK Government guidelines enabled employees to safely return to the office. The results from this survey were factored into the office refurbishment and also informed plans to reconsider our current working model in light of the evolving COVID-19 pandemic. Employee feedback indicated a preference for further flexible working and informed Board discussions on implementing a more agile working model to better suit the needs of our employees and the business as a whole. Additional engagement with employees is planned throughout 2021 to ensure their interests are taken into account when finalising our approach to our future working model.

The Board believes that seeking and acting upon employee feedback in respect of the future of the workplace environment will create and sustain a collaborative, productive, healthy and sustainable environment fit for the long term. Similarly, a workplace environment that enables a more agile working model will create value by attracting and retaining key talent and will foster good working relationships between colleagues within the firm and assist in maintaining our strong corporate culture; this, in turn, will enable the delivery of an enhanced experience to our clients.

As part of the office refurbishment, the Board is pleased to report that we will maintain our BREEAM (Building Research Establishment Environmental Assessment Method) excellence certification to ensure the sustainability performance of the building is in line with the Board's commitment to reducing the firm's environmental impact. Where possible, we plan to re-use existing infrastructure to reduce waste.

> Asset reunification and share forfeiture programmes

Man Group instructed EQ, its share registrar, to conduct a review of its share register with the aim of re-engaging with its 'lost' shareholders and reunifying them with their Man Group plc shares together with any unclaimed dividends attached to those shares.

As a result of the share register review, a total of 110 shareholders were identified as 'lost' with an aggregate holding of 279,803 shares. A 'lost' shareholder is classified as a holder who has not claimed or cashed a single dividend payment from the Company over a period of at least the last 12 years.

Upon identification of the 'lost' shareholder population, the Board agreed that an asset reunification programme and a subsequent share forfeiture programme would be undertaken by EQ. Approval was sought at the Company's 2020 Annual General Meeting to amend its Articles of Association (the Articles) to help facilitate these programmes.

Following receipt of shareholder approval to amend the Articles, the asset reunification programme commenced and ProSearch (a specialist tracing company) was appointed to help trace the Company's 'lost' shareholders and reunite them with their assets. Following completion of the tracing exercise, the Company was able to successfully reunify 187,663 shares and associated dividends, worth £304,000, with its shareholders.

After adhering to the requirement set out in the Articles, the remaining 92,140 unclaimed shares were forfeited and sold by the Company in the market in November 2020. The Board decided that the net proceeds from the sale of the unclaimed shares and the associated dividends, having a combined net value of approximately £250,000, would be used to fund the Man Group plc Charitable Trust (the Charitable Trust). Further information on the activities of the Charitable Trust can be found on page 61.

The Board undertook the asset reunification exercise programme to maximise its engagement with shareholders and considered it to be in the long-term best interests of the Company and its shareholders as a whole. The decision to allocate the funds from the share forfeiture programme to the Charitable Trust was centred around the Board's commitment to making a positive impact to the wider community in which Man Group operates. The Company will also be conducting a separate exercise for unclaimed dividends which are over 12 years old in the first half of 2021.

For more information on Board activities and stakeholder engagement see pages 70 and 71 and pages 72 to 75.

Non-Financial Reporting Statement

In the interests of good governance, Man Group has chosen to comply with sections 414CA(1) and 414CB(1) of the UK Companies Act 2006, however as a Jersey incorporated company we are not required to do so.

The table below constitutes our non-financial reporting statement and we have included cross references to other sections of this report where appropriate. For a description of our business model please refer to pages 10 and 11.

Our policies and standards	Due diligence and governance	Impact and outcomes of our policies and standards	Related principal risks
Environment			
Environmental Policy Statement and Environment, Health and Safety Policy Describes our commitment to conducting our business responsibly and minimising our climate-related impacts.	We track progress through environmental data compilation systems ensuring accurate reporting of measures. Our environmental strategy is presented to the Board for review. For further information please see pages 52 to 54. On behalf of the Board, the EHSC oversees the development and implementation of our environment, health and safety processes and procedures. Our Board maintains overall responsibility for the health, safety and welfare of employees.	Our achievements in relation to our impact on the environment can be found on pages 52 to 54. Our greenhouse gas emissions data can be found on page 54. We continue to work towards becoming carbon neutral by 2030. For further information on this objective see page 53. We have achieved foundation level accreditation under the London Healthy Workplace Award scheme.	Climate change risk management and strategy is discussed on page 30 and as a principal risk on page 37.
Supporter and signatory of the Task Force on Climate-related Financial Disclosures (TCFD) To ensure that we provide consistent and transparent information on climate-related financial disclosures.	As a supporter of the TCFD, the Board oversees progress on the development of our climate-related financial disclosures. The Board will continue to be kept apprised of climate-related risk via the Audit and Risk Committee.	For further information on our progress implementing the TCFD requirements see page 47.	Climate change risk management and strategy is discussed on page 30 and as a principal risk on page 37.
Social Matters			
Responsible Investment (RI) Policy Outlines our commitment and support for the development and integration of RI across our investment engines.	We recognise the increasing importance of responsible investing to our clients and the impact on the wider environment. Our Responsible Investment Committee oversees the implementation of our RI policy and processes. The Board also receives regular updates from the RI leadership team. A KPI to maintain a UN PRI rating of A+ is linked to our revolving credit facility. The rating addresses the Group's approach to RI and the incorporation of ESG factors into investment decisions. Progress against the target is reported to senior management through the Senior ExCo and UK/EEA and Rest of World subgroup holding company boards.	We integrate ESG considerations in our investment decision making and monitoring across strategies in line with the policy and processes overseen by the Responsible Investment Committee. We now manage $43 billion in ESG-integrated FUM and have also developed an analytics tool to enable an innovative and uniform approach to RI. For further information on how this has benefited our RI policy objectives see pages 48 to 50.	RI is linked to our investment performance and reputational principal risks on page 34 and page 37.
ManKind Initiative The Company's volunteering programme which aims to encourage employee volunteering.	We prioritise giving back to our communities and this takes place through various channels. For further information on our initiatives see page 61.	Senior management actively communicate with staff throughout the year to encourage participation in volunteering activities.	Not linked to our principal risks.
Well-being and Inclusion – Global Inclusion Statement	We are committed to looking after our people and have a global well-being programme in place. This includes guidance given by newsletters, webinars and events (onsite and virtual).	We have a number of policies and offerings including our Gender Neutral Parental Leave, Employee Assistance Programme, Tenure Award Leave, and Flexible Working options. For further information see the 'People and culture' section on pages 56 to 60.	Not linked to our principal risks.

Our policies and standards	Due diligence and governance	Impact and outcomes of our policies and standards	Related principal risks
Anti-Bribery and Corruption			
Anti-Bribery and Corruption Policy Describes the controls and processes governing our approach to anti-bribery and corruption.	For further information on our Anti-Bribery and Corruption Policy please see page 41. The procedures and controls that stem from our policy are subject to rigorous testing and review by our Internal Audit team and results are scrutinised and challenged by the Audit and Risk Committee. Regular training is provided to employees to ensure they understand their responsibilities.	We implement effective controls and systems to prevent anti-bribery and corruption from occurring within the business.	Failure to implement effective controls in relation to anti-bribery and corruption is a principal operational risk on page 37.
Employees			
Global Code of Ethics and Code of Conduct Sets out standards and obligations that employees are required to adhere to. Outlines our overarching commitment to high standards of business conduct.	The Company has a monitoring framework which ensures these codes are regularly reviewed and remain fit for purpose. Regular training is provided to employees to ensure they are informed of our expected standards.	Employees contribute to our success by adhering to our core business principles: acting ethically and with integrity, putting clients' interests first, monitoring conflicts of interest, retaining and disclosing information appropriately and observing high standards of business conduct.	Employee conduct is linked to our operational and reputational principal risks on pages 36 and 37.
Diversity and Inclusion Initiatives, Global Inclusion Statement and Diversity Focused Recruitment Policy Governs our approach to diversity.	Our diversity and inclusion initiatives support Man Group's commitment to improving diversity across the Company and within the finance industry more generally. The initiatives are supported at a senior level by the Senior Executive Committee and our Drive (D&I) Steering Committee (see pages 58 to 60). At Board level the Nomination Committee discusses diversity targets and reviews composition annually (see pages 86 to 89). A gender diversity target is linked to our RCF and progress against this target is reported to senior management through the Senior ExCo and UK/EEA and Rest of World subgroup holding company boards.	We achieved gender parity on our Board during 2020. Our Board also meets the ethnic diversity targets set by the Parker Review. Our Board members are actively engaged on diversity topics and our CEO and Chair are members of the 30% Club which aims to take action to increase diversity at both Board and senior management level. We have signed up to the Race at Work Charter and the Women in Finance Charter. Further information on our diversity and inclusion initiatives can be found within our D&I report on the Man Group website.	Not linked to our principal risks.
'Paving the Way' Initiative Our initiatives focus on attracting diverse talent into the Company and the industry.	We actively encourage, support and progress initiatives that help assist in addressing social barriers that have historically prevented access to our industry. Our initiatives are overseen by the Drive (D&I) Steering Committee and the Board is updated on progress.	As part of the launch of the 'Paving the Way' initiative we have partnered with various organisations to address pipeline recruitment issues. For more information see page 60 and the Corporate Social Responsibility (CSR) booklet on the Man Group website.	Not linked to our principal risks.
Global Talent Function Ensures we nurture our current talent and attract new talent.	The Senior ExCo discusses succession planning throughout the year and works closely with the Talent team and HR leaders. For further information see our CSR booklet, our website and pages 57 and 58.	During 2020 we launched a new global feedback tool to support our collaborative working environment. We continue to seek to develop talent within the Group and actively encourage mentoring relationships. For further information see the 'People and culture' section on pages 56 to 60. We also continued to hold 'virtual' internships despite the COVID-19 pandemic.	Key person risk is a principal business risk on page 34.
Whistleblowing Policy Encourages an open and collaborative culture and advances our core business principles.	Our Whistleblowing Policy allows staff to raise concerns anonymously and is subject to independent oversight by the Audit and Risk Committee.	Employees are able to raise concerns to an independent external agency as well as to nominated individuals internally. All reports are assessed and actioned as appropriate. Disclosures made under the policy are reported to the Audit and Risk Committee.	Negative publicity is a principal reputational risk on page 37.

Non-Financial Reporting Statement continued

Our policies and standards	Due diligence and governance	Impact and outcomes of our policies and standards	Related principal risks
Human Rights			
Human Rights Statement Sets out our high standards and how these define and inform our operations.	Man Group is committed to high standards of business conduct and this extends to the commitment to the protection of human rights throughout the business. We have this year formalised a Human Rights Statement which can be found on our website.	Our Human Rights Statement sits alongside our Global Inclusion Statement and our Modern Slavery Transparency Statement, showing our commitment to the promotion of human rights within the workplace, our operations and how we operate our business. It was adopted in Q4 of 2020.	Negative publicity is a principal reputational risk on page 37.
Modern Slavery Transparency Statement Our statement details how we actively manage and prevent modern slavery from occurring within the business and supply chain.	The Board reviews and agrees the statement on an annual basis.	There are no known instances of modern slavery within our business.	Negative publicity is a principal reputational risk on page 37. Legal and regulatory is a principal operational risk on page 37.
Other			
Service Provider Management Policy Ensures our fund service providers are appropriately selected, managed and overseen and that any issues are identified and escalated.	In order to ensure we appropriately select and oversee our fund service providers, an ongoing programme of due diligence is conducted and guidance is provided on our expectations of their conduct and operation. For further information on our policy see page 41.	Through our current programme we are able to partner closely with our fund service providers and ensure that we have detailed oversight of their service provision and that any issues are promptly identified, escalated and resolved. We continue to enhance our governance and processes in this area to remain resilient. Furthermore, we are developing a revised Third Party Risk Management Policy which will seek to extend the breadth and depth of our reviews and include additional factors, such as ESG and CSR.	External process failure by one of our service providers is a principal operational risk on page 36.
Counterparty Risk Policy Details the framework and governance for all trading and risk counterparties with the firm and outlines the roles and responsibilities for both engaging in new counterparty relationships and monitoring existing ones.	The CMC is responsible for updating and maintaining the policy. All new counterparty relationships must follow an approval workflow led by central trading and including risk, legal, compliance and operations. The CMC will review and assess all counterparties covered by the policy. Any final decision on reducing or removing counterparty exposure rests with our CEO and Chief Investment Officer. The CMC ensures that the policy is understood by the business and immediate notification of likely defaults are communicated to the CEO and the heads of risk.	The policy seeks to ensure counterparties are monitored appropriately and any identified issues are communicated and actioned in a timely manner.	Counterparty risk is a principal credit risk on page 34.
Non-financial KPIs	The Board and Senior Executive Committee have implemented three non-financial KPIs and targets which reflect Man Group's core values and future success. For more information, please see page 23.	Following the implementation of our three non-financial KPIs, we will track progress going forward.	Negative publicity is a principal reputational risk on page 37.

TCFD

Man Group is a registered supporter of the Task Force on Climate-related Financial Disclosures (TCFD). Best practice for the TCFD recommended disclosures continues to evolve, with these disclosures mandatory for financial years from 2021 onwards.

We believe that protecting our planet is a shared responsibility across businesses, and are strong believers in the importance of disclosing climate-related information. In addressing the TCFD disclosure recommendations we have made valuable enhancements to the quantification of our climate-related risk exposures and resilience assessments.

The table below summarises the TCFD's guidance and cross-references to the relevant disclosures in this report in relation to corporate actions. We also engage with companies at a fund level to advocate change and more information on how we incorporate this into our investment process can be found on pages 48 to 51.

	TCFD recommendation	Man Group response
Governance		
	The Board's oversight of climate-related risks and opportunities.	For details of the Board's oversight, please refer to the Chair's governance overview (page 63), the Corporate governance report (page 77) and our Audit and Risk Committee report (pages 80 and 83).
	Management's role in assessing and managing climate-related risks and opportunities.	We have established a TCFD working group which includes senior management from our investment, client service, risk management, financial reporting and infrastructure teams. The group actively discusses climate-related matters with updates provided to the Board and Audit and Risk Committee as appropriate.
Strategy		
	Climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Our approach to climate change strategy can be found in the climate change call-out box on page 30 within the Risk management section.
	The impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	
	The resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk management		
	The organisation's process for identifying and assessing climate-related risks.	Our approach to climate change risk management can be found in the climate change call-out box on page 30 within the Risk management section.
	The organisation's process for managing climate-related risks.	
	How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and targets		
	The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The TCFD working group, together with our Facilities team, actively consider metrics and targets relevant to our business in order to assess and monitor relevant climate-related risks and opportunities in the future.
	The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	More information on our assessment of climate change risks and their impact on our business can be found in the climate change call-out box on page 30 within the Risk management section.
	Scope 1, 2 and 3 greenhouse gas (GHG) emissions and related risks.	GHG emissions data and details of our commitment to reducing our carbon footprint can be found in the Environmental impact section on pages 52 to 54.

Responsible Investment

We recognise that Responsible Investment (RI) is fundamental to our fiduciary duty and our approach to RI across the firm ensures that our interests and values are closely aligned to those of our clients and stakeholders.

FUM with ESG integrated into the investment process

$43bn

at 31 December 2020

Man Group calculation based on Global Sustainable Investment Alliance definitions, where integration is defined as the systematic inclusion by investment managers of ESG factors in the investment process. This includes combined FUM of all eligible Man Group strategies.

PRI Strategy and Governance rating

A+

Source: PRI report. Man Group, as a PRI signatory, submits annual, compulsory transparency modules, which report on ESG integration and active ownership across the firm's investment engines. We received an A+ during the most recent reporting year for Strategy and Governance, which encompasses our overall approach spanning our RI policy, objectives, strategy, governance, HR policies and the degree to which we are promoting best practices in responsible investment within the industry.

Our commitment to RI spans three core areas:

- ESG integration: We aim to identify and address ESG-related risks and opportunities via deep fundamental analysis and our proprietary quantitative ESG model.
- Stewardship: We recognise that effective stewardship goes beyond just engaging on a reactive basis and we seek to use our resources, rights and influence proactively to exercise positive change in the companies in which we invest.
- Advocacy, education and thought leadership: We are actively building industry influence while promoting best practices and ESG education to all our stakeholders.

The Man Group Responsible Investment website defines our commitment to RI and outlines our RI policies across investment engines.

www.man.com/responsible-investment

Implementing RI at Man Group

Man Group strives to be a leader in RI across all asset classes and investment strategies. We are a global, diversified asset manager and our firmwide strategy and framework ensures consistency, transparency, credibility and collaboration across our business. Each of our investment strategies applies best practices of responsible investment in the most relevant way to its field. At a portfolio-level, integrating ESG into such a wide range of strategies is not without its challenges. Indeed, the breadth of Man Group's investment engines means that the firm represents a unique intersection of perspectives — quantitative, discretionary, macro, private markets and asset allocation — where competing and sometimes conflicting expectations, approaches and applications of responsible investment are actively debated.

Our firmwide governance and policies include:

- A Responsible Investment Committee, which includes senior members from each of Man Group's investment engines and infrastructure, charged with governing overall strategy, policy, research and education. It also promotes an internal culture that insists on holding ourselves to the highest standards of Corporate Social Responsibility;
- A Stewardship and Active Ownership Committee, which maintains the firm's stewardship policies and framework;
- The Man Group RI Fund Framework, which establishes a baseline requirement of ESG standards for all our funds and classifies them into three, clearly demarcated subcategories: the base standard; a standard for funds with a further level of RI integration; and a standard for RI-dedicated funds. The standards are designed to incentivise migration to stronger degrees of RI and ESG integration across asset classes;
- A mandatory, firmwide exclusion policy across all funds to limit the firm's exposure to companies that participate in the manufacture, supply or distribution of global weapons banned by international convention;
- A Man Group RI Exclusions List, which is a proprietary list of sectors that will be excluded from Man Group's RI-integrated or RI-dedicated funds (including banned weapons, tobacco and companies where coal or coal-based energy represents more than 50% of revenues); and
- An enhanced stewardship framework, which includes a customised proxy voting policy and a three-tiered engagement process at the fund, firm and industry level.

ESG integration 1

Each of our investment engines applies RI policies that credibly address responsible investment in a way that is aligned to their investment strategies and philosophies.

Approach

Core Beliefs

- 100% proxy voting goal
- No banned weapons
- Man Universal RI Restriction List
- Consolidated ESG and stewardship reporting
- Corporate engagement through proactive discussions with companies on ESG issues

ESG Philosophy

Systematic

- Systematic restrictions embedded for all single name issuers
- Research-driven culture to assess emerging best practices including ESG-friendly futures

Fundamental Quant

- Quantitative ESG investing approach systematically hardcoded into the investment process
- Proprietary ESG model integration
- Alpha models in 90% of FUM
- Advanced quantitative carbon budgeting in RI strategies

Discretionary

- ESG integration based on discretion of each PM
- Seeking sustainable growth, purpose-led companies, ESG leaders and SDG themes
- Engagement – constructive relationships with management to drive change

Customised

- Bespoke ESG integration
- External manager framework. ESG due diligence on all managers
- Engagement with sub-managers to promote the inclusion of ESG factors
- Consistent ESG reporting

Private Markets

- Affordable housing (impact investing)
- Increase sustainable, affordable, multi-tenure homes in the UK housing market[1]
- Positively contributes to SDG goals[2]

Solutions

- Leverages the unique RI and ESG expertise across all of Man Group's investment engines
- Central platform for building customised ESG portfolio
- Work in partnership with Man Group's investment engines to facilitate ESG investment ideas
- Creation of customised ESG tilts, screens and ESG reporting

Schematic illustrations 1 and 2 refer to Man GPM's Community Housing strategy.

Source: Man Group.

ESG Analytics Tool

As a data-centric firm, we believe in providing our portfolio managers with as much high-quality ESG data as possible. Standardising ESG data and making decisions with that data is one of the key challenges of ESG-linked investing. To help manage this, we built the Man Group ESG Analytics Tool; a proprietary tool that enables investment teams and our clients to monitor non-financial risks at a portfolio level and on a single-stock basis. It monitors a range of ESG metrics including environmental statistics, voting and stewardship data and company controversies, and embeds our proprietary ESG scoring model alongside datasets from leading ESG data providers. This provides our investment teams with an innovative, standardised approach to managing ESG risks and opportunities.

Responsible Investment continued

The tool's key features represent a solution to common ESG-related problems:

Key features

- Applied across equity and fixed income securities for long-only and alternative strategies;
- Embeds Man Group's proprietary ESG score alongside datasets from three leading ESG data providers;
- Analyses and compares ESG data at a portfolio, country, sector, company and index level; and
- Provides an overview of the portfolio's stewardship activity.

Solutions

- Helps to break down and organise the complexity of ESG data for investment teams;
- Measures and manages ESG opportunities and risks on a comprehensive basis across asset classes given the multi dataset format; and
- Reports on ESG in an innovative yet uniform approach.

Analytics and reporting are important components of investment management, and we have consequently invested significantly in data to allow our portfolio managers to measure and monitor ESG factors, including carbon emissions and other climate-related metrics.

Man Group is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and encourages our investee companies to report high-quality and comparable climate-related information through our in-house stewardship team. Our ESG Analytics Tool integrates data that addresses many of the static TCFD requirements, allowing our investment managers to analyse their portfolio against absolute and relative environmental and climate exposure metrics. It also integrates issuer specific data, allowing investment teams to analyse and decompose data across sectors and carbon measures. Looking ahead, we aim to allocate significant resources to consider climate scenarios and how they can be simulated across our diversified asset mix. This feature will enable us to track our portfolios against long-term goals, as well as other climate change outcomes.

For more information on how TCFD is relevant to our business please see page 47.

Our approach to stewardship 2

As stewards of our clients' capital, we believe that we have an obligation to actively and responsibly manage their assets to unlock sustainable long-term value.

Our investment engines include both discretionary and quantitative strategies, and the individual aspects of stewardship, proxy voting and engagement vary according to each investment discipline. This year, we published our inaugural Stewardship Report outlining our proxy voting and engagement initiatives throughout 2019. In 2020, we formalised our approach to engagement in our Engagement Policy, which can be found on our RI website.

Man Group's dedicated stewardship team works with a third-party proxy adviser who provides research and recommendations on the basis of the firm's voting preferences; these are reviewed by our stewardship team. We use our voting rights to promote sound corporate governance practices at our investee companies. While this is a central element of our active ownership approach, we go a step further than traditional policies by seeking to encourage good corporate governance practices and ESG standards.

During 2020, the stewardship team established dialogue with 209 companies across 31 different countries on ESG issues (100 direct engagements and 109 engagements in collaboration with other shareholders). Climate Change, Human Rights, Compensation, Board Composition and Labour Relations were key areas of discussion.

Our efforts to participate in RI and ESG-related initiatives enhance our ability to influence change. These include our involvement in the Climate Action 100+ initiative and the Investor Forum (a membership-funded not-for-profit organisation focused on collective investor engagement with UK companies).

Our voting policy is particularly supportive of environmental and social-related shareholder proposals. Man Group has been ranked by ShareAction, Voting Matters 2020, as the fourth best asset manager out of 60 for supporting at least 96% of shareholder resolutions on climate and social issues.

Environment-focused shareholder proposals

97%

Environment-focused shareholder proposals supported.

Source: Man Group.

PRI Active Ownership rating

A

Source: PRI report.

Advocacy, education and thought leadership 3

We actively promote education around RI and set high standards through leading and participating in several industry-wide initiatives, for example:

- We are signatories to the UN-supported Principles for Responsible Investment (PRI), as part of the **Hedge Fund Advisory Committee** as well as the **Fixed Income, Macroeconomic Risk** and **Academic Advisory Committees**.
- Luke Ellis, CEO of Man Group, is Deputy Chairman of the Standards Board for Alternative Investments **(SBAI)**.
- We are part of the Sustainability Accounting Standards Board's (SASB) Investor Advisory Group and RI working group.
- We are the only asset manager and non-EU representative on the European Commission supported **EFRAG Steering Committee** that is overseeing the EU's ESG standard work.
- We produce our award-winning, educational podcast, **'A Sustainable Future'**, which explores what can be done today to build a more sustainable world tomorrow, hosted by our Co-Head of Responsible Investment Jason Mitchell.
- We contributed to the **CFA Institute's Certificate in ESG Investing** curriculum and the CFA's award-winning paper **Climate Change Analysis in the Investment Process**.
- We are actively building industry influence and promoting best practices and education in ESG to our clients via our dedicated educational website **Man Institute**.
- We host internal RI education sessions on a quarterly basis for all our employees to educate them on sustainability and social issues.

This area of our industry is constantly evolving, and we believe it is important to regularly challenge and advance our thinking to develop truly responsible approaches that add value for our clients.

Q&A

Jason Mitchell
Co-Head of Responsible Investment

Q. Please tell us about your responsibilities and areas of focus at Man Group.
A. I oversee Man Group's approaches to discretionary ESG integration, stewardship, government policy and regulation. My background is in portfolio management where I've managed both long-only and alternative investment strategies, including dedicated climate change and sustainability strategies. A major area of focus in 2020 and one that will remain so for the next several years is how government policy and EU Sustainable Finance Disclosure Regulation is applied to Man Group and our investment strategies across reporting, integration and product development. We are increasingly involved in investor advisory committees, industry, standards and government-related working groups as part of this.

Q. How important is stewardship for Man Group?
A. Our stewardship approach has significantly evolved over the last few years. We've developed a programme to level up on our stewardship, proxy voting and engagement activities at a firmwide level and are now seeing the benefits of that investment and capacity building. We have built a process in which the firm's stewardship team feeds into our discretionary investment teams, enabling engagement and informing voting decision making.

Q. What differentiates Man Group from your competitors?
A. Man Group's breadth of strategies has proven to be an inherent advantage. While there is certainly a unifying approach to RI in our organisational policy, stewardship and analytics framework, we actively cultivate tailored approaches and use cases for ESG integration. This creates a fascinating intersection of discussion and debate. For example, while our discretionary business views ESG from the traditional, bottom-up fundamental perspective, our quantitative businesses search for top-down factors. Finally, our fund of funds platform applies a qualitative assessment process as well as leverages our ESG analytics tool to inform its manager selection process.

Q. What other initiatives are you most proud of?
A. I am particularly proud of the Man Group 'A Sustainable Future' podcast which I host and co-produce. Launched in January 2018, it is an award-winning series about what we're doing today to build a more sustainable world tomorrow. The firm has been tremendous in supporting this exploration into sustainability, which is meant to be an open, educational resource. Recent guests include: Raghuram Rajan, former Governor of the Reserve Bank of India; Paul Polman, former Unilever CEO; Mary Robinson, former President of Ireland; Andrew McDowell, Vice President of the European Investment Bank; and Dr. Amesh Adalja, Senior Scholar at the Johns Hopkins Center for Global Health Security.

Environmental impact

Man Group is actively committed to reducing its absolute carbon footprint and making consistent, transparent progress. From 2020, we offset any remaining emissions by supporting certified offset projects. We are pleased to report that we are on track to meet our emissions reduction targets set to 2022 and have committed to achieving net zero carbon emissions in our global workplaces by 2030.

Governance

Board oversight of environmental matters related to our operations

The Board maintains overall responsibility for Man Group's environmental impact and ensures that our environmental policy statement[1] is implemented and reviewed. The Board has a collective role in providing environmental leadership throughout Man Group's global operations and is committed to continual improvement in environmental performance.

Environmental policy

Man Group's firmwide environmental policy is to use natural resources responsibly and to minimise the environmental impact of our activities through maximising energy efficiency, reducing greenhouse gas emissions and recycling or minimising waste. Our UK offices, which account for 67% of our operation based on headcount, are covered by environmental operating procedures which are aligned to ISO 14001.

Strategy

Green buildings

Minimising our environmental impact is at the centre of our real estate strategy.

In 2020 we occupied six buildings certified by LEED (Leadership in Energy Efficiency and Design) and two by BREEAM (Building Research Establishment Environmental Assessment Method).

Renewable energy

Man Group procures 100% renewable energy in jurisdictions where such supplies are available. In 2020, 72% of our operations based on headcount were powered by 100% renewable energy.

Water

Currently our water usage figure comes from operations within our control. In 2020, total water usage was 17,372m³ (2019: 27,221m³). The reduction in water usage is because of reduced office occupancy during 2020 as a result of COVID-19 restrictions.

Waste

Man Group operates at zero waste to landfill in jurisdictions where these services are available. In 2020, 67% of our operations based on headcount were zero waste to landfill.

Responsible procurement

Man Group offices procure goods and services that are in line with our environmental objects. We utilise ISO standards and ratings systems such as energy star for IT equipment and green star for paper supplies to assist us in choosing sustainable products. We also ensure all our equipment complies with the Restriction of Hazardous Substances EU Directive.

Vendor management

As a condition of supplying services to Man Group, our consultants, contractors and sub-contractors are directed to use natural resources responsibly and to minimise their environmental impact through maximising energy efficiency, reducing greenhouse gas emissions, and recycling or minimising waste. Contract managers and procurement specialists are responsible for ensuring our consultants, contractors and sub-contractors fulfil their duties in this area through contract audits and performance reviews.

Environmental data compilation systems

We strive to deliver clear and transparent reporting that captures the measurable elements within our control. We monitor and track our global environmental impacts using specialist tracking software and an energy services consultancy to help us to mitigate risk, maximise opportunities and reduce our carbon footprint.

Environmental performance audits

In 2020, Man Group's largest office, Riverbank House, was comprehensively audited for energy and air-conditioning efficiency. The audit recommendations have led to investment into new energy-saving equipment such as LED lighting and chiller upgrades.

Environmental training and awareness

All Man Group staff complete a mandatory annual training module which outlines Man Group's environmental policy and objectives. The course highlights ways in which staff can contribute to minimising our environmental footprint such as reducing waste through re-using and recycling, maintaining systems to monitor and measure our use of resources, engaging with suppliers on environmental best practice and ensuring anything we purchase comes from sustainable and reputable sources.

Environmental awareness campaigns are also run in offices focusing on areas such as increasing recycling, reducing energy use, cycling to work and removing single use plastics. Such campaigns include applying energy intensity metrics to rank the best and worst performing Man offices to promote energy-saving efforts.

1 Contained within Man Group's Environmental, Health and Safety Policy.

Carbon net zero commitment

Man Group is committed to net zero carbon emissions in our global workplaces by 2030. From 2020 we will continue to reduce our carbon footprint as much as possible and will offset any remaining emissions by supporting certified carbon removal projects. Reducing our carbon footprint is one of our non-financial KPIs and more information on this can be found on page 23. We acknowledge that carbon offsetting is only an interim measure and that it does not remove the need to reduce our own emissions in the first instance. To reach net zero we will reduce the carbon emissions under our operational control associated with:
Scope 1 – emissions
Scope 2 – market-based emissions
Scope 3 – business travel emissions

In 2020, we have offset 1,801 $MTCO_2e$ through reforestation projects in Chile and Uruguay.

Timeline to net zero carbon

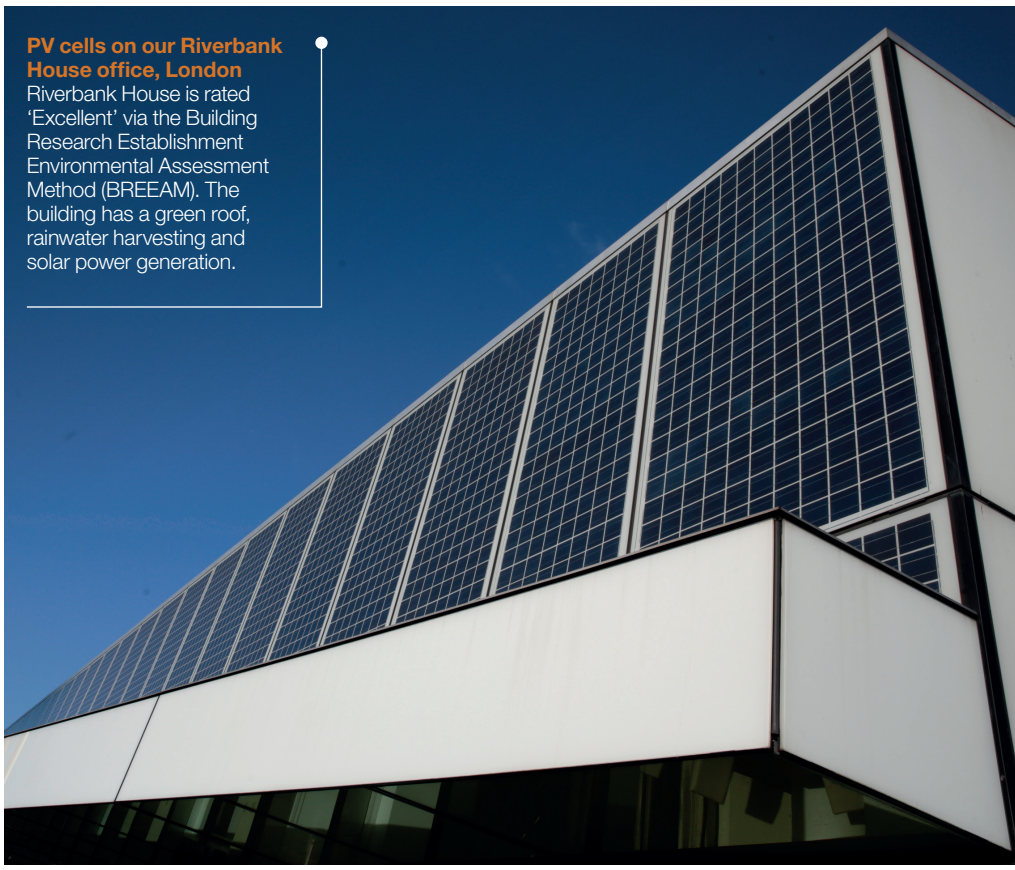
	2020	2022	2024	2026	2028	2030
Scope 1	Reduce natural gas and fuel emissions by 30%		Set new science-based targets to 2030			
			Move to green gas supplies in jurisdictions where this is available			
			Upgrade equipment to ensure efficiency and reduce wastage			
Scope 2	Reduce global energy usage by 20% and reduce scope 2 market-based emissions by 50%		Set new science-based targets to 2030			
			Increase the adoption of 100% REGO supplies by 25%		Non-renewable energy to supply <10% of operations	Non-renewable energy to supply <5% of operations
			Upgrade equipment to ensure efficiency and reduce wastage			
Scope 3	Further deploy remote working tools to reduce the need for business travel					
	Adopt agile working strategies to reduce the need for commuting travel					
All scopes	Reduce emissions by prioritising carbon net zero strategies when refurbishing or relocating offices					
	Adopt agile working strategies to reduce our office carbon footprint					

Climate change risk management

Strategic and/or operational climate change risks to our business are managed in the same way as other business risks covered by our firmwide risk management systems. The firm's control environment is constructed to manage risks in accordance with the statements made by the Board that reflect their risk appetite to the organisation, covering risks as they apply to both the investment management functions and Man Group itself. In the event there is a breach of risk appetite, the risks will be resolved promptly in line with the firm's procedures and processes.

Man Group considers climate risks 15+ years into the future. It does this through multi-disciplinary company-wide risk identification, assessment and management processes. The types of risks considered include current and emerging regulation, technological changes and upgrades, market risks, reputational risks, acute and chronic physical operational impacts as well as upstream and downstream risks.

For more information on how TCFD is relevant to our business please see page 47.



PV cells on our Riverbank House office, London
Riverbank House is rated 'Excellent' via the Building Research Establishment Environmental Assessment Method (BREEAM). The building has a green roof, rainwater harvesting and solar power generation.

Environmental impact continued

Performance and targets

Our mandatory annual greenhouse gas emissions reporting, relating to the firm's physical presence, is detailed here pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

In 2020, total emissions (including scope 2 market-based) decreased by 66% from 2019. This exceeded reduction targets set for the year. This was achieved through the second phase of a real estate strategy to streamline our data centre provision and improved energy efficiency of our property portfolio. We acknowledge that the reduction in greenhouse gas grid emission factors has contributed significantly towards the overall decreasing trend in Man Group's carbon footprint, as well as remote working during the COVID-19 pandemic.

	2020			2019		
	UK	Offshore	Total	UK	Offshore	Total
Scope 1 ($MTCO_2e$)	786	2	**788**	1,132	4	**1,136**
Scope 2 location-based ($MTCO_2e$)	2,873	363	**3,236**	3,695	558	**4,253**
Scope 2 market-based ($MTCO_2e$)	–	363	**363**	2	462	**464**
Scope 3 business travel ($MTCO_2e$)			**650**			**3,684**
Total including scope 2 location-based			**4,674**			**9,073**
Total including scope 2 market-based			**1,801**			**5,284**
Energy consumption (kWh, '000s)	16,448	1,462	**17,910**	17,712	1,818	**19,530**

Scope 1
We have seen a reduction by 31% from 2019 in total emissions, driven by heating efficiencies made at Riverbank House in London.

Scope 2 location-based
Employing country-level emissions factors, we have seen a decrease in emissions, saving 1,017 $MTCO_2e$ of carbon. This is largely due to works in the United Kingdom to streamline our data centre provision and LED lighting upgrade projects.

Scope 2 market-based
The reported emissions reflect our commitment to using renewable energy where available and reducing our energy usage globally. In 2020 our emissions were reduced by 22% from 2019.

Scope 3
There has been a decrease in emissions by 82% in 2020. This is due in part to advances in our remote working infrastructure and travel restrictions due the COVID-19 pandemic.

Methodology

We reported scope 1 and scope 2 carbon emissions on all sites where we have operational control. This includes sites where we operate less areas that are sub-metered to tenants and sites where we do not operate but have sub-meters in our demised areas. As per GHG Protocol guidance, scope 2 emissions have been reported according to a location-based method and a market-based method.

We have applied the latest Department for Environment, Food and Rural Affairs (DEFRA) and the Intergovernmental Panel on Climate Change (IPCC) emission factors. Where emissions data was not available, annualised estimates have been applied in order to calculate the full-year emissions. Based on the nature of our emissions and the consistency month-on-month, we believe this is an appropriate representation of Man Group's global annual emissions.

Disclosures of our voluntary scope 3 emissions includes business travel (taxis, flights and hotel stays). Reporting on scope 3 utilises reporting from third-party suppliers (or estimates where such information does not exist). We continue to work to improve accuracy on our scope 3 reporting.

Energy consumption has been calculated in kilowatt hours (kWh). Transport data collected in total kms or litres of diesel fuel has been converted into kWh using an average consumption estimate of 10kW per litre.

Intensity metric

Our reporting emissions have been calculated using an intensity metric which will enable us to monitor emissions independent of activity. As Man Group is a people-centric business, we expect that any changes to headcount will impact the property space we occupy and the amount of business travel we use.

Therefore, emissions per employee are the most appropriate metric for our business, as shown in the table below.

Emissions per employee	2020	2019
Total FTE	1,444	1,413
Scope 1	0.5	0.8
Scope 2 (Location)	2.2	3.0
Scope 2 (Market)	0.3	0.3
Scope 3	0.5	2.6
Total $MTCO_2e$ per FTE including market-based	**1.2**	**3.7**
Total $MTCO_2e$ per FTE including location-based	**3.2**	**6.4**

Performance against targets

We strive to make our contribution to the Paris Agreement ambition. In 2019 we set firmwide targets in line with the Science Based Targets initiative methodology to limit the global temperature increase to a maximum of 1.5°C. We exceeded our targets in 2020, in part due to COVID-19, and expect emissions to increase as employees return to the office (reflected in our future targets). We review our targets regularly and have linked our revolving credit facility to ESG, thereby embedding our environment-related commitments throughout our organisation.

	2019 Baseline	2020 Target	2020 Result	2021 Target	2022 Target
Scope 1: Reduce scope 1 natural gas and fuel emissions by 30%	1,136 TCO_2e	1,022 TCO_2e	788 TCO_2e Target Met	908 TCO_2e	795 TCO_2e
Scope 2: Reduce global energy usage by 10% per year	4,253 TCO_2e	3,836 TCO_2e	3,236 TCO_2e Target Met	3,409 TCO_2e	2,983 TCO_2e
Scope 2 market-based: Reduce emissions by 50%	464 TCO_2e	387 TCO_2e	363 TCO_2e Target Met	309 TCO_2e	232 TCO_2e
Water: Reduce baseline usage 2% per year	27,221m³	26,676m³	17,372m³ Target Met	26,143m³	25,620m³

COVID-19 response

Since the beginning of the pandemic, the safety of our staff has been our highest priority. We recognise the challenges working remotely presents and implemented our resiliency plan across our global workforce with minimal disruption and a primary focus on the health and well-being of our staff.

We also prioritised maintaining our culture and fostering an inclusive environment by promoting virtual social initiatives (e.g. Man Group Coffee Club), knowledge sharing sessions (e.g. Minds at Man Group) and regular team-building events across regions and teams.

COVID-19 has also had a significant impact on our communities, and we wanted to make a positive impact where possible. We offered all staff £500 to donate to local food banks around the world in addition to many donations made in a personal capacity, continued to support our UK and US charitable trust foundations to promote literacy and numeracy at a time when schooling and learning programmes were interrupted, and encouraged remote and in-person volunteering activities as part of our community outreach.

COVID-19 will continue to impact our people, how we work and society beyond 2020, and we remain dedicated to supporting all our stakeholders in every way we can.

> Rapid Assistance in Modelling the Pandemic (RAMP)

We were uniquely positioned to support our communities by responding to help with the Rapid Assistance in Modelling the Pandemic (RAMP) initiative.

In March, the Royal Society put out a call to the modelling and data analytics community seeking to bring expertise from a diverse range of disciplines to support the government's efforts to model the pandemic and to create a clearer understanding of different exit strategies from lockdown.

Our company has cutting-edge perspectives in many aspects relevant to RAMP, including mathematical, statistical, technological, quantitative and data analysis. We enthusiastically responded to the call for volunteers, believing our contribution could make a significant difference. We offered six full-time employees and significant computing power, including up to 30 hypervisors (virtual machines) and 40 computing resource nodes, to the Scottish COVID-19 Response Consortium (SCRC) at no cost to them. Our volunteers had extensive Python expertise in research and production coding, and unrivalled experience in dealing with large structured and unstructured datasets.

The work undertaken was on a suite of interlinked epidemiological models with a shared data pipeline. The framework allowed the impact of interactions and social interventions on transmission to be assessed from the individual level through to city, region and national aggregations. Assumptions about what processes are important for disease dynamics involve a degree of expert judgement, but these can be tightened with numerical parameter estimates once sufficient data is available. Statistical inference tools to provide these estimates and understand their sensitivity were also developed.

The results of the SCRC's research, incorporating data from the UK and elsewhere, have fed into governmental policy, and the underlying epidemiological modelling software has been released as an Open Source Project to the international community.

"Man Group has made an extraordinary contribution to the consortium. From specific work on individual models to higher level work on the shared infrastructure that the consortium has developed on data management, sensitivity analysis and inference, the Man Group team members have been extremely productive and valued members of our consortium. We're very grateful for their contribution."

Dr Richard Reeve
Joint Lead of the Scottish COVID-19 Response Consortium

People and culture

At Man Group, we believe in the importance of a meritocratic and collaborative environment, where success is based on talent, commitment, diligence and teamwork. By celebrating diversity, we seek to challenge consensus and foster healthy debate, which we believe makes us a better and more innovative business for our clients and shareholders. Above all, we seek to attract and retain the best people, and to ensure everyone at Man Group can reach their full potential.

Nationalities

59

Internal transfers

184

Uptake of enhanced parental leave

57

Throughout this extraordinary year, Man Group's workforce has continued to work productively, successfully managing the transition to most of our staff working from home for at least several months and in many cases for a large part of the year. In January 2020, in response to emerging concerns over the new virus, we established a dedicated COVID-19 Response Team – its remit includes monitoring government guidance across all locations, managing office closures and re-openings, and supporting our global employee base.

We adapted quickly to the new way of working and took a number of measures to provide optimal support to our staff as we recognise the additional challenges many face in this new paradigm, whether related to their health, families or personal circumstances. We continued to encourage flexible working and created a team to assist those who needed to work from a location different from their usual home due to temporary displacement or personal requirements.

We also offered practical support to staff, providing technology equipment for home use, solutions to enhance collaboration and remote working advice with a focus on well-being. Managers received targeted guidance on how to manage and support remote teams effectively.

We continued to onboard new joiners despite most offices being closed. Teams involved in the virtual new joiner process worked closely together to make necessary changes seamlessly and have successfully enabled over 140 new starters globally to be set up and able to work remotely and effectively on day 1.

We continued to focus on maintaining our culture and fostering an inclusive workplace and launched a variety of virtual initiatives aimed at bringing together our global workforce. This included the 'Man Group Coffee Club', where individuals from across the firm are paired at random to promote interaction and a greater sense of community across the different parts of our business. We also launched 'Minds at Man Group', a firmwide event series hosted by a different colleague each week, covering a topic they are passionate about. The series has been well received, with 23 sessions hosted in 2020, and has brought employees from across the globe together to discuss topics ranging from baseball to rock climbing, and asteroids to fine wine. Additionally, teams across the firm have engaged in regular team-building activities, such as virtual cooking, origami or yoga.

Employee engagement

The welfare of our employees has been at the heart of our COVID-19 response and engagement agenda, and at the forefront of every decision we have made. The HR and Talent teams played an active role in supporting our workforce, proactively engaging with every manager across the business to provide targeted health and well-being support for them and their teams as needed.

We developed an enhanced well-being programme providing live and pre-recorded webinar content focusing on mental health, nutrition and the benefits of regular exercise to support staff while they were working remotely. We also rolled out a new digital mental health solution, Unmind, to provide mindfulness and relaxation exercises, mental health advice, and tools to manage sleep, exercise and anxiety for our workforce globally. We recognise that employees also benefit immensely from peer support and actively encouraged mentoring and support circles for individuals experiencing specific challenges, such as isolation or increased care responsibilities.

Moreover, and as part of our COVID-19 response plan, our technology team fast-tracked the implementation of collaboration tools for our employees to help them maintain productivity and connectivity whilst working remotely. We successfully rolled out Slack, our business communication platform, and WebEx, our video conferencing platform; over the course of the year, we have seen over 12 million messages shared across the firm via Slack and have hosted more than 200,000 WebEx meetings.

To ensure that our employees are aware of business priorities and the latest developments across the firm, they receive a range of communications and information via several channels; we continue to share a daily newsletter with all employees and, since the beginning of the pandemic, our CEO has also circulated a weekly missive. Regular town hall sessions are now virtual and led by the Executive Committee and other senior management across departments and regions. Two of our non-executive directors, Kate Barker and Zoe Cruz, are now specifically focused on staff engagement.

We are pleased to report that our 2020 staff survey recorded an engagement score of 83% and an increased response rate of 85%. Employee engagement is one of our non-financial KPIs and further information on this can be found on page 23. We also seek feedback from employees across the firm on an ongoing basis and have conducted a range of pulse surveys to inform how we continue to make Man Group an appealing place to work.

Talent acquisition, retention and development

We believe that the continued success of our firm is due to our employees. Throughout this unusual year, our focus on attracting and retaining the best talent has remained a top priority, and we have continued our emphasis on training and development as a key way to maintain our competitive edge.

Our Talent Development Strategy is fully established and a core part of our business. We seek to provide career development guidance and performance support to staff at all levels.

This may take the form of structured coaching or mentoring, use of our virtual learning platform (used by over 85% of employees) or attendance at one of the learning events within our regular programme (accessed by over 50% of our staff). In further efforts to support employees to manage their performance, we launched 'Adaero', a proprietary feedback app, more broadly across the organisation in 2020, after developing and piloting the app with our quantitative research and technology teams. The app has been open-sourced as a demonstration to our commitment of continued investment in the broader tech community.

We are now also better positioned to assess the performance and potential of all our employees through a globally adopted talent review process. The data and insights from this process are part of our Senior Executive Committee's bi-annual talent and succession planning reviews. We offer one-to-one development support to staff identified as most critical to the current and future performance of the firm.

> Testimonial

Michael Buerer

Head of Swiss Office
Man Group

Q: Which of the recent WFH initiatives and advice from Man Group have helped you? What else has really worked for you while you have been working remotely?

A: HR and Talent have provided a range of tips. In my case, it was simple but very effective: taking regular breaks from the screen has definitely helped. During WFH, breaks don't happen naturally but need to be actively taken. My mentee has also inspired me to take on a personal WFH challenge; it was (and still is) learning to juggle with four balls – I find it a great way to instantly take the focus away from work and clear my mind.

Q: What has surprised you about WFH, maybe something that you have unexpectedly found a struggle or a challenge?

A: I was impressed by the firm's ability to roll out a variety of tools to enable communication between staff in groups of all sizes. And I knew I had an incredibly good office chair, but now I REALLY know! Having a good work setup at home was a challenge at first and I think one that many people shared.

People and culture continued

The retention and development of our workforce is of paramount importance and we strive to make internal appointments wherever possible to maximise career progression. During 2020, internal promotions included the appointments of: CEO of Man Numeric; COO of Man Numeric; Head of Man GPM; Head of Business Operational Risk & Resilience (BORR); and CIO for Man AHL.

We continue to build a junior talent pipeline via a number of entry-level (both graduate and intern) programmes within investment management and finance and operations. In 2020, we also launched a new technology graduate stream. We onboarded 16 analysts remotely in 2020 and were delighted to offer all our UK virtual summer interns positions on future graduate programmes. These programmes run for two years, and on completion, our trainees possess a comprehensive skillset, a sound knowledge of our business, and are well placed to move into permanent roles.

As a global firm we are also able to create opportunities for our people to gain international experience via short-term placements and permanent relocations. Following Britain's withdrawal from the European Union, we remain committed to ensuring that we continue to provide support to those members of our workforce who are EU nationals working in the UK. Hiring the best talent from around the world, including the EU, is fundamental to our business and we remain committed to doing so. We continue to monitor immigration updates in relation to their potential impact on our workforce. Our aim is to ensure that our staff have the correct guidance and documentation to travel between the UK and Europe, and that our existing employees who are EU nationals have the information and support to enable pre-settled and settled status applications.

We wish to attract the brightest and the best at all levels of the firm and provide a workplace that promotes innovative thinking – a vital component of our ability to deliver results for our clients. Alongside our inclusive culture and talent strategies, our remuneration policies and practices are one of the initiatives designed to enable us to remain competitive in the increasingly global markets in which we operate and are benchmarked annually. Remuneration includes combinations of salary, annual performance bonus and deferred share or fund awards, alongside a range of non-cash benefits. The bonus deferral arrangement is a key mechanism for focusing our employees on long-term performance, aligning their interests with those of our clients and shareholders. During 2020, we once again offered our UK-based employees the opportunity to participate in the Man Group Sharesave Scheme at the maximum limit and discount allowed by HMRC.

See pages 90 to 117 for the Directors' Remuneration report.

The implementation of Workday in 2019 has streamlined many of our operational HR and Finance processes, and in 2020, we have further optimised the recruitment functionality, added new dashboards and continued to enhance our reporting to better support our staff and talent acquisition requirements.

Man Group's total headcount, including contractors and consultants, has moved from 1,436 at 31 December 2019 to 1,469 at 31 December 2020.

Diversity and inclusion

Man Group's culture is based on mutual respect for others, a commitment to prioritising diversity and inclusion (D&I) and a zero tolerance approach to discrimination of any kind. Our senior D&I steering group and working groups continue to progress our inclusion agenda under the umbrella of Drive, our global programme for the firm's D&I initiatives. We remain well connected with peer organisations which gives us the opportunity to host joint events and share knowledge. Several of our senior management team are involved in industry working groups and committees, giving us external presence and enabling us to drive change in the industry, as well as within Man Group. The Senior Executive Committee champions this and has incorporated a systematic review of diverse talent within their talent and succession planning reviews.

We are delighted to have the following active staff networks, which consist of both members and allies, regularly running events for our workforce:

- BEAM Network (Black Employees At Man)
- FAM Network (Families At Man)
- PRIDE@Man Network (LGBT+)
- WAM Network (Women At Man)

In addition, we also have working groups focused on NextGen and social mobility, as well as workstreams exploring how best to support people with disabilities.

> Testimonial

Deborah Kester

Global Head of HR
Man Group

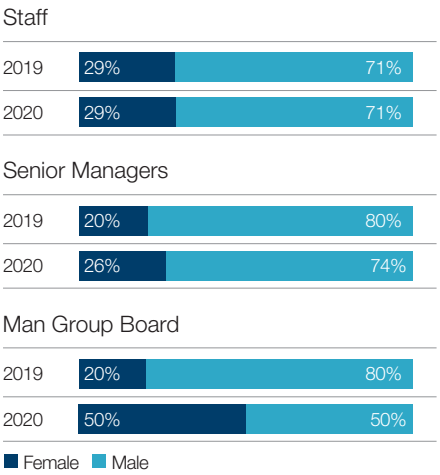
Q: Which of the recent WFH initiatives and advice from Man Group have helped you? What else has really worked for you while you have been working remotely?

A: I have benefited hugely from using the Unmind app – there are great relaxation tools only a few minutes long, so even though I don't get much me-time, I have made good use of them. And I've also found the educational series on well-being a really worthwhile way to learn more about different mental health topics.

Q: What has surprised you about WFH, maybe something that you have unexpectedly found a struggle or a challenge?

A: I enjoy being able to pop over to people's desks, so I am missing that contact and it also means I am sitting still for more of the day than is good for me. I am trying to do more calls instead of just WebEx meetings, as it means I can stand up and walk, sometimes even outside to enjoy some fresh air!

Staff by gender (at 31 December)[1]



1 Based on 1,444 FTEs and 214 senior managers.

2020 saw Man Group employees participate in an active programme of D&I events and awareness days, primarily focused on the importance of allyship. The BEAM Network conducted a series of events, highlighting the issues of racial injustice following the Black Lives Matter movement and supporting organisations fighting for this cause. The network also ran a successful lunch and learn programme, featuring role models from the industry, as well as initiatives to mark Black History Month in the UK and US. PRIDE@Man led a series of events for Pride Month 2020 and continued to champion the importance of allies through their programme for the year. The WAM Network hosted events to meet the firm's new female non-executive directors and launched a peer mentoring initiative for its members. The FAM Network continued its efforts to support parents and those with caring responsibilities, particularly during this period of home working and home schooling. The network held a variety of virtual events, including a virtual Summer Camp, Halloween Party and Christmas Party, as well as webinar sessions on important topics, such as managing family commitments and financial planning. All networks came together to celebrate Global Inclusion Week and to launch a cross-network book club, underlining the theme of allyship.

Man Group is supportive of the requirement for employers in the UK to calculate and publish their gender pay gap, and we have again published our figures within our annual Diversity and Inclusion report. The data still demonstrates the lower representation of females in investment management and senior roles, but we are committed to addressing this and continue to make significant efforts to do so. During 2020, we achieved gender parity on our Board of Directors (see page 88 for the Nomination Committee's diversity policy). In addition, having signed up to the Women in Finance Charter in 2018, we achieved our target of 25% female representation in senior management during 2020. We recognise that there is still a long way to go and have now committed to further targets of 27.5% by the end of 2022 and 30% by the end of 2024. The number of women in senior management roles is one of our non-financial KPIs and further information on this can be found on page 23.

While we do not see a gender pay gap across similar roles, we recognise that this isn't enough on its own to attract and retain talent and we must take further action, through the initiatives articulated in this section, to foster better gender diversity, particularly in senior and front office roles.

> **"At Man Group, we want everyone to know what we stand for, which is an absolute and unequivocal commitment to inclusiveness."**
>
> **Robyn Grew**
> Group COO and General Counsel, Man Group

People and culture continued

We have seen ongoing progress in terms of gender balance within our graduate recruitment over the past few years, and we continue to work proactively with schools, societies and education providers to promote careers in the financial services sector at a grassroots level. Our initiatives range from hosting events to encourage the pipeline of female talent at the firm and in the broader industry, to internal mentoring for women within the firm both on an individual level and through peer mentoring circles, through to our partnership with Women Returners to support those returning to work following a career break.

Working with Women Returners, we identify suitable candidates from a high calibre, female talent pool and provide them with tailored mentoring to support their transition back into the workplace. During 2020, we again recruited returners onto fixed-term contracts and converted our final 2019 returner into a permanent hire. This continues to be a successful means of hiring experienced and high-quality women for us.

We continue to champion our senior female role models and this year we saw several of them being recognised for their work. Robyn Grew was named winner of the Role Model of the Year at Investment Week's Women in Investment Awards, featured on Financial News' Top 100 Women in European Finance list, alongside Kate Squire, and the HERoes Role Model List for 2020. Marina Ebrubah was named on the 2020 Empower 100 Ethnic Minority Future Leaders List and she was named winner of the Unsung Hero Award at Investment Week's Women in Investment Awards. Kirsten Achtelstetter and Alison Hollingshead were announced as finalists in the WeQual Awards, in the Technology and Transformation & Strategy categories respectively, with Alison winning the award in her category.

As part of *Paving the Way*, our dedicated campaign to help encourage a more diverse pipeline of candidates, both within Man Group and across the investment industry more broadly, we have a number of other partnerships in place that feed into our broader D&I agenda. In the UK, to increase our access to candidates from under-represented backgrounds, we work with SEO London, an organisation which provides educational support and career access, and Bright Network, a career network of bright students from a range of backgrounds. We have also signed up to the 100 Black Interns and 10,000 Black Interns initiatives, and we continue to focus on commitments made when we signed up to the Race at Work Charter in 2020. In the US, our emphasis is on increasing exposure to technology and finance for underrepresented communities and we partner with Codman Academy and Girls Who Invest. Our partnership with the King's College London Mathematics School – a specialist state-funded school for gifted mathematicians aged 16-19 – continues to flourish, with Man Group staff members working closely with the school to offer valuable support to the pupils and teachers. The school offers an access route for students from backgrounds that are often under-represented in mathematical sciences.

Apprenticeship programmes also continue to be a way for us to show our commitment to tackling youth unemployment in London and broadening our access to young people who may not otherwise have considered a career in financial services. We have been hiring apprentices since 2013 and were delighted this year to offer extended or permanent contracts to those apprentices who completed their programmes during 2020.

Man Group is committed to providing equal employment opportunities and discrimination by any individual on the grounds of age, disability, gender, race, religion, sexual orientation or educational background is not tolerated. Full and fair consideration is given by Man Group to all employment applications, including from people with disabilities, considering their aptitudes and abilities.

The firm also ensures that people with disabilities are fairly treated in respect of training and career development. For those who become disabled during their employment, reasonable adjustments are made and ongoing support is provided to enable the individual to continue working. During 2020, Man Group has become a corporate member of PurpleSpace, the world's only networking and professional development hub for employees with disabilities. The organisation serves as a network and resource group for leaders and allies from all sectors and trades.

More information about Man Group's commitment to D&I can be found in the Diversity and Inclusion Report, available at www.man.com/diversity.

"Our partnership with King's Maths School has continued to gain momentum this year, driven by the enthusiasm of our mentors and the resilience of the students. It's fantastic to help students see the real-world application of the maths they learn in class."

Slavi Marinov
Head of Machine Learning, Man AHL

Communities

2020 has brought our communities sharply into focus and the desire to give back has been strong across the firm, whether this be through giving time, expertise or financial contributions.

COVID-19 prompted an outpouring of support and below you will read about the many ways in which our employees gave back to their communities.

Man Group's own charitable funding efforts are primarily focused on promoting education and are run primarily through the Man Charitable Trust (UK), established in 1978, and the Man US Charitable Foundation, established in 2019.

The Charitable Trust (the Trust)

The Man Charitable Trust (UK) is led by a group of seven trustees and supports a diverse range of charities in the UK, with a focus on improving education through literacy and numeracy. The charities supported include: Auditory Verbal UK, Children's Literacy Charity, City Gateway, Discover Children's Story Centre, First Story, Generating Genius, Greenhouse Sports, Maths on Toast, MyBnk, NSPCC, Refugee Support Network, The Brilliant Club, Tower Hamlets Enterprise Business Partnership and XLP.

As our business and geographical footprint continues to grow, we have made a significant effort to broaden our charitable activities. The Man US Charitable Foundation is led by six US-based trustees and is now providing funding and volunteering opportunities in the US and supports the following charities: Defy Ventures, Jeremiah Program, Read to a Child and S.T.E.P.S.

Although this year has impacted everyone in different ways, it has been particularly challenging for the most vulnerable people in our communities. In many cases, the charities supported by the Trust have been at the frontlines and many have adapted or innovated impressively.

The Trust understands that continuity is crucial and has funded the same recipients throughout this period, ensuring that our support goes above and beyond our financial contribution. Each charity is assigned a lead trustee who establishes a relationship and provides mentoring, supported by our staff who provide pro bono advice and guidance as required. Our employees have engaged in virtual events, fundraisers, training sessions and board meetings for many of the charities we work with.

Employees at Man Group are also able to support charitable programmes via their Give As You Earn (GAYE) accounts or charitable donation matching and participation this year was higher than it was in 2019. The UK Trust provided £26,900 in GAYE funding 'bonuses' for all employees with an account to donate to charities of their choice. Additionally, the Trust proudly matches independent fundraising by employees up to the value of £1,000 in the UK and sponsorships up to $1,500 in the US.

> **"The past year has been unprecedented. Our charities have had to adjust and work within constantly changing restrictions, further intensifying their already challenging roles. We are very proud to continue to support and engage with these charities, providing both financial and mentoring support."**
>
> **Teun Johnston**
> Chairman of the Man Charitable Trust and CEO of Man GLG

Our annual festive fundraising activities this year were expanded to include the US for the first time. One of our key initiatives was the Last Hour Appeal, which gave staff an opportunity to donate the last hour of their salary in 2020. We raised a total of £16,064 for Brain Tumour Research in the UK and $7,072 for St Jude Children's Research Hospital in the US, both charities chosen by staff through a voting process.

ManKind

This year, ManKind, the firm's community volunteering programme, went global, allowing all employees to take two days' paid leave per annum to volunteer. Although we fell short of our volunteering target as COVID-19 restrictions made in-person volunteering challenging for many, our staff contributed to their communities in new and varied ways.

Some of our staff supported their local food banks and vulnerable neighbours by grocery shopping and making deliveries in their local areas, while others participated in litter picking activities in parks and on beaches. Our staff also volunteered remotely; many connected with elderly and isolated neighbours over weekly phone calls, and others worked with organisations to share their professional skills for interview and CV sessions as well as other administrative tasks.

As part of our global ManKind initiative, we have assigned 'Volunteering Captains' to champion efforts in each region. They speak regularly to coordinate global initiatives and to discuss how we as an organisation can positively impact our communities. One of our new initiatives is the 'Giving Challenge', which encourages staff to nominate colleagues to volunteer their time or make a charitable donation. This challenge takes place on our internal #mankind forum on Slack, which has seen a high level of engagement, with over half the firm sharing volunteering stories.

In the UK, the Man Charitable Trust gave grants to the value of £413,980 and in the US, the Man Charitable US Foundation grants of $130,000.

Shaping and maintaining a strong corporate culture

Dear Stakeholder

I am pleased to present the Corporate governance report for the financial year ended 31 December 2020, my first year as Chair of Man Group.

This section will enable you to gain an understanding of the governance responsibilities and focus of the Board throughout the past year and its ambitions for 2021. Man Group recognises the importance of corporate governance and the Board remains committed to ensuring the highest standards of governance throughout the organisation. This year's report includes a more comprehensive section on the Senior Executive Committee, including the biographies of its members and its key responsibilities and activities, to reflect the importance of the role that this committee plays in the governance of the organisation.

Board and Committee changes

As set out in my earlier statement, there have been a number of Board changes during 2020. Matthew Lester and Andrew Horton, who had served on the Board for almost nine and seven years respectively, stepped down in the first half of the year. I would like to thank Matthew and Andrew once again for their service to the Company. We welcomed Lucinda Bell and Ceci Kurzman to the Board at the end of February and Anne Wade at the end of April, all of whom have made excellent contributions to Board discussions and decisions since their appointment. Lucinda took over as Chair of the Audit and Risk Committee in May 2020 and Anne will take over from Richard Berliand as Chair of the Remuneration Committee following the 2021 AGM.

You will hear more from Lucinda in her report from the Audit and Risk Committee and from Anne and Ceci in the Q&A sections later in this report. Anne reflects on her induction programme and the benefits and challenges of this being conducted remotely, and Ceci provides insights on her first year as a non-executive director of a financial services organisation.

> Statement of Compliance

The Company is subject to the 2018 UK Corporate Governance Code (the Code), which is publicly available at www.frc.org.uk. The Company has, throughout the year ended 31 December 2020, applied the principles of, and complied with the provisions of, the Code except in relation to the following:

Provision 15 of the Code recommends that additional external appointments for directors should not be undertaken without the prior approval of the Board. The Board has established a process for approving such appointments which it considers to be effective. The process requires directors to inform the Chair of any proposed external appointment. The Chair then assesses the proposed appointment and either approves it or, where the Chair considers it appropriate, including in any situation where there may be a potential conflict with the director's role on the Man Group Board, refers the matter to the full Board for consideration and approval. A full description of the process is on page 77.

Provision 33 of the Code requires that the Remuneration Committee (the Committee) should have delegated responsibility for setting the remuneration of the Chair. The terms of reference of the Committee provide that the Committee has authority to recommend to the Board but not to approve the remuneration of the Chair. This is because the Board believes that in order to provide transparency and allow the views of all directors, executive and non-executive, to be taken into account, it is appropriate for all Board members to provide input into determining the Chair's remuneration.

Diversity

The Board recognises the value of diversity, in its broadest sense. Following the appointments of Lucinda, Anne and Ceci, we are pleased to report that we now have gender parity on our Board. We are also pleased to report that our Board meets the ethnic diversity targets set out by the Parker Review. In recognition of the importance that the Board places on diversity and the benefits that having a diverse Board brings, we have included some additional diversity data on our Board members on page 63. We will always be mindful of diversity when making any future appointments in line with our Board diversity policy, which is set out on pages 88 and 89.

People and culture

Perhaps unsurprisingly, the Board has spent a significant amount of time during 2020 and the early part of 2021 understanding how Man Group's people have coped during these exceptional and uncertain times, as well as the initiatives put in place by the management team to support the health and well-being of staff. The Board received an update on this at every Board meeting with additional meetings held in March and June, at which Luke Ellis outlined the Company's initial response to the pandemic and, once the restrictions had been eased, set out the plans to enable those who wished to return to the office to do so and the measures in place to ensure their safety.

Our Board members with specific employee engagement responsibilities, Kate Barker and Zoe Cruz, continued their formal employee engagement programme, albeit remotely, and shared the output of this with the Board. Further details on employee engagement, including examples of engagement that took place outside of the formal programme, are set out on page 74. We intend to review the current employee engagement model during 2021 and consider alternative options to ensure that we are able to engage with employees in the most effective way.

Technology and remote working

As a result of the COVID-19 pandemic, all Board and Committee meetings since March 2020 have been held virtually. Whilst we are keen to meet again in person, we recognise the importance of technology in helping us to remain connected with other Board members and members of the management team.

As was the case for most other companies, our 2020 AGM was also held virtually which, once again, highlighted the importance of technology in enabling us to communicate effectively with our shareholders and other stakeholders. We received positive feedback from shareholders and from the FRC on our decision to hold a meeting with facilities to allow shareholders to ask the Board questions on a real-time basis. Further details are set out in the stakeholder engagement section of this report on page 73.

The Board has also considered developments in Man Group's technology, particularly in the context of the competitive advantage that it provides. We focused on investment in technology as part of the discussions on AHL TargetRisk and Central Trading and received a demonstration of Man Group's ESG analytics tool which enables clients to incorporate ESG into their own investment objectives.

Environmental, Social and Governance (ESG) matters

One of the key areas that the Board focused on in 2020 was around progress that had been made by the Company on its commitment to ESG matters.

We discussed Man Group's corporate climate change strategy, the approach to align the Group's climate change disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) in our Annual Report and Man Group's Corporate Social Responsibility (CSR) booklet which acts as a single reference point to enable stakeholders to learn about Man Group's broad range of CSR initiatives. The Responsible Investment leadership team also presented to the Board on the performance of Man Group's ESG strategies and growth opportunities in this area as well as the risk management and governance supporting Man Group's approach to responsible investment within its portfolios.

Priorities for 2021

As a result of the pandemic, we decided to defer the full-day strategy session usually held in June to such time as we could all meet again in person. Given the continuing travel restrictions and government guidance on in-person meetings, we decided to allocate time to strategy discussions in our regular Board meetings in the latter part of 2020 and have arranged two dedicated strategy sessions in H1 2021.

I'd like to thank all of our people worldwide for their outstanding resilience so far during the pandemic and for going that extra mile. The achievements of the Company stand as a testament to what everyone at Man Group did that was so special during 2020.

John Cryan
Chair

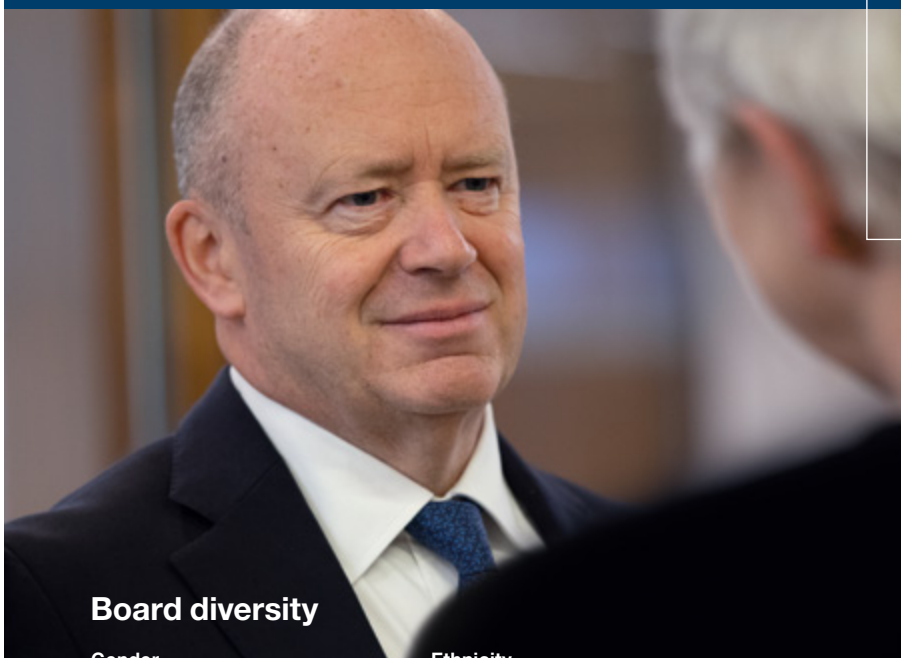
Board experience

International business
100%

Finance
90%

Operational
80%

Risk management
80%

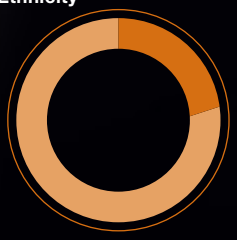


Board diversity

Gender

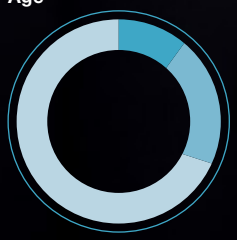
Male	50%
Female	50%

Ethnicity



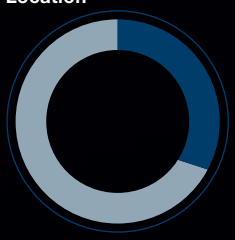
Black, Asian and ethnically diverse	20%
Ethnic majority	80%

Age



35–44	10%
45–54	20%
55+	70%

Location*



US based	30%
UK based	70%

* In normal circumstances, John Cryan and Anne Wade split their time between the UK and US.

A balanced and effective team

○ Executive director
● Non-executive director

Committees key

N Nomination (Chair)
R Remuneration (Chair)
A Audit and Risk (Chair)
N Nomination
R Remuneration
A Audit and Risk

John Cryan ● N R
Chair

Appointed: January 2015. Chair: January 2020

Areas of expertise and contribution: John has broad knowledge of international financial markets gained from experience at leading global financial institutions and brings significant knowledge of the regulatory environment in which Man Group operates.

Background and career: John is Chair of XCyber Group Limited, a cyber intelligence company based in the UK. John was CEO of Deutsche Bank AG from July 2016 to April 2018, having previously served as co-CEO from July 2015. Prior to his appointment as CEO, John served on the Supervisory Board of Deutsche Bank AG, as Chair of its Audit Committee and as a member of its Risk Committee. Prior to this, he held a number of senior roles at UBS AG over a career spanning more than 25 years with the banking group, during which time he served as Group CFO as well as Chairman and CEO of UBS AG, EMEA. Following his time at UBS AG, John was President of Temasek, based in Singapore.

Luke Ellis ○
Chief Executive Officer (CEO)

Appointed: September 2016

Areas of expertise and contribution: Luke has a strong and varied investment management background and extensive knowledge of Man Group. Since his appointment as CEO, Luke has led the Group in diversifying its product range and increasing its international presence. He provides strong leadership and plays a critical role in instilling a positive corporate culture across the organisation.

Background and career: Prior to his appointment to the Board, Luke served as President of Man Group from 2012, with responsibility for the management of Man Group's investment businesses. Before this, he was Head and CIO of Man Group's Multi-Manager Business and Non-Executive Chair of GLG's Multi-Manager activities. Luke previously served as Managing Director of FRM from 1998 to 2008, prior to which he was a Managing Director at J.P. Morgan in London.

Mark Jones ○
Chief Financial Officer (CFO)

Appointed: January 2017

Areas of expertise and contribution: Mark has significant management, financial and operational experience gained through his previous roles at Man Group. This experience, together with his substantial industry knowledge, has supported the development of the Group's strategy and offering to clients. Since his appointment as CFO, Mark has brought clear focus on cost through the delivery of challenging cost saving initiatives, led the work on our corporate restructure, and has successfully overseen a number of changes to the structure of the Group's Risk function, as well as the implementation of the Finance and HR system, Workday.

Background and career: Before joining the Board, Mark served as Co-CEO of Man GLG from 2013 and COO of Man GLG from 2010. Mark joined Man GLG in 2005 from strategy consulting firm McKinsey, where he worked across a range of industries.

Richard Berliand ● R A N
Senior Independent Director (SID)

Appointed: January 2016

Areas of expertise and contribution: Richard has a wealth of experience in the financial services sector gained through a number of senior executive roles. He also brings extensive experience from a diverse range of international non-executive positions which gives him a deep understanding of areas such as the current regulatory environment, risk management and technology. Richard's focus on investor engagement through his role as Chair of the Remuneration Committee and SID has provided valuable context to Board decisions, specifically in relation to remuneration policy and practice.

Background and career: Richard held a number of senior roles at J.P. Morgan over a 23-year career at the firm, including Global Head of Prime Services, Global Head of Cash Equities and Chair of J.P. Morgan's Market Structure practice. Richard is currently Chair of TP ICAP plc.

Dame Katharine (Kate) Barker ● R
Independent non-executive director

Appointed: April 2017

Areas of expertise and contribution: Kate has over 30 years' experience as a senior business economist with broad-ranging knowledge of monetary and public policy, and the financial services sector. Kate brings to Man Group strategic thinking and economic insight coupled with a strong knowledge of financial markets and is a valuable adviser and contributor to the Board.

Background and career: Kate was previously a member of the Bank of England's Monetary Policy Committee from 2001 to 2010 and prior to that, she was Chief Economic Adviser to the Confederation of British Industry. Her previous roles include Senior Adviser to Credit Suisse from 2010 to 2016 and a non-executive director of the Yorkshire Building Society and Taylor Wimpey plc. Kate was awarded a CBE in 2005 for services to social housing and a DBE in 2014 for services to the British economy. She is currently a member of the Saunderson House Investment Committee and is Chair of Trustees for the British Coal Staff Superannuation Scheme, the Universities Superannuation Scheme and Chair of the Jersey Fiscal Policy Panel.

Lucinda Bell A N
Independent non-executive director

Appointed: February 2020

Areas of expertise and contribution: Lucinda has extensive financial expertise as well as experience in Environmental, Social and Governance matters. She has significant listed company experience acquired through her role as CFO at The British Land Company PLC. She also has solid experience as an Audit Committee member and Chair.

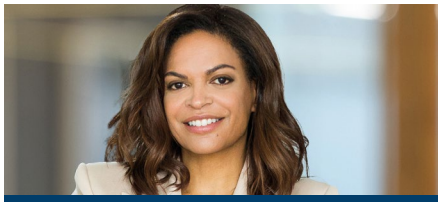
Background and career: Lucinda served as CFO of The British Land Company PLC from 2011 to 2018, where she also led on sustainability. Prior to that, she held a range of finance and tax roles at British Land. Lucinda previously served as a non-executive director and Chair of the Audit Committee at Rotork plc from 2014 to 2020. Lucinda is currently a non-executive director and Chair of the Audit Committee at Derwent London plc, and a non-executive director of Crest Nicholson Holdings plc. She is national Trustee and Treasurer of Citizens Advice, where she also chairs the Audit and Risk Committee.

Zoe Cruz R
Independent non-executive director

Appointed: June 2018

Areas of expertise and contribution: With her senior-level experience within global financial institutions, broad understanding of the macro context for investment management, and her strong US perspective, Zoe is a valuable contributor to the development of Man Group's business strategy and risk management.

Background and career: Zoe held various senior roles during a 25-year career at Morgan Stanley, including serving as Co-President of the firm between 2005 and 2007 and Global Head of Fixed Income, Foreign Exchange and Commodities from 2001 until 2005. Following her time at Morgan Stanley, Zoe founded Voras Capital Management in 2009 and ran the firm as CEO until 2013. She was also a non-executive director of Old Mutual plc from 2014 until its managed separation completed in 2018. Zoe founded EOZ Global, a single family office based in New York, and currently serves as its CEO. She is also CEO and Founder of Menai Financial Group.



Cecelia (Ceci) Kurzman
Independent non-executive director

Appointed: February 2020

Areas of expertise and contribution: Ceci has gained substantial experience within marketing, brand management and technology, specifically digital media and digital endorsement, throughout her career. She has significant experience with company launches, funding growth stage businesses and strong entrepreneurial skills.

Background and career: Ceci founded and is currently the President of Nexus Management Group. Prior to this she spent eight years at Sony as Vice President of Global Marketing for Epic Records and at Arista Records where she led marketing and artist development functions. Ceci currently serves as a non-executive director on the Board of Revlon where she is also a member of the Audit and Compensation Committees. She is also a non-executive director of Warner Music Group.

Dev Sanyal A
Independent non-executive director

Appointed: December 2013

Areas of expertise and contribution: Dev has extensive knowledge of capital markets, asset and risk management, trading and foreign exchange gained from his role as BP Group Treasurer and Chair of BP Investment Management Ltd. With broad international experience and wide ranging operational expertise, he is able to contribute to the development and execution of Man Group's business strategy and global relationships.

Background and career: Dev has held a number of senior financial and line management positions with BP in a global career spanning 30 years. Dev is currently Executive Vice President of Gas and Low Carbon Energy and a member of the Group Executive Committee at BP.

Anne Wade R
Independent non-executive director

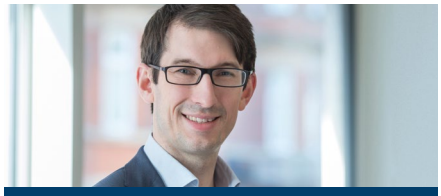
Appointed: April 2020

Areas of expertise and contribution: Anne brings over two decades of experience in investment management to the Board, including traditional fund management as well as experience in the areas of social finance, ESG and impact investment.

Background and career: Anne held a number of senior roles in research and equity investment during her 17-year career at Capital International, including Senior Vice President and Director. Anne is currently a non-executive director of Summit Materials Inc; a Partner in Leaders' Quest; and a Trustee of both Big Society Capital Ltd and The Heron Foundation. She also served as a non-executive director and Chair of the Remuneration Committee on the Board of John Laing Group plc until January 2021.

Managing the business, implementing strategy

Luke Ellis
CEO



Mark Jones
CFO

Biographies for the CEO and CFO are set out in the Board of Directors section on page 64.

Key activities of the Senior Executive Committee during 2020

In normal circumstances, the Senior Executive Committee (Senior ExCo) meets on a weekly basis to maintain its broad operational oversight of the business, discuss top-level strategic and risk issues and develop proposals for Board review, which is supplemented by informal interaction to share and test views. However, in 2020, the Senior ExCo met on a daily basis during the early stages of the pandemic to discuss its ongoing response and the plans in place to support the well-being of Man Group's employees.

In addition to these regular management meetings, the Senior ExCo members hold formal quarterly governance and business oversight meetings. The key areas of discussion and focus at the meetings held in 2020 are set out below:

- Noted key decisions made at regular meetings, including:
  - Key themes arising from the 2020 staff survey
  - Plans around the co-location of staff based in London to Riverbank House in 2021
  - Closures/re-opening of offices globally, taking account of local government advice
  - Succession planning
  - Leadership changes within business units
  - Establishment of Man Group's Quantitative Alpha Research Lab in Bulgaria
  - Creation of Man Data Science
- Considered areas of discussion at, and actions arising from, Man Group plc Board and Committee meetings and agreed plans to address these actions
- Reviewed and discussed the output of quarterly business presentations from Man GLG, Man AHL, Man FRM/Man Solutions, Sales, Central Trading and Alpha Technology
- Reviewed output of ExCo offsite held in early 2020
- Received updates on and discussed the Group's financial performance
- Received People and Culture updates and discussed issues relating to HR, Talent, and Diversity and Inclusion
- Considered matters relevant to each of the 'UK/EEA' and 'Rest of World' sub-groups

Robyn Grew
Group COO and General Counsel

Background and career: Robyn is Group COO and General Counsel of Man Group. She was previously Man Group's Chief Administrative Officer and, before that, was Global Head of Legal and Compliance having previously been Man GLG's Chief Compliance Officer.

Before joining Man GLG in 2010, Robyn held senior positions at Barclays Capital and, prior to that, at Lehman Brothers and LIFFE.

Key areas of responsibility: Infrastructure, which covers: Operations, Core Technology, Compliance, Legal, Human Resources, Talent, Business Operational Risk and Resilience, Financial Crime and Corporate Real Estate.

Shanta Puchtler
President

Background and career: Shanta is President of Man Group. He was previously CEO of Man Numeric and, before that, was Head of Research at Man Numeric.

Prior to joining Man Numeric in 1999, Shanta was an electronic commerce technology analyst at Forrester Research, a Massachusetts-based market research firm. He also helped to start an electronic commerce company which focused on the analysis of online buying behaviour.

Key areas of responsibility: Man GLG, Man FRM/Man Solutions, Man Data Science and Man Group's Quantitative Alpha Research Lab in Bulgaria.

Sandy Rattray
CIO

Background and career: Sandy is Chief Investment Officer of Man Group. He is also a member of the Man Group Responsible Investment Committee. He was previously CEO of Man AHL from 2013 to 2017, and CIO of Man Systematic Strategies from 2010 to 2013.

Before joining Man Group in 2007, Sandy spent 15 years at Goldman Sachs where he was a Managing Director in charge of the Fundamental Strategy Group. He also ran Equity Derivatives Research at Goldman Sachs in London and New York.

Sandy is a co-inventor of the VIX index and is a director of MSCI Inc.

Key areas of responsibility: Man AHL, Man Numeric, Central Trading and Alpha Technology.

Governance structure

Key

- Flow of information to the Board
- Delegated authority from the Board

Board

Role of the Board

The Board's core role is to act in the best interests and promote the long-term success of the Company for the benefit of its members, with due regard to the interests of other stakeholders.

This requires it to:

- Determine and review business strategy and Man Group's appetite for risk
- Monitor management performance in delivering against that strategy
- Ensure that risk management measures and internal controls are appropriate and effective
- Oversee and monitor the embedding of and adherence to the Company's business values
- Ensure that the Company's financial structure, resources, talent and culture will support long-term growth

In discharging this role, the Board also has regard to the interests of a wide range of stakeholders, including employees, customers, suppliers and broader communities, in order to build mutual trust and support the long-term sustainability of the business.

Matters reserved for the Board

To discharge its role, the Board has reserved certain key areas of decision making including business strategy, risk appetite, material acquisitions and disposals, capital structure and funding, financial reporting and dividend policy. A full list of the Board's reserved matters is available on our website at www.man.com/corporate-governance.

Board Committees*

Audit and Risk Committee

- Reviews the integrity of the Company's financial reports and statements, and recommends their approval to the Board
- Recommends to the Board the appointment of the external auditor and reviews their effectiveness and independence
- Approves the Internal Audit plan and reviews the effectiveness of the Internal Audit function and management's response to their findings
- Reviews and reports to the Board on the effectiveness of Man Group's risk management and internal controls framework

Go to page 80.

Remuneration Committee

- Determines and recommends to the Board the principles and structure of the Directors' Remuneration Policy
- Approves the total annual compensation for individual executive directors including salary, variable cash and deferred bonus, and LTIP awards
- Approves the quantum of the Company's annual variable compensation pool and deferral policies
- Approves the total annual compensation for Executive Committee members and Remuneration Code staff
- Reviews feedback from shareholders and oversees the Company's engagement on directors' remuneration and reporting

Go to page 90.

Nomination Committee

- Keeps the Board's size, structure, composition and diversity under review in response to business needs and opportunities
- Considers the skills, experience and knowledge required for Board appointments
- Conducts the search and selection process for new directors, taking advice from independent search consultants
- Recommends to the Board preferred candidates for Board appointment
- Reviews Board and senior management development and succession planning to ensure continuity of resource

Go to page 86.

* Full Committee terms of reference, which are reviewed and approved by the Board on an annual basis, can be found on our website. Details of the work of the Committees during the year are given in the separate Committee reports in this Annual Report.

Board delegation to the CEO

All business decisions and activities which are not reserved for the Board and its committees are delegated to Luke Ellis as CEO.

CEO

CEO's operating authorities and procedures

To help manage and control the business on a day-to-day basis, the CEO has implemented a framework of delegated authorities and procedures which applies throughout the firm. This framework sets out authority levels and controls in respect of material business change, the development of Man Group's product range, non-budgeted expenditure, recruitment and compensation, legal agreements, financial guarantees and use of the Company's balance sheet.

Senior Executive Committee

The CEO is assisted in the day-to-day management of the firm by the Senior ExCo, from which the Board receives updates at each meeting through the CEO report. The Senior ExCo is responsible for implementing the Company's global business strategy and ensuring the strategy is appropriately disseminated and actioned accordingly within the Company's two distinct sub-groups in line with the delegated authorities framework. Further details on the Senior ExCo are available on the opposite page.

Board roles and responsibilities

Board key roles

Chair

- Leads the Board, sets its agenda and ensures it discharges its role effectively
- Supports and constructively challenges the CEO, promotes effective relationships between executive and non-executive Board members, and creates a culture of open debate
- Leads, with the support of the Nomination Committee, effective Board succession planning and the search for and appointment of new directors, taking account of the need for the development of Board skills, experience and diversity
- Ensures that the Board maintains effective engagement with shareholders and takes account of the interests of all stakeholders in its decision making

Chief Executive Officer

- Has responsibility for the day-to-day management of the business with appropriate delegated authorities, risk management and internal controls
- Develops, for Board approval, business strategy and management's delivery against it
- Leads the Senior Executive Committee (see page 66), which is responsible for developing and implementing the Group's strategy
- Communicates a shared purpose and set of business values and builds management talent
- Works closely with the Chair and leverages the knowledge of non-executive Board members
- Maintains an effective dialogue with shareholders on the Company's strategy and performance

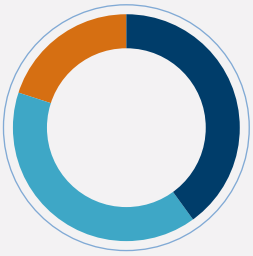
Chief Financial Officer

- Manages the allocation and maintenance of the Group's capital, funding and liquidity in accordance with regulatory requirements
- Has responsibility for the preparation and integrity of the Group's financial information and its reporting
- Leads the development of annual budgets and Medium Term Plans for Board approval
- Has responsibility for the Group's risk management within the Board's risk appetite statements
- Maintains an effective dialogue with shareholders and stakeholders on the performance and financial structure of the Group
- Has responsibility for and leads the Group's corporate development strategy, including merger and acquisition activity

Senior Independent Director

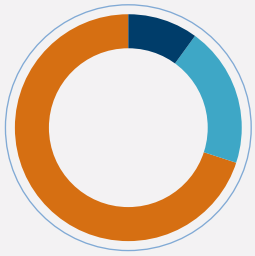
- Maintains a broad overview of the work of the Board and its Committees
- Provides a sounding board for, and advice to, the Chair on Board matters including development and succession planning
- Acts as a point of contact for communications with the non-executive directors as required
- Leads the annual performance evaluation of the Chair
- Leads the search for the appointment of a new Chair
- Engages with shareholders

Board tenure



- 0-3 years 40%
- 3-6 years 40%
- 6+ years 20%

Board composition



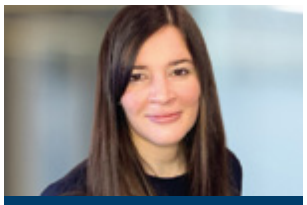
- Chair 10%
- Executive directors 20%
- Independent non-executive directors 70%

Non-executive directors

- Contribute and provide constructive challenge to the development of business strategy
- Contribute to the identification of principal business risks and the determination of risk appetite
- Monitor and challenge management performance in delivering business strategy and objectives
- Monitor and challenge the effectiveness of the internal control and risk management framework
- Monitor the Company's compliance with the regulatory principles and requirements impacting asset management and distribution
- Review and challenge, prior to publication, the Company's financial statements and announcements
- Keep Board composition and succession planning under review in light of changing business needs and recommend any changes to be considered

Company Secretary

- Advises the Board on corporate governance matters, ensuring good governance practices
- Supports the Board and Committees in discharging their respective roles
- Maintains the books and records of the Company and prepares minutes of Board and Committee meetings
- Facilitates the induction, and ongoing training and professional development, of non-executive directors to support them in carrying out their responsibilities
- Monitors and ensures compliance with company law, Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation
- Organises Man Group plc's AGM and other shareholder meetings
- Acts as the main point of contact for retail shareholders



Elizabeth Woods
Company Secretary

Elizabeth joined Man Group in February 2014 as Senior Assistant Company Secretary. She was appointed Deputy Company Secretary in March 2017 and became Company Secretary in August 2019.

Before joining Man Group, Elizabeth held company secretarial roles at PwC Legal and Capita, where she was responsible for delivering company secretarial support and corporate governance advice to a portfolio of clients including FTSE and AIM listed companies, and at Mobeus Equity Partners where she was Company Secretary of a number of Venture Capital Trusts.

> Board meeting attendance

The table below shows Board meeting attendance in 2020:

Board member	Attendance	Board member	Attendance
John Cryan	8/8	Andrew Horton	3/3
Kate Barker	8/8	Mark Jones[1]	7/8
Lucinda Bell	7/7	Ceci Kurzman	7/7
Richard Berliand	8/8	Matthew Lester	1/1
Zoe Cruz	8/8	Dev Sanyal	8/8
Luke Ellis	8/8	Anne Wade	6/6

1 Mark Jones was not able to attend the Board meeting held in June due to the birth of his child. This meeting was held at short notice and was convened to discuss plans to enable employees to return to the office. Mark was heavily involved in developing these plans along with the rest of the Senior ExCo. He highlighted and discussed any Finance and Risk related points with the Chair and CEO ahead of the meeting and was responsible for ensuring any relevant follow-up actions were addressed and implemented.

> Other information

Certain additional information in relation to the Company's share capital, the powers of the directors and amendments to the Articles of Association that is required to be disclosed in the Corporate Governance report pursuant to D.T.R 7.2.6 may be found in the Directors' report on pages 118 to 119.

Board activities

Link to strategy
1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

Relevant stakeholder group
- S Shareholders
- C Clients
- E Employees
- C Communities and the Environment
- B Business Partners and Suppliers

> Activity	> Outcomes	> Strategy/stakeholders
Strategy and Business Development		
Discussed approach to strategy and considered topics for 2021 strategy sessions	Considered potential topics for discussion at 2021 strategy sessions, reviewed the current strategy in the context of the industry environment, discussed associated key risks and debated high-level alternative strategic options.	1 2 3 4 S C E C B
Assessed COVID-19 impact on business model	Discussed response to the pandemic including business continuity plans, transition to remote working, support in place for employees, Company performance and changes in the market environment. Reviewed Man Group's COVID-19 Return to Office plan against government issued guidance and considered operational impact.	2 3 S C E C B
Considered investor engagement approach	Considered possible changes to the existing investor engagement approach and messaging, taking account of market-wide comparatives and broker feedback.	4 S
Discussed ESG and RI strategies and initiatives Further details can be found within our 'Responsible Investment' section on pages 48 to 51 and our 'Environmental Impact' section on pages 52 to 54.	Reviewed climate change strategy, progress on climate-related disclosures and targets, and integration of climate factors into emerging risk tracking. Discussed the increasing importance of RI to institutional and other investors, Man Group's RI strategy and fund framework, performance of ESG strategies and growth opportunities and Man Group's proxy voting framework. Received a demonstration of Man Group's ESG analytics tool which analyses and compares ESG data at a portfolio, company and index level and discussed client feedback on the tool.	1 2 3 4 S C C
Reviewed Man Group's Sales function	Reviewed and discussed the Sales strategy and client and product prioritisation and engagement processes. Considered areas of focus for 2021 and beyond through promotion of newly established strategies and launch of new products.	1 2 3 4 C
Reviewed AHL TargetRisk programme	Discussed commercial opportunities and potential growth in AHL TargetRisk strategies following its strong 2019 performance.	1 2 3 4 C
Reviewed Central Trading programme	Discussed progress to date, potential for further possible trading-related cost savings, opportunities resulting from the changing market environment and areas for additional investment.	1 2 3 C
Risk Management		
Analysed Man Group's emerging and principal risks Further details are on page 33-37.	Assessed likelihood and impact of emerging risks and changes implemented following Board feedback. Discussed, challenged and approved the principal risks and risk management disclosures in the annual and interim reports.	1 2 3 4 S C E C B
Reviewed Risk Appetite and Governance Framework	Approved revised Risk Appetite and Governance Framework which had been adjusted, in response to Board feedback, to provide a greater focus on qualitative risk appetite statements.	1 2 3 4 S C E C B
Assessed effectiveness of risk management and internal controls Further details are on page 33.	Reviewed and challenged Man Group's systems of risk management and internal controls and concluded that these were effective.	1 2 3 4 S C E C B
Reviewed COVID-19 risk management processes	Received updates from the Audit and Risk Committee Chair on Man Group's response to COVID-19 and areas of perceived increased risk due to the remote working environment.	1 2 3 4 S C E C B
Discussed IBOR transition programme	Received updates on Man Group's IBOR Transition Programme, considered industry-wide transition challenges and discussed progress made in delivering the project ahead of the 31 December 2021 deadline.	2 3 S C B
Considered risk impact and outcomes of possible 'Hard Brexit'	Endorsed Hard Brexit risk mitigation plans ahead of the end of the Brexit transition period, discussed possible impacts and risks to the financial services industry, including liquidity and market infrastructure access and actions taken by management to mitigate these risks.	1 2 3 4 S C E C B

Board activities

- Innovative investment strategies 26%
- Strong client relationships 17%
- Efficient and effective operations 21%
- Returns to shareholders 18%
- Governance and other 18%

> Activity	> Outcomes	> Strategy/stakeholders
Financial Performance and Returns to Shareholders		
Monitored performance and capital position	Reviewed revenue and profit forecasts against budget, KPIs and strategic priorities and considered performance against market consensus estimates.	3 4 S
Approved Revolving Credit Facility (RCF) extension	Discussed and approved extension to maturity date of the Group's $500 million RCF, considering it to be in the best interests of the Company.	3 B
Approved 2021 Budget and 2021-23 Medium Term Plan (MTP)	Approved the 2021 Budget and 2021-23 MTP having reviewed the underlying assumptions for net flows, performance, revenue margins and costs.	3 4 S C E C B
Recommended and approved final and interim dividends	Recommended 2019 final dividend to shareholders which was subsequently approved at the 2020 AGM and approved payment of 2020 interim dividend.	4 S
Approved $100m share buyback programme	Approved the launch of a further $100 million share buyback programme having assessed the merits of using any projected surplus capital for further capital return to shareholders as opposed to its retention for potential value-adding acquisitions.	4 S
Approved change to financial KPI Further details are on page 22.	Scrutinised and approved proposal to change net flows KPI to relative net flows for 2020 to reflect benchmark performance against industry peers and better represent performance that management is able to control.	3 4 S
Approved change to dividend policy Further details are on pages 7 and 170.	Considered, challenged and approved a move to a progressive dividend policy in respect of the 2020 final dividend and all future dividends.	4 S
People and Culture		
Assessed and monitored culture	Assessed and monitored Man Group's culture through regular people and culture updates from the CEO, dedicated Board meetings focused on people-related matters, consideration of themes arising from the employee engagement programme and the results of the 2020 employee survey (see below for further details).	3 E
Discussed employee engagement Further details are on page 74.	Received updates on themes arising from employee engagement programme as well as management's monitoring of culture and employee well-being in the COVID-19 environment. Endorsed management efforts to continue to deliver its DRIVE and BEAM initiatives remotely.	3 E
Analysed 2020 employee survey results Further details are on page 74.	Discussed output of 2020 employee survey which included specific questions on senior management communications and leadership around the pandemic. Assessed progress made on themes identified in the 2019 survey.	3 E
Approved appointment of non-executive directors	Discussed and approved appointments of Lucinda Bell, Anne Wade and Ceci Kurzman as non-executive directors, recognising the new perspectives they bring to the Board to assist it in delivering on its role in shaping a strong corporate culture.	1 2 3 4 S C E C B
Considered Corporate Social Responsibility (CSR) initiatives	Reviewed and provided feedback on Man Group's CSR booklet. Approved continued sponsorship of King's Maths School and funding to Man Group plc Charitable Trust.	3 E C
Approved Employee Sharesave Offer 2020	The Board, considering it to be an effective way of rewarding and incentivising employees over the long term, approved the offer of the 2020 Sharesave Scheme.	3 4 S E

For more information on our strategy see pages 14 and 15.

For more information on our stakeholder groups see pages 72 to 75.

Stakeholder engagement

Engaging with stakeholders is crucial to Man Group's business and enables the Board to make better informed decisions for the long-term benefit of the Company and its stakeholders.

The Board seeks to engage with stakeholders in an open, constructive and transparent manner and makes a conscious effort to ensure stakeholder views are considered as part of its decision-making process. Our s.172(1) statement on pages 42 and 43 identifies how the Board has regarded the interests of stakeholders when making key decisions, including any long-term implications and conflicting stakeholder requirements. This section seeks to add to our s.172(1) statement by identifying how the Board has engaged with each stakeholder group and summarises the outcomes of such engagement efforts.

"The Board seeks to engage with stakeholders in an open, constructive and transparent manner and makes a conscious effort to ensure stakeholder views are considered as part of its decision-making process."

Shareholders

We are committed to proactive and ongoing engagement with shareholders and believe it is imperative to provide our shareholders with reliable, timely and transparent information.

How the Board engaged and responded

- As a result of the UK Government measures relating to public gatherings, it was not possible to hold our 2020 Annual General Meeting (AGM) with shareholders attending in person as originally planned. The Board was, however, keen for shareholders to directly participate and therefore decided to hold the AGM via a live webcast. This gave shareholders the opportunity to listen to the AGM and ask the Board questions on a real-time basis. Further details on the 2020 AGM are set out below.

> 2020 AGM

COVID-19 prevented the Company from holding its usual in-person AGM in May 2020. The Board nonetheless felt that it was important to give shareholders the opportunity to ask questions of the directors in real time, particularly given the pandemic. The Company released an announcement to the market in April 2020 updating shareholders on the revised arrangements for the AGM.

The Company held the AGM with the CFO and Company Secretary constituting the formal shareholder quorum at the Company's offices with all other directors attending virtually. Shareholders were able to watch the meeting via video conferencing, received live presentations from the Chair, CEO and CFO and were able to submit questions through the 'chat' function.

Both the shareholders who joined, and the Financial Reporting Council (FRC) thereafter, commended the Company on its efforts to engage with its shareholders and deliver a seamless meeting in challenging circumstances. In the interests of the safety of our shareholders, employees and wider society, the Company intends to hold the 2021 AGM in a similar format to last year's meeting.

- In the second half of 2020, Richard Berliand, as Chair of the Remuneration Committee, consulted extensively with some of the Company's largest shareholders on a number of proposed changes to the Directors' Remuneration Policy. Following this engagement process, the Remuneration Committee and Board decided to roll forward the existing policy for a further 12 months whilst also aligning the post-employment shareholding requirement for our executive directors with the Investment Association's principles. Further details are set out on pages 111 to 117.
- The Board considered and approved an asset reunification programme conducted by the Company's registrar, EQ, which aimed to reunify shareholders with their Man Group plc shares, together with any unclaimed dividends attached to those shares. As a result of this programme, 187,663 shares and c.£304k worth of dividends were returned to shareholders. Further details can be found on page 43.
- The Company has in place an Investor Relations (IR) programme through which the Head of IR, CEO and CFO maintain a continuous dialogue with investors on performance and strategic objectives. Fifteen events were held throughout the year and from March onwards, all meetings and roadshows were held virtually.
- The Board received regular IR updates on changes in Man Group's shareholder base and key themes on shareholder sentiment. In addition, the Head of IR attended the Board meeting in July 2020 to discuss particular areas of investor interest including Man Group's response to COVID-19, performance, drivers of future growth, cost base and capital return policy.

Clients

Our clients are at the heart of everything that we do. Regular engagement with our clients enables us to respond to their evolving needs and supports us in cultivating and maintaining long-term partnerships.

How the Board engaged and responded

- The Board has delegated engagement with clients to the senior management team, with input from the executives where appropriate. The Board received regular updates on key client relationships via the CEO report presented at each Board meeting.
- The Board reviewed and discussed with the Sales team the analysis of Man Group's client universe, the focusing of resource on key target relationships, the strategy to increase the value of assets held by clients invested in more than one Man Group product and the actions in place to protect assets perceived to be most at risk.
- The Board received an update from the Responsible Investment (RI) leadership team on Man Group's approach to RI within its portfolios and received a demonstration of the ESG analytics tool which enables clients to analyse and compare ESG data at a portfolio, company and index level.
- The Board discussed the success of virtual client briefings and Q&A sessions hosted by the CIO and portfolio managers which aimed to build relationships with clients and provide updates on how Man Group is navigating key market trends.

Stakeholder engagement continued

Employees

Our employees are integral to the success of our organisation. Maintaining an engaged and motivated workforce allows us to continue to deliver a high level of service to our clients. Listening to their views enables us to continually evolve and remain an employer of choice. This in turn positions us to recruit and retain the best talent. The Board has appointed Kate Barker and Zoe Cruz as the designated non-executive directors responsible for leading the employee engagement programme.

How the Board engaged and responded

- During 2020, the Board received updates from Kate Barker and Zoe Cruz on the key themes and trends arising from the Board's engagement with employees (further details below). The Board discussed the existing engagement model and agreed to formally review this, together with alternative options in 2021 to ensure that it is able to engage with employees in the most effective way.
- A number of Board members (John Cryan, Lucinda Bell, Anne Wade and Ceci Kurzman) hosted virtual sessions with employees where they discussed their career history and advice they had received in their various roles and answered a range of questions raised by employees.
- The Board considered updates on Man Group's people at every meeting and two additional Board meetings were held during the year to discuss the support available to employees during the pandemic as well as the plans in place to enable those who wished to return to Man Group offices to do so safely.
- The Board considered the output of the 2020 employee survey which included specific questions on senior management communications and leadership around the pandemic and assessed progress made on the themes identified in the 2019 employee survey.

> Employee engagement

During 2019, Kate Barker and Zoe Cruz conducted a series of discussions with employees from various business units across the Group. As a result of this engagement programme, the following areas were identified as requiring further focus in 2020:

- **Increased communication from the Board on strategy and growth**
- **Greater consideration by the Board on diversity within the workforce**
- **Enhanced communications with regional offices**

How we addressed these themes during 2020

- Members of the Board, including the Chair, held Q&A/panel sessions with employees during the year, providing detail on their roles, as well as how their career paths had developed. The sessions were facilitated through Man Group's DRIVE and Women at Man (WAM) initiatives.
- The Chair met with Executive Committee members individually to discuss how their teams were responding to the remote working environment and any issues or challenges they were facing. He also met with various individuals when he visited the Company's US offices in early 2020.
- In recognition of the importance of the US business, the Board has committed to holding at least one Board meeting each year at the Company's US offices. Unfortunately, as a result of the pandemic, the Board was not able to meet in the US during 2020 but intends to do so in 2021 if the circumstances allow.
- Employees were encouraged to provide their views through the dedicated employee engagement email address.
- Weekly emails were sent by Luke Ellis updating employees across the globe on the market environment, business performance and personal employee news. These updates were very well received, and many employees highlighted this in their response to the employee survey.
- The Board usually has the opportunity each year to meet with Executive Committee members over dinner. Despite not being able to do so in 2020, the Board is keen to reintroduce these informal meetings at such time as the circumstances allow, to enable Board members to continue to build relationships with the senior management team.

Engagement during 2020 and our response

In 2020, Zoe and Kate continued to lead the employee engagement programme and held virtual sessions with individuals from across the business. As well as seeking feedback on the themes that were identified in the 2019 engagement programme, Zoe and Kate were keen to hear from employees on their experience of working remotely during the pandemic. The following themes were reported to and discussed by the Board:

- Strong and supportive culture across the organisation.
- Transition to remote working, support and flexibility had been excellent.
- Well-being initiatives such as the 'virtual coffee club' and global team quizzes had been well received by employees.
- Cross-team collaboration had been strong despite the remote working environment.
- Supportive of the agile working model becoming the 'new normal'.

Communities and the Environment

We believe we have a responsibility to contribute to the local communities in which we work.

How the Board engaged and responded

- The Board received updates on the activities undertaken by the UK and US Charitable Trusts and agreed to commit further funding to these. It also received a specific update on Man Group's sponsorship of King's College London Maths School and the progress made following the donation approved by the Board the previous year.
- The Board approved a share forfeiture programme (further details are set out on page 43) and agreed that the net proceeds from the exercise should be used to fund the Man Group plc Charitable Trust.
- The Board was updated on various community-wide initiatives introduced as a result of the pandemic including the opportunity provided to every employee to expense a £500 donation to their local foodbank in recognition of the challenges around food shortages experienced by many in the community.
- The Board considered and discussed Man Group's climate change strategy and reviewed and provided feedback on Man Group's Corporate Social Responsibility booklet which can be found at www.man.com.

Business Partners and Suppliers

Good relations with business partners and suppliers are essential to Man Group's day-to-day functioning.

How the Board engaged and responded

- The Board has delegated direct engagement and oversight of suppliers to senior management. Our Service Provider Management Policy governs our approach on how we engage with suppliers. For further information please see page 46.
- The Board, through its oversight of the Audit and Risk Committee, is kept updated of any key supplier risks.
- A dedicated cyber security team oversees and assesses our suppliers to ensure they are compliant with the Group's security requirements. Any material issues or risks are highlighted to senior management and fed back to the Board, via the Audit and Risk Committee.
- The Board reviewed Man Group's engagement with its broader supply chain as part of its annual approval of the Modern Slavery Transparency Statement.

Board effectiveness

Board leadership

Oversight, challenge and decision making

During the year, the Board held eight formal meetings, seven of which were held virtually as a result of the COVID-19 mandated restrictions. Of the eight meetings that were held, two were convened at short notice specifically to consider matters relating to the pandemic. The first of these, which was held in March, focused on the Company's initial response to the pandemic including the transition to remote working, the support in place for employees, together with an update on the Company's performance and the changes in the market environment. The second of these meetings was held in June, at which time restrictions had eased, and Luke Ellis and the Senior Executive team set out the plans that were being devised to enable those employees who wished to return to the office to do so safely, taking account of issued government guidance. Attendance at these Board meetings is set out on page 69 and Committee meeting attendance is set out in the separate Committee reports.

The Board invites the Man Group President, the CIO and the Group COO and General Counsel to attend Board meetings in order to give further detail and management perspective on matters discussed; however, they do not directly participate in any decision making.

The Board meets regularly with, and seeks information from, senior management, subject matter experts and other key teams, enabling Board members to build their understanding of Man Group as well as sector issues and opportunities.

The Board considers the impact on its key stakeholders as part of its decision-making process. Further details on these groups, together with examples of how their views have been taken into account in Board decisions, are set out on pages 70 and 71 and in the Stakeholder Engagement section on pages 72 to 75.

Board meetings are conducted on the basis that all written materials submitted are thoroughly reviewed in advance in order to maximise the opportunity for discussion at meetings. The non-executive directors challenge proposals and approaches presented by management and draw on their experience to suggest alternative approaches or ideas that management may not have considered. Board meetings are structured in a manner that allows all views to be expressed and heard.

Diversity

The Board is a highly skilled, committed and diverse group of individuals who are focused on understanding its strengths, its challenges and contributing to its success. The Board biographies on pages 64 and 65 and the analysis of the Board's composition on pages 63 and 69 give an overview of the breadth and depth of talent and experience on Man Group's Board in terms of business career, background, skills and global exposure. The non-executive directors bring wide-ranging contributions and diverse perspectives to Board review and decision making from their current executive or portfolio careers. A mix of short and long tenure delivers fresh outlooks and challenge, complemented by a longer-term understanding of the business and its people. In order to demonstrate the diverse range of experience and expertise on the Board, Ceci Kurzman, one of our new directors, reflects on her first year as a non-executive director of a financial services organisation in the Q&A section below.

>Q&A with Ceci Kurzman

First year with Man Group

Q. What appealed to you about a NED role at Man Group?
A. I was initially drawn to Man Group due to its unique leadership position at the intersection of finance and technology. I was further compelled by the reputation of Man Group as an institution of the highest integrity and one that establishes and lives by a clear and intentional value set and purpose. In meeting with members of the Board and senior management, there was a perceptible growth mindset, culture of self-evaluation and mandate of innovation.

Q. What have your initial impressions of the business and Board been?
A. Having joined the Board in February 2020, I had the unique vantage of working alongside Man Group's leadership team as they navigated an unprecedented year of geopolitical and financial uncertainty. They guided the business with professional poise, humanity and compassion while maintaining strong business performance. The transition to an all-virtual workforce was seamless from a technical standpoint but also activated immediate and ongoing systems of support for employees and their families. The ability to maintain a community working environment, despite being physically remote, is a testament to the existing working relationships and was key in maintaining the consistent performance of the Company.

Q. How has your background and experience prepared you for your role at Man Group?
A. I was encouraged by Man Group's proactive focus on diversifying its Board representation, specifically as it pertains to diverse perspectives in the Boardroom. While my background is not in financial services, I have advised brands and businesses from startups to Fortune 500 firms in how they communicate to all stakeholders inclusive of employees, shareholders, clients and constituents. Evaluating and sharing best practices across diverse sectors allows an institution to evolve amidst the challenges of conducting business in a highly competitive and volatile global economy. As financial stewards, the integrity of Man Group's brand is foremost, especially as it pertains to its fervent commitment to corporate social responsibility. I look forward to adding value to Man Group's continued evolution and growth.

Q. Given the current remote working environment, how have you managed to build effective relationships and stay informed around the needs of the business and its stakeholders?
A. Nothing can replace convening in-person for a Board to optimise its working dynamic. However, in some ways, going virtual made the already thorough onboarding process at Man Group all the more robust. In addition to the formal Board meetings, I was able to have substantive 1-1 conversations with Executive Committee members, each investment engine's senior leaders and every member of the Board. This may not have been practical under normal circumstances. Not only did this serve as a comprehensive background on the Company but also allowed for dynamic conversations from different perspectives seeding topics for future Board conversations.

Independence and time commitment

All of the non-executive directors are considered to be independent and the Chair was considered to be independent on his appointment to the role. There are a number of ways in which the independence of our non-executive directors is safeguarded:

1. Meetings between the Chair and the non-executive directors without the executive directors being present.
2. Meetings between each of the directors and the Senior Independent Director to discuss feedback on the performance of the Chair.
3. Separate and clearly defined roles for the Chair and Chief Executive Officer (as set out on page 68).
4. Formal review of independence as part of the process for renewing the appointment of non-executive directors.

To avoid over-boarding of our directors and minimise potential conflicts, all Board members are required to inform the Chair of any updates or changes to their external roles, including an indication of the expected time commitment for any new external role so that an assessment can be undertaken as to whether the director will continue to have sufficient time to discharge their duties as a director of Man Group adequately. Any potential conflicts will be assessed by the other Board members and a decision taken on the extent to which any such conflicts can be effectively managed. In addition, in recognition of the wide-ranging roles and interests of the non-executive directors, the Board carries out an annual year-end review of all such roles and interests to ensure that they do not represent any unmanageable business conflict or a time commitment which might prejudice directors' effective contribution to the Board.

During the year, Ceci Kurzman was appointed as a non-executive director of Warner Music Group Corp. (WMG) which, as a company quoted on Nasdaq, was considered to be a significant appointment for the purposes of Provision 15 of the 2018 UK Corporate Governance Code. In line with the process set out above, prior to Ceci's appointment to WMG, the Chair considered and assessed the demands of the WMG role and associated time commitments, taking into account Ceci's other appointments, and concluded that it would not impact her ability to effectively fulfil her role as a non-executive director of Man Group.

Before appointing a new Chair or non-executive director, consideration will be given to the prospective director's other appointments and interests to ensure that they have sufficient time to dedicate to their role as a director of Man Group. The letters of appointment for the Chair and non-executive directors contain provisions around the expected time commitment to Man Group related activities.

Board induction process

All non-executive directors receive a comprehensive and tailored induction to the business and, if required, the asset management industry. The induction programme is structured around one-to-one briefings with the Senior Executive, Executive Committee members and the Company Secretary. Relevant briefing materials are circulated in advance and follow-up meetings arranged as appropriate. New Board members are invited to provide feedback on the programme they receive to ensure it is useful and well targeted. They are also encouraged to seek updates on any topics which arise in the course of subsequent Board meetings on which they would like further information. Details of the induction programme for non-executive directors are given on our website.

The inductions of Lucinda Bell, Ceci Kurzman and Anne Wade were all conducted virtually. In the Q&A section opposite, Anne Wade shares her experience of the Man Group induction programme and the benefits and challenges of conducting this virtually.

Board continuous development

The Board is kept updated on key areas of the business and upcoming regulatory changes through the following methods:

1. Briefings included within Board papers
2. Presentations from senior management and other employees on specific issues
3. Educational sessions from external advisers

The main topics covered during the year were:

- Changes to Data Protection (Jersey) Law 2018 and Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020 and the impact on Man Group plc and its directors
- Core elements of the Task Force on Climate-related Financial Disclosures (TCFD)
- Demonstration of ESG analytics tool
- IBOR transition
- Audit market reform

In addition to the above in-house sessions, opportunities continued to be made available to non-executive directors to virtually attend seminars and workshops on topical business and regulatory issues offered by professional services firms.

>Q&A with Anne Wade

Induction

Q. What were the main aspects of your induction?
A. I was introduced to the senior leadership of the five investment engines, as well as all the functions that support our investment businesses including Finance, Legal, Sales, Marketing, Talent, Compliance and HR. In total, it was 40 executives who gave presentations on their specific area, including how it relates to other parts of the Group. There was also an opportunity for extensive Q&A.

Q. How did your remote induction differ from a traditional induction? Were there any challenges or benefits?
A. I think the delivery of the remote induction worked really well. Certainly, from a content perspective I don't think anything was lost. And the fact that the induction programme had to be remote probably encouraged inclusion of some presenters from different geographies who would not have been present for a traditional induction – and I benefited from that. That said, it was over 30 hours on screen! I would always rather be in a room with someone. I look forward to meeting all these folks again in person as soon as I can.

Q. What insights into Man Group's culture did you gain from your induction?
A. In some ways, the very existence of COVID-19 and remote working gave me a crash course into the Man Group culture that I might not have received otherwise. Most of the people I met through my induction are fairly senior and manage substantial teams. The amount of time, care and focus that they spent talking about how their teams were handling this unusual year; additional steps managers were taking to check-in with everyone in their team; best-practice sharing initiatives to help the organisation manage working from home, was pretty remarkable. It brought into the forefront of my induction, the level of care and employee engagement that exists as a part of the Man Group culture – a sense of community that was particularly in focus because the environment meant that culture and community needed to be actively sustained.

In addition, the induction gave a strong sense for the level of innovation happening at Man Group, particularly in terms of how technology can be harnessed to create investment products and alpha. Additionally, the risk management culture, in order to best deliver those superior returns safely to clients, was always at the forefront.

Q. How did your induction prepare you to discharge your duties as a NED at Man Group?
A. I think the induction helped prepare me in several important ways. First it was broad exposure to the senior leadership, right across the firm. Developing these relationships I think is key for a NED – it facilitates better dialogue, makes it easier to know who to ask questions of, etc. It also was an incredibly in-depth exposure to the different components of Man Group, some of which I had more familiarity with due to my background than others. This helped establish an excellent base-line understanding across the investment engines, including how they relate to each other, and how our control and operations support and enhance them. I came away with a much better sense of the 'whole' and how that whole is more than just a sum of the parts.

Board evaluation

Determining Board effectiveness

Board and Committee evaluations

In line with best practice and the requirements of the UK Corporate Governance Code 2018, the Board and its Committees undertake an external evaluation every three years, with internal evaluations being undertaken in the intervening years. The last external evaluation was carried out in 2018 with the next one planned for 2021. The Board has selected Clare Chalmers (CC), who has no other connection with the Company or any individual director, to undertake the review of the Board and its Committees in 2021. The Chair and Company Secretary have met with CC to discuss the scope of the review and key areas of focus. An internal evaluation was undertaken in 2020 in respect of the Board and its Committees. The process and outcomes are set out below and in the separate Committee reports.

2020 internal Board evaluation

1 Design and initiate process

An evaluation questionnaire was developed by the Company Secretary and the Chair. The questions, which took account of the FRC's Guidance on Board Effectiveness, focused on progress made on 2019 actions and current Board operation. The questionnaire was circulated to all Board members for completion.

2 Collation of responses

Responses, comments and suggestions were consolidated by the Company Secretary on an unattributed basis and shared with the Chair, together with a report summarising the output of the evaluation and suggested areas for focus and discussion.

3 Chair review

The Company Secretary met with the Chair to discuss the feedback and a final report, reflecting any comments received from the Chair, was circulated to the Board.

4 1:1 meetings

The Chair met with each Board member to discuss the evaluation feedback, personal contributions made during the year and identify areas where they might bring additional benefit.

The Senior Independent Director also met with each Board member to discuss the Chair's leadership and management of the Board. The feedback from these discussions was subsequently shared with the Chair.

5 Discussion and outcomes

The report summarising the output of the evaluation, together with the feedback received as part of the 1:1 discussions, was considered by the Board at its December meeting. Improvement actions for 2021 were discussed and agreed. Further details are contained on the opposite page.

Key findings

- Progress had been made on a number of the 2019 actions, particularly on areas such as diversity and people, with succession planning identified as an area for further focus in 2021 (further details set out opposite).
- Board meetings were operating well and the more frequent meetings during the early stages of the pandemic were appreciated by Board members.
- There was an open and transparent culture with rigorous debate and challenge whilst remaining collegiate.
- The executive directors and management team were considered to be constructive, open and receptive to the views of the non-executive directors.
- Papers and presentations provided by the management team were of a high quality.
- The induction programme had been thorough and comprehensive (further details are set out on page 77).
- There had been excellent presentations and discussions on ESG-related matters during the year.

> Progress made on 2019 actions

Area of assessment	Agreed actions	Progress made
Board composition	• Keep under review the overall skills on the Board to ensure all key areas of expertise are covered. • Continue to make progress on gender diversity on the Board.	• The appointments of Lucinda Bell, Ceci Kurzman and Anne Wade have strengthened the Board's skills and experience, particularly on financial, listed public company and remuneration matters. • Following a formal review of the current Board composition, the Nomination Committee concluded that the existing mix of skills and experience on the Board remained appropriate and that any future non-executive searches should focus on individuals with direct and relevant technology experience. The output of the review was reported to and considered by the Board. • Significant progress made on gender diversity with gender parity achieved on the Board during 2020.
Management succession and development	• Continued oversight of firmwide succession planning by the Board. • Support and promote internal successors to senior management roles.	• Less focus on succession planning than the Board had planned, largely due to the lack of face-to-face opportunities during 2020. Actions for 2021 set out below. • The Board continues to support management's plans to promote internally.
Stakeholders	• Hold deep-dives into our people, client and supplier stakeholder groups. • Receive regular presentations on key customer relationships.	• In-depth discussions on Man Group's people held throughout the year with two Board meetings arranged to focus on people-related matters arising from the pandemic. • Sales presentation provided an overview of the key clients with focus on building long-term relationships. Actions for 2021 set out below.
People and culture	• Receive papers on staff development and recruitment. • Assess the annual employee engagement survey. • Continue with the employee engagement process.	• Key 'people' updates provided at each meeting. Specific update provided on the approach to recruitment and onboarding during the pandemic. • The Board reviewed and discussed the key themes arising from the 2020 staff survey and actions proposed by management to address identified areas for development. • Kate Barker and Zoe Cruz continued the formal employee engagement programme during 2020, albeit virtually (further details set out on page 74). Actions for 2021 set out below.

> Summary of 2020 evaluation

A number of development areas were proposed and agreed for focus in 2021 as detailed below.

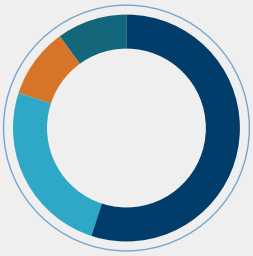
Area of assessment	Board discussion	Agreed actions for 2021
Strategy	The Board agreed to postpone the full-day strategy session scheduled for June 2020 until such time as the Board could meet in person. Given the ongoing restrictions, it was acknowledged that this was not going to be feasible in 2020 and so the Board decided to allocate time in its regular meetings in the latter part of the year to focus on strategy and agree the approach to be taken to the strategy sessions in 2021.	Additional focus to be given to strategic oversight in 2021. Two strategy sessions arranged for Q1 and Q2.
People	The Board agreed that the focus on employees had been excellent during the year, although noted that the pandemic had made the formal employee engagement process more challenging. It was noted that this was likely to be the case for the majority of companies in 2020.	Agreed that the Board should formally review the current employee engagement model in 2021 and consider alternative options to ensure that the Board is able to engage with employees in the most effective way.
Succession planning	The Board acknowledged that the informal NED dinners had historically provided the opportunity for discussion on people issues, including succession planning. Given the absence of such opportunities in 2020, there had been less specific focus on succession planning than hoped.	Further focus to be given to succession planning during 2021. Specific discussions on executive and senior management succession plans and non-executive director succession plans to be scheduled for Nomination Committee meetings in 2021. Board sessions on wider succession planning process to be arranged.
Decision-tracking	The Board agreed that in-depth reviews of large-scale projects should be reintroduced to enable any 'lessons learned' to be considered in the context of any future projects.	Review 'two years on' of the corporate reorganisation completed in 2019 arranged for 2021.
Shareholder/stakeholder relationships and competitors	The Board agreed that it had a good understanding of key shareholders but that further work was required on other stakeholder relationships and competitors.	Board session to be arranged in 2021 focusing on investor relationships. Regular updates focusing on key clients to be reintroduced and specific session on competitor dynamics to be arranged.

Lucinda Bell
Chair, Audit and Risk Committee

Summary of ARCom's main activities during 2020

- Monitored the integrity of the financial information within the Group's 2020 interim and annual financial statements and challenged the key accounting policies, judgements and estimates adopted by management
- Considered whether the Group's 2020 interim and annual financial statements were fair, balanced and understandable, and recommended their approval to the Board
- Monitored and reviewed the effectiveness of the Group's systems of risk management and internal controls
- Conducted a robust assessment of the key risks facing the Group, including the implications of the COVID-19 pandemic, and considered the management and mitigation of these risks
- Approved the 2020 Internal Audit Plan and reviewed the effectiveness of the Group's Internal Audit function
- Received regular updates on the progress and status of Internal Audit reviews and monitored management's response to address audit actions
- Recommended the reappointment, and approved the remuneration, of Deloitte LLP (Deloitte) as external auditor, including a review of their performance and independence and the provision of non-audit services
- Oversaw the transition of the lead audit engagement partner at Deloitte
- Reviewed and approved the 2020 External Audit Plan

Proportion of ARCom time spent on key responsibilities



"The Audit and Risk Committee is fundamental to Man Group's governance framework through its monitoring of the Group's financial reporting, the Company's relationship with its external auditor, the effectiveness of risk management and internal controls, and the Internal Audit and Compliance functions."

Dear Stakeholder

I am pleased to present my first report as Chair of the Audit and Risk Committee (the ARCom). I would like to thank my predecessor, Andrew Horton, for enabling a smooth transition. I would also like to thank Matthew Lester for his valuable contributions whilst being a member of the ARCom.

The ARCom plays a key role in assessing the integrity of the Group's financial reporting, monitoring the effectiveness of the Group's systems of risk management and internal controls, and reviewing and monitoring the activities of the Group's Internal Audit function and its external auditor.

Key achievements for 2020

Since the onset of COVID-19, the ARCom has devoted significant time to considering the impact of the pandemic on the Group's risk and control environment. We evaluated areas of new and heightened risk, considered the Group's business continuity arrangements and were satisfied that the control environment continued to operate effectively.

Alongside this, the Committee has continued to monitor the change in the Group's regulated environment, stemming from its corporate reorganisation in 2019, and collaborated with management to update the risk appetite articulation in the Group's Risk Governance and Appetite Framework to reflect the level of risk focus for the Board.

The ARCom has also remained alert to the growing regulatory agenda on climate change and performed a comprehensive review of Man Group's climate change related risks as well as management's approach to align the Group's climate change disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) in our Annual Report.

Focus areas for 2021

For 2021, as well as considering the standing items of business, the ARCom will focus on the following areas:

- monitoring of ongoing implications of COVID-19;
- monitoring developments in respect of the future of the UK audit and financial oversight regime;
- undertaking additional thematic risk-focused reviews; and
- ensuring that the balance between audit and risk matters considered by the ARCom remains appropriate.

I hope you find this report a useful insight into the work of the ARCom and I look forward to continuing our work in 2021.

Lucinda Bell
Chair, Audit and Risk Committee

Membership and meeting attendance

The members of the ARCom and their meeting attendance during 2020 are set out below.

The ARCom as a whole has competence relevant to the sector in which the Group operates and I am considered to have recent and relevant financial experience for the purposes of the 2018 UK Corporate Governance Code (the Code). Further details of the ARCom members' experience and areas of expertise are provided on pages 64 and 65.

The Board Chair, CEO, CFO and Group COO and General Counsel are invited to attend ARCom meetings along with the Head of Internal Audit and representatives from Deloitte, the Group's external auditor. Other members of the management team attend for those items that are relevant to them. The ARCom meets periodically during the year with the Head of Internal Audit and representatives from Deloitte without management present.

Attendance

Committee member	Meetings attended
Lucinda Bell[1]	4/4
Richard Berliand	5/5
Dev Sanyal	5/5
Andrew Horton[2]	2/2
Matthew Lester[3]	1/1

1 Lucinda Bell attended the meeting on 13 February as an incoming Board member prior to her appointment on 28 February 2020.
2 Andrew Horton stepped down from the ARCom following his retirement from the Board on 1 May 2020.
3 Matthew Lester stepped down from the ARCom following his retirement from the Board on 26 February 2020.

How the ARCom operates

Forward agenda	• Covers key events in the financial reporting cycle, specific risk matters and standing items set out in the terms of reference. • Reviewed and updated in response to changing business risks and priorities.
Agenda setting meeting	• Held in advance of each ARCom meeting to identify key issues impacting the business that may require consideration by the ARCom. • Attended by ARCom Chair, CFO, Group COO and General Counsel, Head of Internal Audit, representatives from Deloitte and the Committee Secretary.
Briefing sessions	• Prior to each ARCom meeting, the ARCom Chair has one-to-one briefings with the presenters of each material item as well as briefings with the CFO, Group COO and General Counsel, and Committee Secretary to fully understand any matters of concern and identify those matters which require meaningful discussion at Committee meetings.
Committee meetings	At each meeting, the ARCom considers: • Standing governance items. • Dashboards and/or metrics which highlight and monitor changes in the key risks impacting the business, compliance matters, the financial controls framework and internal controls. • Reports and presentations on key financial reporting, risk, compliance and audit matters from management.
Board reporting	• The Board is updated by the ARCom Chair on the key areas of discussion with recommendations made as appropriate.
Training	• ARCom members periodically attend training sessions delivered by industry experts on audit and regulatory matters as well as other matters of interest.

Roles and responsibilities

The ARCom is fundamental to Man Group's governance framework through its monitoring of the Group's financial reporting, the Company's relationship with its external auditor, the effectiveness of risk management and internal controls, and the Internal Audit and Compliance functions. A high-level summary of the ARCom's roles and responsibilities is outlined below, together with an explanation of how it has discharged its responsibilities during the year. Full terms of reference for the ARCom, which are reviewed on an annual basis and referred to the Board for approval, are available on the Company's website.

Roles and responsibilities

Financial reporting	• Review the integrity of the Company's financial reports and statements, and recommend their approval to the Board.
Risk management, internal controls and compliance	• Review and report to the Board on the effectiveness of the Group's systems of risk management and internal controls. • Review the effectiveness of the Group's Compliance function, regulatory reporting activities and channels available for its workforce to raise concerns.
Internal Audit	• Approve the annual Internal Audit plan and review the effectiveness of the Internal Audit function and management's response to their findings.
External audit	• Recommend to the Board the appointment, and approve the remuneration, of the external auditor, including reviewing the external auditor's effectiveness and independence.

How the ARCom has discharged its roles and responsibilities

Financial reporting

Key accounting judgements and estimates

As part of the process for monitoring the integrity of the financial information contained in the interim and annual financial statements, the ARCom reviewed the key accounting policies, judgements and estimates adopted by management and confirmed that these were appropriate. The significant areas of judgement and estimation identified by the ARCom, in conjunction with management and the external auditor, are set out in the table on page 82.

Viability and going concern

The ARCom reviewed the viability statement (as set out on page 31) and the processes supporting the viability assessment. After significant discussion and having considered the Group's prospects, emerging and principal risks, forecast capital position and liquidity resources and requirements, the ARCom concluded that the three-year assessment period, in line with the Group's business planning horizon, continued to be appropriate and recommended the draft viability statement to the Board for approval.

The ARCom also reviewed the going concern disclosure (as set out on page 135), considering in detail the implications of COVID-19 on the Group's business and reasonably foreseeable stressed scenarios, and concluded that the Group and the Company had adequate resources to continue in operational existence for the foreseeable future and confirmed to the Board that it was appropriate for the Group's financial statements to be prepared on a going concern basis.

Fair, balanced and understandable assessment

At the request of the Board, the ARCom reviewed the interim and annual financial statements in conjunction with the narrative sections of the Interim and Annual Reports to ensure that there was consistency in the information reported, that sufficient weight had been given to both positive and negative aspects of business performance, that there was an appropriate balance between statutory and adjusted performance measures, and that key messages had been presented coherently. The ARCom concluded that, taken as a whole, the Interim and Annual Reports were fair, balanced and understandable and provided the information necessary for shareholders, and other stakeholders, to assess the Group's position and performance, business model and strategy.

Key accounting judgements and estimates

Matters considered	Action	Outcome
Impairment assessment of goodwill and acquired intangibles Goodwill and acquired intangibles for each of the Group's cash-generating units (Man AHL, Man GLG, Man Solutions/FRM, Man Numeric and Man GPM) are tested for impairment at least annually through the application of a 'value in use' model. This requires estimates concerning future cash flows, growth rates and associated discount rates to be taken into account. Please refer to Note 10 in the Group financial statements for further details.	The ARCom considered reports from management outlining the methodology for the impairment assessment and challenged the assumptions underpinning the goodwill valuation model including cash flow projections, discount rates, the cost allocation methodology, and levels of headroom availability.	The ARCom noted the levels of headroom in each of the cash-generating units, and reviewed the underlying forecasts, including the impact of COVID-19 on the growth forecasts of each of these. The $55 million goodwill balance for Man GPM was impaired in full at 30 June 2020. The ARCom confirmed that an impairment charge of $55 million was appropriate as no further impairment was indicated.
Fair value of contingent consideration The valuation of the contingent consideration is dependent on estimates concerning the projected future growth rates and cash flows based upon management's view of future business prospects and associated discount rates. Please refer to Note 25 in the Group financial statements for further details.	The ARCom considered management's fair value assessment of the contingent consideration creditors of the Aalto and Sanlam earn-outs. The $22 million credit to the income statement represented a decrease in the fair value of the contingent consideration creditors, driven by lower than actual and forecast growth for Aalto (included within Man GPM).	The ARCom confirmed that it was comfortable with the proposed accounting treatment and that the decrease in the fair value of the contingent consideration was appropriate. A fair value adjustment of $22 million has been recognised in the income statement.
Consolidation of investment in funds The Group holds seeding investments in a number of funds which it manages. Judgement is required to be exercised in terms of assessing whether these investments are controlled by the Group and therefore need to be consolidated into the Group's financial statements. Please refer to Note 13.2 in the Group financial statements for further details.	The ARCom reviewed management's assessment of any new judgements made in relation to the Group's assessment of investments it is deemed to control in accordance with IFRS 10.	The ARCom concluded that it was satisfied with management's assessment of the entities which are deemed to be controlled by the Group and the associated accounting treatment. Nineteen investments have been consolidated on a line-by-line basis with a grossing up impact on the balance sheet of $247 million.
Deferred tax assets (DTA) The Group has deferred tax assets in the US which largely represent historical tax losses and future deductions for amortisation of goodwill and other intangible assets that will reduce the tax payable in the US. The value of the US DTA recognised requires judgement regarding the assessment of probable future profits. Please refer to Note 7 in the Group financial statements for further details.	The ARCom reviewed the assumptions underpinning the future forecast profits which supported the valuation of the US DTA and considered management's assessment of the expected timing of forecast profits, including considering the expiry of certain US tax losses over time.	The ARCom confirmed that it was satisfied that the existing methodology continued to be appropriate. A related income statement expense of $8 million was recorded, made up of $14 million of state tax losses being derecognised as these are forecast to expire before consumption, partially offset by net consumption of $6 million during the year.
Impairment of right-of-use lease asset – investment property The Group sub-leases a portion of its Riverbank House premises and annually assesses whether the carrying value of the associated right-of-use lease asset should be impaired. This requires an estimate concerning future sub-lease cash flows. Please refer to Note 18 in the Group financial statements for further details.	The ARCom discussed and challenged management's assumptions, including the timing and rental rates which drive future cash flows and the discount rate applied, in order to determine the recoverable amount of the sub-lease portion of the right-of-use lease assets (classified as investment property), in particular considering the COVID-19 related uncertainty in the current UK commercial property market.	The ARCom noted that there had been a classification restatement in order to present the Group's right-of-use lease assets (along with associated leasehold improvements) with operating sub-leases as investment property on the Group's balance sheet, and that as a result the impairment assessment was performed at a sub-lease level. After a full discussion, the ARCom confirmed that it agreed with management's judgements in calculating the recoverable amount of the associated right-of-use lease asset for investment property and that an impairment expense of $25 million was required for the year ended 31 December 2020.
Alternative performance measures (APMs) Man Group assesses the performance of the Group using a variety of APMs, most significantly adjusted profit before tax. The directors focus on adjusted profit as this reflects the underlying trends in the business and the revenue and costs that drive the Group's cash flow. Please refer to pages 166 to 169 for further details.	The ARCom reviewed and discussed the APMs contained in the Interim and Annual Reports and also considered a paper prepared by management which compared adjusted profit (which is the same as core profit in 2020 due to the roll-off of legacy business profits) to operating cash flows for the last five years in aggregate.	The ARCom noted that adjusted and core profit over the last five years was broadly consistent with cash inflows from operating activities and therefore concluded that the APMs, including adjusted and core profit before tax, were appropriate, provided a fair assessment of the underlying profitability of the business and were appropriately defined and reconciled to statutory measures as disclosed on pages 166 to 169.

Correspondence with the Financial Reporting Council (FRC)

The FRC Corporate Reporting Review team wrote to the Company in December advising that they had conducted a limited scope review of the Company's 2019 Annual Report in relation to a thematic review of IFRS 16 'Leases' application and disclosures. No questions or queries arose from this review specific to Man Group's reporting that required a substantive response, however a limited number of disclosure enhancements have been made in the Company's 2020 Annual Report in response to the findings of the broader thematic review.

Risk management and internal controls

Monitor and review of risk and control environment – key business areas

In response to the emergence of the pandemic, the ARCom extensively reviewed Man Group's business continuity arrangements and scrutinised the robustness of the Group's control environment. During the year, senior representatives from Man AHL, Man GLG and Man GPM also delivered presentations to the ARCom that focused on their risk and control environments coupled with an overview of how areas of heightened risk arising from COVID-19 were managed and mitigated. Key areas of discussion are set out below.

COVID-19 – business continuity

The ARCom closely monitored the evolving situation across Man Group's global footprint and assessed its business continuity arrangements. There was particular focus on heightened and new risks posed by operating within a remote working environment and the mitigating action plan implemented by management to ensure controls remained secure and effective. The ARCom was also briefed on the resilience of the Group's material third-party service providers to such risks and recognised Man Group's concerted efforts to minimise disruption to service levels.

During the latter part of 2020, as it became apparent that the 2020 annual reporting cycle of the Group and associated external audit by Deloitte in early 2021 would likely need to be performed remotely, the ARCom discussed with management the necessary arrangements in order to ensure that reporting and audit quality were maintained. Management confirmed that although reporting timetables and quality had not been adversely impacted by the pandemic to date, as a protective measure a number of elements of the year-end reporting had been prepared in advance. The Company increased the detail of its joint timetable together with Deloitte in order to provide greater transparency on any delays earlier in the process, enabling any corrective action if required. Where possible, deliverables were accelerated earlier in the process to provide more flexibility for unforeseen events. The Company is pleased to report that the advance preparation and detailed planning facilitated the team's delivery of a smooth and high-quality annual reporting and audit process.

Risk and control reviews of investment management businesses

At April's meeting, the ARCom received an update on the risk and control profiles of Man AHL and Man GLG. In addition to evaluating each manager's specific procedures and controls, the timing of the presentation afforded the ARCom with an opportunity to assess how such controls had withstood the COVID-19 driven market volatility. In July's meeting, the ARCom deepened its understanding of the risk and control environment of Man GPM and assessed its governance framework. An overview of the recent changes to the Man GPM management structure, the automation of key operational processes and its approach to mitigate risks faced by the pandemic were considered.

Monitor and review of risk and control environment – key functional areas

The ARCom also considered presentations from each of the Group's key functional areas.

Risk

At its April meeting, the ARCom received an update on the Risk functions and discussed their role in supporting the Group's governance processes. The ARCom also considered a presentation on the Group's response to the COVID-19 driven market volatility and noted the robustness of its controls from a market, liquidity and operational risk perspective.

During the year, the ARCom discussed and challenged a number of proposed amendments to the Risk Governance and Appetite Framework (the Framework) that were focused on updating the risk appetite articulation to reflect the level of risk focus for the Board, including additional qualitative statements where appropriate. The ARCom endorsed the revised Framework and recommended it to the Board for approval (a summary of the Group's risk appetite statements is available on the Company's website). A presentation was also delivered to the ARCom on the FCA proposals to introduce the UK Investment Firm Prudential Regime for FCA regulated firms, and the ARCom discussed the potential capital and liquidity implications for the UK/EEA sub-group arising from these proposals which were not considered to have a significant commercial impact.

At its December meeting, the ARCom received an update from the Head of Central Risk on the Group's exposure and approach to mitigate climate change related risks, both physical and transitional, and assessed its risk profile compared to other industries and peers. The ARCom also scrutinised Man Group's approach to align its climate change disclosures with the TCFD.

Finance

The ARCom received a presentation from the Group Financial Controller on the Finance function's governance arrangements and the key areas of focus during 2020. The ARCom discussed the financial control environment, personnel changes in the Finance team, resourcing levels and priorities for 2021. During the year, the Committee also received an update on financial fraud risks and discussed the efforts undertaken by management to continuously scrutinise and enhance existing controls in this area, including the risk of collusive fraud and strength of controls over the Group's cash balances. At the December meeting, the Head of Tax was invited to present on the Group's tax position and highlight the key projects undertaken by the tax team during 2020.

Compliance

During the year, the Global Head of Compliance & Regulatory presented the 2020 Compliance overview. Particular focus was given to developments in financial regulation and the continuing obligations of the Senior Managers and Certification Regime (SMCR) which was implemented in December 2019. Consideration was also given to resourcing levels, global themes around regulatory risk, current priorities of key regulators and Compliance initiatives. The ARCom continued to monitor steps taken by the management team to improve awareness of the channels available to Man Group's workforce to raise concerns. A presentation was also delivered to the ARCom on Man Group's controls for the deterrence, detection and prevention of insider trading which highlighted the governance framework implemented across the Group and the technology to support this.

In addition, the Money Laundering and Reporting Officer (MLRO) presented his 2019 annual report at the February 2020 meeting and confirmed that Man Group had established and maintained effective anti-money laundering and counter terrorist financing systems and controls. The ARCom was also updated on the actions taken during the year in response to legal and regulatory developments in these areas.

Technology
Senior representatives from Man Group's technology department updated the ARCom on the key priorities for the Group's trading platforms and core technology, together with the associated risks and mitigants including planned improvements to the Group's order management systems and its identity access management processes. Focus was also given to the initiatives being undertaken to expand Man Group's remote working capabilities whilst maintaining effective controls.

Cyber security
Cyber security remained an area of focus for the ARCom throughout the year and it continued to receive regular reports on key themes and trends in cyber security. At the April meeting, the ARCom received an in-depth analysis of a high-profile external cyber security breach which was used to assess Man Group's defences against a similar attack, and the ARCom agreed with management's assessment that a robust control environment had been implemented in this respect.

Brexit
The ARCom considered the impact of Brexit to the Group throughout the year and received an update on Brexit from the Chief of Staff of Infrastructure at its December meeting. As part of this update, focus was given to Man Group's preparedness, through its regulated Irish entity, to deal with a range of Brexit scenarios that may impact its employees, business or its clients, including a no-deal at the end of the transition period.

Ongoing monitoring of the Group's systems of risk management and internal control
The ARCom is satisfied that, through its regular review of reports and dashboards, its in-depth assessment of key business areas and functions, its consideration of changes to the Risk Governance and Appetite Framework and its ongoing review of progress against the Internal Audit Plan (as described below), it is monitoring the effectiveness of the Group's systems of risk management and internal control on an ongoing basis. Further details can be found in the Risk management section on pages 32 and 33.

During the year, a number of operational and regulatory matters that had occurred were reported to the ARCom. A paper summarising these matters was considered by the ARCom at its December 2020 and February 2021 meetings. Whilst the Group sought to improve its processes in response to the matters identified, they were not considered sufficiently material in number or nature either to require separate disclosure in the financial statements or to indicate that the control environment had not been operating effectively. The ARCom also concluded that there were no specific matters to bring to the Remuneration Committee's attention which may impact its decision on discretionary remuneration payments.

Internal Audit
Internal Audit Plan
The Group's Internal Audit function continues to be performed by KPMG. During the year, the ARCom reviewed and approved the 2021 Internal Audit Plan (the 2021 Plan) which included details of the planned audit reviews for 2021 and the team responsible for delivering the 2021 Plan, led by Stuart Wooldridge.

The ARCom received and discussed Internal Audit reports presented by the Head of Internal Audit at each meeting, reviewed progress against the 2020 Internal Audit Plan and monitored the closure of management actions arising from Internal Audit's recommendations to address control enhancements. Whilst no significant weaknesses were identified in any of the Internal Audit reports, a number of improvements to certain processes and controls were implemented in response to the recommendations put forward.

The ARCom also focused on how the 2020 Internal Audit Plan had been adapted to review any areas of perceived heightened risk arising from the COVID-19 remote working environment.

Effectiveness of Internal Audit function
During the year, an internal review of the Internal Audit function was undertaken by the ARCom in order to assess the effectiveness of the Internal Audit function. The review, which was facilitated internally, evaluated areas such as resourcing, delivery, reporting and adding value, and the independence of Internal Audit. A questionnaire covering these areas was circulated to ARCom members and key stakeholders, including subsidiary board members to whom Internal Audit had reported to during the year. The output of the review indicated that, overall, the Internal Audit function continued to be effective and provided an independent perspective on the Group's control environment which was of the quality, experience and expertise appropriate for the business.

External audit
2020 External Audit Plan
At the October meeting, the 2020 External Audit Plan was presented by Stuart McLaren, who took over the role of lead engagement partner during the year. The plan, which was discussed and approved by the ARCom, set out the proposed materiality threshold, the scope of the audit and the significant audit risks that had been identified.

Auditor independence and the provision of non-audit services
In order to safeguard the independence and objectivity of the external auditor, the ARCom is responsible for the development, implementation and monitoring of the Group's policies on the provision of non-audit services and oversight of the hiring of personnel from the external auditor should this occur. The Company's non-audit services policy was amended during the year to take account of the list of permitted non-audit services prescribed by the Revised Ethical Standard 2019 which was issued by the FRC in December 2019. The ARCom reviewed and approved both policies during the year.

Summary of non-audit services policy
In accordance with the non-audit services policy, any potential services to be provided by the external auditor, which are not excluded under the non-audit services policy and are prescribed by the FRC's Revised Ethical Standard 2019 but which have an expected value of $75,000 or more, must be approved by the ARCom in advance. The non-audit services fees in aggregate must not exceed 70% of the statutory audit fee for the previous three years, which is equivalent to $1.5 million for 2020. Further details can be found on the Company's website.

The table below shows the remuneration paid to Deloitte in 2019 and 2020.

	2020 $'000	2019 $'000
Fees payable to the external auditor for the audit of the Company and the consolidated financial statements	**593**	607
Other services:		
The audit of the Company's subsidiaries pursuant to legislation	**1,786**	1,783
Audit-related assurance services	**372**	490
All other services	**1**	701
Total auditor's remuneration	**2,752**	3,581

The decrease in the remuneration paid to Deloitte in 2020 is primarily due to a reduction in non-audit services. The majority of the non-audit fees incurred in 2019 related to Deloitte acting as Reporting Accountant in relation to the Group's corporate reorganisation. These were separately approved by the ARCom in 2019 in accordance with the non-audit services policy.

Following a formal assessment of the external auditor's independence and objectivity in February 2021, the ARCom concluded that Deloitte continued to be independent and objective.

Effectiveness of external audit process

At the April 2020 meeting, the ARCom considered responses to a questionnaire which had been completed by ARCom members and various members of the management team in order to facilitate the ARCom's formal assessment of the effectiveness of the external audit process. The questionnaire focused on several components of the external audit process including the quality of the audit partner and team, planning and execution of the audit, communication with the ARCom and the external auditor's independence and objectivity.

The responses indicated that, overall, Deloitte was performing in line with expectations, with the audit team demonstrating appropriate challenge and a rich understanding of Man Group's business. An example of an area where Deloitte challenged management's assumptions and judgement was in relation to the goodwill impairment and going concern assessments. Deloitte considered the key Medium Term Plan forecast assumptions and discussed these with various key management personnel within the business, comparing these to historical trends and external metrics for reasonability, and challenged the appropriateness of our downside scenario modelling in light of COVID-19. Other areas where Deloitte also challenged management include the valuation of US deferred tax assets and the valuation of right-of-use lease assets for investment property. In all areas, Deloitte concluded that the assumptions and judgements applied by management were appropriate.

The output of the effectiveness review also highlighted that certain areas of focus that had been identified in the previous year's assessment, particularly around the streamlining of reports to the ARCom, had been addressed in the 2019 audit. A number of areas, including any COVID-19 related impact to the 2020 audit, were identified as requiring further consideration and Deloitte's plans to address these issues were set out in the 2020 external audit plan. After discussion, the ARCom concluded that the external audit process in respect of the 2019 financial statements had been effective.

As a result of the vacancy of some of the Group's previously sub-leased space in 2020, Deloitte undertook a technical accounting consultation during the year which established that the sub-lease portion of Man Group's right-of-use lease assets should, upon adoption of IFRS 16 'Leases' from 1 January 2019, have been classified as 'investment property' under IAS 40 'Investment Property'. Management concurred with this assessment. This resulted in a reclassification restatement of $130 million of right-of-use lease assets to 'investment property' at 31 December 2019, together with related leasehold improvements, with no impact on the Group's income statement or total assets (please refer to Note 18 to the Group financial statements for further details). The ARCom discussed the nature of this classification error with Deloitte, noting that this technical interpretation was expected to result in reclassifications of right-of-use lease assets for other corporates who sub-lease property. The ARCom was satisfied that this restatement did not indicate a material weakness in the Group's financial reporting controls.

Reappointment of Deloitte as external auditor

Deloitte was appointed as the Group's external auditor in 2014, following a tender process led by the ARCom in 2013. In accordance with the Code and the Competition and Markets Authority's Order 2014 (the Order), the Company will be required to put its external audit out to tender again in 2023 at the latest. The ARCom will continue to assess the external audit process annually and, on the basis that it remains effective and the audit fee represents good value to shareholders, it is expected that the next tender process will be undertaken at that time with mandatory rotation of the external auditor required by 2033 pursuant to the EU Audit Regulation. The ARCom confirms that the Company has complied with the provisions of the Order for the financial year under review.

Following the ARCom's review of the effectiveness of the external audit process and its assessment of the external auditor's independence and objectivity, it has recommended the reappointment of Deloitte as the Group's external auditor to the Board for recommendation and approval by shareholders at the 2021 Annual General Meeting.

How the ARCom has assessed its effectiveness

Outlined in the table below are the four key areas that were identified in the ARCom's 2019 evaluation as requiring further consideration and development during 2020, together with the progress that has been achieved in 2020.

2020 progress on 2019 actions

2019 evaluation	2020 progress
Identification of follow-up actions from thematic risk deep-dives	During its thematic risk reviews carried out during the year, the ARCom identified certain areas for further scrutiny. This was exemplified by a case study presentation requested by the ARCom, following a review of Man Group's cyber controls, on a high-profile external cyber security breach.
Integration of competitor benchmarking into reporting	ARCom paper authors and presenters were requested to, as far as possible, assess Man Group's controls in the context of its peers to ensure that best practice could be delivered. Updates from Deloitte (as external auditor) and KPMG (as the outsourced Internal Audit provider) proved particularly valuable in this regard.
Continued focus on ARCom paper format in order to highlight key points to ARCom	Paper submissions continued to be adapted and streamlined in order to focus on specific areas requested by the ARCom. The Compliance reporting was adapted to integrate a RAG rating summary of reportable matters, while a more discursive approach was also implemented to the Risk reporting.
Risk and control reviews of investment management businesses	As detailed earlier in the report, the ARCom conducted risk and control reviews of Man AHL, Man GLG and Man GPM during the year.

In December 2020, the ARCom conducted a further evaluation of its effectiveness, which was facilitated internally. Questionnaires covering topics such as composition, meeting effectiveness and engagement with Deloitte and the Internal Audit and Risk functions were circulated to all members and regular attendees. The results of the evaluation confirmed that the ARCom was operating effectively, and responses indicated that meetings were well structured with an appropriate level of constructive challenge and debate provided by all members. Areas identified for focus in 2021 included inviting subject matter experts to provide periodic updates on sector and regulatory trends and the inclusion of additional thematic risk deep-dives at future meetings.

Lucinda Bell
Chair, Audit and Risk Committee

Nomination Committee report

John Cryan
Chair, Nomination Committee

Summary of the Nomination Committee's activities during 2020

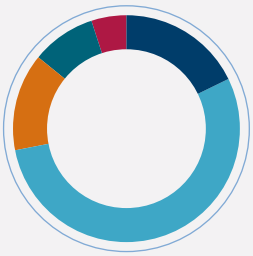
- Reviewed the size, composition and skillset of the Board and its Committees
- Recommended to the Board for approval the appointments of Lucinda Bell, Ceci Kurzman and Anne Wade as non-executive directors
- Recommended to the Board for approval the renewal of John Cryan and Zoe Cruz's appointments for a further three years subject to annual shareholder approval
- Considered approach to succession planning for the Board and senior management in 2021

Membership and meeting attendance

Committee member	Meetings attended
John Cryan (Chair)	4/4
Richard Berliand	4/4
Andrew Horton	3/3
Lucinda Bell	1/1

Where appropriate, Luke Ellis is invited to attend meetings of the Committee.

How the Committee spent its time in 2020



> "The Committee is pleased that its drive to promote and embrace diversity has resulted in gender parity on our Board."

Dear Stakeholder

2020 was another busy year for the Committee. Activity in the early part of the year focused on the appointment of three new non-executive directors and in February we recommended to the Board the appointments of Lucinda Bell, Ceci Kurzman and Anne Wade as non-executive directors. Our new directors bring significant asset management, financial and listed company experience, remuneration focus and entrepreneurial skills as well as enhancing diversity on our Board. We will continue to review and monitor the composition of our Board to ensure that this remains sufficiently diverse.

As a result of the pandemic, we have been unable to hold our regular informal non-executive dinners which normally provide us with an opportunity to discuss with Luke Ellis, development and succession planning for the top management roles below Board level. Focus on succession planning will remain a key priority for the Committee in 2021 and we have plans in place to ensure that we will have sufficient opportunity to discuss this important issue.

John Cryan
Chair

Role of the Committee

- Keep the Board's composition in terms of size, structure, skills, experience and diversity under regular review in response to changing business needs and opportunities
- Identify the particular skills, knowledge and experience required for a specific Board appointment and conduct the search and selection process
- Recommend the appointment of new candidates to the Board and the renewal, where applicable, of existing non-executive director appointments
- Review plans for executive director and senior management development and succession

The Committee's full terms of reference, which are reviewed by the Committee and submitted to the Board for approval on an annual basis, are available on the Company's website.

Committee activities

Appointments of Lucinda Bell, Ceci Kurzman and Anne Wade

The Committee meetings held in January and February were convened specifically to discuss the appointment of three additional non-executive directors. A timeline of the process and key areas of discussion are set out below.

Q4 2019

- Reviewed the current composition of the Board and agreed the skills required for additional non-executive directors which included individuals with requisite skills and experience to take over as Chair of the Audit and Risk Committee and individuals with experience in technology and people-related areas
- Appointed Heidrick & Struggles (H&S) as the independent executive search firm (H&S has no other connection with the Company or any individual director)
- Reviewed shortlist of candidates
- Interviews held with prospective candidates

Q1 2020

- Further interviews held with prospective candidates
- Agreed the appointment of Lucinda Bell, Ceci Kurzman and Anne Wade and recommended their appointments to the Board for approval
- The Board approved the appointments and these were announced to the market
- Lucinda and Ceci attended the Board meeting held on 26 February 2020 in anticipation of their appointment on 28 February 2020

Q2 2020

- Comprehensive induction programmes arranged and held remotely. (Further details are set out on page 77)
- Anne attended the Board meeting held on 30 April 2020, being the date of her appointment

Review of Board composition

The Committee formally reviewed the size, composition and skillset of the Board and its Committees taking account of the feedback received as part of the Board evaluation process. It agreed that the Board composition remained appropriate and that in any future non-executive search, particular focus should be given to individuals with direct and relevant experience in technology.

Committee appointments

As set out earlier in the report, Lucinda Bell took over as Chair of the Audit and Risk Committee (ARCom) on 1 May 2020 and it is the intention that Anne Wade will take over from Richard Berliand as Remuneration Committee (RemCom) Chair on the conclusion of the 2021 AGM. The Committee considered the proposed appointments and agreed to recommend them to the Board for approval. The Committee also agreed to recommend to the Board for approval the appointment of Lucinda and Anne as members of the Committee following their appointments as Chair of the ARCom and Chair of the RemCom.

Renewal of existing NED appointments

The Committee reviewed the profile of Board tenure of our non-executive directors in light of its future needs. As part of this, it considered the renewal of John Cryan's appointment as Chair, whose second three-year term was due to expire in early 2021, and the renewal of Zoe Cruz's appointment, whose first three-year term was due to expire in the first half of 2021.[1] It agreed, taking account of the current cycle of Board development and succession and the feedback on their contributions in the 2020 Board evaluation, to recommend to the Board for approval the renewal of each appointment for a further three-year term, subject to annual reappointment by shareholders at the AGM.

1 Neither of the directors took any part in the consideration of the renewal of their own appointment.

Committee evaluation and priorities for 2021

The Committee reviewed progress on the actions agreed by the Committee last year for 2020 and the feedback on the 2020 Committee evaluation as summarised below.

Action	Progress
Additional non-executive skills – conduct a search for non-executive directors with exposure to asset management or related businesses with a focus on technology or people issues	Appointed three new non-executive directors to the Board: Lucinda Bell, Ceci Kurzman and Anne Wade, who bring valuable public company, asset management, entrepreneurial and people experience. Any further appointments should focus on individuals with direct technology experience in order to further strengthen the Board's skills and experience in this area.
Diversity – continue to focus on diversity, including, but not limited to, gender diversity as part of the above search by seeking diverse shortlists	Appointed three female non-executive directors and, as a result, achieved gender parity on the Board. The Board also exceeds the ethnic diversity targets set by the Parker Review. Further details on Board diversity can be found in the charts shown on page 63.
Management and Board succession – continue to focus on succession planning	Specific discussions on succession planning were not as extensive as intended, largely due to the lack of face-to-face opportunities as a result of the pandemic. However, further focus will be given to management and Board succession in 2021 with Committee meetings to be held at least bi-annually to allow time for further discussion and specific Board sessions arranged to review talent management and the succession planning process.

The following were agreed as priority areas of focus for the Committee in 2021:

- Continue to strengthen focus on succession planning at Board and senior management level.
- Consider any changes to the remit of the Board Committees (for example, extending the remit of the Committee to include specific responsibilities for corporate governance) taking account of industry best practice and feedback obtained as part of the external Board and Committee evaluation to be undertaken in 2021.

Board diversity policy

Overview

The Board embraces and seeks to promote diversity in its broadest sense, both in terms of its own composition and within Man Group's senior management and employee base as a whole. It sees diversity as the combination and interaction of people with different knowledge, skills, experience, backgrounds and outlooks and believes that this creates greater value and leads to better decision making and performance at all levels of the organisation.

The Board is responsive to diversity challenges within the financial services industry and endorses the steps initiated and implemented by the executive management team to help navigate these challenges. In addition to the internal diversity and inclusion initiatives within Man Group, the Chair and CEO are members of the 30% Club, Man Group is represented on external inclusion focused committees and working groups and is also a signatory to the Women in Finance Charter and Race at Work Charter.

The Board supports the recommendations for the adoption of voluntary targets for building gender and ethnic diversity into FTSE company boards and senior management and is pleased to report that it has exceeded the previously disclosed gender diversity target of at least 33% female representation on the Board in the medium term. The Board is keen to maintain an appropriate gender balance and is therefore committed to ensuring that there is at least 40% representation of either gender on the Board, whilst recognising that during periods of transition on the Board, this balance may not, temporarily, be maintained. The Board also confirms that it has more than one Board member from an ethnic minority background as set out in the Parker Review and is committed to ensuring that the Board remains ethnically diverse. Page 63 provides further details on current Board diversity metrics. Set out below are three main areas on which we are focusing in pursuing our policy objectives.

Board appointments

When seeking to make a new appointment, the Board will focus first on identifying an individual with the capability, expertise and experience which are required to discharge the specific role, and will

select the best candidate on that basis. Within this remit, it recognises the added value to be derived from all forms of diversity, including diversity of gender, gender identity, sexual orientation, ethnicity, social background, and cognitive and personal strengths. To support this objective, we adopt a formal approach to Board searches which includes insisting on strong representation of under-represented groups on search firms' long and short lists and remaining conscious of any potential for bias in the interview and selection process. We will also consider and explore alternative routes to the supply of appropriate candidates.

Implementation in 2020: Following discussion and recommendation by the Committee, the Board broadened its knowledge and experience base with the appointments of Lucinda Bell and Ceci Kurzman on 28 February 2020 and Anne Wade on 30 April 2020 as non-executive directors, following which the Board comprised 50% women and 50% men. In addition to the gender parity achieved on the Board as a result of the appointments, Lucinda, Ceci and Anne strengthen the existing skillset on the Board as well as bringing complementary areas of expertise.

Oversight of recruitment, development and inclusion

The Board continues to encourage and oversee the output from a wide range of recruitment and people development policies and initiatives led by the executive management team which aim to grow the diversity of Man Group's talent pool, provide development opportunities for all and embed an inclusive culture. While we cannot lead such initiatives directly, our role is to monitor and challenge the impact they are having on the firm. As part of this oversight we review the level of gender diversity introduced through our summer internship and graduate programmes and women's progression over time through mentoring, retention and Returner initiatives. We also keep updated on Man Group's relationships with partners who can help source talent from more diverse backgrounds and under-represented groups and Man Group's sponsorship of events which encourage more diverse talent into financial careers.

In addition, a key role of the Nomination Committee is to monitor and discuss with the CEO the career development and succession plans for senior management across the firm, including the progress of any under-represented groups. This enables us to promote the development of a strong and diverse pipeline of talent for future executive leadership and Board positions.

Implementation in 2020: The Board received regular updates on specific people hires and promotions and discussed Man Group's diversity and inclusion network activities to promote and support a diverse culture within the organisation. Further details are set out on pages 56 to 60. The Board also reviewed and provided feedback on Man Group's Corporate Social Responsibility booklet (available at www.man.com) which sets out Man Group's commitment to improving diversity within the Company and more broadly across the industry, and the broad range of initiatives in place to support this. Despite reduced face-to-face opportunities for specific Board discussion on management development and succession, the Board was able to increase its exposure to executives below Board level and to assess the strength, breadth and diversity of management resource available to the business through updates at Board and Committee meetings from Executive Committee members and other members of the management team on the areas of the business for which they are responsible.

Review and reporting

The Board is committed to the development of diversity on the Board and among Man Group's employees. It will seek feedback on Board balance, including the balance of skills and experience, in its annual Board evaluation and will keep the review and challenge of Man Group's people development, inclusion and diversity programmes firmly on the Board agenda. An account of the Board's activities and progress against its objectives in these areas will be given in the Annual Report each year.

Implementation in 2020: Feedback from the 2020 Nomination Committee and Board evaluations has confirmed the positive progress made over the past year while highlighting the need to bring additional technology skills and expertise onto the Board and continued focus on senior management development and succession planning as noted above.

1. Chair's annual statement

Richard Berliand
Chair of the Remuneration Committee

Summary of the Remuneration Committee's activities in 2020

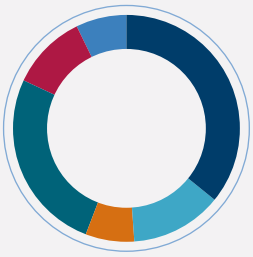
- Reviewed and consulted with shareholders on the Directors' Remuneration Policy.
- Determined the total annual compensation for the executive directors, Executive Committee members and Remuneration Code staff.
- Reviewed the remuneration of the Chair and determined that no changes should be made.
- Considered compensation below the Board, including by reference to both gender and ethnicity metrics.
- Reviewed and approved the 2019 DRR.

Attendance

Committee member	Meetings attended
Richard Berliand (Chair)	7/7
John Cryan	7/7
Zoe Cruz	7/7
Dame Katharine (Kate) Barker	7/7
Anne Wade[1]	4/4

1 Anne Wade was appointed to the Board on 30 April 2020 and attended all meetings after that date.

How the Committee spent its time in 2020



- Executive directors' remuneration 36%
- Employee remuneration 13%
- Senior management compensation 7%
- Shareholder engagement, DRR and remuneration policy 26%
- Governance and other 11%
- Financial regulation 7%

Contents

> **"We believe rolling forward the existing policy for a further year is the appropriate approach at this time."**

Dear Stakeholder

On behalf of the Board, I am pleased to present the Directors' Remuneration report (the DRR) for the year to 31 December 2020. For ease of reference, this report contains the following sections:

- a detailed index to help you find the sections you need (page 90);
- this annual statement (pages 91 to 94);
- the remuneration 'at a glance' section, summarising how the Remuneration Policy has been implemented in 2020 (pages 95 to 98);
- the annual report on remuneration (pages 99 to 110); and
- the Directors' Remuneration Policy on which shareholders will be asked to vote at the 2021 AGM (pages 111 to 117).

1.1 Introduction

The unexpected backdrop to 2020 has been the impact of the global pandemic; since its onset, the Board has acted to position the business for long-term success and our strong balance sheet has allowed us to concentrate on our people and our clients. As an active investment management firm, our priority is delivering superior risk adjusted performance for our clients which will translate into clients choosing to allocate further capital to the firm, driving net inflows and growing profitability and value creation for our shareholders.

Throughout the crisis, our foremost priorities have been the health and well-being of our colleagues and the performance of our clients' assets. We were able to implement working from home with minimal disruption for almost the entire workforce from early in the year, which meant we have been fully operational throughout, supporting clients through challenging markets. We have not requested or received any government support and grew our workforce during 2020. We have paid all dividends as normal, completed the $100 million share buyback announced in October 2019 as planned and initiated a further share buyback in September 2020. We were also very pleased to be able to provide significant expertise in technology and quantitative modelling for the purpose of modelling the pandemic, following calls for support from the Royal Society. Investing in our talent and technology, combined with our deep relationships with clients, is what will drive our future growth as the recovery develops.

Luke Ellis has informed the Board that he intends to donate his entire 2020 cash bonus to charities supported by Man Group plc. The decision has been taken in recognition of the impact that the pandemic has had on the financial position of individuals and businesses, including many charitable organisations.

During the past year, we conducted a review of our Directors' Remuneration Policy, ahead of the three-year renewal of approval by shareholders due at the AGM in May 2021. In the early autumn of 2020, we began an initial consultation with our biggest shareholders on some relatively limited changes to the current policy. During the course of that consultation it became clear that the forthcoming AGM season is likely to be a particularly busy one as businesses grapple with the impact of the pandemic and shareholders are called upon to vote on their decisions in unprecedented circumstances. Indeed, investors' willingness to engage and the depth of any engagement was lower than we have seen in prior years. Consequently, although we believe that the small changes we were proposing were appropriate, we will wait until next year to consult further on making them, when we can also build into the new policy any necessary changes to comply with the upcoming Investment Firms Prudential Regime (IFPR). We are, therefore, asking shareholders to approve a roll-over of the current policy for a further 12 months. The only change that is now proposed is to extend the post-employment shareholding requirements to align with best practice corporate governance and the Investment Association's remuneration principles, as set out in more detail below.

1.2 Directors' Remuneration Policy

The Committee considers that the current policy has operated broadly as intended since its approval in 2018 and does not require fundamental change. The main change on which we began our consultation with shareholders was to equalise the variable pay opportunity between the short and long-term incentive opportunities, such that each would represent 300% of salary. We were also intending simultaneously to increase the amount of bonus deferred to 55% to maintain long-term pay broadly in line with the current ratios. We believe an equal split between bonus and long-term incentives would better align the executive directors with both employees and the sector more widely. Although we received some form of response from a majority of the largest shareholders contacted in our consultation, many advised us that they had no comment or could not comment on whether they would support the changes until they had reviewed them in the context of public disclosures to be included in the DRR. We were also conscious that the timing of the proposed changes was being driven by the standard three-year policy renewal but that it was possible we would need to revert to shareholders again in one year's time to update the policy to be compliant with the new IFPR. The Financial Conduct Authority (FCA) has confirmed that the IFPR will come into force on 1 January 2022 but the detailed requirements and an understanding of their impact for Man Group, and specifically for the structure of executive director remuneration, are still being considered.

Consequently, the Committee has now decided that the most appropriate approach is to ask shareholders to support a roll forward of the current policy for a further year. Our intention is to revert to shareholders again this time next year with a policy that is likely to encompass the changes on which we have already started to consult: namely changes to the weightings of the incentive arrangements, as well as incorporating any changes required to comply with IFPR.

Following feedback from shareholders this year, the Committee does, however, consider it appropriate to bring the post-employment shareholding requirement into line with market-leading practice and the Investment Association's principles. Consequently, the executive directors will now be required to retain their shareholdings in full for two years after departure from Man Group plc; this will be at the lower of either their required or actual shareholding on leaving. The Committee believes it has established an effective approach to ensuring compliance with the requirement to retain shares following a director's departure, whatever the circumstances. As a condition of their participation in the variable incentive arrangements each year, executive directors are required to sign a letter acknowledging their obligations to retain shares after their departure. Shares are held on behalf of directors in a brokerage account established by the Company. The contracts of the current executive directors were agreed before the requirements around post-cessation shareholdings were introduced so the annual letter gives contractual effect to this requirement. In the future, new executive directors' contracts will include the requirement. On departure, where the Company enters into a termination agreement with the director this will again include this requirement, as was, for example, the case on the departure of the former President of Man Group plc during 2019.

1. Chair's annual statement continued

1.3 Performance metrics

As part of its consideration of the policy, the Committee brought forward its normal annual review of the incentive metrics to ensure they are appropriately incentivising delivery of Man Group's short and long-term goals without encouraging inappropriate risk-taking. This is not a policy change, since the policy allows the Committee the flexibility to adjust the metrics and their weightings in both the incentives to ensure they drive the delivery of performance over time. For the Long-Term Incentive Plan (LTIP), the weightings of the Core Management Fee EPS and Core Total EPS measures will be changed to 10% and 30% respectively (currently at 20% each). This will first impact the LTIP award to be granted in March 2021. We believe this more closely aligns long-term outcomes to overall Company performance and shareholder experience; to be clear, it does not indicate that the Committee is downgrading the importance of management fees but we believe it is appropriate to slightly increase the weighting of performance fees, via their inclusion in Core Total EPS. We consider that performance fees are currently underweighted and, although volatile, they remain an important and valuable income stream over time. In the long run it is the overall profitability of the firm, whether from management or performance fees, that drives shareholder returns and we think the slight increase in weighting is an appropriate recognition of this. Management fees are an important indicator of progress in growing the long-term profitability of the business; they represent the majority proportion of Total PBT (59% on average over the past five years). Total PBT is still therefore driven more by management fee PBT profits than performance fee profits. The impact of the switch in weightings is illustrated in the table below which shows that the amount of the combined incentive outcome driven by management fee performance falls from 32% currently to 29% in the new policy (assuming the five-year average proportion of management fee PBT versus performance fees).

For the bonus, the PBT measures are to be replaced with equivalent EPS measures (Core Management Fee EPS and Core Total EPS) following the Board's review of the Group's financial KPIs. This increases alignment with the metrics we use in our LTIP awards today and we believe it more comprehensively supports the delivery of our strategic priorities to deliver efficient and effective operations and returns to shareholders. The Company's strategy has generated significant cash flow over time. Some of these cash flows have been used over recent years to buy back shares, thereby reducing the share count and increasing the amount of profit per share. On a longer-term view some of these cash flows were used to acquire businesses, increasing Group revenues, profit before tax and also earnings per share. The current metric does not capture the benefit to shareholders of returning capital via buybacks, but does capture the benefit to shareholders from acquiring businesses. Core EPS measures the benefit of either capital allocation decision equally and we think is preferable in this regard.

Variable pay metrics – impact of weighting changes

	Current weightings			New weightings			
Metric	**Bonus**	**LTIP**	**Aggregate weighting[1]**	**Bonus**	**LTIP**	**Aggregate weighting[1]**	**Variance**
Relative Investment Performance	0%	25%	15%	0%	25%	15%	0%
Relative Net Inflows	30%	10%	18%	30%	10%	18%	0%
Relative TSR	0%	25%	15%	0%	25%	15%	0%
Strategic and personal	30%	0%	12%	30%	0%	12%	0%
Core Management Fee PBT/EPS	20%	20%	20%	20%	10%	14%	-6%
Core Total PBT/EPS[2]							
Estimated management fee component	*12%*	*12%*	*12%*	*12%*	*18%*	*15%*	*+3%*
Estimated performance fee component	*8%*	*8%*	*8%*	*8%*	*12%*	*11%*	*+3%*
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**–**
% Salary	**250%**	**350%**		**250%**	**350%**		
Management fee related	32%	32%	32%	32%	28%	29%	-3%
Performance fee related	8%	8%	8%	8%	12%	11%	+3%

1 Aggregate weighting shows the overall weighting when consolidated across both the bonus and LTIP opportunities.
2 The management fee component of Core Total PBT/EPS is assumed to make up 59% of the total, based on five-year average performance, with performance fees making up the remaining 41%. Core Total PBT/EPS starts with Core Management Fee PBT/EPS and then adds Adjusted Performance Fee PBT/EPS.

The performance metrics selected for use in the short and long-term incentive arrangements in the Directors' Remuneration Policy have been chosen to reflect Man Group's strategic priorities; they are aligned with Man Group's financial key performance indicators (KPIs) which illustrate and measure the relationship between the investment experience of Man Group's clients, our financial performance and the creation of shareholder value over time. That alignment ensures that the link between strategy, performance and reward is clear, as shown in the table below.

	Strategic priority			
	Innovative investment strategies	Strong client relationships	Efficient and effective operations	Returns to shareholders
Bonus metrics				
Relative Net Inflows	✓	✓		
Core Management Fee EPS			✓	✓
Core Total EPS			✓	✓
Strategic and Personal Objectives	✓	✓	✓	✓
LTIP metrics				
Relative Investment Performance	✓	✓		
Relative TSR				✓
Cumulative Relative Net Flows	✓	✓		
3-year Cumulative Core Management Fee EPS			✓	✓
3-year Cumulative Core Total EPS			✓	✓

1.4 Shareholder engagement in 2020

As indicated above, the Committee consulted widely before deciding to roll the current Directors' Remuneration Policy forward for a further year. During autumn 2020, letters were sent to some 20 of our top shareholders, representing almost 60% of our shareholder base, setting out the proposed changes and seeking feedback on our proposed new Directors' Remuneration Policy. We received some form of response from a number of those contacted and I met virtually with three of our biggest shareholders as well as the Investment Association, Glass Lewis, ISS and PIRC. We really appreciated the thoughtful and constructive feedback from those investors that were willing to engage, which has helped to inform our thinking and resulted, amongst other things, in us providing further details of the rationale for the change in the weightings of the LTIP metrics, described earlier. However, we were disappointed that some of our largest shareholders did not take up our offers to meet, even if virtually, and chose to reserve any comment on the proposed policy changes until after publication of the DRR. We considered that timing would be too late in the process to enable us to respond to any concerns that may have been identified then.

When we decided that it was not appropriate to seek any further time or input from shareholders, in what will inevitably be a particularly busy year for them as a result of the impact of the pandemic, we again wrote to our top shareholders and their representative bodies. That letter set out the reasons for our decision to roll the current Directors' Remuneration Policy for a further year.

1.5 The link between the pay of executive directors and the workforce

As set out in last year's report, the Remuneration Committee has engaged directly with employees by providing a simple document explaining how the remuneration of the executive directors is determined and how that links with the way employees are remunerated. A dedicated email address was also established to provide employees anywhere in the Company with a quick and easy way to raise any questions with the Remuneration Committee. In the context of the pandemic it was decided that nothing additional would be undertaken during 2020 and that the effectiveness of the approach would be reviewed in 2021.

In setting its priorities for 2020, the Remuneration Committee identified that deepening its understanding of compensation below the Board, including by reference to gender and ethnicity diversity metrics, would be a specific area of focus. During the year the Committee was presented with detailed analysis which enabled it to review compensation patterns across both gender and ethnicity metrics. This was the first time such detailed data was available, as a result of the new Finance and HR system implemented during 2019, and it is intended that this information will be presented to the Committee at least annually in future so that a picture can be progressively built up and it can be used as part of tracking the effectiveness of our diversity objectives.

As part of further developing its understanding of the approach to all-employee remuneration, the Committee again undertook the following actions:

- reviewed the approach to variable remuneration across all Man Group's businesses;
- reviewed the ratio of CEO pay to the UK employee population and discussed the reasons for the movement since 2019 as set out in the commentary under table R6 on page 102;
- approved the total bonus pool to be allocated to staff;
- carried out a detailed review of bonus proposals and evaluations for the Executive Committee and individuals covered by the Remuneration Codes; and
- reviewed annual performance ratings and compensation outcomes by gender and ethnicity to ensure decision making was objective and without bias.

1.6 Review of performance in 2020

2020 was a testing year for each of us individually but also for how business models coped with the challenges of the pandemic and its impact on the economy. We have a robust and sustainable business model and are pleased to report that we have performed well in this difficult environment. We have seen growth in our management fee profits as our cost discipline has supported profitability despite lower management fee revenues year-on-year. We have also delivered solid performance fee profits in an environment which was challenging to navigate, albeit down on a very strong year in 2019. Net inflows over the course of the year have been positive and outperformed those of our industry peers as clients continued to recognise the quality of our product offering. The strength of the business model has allowed us to continue to return capital to shareholders via both dividends and buybacks. Our confidence in the strength of both our balance sheet and cash flows meant Man Group continued to pay dividends as usual and was one of the earliest companies in the FTSE to initiate a new buyback programme. We end the year at record high FUM levels and with good momentum into 2021. In addition to strong performance outcomes we have always maintained our focus on looking after our clients and our staff. Over the long term it is our focus on looking after and delivering for clients and ensuring we remain a great place for talented staff to build their careers that will drive our business.

1. Chair's annual statement continued

1.7 Remuneration outcomes for 2020

In a turbulent year for markets, strong relative net inflows were achieved, resulting in a solid performance in Core Management Fee PBT. Relative net inflows of 4.6% were delivered, comfortably exceeding the target of 3.5% and well ahead of the industry. Core Management Fee PBT of $180 million was ahead of both the target for this metric and of the prior year. This increase in profit was achieved despite the lower management fee revenues seen as a result of the challenging economic environment and resulted from good cost discipline. Following a year in which record core performance was delivered in 2019, performance fees were lower in 2020 but exceeded the threshold for this metric. This resulted in an overall outcome on the financial component of the bonus of 44.4% out of a maximum of 70%. Further details of 2020 performance in the context of historic outcomes and of the targets set for 2020 are shown in graphical form on pages 96 and 97 of this report in the 'Remuneration at a glance' section and in table R2 on page 99.

The strategic and personal objectives of each executive director, which account for 30% of the overall bonus outcome, are selected to ensure delivery of sustained performance over time and include a range of strategic, risk and ESG priorities. Both directors demonstrated exceptional leadership through the last year, prioritising the well-being of colleagues and the protection of clients' assets whilst continuing to make progress on previously identified priorities. Details of the actual delivery against the individual objectives is shown in table R2 on page 99 and resulted in overall outcomes of 25% and 24%, out of a maximum of 30%, for the CEO and CFO respectively.

For the avoidance of doubt, we want to confirm that both the financial and non-financial objectives were set well before the implications and impact of the pandemic became known and have not been adjusted subsequently. In determining whether the bonus outcome was appropriate, the Committee considered the wider environment as well as the experience of Man Group's stakeholders. In that context, it did not consider that it was appropriate to apply any discretion to the formulaic outcome.

During the year, the Committee undertook its routine annual review of the CFO's salary. Having been brought in on an initial salary which was well below his predecessor, Mark's salary has been increased in line with or below the average employee increase in each of the last two years. Whilst it remains significantly below his predecessor, the Committee decided that it was not appropriate to make any adjustment at this time. It will continue to keep his salary under review. Routine reviews were also undertaken of the Chair and NEDs' fees and again no changes were made. During 2020 average employee salaries increased by 4%.

As a reminder, the first award was made under the LTIP in March 2019, replacing the Deferred Executive Incentive Plan (DEIP), the former long-term plan in which awards were made at the end of the performance period. The first LTIP award will vest in March 2022. Consequently, no long-term remuneration has been reported in the single figure table (page 99), as required by the DRR regulations. However, a table has been included in the 'Remuneration at a glance' section (page 96) to illustrate this impact in more detail, by assuming a 'fair value' for the LTIP.

At the time the LTIP award was made to the executive directors in March 2020, global financial markets were experiencing significant volatility in response to fears about the pandemic. Consequently, the Committee notified the Directors that, rather than scaling back the award level upfront, when it assesses the outcome under the performance conditions at the end of the performance period, it will also consider whether market-driven (rather than underlying performance-driven) increases in share price would result in a windfall gain as a result of the unusual circumstances at the time of grant.

In the event that the Committee considers that such a windfall gain has been made, it reserves the right to reduce the number of shares under the award, prior to assessing the performance conditions based on that reduced number of shares.

The metrics and targets for the LTIP award to be granted in March 2021 are shown in table R19 (page 107). The level of vesting for the LTIP at threshold is 0%, meaning the directors must exceed threshold to receive any award; this represents a much tougher hurdle than in most listed businesses. The targets have been set in line with prior year except the threshold for Relative Net Inflows has been set at 0% meaning the directors will only receive a payment under this metric if they beat their industry peers. Target and maximum are set at 9% and 18% respectively, representing significant outperformance against the industry if achieved.

In considering whether the overall remuneration of the executive directors for 2020 was appropriate, the Committee considered a number of factors, including:

- 2020 proved to be a significant test of leadership with an almost overnight move to virtual working; the Board considered that the executive directors had responded extremely well to the challenging circumstances ensuring both employees and clients felt supported throughout whilst the potential for increased risk was carefully managed.
- The experience for Man Group's shareholders during a period in which solid profitability was delivered, the dividend maintained and a new share buyback programme initiated.
- The experience of Man Group's employees who participated in record numbers in the staff survey and delivered overall engagement scores of 8.3/10; several employee well-being initiatives were rapidly implemented to support the new ways of working. Although staff bonuses were lower than prior year, this resulted from the exceptional level of performance fees delivered in 2019 which were not fully reflected in the executive directors' bonuses at that time because of the different structure of their remuneration. By contrast, in 2019 staff bonuses increased by 10% on the previous year whereas the directors' bonuses fell.
- The Committee also considered the wider societal context and is cognisant of the devastating impact that COVID-19 has had on individuals and organisations across the globe. Man Group plc is fortunate to operate in a sector that has not been severely impacted by the pandemic although our employees and clients have all been affected to some extent. Both directors demonstrated excellent leadership in unprecedented circumstances and the Committee considered their variable reward outcomes were an appropriate reflection of that performance.

1.8 Conclusion

I hope that you find the information in this letter, and the sections of the DRR that follow, to be clear and useful and I would welcome any feedback you may have. At the next AGM and after five years in the seat, I will be handing over the role as Chair of the Remuneration Committee to Anne Wade, who joined the Board in April 2020 and has served as a member of the Committee since then. I will continue to be a member of the Committee and look forward to supporting Anne in her new role. We hope that Anne's appointment, combined with a further review of the Policy, will provide an opportunity for further meaningful engagement with shareholders in the coming year.

We look forward to welcoming you at our AGM and receiving your support for the renewal of our Directors' Remuneration Policy for one year and for our 2020 DRR at that meeting.

Richard Berliand
Chair of the Remuneration Committee

2. Remuneration at a glance

2.1 Directors' Remuneration Policy summary table

Key elements (2020 2021 2022 2023 2024 2025 2026)		Remuneration Policy	Implementation in 2020/21
Fixed pay	**Salary**	– Overall policy maximum of $1.1m will apply to all executive directors, meaning no increase for the CEO over the life of the policy	Salaries effective from 01/01/20: – CEO $1.1m – CFO $625k Salaries effective from 01/01/21: – CEO $1.1m – CFO $625k
	Pension allowance	– Policy maximum 14% salary[1] – Actual 14% salary	
	Benefits	– Includes family private medical insurance, life assurance and permanent health insurance	
Cash bonus **Deferred bonus**	**Maximum opportunity**	– 250% of salary	**KPIs** (%)
	Operation	– Awarded as a combination of cash (50%) and deferral (50%) into shares vesting in equal tranches in each of the following three years – Opportunity to defer up to half the deferred amount into funds, once the share ownership requirements are met – Malus and clawback apply	Net Inflows 30 Core Management Fee EPS 20 Core Total EPS 20 Strategic and Personal Objectives 30
Long-term incentive	**Maximum opportunity**	– 350% of salary	**KPIs** (%)
	Operation	– Man Group Long-Term Incentive Plan (LTIP) – Forward-looking three-year performance conditions with share grant at year 0, vesting year 3 with subsequent two-year holding period – Malus and clawback apply	Relative Investment Performance 25 Relative TSR vs FTSE 250 25 3-year Cumulative Core Management Fee EPS 10 3-year Cumulative Core Total EPS 30 Cumulative Net Inflows 10
Share ownership	**Share ownership requirements**	– CEO 300% of salary – Other executive directors 200% of salary – 100% of the requirement to be retained for two years after leaving	Actual shareholdings for each of the executive directors as at 31/12/20: – CEO 1,122% – CFO 636%
Malus and clawback	**Malus and clawback**	The Committee may apply malus and/or clawback to variable pay in certain specified circumstances, including: – Misconduct. – Material misstatement of financial results affecting the assessment of a performance condition, or where there has been an error or inaccuracy relating to the determination of variable pay. In addition, the Committee can apply malus if a director: – fails to meet the required standards of fitness and propriety; – participates in or was responsible or accountable for a material failure of risk management; – has caused or contributed to a material extent to censure by any regulatory authority; or – has caused or contributed to a significant detrimental impact on the Company's reputation.	

The full detail of the executive directors' Remuneration Policy is included on pages 111 to 117.

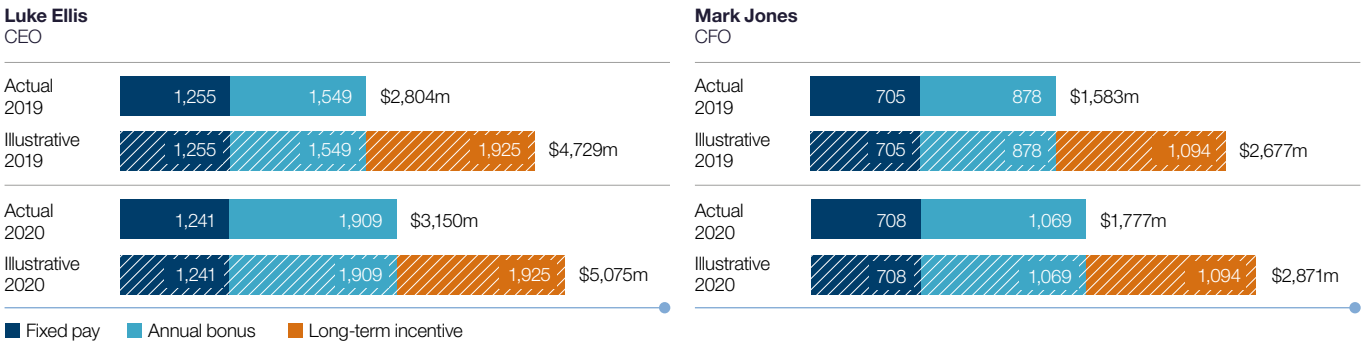
1 The directors' maximum pension contribution is aligned to the maximum available to all UK employees, currently 14% of salary.

2. Remuneration at a glance continued

2.2 Remuneration outcomes for 2020

The chart below shows the actual and 'illustrative' total remuneration of the executive directors in each of the last two years. As set out in detail in the 2018 DRR, the impact of switching from the former Deferred Executive Incentive Plan (DEIP) to the LTIP is that no long-term variable pay will be included in the single figure table until the first award vests at the end of 2021. Consequently, in the interests of clarity and transparency, the 2019 and 2020 'illustrative' data in the table below shows the potential single figure outcome using an expected value of 50% for the LTIP. Achievement at this level would require target performance to be delivered on all five metrics. The actual outcomes for the March 2019, 2020 and March 2021 awards will be reported in the DRRs for 2021, 2022 and 2023 respectively.

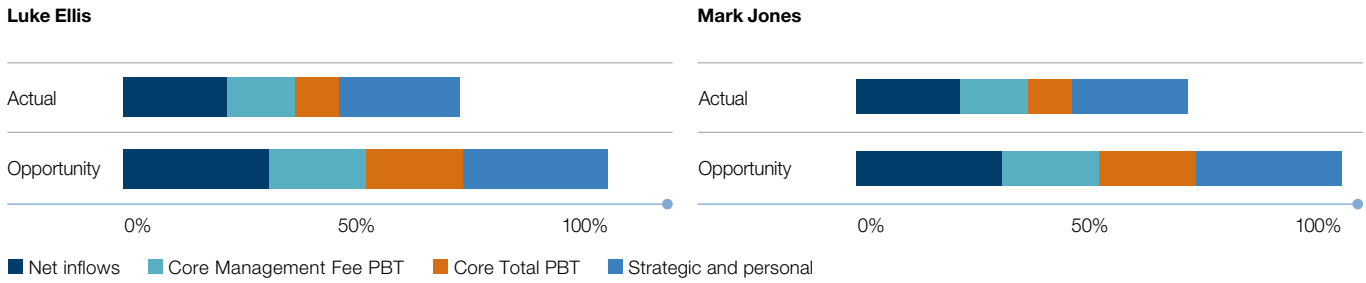
Single total figure of remuneration



Bonus

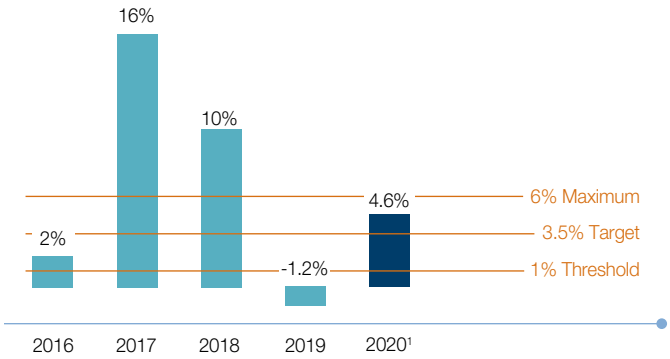
As set out in the Chair's statement, strong relative net inflows delivered a solid performance in Core Management Fee PBT and despite lower performance fees than the 2019 high, Core Total PBT exceeded the threshold for this metric. This resulted in achievement of 44.4% out of a maximum of 70% on the financial component of the bonus, with the non-financial objectives in a range from 24% to 25% out of a maximum of 30%.

Short-term annual cash bonus (%)



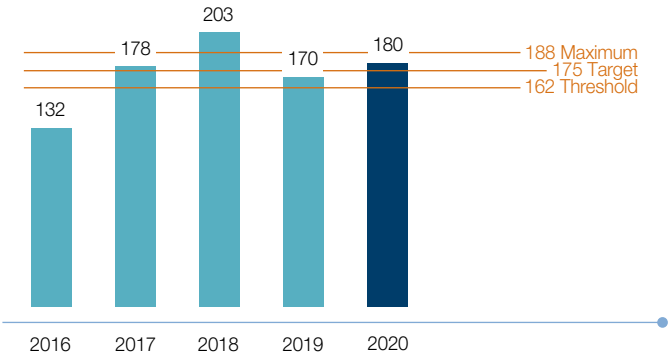
The approach to target setting has been described in detail in the 2018 and 2019 DRRs and the Remuneration Committee again established the bonus targets by reference to internal and external forecasts, including consensus estimates available at the time and long-run historical performance of both Man Group and our peers. The charts below show actual 2020 performance compared against the targets set for 2020 and historical performance.

Net inflows, relative growth (%)

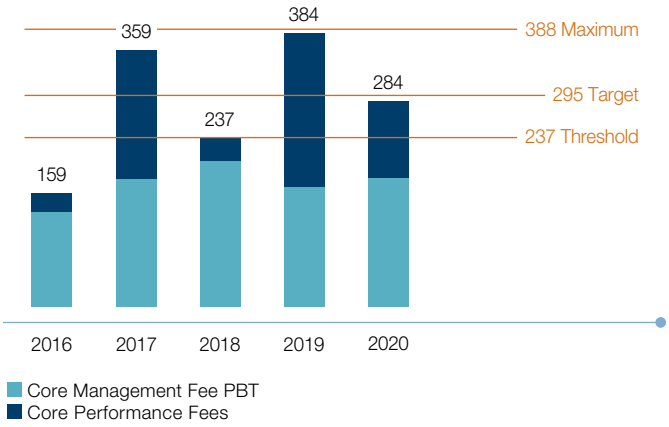


1 For 2016 to 2019, the metric was growth in Net Inflows; from 2020 the metric is growth in Relative Net Inflows. The chart shows absolute growth for 2016 to 2019 and relative growth for 2020.

Core Management Fee PBT ($m)



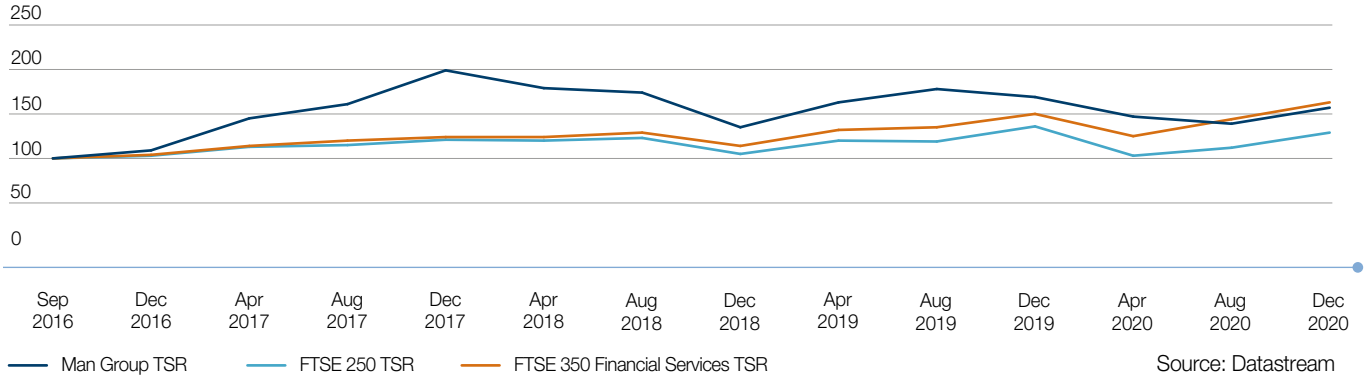
Core Total PBT ($m)



2.3 Executive director pay in the context of Man Group's shareholders

The chart below shows the TSR generated since Luke Ellis's appointment as CEO in September 2016, compared to both the FTSE 250 and the FTSE 350 Financial Services Index.

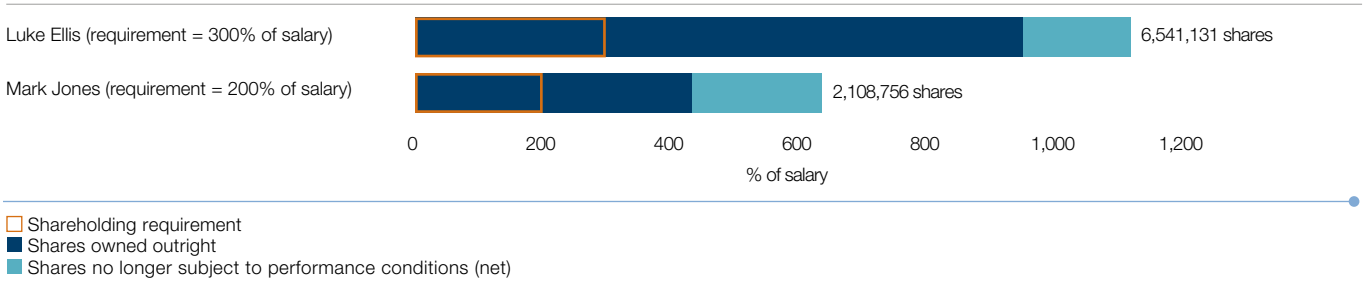
Total Shareholder Return (TSR) (Sep 2016 – Dec 2020)



Source: Datastream

The chart below shows the executive directors' shareholdings compared to their shareholding requirements. Under the Remuneration Policy shares owned outright and those deferred shares that no longer have performance conditions attached count towards the shareholding requirement. In the future, LTIP shares retained during the two-year post-vesting holding period will also count towards the requirements. Shares which are not owned outright are shown net of tax (i.e. excluding that proportion of those shares expected to be sold on vesting to settle the associated tax liability). Both executive directors comfortably exceed their shareholding requirement with shares owned outright.

Executive directors' shareholdings (number of shares)



2. Remuneration at a glance continued

2.4 Executive director pay in the context of Man Group's employees

In determining the appropriate remuneration for the executive directors, the Committee carefully considered conditions for employees across the Group. A high calibre, motivated workforce, appropriately rewarded for their contributions, is a critical component of our success and the table below illustrates remuneration paid to the executive directors in the context of the wider workforce.

	Year ended 31 December 2020	**Year ended 31 December 2020 illustrative[4]**	Year ended 31 December 2019	Year ended 31 December 2019 illustrative[4]
CEO – single total remuneration figure (SFT) ($'000)	**3,150**	**5,075**	2,804	4,729
Ratio of SFT to median UK employees[1]	**19:1**	**30:1**	17:1	29:1
Compensation – all employees ($m)[2]	**446**	**446**	460	460
Compensation ratio[3]	**48%**	**48%**	43%	43%
Number of bonus-eligible employees	**1,367**	**1,367**	1,312	1,312
Mean annual bonus award per bonus-eligible employee ($'000)	**177**	**177**	203	203
Median annual bonus award per bonus-eligible employee ($'000)	**34**	**34**	35	35
CEO SFT as % of total compensation of all employees	**0.7%**	**1.1%**	0.6%	1.0%
Aggregate total SFT of all executive directors as % of total compensation of all employees	**1.1%**	**1.8%**	1.0%	1.6%

1 See table R6 on page 102 for the full disclosure of the CEO ratio.
2 Compensation for all employees represents total fixed pay (salary, pension and benefits) and variable pay in respect of 2020.
3 Compensation ratio represents total compensation costs for all employees (fixed base salaries, benefits, variable bonus compensation and associated social security costs) as a proportion of net revenue (gross management and other fees, performance fees, income or gains on investments and other financial instruments, and share of post-tax profits of associates, less distribution costs).
4 The columns headed 'Year ended 31 December 2019 – illustrative' and 'Year ended 31 December 2020 – illustrative' are included to aid understanding of the impact of the switch to the LTIP award, which means that no long-term variable pay is included in the directors' single figure disclosure (table R1, page 99). For illustrative purposes, an expected value of 50% of the face value of the LTIP award made in March 2020 and the award to be made in March 2021 has been assumed.

3. Remuneration outcomes in 2020

3.1 Single total figure of remuneration for executive directors

The table below sets out a single figure for the total remuneration received by each executive director for the year ended 31 December 2020 and the prior year.

Single total figure of remuneration for executive directors (audited) – Table R1

	Executive directors			
	Luke Ellis		Mark Jones	
All figures in USD	**2020**	2019	**2020**	2019
Salary	**1,100,000**	1,100,000	**625,000**	612,500
Taxable benefits[1]	**2,519**	3,223	**3,149**	3,191
Pension benefits[2]	**135,206**	134,929	**77,711**	76,727
Other[3]	**3,312**	16,893	**2,240**	12,934
Total fixed remuneration	**1,241,037**	1,255,045	**708,100**	705,352
Short-term variable[4]	**1,909,371**	1,548,615	**1,069,245**	877,609
Value of vested award	**–**	–	**–**	–
Amount due to share appreciation	**–**	–	**–**	–
Total long-term variable[5]	**–**	–	**–**	–
Total variable remuneration	**1,909,371**	1,548,615	**1,069,245**	877,609
Total	**3,150,408**	2,803,660	**1,777,345**	1,582,961

1 Taxable benefits includes private medical insurance.
2 Pension benefits are paid into the Man Group Self-Invested Personal Pension with any contributions exceeding the annual or lifetime allowance paid as cash on a cost neutral basis to the Company.
3 'Other' includes non-taxable benefits (e.g. life insurance, Group income protection and fund fee rebate).
4 See table R2 for details of the short-term variable compensation award.
5 The first award under the new Man Group plc LTIP was made in March 2019 for the three-year performance period ending on 31 December 2021. To the extent the performance conditions have been achieved, any vested shares will be reported in this table in the report for 2021. Vested shares are subject to a further two-year holding period.

3.2 Annual bonus in respect of 2020 performance

The annual bonus is based on the Committee's assessment of executive directors' performance against objectives agreed by the Board at the beginning of the year, split 70% based on quantitative metrics and 30% on qualitative performance. The threshold, target and maximum ranges are considered by the Remuneration Committee to represent appropriately stretching levels of performance and are set by reference to internal budgets and strategic plans, industry backdrop and external expectations. The targets for Core Management Fee PBT and Core Total PBT (including Adjusted Performance Fee PBT) have been adjusted to exclude 'non-core management fees' relating to discontinued business, in order to ensure the executive directors are incentivised only using stretching targets for metrics over which they have direct control.

Table R2 shows the results of the Committee's assessment of the performance delivered in 2020.

Annual bonus in respect of 2020 (audited) – Table R2

Financial metric	Weighting	2019 actual	Threshold (25% of max)	Target (50% of max)	Maximum (100% of max)	2020 outcome	% achieved	Bonus outcome, after weighting (% of maximum)
Increase in Relative Net Inflows	30%	-1.2%[1]	1.0%	3.5%	6.0%	4.6%	71%	21.4%
Core Management Fee PBT	20%	$170m	$162m	$175m	$188m	$180m	70%	14.0%
Core Total PBT	20%	$384m	$237m	$295m	$388m	$284m	45%	9.0%
Total financial metrics	**70%**							44.4%
							CEO	CFO
Non-financial metrics	**30%**						**25.0%**	**24.0%**
Percentage of maximum annual bonus awarded							**69.4%**	**68.4%**
Quantum of award – total[2]							**$1,909,371**	**$1,069,245**
Quantum of award – paid in cash							$954,686	$534,623
Quantum of award – deferred							$954,685	$534,622

1 In 2019, the metric was increase in Net Inflows.
2 50% of the bonus is paid in cash with the remaining 50% deferred into Man Group plc shares; when a director achieves their shareholding requirement, up to half the deferral may be into Man Group plc funds and the balance into shares. No further performance conditions apply to the deferral, which vests in three equal tranches on the first, second and third anniversary of grant subject, in normal circumstances, to continued employment.

3. Remuneration outcomes in 2020 continued

Assessment of performance against qualitative objectives

Key

● Criteria fully met or exceeded ● Criteria partially met ● Criteria not met

Executive directors	Objective	Outcome	
CEO	Develop Man Group's strategic plan, key business objectives and assessment of required resources to be agreed by the Board.	Delivered new peak assets under management and positive net inflows despite the backdrop of a global pandemic. Exceptional growth from TargetRisk which is now in excess of $10 billion, exemplifying the success of innovation and organic growth. Cost discipline led to 6% growth in Core Management Fee EPS despite challenging markets.	●
	Continue leading approach to compliance and risk management including initial operation of Senior Managers Certification Regime (SMCR).	The smooth transition to remote working across the whole Company at short notice reflected previous investments and planning for more extreme operational stresses. No events occurred outside the Company's risk appetite, despite extreme market turbulence during the year. The SMCR was effectively implemented with no issues.	●
	Develop new investment content and focus on research and technology to support long-term profitable growth. Growth of client relationships, with a focus on North America.	Net inflows of $1.8 billion and net inflows in three out of four quarters were delivered in the year with continued growth seen from North America despite not being able to meet clients in person for much of that time. Continued progress was made on both new content and new markets, including quantitative approaches to credit strategies and Chinese markets and onboarding of an experienced discretionary Asian equities team.	●
	Continue to improve people development, succession planning and engagement. Promotion of appropriate culture in the business. Promote Man Group as a leading organisation in the industry for diversity.	There was a huge management focus on welfare and the engagement of our staff throughout the year, with an enormous breadth of initiatives as well as direct personal engagement and communication. Extremely strong feedback from staff on the support from the Company, reflected in the staff survey seeing engagement increasing to 8.3/10. Work is also continuing on delivering the pipeline of future diverse talent with Man Group starting to work with a wide range of partners to widen access to the asset management industry. This year we published our first Global Inclusion Statement to better communicate our values.	●
	Continue to improve Man Group's perception with key stakeholders through engagement and actions, with a specific focus on actions to improve gender balance in our management group.	Exceeded our Women in Finance Charter commitment to achieve 25% of women in management positions by the end of 2020. The Group Board also achieved gender parity in 2020. There was a positive contribution to Man Group and to our broader industry reputation with the CEO's role as Deputy Chair for the Standards Board for Alternative Investments.	●
CFO	Maintain and improve timeliness, relevance and quality of information to support informed and effective decision making across the business.	Automation of daily delivered data for a range of revenue and performance metrics which allowed for a faster and more informed management response to the rapid market moves in 2020. Improved statistical analytics on client behaviour and compensation patterns across the firm were delivered.	●
	Continue to improve people development, succession planning and engagement. Promotion of appropriate culture in the business. Promote Man Group as a leading organisation in the industry for diversity.	As well as the CFO's contribution to overall staff engagement levels, specifically in Finance, the staff survey achieved 88% participation and an overall engagement score of 8.6/10. Finance talent and succession planning was developed further with a spotlight on diversity. There was continued growth in programmes such as returners and apprentices that broaden the talent pool that Man Group recruits from.	●
	Management of firm's capital base to support growth, maintain appropriate capital strength and improve shareholder returns over time. Monitor potential acquisition opportunities.	Risk management of the balance sheet seed book remained strong with seeding gains of more than $20 million for the full year, including gains for the first half of the year, despite the extreme stress test of 2020. Interest expense was reduced by a further $4 million as better financing sources for the seed book were accessed.	●
	Continue leading approach to compliance and risk management.	Investments into risk management processes and systems proved effective with no material operational events despite everyone working from home throughout most of the year. All strategies across the firm continued to operate within risk and liquidity limits despite the extreme market environment at various points during the year.	●
	Continue to improve Man Group's perception and favourability with shareholders, financing counterparties and wider stakeholders, with a particular focus on improving Man Group's positive impact on our local and wider communities and the environment.	Strong shareholder engagement was delivered despite the impact of the pandemic, for example operating a virtual AGM which was positively noted by both shareholders and the FRC. Top quartile rankings in our sector were achieved on ESG metrics and there were continued improvements during the year across all major third-party providers.	●

3.3 Relative importance of spend on pay

The table below shows the year-on-year change in total employee expenditure compared to the change in shareholder distributions.

Relative importance of spend on pay – Table R3

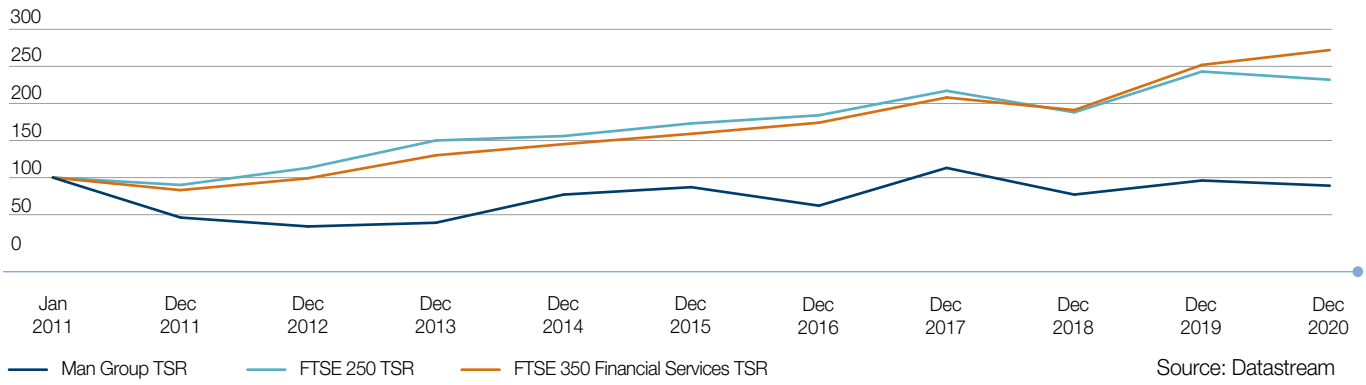
	2020 $m	2019 $m	% change
Total employee expenditure[1]	**451**	477	-5
Shareholder distributions[2]	**254**	244	4

1 Remuneration paid to or receivable by all employees (i.e. accounting cost). Refer to Note 4 to the financial statements for further details. Total employee expenditure excludes restructuring costs.
2 Distributions to shareholders (dividends paid of $152 million and repurchase of shares of $92 million in 2019, dividends paid of $147 million and repurchase of shares of $107 million in 2020).

3.4 Review of past performance

The performance graph below compares the Company's Total Shareholder Return performance against the FTSE 250 Index and the FTSE 350 Financial Services Index. The FTSE 250 has been chosen as the primary comparator to align with the peer group used in the LTIP in which 25% of the outcome is determined by the Company's relative TSR performance compared to the FTSE 250 Index. In previous years, Man Group had chosen the FTSE 350 Financial Services Index as the comparator group so it has also been shown below, for reference.

Total Shareholder Return (TSR) (Jan 2011 – Dec 2020)



Source: Datastream

Historical CEO remuneration – Table R4

Accounting period ended		31 Dec 2011[1]	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	**31 Dec 2020**
CEO single figure ($'000)	L Ellis[2]	n/a	n/a	n/a	n/a	n/a	1,347	6,215	2,856	2,804	**3,150**
	E Roman[2]	n/a	n/a	3,397	5,068	5,367	910	n/a	n/a	n/a	**n/a**
	P Clarke[2]	6,437	1,048	978	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Short-term variable award (as a percentage of maximum opportunity)[3]	L Ellis[2]	n/a	n/a	n/a	n/a	n/a	40.2%	78.8%	58.3%	56.3%	**69.4%**
	E Roman[2]	n/a	n/a	70%	100%	83.3%	n/a	n/a	n/a	n/a	**n/a**
	P Clarke[2]	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Long-term variable award (as a percentage of maximum opportunity)[3]	L Ellis[2]	n/a	n/a	n/a	n/a	n/a	28.6%	46.2%	n/a[4]	n/a[4]	**n/a[4]**
	E Roman[2]	n/a	n/a	17%	40%	40.7%	n/a	n/a	n/a	n/a	**n/a**
	P Clarke[2]	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**

1 Salary and benefits are for nine months and bonus for 12 months.
2 Peter Clarke stepped down as CEO with effect from 28 February 2013 and was on garden leave until his retirement on 10 December 2013. Emmanuel Roman became CEO on 28 February 2013 and stepped down on 31 August 2016. Luke Ellis was appointed CEO on 1 September 2016. Remuneration for 2016, therefore, reflects four months' service only.
3 For the accounting periods ended up to and including 31 December 2012, as there was no cap on the overall maximum bonus awards, the percentage of maximum opportunity is not shown.
4 Awards under the LTIP were made in March 2019 and March 2020 and will be made in March 2021, vesting in March 2022, March 2023 and March 2024 respectively, with a subsequent two-year holding period.

3. Remuneration outcomes in 2020 continued

3.5 Percentage change in directors' remuneration

The table below sets out the percentage change in remuneration for the directors compared to all staff. This is a new requirement and will progressively build up to cover a five-year period. There are no employees of the Parent Company, other than the executive directors, so the comparison has been made, on a voluntary basis, to all staff.

Percentage change in directors' remuneration – Table R5

	2020		
	Salary/Fees	Benefits[1]	Bonus
Executive directors			
Luke Ellis	0%	-9%	23%
Mark Jones	2%	-11%	22%
Non-executive directors			
John Cryan[2]	400%	-4%	–
Dame Katharine Barker	10%	1,153%	–
Lucinda Bell[3]	–	–	–
Richard Berliand	8%	341%	–
Zoe Cruz	10%	-78%	–
Ceci Kurzman[4]	–	–	–
Dev Sanyal	6%	10%	–
Anne Wade[5]	–	–	–
All staff[6]	4%[7]	22%[7]	-15%[8]

1 Taxable benefits include private medical insurance for executive directors; and includes travel and staff entertainment expenses and the tax paid in relation to such benefits for non-executive directors. The percentage change in benefits for the non-executive directors should be read in conjunction with the data showing actual taxable benefits in table R7 (page 103) which shows that the large percentage movements recorded above are explained by movements in small absolute numbers.
2 John Cryan served as a non-executive director during 2019 and became Company Chair in January 2020 which explains the increase in his fees disclosed in the table.
3 Lucinda Bell was appointed to the Board on 28 February 2020.
4 Ceci Kurzman was appointed to the Board on 28 February 2020.
5 Anne Wade was appointed to the Board on 30 April 2020.
6 Figures are calculated on a per capita basis.
7 Represents the average increase in salary and taxable benefits in underlying currency in which each member of staff is paid.
8 For staff, bonus includes both variable cash compensation and deferred awards relating to the current year.

3.6 CEO pay ratio

The table below compares the 2020 single total figure of remuneration for the CEO with that of the Group's UK employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile).

Table R6

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2020	A	29:1	19:1	11:1
2019	A	26:1	17:1	10:1

The ratio of CEO pay to the median UK employee is slightly higher in 2020 compared to 2019. The Committee considered this and determined that it was mainly driven by the differential outcome for the CEO in 2019, when record profit was delivered, driven by performance fees. The structure of the executive directors' remuneration meant that 2019's performance fee outcome was not fully recognised in their 2019 bonuses as Core Total PBT accounted for only 20% of their overall bonus outcome whereas it was the main driver of higher bonuses for the wider employee base.

The ratio has been calculated using Option A methodology, which uses actual employee data. The Committee considered this to be the most accurate approach. Total full-time equivalent remuneration for people employed for the full 12-month period ending on 31 December 2020 has been calculated in line with the methodology for the 'single figure of remuneration' for the CEO (table R1, page 99). This data was then ranked to identify the individuals at the 25th, 50th and 75th percentiles and the salary and total pay and benefits for the three identified quartile point employees is shown in the table below.

All figures in USD	25th percentile	50th percentile	75th percentile
Salary	77,545	116,317	142,166
Total pay and benefits	107,041	167,056	280,695

3.7 Retirement benefits

Luke Ellis and Mark Jones are not eligible for any defined benefits under the Man Group plc Pension Plan.

3.8 Single total figure of remuneration for non-executive directors

The table below sets out a single figure for the total remuneration received by each non-executive director for the year ended 31 December 2020 and the prior year.

Single total figure of remuneration for non-executive directors (audited) – Table R7

	Fees		Taxable benefits[7]		Total	
All figures in GBP	**2020**	2019	**2020**	2019	**2020**	2019
John Cryan (Chair)[1]	**350,000**	70,000	**11,508**	12,025	**361,508**	82,025
Dame Katharine Barker	**92,500**	84,167	**1,353**	108	**93,853**	84,275
Lucinda Bell[2]	**75,346**	–	**87**	–	**75,433**	–
Richard Berliand	**135,000**	125,000	**1,353**	307	**136,353**	125,307
Zoe Cruz	**92,500**	84,167	**2,495**	11,328	**94,995**	95,495
Andrew Horton[3]	**37,090**	100,000	**637**	108	**37,727**	100,108
Ceci Kurzman[4]	**62,788**	–	**–**	–	**62,788**	–
Matthew Lester[5]	**14,167**	85,000	**2,550**	108	**16,717**	85,108
Dev Sanyal	**90,000**	85,000	**1,452**	1,319	**91,452**	86,319
Anne Wade[6]	**60,346**	–	**–**	–	**60,346**	–

1 John Cryan's contractual arrangements with his former employer, Deutsche Bank AG, mean that he is effectively unpaid for his role as Chair of Man Group plc, as he is required to sacrifice his post-tax receipts arising from his Man Group role to Deutsche Bank AG.
2 Lucinda Bell was appointed to the Board on 28 February 2020 and took over from Andrew Horton as the Chair of the Audit and Risk Committee on 1 May 2020. Her remuneration for 2020 has been pro-rated accordingly. Due to an administrative error, Lucinda was underpaid by £13,333 during 2020. The relevant adjustments have been made in 2021 to correct the position.
3 Andrew Horton stepped down from the Board on 1 May 2020 and as Chair of the Audit and Risk Committee on 1 May 2020. His remuneration for 2020 has been pro-rated accordingly.
4 Ceci Kurzman was appointed to the Board on 28 February 2020. Her remuneration for 2020 has been pro-rated accordingly.
5 Matthew Lester stepped down from the Board on 26 February 2020. His remuneration for 2020 has been pro-rated accordingly.
6 Anne Wade was appointed to the Board on 30 April 2020. Her remuneration for 2020 has been pro-rated accordingly. Due to an administrative error, Anne was overpaid by £3,333 during 2020. The relevant adjustments have been made in 2021 to correct the position.
7 Taxable benefits comprise travel and staff entertainment expenses and the tax paid in relation to such benefits.

3.9 Payments for loss of office and payments to past directors (audited)

There were no payments for loss of office made to executive directors during the year.

3.10 Directors' interests

Directors' interests in shares of Man Group plc (audited) – Table R8

	Number of ordinary shares[1,2] 31 December 2020	Number of ordinary shares[1] 31 December 2019
Executive directors		
Luke Ellis	**5,548,466**	3,637,643
Mark Jones	**1,434,438**	351,977
Non-executive directors		
John Cryan	**–**	–
Dame Katharine Barker	**47,813**	45,057
Lucinda Bell[3]	**–**	–
Richard Berliand	**50,000**	50,000
Zoe Cruz	**–**	–
Andrew Horton[4]	**–**	100,000
Ceci Kurzman[5]	**–**	–
Matthew Lester[6]	**–**	22,692
Dev Sanyal	**86,825**	81,821
Anne Wade[7]	**–**	–

1 All of the above interests are beneficial.
2 There has been no change in the directors' interests in the ordinary shares of Man Group plc from 31 December 2020 up to 1 March 2021, being the latest practicable date prior to the publication of this report.
3 Lucinda Bell was appointed to the Board on 28 February 2020.
4 Andrew Horton stepped down from the Board on 1 May 2020. His shareholding at that date was 100,000 ordinary shares.
5 Ceci Kurzman was appointed to the Board on 28 February 2020.
6 Matthew Lester stepped down from the Board on 26 February 2020. His shareholding at that date was 22,692 ordinary shares.
7 Anne Wade was appointed to the Board on 30 April 2020.

3. Remuneration outcomes in 2020 continued

Executive directors' shareholdings measured against their respective shareholding requirement as at 31 December 2020 (audited) – Table R9

Executive directors	Shares owned outright	Shares no longer subject to performance conditions[1]	Total shareholding[2]	Value of shareholding[3] (USD)	Annual salary (USD)	Shareholding requirement as a % of salary	Current shareholding as a % of salary	Requirement met?
Luke Ellis	5,548,466	992,665	6,541,131	12,339,582	1,100,000	300%	1,122%	Yes
Mark Jones	1,434,438	674,318	2,108,756	3,978,084	625,000	200%	636%	Yes

1 In future, LTIP shares retained during the two-year post-vesting retention period will also count towards achievement of the requirement. Unvested shares no longer subject to performance conditions are shown on a net of tax basis. Details of unvested awards can be found in tables R11, R12 and R14.
2 Shares that count towards achievement of the policy are limited to: shares owned outright and deferred shares, granted under the Deferred Executive Incentive Plan (DEIP), Deferred Share Plan (DSP) and Partner Deferred Share Plan (PDSP), which are no longer subject to performance conditions.
3 Shareholdings valued at 31 December 2020 share price of £1.38 and a GBP/USD exchange rate of £1 = $1.3670.

3.11 Directors' interests in shares and options under Man Group long-term incentive plans

Scheme interests to be awarded under the Man Group plc Long-Term Incentive Plan (LTIP)[1] – Table R10

Executive director	Award (% of salary)	Award value[2] (USD)	Vesting date	End of retention period date
Luke Ellis	350%	3,850,000	Mar-24	Mar-26
Mark Jones	350%	2,187,500	Mar-24	Mar-26

1 Awards under the LTIP will be made in March 2021 for the three-year performance period commencing on 1 January 2021 and ending on 31 December 2023; the proportion of the award which vests will be determined based on the measures, weightings and target ranges set out in table R19 (page 107).
2 The monetary value of these awards will be converted into a number of shares using the USD/GBP exchange rate and the market value on the immediately preceding dealing day to grant. The awards will be granted as conditional awards of shares and will vest, to the extent the performance conditions have been achieved, three years later and will then be subject to a further two-year retention period, under the LTIP rules. These awards attract dividend accruals from grant date to the end of the two-year retention period for vested shares.

Conditional share awards under the Long-Term Incentive Plan (LTIP) – subject to performance conditions and retention period (audited) – Table R11

Executive director	Date of grant	Face value of award[1]	1 January 2020	Granted during the year[2,3]	Dividends accruing[4]	**31 December 2020**	Vesting date[5]	End of retention period[6]
Luke Ellis	Mar-19	$3,850,000	2,293,338	–	142,918	**2,436,256**	Mar-22	Mar-24
	Mar-20	$3,850,000	–	3,008,979	187,516	**3,196,495**	Mar-23	Mar-25
Mark Jones	Mar-19	$2,143,750	1,276,972	–	79,578	**1,356,550**	Mar-22	Mar-24
	Mar-20	$2,187,500	–	1,709,647	106,542	**1,816,189**	Mar-23	Mar-25

1 The face value of the awards represent 350% of salary.
2 The performance measures for these awards are: Relative Investment Performance (25%), Relative TSR versus FTSE 250 (25%), 3-year Cumulative Core Management Fee EPS (20%), 3-year Cumulative Core Total EPS (20%) and Cumulative Net Inflows (10%). The targets were disclosed in detail in the 2019 DRR.
3 The awards under the LTIP were granted in March 2020 for the three-year performance period commencing on 1 January 2020 and ending on 31 December 2022. The monetary value of these awards was converted into a number of shares using the GBP/USD exchange rates of £1 = $1.2538 and a share price of £1.0205, being the market value on the immediately preceding dealing day to grant. The awards have been granted as conditional awards of shares and will vest, to the extent the performance conditions have been achieved, three years later and will then be subject to a further two-year retention period, under the LTIP rules. These awards attract dividend accruals from grant date to the end of the two-year retention period for vested shares.
4 On 15 May 2020, dividend accruals of 165,483 and 93,210 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 4.10 pence. On 2 September 2020, dividend accruals of 164,951 and 92,910 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 3.70 pence.
5 0% of the award will vest at threshold with straight-line vesting between threshold and target and target and maximum performance. 100% of the award will vest for maximum performance.
6 Shares subject to a vested award are delivered to participants at the end of the two-year retention period.

Conditional share awards under the Deferred Executive Incentive Plan (DEIP) – subject only to service conditions (audited) – Table R12

Executive director	Date of grant[1]	**1 January 2020**	Dividends accruing[2]	Vested during the period	Lapsed during the period	**31 December 2020**	Date vested
Luke Ellis	Mar-17[3]	**313,332**	13,016	104,444	–	**221,904**	Mar-20
	Mar-18[4]	**1,092,455**	68,079	–	–	**1,160,534**	–
Mark Jones	Mar-18[4]	**524,699**	32,695	–	–	**557,394**	–

1 No further awards are to be granted under the DEIP following the adoption of the LTIP.
2 On 15 May 2020, dividend accruals of 40,613 and 16,374 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 4.10 pence. On 2 September 2020, dividend accruals of 40,482 and 16,321 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 3.70 pence.
3 Remaining award vests in two equal instalments in March 2021 and March 2022.
4 Award vests in three equal instalments in March 2021, March 2022 and March 2023.

Options granted under the Man Group Deferred Share Plans – not subject to service conditions (audited) – Table R13

Executive director	Date of grant	1 January 2020	Lapsed during period	31 December 2020	Option exercise price	Lapsed date	Latest exercise date
Luke Ellis[1]	**Deferred Share Plan (KEOP)**						
	Nov-10	**744,327**	744,327	**–**	319.88p	Nov-20	–
	Mar-11	**407,463**	–	**407,463**	267.08p	–	Mar-21
Mark Jones[2]	**Partner Deferred Share Plan (POP)**						
	Mar-11	**356,110**	–	**356,110**	308.55p	–	Mar-21

1 Luke Ellis was granted KEOP options under the Deferred Share Plan prior to his appointment as a director. All options are vested.
2 Mark Jones was granted a POP option under the Partner Deferred Share Plan prior to his appointment as a director. All options are vested.

Options granted under the Man Group Deferred Share Plans – subject only to service conditions (audited) – Table R14

Executive director	Date of grant	1 January 2020	Granted during the year	Dividends accruing[6]	Exercised/ vested during the period	Lapsed during the year	31 December 2020	Exercised/ vested date
Luke Ellis	**Deferred Share Plan (DSP)**							
	Mar-15[1]	**441,839**	–	–	441,839	–	**–**	Mar-20
	Mar-17[1]	**215,215**	–	–	215,215	–	**–**	Mar-20
	Mar-19[2]	**238,748**	–	9,916	79,582	–	**169,082**	–
	Mar-20[3]	**–**	302,581	18,852	–	–	**321,433**	–
Mark Jones	**Partner Deferred Share Plan (PDSP)**							
	Mar-15[4]	**441,839**	–	–	441,839	–	**–**	Mar-20
	Deferred Share Plan (DSP)							
	Mar-17[4,5]	**320,416**	–	19,967	–	–	**340,383**	–
	Mar-17[4]	**50,081**	–	–	50,081	–	**–**	Mar-20
	Mar-19[2]	**271,623**	–	11,282	90,541	–	**192,364**	Mar-20
	Mar-20[3]	**–**	171,474	10,683	–	–	**182,157**	–

1 Luke Ellis was granted nil-cost options under the Deferred Share Plan prior to his appointment as a director.
2 Remaining award vests in two equal instalments in March 2021 and March 2022. All are exercisable until March 2029.
3 Award vests in three equal instalments in March 2021, March 2022 and March 2023. All are exercisable until March 2030.
4 Mark Jones was granted nil-cost options under the Deferred Share Plan as well as conditional awards under the Partner Deferred Share Plan prior to his appointment as a director.
5 Award vests in a single instalment in March 2022 and will be exercisable until March 2027.
6 On 15 May 2020, dividend accruals of 14,407 and 20,999 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 4.10 pence. On 2 September 2020, dividend accruals of 14,361 and 20,933 shares were added to Luke Ellis and Mark Jones's awards respectively based on a sterling dividend of 3.70 pence.

Options granted under the Man Group Sharesave Scheme (audited) – Table R15

			Number of options						
Executive director	Date of grant	1 January 2020	Granted during year	Exercised during period	Lapsed during year	31 December 2020	Option price	Earliest exercise date	Latest exercise date
Luke Ellis	Sep-17	**11,363**	–	–	–	**11,363**	132.0p	Oct-22	Mar-23
	Sep-19	**11,811**	–	–	–	**11,811**	127.0p	Oct-24	Mar-25
Mark Jones	Sep-17	**13,636**	–	–	–	**13,636**	132.0p	Oct-20	Mar-21
	Sep-20	**16,822**	16,822	–	–	**16,822**	107.0p	Oct-23	Mar- 24

3. Remuneration outcomes in 2020 continued

3.12 Shareholder voting and engagement

At the AGMs held on 1 May 2020 and 11 May 2018, votes cast by proxy and at the meeting in respect of directors' remuneration were as follows:

Table R16

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
Approve the annual report on remuneration (May 2020)	1,031,978,008	92.4	85,142,424	7.6	1,117,120,432	110,327
Approve the Directors' Remuneration Policy (May 2018)	1,132,967,350	97.2	32,266,653	2.8	1,165,234,003	565,403

4. Implementation of Directors' Remuneration Policy for 2021

4.1 Base salary

Salaries are reviewed annually taking into account market benchmarks for executives of comparable status, responsibility and skill.

Base salary of executive directors – Table R17

Base salary at	Luke Ellis	Mark Jones
1 January 2020	$1,100,000	$625,000
1 January 2021	$1,100,000	$625,000

4.2 Annual bonus for 2021

The following table shows the performance metrics and weightings for the annual bonus in 2021. The Remuneration Committee considers that the disclosure of detailed performance targets in advance for 2021 would be commercially sensitive and they are not, therefore, disclosed here. It is the intention of the Committee to disclose them in the DRR for the year ended 31 December 2021.

Table R18

Metrics	Weighting %
Relative Net Inflows	30%
Core Management Fee EPS	20%
Core Total EPS	20%
Strategic and Personal	30%
Total	100%

4.3 Long-Term Incentive Plan for 2021

The threshold to maximum ranges for the Man Group plc LTIP are set out in the table below. Awards vest at 0% at threshold, 50% at target and 100% at maximum, with straight-line vesting between these points. Vested awards are subject to a two-year holding period.

Table R19

Metrics	Threshold	Target	Maximum	Weighting %
Relative Investment Performance	0%	3%	6%	25%
Relative TSR vs FTSE 250	Median	Mid-point between Median and Upper Quartile	Upper Quartile	25%
3-year Cumulative Core Management Fee EPS, cents	30¢	33¢	36¢	10%
3-year Cumulative Core Total EPS, cents	42¢	56¢	75¢	30%
Cumulative Relative Net Inflows	0%	9%	18%	10%
Total				100%

4.4 Non-executive directors' Remuneration Policy for 2021

There have been no changes to the fees for the Chair or non-executive directors since last year.

Non-executive directors' fees for 2021 – Table R20

Position (all figures in GBP)	2021	2020	% change
Chair of the Board	350,000	350,000	–
Board fee[1]	75,000	75,000	–
Senior Independent Director	15,000	15,000	–
Audit and Risk Committee Chair	35,000	35,000	–
Other Audit and Risk Committee members	15,000	15,000	–
Employee Engagement NEDs	7,500	7,500	–
Remuneration Committee Chair	30,000	30,000	–
Other Remuneration Committee members	10,000	10,000	–

1 Includes Nomination Committee membership where appropriate.

5. Remuneration Committee

5.1 Membership and attendance

The Committee met seven times during 2020 with attendance by members as indicated below. All members held office throughout the year, except for Anne Wade who joined the Man Group plc Board on 30 April 2020 and attended all meetings after that date. In addition, certain urgent proposals relating to the retention of awards by good leavers were circulated and agreed by email in between meetings.

Table R21

Committee member	Meetings attended
Richard Berliand (Chair)	7/7
Dame Katharine Barker	7/7
Zoe Cruz	7/7
John Cryan	7/7
Anne Wade[1]	4/4

1 Anne Wade was appointed to the Committee on 30 April 2020 and attended all meetings after that date.

Committee meetings are regularly attended by the CEO and, where appropriate, by the CFO at the invitation of the Chair. The Committee is supported by the Senior Reward Executive, who routinely attends, as does the Global Head of HR. Other members of the Legal, Compliance and Executive Incentive Plans teams attend meetings when required to provide information and advice on remuneration, regulatory and executive incentive plan matters. The Company Secretary acts as Secretary to the Committee.

At the end of each meeting there is an opportunity for private discussion between Committee members without the presence of executive directors and management.

Roles and responsibilities

The Committee's principal responsibilities are to:

- Determine the Company's remuneration philosophy and the principles and structure of its remuneration policy, ensuring that these are aligned with the Company's purpose, business strategy, objectives, risk appetite and values, comply with all regulatory requirements and promote long-term shareholder and other stakeholder interests.
- Recommend to the Board the specific remuneration policy for the executive directors, for approval by shareholders, and make remuneration decisions within that approved policy.
- Approve the total annual compensation for individual executive directors based on their achievement against objectives set by the Committee and Board at the start of the year for the short-term annual bonus and at the start of the relevant performance period for the LTIP.
- Recommend to the Board the remuneration of the Board Chair.
- Approve the total annual compensation for Executive Committee members, the Company Secretary and Remuneration Code staff.
- Review and consider shareholder feedback and agree the approach to ongoing shareholder engagement.

The Committee's decision-making process takes account of legislation, regulation, corporate governance standards, guidance issued by regulators, shareholders and shareholder representative bodies. As covered in section 5.2, the Committee has independent external advisers and reviews their objectivity and independence annually. To avoid conflicts of interest, no Committee member or attendee is present when matters relating to his or her own remuneration are discussed. Full terms of reference for the Committee, which are reviewed on an annual basis and submitted to the Board for approval, are available on the Company's website: www.man.com/corporate-governance.

5.2 Independent advisers

Following a formal tender process in July 2017, the Committee appointed PricewaterhouseCoopers (PwC) to provide it with advice on a range of remuneration matters including the benchmarking of directors' compensation in the asset management sector, trends in market practice and regulatory disclosures. PwC also provide professional services in the ordinary course of business including tax and related advisory work to parts of the Group. There are processes in place to ensure the advice received by the Committee is independent of any support provided to management. The Committee is satisfied on this basis that PwC are able to serve as an objective and independent remuneration adviser. The total fees paid to PwC in 2020 were £97,500 (ex. VAT) on the basis of agreed fixed fees. The Committee also received legal advice from Herbert Smith Freehills LLP on compliance with legislation and regulations relating to remuneration matters.

5.3 Committee activities during 2020 and the early part of 2021

The summary below sets out the main issues considered and decisions made by the Committee in the period following the publication of the 2019 Directors' Remuneration report up to the current date.

Chair's fee

- Reviewed the fee level of the Chair in the context of benchmarking of similar roles in broadly equivalent-sized companies in the Financial Services sector and of the demands of the role and recommended to the Board that this should remain unchanged.

Executive director compensation

- Reviewed the Directors' Remuneration Policy, ahead of its standard three-year renewal at the AGM in May 2021, and determined to roll the current policy forward for a further year, as set out in detail in the Chair's statement (pages 91 to 94).
- Established the threshold, target and maximum ranges to be achieved for the financial metrics and recommended to the Board for approval the objectives to be delivered under the non-financial component of the annual bonus.
- Assessed the 2020 performance of the CEO and CFO against the financial and non-financial metrics of the annual bonus and considered whether any discretionary intervention was required to adjust the formulaic outcome, and approved the total cash sum payable and the amount to be deferred.
- Reviewed the level of achievement of each executive director in respect of their shareholding requirement and consequently determined that the option to defer up to 50% of the bonus deferral amount into funds could be offered.
- To provide the business context for all the above reward decisions, reviewed the available benchmarking for the CEO and CFO roles within UK and US listed asset managers (please see section 5.5 for information on peer groups).

Shareholder engagement and reporting

- Reviewed shareholder voting and feedback on the 2020 AGM resolution for the DRR, noting the substantial level of support.
- Consulted with the top 20 shareholders, representing almost 60% of the shareholder base, and the main proxy advisory groups as part of the consideration of the appropriate approach to the renewal of the Directors' Remuneration Policy.
- Reviewed the 2020 DRR taking account of best practice recommendations and institutional shareholder guidelines.

Compensation below Board level

- Reviewed, challenged and approved the 2020 bonus pool proposed by management in relation to the Company's performance for the year.
- Approved bonus deferral policies for different groups of staff.
- Approved total compensation proposals for Executive Committee members, taking account of the CEO's appraisal of their individual performance for 2020 and their adherence to the Company's business values.
- Approved the total compensation for BIPRU, AIFMD and UCITS V Remuneration Code staff.
- Approved the total compensation for the Company Secretary.
- Retained oversight of the total compensation for staff earning over $1 million, taking account of the CEO's appraisal of their performance for 2020 and reports from the Risk and Compliance functions on any related risk issues arising during the year.
- Reviewed the approach to wider workforce compensation, including by reference to gender and ethnicity metrics.
- Reviewed the ratio of CEO pay to the lower quartile, median and upper quartile remuneration paid to UK employees (see page 102).

Financial regulation and governance

- Reviewed ongoing regulatory developments on remuneration and their implications for the Company's business.
- Reviewed the Company's FCA Remuneration Policy Statement and the Company's BIPRU, AIFMD, UCITS V and MiFID II Remuneration Policy.
- Approved the list of BIPRU, AIFMD and UCITS V Remuneration Code staff for 2020.

5.4 2020 Committee evaluation

Following a mid-year review, by the Chair, of the 2020 priority actions identified in the Committee's 2019 evaluation, the Chair undertook at the year-end a full-year evaluation of the operation and effectiveness of the Committee during 2020. The topics covered included progress on the priorities for 2020 and the conduct and outcomes of specific areas of Committee activity and focus during the year, including the support and advice available to the Committee.

In the evaluation feedback, the Committee again acknowledged the quality of the advice provided by its advisers and the thorough and professional papers delivered to the Committee to support its decision making. The following specific areas of focus were agreed for 2021:

- Deliver the 2020 DRR.
- Ensure a smooth transition to the new Committee Chair.
- Continue the Committee's engagement with shareholders as appropriate and, in particular, again undertake a thorough consultation in advance of proposing a new Directors' Remuneration Policy for approval at the 2022 AGM, incorporating any changes as required by the IFPR.
- Further deepen the Committee's understanding of compensation below the Board and build on the current year analysis of workforce remuneration by reference to gender and other diversity metrics; ensure this is considered in discussions about the level and appropriateness of executive director compensation.
- Review the effectiveness of the process originally adopted in 2019 for explaining to the workforce how executive remuneration aligns with wider Company pay policy and consider whether any changes are required; this is carried forward from the 2019 priorities as no changes were made this year due to the pandemic.
- Review the peer group used for comparisons of executive director remuneration.
- Keep the remuneration advice and industry knowledge available to the Committee under review as a matter of ongoing good governance.

5. Remuneration Committee continued

5.5 Benchmarking and peer groups

Benchmarking is one of a number of factors considered by the Committee in its deliberations on remuneration as it is important that the Committee understands the level of remuneration paid by Man Group's competitors for similar positions and which they may be offering in the marketplace.

Man Group variously uses three separate peer groups as detailed in the tables below. These are:
1. a group of asset managers and related businesses listed on the London Stock Exchange;
2. a group of similar businesses listed on the New York Stock Exchange or Nasdaq; and
3. businesses within the privately owned hedge fund industry.

All three of these sources are relevant.

UK LISTED PEER GROUP
- 3i
- Ashmore
- Close Brothers
- Intermediate Capital Group
- Jupiter
- M & G
- Ninety-One
- Schroders
- Standard Life Aberdeen
- TP ICAP

US LISTED PEER GROUP
- Affiliated Managers
- Apollo Global Management
- Ares
- Artisan Partners
- BlackRock
- Blackstone
- Carlyle
- Eaton Vance
- Federated Investors
- Janus Henderson
- KKR
- Waddell & Reed

PRIVATE MANAGER PEER GROUP
- AKO
- AQR
- Arrowgrass
- Brevan Howard
- Bridgewater
- Capula
- Citadel
- Lansdowne Partners
- Marshall Wace
- Millennium
- Two Sigma
- Winton

Many of Man Group's senior staff are geographically mobile, particularly between London and New York, and an explicit consideration of remuneration levels in both of these geographies is relevant. Man Group is one of the few listed companies anywhere in the world that operates in the hedge fund industry. The majority of businesses in this industry are privately owned and systematic remuneration data is not publicly available. Nevertheless, Man Group competes for talent against these businesses and staff move between Man Group and these private companies.

Man Group operates globally – witnessed in the geographic footprint of its operations, the spread of its client base and in the breadth of assets it manages. It also creates and distributes a wide range of products: hedge funds, long-only funds and quantitative funds. None of the companies referred to above have these same characteristics and, although some of them are larger than Man Group, the Committee believes that, while they are broadly comparable, Man Group tends to be more diverse geographically and have a wider range of fund strategies. However, these groups share some of Man Group's characteristics and, in some cases, information regarding the remuneration of directors is publicly available.

The privately owned hedge fund market is made up of a large number of participants, some of them small and single product and others very large. As noted earlier, little information is available publicly on the compensation quantum and structures in these businesses. The senior management of those few hedge fund companies which are publicly listed are generally the founders of the original private company who retained very significant shareholdings at the time of listing. Man Group endeavours to make up this gap in publicly available data by reviewing available information on privately owned peers, some of whom are listed in the table above. Man Group has also obtained direct information about remuneration in those privately held companies that Man Group has acquired.

Interpreting peer group data and benchmarking involves a number of complexities and the Committee looks at this data to provide important market context for its decisions. The Committee intends to undertake a review of the peer group during 2021 with a view to considering whether there are any other competitors with similar characteristics to Man Group plc, especially in Europe.

Unless otherwise stated, all information in the Directors' Remuneration report is unaudited.

For and on behalf of the Board

Richard Berliand
Chair of the Remuneration Committee
2 March 2021

6. Directors' Remuneration Policy

6.1 Executive directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for executive and non-executive directors which will be put to shareholders for approval and, if approved, be effective from the conclusion of the 2021 AGM on 7 May 2021. It is proposed that approval for a revised Remuneration Policy will be sought from shareholders at the 2022 AGM.

Aligning the interests of the executive directors with those of shareholders and with Man Group's strategic goals is central to Man Group's remuneration policy. During 2020, the Directors' Remuneration Policy has been reviewed in consultation with some of the Company's largest shareholders and their main representative bodies. The current policy has operated broadly as intended and, as set out in the Chair's statement, the Committee has decided to roll forward the existing policy for a further 12 months to ensure that any changes required to make the policy compliant with any new requirements arising from the Investment Firms Prudential Regime (IFPR) can be incorporated. Consequently, no changes are proposed to the policy originally approved in May 2018, except as set out below:

- Post-departure shareholdings: directors will be required to retain their shareholdings, at the lower of their required or actual holding on leaving, in full for two years after departure.

In line with shareholders' interests being managed within a robust governance framework, the Company continues to aim to retain and incentivise high calibre executive directors; it will do this by paying a competitive base salary and benefits, together with a short-term annual bonus, with significant deferral, and a long-term incentive plan collectively linked to a range of financial and non-financial metrics to deliver the Company's strategy and ensure alignment with shareholder interests.

In compliance with the UK Corporate Governance Code (2018) (the Code), we have set out below how the Remuneration Committee addresses the following factors:

Risk

Inappropriate risk-taking is avoided and good alignment with shareholders is achieved through a number of mechanisms including significant bonus deferral into shares and funds, a three-year performance period for the Long-Term Incentive Plan (the LTIP) with a subsequent two-year post-vesting holding period and shareholding requirements, including for two years after cessation of employment. Before any decisions about incentive outcomes are made, the Audit and Risk Committee reports to the Remuneration Committee on any specific matters indicating excessive risk-taking or lack of regard for controls and procedures. Malus and clawback provisions apply to the incentives in a range of specified circumstances, as set out in the table on page 113.

Predictability

The charts on page 114 illustrate the potential remuneration outcomes under a range of scenarios (including in the event of a 50% increase in the share price). In addition, the Remuneration Committee has included illustrative numbers for the 'single figure' outcome as if a fair value for the LTIP had been included, on page 96.

Proportionality

The link between strategic priorities and incentive metrics is set out in detail in the chart on page 93. The Remuneration Committee considers wider employee remuneration, holistic business performance and shareholder experience in determining the appropriate level of executive director remuneration.

Alignment to culture

The key principles that underpin our approach to remuneration (and which apply at all levels of the organisation) are:

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

Simplicity

Incentive schemes are straightforward in their structure and operation with explicit links between strategic priorities, key performance indicators and incentive metrics.

Clarity

The Remuneration Policy is clearly laid out in tabular form in the DRR (summary on page 95 and full policy on pages 112 to 113). Details of the operation of the Remuneration Policy have been explained to the wider workforce, as set out in the Chair's statement.

6. Directors' Remuneration Policy continued

EXECUTIVE DIRECTORS' REMUNERATION POLICY – Table R22

Function	Operation	Opportunity	Performance metrics
Base salary Based on experience and individual contribution to leadership and Company strategy.	Salaries are reviewed annually taking into account market ranges for executives of comparable status, responsibility and skill in companies of similar size and complexity to Man Group with consideration also given to sector relevance.	The maximum salary for an executive director is $1.1 million for the duration of this Remuneration Policy. In reviewing salaries the Remuneration Committee takes into account individual and Company performance, salary increases below Board level, time since the last increase, market practice and total compensation opportunity.	None.
Pension To provide an opportunity for executives to build up income on retirement.	Group Personal Pension (GPP), or a similar contribution to an alternative arrangement is provided. For those exceeding HM Revenue & Customs pension allowances, cash allowances are provided at no additional cost to Man Group.	The maximum employer contribution for executive directors is aligned with the maximum available under the wider employee policy, currently 14% of pensionable base salary. To qualify for the maximum employer contribution level, directors must meet certain service criteria in line with the policy for all employees.	None.
Benefits To provide non-cash benefits which are competitive in the market in which the executive is employed.	Benefits include family private medical insurance, life assurance, permanent health insurance and gym membership subsidy. Flexible benefits can be purchased from base salary. Other ad hoc benefits such as relocation can be offered, depending on personal circumstances.	It is not anticipated that the total benefits for any executive director will normally exceed 10% of salary.	None.
Sharesave To encourage UK-based employees to own Man Group shares.	The Man Group Sharesave Scheme is an all-employee plan. The executive directors who participate in the Sharesave Scheme are granted options over Man Group shares and make monthly savings from their post-tax salary. Options are granted at a 20% discount to market price on the date of grant.	Savings capped at HM Revenue & Customs limits.	None.
Annual bonus To incentivise and reward strong performance against annual financial and non-financial targets. Deferral of a significant proportion of the bonus into shares is designed to align executives' interests with those of shareholders over the long term.	Performance measures and stretching targets are set at the start of the year. At the end of the year, the Remuneration Committee considers the extent to which these have been achieved and sets the award level, taking into account the overall performance context and experience of shareholders. 50% of any bonus is delivered upfront in cash and 50% is delivered in shares (or fund awards where the executive director has met the minimum shareholding requirement) deferred for up to three years, released on the first, second and third anniversary of grant in three equal tranches. The Committee may award dividend equivalents on deferred shares in respect of dividends declared during the deferral period. Malus and clawback provisions apply in certain specified circumstances, further details of which are provided below.	The maximum award is 250% of salary. Threshold performance is 25% of the maximum.	The bonus is based on the Remuneration Committee's assessment of executive directors' performance over a financial year against objectives, which are based at least 70% on financial measures which may include, but are not limited to, measures of funds under management, revenue, profit and cash, and up to 30% based on individual contribution and medium-term strategic goals. Details of the measures and weightings applicable for the year ending 31 December 2021 are on page 107. Details of the targets will be disclosed retrospectively in next year's annual report on remuneration, when they are no longer deemed commercially sensitive by the Board. The Committee retains the discretion to adjust the bonus if it considers that the formulaic outcome does not reflect underlying business performance.

Function	Operation	Opportunity	Performance metrics
Long-Term Incentive Plan To engage and motivate executive directors to deliver on KPIs which support implementation of the Company's strategy in order to deliver superior long-term returns to shareholders.	An annual award of Man Group plc shares, subject to performance conditions over a period of at least three years. An additional holding period of at least two years will apply following vesting. Notional dividends accrue on performance share awards to the extent that the performance conditions are met, delivered as shares or cash at the discretion of the Remuneration Committee at the same time as the delivery of vested shares. Malus and clawback provisions apply in certain specified circumstances, further details of which are provided below.	The maximum annual grant is 350% of salary. Threshold performance results in 0% vesting, rising to 100% vesting for maximum performance.	The vesting of awards is linked to a range of measures which may include, but is not limited to: – a measure of investment performance; – a profitability measure; – a growth measure (e.g. management fee EPS and/or increase in net flows); and – a relative performance measure (e.g. TSR). Weightings may vary year-on-year with no individual metric accounting for less than 10% or more than 50% of the overall outcome. Details of the measures for the awards to be made in March 2021 are set out on page 107. The Committee has discretion to amend the performance conditions, in exceptional circumstances, if it considers it appropriate to do so, e.g. in the event of accounting changes, M&A activities and disposals. Any such amendments would be fully explained and disclosed in the next year's annual report on remuneration. The Committee retains discretion to adjust the extent to which an award shall vest if appropriate to reflect the broader financial performance of the Group.
Shareholding requirements	In order to align the interests of executive directors and shareholders, Man Group requires its executive directors to maintain a percentage of salary in Man Group shares.	The Chief Executive Officer is required to maintain a shareholding of 300% of base salary. Other executive directors are required to maintain a shareholding of 200% of base salary.	Executive directors are required to build up this shareholding progressively. Incumbents will build up to the prescribed shareholdings with vested shares where not already at or above this level. The full requirement, or the actual holding on departure if lower, must be retained for two years after departure from Man Group.
Malus and clawback	The Committee may apply malus and/or clawback to variable pay in certain specified circumstances including: misconduct, material misstatement of financial results affecting the assessment of a performance condition, or where there has been an error or inaccuracy relating to the determination of variable pay. In addition, it can apply malus if the director fails to meet the required standards of fitness and propriety, the director participates in or was responsible or accountable for a material failure of risk management, or the director has caused or contributed to a material extent to censure by any regulatory authority or a significant detrimental impact on the Company's reputation.		

Notes to the policy table:
In implementing the above Remuneration Policy, the Remuneration Committee shall have regard to all relevant legal and regulatory requirements, including the principles and provisions of the UK Corporate Governance Code (2018), the UKLA Listing Rules, the Financial Conduct Authority Remuneration Codes and to leading investor representative body guidelines.

Any commitments made prior to, but due to be fulfilled after, the approval and implementation of the revised remuneration policy approved by shareholders (including under any previously approved policy) will be honoured. In particular, awards which vest under the DEIP will be satisfied in accordance with the DEIP rules. In addition to the elements of remuneration detailed in the policy table, the Remuneration Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual (see details in the paragraph 'Approach to recruitment remuneration').

Where employees hold units in funds managed by the Group, the fund may rebate fees to the employee.

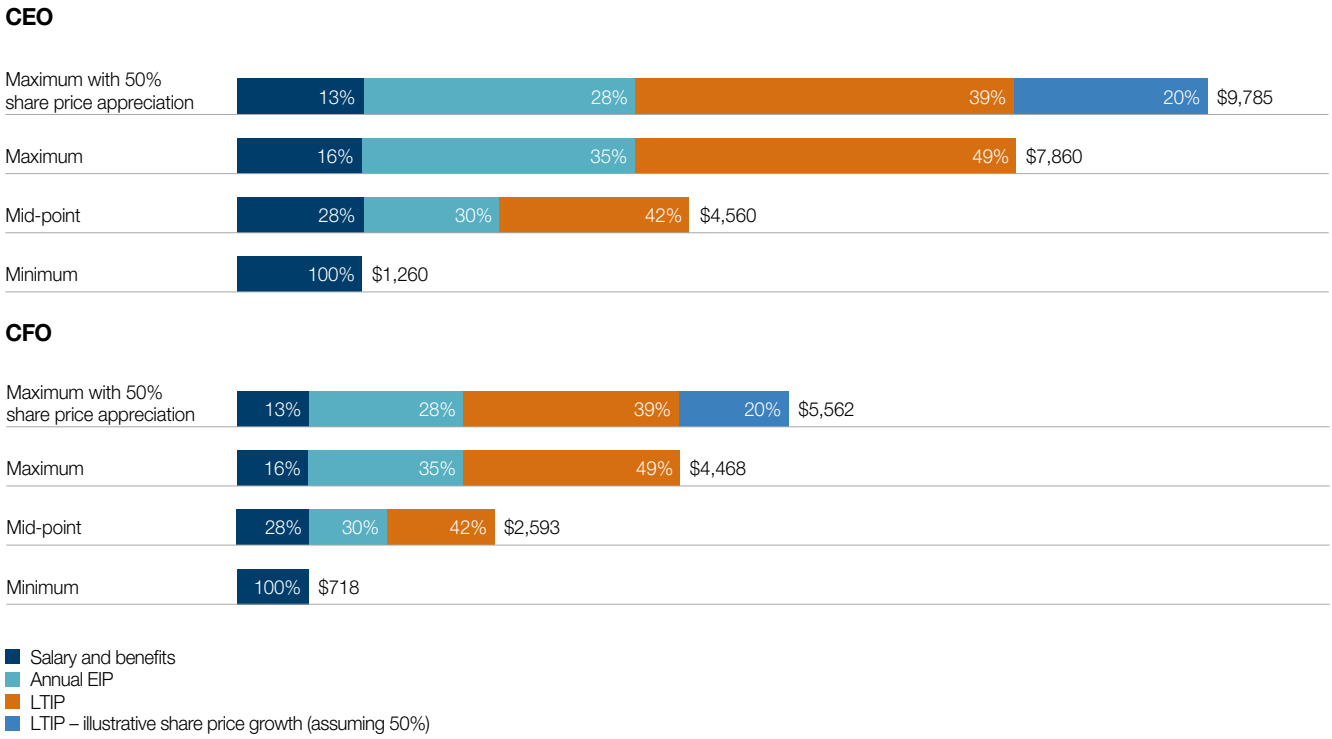
6. Directors' Remuneration Policy continued

6.2 Illustrative pay for performance scenarios

The chart below provides an illustration of some of the potential reward opportunities for executive directors in respect of the operation of the Directors' Remuneration Policy in 2021 showing the potential split between the different elements of remuneration under different performance scenarios: 'minimum', 'mid-point', 'maximum' and 'maximum with 50% share price appreciation'.

Assumptions used:

- The 'minimum' scenario reflects base salary, pension and benefits as disclosed in the single figure of total remuneration (i.e. fixed remuneration) which are the only elements of the executive directors' remuneration packages not linked to performance during the year under review.
- The 'mid-point' scenario reflects fixed remuneration as above, plus a target pay-out of 50% of the maximum annual bonus and 50% vesting for the LTIP.
- The 'maximum' scenario reflects fixed remuneration as above, plus full pay-out of both the annual bonus and LTIP.
- The 'minimum', 'mid-point' and 'maximum' illustrations are based on initial award value and do not, therefore, reflect potential share price appreciation or any dividend equivalent received over the vesting/deferral periods.
- The 'maximum with 50% share price appreciation' shows the impact of a 50% increase in the value of the LTIP share award from grant; it does not reflect any potential dividends received over the vesting period.
- Annual bonus includes both the cash bonus and the amount of the bonus deferred.



6.3 Performance measures selection and approach to target-setting

Annual objectives are set according to immediate priorities identified by the Board and management and will be reviewed and adjusted annually to reflect changing priorities. The long-term performance metrics are in line with the long-term strategic focus of the Company and will be reviewed as required in line with any changes in strategic direction. Targets will be set by reference to internal budgets and strategic plans, industry backdrop and external expectations to ensure they represent appropriately stretching levels of performance.

6.4 Differences between executive directors' and employees' remuneration

Executive Committee members participate in an annual bonus scheme with significant levels of deferral, to align their remuneration with the long-term interests of share and fund holders. However, in line with market practice in alternative investment funds, their incentive pay-outs are uncapped.

Employee remuneration includes base salary, pension (capped at 14% of salary) and benefits (which include private health, subsidised gym membership, the opportunity to participate in charitable activities during working hours and a range of flexible benefits which can be purchased from salary), an annual performance bonus and, for senior contributors, long-term share and fund-based deferrals. The level of deferral increases as total compensation increases. This provides alignment with shareholders and the future performance of the Company and with the interests of investors in funds managed by the Company.

Sales staff have a specific bonus scheme to incentivise appropriate asset raising and retention, whilst aligning interests on costs.

6.5 Approach to recruitment remuneration

External appointment

APPROACH TO RECRUITMENT REMUNERATION – Table R23

Component	Approach	Maximum grant value
Base salary	Base salary will be determined to provide competitive total compensation in relation to relevant market practice, experience and skills of the individual, internal relativities and their current compensation.	$1.1 million
Pension	Pension contributions or an equivalent cash supplement will be set in line with existing policy, including any service criteria, in line with other employees.	14% of salary[1]
Benefits	Benefits may include (but are not limited to) private medical insurance, life assurance, permanent health insurance, Group income protection and any necessary relocation expenses.	n/a
Sharesave	New appointees will be eligible to participate in any all-employee share schemes the Company offers.	n/a
Annual bonus	The remuneration structure described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year.	250% of salary
Long-Term Incentive Plan	New appointees may be granted awards under the long-term incentive plan, on the same terms as other executive directors, as described in the policy table, including in respect of the first part-year of service.	350% of salary

1 The directors' maximum pension contribution is aligned to the maximum available to all employees, currently 14% of salary.

In determining the appropriate remuneration, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Man Group and its shareholders.

With respect to a new appointment, the Remuneration Committee may 'buy out' incentive arrangements, including bonuses, forgone on leaving a previous employer, and awards made under such 'buy out' arrangements may be in addition to the remuneration outlined in the table above. In doing so, the Remuneration Committee will consider relevant factors including any performance conditions attached to those incentive arrangements and the likelihood of those conditions being met. In defining the size of this 'buy out' award, the Remuneration Committee would ensure that its fair value is no higher than the fair value of the incentive arrangements forgone. The Remuneration Committee may also consider it appropriate to structure any such 'buy out' award differently to the structure described in the policy table including whether appropriate performance conditions should apply, exercising the discretion available under the UKLA Listing Rules.

The Remuneration Committee does not intend that such 'buy out' awards will be made as a matter of routine; on the contrary, although the Remuneration Committee cannot anticipate every circumstance which it might face in the future, it is expected that any such awards will only be contemplated in exceptional circumstances, will be reviewed and approved by the full Board and described fully in the subsequent year's DRR.

Internal appointment

For the appointment of a new executive director by way of internal promotion, the Remuneration Committee's approach will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these commitments.

6. Directors' Remuneration Policy continued

6.6 Service contracts and exit payment policy

SERVICE CONTRACTS – Table R24

Element	Condition
Contract dates	Luke Ellis: 1 September 2016
	Mark Jones: 1 January 2017
Current appointment	No fixed term
Notice period (by either Company or director)	Luke Ellis: 12 months
	Mark Jones: 6 months The Company's policy is that notice periods will not exceed 12 months
Provisions for contract termination	Under all contracts the Company can opt to terminate immediately by making a payment in lieu of the notice period or part of it. Luke Ellis' contract requires payment of base salary only in lieu. Mark Jones's contract requires payment of base salary plus a cash sum in lieu of pension contributions and other insured benefits. Payments in lieu are to be made in monthly instalments unless the Company and the executive director agree otherwise. Unless the Company decides otherwise the executive directors have a duty to mitigate their losses arising from termination of their employment in which case any replacement earnings earned in what would otherwise have been the notice period would reduce the obligation on the Company to make payments in lieu.
Annual bonus	The service contracts do not oblige the Company to pay any bonus to executive directors and bonuses are awarded at the Remuneration Committee's discretion. Payment of any bonus is conditional upon the executive director being in employment and not under notice at the payment date, except in certain 'good leaver' circumstances. Where the director is deemed to be a 'good leaver', deferred bonus awards are retained by participants and release would follow the normal vesting schedule (except in the case of death where the Remuneration Committee may allow early vesting). The treatment will be decided by the Committee taking into account the circumstances of the departure including the performance of the executive director. Good leaver reasons include death, retirement on terms agreed with the Company, ill-health, injury or disability and sale of the company or business in which the individual was employed. The Remuneration Committee may also decide, in its discretion, to grant good leaver status in other exceptional circumstances.
Long-Term Incentive Plan	The treatment of long-term awards is governed by the relevant Plan rules, as approved by shareholders. Where an individual's employment terminates, the LTIP rules provide for unvested long-term incentive awards to lapse except as set out below: – Under the LTIP rules, where an individual is deemed to be a 'good leaver', unvested long-term incentive awards will vest at the normal vesting date subject to performance against applicable performance conditions and, unless the Committee determines otherwise, pro-rating for time. Any Committee determination will take into account a number of considerations, in particular performance and other circumstances relating to their termination of employment. – Good leaver reasons include death, retirement, ill-health, injury or disability, redundancy, sale of the company or business in which the individual was employed and cessation of employment on terms agreed with the Company. The Remuneration Committee may also decide, in its discretion, to grant good leaver status in other circumstances and will take into account the reason for leaving and the executive director's performance up to the date employment ceases. Where the post-departure shareholding requirements have not been met at the date of departure, after exit post-vesting holding periods will continue to apply. The treatment in relation to DEIP awards is as set out in the policy approved in 2015. Good leaver reasons in the DEIP are: death, retirement, ill health, injury or disability, redundancy, their office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member, cessation with the agreement of their employer provided that such Participant has organised and performed an orderly handover procedure to the satisfaction of the Committee, or for any other exceptional reason, if the Committee so decides.

To protect Man Group's business interests the executive directors' service contracts contain covenants which restrict the executives' ability to solicit or deal with clients and their ability to solicit senior employees. Luke Ellis has also entered into a broader non-compete covenant for an agreed period post termination.

Further, the Board has the right, at its discretion, to require Mark Jones to comply with a broader non-compete covenant for up to six months post termination to provide additional protection for the Company. If the Board exercises this right, the Company will pay an additional amount up to six months' base salary and the value of pension contributions (or alternative cash allowance) and certain other insured benefits so that he is not left without income during the time when the Board wishes the non-compete to operate. This amount is paid in two equal instalments and is reduced by any payments made in lieu of notice. The Company may make a contribution to reasonable legal fees and provide outplacement services in connection with termination of a director's contract.

Executive directors' service contracts are available to view at the Company's registered office.

6.7 External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Company, executive directors may accept a limited number of external appointments as non-executive directors of other companies and retain any fees received. Details of external directorships held by executive directors, including associated fees, are provided in the Directors' Remuneration report for the relevant year.

6.8 Non-executive directors' Remuneration Policy

Non-executive directors have formal letters of appointment. The Chair has a contract with the Company which provides that his appointment is terminable on six months' notice. The letters of appointment of the non-executive directors, except for Richard Berliand and Dev Sanyal, contain a three-month notice period. The letters of appointment of Richard Berliand and Dev Sanyal do not contain any notice provisions or provision for compensation in the event of early termination. It is intended that the letters of appointment of all future non-executive directors will contain a three-month notice period. The Board's policy is to appoint non-executive directors for an initial three-year term, subject to retirement and reappointment by shareholders annually at the AGM, which may be followed by a further three years by mutual agreement. Any further extension will be subject to rigorous review. The initial dates of appointment of the non-executive directors to the Board are shown on pages 64 to 65 of this 2020 Annual Report, and their current fee levels are provided in the DRR on page 107. Non-executive directors are encouraged to build a shareholding in the Company.

Letters of appointment for the non-executive directors are available to view at the Company's registered office.

Details of the policy on fees paid to our non-executive directors are set out in the table below.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY – Table R25

Function	Operation	Opportunity
Fees To attract and retain non-executive directors of the highest calibre and experience relevant to Man Group.	Fees are reviewed annually by the Board at the year-end taking into account market benchmarks for non-executives of companies of similar size and complexity to Man Group with consideration of sector relevance. The Chair's remuneration is recommended by the Remuneration Committee and approved by the Board. Neither the Chair nor the non-executive directors take part in discussions or vote on their own remuneration. Non-executive directors are reimbursed for expenses, such as travel and subsistence costs, incurred in connection with the carrying out of their duties. Any tax costs associated with these benefits are paid by the Company.	Fee levels will take account of any significant change in the scope of the role or time commitment required and are set by reference to an appropriate comparator group. Non-executive directors receive a base fee for Board service, including Nomination Committee membership where appropriate. Additional fees are payable for acting as Senior Independent Director, as a member or Chair of the Audit and Risk or Remuneration Committees or for other responsibilities, including those relating to employee engagement. They do not participate in any share option or share incentive plans.

6.9 Recruitment of non-executive directors

When recruiting a new non-executive director, the Board will utilise the policy as set out in table R25 above. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director, as a member or Chair of a Board Committee or for other responsibilities, including those relating to employee engagement.

6.10 Consideration of conditions elsewhere in the Company

In assessing executive director remuneration, internal relativities within the Company are reviewed by the Remuneration Committee. These internal reviews cover the individual elements of base salaries, benefits and total compensation. The Committee has shared with all employees a simple document explaining how the remuneration of the executive directors is determined and how that links to the way in which employees are remunerated. A dedicated email address has been established to provide employees with a quick and easy way to raise any questions with the Remuneration Committee. The Committee has not, however, formally consulted with employees during its review of the Directors' Remuneration Policy.

6.11 Consideration of shareholder views

The Remuneration Committee values engagement with shareholders and their representative bodies and consulted extensively before deciding to roll forward the existing policy for a further 12 months, as explained previously. It will again undertake extensive consultation before proposing a new three-year policy at the AGM in May 2022.

For and on behalf of the Board

Richard Berliand
Chair of the Remuneration Committee
2 March 2021

The Directors present their report, together with the audited consolidated financial statements, for the year ended 31 December 2020.

Man Group plc is incorporated as a public limited company and is registered in Jersey with the registered number 127570. The Company's registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

Although the Company is subject to Jersey law, the following report also includes disclosures which would be required for a UK incorporated company under the UK Companies Act 2006 in order to ensure that UK legislative disclosures with which our stakeholders have become familiar are also included for continuity.

Directors

Details of the current directors, together with their biographies, can be found on pages 64 and 65. The following director changes occurred during 2020:

Matthew Lester	Stepped down 26 February 2020
Lucinda Bell	Appointed 28 February 2020
Ceci Kurzman	Appointed 28 February 2020
Andrew Horton	Stepped down 1 May 2020
Anne Wade	Appointed 30 April 2020

Details of the directors' interests in the Company's shares are given on page 103 of the Annual Report.

Powers of directors

The Board is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes and the Company's Articles of Association (the Articles). A copy of the Articles is available on the Company's website and by request from the registered office of the Company. The Articles may be amended by a special resolution of the shareholders.

Appointment, retirement and replacement of directors

The appointment, retirement and replacement of directors are governed by the Articles, the 2018 UK Corporate Governance Code and the Companies (Jersey) Law 1991. Under the Articles, the Board has the power to appoint further directors during the year, but any director so appointed must stand for reappointment at the next Annual General Meeting (AGM). In accordance with the Articles, one-third of the Board must retire by rotation at each AGM and may stand for reappointment. In practice, and in accordance with the UK Corporate Governance Code, all Board members retire and offer themselves for reappointment at each AGM.

The Articles give each director the power to appoint any person to be his/her alternate, such appointment being subject to Board approval where the proposed alternate is not an existing director of the Company.

Directors' indemnities and insurance cover

The Company has maintained third-party indemnity provisions for the benefit of Man Group plc and its subsidiary directors, and these remain in force at the date of this report. New indemnities are granted by the relevant company to new directors on their appointment and covers, to the extent permitted by law, any third-party liabilities which they may incur as a result of their service on a Board within the Group. The Company arranges directors' and officers' liability insurance to cover certain liabilities and defence costs which an indemnity does not meet. Neither the indemnity nor the insurance provides any protection in the event of a director being found to have acted fraudulently or dishonestly in respect of the Company or its subsidiaries.

Shares

Share capital

Details of movements in issued share capital, together with the rights and obligations attaching to the Company's shares, are set out in Note 20 to the financial statements. This Note also provides information on the Company's unexpired authority to purchase its own shares and details of the shares purchased by the Company during the year.

Substantial interests

As at 31 December 2020, the Company had been notified of the following voting interests in the ordinary share capital of the Company in accordance with DTR 5 of the FCA's Disclosure Guidance and Transparency Rules. Percentages are shown as notified, calculated with reference to the Company's latest total voting rights announcement prior to the date of the movement triggering the notification.

It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Shareholder	Number of shares notified to the Company	Percentage of issued share capital	Date of notification
Silchester International Investors LLP	131,297,253	8.52%	29 May 2019
Tameside MBC re Greater Manchester Pension Fund	90,519,215	6.12%	25 September 2020
BlackRock, Inc.	76,581,342	5.18%	23 October 2020

No changes to the above were disclosed to the Company in accordance with DTR 5 during the period 1 January to 1 March 2021 inclusive, being the latest practicable date prior to the publication of this report.

Restriction on voting rights

Employee Trust and share awards

Man Group operates share incentive arrangements for qualifying staff. Where vesting conditions are met, awards granted under these arrangements are settled in Company shares. In order to hedge the Company's exposure to such grants, the Company has established the Employee Trust, which assumes the obligation to deliver shares (and satisfy other fund-based forms of remuneration) to employees. To enable the Employee Trust to meet these obligations, Man Group provides funds by contributions or loans. Although independent of the Group, the assets and liabilities of the Employee Trust are consolidated into the accounts of Man Group and the shares it holds are treated for accounting purposes as though they were treasury shares. These shares remain, however, in issue as trust assets and, under the Employee Trust deed, the trustees have discretion to vote, or abstain from voting, on resolutions put to shareholders. Further details regarding deferred compensation arrangements can be found in Note 19 to the financial statements.

Treasury shares

Ordinary shares held by the Company in treasury do not carry voting rights. Further details on treasury shares can be found in Notes 8 and 20 to the financial statements.

Share transfer restrictions

- On 28 August 2018, 3,140,953 ordinary shares in the Company, which were issued in part settlement of an earn-out payment made in connection with the acquisition of Aalto, became subject to share lock-up agreements. Subject to a number of limited exceptions, the shares could not be disposed of until 1 January 2020 (third anniversary of the acquisition).
- In accordance with the current Directors' Remuneration Policy, the CEO is required to hold shares in Man Group plc representing at least 300% of salary and other executive directors are required to hold shares in Man Group plc representing at least 200% of salary. On leaving the Man Group Board, directors are expected to retain a shareholding for two years, with 100% of the requirement retained for the first year and at least 50% for a further year. Jonathan Sorrell (former President of Man Group) stepped down as an executive director on 11 September 2019 and left the business on 31 December 2019. As a result, he is required to retain shares in Man Group plc in accordance with the Directors' Remuneration Policy until 31 December 2021.
- The Board may decline to register a transfer of any share which is not a fully paid share. In addition, registration of a transfer of an uncertificated share may be refused in the circumstances set out in The Companies (Uncertificated Securities) (Jersey) Order 1999 and where the number of joint holders exceeds four.

Change of control

The Company's employee share and fund product incentive schemes contain provisions whereby, upon a change of control of the Company, outstanding options and awards will vest and become exercisable, subject to any prorating that may be applicable.

In the event that the change of control of the Company relates to an internal reorganisation, the Board may determine, with the consent of the new controlling company, that in the case of share awards the outstanding options and awards will not vest and will be automatically surrendered in consideration for the grant of new equivalent awards or options in the new controlling company and that fund product awards will not vest but will continue to subsist.

Subsidiaries, joint ventures and associated undertakings

The Company's subsidiaries are listed on pages 162 to 163 (Note 29) of the financial statements.

Independent auditor

The Company's auditor, Deloitte, has indicated its willingness to continue in office and a resolution to reappoint Deloitte as auditor of the Company will be proposed at the 2021 Annual General Meeting.

Political donations

The Group's policy is not to make any donations or contributions to political parties or organisations and no such payments were made during the year.

Annual General Meeting (AGM)

The AGM of Man Group plc will be held at Riverbank House, 2 Swan Lane, London, EC4R 3AD on Friday 7 May 2021 at 10am. The Company intends to hold the 2021 AGM in a similar format to the 2020 AGM, with shareholders encouraged to join the meeting virtually rather than in person.

Subsequent events

Details of any subsequent events are disclosed in Note 28 to the financial statements.

Further disclosures

The Directors' report comprises pages 118 to 119 and the other sections and pages of the Annual Report and Accounts cross referenced below which are incorporated by reference. In line with common practice, certain disclosures normally included in the Directors' report have instead been integrated into the Strategic report (pages 1 to 61) and Corporate governance report (pages 62 to 79).

	Pages
Business relationships, stakeholders and their effect on decisions	**10-11, 42-43**
Corporate governance statement	**62-117**
Directors' responsibility statement including disclosure of information to the auditor	**120**
Dividend	**7, 25, 29, 141, 170**
Dividend waiver	**152**
Employment policies, including disability and equal opportunities and employee involvement	**41-46, 56-60, 74**
Financial risk management and financial instruments	**144, 160**
Future developments in the business	**12-19**
Greenhouse gas emissions, energy consumption and energy efficiency	**52-54**
Internal control and risk management statements	**30-37, 83-84**
Research and development activities	**14-19**
Going concern disclosure	**135**

For and on behalf of the Board

Elizabeth Woods
Company Secretary
2 March 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey, Channel Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are on pages 64 to 65, confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and Group's position, performance, business model and strategy; and
- there is no relevant audit information of which the Group's auditor is unaware, and that they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that Man Group's auditor is aware of that information.

Financial statements contents

Independent auditor's report to the members of Man Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Man Group plc (the 'Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group balance sheet;
- the Group cash flow statement;
- the Group statement of changes in equity; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • valuation of GPM goodwill and intangible assets; • accuracy of performance fees; and • valuation of investment property: right-of-use lease asset. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was $15.24 million which was determined on the basis of 2% of gross management and other fees.
Scoping	We performed a full scope audit of 29 (2019: 22) subsidiaries and audits of specified account balances within a further eight (2019: 10) subsidiaries across eight (2019: eight) geographic locations. Together, this accounts for 98% (2019: 99%) of the Group's revenue, 98% (2019: 97%) of the Group's profit before tax and 98% (2019: 99%) of the Group's total assets.
Significant changes in our approach	The valuation of investment property: right-of-use lease asset is considered a new key audit matter in the current year due to the degree of judgement and complexity in the estimation of key assumptions, as a result of the uncertainty in the central London property market due to COVID-19, and the amount of senior and specialised audit time spent on this matter in the current year. We have also refined the key audit matter in relation to valuation of GPM goodwill and intangible assets and contingent consideration to focus only on valuation of goodwill and intangible assets. Refer below in the 'Key audit matters' section for the rationale. There are no other significant changes in our approach apart from these key audit matters.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- assessing the financing facilities including nature of facilities, repayment terms and covenants;
- challenging the linkage between the business model and medium-term risks;
- testing of clerical accuracy and assessing the sophistication of the model used to prepare the forecasts;
- assessing the reasonableness of the assumptions used in the forecasts;
- assessing the historical accuracy of forecasts prepared by management;
- analysing the amount of headroom in the forecasts considering cash and covenants;
- assessing management's stress testing and scenario planning; and
- performing a sensitivity analysis of the key inputs.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of GPM goodwill and intangible assets

Key audit matter description	Following the acquisition of Aalto in 2017, the Group recognised goodwill of $55m and $16m of intangible assets upon acquisition of the Cash Generating Unit (CGU) of Global Private Markets (GPM). In the current year, the goodwill attributable to the CGU is nil (2019: $55m) and the intangible assets balance is $12m (2019: $15m). There is an impairment expense recognised of $55m (2019: nil) for the write down of the goodwill in the period. The estimation uncertainty in forecasting growth requires judgemental interpretations such as the projection of Funds Under Management (FUM) flows and perpetual growth multiples, discount rates or margin estimates used to calculate the carrying value of the CGU. The valuation of goodwill is very sensitive to changes in this estimate. There is a fraud risk given the risk of management bias in estimating key assumptions. Given the level of judgement involved in deriving necessary assumptions and the sensitivities of these assumptions, the valuation of GPM goodwill and intangible assets is deemed to be a key audit matter. The challenges facing the GPM business in 2020 discussed in Note 10 affected the cash flows of the CGU and its forecasts resulting in an impairment of the full goodwill balance with the remaining balance at year end being attributable to intangible assets. The accounting policy for the valuation of goodwill and intangible assets, including management's sensitivity analyses, is detailed in Note 10 to the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures included: Assessing related controls: We obtained an understanding of the relevant controls over the goodwill and intangible assets valuation and tested the relevant controls over the valuation model integrity, methodology applied, data input and assumptions used. Working with specialists: We involved our internal valuation specialists in challenging management's assumptions used to calculate the fair value. Our specialists assisted with challenging the forecast FUM flows and performance against recent industry flows and performance, challenging the discount rate and perpetual growth multiple applied through discussions with management based on the results of our reviews. Substantive testing: We compared the modelled Group value-in-use and the Group's market capitalisation, assessing management's reconciliation between the two valuations. We examined the goodwill and intangible assets of the GPM CGU and assessed: • management's deal pipeline; • corroborated forecasts to evidence support for deal progress where available; and • used market data to challenge management's estimates. This included understanding and challenging the effect of COVID-19 on the pipeline and forecasted growth. We performed an independent sensitivity analysis to determine the impact of reasonably foreseeable changes to assumptions used in the value in use calculations for the GPM CGU to determine whether such changes would trigger material impairments.
Key observations	We consider the valuation of GPM's goodwill and intangible assets to be appropriate. Based on market comparisons and other available evidence, we consider the Group's exit multiple to be within an acceptable range although at the optimistic end of that range.

Accuracy of performance fees

Key audit matter description	Performance fees are manually calculated as they are performed less frequently and are more complicated than management fee calculations, increasing the relative risk of misstatement. The performance fees require the accurate implementation of methodologies as set out in the investment management agreements which are bespoke for each client or fund. The value of performance fees recorded in the year is $177m (2019: $325m). The performance fee calculation requires the use of estimated valuations which can change after the period end. There is a fraud risk associated with the accuracy of revenue due to this balance's importance to stakeholders and link to long-term incentives. Given the complexity of the calculations and level of judgement involved in determining if the revenue has crystallised, accuracy of performance fees is deemed to be a key audit matter. The accounting policy for performance fees is detailed in Note 2.
How the scope of our audit responded to the key audit matter	Our procedures included: Assessing related controls: We obtained an understanding of the relevant controls over performance fees and tested the relevant controls over the accuracy of performance fees. We place reliance on these controls as a part of a combined audit approach. Tests of detail: We independently agreed a sample of calculations to governing documents and source documentation, verifying the calculation methodology and the accuracy of the inputs used in the calculation (for example, fee rates, crystallisation dates, fund product profit and relevant benchmarks), challenging any judgements when interpreting governing documents. For estimates subsequently finalised and invoiced after the year end, we assessed the amounts invoiced against the accrued estimate at the year end in mid-February.
Key observations	Based on our work, performance fees are appropriately recorded.

Valuation of investment property: right-of-use lease asset

Key audit matter description	Investment property: right-of-use lease asset is measured at cost less impairment and is recorded at $78m (2019: $141m). In the current period, there were circumstances which indicated that the carrying amount may not be recoverable and the balance was assessed for impairment. There is an impairment recognised of $25m (2019: nil) for the write down of the value of the investment property: right-of-use lease asset in the period. The value in use is equivalent to the fair value of the investment property and is determined by forecasting cash flow projections to the end of the relevant lease contract based on estimates for future rentals. Given the adverse effect of COVID-19 on the central London property market during 2020 and beyond, the estimation of key assumptions is challenging. These assumptions include the timeline for new tenants signing a sub-lease contract, the discount rate, the sub-lease length and the expected rental amount. This has required specialised knowledge of the property market and therefore elevated the level of audit effort required. We note that in the current period, there has been an impairment given the assumptions mentioned above have been negatively impacted as a result of COVID-19. The accounting policy for valuation of investment property: right-of-use lease asset is detailed in Note 18.
How the scope of our audit responded to the key audit matter	Assessing related controls: We obtained an understanding of the relevant controls over the valuation of investment property: right-of-use lease asset and tested the relevant controls over the valuation model integrity, methodology applied, data input and assumptions used. Working with specialists: We involved our real estate valuation specialists in challenging management's assumptions used to calculate the fair value. Our specialists assisted with challenging the timeline for signing a sub-lease contract with new tenants, the discount rate applied, the sub-lease length and the expected rental amount. We also involved accounting specialists to assist us in challenging the appropriateness of the accounting treatment for the cash flows included in the model. Substantive testing: We examined the valuation of investment property: right-of-use lease asset and: • assessed management's projected cash flows for appropriateness including challenging how they have attributed cash flows specific to investment property floors; • corroborated forecasts to known costs from previous periods; and • used market data to challenge management's estimates. This included understanding and challenging the effect of COVID-19 on the uncertainty of acquiring future tenants. We performed an independent sensitivity analysis to determine the impact of reasonably foreseeable changes to assumptions used in the calculations for fair value of investment property: right-of-use lease asset to determine whether such changes would trigger material impairments in future and have noted that this is unlikely given the quantum of the sub-lease exposure and since the expected adverse effect of COVID-19 is captured in the impairment assessment.
Key observations	Based on our work, investment property: right-of-use lease asset is appropriately recorded and the estimates discussed above are the midpoint of an acceptable range.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Materiality	$15.24 million (2019: $15.95 million)
Basis for determining materiality	2% of gross management and other fees (2019: 5% of the two-year average adjusted profit before tax)
Rationale for the benchmark applied	We have changed the benchmark in the current period from the two-year average adjusted profit before tax to gross management and other fees. We have determined this to be an appropriate measure as it is statutory in nature and removes the variability of performance fees from the calculation. We note that performance fees can fluctuate significantly year on year. For the year ended 31 December 2019, performance fees were $325 million in comparison to $177 million in 2020. As a result, we have removed this variability by using gross management and other fees as the benchmark.

6.2 Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%).

When considering performance materiality we have taken into account our strong understanding of the entity and its environment. We have considered the reliability of the entity's internal controls over financial reporting and were able to rely upon controls for a number of business processes.

We also considered our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold
We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of $762k (2019: $798k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components
We perform our global scoping assessment on an individual entity by entity basis to determine the 'significant components' or specified balances which should be subject to testing. In doing so, we perform both a quantitative and qualitative assessment of all entities within the consolidated Group. Our quantitative assessment is primarily based on each entity's profit before tax and revenue, however a further assessment is performed to determine whether sufficient coverage has been obtained. Our qualitative assessment is based on our understanding of the entities obtained from prior years' and current year's events and any significant risks or management interest associated with each entity. Specific to our considerations is management's strategy for the Group and we continue to re-assess where we focus our efforts as the business continues to evolve.

Based on that assessment, which is broadly consistent with the prior year, we focused our Group audit scope primarily on the audit work at eight geographical locations. This included the full audit of 29 (2019: 22) subsidiaries across the UK, the US, Switzerland, Jersey, Japan, Ireland, the Cayman Islands and Channel Islands. A further eight (2019: 10) subsidiaries across the UK, the US, Hong Kong, Jersey and Australia were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. All other subsidiaries were subject to analytical review procedures.

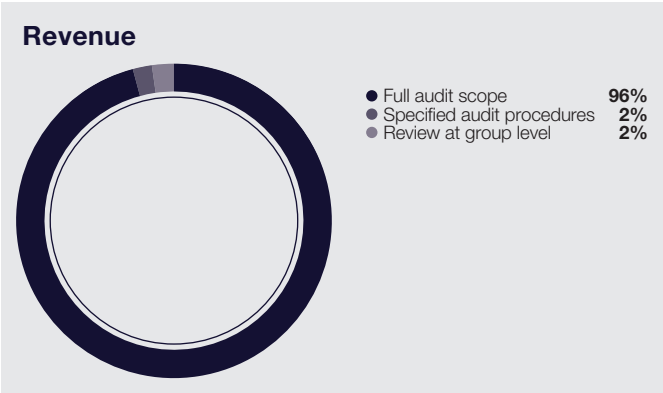
These eight (2019: eight) geographical locations represent the principal business units and account for 98% (2019: 99%) of the Group's total assets, 98% (2019: 99%) of the Group's revenue and 98% (2019: 97%) of the Group's profit before tax on an absolute basis. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the 37 (2019: 32) subsidiaries was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from $0.1 million to $9.16 million (2019: $0.1 million to $10.4 million).

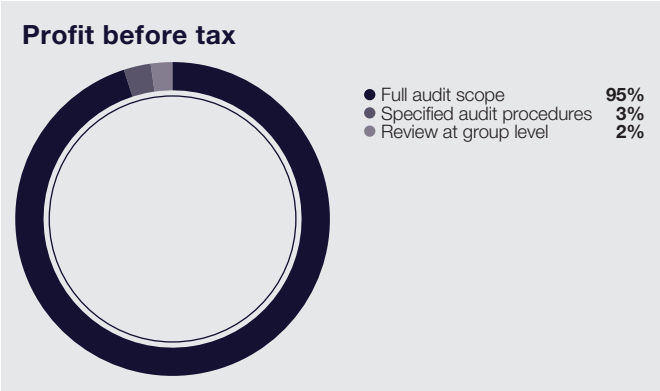
Ordinarily the Group audit team implements a programme of planned visits so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the locations where the Group audit scope is focused on a rotational basis. During the current year no visits were made to individual locations. This was replaced with video conference calls that included screen sharing to allow for similar interactions and assurance. Regular communications were maintained with all geographical locations. Books and records for subsidiaries located within Ireland, the Cayman Islands, Australia and the Channel Islands are maintained within the UK and are audited by the Group audit team.

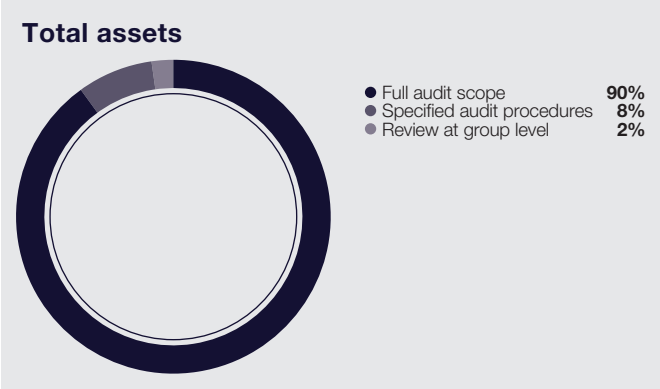
7.2 Our consideration of the control environment
Where relevant, we followed a combined approach of performing substantive and controls testing. We took a controls reliance approach over management and performance fees and the related balance sheet receivables and accruals in all areas of the business except GPM given these controls are not as embedded in the normal course of business. We also tested relevant controls over distribution costs, fixed compensation, asset servicing and investment in fund product plans. Where we place reliance on service organisations reports specifically at administrators and transfer agents, we have obtained an understanding of the controls provided within the service organisation reports and tested any complementary controls performed by the Group.

We have performed general IT controls testing over the Group's financial reporting processes and the key IT systems for management fees, performance fees, distribution costs and compensation. In addition, we performed tests over manual relevant controls which complement these where needed.

7.3 Working with other auditors
All work was performed by the Group audit team with the exception of specified audit procedures being performed by the US and Swiss teams largely over local payroll and cash balances. Components were supervised by the Group audit team. Regular calls were held with components during the audit to discuss progress and provide updates relevant to the Group audit.







8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, pensions, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of GPM goodwill and intangible assets, accuracy of performance fees and the possible recognition of contingent liabilities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included Companies (Jersey) Law 1991, Listing Rules and the Disclosure Guidance and Transparency Rules, pensions legislation, tax legislation and matters regulated by the Financial Conduct Authority (the Group's lead regulator). Compliance with regulatory capital requirements is fundamental to the Group's ability to continue as a going concern.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's solvency requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified valuation of GPM goodwill and intangible assets and accuracy of performance fees as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, FCA and other regulators globally; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by our engagement letter

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the provisions of UK Companies Act 2006 as if that Act had applied to the Company.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 135;
- the directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 31;
- the directors' statement on fair, balanced and understandable, set out on page 120;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 33;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on pages 32 and 33; and
- the section describing the work of the Audit and Risk Committee, set out on pages 80 to 85.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records
Under Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters

15.1 Auditor tenure
Following the recommendation of the Audit and Risk Committee, we were appointed by the Audit and Risk Committee on 19 March 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is seven years, covering the years ending 31 December 2014 to 31 December 2020.

15.2 Consistency of the audit report with the additional report to the Audit and Risk Committee
Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart McLaren (CA)
For and on behalf of Deloitte LLP
Recognised Auditor
London
2 March 2021

Group income statement

$m	Note	**Year ended 31 December 2020**	Year ended 31 December 2019
Revenue:			
Gross management and other fees	2	**762**	788
Performance fees	2	**177**	325
		939	1,113
Income or gains on investments and other financial instruments	13.1	**40**	35
Third-party share of gains relating to interests in consolidated funds	13.2	**(17)**	(18)
Sub-lease rental and lease surrender income	18.2	**25**	14
Distribution costs	3	**(34)**	(38)
Asset servicing costs	3	**(55)**	(55)
Compensation	4	**(451)**	(476)
Other costs	5	**(150)**	(189)
Revaluation of contingent consideration	25	**22**	37
Amortisation of acquired intangible assets	10	**(63)**	(78)
Impairment of GPM goodwill	10	**(55)**	–
Impairment of right-of-use lease assets – investment property	18	**(25)**	–
Impairment of acquired intangible assets	10	**–**	(5)
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries[1]		**17**	–
Gain on sale of investment in Nephila		**–**	1
Finance expense	6	**(16)**	(42)
Finance income	6	**2**	8
Profit before tax		**179**	307
Tax expense	7	**(41)**	(22)
Statutory profit attributable to owners of the Parent Company		**138**	285
Statutory earnings per share:	8		
Basic (cents)		**9.5**	18.9
Diluted (cents)		**9.3**	18.4

Group statement of comprehensive income

$m	Note	**Year ended 31 December 2020**	Year ended 31 December 2019
Statutory profit attributable to owners of the Parent Company		**138**	285
Other comprehensive (expense)/income:			
Remeasurements of post-employment benefit obligations	21	**(15)**	(10)
Current tax credited on pension scheme		**4**	3
Deferred tax debited on pension scheme		**–**	(2)
Items that will not be reclassified to profit or loss		**(11)**	(9)
Cash flow hedges:			
Valuation gains taken to equity		**6**	–
Transfer to Group income statement		**(3)**	12
Deferred tax credited/(debited) on cash flow hedge movements		**1**	(2)
Net investment hedge		**(4)**	–
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries[1]		**(17)**	–
Foreign currency translation		**10**	1
Items that may be reclassified to profit or loss		**(7)**	11
Other comprehensive (expense)/income (net of tax)		**(18)**	2
Total comprehensive income attributable to owners of the Parent Company		**120**	287

Note:
1 Relates to the liquidation of non-USD functional currency subsidiaries, whereby the related movements in the cumulative translation adjustment reserve are realised upon disposal.

Group balance sheet

$m	Note	At 31 December 2020	At 31 December 2019[1]
Assets			
Cash and cash equivalents	12	**351**	281
Fee and other receivables	14	**386**	426
Investments in fund products and other investments	13	**787**	776
Pension asset	21	**2**	16
Leasehold property – right-of-use lease assets[1]	18.1	**74**	79
Investment property – right-of-use lease assets[1]	18.1	**78**	141
Leasehold improvements and equipment[1]	17	**30**	29
Goodwill and acquired intangibles	10	**742**	854
Other intangibles	11	**39**	31
Deferred tax assets	7	**119**	120
Total assets		**2,608**	2,753
Liabilities			
Trade and other payables	15	**574**	559
Provisions	16	**9**	8
Current tax liabilities	7	**12**	14
Third-party interest in consolidated funds	13.2	**219**	213
Lease liability	18.1	**272**	307
Deferred tax liabilities	7	**25**	28
Total liabilities		**1,111**	1,129
Net assets		**1,497**	1,624
Equity			
Capital and reserves attributable to owners of the Parent Company		**1,497**	1,624

Note:

1 As a result of reassessing our application of IFRS 16 'Leases' with regard to the classification of the Group's right-of-use lease assets and the associated leasehold improvements, we determined that our leased business premises, which are in turn sub-let under operating leases, are classified as investment property under IAS 40 'Investment Property'. Accordingly, we have restated this retrospectively from 1 January 2019, which results in the reclassification of $130 million of right-of-use lease assets within leasehold property and $11 million of leasehold improvements to investment property at 31 December 2019. This restatement has no impact on the Group's income statement, earnings per share, net assets, or total capital and reserves attributable to owners of the Parent Company. As the Group applied IFRS 16 for the first time from 1 January 2019, the Group has not presented a restatement balance sheet at 31 December 2018 as there is no change to that previously reported. See Note 18 for further details on the Group's lease arrangements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2021 and signed on its behalf by:

Luke Ellis
Chief Executive Officer

Mark Jones
Chief Financial Officer

Group cash flow statement

$m	Note	**Year ended 31 December 2020**	Year ended 31 December 2019
Cash flows from operating activities			
Statutory profit		**138**	285
Adjustments for non-cash items:			
Income tax expense	7	**41**	22
Net finance expense	6	**14**	34
Revaluation of contingent consideration	25	**(22)**	(37)
Depreciation of leasehold improvements and equipment[1]	17	**12**	13
Depreciation of right-of-use lease assets[1]	18.1	**22**	22
Impairment of right-of-use lease assets – investment property	18	**25**	–
Amortisation of acquired intangible assets	10	**63**	78
Impairment of goodwill and acquired intangible assets	10	**55**	5
Amortisation of other intangibles	11	**14**	12
Share-based payment charge	4	**20**	28
Fund product-based payment charge	4	**54**	50
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries		**(17)**	–
Foreign exchange movements		**(16)**	13
Gain on sale of investment in Nephila		**–**	(1)
Other non-cash movements		**(11)**	9
		392	533
Changes in working capital:			
Decrease/(increase) in receivables		**50**	(122)
Decrease in other financial assets[2]		**31**	170
(Decrease)/increase in payables		**(30)**	5
Cash generated from operations		**443**	586
Interest paid		**(2)**	(11)
Unwind of lease liability discount	6,18.1	**(12)**	(14)
Unwind of discount in relation to acquisitions[3]		**–**	(80)
Income tax paid		**(37)**	(43)
Cash flows from operating activities		**392**	438
Cash flows from investing activities			
Purchase of leasehold improvements and equipment		**(12)**	(9)
Purchase of other intangible assets		**(18)**	(14)
Payment of contingent consideration in relation to acquisitions[3]		**(2)**	(78)
Interest received		**2**	8
Proceeds from sale of investment in Nephila		**–**	1
Cash flows used in investing activities		**(30)**	(92)
Cash flows from financing activities			
Purchase of own shares by the Employee Trust and Partnerships		**(21)**	(11)
Proceeds from sale of Treasury and Employee Trust shares in respect of Sharesave		**–**	2
Repayments of principal lease liability	18.1	**(22)**	(20)
Payment of contingent consideration in excess of projected fair value recognised at acquisition[3]		**–**	(11)
Share repurchase programmes (including costs)	20	**(107)**	(92)
Dividends paid to Company shareholders	9	**(147)**	(152)
Repayment of Tier 2 notes	12	**–**	(150)
Payment of capitalised upfront costs on revolving credit facility		**–**	(1)
Cash flows used in financing activities		**(297)**	(435)
Net increase/(decrease) in cash		**65**	(89)
Cash at the beginning of the year		**281**	370
Effect of foreign exchange movements		**5**	–
Cash at year end[4]	12	**351**	281

Notes:

1 As a result of reassessment of our application of IFRS 16 'Leases' together with IAS 40 'Investment Property' with regard to the classification of the Group's right-of-use lease assets from 1 January 2019, we have reclassified $2 million of depreciation of leasehold improvements and equipment as depreciation of right-of-use lease assets in 2019. See Note 17 for further details.

2 Includes $1 million of restricted net cash inflows (2019: $35 million) relating to consolidated fund entities (Note 13.2).

3 As required by IAS 7, whereby the total consideration paid is greater than the projected fair value of contingent consideration recognised on acquisition, the unwind of discount over the life of the earn-out should be recognised within operating activities and any residual payment in excess of this recognised within financing activities. This is applicable to the final Numeric contingent consideration payment in September 2019 (Note 25).

4 Includes $62 million (2019: $61 million) of restricted cash relating to consolidated fund entities (Note 13.2).

Group statement of changes in equity

$m	Year ended 31 December 2020	Year ended 31 December 2019
Share capital and capital reserves	(1,635)	(1,635)
Revaluation reserves and retained earnings	3,132	3,259
Capital and reserves attributable to owners of the Parent Company	**1,497**	1,624

Share capital and capital reserves

$m	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Reorganisation reserve	Total
At 1 January 2020	53	–	–	–	(1,688)	(1,635)
At 31 December 2020	53	–	–	–	(1,688)	(1,635)

Revaluation reserves and retained earnings

$m	Profit and loss account	Own shares held by Employee Trust	Treasury shares	Cumulative translation adjustment	Cash flow hedge reserve[1]	Total
At 1 January 2020	3,322	(66)	(52)	55	–	3,259
Statutory profit	138	–	–	–	–	138
Other comprehensive income/(expense):						
Revaluation of defined benefit pension scheme	(15)	–	–	–	–	(15)
Current tax credited on pension scheme	4	–	–	–	–	4
Fair value gains on cash flow hedges[1]	–	–	–	–	6	6
Transfer cash flow hedge to Group income statement[1]	–	–	–	–	(3)	(3)
Deferred tax credited on cash flow hedge movements	–	–	–	–	1	1
Net foreign currency losses	–	–	–	(11)	–	(11)
Share-based payment charge	20	–	–	–	–	20
Purchase of own shares by the Employee Trust	–	(21)	–	–	–	(21)
Disposal of own shares by the Employee Trust	(26)	27	–	–	–	1
Share repurchases	(100)	–	–	–	–	(100)
Transfer to Treasury shares	107	–	(107)	–	–	–
Transfer from Treasury shares	(11)	–	11	–	–	–
Dividends	(147)	–	–	–	–	(147)
At 31 December 2020	3,292	(60)	(148)	44	4	3,132

Note:
1 Details of the Group's 2020 cash flow hedging arrangements are provided in Note 19.

The proposed 2020 final dividend would reduce shareholders' equity by $81 million (2019: $76 million) subsequent to the balance sheet date (Note 9). Further details of the Group's share capital and reserves are included in Note 20.

Group statement of changes in equity continued

Share capital and capital reserves

$m	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Reorganisation reserve	Total
At 1 January 2019	55	32	8	499	632	1,226
Purchase and cancellation of own shares	(2)	–	2	–	–	–
Scheme of arrangement (Note 1):						
Cancellation of shares in former holding company	(53)	(32)	(10)	(499)	(632)	(1,226)
Issue of shares in new holding company	53	2,861	–	–	(1,688)	1,226
Capital reduction (Note 1)	–	(2,861)	–	–	–	(2,861)
At 31 December 2019	53	–	–	–	(1,688)	(1,635)

Revaluation reserves and retained earnings

$m	Profit and loss account	Own shares held by Employee Trust	Treasury shares	Cumulative translation adjustment	Cash flow hedge reserve	Total
At 1 January 2019	499	(62)	(114)	54	(10)	367
Adjustment for adoption of IFRS 16	(24)	–	–	–	–	(24)
At 1 January 2019	475	(62)	(114)	54	(10)	343
Statutory profit	285	–	–	–	–	285
Other comprehensive income/(expense):						
Revaluation of defined benefit pension scheme	(10)	–	–	–	–	(10)
Current tax credited on pension scheme	3	–	–	–	–	3
Deferred tax debited on pension scheme	(2)	–	–	–	–	(2)
Transfer cash flow hedge to Group income statement[1]	–	–	–	–	12	12
Deferred tax debited on cash flow hedge movements	–	–	–	–	(2)	(2)
Net foreign currency gains	–	–	–	1	–	1
Share-based payment charge	28	–	–	–	–	28
Scheme of arrangement – capital reduction (Note 1)	2,861	–	–	–	–	2,861
Deferred tax credited on share-based payments	1	–	–	–	–	1
Purchase of own shares by the Employee Trust	–	(11)	–	–	–	(11)
Disposal of own shares by the Employee Trust	(15)	15	–	–	–	–
Share repurchases	(100)	–	–	–	–	(100)
Transfer to Treasury shares	92	–	(92)	–	–	–
Transfer from Treasury shares	(4)	(8)	12	–	–	–
Cancellation of Treasury shares	(140)	–	140	–	–	–
Disposal of Treasury shares in respect of Sharesave	–	–	2	–	–	2
Dividends	(152)	–	–	–	–	(152)
At 31 December 2019	3,322	(66)	(52)	55	–	3,259

Note:
1 Details of the Group's 2019 cash flow hedging arrangements are provided in Note 12.

Notes to the Group financial statements

1. Basis of preparation

Accounting policies
The audited consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) as adopted by the EU. Man Group's principal accounting policies have been consistently applied across the Group in the preparation of the financial statements. Accounting policies are included in the relevant sections, and significant policies are outlined on page 136. The impact, if any, of new accounting standards and amendments applicable for the year ended 31 December 2020 and accounting standards that are not yet effective are detailed on page 136.

Consolidated group and presentation currency
The consolidated group is Man Group plc (the Company) and its subsidiaries (together the Group or Man Group). The Company has taken advantage of the exemption provided in Article 105 (11) of the Companies (Jersey) Law 1991 and therefore does not present its individual financial statements and related notes. The Group's presentation currency is United States dollars (USD).

The consolidated financial information contained within these financial statements incorporates the results, cash flows and financial position of the Company and its subsidiaries (Note 29) for the year to 31 December 2020. Subsidiaries are entities controlled by the Group (including structured entities, as defined by IFRS 12 'Disclosure of Interests in Other Entities', as detailed in Note 13.3), and are consolidated from the date on which control is transferred to the Group until the date that control ceases. Control exists when the Group has the power to direct the relevant activities, exposure to significant variable returns and the ability to utilise power to affect those returns. All intercompany transactions and balances between Group entities are eliminated on consolidation.

Business combinations (acquisitions) are accounted for using the acquisition method. The acquisition date is the date on which Man Group effectively obtains control of the acquiree. The cost of an acquisition is measured as the fair value at the acquisition date of assets transferred, liabilities incurred and equity instruments issued by the Group. The fair value of an acquisition is calculated at the acquisition date by recognising the acquiree's identifiable assets and liabilities at their fair values at that date, and costs relating to acquisitions are recognised in the Group income statement as incurred. Any contingent consideration is recognised at fair value at the acquisition date, with any subsequent changes to the fair value recognised in the Group income statement.

Man Group's relationship with independent fund entities
Man Group acts as the investment manager/advisor to fund entities. The Group assesses such relationships on an ongoing basis to determine whether each fund entity is controlled by the Group and therefore consolidated into the Group's results. Having considered all significant aspects of the Group's relationships with fund entities, the directors are of the opinion that, although Man Group manages the assets of certain fund entities, where the Group neither holds an investment in the fund entity nor receives the returns on the fund entity via a total return swap or sale and repurchase arrangement, the characteristics of control are not met. For most fund entities: the existence of independent boards of directors at the fund entities; rights which allow for the removal of the investment manager/advisor; the influence of investors; limited exposure to variable returns; and the arm's length nature of Man Group's contracts with the fund entities, indicate that the Group does not control the fund entities and their associated assets, liabilities and results should not be consolidated into the Group financial statements. Assessment of the control characteristics for all relationships with fund entities led to the consolidation of 19 funds for the year ended 31 December 2020 (2019: 15), as detailed in Note 13. An understanding of the aggregate funds under management (FUM) and the fees earned from fund entities is relevant to an understanding of Man Group's results and earnings sustainability, and this information is provided in the Chief Financial Officer's review on pages 24 to 29.

Judgemental areas and accounting estimates
The most significant area of judgement is whether the Group controls certain funds through its exposure to fund products via either direct investments, total return swaps or sale and repurchase arrangements, and is required to consolidate them (Note 13.2). Our key judgements on this are outlined above within 'Man Group's relationship with independent fund entities'. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of goodwill and acquired intangibles for CGUs with lower levels of headroom. The key assumptions and range of possible outcomes are discussed in Note 10.

These judgements and estimates have been an area of focus for the Group Board, and in particular the Audit and Risk Committee, during the year. The report of the Chair of the Audit and Risk Committee discusses the involvement of the Committee in this evaluation on page 82.

Going concern
Man Group's business activity is discussed on pages 1 to 61, together with the significant risk factors (pages 34 to 37).

During the 12 months ended 31 December 2020 and the subsequent period up to the date of approval of the financial statements, the COVID-19 pandemic has caused extensive disruption to businesses and economic activities globally. Although COVID-19 has not had a significant or ongoing adverse impact on the Group to date, its impact on the Group's operating arrangements, including access to capital and liquidity, is subject to ongoing review by the directors and senior management. This includes assessment of the Group's medium-term financial plan and capital and liquidity plan, which are built by aggregating the expected business performance across the Group and include rigorous downside scenario testing. We continue to have a strong cash (Note 12) and capital (Note 20) position, and our business typically has a good conversion of profits into cash flows, which helps protect the business in stressed scenarios. Further discussion in relation to COVID-19 is included in the Chief Executive Officer's review and the Risk management and Our sustainable business model sections of the Strategic report on pages 16, 30 and 55 respectively.

The directors consider that the Group is well placed to manage business and financial risks in the current economic environment and have concluded that there is a reasonable expectation that Man Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group financial statements have been prepared on a going concern basis using the historical cost convention, except for the measurement at fair value of certain financial instruments that are held at fair value through profit or loss. The directors have also made a longer-term viability statement, as set out on page 31.

Corporate reorganisation
In May 2019 the Group adjusted its corporate structure. Man Group plc was incorporated in Jersey on 26 October 2018 and became the new listed holding company of the Group on 28 May 2019 via a court-approved scheme of arrangement under Part 26 of the UK Companies Act 2006, with the former holding company being renamed Man Group Limited. Under the scheme of arrangement, shares in the former holding company of the Group were cancelled and the same number of new ordinary shares were issued to the new holding company in consideration for the allotment to shareholders of one ordinary share of 3 $^{3}/_{7}$ US cents in the new holding company for each ordinary share of 3 $^{3}/_{7}$ US cents they held in the former holding company. On 28 May 2019, Man Group plc effected a reduction of its share capital by cancelling its share premium and recognising an equivalent increase in the profit and loss account in reserves.

1. Basis of preparation continued

Financial reporting controls
Details of the Group's systems of internal control are included on page 32.

Significant accounting policies schedule

Policy	Note	Page
Revenue	2	136
Distribution costs and asset servicing	3	136
Tax	7	139-140
Goodwill and acquired intangibles	10	141-143
Investments in fund products and other investments	13	145-147
Leases	18	149-151
Deferred compensation arrangements	19	152-153
Pension	21	155-158

Impact of new accounting standards
A number of new or amendments to existing accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB).

The following accounting standards relevant to the Group's operations were effective for the first time in the year to 31 December 2020. Their adoption has not had a significant impact on these financial statements:

- Amendments to IFRS 3 'Business Combinations': definition of a business;
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7).

The following standards are relevant to the Group's operations and have been issued by the IASB but are not yet mandatory and have not been early adopted by the Group:

- Amendments to IAS 1 'Presentation of Financial Statements': classification of liabilities as current or non-current;
- Amendments to IFRS 3 'Business Combinations': Reference to the Conceptual Framework;
- Amendments to IAS 16 'Property, Plant and Equipment': property, plant and equipment – proceeds before intended use;
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': onerous contracts – cost of fulfilling a contract;
- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- Annual Improvements to IFRS Standards 2018-2020 Cycle: amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 9 'Financial Instruments', IFRS 16 'Leases' and IAS 41 'Agriculture'.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's financial statements.

2. Revenue

Fee income is Man Group's primary source of revenue, which is derived from the investment management agreements that are in place with the fund entities.

Management fees net of rebates, which include all non-performance related fees, are recognised in the year in which contractual investment management services are provided and do not include any other performance obligations. Fees are generally based on an agreed percentage of NAV or FUM and are typically charged in arrears and receivable within one month.

Performance fees net of rebates relate to the performance of the funds managed during the year and are recognised when the performance obligation has been met, whereby the fee has crystallised and can be reliably estimated. This is generally at the end of the performance period or upon early redemption by a fund investor. Until the performance period ends, market movements could significantly move the NAV of the fund products. For alternative strategies, Man Group will typically only earn performance fees on any positive investment returns in excess of the high-water mark, meaning the Group will not be able to earn performance fees with respect to positive investment performance in any year following negative performance until that loss is recouped, at which point a fund investor's investment surpasses the high-water mark. For long-only strategies, performance fees are earned only when performance is in excess of a predetermined strategy benchmark (positive alpha). Once crystallised, performance fees typically cannot be clawed back. There are no other performance obligations or services provided which suggest these have been earned either before or after the crystallisation date.

Rebates relate to repayments of management and performance fees charged, typically to institutional investors, and are presented net within gross management and other fees and performance fees in the Group income statement.

Analysis of FUM, margins and performance is provided in the Chief Financial Officer's review on pages 24 to 27.

3. Distribution costs and asset servicing

Distribution costs are paid to external intermediaries for marketing and investor servicing, largely in relation to retail investors. Distribution costs are variable with FUM and the associated management fee revenue. Distribution costs are expensed over the period in which the service is provided. Distribution costs have decreased from $38 million in 2019 to $34 million in 2020, despite broadly stable average FUM, largely as a result of the continued mix shift towards institutional assets.

Asset servicing includes custodial, valuation, fund accounting, registrar, research and administration functions performed by third parties under contract to the Group, on behalf of the funds, and is recognised in the period in which the service is provided. The costs of these services vary based on transaction volumes, the number of funds, and fund NAVs.

4. Compensation

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Salaries	**163**	163
Variable cash compensation	**167**	187
Share-based payment charge	**20**	28
Fund product-based payment charge	**54**	50
Social security costs	**34**	36
Pension costs	**13**	13
Restructuring credit (adjusting item per page 167)	**–**	(1)
Total compensation costs	**451**	476

Compensation is the Group's largest cost and an important component of Man Group's ability to retain and attract talent. In the short term, the variable component of compensation adjusts with revenues and profitability.

Total compensation costs have decreased by 5% compared to 2019 due to the lower levels of management and performance fee revenues year on year, which decrease associated variable cash compensation. The compensation ratio, as outlined on page 169, has increased from 43% in 2019 to 48% as a result of the lower level of performance fee revenues.

Salaries and pension costs remained flat due to the increase in average headcount of 3%, driven by lower levels of attrition during the pandemic, being offset by the more favourable sterling (GBP) to USD achieved exchange rates. As the Group no longer hedged fixed costs from 1 January 2020, this is represented by the average exchange rate of 1.29 for 2020 versus a hedged rate of 1.36 for 2019, which reduced 2020 comparative fixed compensation costs by around $6 million.

Salaries, variable cash compensation and social security costs are charged to the Group income statement in the period in which the service is provided and include partner drawings. The accounting for share-based and fund product-based compensation arrangements is detailed in Note 19.

Pension costs relate to Man Group's defined contribution and defined benefit plans (Note 21).

Average headcount

The table below provides average headcount by function, including directors, employees, partners and contractors:

	Year ended 31 December 2020	Year ended 31 December 2019
Investment management	**379**	375
Sales and marketing	**196**	195
Technology and support functions[1]	**881**	843
Average headcount	**1,456**	1,413

Note:

1 Includes all staff performing technology-based roles, including those supporting the investment management side of the Group's business.

5. Other costs

$m	Year ended 31 December 2020	Year ended 31 December 2019
Occupancy	**14**	13
Technology and communications	**25**	26
Temporary staff, recruitment, consultancy and managed services	**9**	21
Audit, tax, legal and other professional fees	**20**	26
Benefits	**14**	15
Travel and entertainment	**2**	13
Insurance	**5**	3
Marketing and sponsorship	**2**	5
Other cash costs, including irrecoverable VAT	**11**	13
Restructuring – corporate reorganisation (adjusting item per page 167)	**–**	7
Total other costs before depreciation and amortisation	**102**	142
Depreciation of leasehold property and equipment, and amortisation of other intangibles[1]	**26**	25
Depreciation of ROU lease assets[1] (Note 18)	**22**	22
Total other costs	**150**	189

Note:
1 As a result of reassessment of our application of IFRS 16 'Leases' together with IAS 40 'Investment Property' with regard to the classification of the Group's right-of-use lease assets from 1 January 2019, we have reclassified $2 million of depreciation of leasehold improvements and equipment as depreciation of right-of-use lease assets in 2019. See Note 17 for further details.

Other costs, before depreciation and amortisation, have decreased from $142 million to $102 million in 2020. Global travel restrictions and working from home as a result of COVID-19 have provided some cost savings on travel and entertainment, whilst management action to lower the levels of hiring during the period saw a reduction in recruitment and temporary staff costs. Costs were further supported by the more favourable GBP to USD achieved exchange rates (as outlined in Note 4), which reduced 2020 comparative other costs by around $3 million.

Restructuring costs of $7 million in 2019 relate to professional fees incurred in relation to the Group's corporate reorganisation detailed in Note 1.

Auditor's remuneration, including advisory and professional services, is disclosed in the Audit and Risk Committee report on page 84.

6. Finance expense and finance income

$m	Year ended 31 December 2020	Year ended 31 December 2019
Finance expense:		
Revolving credit facility costs and other (Note 12)	**(2)**	(4)
Interest payable on borrowings (Note 12)	**–**	(6)
Unwind of lease liability discount	**(12)**	(14)
Unwind of contingent consideration discount (adjusting item per page 167)	**(2)**	(18)
Total finance expense	**(16)**	(42)
Finance income:		
Interest on cash deposits	**2**	8
Total finance income	**2**	8

The Group repaid its Tier 2 notes in full in September 2019, and therefore there is no interest payable on borrowings in 2020. The $16 million decrease in unwind of contingent consideration discount is due to settlement of the final Numeric earn-out payment in September 2019 (see Note 25 for contingent consideration creditor balances). Interest on cash deposits has decreased by $6 million as a result of lower interest rates on cash deposits.

7. Tax

$m	Year ended 31 December 2020	Year ended 31 December 2019
Analysis of tax expense:		
Current tax:		
UK corporation tax on profits	**39**	46
Foreign tax	**2**	4
Adjustments to tax charge in respect of previous years	**1**	2
Total current tax	**42**	52
Deferred tax:		
Origination and reversal of temporary differences	**(9)**	(3)
Derecognition/(recognition) of US deferred tax assets (adjusting item per page 168)	**8**	(27)
Total deferred tax	**(1)**	(30)
Total tax expense	**41**	22

Man Group is a global business and therefore operates across many different tax jurisdictions. Income and expenses are allocated to these different jurisdictions based on transfer pricing methodologies set in accordance with the laws of the jurisdictions in which Man Group operates and international guidelines as laid out by the Organisation for Economic Co-operation and Development (OECD). The effective tax rate results from the combination of taxes paid on earnings attributable to the tax jurisdictions in which they arise. The majority of the Group's profits in the period were earned in the UK, Switzerland and the US.

The current effective tax rate of 23% (2019: 7%) differs from the applicable underlying statutory tax rates principally as a result of: the net derecognition of $8 million of the US deferred tax assets (as set out below) and the recognition of $3 million of other non-UK deferred tax assets, as well as the $55 million impairment of GPM goodwill, partially offset by the $22 million revaluation of the Aalto contingent creditor (Notes 10 and 25) and the recycling of FX revaluation gains of $17 million on liquidation of the Group's subsidiaries, none of which are subject to tax in the relevant jurisdiction, together with the utilisation of $20 million of off balance sheet non-trading tax losses against a portion of the $26 million sub-lease surrender cash gain (Note 18). The effective tax rate is otherwise consistent with this earnings profile.

Accounting for tax involves a level of estimation uncertainty given the application of tax law requires a degree of judgement, which tax authorities may dispute. Tax liabilities are recognised based on the best estimates of probable outcomes, with regard to external advice where appropriate. The principal factors which may influence our future tax rate are changes in tax regulation in the territories in which the Group operates, the mix of income and expenses earned and incurred by jurisdiction and the consumption of available deferred tax assets.

The current tax liabilities of $12 million (2019: $14 million) on the Group balance sheet comprise gross current tax liabilities of $14 million (2019: $16 million) net of current tax assets of $2 million (2019: $2 million).

Man Group's tax expense is higher (2019: lower) than the amount that would arise using the theoretical tax rate applicable to the profits of the Group as follows:

$m	Year ended 31 December 2020	Year ended 31 December 2019
Profit before tax	**179**	307
Theoretical tax expense at UK rate: 19% (2019: 19%)	**34**	58
Effect of:		
Overseas tax rates compared to UK	**(1)**	(10)
Adjustments to tax charge in respect of previous periods	**1**	2
Derecognition/(recognition) of US deferred tax asset	**8**	(27)
Other	**(1)**	(1)
Tax expense	**41**	22

Movements in deferred tax are as follows:

$m	Year ended 31 December 2020	Year ended 31 December 2019
Deferred tax liability		
At 1 January	**(28)**	(33)
Credit to the Group income statement	**3**	5
Deferred tax liability at 31 December	**(25)**	(28)
Deferred tax asset		
At 1 January	**120**	93
Adjustment for adoption of IFRS 16	**–**	5
(Charge)/credit to the Group income statement	**(2)**	25
Credit/(charge) to other comprehensive income and equity	**1**	(3)
Deferred tax asset at 31 December	**119**	120

The deferred tax liability of $25 million (2019: $28 million) largely relates to deferred tax arising on acquired intangible assets.

7. Tax continued

The deferred tax asset income statement charge of $2 million (2019: $25 million credit) is net of an $8 million charge relating to the partial derecognition of US deferred tax assets (made up of the $14 million derecognition outlined below, partially offset by a net increase of $6 million). The credit to other comprehensive income and equity of $1 million (2019: $3 million charge) relates to movements in relation to pensions, unrealised cash flow hedge balances and employee share scheme balances.

The gross amount of UK non-trading losses for which a deferred tax asset has not been recognised is $25 million (2019: $45 million). These losses are not subject to an expiration period. The gross amount of other future deductions for which a deferred tax asset has not been recognised is $95 million (2019: nil), which expire in 2024.

The deferred tax asset comprises:

$m	**31 December 2020**	31 December 2019
US tax assets	**81**	89
Defined benefit pension schemes	**3**	4
Employee share schemes	**14**	15
Tax allowances over depreciation	**6**	7
Other	**15**	5
Deferred tax asset	**119**	120

The Group has recognised accumulated deferred tax assets in the US of $81 million (2019: $89 million). These deferred tax assets comprise accumulated operating losses from existing operations of $41 million (2019: $48 million), future amortisation of goodwill and intangible assets generated from acquisitions of $26 million (2019: $31 million) and other timing differences of $14 million (2019: $10 million), that will be available to offset future taxable profits in the US. As a result of a projected decrease in forecast future taxable profits in the US, we have not recognised $14 million of the available US deferred tax assets in relation to state and city tax losses (2019: nil) on the Group balance sheet at 31 December 2020 as we do not expect to realise sufficient future taxable profits to offset against these assets before they expire.

Man Group does not currently expect to pay federal tax on any profits it may earn in the US until 2027. Accordingly, any movements in the deferred tax asset in the year are classified as an adjusting item (see page 168).

Included within 'other' is a deferred tax asset arising on the adoption of IFRS 16 'Leases' on 1 January 2019 of $5 million (2019: $5 million) and the recognition of $3 million of other non-UK deferred tax assets.

8. Earnings per ordinary share (EPS)

The calculation of basic EPS is based on post-tax profit of $138 million (2019: $285 million), and ordinary shares of 1,454,292,727 (2019: 1,509,534,942), being the weighted average number of ordinary shares in issue during the period after excluding the shares owned by the Employee Trust and Treasury shares. For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, being ordinary shares of 1,478,342,304 (2019: 1,543,490,112).

The details of movements in the number of shares used in the basic and dilutive EPS calculation are provided below.

	Year ended 31 December 2020		Year ended 31 December 2019	
	Total number (million)	**Weighted average (million)**	Total number (million)	Weighted average (million)
Number of shares at beginning of year	**1,541.8**	**1,541.8**	1,610.1	1,610.1
Repurchase and cancellation of own shares	**–**	**–**	(68.3)	(41.9)
Number of shares at period end	**1,541.8**	**1,541.8**	1,541.8	1,568.2
Shares held in Treasury reserve	**(86.2)**	**(56.6)**	(25.7)	(31.0)
Shares owned by Employee Trust	**(31.5)**	**(30.9)**	(28.6)	(27.7)
Basic number of shares	**1,424.1**	**1,454.3**	1,487.5	1,509.5
Share awards under incentive schemes		**23.8**		33.2
Employee share options		**0.2**		0.8
Diluted number of shares		**1,478.3**		1,543.5

The basic and diluted earnings per share figures are provided below.

	Year ended 31 December 2020	Year ended 31 December 2019
Basic and diluted post-tax earnings ($m)	**138**	285
Basic earnings per share (cents)	**9.5**	18.9
Diluted earnings per share (cents)	**9.3**	18.4

9. Dividends

$m	Year ended 31 December 2020	Year ended 31 December 2019
Ordinary shares		
Final dividend paid for the year to 31 December 2019: 5.1 cents (2018: 5.1 cents)	**75**	80
Interim dividend paid for the six months to 30 June 2020: 4.9 cents (2019: 4.7 cents)	**72**	72
Dividends paid	**147**	152
Proposed final dividend for the year to 31 December 2020: 5.7 cents (2019: 5.1 cents)	**81**	76

Dividend distribution to the Company's shareholders is recognised directly in equity in the Group's financial statements in the period in which the dividend is paid or, if required, approved by the Company's shareholders. Details of the Group's dividend policy are included in the Shareholder information section on page 170. Details of dividends waived in the period are included in Note 19.1.

10. Goodwill and acquired intangibles

	Year ended 31 December 2020					Year ended 31 December 2019				
$m	Goodwill	Investment management agreements	Distribution channels	Brand names	Total	Goodwill	Investment management agreements	Distribution channels	Brand names	Total
Net book value at beginning of the year	**641**	**193**	**15**	**5**	**854**	642	268	19	9	938
Amortisation	**–**	**(57)**	**(4)**	**(2)**	**(63)**	–	(70)	(4)	(4)	(78)
Impairment	**(55)**	**–**	**–**	**–**	**(55)**	–	(5)	–	–	(5)
Currency translation	**6**	**–**	**–**	**–**	**6**	(1)	–	–	–	(1)
Net book value at year end	**592**	**136**	**11**	**3**	**742**	641	193	15	5	854
Allocated to cash-generating units as follows:										
AHL	**458**	**1**	**–**	**–**	**459**	452	1	–	–	453
GLG	**–**	**60**	**4**	**1**	**65**	–	94	6	3	103
FRM	**–**	**3**	**–**	**–**	**3**	–	6	–	–	6
Numeric	**134**	**67**	**–**	**2**	**203**	134	86	–	2	222
GPM	**–**	**5**	**7**	**–**	**12**	55	6	9	–	70

Goodwill

Goodwill represents the excess of consideration transferred over the fair value of identifiable net assets of the acquired business at the date of acquisition. Goodwill is carried on the Group balance sheet at cost less accumulated impairment, has an indefinite useful life, is not subject to amortisation and is tested for impairment annually, or whenever events or circumstances indicate that the carrying amount may not be recoverable.

Investment management agreements (IMAs), distribution channels and brand names

IMAs, distribution channels and brand names are recognised at the present value of the expected future cash flows and are amortised on a straight-line basis over their expected useful lives, which are between three and 13 years (IMAs and brands), and eight and 12 years (distribution channels).

Amortisation of acquired intangible assets of $63 million (2019: $78 million) primarily relates to the investment management agreements recognised on the acquisitions of GLG and Numeric.

Allocation of goodwill to cash-generating units

For impairment review purposes, the Group has identified five cash-generating units (CGUs): AHL, GLG, FRM, Numeric and GPM.

Calculation of recoverable amounts for cash-generating units

An impairment expense is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The recoverable amounts of the Group's CGUs are assessed each year using a value in use calculation. The value in use calculation gives a higher valuation compared to the fair value less cost to sell approach, as this would exclude some of the revenue synergies available to Man Group through its ability to distribute products using its well established distribution channels, which may not be fully available to other market participants.

The value in use calculations at 31 December 2020 use cash flow projections based on the Board-approved financial plan for the year to 31 December 2021 and a further two years of projections (2022 and 2023), plus a terminal value. The valuation analysis is based on best practice guidance whereby a terminal value is calculated at the end of a short discrete budget period and assumes, after this three-year budget period, no growth in asset flows above the long-term growth rate. In order to determine the value in use of each CGU, it is necessary to notionally allocate the majority of the Group's cost base relating to operations, product structuring, distribution and support functions, which are managed on a centralised basis. Lease payments are treated as cash outflows and, whilst this represents a mismatch between the valuation model and the lease costs recognised in the Group income statement under IFRS 16, the calculation of the value in use is not significantly different under the two approaches.

The value in use calculations for AHL, GLG, FRM, Numeric and GPM are presented on a post-tax basis, consistent with the prior year, given most comparable market data is available on a post-tax basis. These are not significantly different to their pre-tax equivalent.

10. Goodwill and acquired intangibles continued

The assumptions applied in the value in use calculation are derived from past experience and assessment of current market inputs. A bifurcated discount rate has been applied to the modelled cash flows to reflect the different risk profile of management fee profits and performance fee profits. The discount rates are based on the Group's weighted average cost of capital using a risk-free interest rate, together with an equity market risk premium and an appropriate market beta derived from consideration of Man Group's beta, similar alternative asset managers, and the asset management sector as a whole. The terminal value is calculated based on the projected closing FUM at 31 December 2023 and applying the mid-point of a range of historical multiples to the forecast cash flows associated with management and performance fee profits.

For each CGU we have also considered the impact of COVID-19. AHL, GLG, FRM and Numeric absorbed its impact on financial markets and we do not expect material changes to the medium-term outlook. For GPM, our reassessment of the forecast growth of the business led to a full impairment of goodwill at 30 June 2020.

We have considered the impact of the exit of the United Kingdom from the European Union on 31 December 2020, including a range of Brexit scenarios, and currently do not expect this to have a material impact on the value in use calculations at 31 December 2020. Further discussion on Brexit is provided in the Market environment (page 12) and Risk management (page 31) sections of the Strategic report.

The recoverable amount of each CGU (the value in use) has been assessed at 31 December 2020. The key assumptions applied to the value in use calculations for each of the CGUs are provided below.

Key assumptions:	AHL	GLG	FRM	Numeric	GPM
Compound average annualised growth in FUM (over three years)	10%	4%	(3%)	2%	13%
Discount rate					
– Management fees[1]	11%	11%	11%	11%	15%
– Performance fees[2]	17%	17%	17%	17%	21%
Terminal value (mid-point of range of historical multiples)[3]					
– Management fees	13.0x	13.0x	5.9x	13.0x	16.8x
– Performance fees	5.5x	5.5x	3.9x	5.5x	5.5x

Notes:
1 The pre-tax equivalent of the net management fees discount rate is 14%, 13%, 14%, 14% and 18% for each of the AHL, GLG, FRM, Numeric and GPM CGUs, respectively.
2 The pre-tax equivalent of the net performance fees discount rate is 21%, 21%, 22%, 22% and 26% for each of the AHL, GLG, FRM, Numeric and GPM CGUs, respectively.
3 The implied terminal growth rates are 4%, 3%, -10%, 4% and 9% for each of the AHL, GLG, FRM, Numeric and GPM CGUs, respectively. The terminal value is added to cash flow projections based on the Board approved financial plan for the year to 31 December 2021 and a further two years of projections (2022 and 2023), and discounted.

The results of the valuations are further explained in the following sections, including sensitivity tables which show scenarios whereby the key assumptions are changed to stressed assumptions, indicating the modelled headroom or impairment that would result. We have considered reasonably foreseeable changes in the compound average annualised growth in FUM forecast assumption for each CGU, stressing this by 2% and 10% or to the point at which impairment would arise. Each assumption, or set of assumptions, is stressed in isolation. The results of these sensitivities make no allowance for actions that management would take if such market conditions persisted.

AHL cash-generating unit

The AHL value in use calculation at 31 December 2020 indicates a value of $2.6 billion, with around $2.1 billion of headroom over the carrying value of the AHL business. Therefore, no impairment charge is deemed necessary at 31 December 2020 (2019: nil). The valuation at 31 December 2020 is around $0.5 billion lower than the value in use calculation at 31 December 2019, largely driven by lower performance fees in the terminal value compared to the prior year.

Sensitivity analysis:	Compound average annualised growth in FUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	10%	8%	0%[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	2,080	1,840	890	2,141[2]	2,019[2]	2,280[3]	1,880[3]

Notes:
1 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.
2 An increase/decrease in the value in use calculation of $61 million.
3 An increase/decrease in the value in use calculation of $200 million.

GLG cash-generating unit

The GLG value in use calculation at 31 December 2020 indicates a value of $107 million, with $21 million of headroom over the carrying value of the GLG business. Therefore, no impairment charge is deemed necessary at 31 December 2020 (2019: nil). The valuation at 31 December 2020 is $83 million lower than the value in use calculation at 31 December 2019 largely due to lower than forecast net flows and performance. Amortisation of acquired intangibles reduced the carrying value by $38 million during the year.

Sensitivity analysis:	Compound average annualised growth in FUM		Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	4%	2%[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	21	–	23[2]	19[2]	30[3]	12[3]

Notes:
1 Stressed in a downside scenario to determine the point at which headroom would be reduced to nil, after which impairment would arise.
2 An increase/decrease in the value in use calculation of $2 million.
3 An increase/decrease in the value in use calculation of $9 million.

10. Goodwill and acquired intangibles continued

FRM cash-generating unit

The FRM value in use calculation at 31 December 2020 indicates a value of $21 million, with $14 million of headroom over the carrying value of the FRM business. Therefore, no impairment charge is deemed necessary at 31 December 2020 (2019: nil). The valuation at 31 December 2020 is around $20 million lower than the value in use calculation at 31 December 2019 due to lower than previously forecast net flows during the year, albeit these largely relate to low margin products and therefore have a lower impact on valuation than FUM. Amortisation of acquired intangibles reduced the carrying value by $3 million during the year.

Sensitivity analysis:	Compound average annualised growth in FUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	(3%)	(5%)	(13%)[1]	10%/16%	12%/18%	6.9x/4.9x	4.9x/2.9x
Modelled headroom/(impairment) ($m)	14	10	–	15[2]	13[2]	17[3]	11[3]

Notes:
1 Stressed to determine the point at which headroom would be reduced to nil, after which impairment would arise.
2 An increase/decrease in the value in use calculation of $1 million.
3 An increase/decrease in the value in use calculation of $3 million.

Numeric cash-generating unit

The Numeric value in use calculation at 31 December 2020 indicates a value of around $540 million, with around $332 million of headroom over the carrying value of the Numeric business. Therefore, no impairment charge is deemed necessary at 31 December 2020 (2019: nil). The valuation at 31 December 2020 is around $130 million lower than the value in use calculation at 31 December 2019, primarily as a result of outflows during the year and lower net management fee margins. Amortisation of acquired intangibles reduced the carrying value by $19 million during the year.

Sensitivity analysis:	Compound average annualised growth in FUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	2%	0%	(8%)[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	332	306	204	346[2]	318[2]	369[3]	295[3]

Notes:
1 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.
2 An increase/decrease in the value in use calculation of $14 million.
3 An increase/decrease in the value in use calculation of $37 million.

GPM cash-generating unit

The GPM value in use calculation at 31 December 2020 indicates a value of $14 million, with $2 million of headroom over the carrying value of the GPM business. Our value in use assessment at 30 June 2020 indicated an impairment of $55 million. As a result, the carrying value of GPM goodwill was fully impaired at June 2020 (an adjusting item per page 167). The valuation at 31 December 2020 is $59 million lower than the value in use calculation at 31 December 2019, primarily as a result of slower than forecast growth and a revised outlook for the business in the context of increased uncertainty in the near term. The decrease in headroom is partially offset by $3 million of amortisation of acquired intangibles during the year.

Sensitivity analysis:	Compound average annualised growth in FUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	13%	11%	3%[1]	14%/20%	16%/22%	17.8x/6.5x	15.8x/4.5x
Modelled headroom/(impairment) ($m)	2	(5)	(12)	3[2]	1[2]	3[3]	1[3]

Notes:
1 Stressed by 10% to indicate a possible downside scenario.
2 An increase/decrease in the value in use calculation of $1 million.
3 An increase/decrease in the value in use calculation of $1 million.

11. Other intangibles

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Net book value at beginning of the year	**31**	26
Additions	**22**	17
Amortisation	**(14)**	(12)
Net book value at year end	**39**	31

Other intangibles relate to capitalised computer software. Capitalised computer software includes costs that are directly associated with the procurement or development of identifiable and unique software products, which will generate economic benefits exceeding costs beyond one year and are subject to regular impairment reviews. Capitalised computer software is amortised on a straight-line basis over its estimated useful life (three years), with amortisation expense included within other costs in the Group income statement. Additions relate to the continued investment in Man Group's operating platforms.

12. Cash, liquidity and borrowings

$m	31 December 2020 Total	Less than 1 year	Greater than 1 year	31 December 2019 Total	Less than 1 year	Greater than 1 year
Cash and cash equivalents[1]	**289**	**289**	**–**	220	220	–
Undrawn committed revolving credit facility	**500**	**–**	**500**	500	–	500
Total liquidity	**789**	**289**	**500**	720	220	500

Note:
1 Excludes $62 million (2019: $61 million) of restricted cash held by consolidated fund entities (Note 13.2).

Liquidity resources support ongoing operations and potential liquidity requirements under stressed scenarios. The amount of potential liquidity requirements is modelled based on scenarios that assume stressed market and economic conditions. The funding requirements for Man Group relating to the investment management process are discretionary. The Group's liquidity profile is monitored on a daily basis and the stressed scenarios are updated regularly. The Board reviews the Group's funding resources at each Board meeting and on an annual basis as part of the strategic planning process. Man Group's available liquidity is considered sufficient to cover current requirements and potential requirements under stressed scenarios.

The Group's previously issued Tier 2 notes were repaid in full in September 2019.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts, and at 31 December 2020 include cash at bank of $161 million (2019: $186 million) and short-term deposits of $128 million (2019: $34 million). Cash and cash equivalents are measured at amortised cost, which is approximately equal to fair value. Cash ring-fenced for regulated entities totalled $32 million at year end (2019: $34 million). Cash is invested in accordance with strict limits consistent with the Board's risk appetite, which consider both the security and availability of liquidity. Accordingly, cash is held in on-demand and short-term bank deposits, and at times invested in short-term US Treasury bills. At 31 December 2020, the $289 million cash balance (which excludes cash held by consolidated fund entities per Note 13.2) is held with 15 banks (2019: $220 million with 19 banks). The single largest counterparty bank exposure of $103 million is held with an A rated bank (2019: $106 million with an A+ rated bank). At 31 December 2020, balances with banks in the AA ratings band aggregate to $7 million (2019: $27 million) and balances with banks in the A ratings band aggregate to $282 million (2019: $192 million).

The $500 million committed revolving credit facility (RCF), which does not include financial covenants in order to maintain maximum flexibility, was undrawn at 31 December 2020 (undrawn at 31 December 2019). The RCF was put in place in December 2019 as a five-year facility with the option for Man Group to request the participant banks to extend the maturity date by one year on each of the first and second anniversaries, which they have the option to accept or decline. In 2020 the Group exercised the first extension option and as a result the RCF is now scheduled to mature in December 2025. From 2020, the RCF incorporates an ESG target-linked interest rate component, in alignment with the Group's commitment to the environment as detailed on pages 52 to 54.

Intra-day and overnight credit facilities
Man Group guarantees the obligations under $100 million intra-day (2019: $100 million) and $25 million overnight credit facilities (2019: $25 million), used to settle the majority of the Group's banking arrangements. As at 31 December 2020, the exposure under the intra-day facility is nil (2019: nil) and the overnight facility exposure is nil (2019: nil). The fair value of these commitments has been determined to be nil (2019: nil).

Foreign exchange and interest rate risk
Man Group is subject to risk from changes in interest rates and foreign exchange rates on monetary assets and liabilities.

In respect of the Group's monetary assets and liabilities which earn/incur interest indexed to floating rates, as at 31 December 2020 a 50 basis points increase/decrease in these rates, with all other variables held constant, would have resulted in a $1 million increase/decrease (2019: $1 million increase/decrease) in net interest income.

A 10% strengthening/weakening of the USD against all other currencies, with all other variables held constant, would have resulted in a foreign exchange loss/gain of $23 million (2019: $26 million loss/gain), with a corresponding impact on equity. This exposure is based on USD balances held by non-USD functional currency entities and non-USD balances held by USD functional currency entities within the Group.

In certain circumstances, the Group uses derivative financial instruments, specifically forward foreign exchange contracts, to hedge its risk associated with foreign exchange movements. Where fixed foreign currency denominated costs are hedged, the associated derivatives may be designated as cash flow hedges. Up to 31 December 2019, the Group's risk management objective was to determine a foreign exchange rate at which future foreign currency fixed costs were ultimately realised one year in advance, thereby providing increased certainty around the future USD costs recognised in the Group income statement. Effective unrealised gains or losses on these instruments were recognised within the cash flow hedge reserve in equity and, when realised, these were reclassified to the Group income statement in the same line as the hedged item, within compensation and other costs (as outlined in Note 4 and Note 5). Fair value gains and losses on cash flow hedges, and gains and losses realised on maturing cash flow hedges which have been reclassified from the cash flow hedge reserve into profit or loss, are separately shown in the Group statement of comprehensive income. From 1 January 2020, Man Group changed its policy such that fixed foreign currency denominated costs are no longer hedged.

Foreign currency derivative assets and liabilities are included within derivative financial instruments in fee and other receivables (Note 14) and trade and other payables (Note 15) respectively.

13. Investments in fund products and other investments

$m	31 December 2020 Financial assets at fair value through profit or loss
Investments in fund products	**332**
Investments in consolidated funds	**452**
Other investments	**3**
	787

$m	31 December 2019 Financial assets at fair value through profit or loss	Loans and receivables	Total
Investments in fund products	349	–	349
Other investments	3	–	3
Investments in consolidated funds	420	–	420
Loans to fund products	–	4	4
	772	4	776

The Group's seeding investments are included in various Group balance sheet line items. In summary, the total seeding investments portfolio is made up as follows:

$m	Note	31 December 2020	31 December 2019
Investments in fund products	13.1	**332**	349
Less fund investments for deferred compensation arrangements	13.1	**(119)**	(98)
Net investment in consolidated funds	13.2	**272**	259
Loans to fund products		**–**	4
Seeding investments portfolio		**485**	514

13.1 Investments in fund products

Man Group uses capital to invest in fund products as part of its ongoing business, to build product breadth and to trial investment research developments before marketing the products broadly to investors. Seed capital is invested via direct holdings in fund products or sale and repurchase (repo) arrangements, which allow the Group to finance seed investments without consuming high levels of cash. Alternatively, Man Group may obtain exposure to seed investments via total return swap (TRS) arrangements. Under a repo arrangement the Group is committed to repurchase the underlying seed investments at maturity and pays an interest charge over the period, with the obligation to repurchase the assets on maturity recorded as a liability within trade and other payables (Note 15). Under a TRS arrangement the Group is under no form of repayment obligation and has no ownership interest (or voting rights) in the underlying investment. In exchange for the returns on the underlying seed investments, the Group pays a floating rate of interest. At 31 December 2020, exposure to fund products via repo arrangements (included within investments in fund products above, with an offsetting repayment obligation included within trade and other payables in Note 15) was $56 million (2019: $36 million), and additional exposure via TRS was $50 million (2019: $62 million).

Regardless of whether the Group is exposed to a fund product's returns by way of a direct investment, repo or TRS, the control considerations are the same. Where the Group is deemed not to control the fund, the fund is classified within investments in fund products. Investments in fund products are classified at fair value through profit or loss, with net gains due to movements in fair value of $47 million for the year ended 31 December 2020 (2019: $33 million) recognised through income or gains on investments and other financial instruments. Purchases and sales of investments are recognised on trade date.

The fair values of investments in fund products are derived from the reported NAVs of each of the fund products, which in turn are based upon the value of the underlying assets held within each of the fund products and the anticipated redemption horizon of the fund product. The valuation of the underlying assets within each fund product is determined by external valuation service providers based on an agreed valuation policy and methodology. Whilst these valuations are performed independently of Man Group, we have established oversight procedures and due diligence processes to ensure that the NAVs reported by the external valuation service providers are reliable and appropriate. The Group makes adjustments to these NAVs if the anticipated redemption horizon, events or circumstances indicate that the NAVs are not reflective of fair value. The fair value hierarchy of financial assets is disclosed in Note 25.

Investments in fund products expose Man Group to market risk and therefore this process is subject to limits consistent with the Board's risk appetite. The largest single investment in fund products was $48 million (2019: $66 million). The market risk from seeding investments, including those financed via repo and TRS arrangements, is modelled using a value at risk methodology using a 95% confidence interval and one-year time horizon. The value at risk is estimated to be $24 million at 31 December 2020 (2019: $22 million).

Fund investments for deferred compensation arrangements

At 31 December 2020, investments in fund products included $119 million (2019: $98 million) of fund products related to deferred compensation arrangements (as detailed in Note 19). The associated fund product investments are held to offset any change in deferred compensation over the vesting period, and at vesting the value of the fund investment is delivered to the employee. The fund product investments are recorded at fair value with any gains or losses during the vesting period recognised as income or gains on investments and other financial instruments in the Group income statement, or alternatively these are accounted for as cash flow hedges as detailed in Note 19.

13. Investments in fund products and other investments continued

13.2 Consolidation of investments in funds

Seed capital invested into funds may be deemed to be controlled by the Group (Note 1). The control considerations under IFRS 10 also apply to the fund products underlying the Group's repo and TRS instruments and therefore the Group may similarly be required to consolidate them. The fund is consolidated into the Group's results from the date control commences until it ceases. In 2020, 19 (2019: 15) investments in funds have met the control criteria and have therefore been consolidated on a line-by-line basis (Note 29).

The investments relating to consolidated funds are included within the Group balance sheet and income statement as follows:

$m	**31 December 2020**	31 December 2019
Balance sheet		
Cash and cash equivalents	**62**	61
Transferable securities[1]	**452**	420
Fees and other receivables	**4**	2
Trade and other payables	**(27)**	(11)
Net assets of consolidated fund entities	**491**	472
Third-party interest in consolidated funds	**(219)**	(213)
Net investment held by Man Group	**272**	259
Income statement		
Net gains on investments[2]	**53**	63
Management fee expenses[3]	**(2)**	(3)
Performance fee expenses[3]	**(2)**	–
Other costs	**(5)**	(3)
Net gains of consolidated fund entities	**44**	57
Third-party share of gains relating to interests in consolidated funds	**(17)**	(18)
Gains attributable to net investment held by Man Group	**27**	39

Notes:

1 Included within investments in fund products and other investments.

2 Included within income or gains on investments and other financial instruments.

3 Relate to management and performance fees paid by the funds to Man Group during the year, which are eliminated within gross management and other fees and performance fees, respectively, in the Group income statement.

13. Investments in fund products and other investments continued

13.3 Structured entities

Man Group has evaluated all exposures and concluded that where the Group holds an investment, fee receivable, accrued income, loan guarantee or commitment with an investment fund or a collateralised loan obligation, this represents an interest in a structured entity as defined by IFRS 12 'Disclosure of Interests in Other Entities'.

As with structured entities, investment funds are designed so that their activities are not governed by way of voting rights and contractual arrangements are the dominant factor in affecting an investor's returns. The activities of these entities are governed by investment management agreements or, in the case of collateralised loan obligations, the indentures.

The key considerations in assessing whether the Group controls a structured entity, and therefore should be consolidated into the Group's financial statements, are outlined in Note 1. Consolidated structured entities are detailed in Note 13.2.

Man Group's maximum exposure to loss from unconsolidated structured entities is the sum total of any investment held, fee receivables, accrued income, and loans to the fund entities, and is $581 million for the year ended 31 December 2020 (2019: $639 million). The Group's interest in and exposure to unconsolidated structured entities is as follows:

31 December 2020	**Total FUM ($bn)**	**Less infrastructure mandates and consolidated fund entities[1] ($bn)**	**Total FUM unconsolidated structured entities ($bn)**	**Number of funds**	**Net management fee margin[2] (%)**	**Fair value of investment held ($m)**	**Fee receivables and accrued income ($m)**	**Maximum exposure to loss ($m)**
Alternative								
Absolute return	**34.0**	**0.1**	**33.9**	**103**	**1.18**	**98**	**175**	**273**
Total return	**29.0**	**0.1**	**28.9**	**60**	**0.62**	**184**	**29**	**213**
Multi-manager solutions	**14.2**	**7.1**	**7.1**	**71**	**0.24**	**1**	**7**	**8**
Long-only								
Systematic	**27.8**	**0.2**	**27.6**	**71**	**0.30**	**9**	**25**	**34**
Discretionary	**18.6**	**0.1**	**18.5**	**50**	**0.62**	**37**	**16**	**53**
Total	**123.6**	**7.6**	**116.0**	**355**		**329**	**252**	**581**

31 December 2019	Total FUM ($bn)	Less infrastructure mandates and consolidated fund entities[1] ($bn)	Total FUM unconsolidated structured entities ($bn)	Number of funds	Net management fee margin[2] (%)	Fair value of investment held ($m)	Fee receivables and accrued income ($m)	Loans to funds ($m)	Maximum exposure to loss ($m)
Alternative									
Absolute return	30.5	–	30.5	107	1.20	91	205	–	296
Total return	27.0	–	27.0	60	0.56	190	28	–	218
Multi-manager solutions	14.0	6.9	7.1	73	0.31	2	6	–	8
Long-only									
Systematic	27.5	0.2	27.3	107	0.35	5	33	–	38
Discretionary	18.7	0.2	18.5	45	0.67	56	19	–	75
Guaranteed	–	–	–	4	5.96	–	–	4	4
Total	117.7	7.3	110.4	396		344	291	4	639

Notes:

1 For infrastructure mandates where we do not act as investment manager or advisor, Man Group's role in directing investment activities is diminished and therefore these are not considered structured entities.

2 Net management fee margins are the categorical weighted average. Performance fees can only be earned after a high-water mark is achieved. For performance fee eligible funds, performance fees are within the range of 10% to 20%.

On occasion the Group agrees to purchase illiquid investments from the funds at market rates in order to facilitate investor withdrawals. The Group has not provided any other non-contractual support to unconsolidated structured entities. Further information about risks relating to investment funds can be found in the Risk management section of the Strategic report on pages 34 to 37.

14. Fee and other receivables

$m	31 December 2020	31 December 2019
Fee receivables	**16**	27
Accrued income	**238**	266
Prepayments	**15**	15
Derivative financial instruments	**4**	4
Other receivables	**113**	114
	386	426

Fee and other receivables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method, except for derivatives which are measured at fair value through profit and loss (Note 25) and prepayments. Fee receivables and accrued income represent management and performance fees from fund products and are received in cash when the funds' net asset values are determined. The majority of fees are deducted from the NAV of the respective funds by the independent administrators and therefore the credit risk of fee receivables is minimal. No balances are overdue and, under the expected credit loss model of IFRS 9, no impairment has been recognised at 31 December 2020 (2019: nil). The decrease in accrued income in 2020 relates to the decrease in performance fee revenues year on year which crystallised at 31 December, with associated receivables at year end of $141 million compared to $169 million in 2019.

Details of derivatives used to hedge cash flow foreign exchange risk, which the Group applied up to 31 December 2019, are included in Note 12. Other derivative financial instruments consist primarily of market risk hedges on some of our seeding positions and foreign exchange contracts. As in 2019, all derivatives are held with external banks with ratings of A or higher and mature within one year. During the year, there were $23 million net realised and unrealised losses arising from foreign exchange hedges (2019: $10 million gains), and the notional value of foreign exchange derivative financial assets held at 31 December 2020 is $417 million (2019: $61 million). The notional value of market risk derivative financial assets held at 31 December 2020 is $82 million (2019: $65 million).

Other receivables principally include balances relating to the Open Ended Investment Collective (OEIC) funds business of $33 million (2019: $29 million), collateral posted with derivative counterparties of $27 million (2019: $24 million), amounts recharged to funds of $12 million (2019: $11 million) and sub-lease rental income receivable of $5 million (2019: $15 million). For the OEIC funds businesses, Man Group acts as the intermediary for the collection of subscriptions due from customers and payable to the funds, and for redemptions receivable from funds and payable to customers. The unsettled fund payable is recorded in trade and other payables (Note 15). The amount of collateral posted with derivative counterparties is a function of the unrealised gains or losses on the open derivatives at any point in time. At 31 December 2020 and 2019, no other receivables are expected to be settled after 12 months.

15. Trade and other payables

$m	31 December 2020	31 December 2019
Accruals	**326**	338
Trade payables	**7**	4
Contingent consideration	**2**	24
Derivative financial instruments	**18**	13
Payables under repo arrangements	**56**	36
Share repurchase liability	**64**	71
Other payables	**101**	73
	574	559

Trade and other payables are initially recorded at fair value and subsequently measured at amortised cost, except for derivatives and contingent consideration payables which are measured at fair value (Note 25).

Accruals primarily relate to compensation accruals. Contingent consideration relates to the amounts payable in respect of acquisitions (Note 25).

Details of derivatives used to hedge cash flow foreign exchange risk are included in Note 12. The notional value of other foreign exchange derivative financial liabilities at 31 December 2020 is $400 million (2019: $335 million). During the year, there were $10 million net realised and unrealised losses arising from our market risk hedges (2019: $47 million), and the notional value of market risk derivative financial liabilities is $131 million (2019: $245 million). All derivative contracts mature within one year.

Payables under repo arrangements relate to obligations to repurchase fund products as detailed in Note 13.1. The share repurchase liability is the remaining liability relating to the share repurchase announced in September 2020 (2019: announced in October 2019), as detailed in Note 20.

Other payables include payables relating to the OEIC funds business of $33 million (2019: $28 million) and $27 million relating to consolidated funds payables (2019: $11 million) as detailed in Note 13.2.

Included in trade and other payables at 31 December 2020 are balances of $3 million (2019: $23 million) which are expected to be settled after more than 12 months, which largely relate to contingent consideration. Man Group's policy is to meet its contractual commitments and pay suppliers according to agreed terms.

16. Provisions

$m	Dilapidations	Other	Total
At 1 January 2020	3	5	8
Unused amounts reversed	(1)	–	(1)
Additional provisions	1	–	1
Charged to the income statement	–	1	1
At 31 December 2020	3	6	9

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All provisions are current given the Group does not have the unconditional right to defer settlement.

17. Leasehold improvements and equipment

	Year ended 31 December 2020			Year ended 31 December 2019		
$m	Leasehold improvements	Equipment	Total	Leasehold improvements[1]	Equipment	Total
Net book value at beginning of the year	12	17	29	16	17	33
Additions	4	8	12	–	9	9
Disposals	–	(1)	(1)	–	–	–
Transfer from investment property to leasehold improvements	2	–	2	–	–	–
Depreciation expense	(4)	(8)	(12)	(4)	(9)	(13)
Net book value at year end	14	16	30	12	17	29

Note:

1 As a result of reassessing our application of IFRS 16 'Leases' together with IAS 40 'Investment Property' with regard to the classification of the Group's right-of-use lease assets from 1 January 2019, we have reclassified $13 million of leasehold improvements associated with these right-of-use lease assets as 'investment property' at 1 January 2019 (Note 18), which resulted in a reclassification of $11 million from that previously presented at 31 December 2019.

All leasehold improvements and equipment are recorded at cost less depreciation and impairment. Cost includes the original purchase price of the asset and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated using the straight-line method over the asset's estimated useful life, which for leasehold improvements is over the shorter of the life of the lease and the improvement (up to 24 years) and for equipment is between three and ten years.

18. Leases

18.1 The Group as lessee

Man Group's lease arrangements relate to business premises property leases.

The Group assesses whether a contract is or contains a lease at inception of the contract. For arrangements where the Group is the lessee, a right-of-use (ROU) lease asset and a related lease liability are recognised on the Group balance sheet at the date from which the Group has the right to use the asset, usually the lease commencement date, except for short-term leases (defined as leases with a term of one year or less) and leases of low-value assets. For these leases the Group recognises the lease payments on a straight-line basis over the lease term within other costs in the Group income statement. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group considers that exercise of the extension option is reasonably certain. Lease extension options and break clauses inherent in the Group's leases do not have a significant impact on the Group's ROU lease assets and lease liabilities.

ROU lease assets relating to the portion of our leased business premises which we then sub-let under operating leases are classified as investment property, with other ROU lease assets classified as leasehold property. Transfers from investment property to leasehold property occur when the Group commences development of a previously sub-let portion of its leased business premises with a view to occupying that space. Similarly, transfers from leasehold property to investment property occur when the Group ceases to occupy a portion of the leased business premises with the intention of sub-letting that space. As a result of reassessing our application of IFRS 16 'Leases' during the year, $139 million of ROU lease assets at 1 January 2019 (31 December 2019: $130 million) have been reclassified from leasehold property to investment property in the prior period presented, together with related leasehold improvements per Note 17, which primarily relates to our main London premises lease which ends in 2035 (see Note 18.2).

All of the Group's ROU lease assets, including those classified as investment property, are measured at cost less depreciation and impairment. Cost includes the amount of the initial measurement of the associated lease liability, lease payments made at or before the lease commencement date, lease incentives received, associated leasehold improvements and estimated costs to be incurred in restoring the property to the condition required under the terms of the lease. Depreciation is calculated on a straight-line basis over the asset's estimate useful life, which for leasehold improvements classified as investment property is the shorter of the lease term and the life of the improvement and for all other assets is the lease term, and included within other costs (Note 5). The ROU lease asset is assessed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable and is also adjusted for any remeasurements of the lease liability.

All lease liabilities are measured at the present value of lease payments that are due over the lease term, discounted using the Group's incremental cost of borrowing at the lease commencement or modification date (being the rate the Group would have to pay to finance a similar asset). The lease liability is adjusted for lease payments and unwind of lease liability discount as well as the impact of any subsequent lease modifications. The unwind of lease liability discount is included within finance expense (Note 6).

In accordance with IFRS 16, cash payments of $34 million (2019: $34 million) in relation to leases, which reduce the lease liability recognised on the Group balance sheet, are presented as unwind of lease liability discount of $12 million (2019: $14 million) (within operating activities) and repayments of principal lease liability of $22 million (2019: $20 million) (within financing activities) in the Group cash flow statement. Payments in relation to short-term leases and leases of low-value assets are included within operating activities.

18. Leases continued

18.1 The Group as lessee continued

Right-of-use lease assets

$m	Year ended 31 December 2020			Year ended 31 December 2019		
	Leasehold property	**Investment property**	**Total**	Leasehold property[1]	Investment property[1]	Total
Net book value at beginning of the year	**79**	**141**	**220**	89	152	241
Additions	**3**	**–**	**3**	1	–	1
Transfer from leasehold property to investment property	**(7)**	**7**	**–**	–	–	–
Transfer from investment property to leasehold property	**33**	**(33)**	**–**	–	–	–
Transfer from investment property to leasehold improvements	**–**	**(2)**	**(2)**	–	–	–
Early exercise of break clause[2]	**(22)**	**–**	**(22)**	–	–	–
Impairment	**–**	**(25)**	**(25)**	–	–	–
Depreciation expense (Note 5)	**(12)**	**(10)**	**(22)**	(11)	(11)	(22)
Net book value at year end	**74**	**78**	**152**	79	141	220

Notes:

1 As a result of reassessing our application of IFRS 16 'Leases' together with IAS 40 'Investment Property' with regard to the classification of the Group's right-of-use lease assets from 1 January 2019, we have restated $139 million of right-of-use lease assets, in addition to $13 million of associated leasehold improvements (Note 17), from within 'leasehold property' to 'investment property' at 1 January 2019 ($130 million and $11 million respectively at 31 December 2019).

2 Due to the lease surrender and exit of our principal sub-tenant from our main London leased premises during the year, we exercised a break clause on our secondary London premises in order to bring all our London staff together in one location from 2021. This lease modification had the impact of reducing the right-of-use lease asset in line with the associated reduction in lease liability, as outlined below.

Investment property with a carrying value of $78 million at 31 December 2020 (2019: $141 million) has a gross cost of $201 million (2019: $255 million) net of accumulated depreciation and impairment of $123 million (2019: $114 million).

Lease liability

The maturity of the Group's contractual undiscounted cash flows for the lease liability is as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
	Total	Total
Within one year	**32**	35
Between one and five years	**105**	120
Between five and ten years	**122**	134
Between ten and 15 years	**111**	115
After 15 years	**–**	15
	370	419

Of the Group's total lease liability of $272 million at 31 December 2020 (2019: $307 million), $253 million (2019: $257 million) relates to our main premises in London (expiring in 2035). The revaluation of our GBP lease liabilities into US dollars (the lessee's functional and the Group's presentation currency) may result in large unrealised gains or losses in the Group income statement, and therefore these non-cash movements have been classified as an adjusting item (see page 167).

Movements in the Group's lease liability are as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
At beginning of the year	**307**	316
Additions	**2**	1
Unwind of lease liability discount (Note 6)	**12**	14
Cash payments	**(34)**	(34)
Early exercise of break clause	**(22)**	–
Foreign exchange movements (see page 167)	**7**	10
At year end	**272**	307

18. Leases continued

18.2 The Group as lessor

Man Group acts as lessor in respect of certain sub-leased business premises arrangements, which are classified as operating leases under IFRS 16, whereby sub-lease rental income is recognised on a straight-line basis over the lease term in the Group income statement. Sub-lease rental income for 2020 was $7 million (2019: $14 million). In addition, during 2020 the principal sub-tenant of our main London office paid us cash of $26 million in order to terminate their lease early, which was offset by an associated non-cash deferred rent write-off of $8 million and resulted in a net accounting gain on lease surrender of $18 million. The surrender gain represents payment for the sub-lease rental risk and other costs taken on by the Group as a result of this agreement, and therefore the amount relating to future periods ($7 million) has been recognised as an adjusting item (see page 167) which we expect to release in future periods in line with future associated lost rental income and other costs. Following the lease surrender, the Group exercised a break option on its other London premises in order to bring all London staff together in one location from 2021, resulting in a $22 million decrease in the lease liability and associated ROU lease asset. This also triggered the transfer of $33 million from investment property to leasehold property ROU lease assets, relating to the previously sub-let portion of the office which will be occupied by the Group.

At 31 December 2020, the contractual undiscounted operating lease payments receivable from sub-leases of the Group's investment property ROU lease assets are as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
	Total	Total
Within one year	**7**	16
Between one and two years	**6**	16
Between two and three years	**6**	14
Between three and four years	**6**	5
Between four and five years	**5**	5
Between five and ten years	**–**	5
	30	61

Fair value of investment property and impairment

Investment property ROU lease assets with a carrying value of $78 million at 31 December 2020 (2019: $141 million) have a fair value, which is equivalent to their value in use, of $86 million (2019: $153 million). The carrying value and fair value decreases in our ROU sub-lease assets compared to 2019 reflect a decrease in the sub-let space due to increased occupation by the Group. An impairment expense is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, being its value in use. For the purposes of assessing impairment, investment property ROU lease assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs), being the individual sub-lease contract level. The value in use calculations at 31 December 2020 use cash flow projections out to the end of the relevant property's head lease, based on current sub-lease agreements and estimates for future rentals, reflecting the current commercial property market and the adverse impact of COVID-19. The assumptions applied in the value in use calculations are derived from past experience and assessment of current market inputs, with the market property yield discount rate then applied to the modelled cash flows. This assessment has resulted in impairment of our investment property ROU lease asset (which includes related leasehold improvements) for sub-tenancies in our main London office of $25 million at 31 December 2020, which was triggered by the sub-let vacancy created by the lease surrender of our principal sub-tenant during the year coinciding with the London commercial property market uncertainty due to COVID-19. Reasonably foreseeable changes in the key assumptions of this assessment would not be expected to result in a significant change to the impairment expense recognised.

19. Deferred compensation arrangements

Man Group operates equity-settled share-based payment schemes as well as fund product-based compensation arrangements.

For compensation plans whereby deferred compensation is invested in fund products managed by Man Group, the fair value of the employee services received in exchange for the fund units is recognised as an expense over the vesting period, with a corresponding liability. The Group holds these fund investments in order to offset any associated change in deferred compensation (Note 13.1), and at vesting the value of the fund investment is delivered to the employee.

Effective for awards granted from 1 January 2020, the Group has elected to hedge account for deferred fund product charges, whereby the offsetting gains or losses on these fund products are matched against the corresponding compensation charge in the Group income statement pro-rata over the vesting period. Unmatched gains or losses are recognised through other comprehensive income and held within the cash flow hedge reserve in equity until they are recycled over the vesting period into the Group income statement.

During the year, $74 million (2019: $78 million) relating to share-based payments and deferred fund product plans is included within compensation costs (Note 4), consisting of share-based payments of $20 million (2019: $28 million) and deferred fund product plans of $54 million (2019: $50 million). The unamortised deferred compensation at year end is $66 million (2019: $50 million) and has a weighted average remaining vesting period of 1.8 years (2019: 1.6 years).

19.1 Employee Trust

The Employee Trust has the obligation to deliver share and fund product-based payments which have been granted to employees. In 2020 Man Group funded $36 million via contribution or loan (2019: $34 million) to enable the Employee Trust to meet its current period obligations.

The Employee Trust is fully consolidated into the Group and shares held are treated as Treasury shares for EPS purposes (Note 8). The Employee Trust is controlled by independent trustees and their assets are held separately from those of Man Group. At 31 December 2020, the net assets of the Employee Trust amounted to $105 million (2019: $106 million). These assets include 31,529,719 (2019: 28,627,805) ordinary shares in the Company, nil notional value options over Man Group shares (2019: $10 million), and $43 million of fund units (2019: $39 million) to deliver against future obligations. The shares are recorded at cost and shown as a deduction from shareholders' funds. During the year, the trustees of the Employee Trust waived all of the interim dividend for the year ended 31 December 2020 on each of the 31,567,105 ordinary shares registered in its name at the relevant eligible date (2019 interim dividend: waived on all 28,206,246 shares) and all of the final dividend for the year ended 31 December 2019 on each of the 31,553,308 of ordinary shares (2018 final dividend: waived on all 27,561,827 shares).

19.2 Share-based payments

Share-based payments are remuneration payments to selected employees that take the form of an award of shares in Man Group plc. Awards typically vest over three years, although conditions vary between different types of award. In respect of equity-settled share-based payment schemes, the fair value of the employee services received in exchange for the share awards and options granted is recognised as an expense, with the corresponding credit being recognised in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards and options at grant date. The fair value of the share awards and options granted in exchange for employee services is calculated using the Black-Scholes valuation model that takes into account the effect of both financial and demographic assumptions. Forfeiture and early vesting assumptions are based on historical observable data. Changes to the original estimates, if any, are included in the Group income statement, with a corresponding adjustment to equity.

Share options

The fair values of share options granted in the year under the Sharesave share option scheme, and the assumptions used in the calculations, are as follows:

Grant date	7/9/2020	10/9/2019
Weighted average share price at grant date ($)[1]	1.6	2.1
Weighted average exercise price at grant date ($)[2]	1.4	1.6
Share options granted in the period	4,313,479	2,653,200
Vesting period (years)	3–5	3–5
Expected share price volatility (%)	30	30
Dividend yield (%)	6	6
Risk-free rate (%)	(0.1)	0.4
Expected option life (years)	3.4	3.4
Number of options assumed to vest	3,289,641	2,025,055
Average fair value per option granted ($)	0.2	0.4

Notes:
1 Sterling share price at grant date each year of £1.18 and £1.59, respectively.
2 Sterling exercise price each year of £1.07 and £1.27, respectively.

The expected share price volatility is based on historical volatility over the past five years. The expected option life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

19. Deferred compensation arrangements continued

19.2 Share-based payments continued

Movements in the number of share options outstanding are as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Number	**Weighted average exercise price[1] ($ per share)**	Number	Weighted average exercise price[1] ($ per share)
Share options outstanding at beginning of the year	**43,754,176**	**3.8**	44,490,388	3.6
Granted	**4,313,479**	**1.5**	2,653,200	1.7
Forfeited	**(1,859,636)**	**1.7**	(1,170,912)	2.4
Expired	**(12,523,057)**	**–**	–	–
Exercised	**(183,571)**	**1.3**	(2,218,500)	1.2
Share options outstanding at year end	**33,501,391**	**3.4**	43,754,176	3.6
Share options exercisable at year end	**26,857,475**	**4.1**	38,067,463	4.0

Note:
1 Calculated at 31 December exchange rates each year.

The share options outstanding at year end have a weighted average exercise price and expected remaining life as follows:

	31 December 2020			31 December 2019		
Range of exercise prices ($ per share)	**Number of share options**	**Weighted average exercise price ($ per share)**	**Weighted average expected remaining life**	Number of share options	Weighted average exercise price ($ per share)	Weighted average expected remaining life
0.00–3.00	**7,724,551**	**1.6**	**2.5**	5,454,279	1.7	2.6
3.01–5.00	**25,776,840**	**4.2**	**0.2**	38,299,897	3.9	1.0
	33,501,391			43,754,176		

Share awards

The fair values of share awards granted in the year and the assumptions used in the calculations are as follows:

Deferred share plan		
Grant dates	13/3/2020 – 13/11/2020	1/3/2019 – 23/12/2019
Share awards granted in the year	19,829,902	10,668,972
Weighted average fair value per share award granted ($)	1.3	1.8

Executive directors' long-term incentive plans		
Grant dates	13/3/2020	12/3/2019
Share awards granted in the year	4,718,626	4,892,392
Weighted average fair value per share award granted ($)	1.3	1.8

Movements in the number of share awards outstanding are as follows:

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Share awards outstanding at beginning of the year	**35,600,270**	34,188,523
Granted	**24,548,528**	15,561,364
Forfeited	**(1,437,310)**	(6,060,404)
Exercised	**(18,426,596)**	(8,089,213)
Share awards outstanding at year end	**40,284,892**	35,600,270
Share awards exercisable at year end	**43,590**	6,915

20. Capital management

Details of the Group's capital management and dividend policy are provided within the Chief Financial Officer's review and the Shareholder information section on pages 29 and 170 respectively.

Share capital and capital reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Own shares held through the Employee Trust (Note 19) and Treasury shares are recorded at cost, including any directly attributable incremental costs (net of tax), and are deducted from equity attributable to the Company's equity holders until the shares are transferred to employees or sold. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

As detailed in Note 1, the Group adjusted its corporate structure in May 2019. The scheme of arrangement had no impact on the Group's aggregate share capital and capital reserves, with a new reorganisation reserve created following the reversal of the existing share premium account, capital redemption reserve, merger reserve and reorganisation reserve balances. The share premium arising on the issue of shares by Man Group plc was subsequently cancelled by way of a capital reduction, with an equivalent increase recognised in the profit and loss account in reserves.

Ordinary shares

Ordinary shares have a par value of 3 $^{3}/_{7}$ US cents per share (2019: 3 $^{3}/_{7}$ US cents per share) and represent 100% of issued share capital. All issued shares are fully paid. The shares have attached to them full voting, dividend and capital distribution (including on wind up) rights. They do not confer any rights of redemption. Ordinary shareholders have the right to receive notice of, attend, vote and speak at general meetings. A holder of ordinary shares is entitled to one vote per ordinary share held when a vote is taken on a poll and one vote only when a vote is taken on a show of hands.

As part of the corporate reorganisation in May 2019 (as further detailed in Note 1), ordinary shares in the Group's former holding company were cancelled and the same number of new ordinary shares were issued to the new holding company in consideration for the allotment to shareholders of one ordinary share of 3 $^{3}/_{7}$ US cents in the new holding company for each ordinary share of 3 $^{3}/_{7}$ US cents they held in the former holding company.

During the year ended 31 December 2020, $107 million (2019: $92 million) of shares were repurchased at an average price of 122.8 pence (2019: 149.1 pence), buying back 69 million shares (2019: 48 million shares), which had an accretive impact on EPS (Note 8) of 2.6% (2019: 1.6%). This relates to the completion of the remaining $71 million of the share repurchase announced in October 2019, and the partial completion of $36 million of the anticipated $100 million share repurchase announced in September 2020. All repurchased shares were held in Treasury. Shares repurchased during the year represent 4.8% of issued share capital (excluding Treasury shares) as at 31 December 2020. As at 31 December 2020, 86,156,381 shares were held in Treasury. As at 1 March 2021, Man Group had an unexpired authority to repurchase up to 119,289,390 of its ordinary shares. A special resolution will be proposed at the forthcoming Annual General Meeting (AGM), pursuant to which the Company will seek authority to repurchase up to 145,399,026 of its ordinary shares, representing 10% of the issued share capital (excluding Treasury shares) at 1 March 2021.

Deferred sterling shares

50,000 unlisted deferred sterling shares with a par value of £1 per share (representing 0.1% of the former Group holding company's issued share capital prior to the corporate reorganisation in May 2019) were necessary for the former holding company to continue to comply with Section 763 of the UK Companies Act 2006. Following the corporate reorganisation, which created a new Jersey parent holding company, the deferred shares were cancelled.

Issued and fully paid share capital

	Year ended 31 December 2020		Year ended 31 December 2019		
	Ordinary shares Number	**Nominal value $m**	Ordinary shares Number	Unlisted deferred sterling shares Number	Nominal value $m
At 1 January	**1,541,794,770**	**53**	1,610,142,313	50,000	55
Purchase and cancellation of own shares	**–**	**–**	(68,347,543)	–	(2)
Scheme of arrangement (Note 1):					
– Cancellation of shares in former holding company	**–**	**–**	(1,541,794,770)	(50,000)	(53)
– Issue of shares in new holding company	**–**	**–**	1,541,794,770	–	53
At 31 December	**1,541,794,770**	**53**	1,541,794,770	–	53

21. Pension

Man Group operates 12 (2019: 12) defined contribution plans and two (2019: two) funded defined benefit plans.

Defined contribution plans

Man Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Man Group has no further payment obligation once the contributions have been paid. Defined contribution pension costs totalled $12 million for the year to 31 December 2020 (2019: $12 million) and are recognised as pension costs within compensation in the Group income statement when they are due.

Defined benefit plans

A defined benefit plan creates a financial obligation to provide funding to the pension plan to provide a retired employee with pension benefits usually dependent on one or more factors such as age, years of service and compensation. As with the vast majority of similar arrangements, Man Group ultimately underwrites the risks related to the defined benefit plans. The risks to which this exposes the Group include:

- Uncertainty in benefit payments: the value of the Group's liabilities for post-retirement benefits will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live.
- Volatility in asset values: the Group is exposed to future movements in the values of assets held in the plans to meet future benefit payments.
- Uncertainty in cash funding: movements in the values of the obligations or assets may result in the Group being required to provide higher levels of cash.

The two defined benefit plans operated are the Man Group plc Pension Fund in the UK (the UK Plan) and the Man Group Pension Plan in Switzerland (the Swiss Plan). At 31 December 2020, the UK Plan comprised 94% (31 December 2019: 94%) of the Group's total defined benefit pension obligations.

The UK Plan is operated separately from the Group and managed by independent trustees. The trustees are responsible for payment of the benefits and management of the UK Plan's assets. Under UK regulations, the Group and the trustees of the UK Plan are required to agree a funding strategy and contribution schedule for the UK Plan.

The UK Plan was closed to new members in May 1999 and to future accrual in May 2011. Employed members of the UK Plan retain enhanced benefits, including a link to salary, on their accrued benefits in the Plan. Future benefits are provided via a defined contribution plan.

No cash contributions were made to the UK Plan in the year to 31 December 2020. The next actuarial valuation has an effective date of 31 December 2020. As part of this valuation, a new recovery plan may be agreed.

For the UK Plan, the Group has concluded that it has no requirement to adjust the balance sheet to recognise either a current surplus or a minimum funding requirement on the basis that the Group has an unconditional right to a refund of a current or projected future surplus at some point in the future.

In Switzerland, the Group operates a retirement foundation with assets which are held separately from the Group. This foundation covers the majority of employees in Switzerland and provides benefits on a cash balance basis. Each employee has a retirement account to which the employee and the Group make contributions at rates set out in the plan rules based on a percentage of salary. Every year the pension fund commission (composed of employer and employee representatives) decides the level of interest, if any, to apply to retirement accounts based on their agreed policy. At retirement an employee can take their retirement account as a lump sum or have this paid as a pension.

$m	**31 December 2020**	31 December 2019
Present value of funded obligations	**(490)**	(422)
Fair value of plan assets	**492**	439
Surplus	**2**	17
Amount not recognised due to asset ceiling	**–**	(1)
Net pension asset	**2**	16

The decrease in the net pension asset from 31 December 2019 to 31 December 2020 is driven primarily by the UK Plan, largely as a result of a decrease in the discount rate assumption as well as the changes to expected mortality rates, partially offset by assets performing above the liability growth rate (discount rate) and inflation being lower than expected over 2020.

21. Pension continued

Pensions: actuarial information

Changes in the present value of the defined benefit obligations are as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Present value of funded obligations at beginning of the year	**422**	376
Currency translation difference	**18**	15
Current service cost (employer portion)	**1**	2
Interest cost	**8**	10
Employee contributions	**1**	1
Remeasurements due to:		
– changes in financial assumptions	**54**	46
– changes in demographic assumptions	**2**	(3)
– experience adjustments	**(1)**	1
Actual benefit payments	**(15)**	(24)
Past service credit	**–**	(2)
Present value of funded obligations at year end	**490**	422

Changes in the fair value of plan assets are as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Fair value of plan assets at beginning of the year	**439**	400
Currency translation difference	**19**	16
Interest income on plan assets	**8**	11
Actual return on plan assets less interest on plan assets	**39**	35
Employer contributions	**1**	–
Employee contributions	**1**	1
Benefits paid	**(15)**	(24)
Fair value of plan assets at year end	**492**	439

The plan assets primarily relate to investments in bonds, liability-driven investments (LDIs) and diversified growth funds.

The change in the net pension asset recognised on the Group balance sheet is as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Net pension asset at start of the year	**16**	24
Total pension (expense)/credit	**(1)**	1
Amount recognised outside profit and loss	**(15)**	(10)
Employer contributions	**1**	–
Currency translation difference	**1**	1
Net pension asset at end of the year	**2**	16

The amounts recognised in the Group income statement are as follows:

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Current service cost (employer portion)	**1**	2
Interest on net pension asset	**–**	(1)
Past service credit	**–**	(2)
Total expense/(credit)	**1**	(1)

The $1 million allowance for the estimated costs of removing Guaranteed Minimum Pension inequalities in the UK Plan as at 31 December 2020 is unchanged from 31 December 2019.

21. Pension continued

The amounts recognised in other comprehensive income are as follows:

$m	Year ended 31 December 2020	Year ended 31 December 2019
Net actuarial (losses)/gains in the year due to:		
– changes in financial assumptions	**(54)**	(46)
– changes in demographic assumptions	**(2)**	3
– experience adjustments on benefit obligations	**1**	(1)
Actual return on plan assets less interest on plan assets	**39**	35
Adjustment to recognise the effect of the asset ceiling	**1**	(1)
Amount recognised in other comprehensive income	**(15)**	(10)

The most significant actuarial assumptions used in the valuations of the two plans are:

	UK Plan		Swiss Plan	
	31 December 2020 % p.a.	31 December 2019 % p.a.	31 December 2020 % p.a.	31 December 2019 % p.a.
Discount rate	**1.3**	2.1	**0.2**	0.4
Price inflation	**3.0**	3.1	**1.1**	1.2
Future salary increases	**3.0**	3.1	**1.1**	1.2
Interest crediting rate	**–**	–	**0.2**	0.4
Social security increases	**–**	–	**1.0**	1.0
Pension in payment increases	**3.6**	3.6	**–**	–
Deferred pensions increases	**5.0**	5.0	**–**	–

At 31 December 2020, mortality rates in the UK Plan are assumed to be in line with 100% of the S2NA Light tables for all members with pensions of more than £50,000 p.a. at 31 December 2017 ('high earners') and S2NA tables for all other members (2019: same as at 31 December 2020). These mortality tables are assumed to be projected by year of birth with allowance for future improvements in longevity in line with the 2019 CMI projections with a long-term rate of improvement of 1.25% p.a. for males and females, smoothing parameter of 7 and an initial improvements parameter of 0.5% p.a. for high earners and 0.25% p.a. for all other members (2019: projected by year of birth with allowance for future improvements in longevity in line with the 2018 CMI projections with a long-term rate of improvement of 1.25% p.a. for males and females, smoothing parameter of 7 and an initial improvements parameter of 0.5% p.a. for high earners and 0.25% p.a. for all other members).

At 31 December 2020, mortality rates in the Swiss Plan are assumed to be in line with the Swiss BVG 2015 generational tables (2019: same as at 31 December 2020).

Illustrative life expectancies are set out in the table below (the UK Plan life expectancies are based on the S2NA tables).

	UK Plan		Swiss Plan	
Years	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Life expectancy of male aged 60 at year end	**26.8**	26.6	**27.6**	27.4
Life expectancy of male aged 60 in 20 years	**28.3**	28.2	**29.3**	29.3
Life expectancy of female aged 60 at year end	**29.0**	28.8	**29.8**	29.7
Life expectancy of female aged 60 in 20 years	**30.6**	30.3	**31.5**	31.4

The table below illustrates the impact on the assessed value of the benefit obligations from changing the most sensitive actuarial assumptions (in isolation). The calculations to produce the below figures have been carried out using the same method and data as the Group's pension figures. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result.

As at 31 December 2020:

$m	UK Plan	Swiss Plan
	Increase in obligation	
Discount rate decreased by 0.1% p.a.	**8**	**1**
Inflation rate increased by 0.1% p.a.	**2**	**–**
One year increase in assumed life expectancy	**18**	**–**

The duration of a pension plan is the average term over which the plan's benefits are expected to fall due, weighted by the present value of each expected benefit payment. The duration of the UK Plan is approximately 17 years, and the duration of the Swiss Plan is approximately 18 years.

21. Pension continued

The assets held by the two plans as at 31 December 2020 are as follows:

	UK Plan		Swiss Plan	
	$m	%	$m	%
Swiss equities	–	–	3	11
Non-Swiss equities	–	–	8	29
Index-linked government bonds	44	9	–	–
Absolute return bonds	128	28	–	–
Swiss bonds	–	–	9	32
Non-Swiss bonds	–	–	3	11
Property	–	–	2	7
Hedge funds	–	–	2	7
LDI	134	29	–	–
Diversified growth funds	69	15	–	–
Man Alternative Risk Premia fund	51	11	–	–
Cash	38	8	1	3
Total assets	464	100	28	100

The UK investment strategy is set by the trustees of the UK Plan. The current strategy is broadly split into growth and matching portfolios. The growth portfolio is invested in diversified growth funds and Man Alternative Risk Premia. The matching portfolio is invested primarily in government and corporate bonds (the latter through the 'absolute return bonds' holdings), and liability-driven investment (LDI) funds.

The government bond assets and diversified growth funds have prices quoted in active markets and the absolute return bonds, LDI and Man Alternative Risk Premia are primarily unquoted. At 31 December 2020, around 25% of the UK Plan assets relate to those with quoted prices and 75% with unquoted prices (2019: around 25% quoted and 75% unquoted). The UK Plan does not invest directly in property occupied by Man Group or in the Group's own transferable financial securities. Part of the investment objective of the UK Plan is to minimise fluctuations in the UK Plan's funding levels due to changes in the value of the liabilities. This is primarily achieved using the LDI funds, whose main goal is to hedge movements in the liabilities due to changes in interest rate and inflation expectations. The current investment strategy aims to hedge around 100% of the movement in the 'technical provisions' funding measure, as opposed to the IAS 19 accounting measure, due to both interest rate and inflation expectation changes.

LDI primarily involves the use of government bonds (including repurchase agreements) and derivatives such as interest rate and inflation swaps. There are no annuities or longevity swaps. These instruments are typically priced and collateralised daily by the UK Plan's LDI manager and/or central clearing houses. Given that the purpose of LDI is to hedge corresponding liability exposures, the main risk is that the investments held move differently to the liability exposures. This risk is managed by the trustees, their advisers and the UK Plan's LDI manager, who regularly assess the position.

As the Swiss Plan is essentially a defined contribution plan with guarantees, the assets held aim to be at least as much as the total of the member account balances at any point in time. Member account balances cannot reduce, but interest is only applied to the account balances when sufficient surplus assets are available. As such, there is no specific asset/liability matching strategy in place, but if the liabilities (the sum of the member account balances) ever exceed the value of the assets, the Group will consider how to remove a deficit as quickly as possible.

22. Segmental analysis

The criteria for identifying an operating segment is that it is a component of the Group whose results are regularly reviewed by the Board and the Senior Executive Committee to make decisions about resources to be allocated to the segment and to assess its performance. Management information regarding revenues, net management fee margins and investment performance relevant to the operation of the investment managers, products and the investor base are reviewed by the Board and the Senior Management Governance Committee. A centralised shared infrastructure for operations, product structuring, distribution and support functions for each of the five investment managers which Man Group incorporates (AHL, GLG, FRM, Numeric and GPM) means that operating costs are not allocated to constituent parts of the investment management business. As a result, performance is assessed, resources are allocated and other strategic and financial management decisions are determined by the Board and the Senior Executive Committee on the basis of the investment management business of Man Group as a whole. Accordingly, we operate and report as a single segment investment management business, together with relevant information regarding FUM flows and net margins, to allow for analysis of the direct contribution of products and the respective investor base.

23. Geographical disclosure

	Year ended 31 December 2020		Year ended 31 December 2019	
$m	**Revenues by fund location**	**Non-current assets**	Revenues by fund location	Non-current assets
Cayman Islands	**384**	**–**	540	–
Ireland	**195**	**–**	180	–
United Kingdom and the Channel Islands	**158**	**727**	137	828
United States of America	**104**	**224**	115	262
Other countries	**98**	**12**	141	44
	939	**963**	1,113	1,134

Disclosure of revenue by geographic location is based on the registered domicile of the fund entity paying the Group fees. Revenue from any single fund during the year did not exceed 10% of total revenues.

Non-current assets are allocated based on where the assets are located, and include goodwill and other acquired intangible assets, other intangibles, leasehold improvements and equipment, and right-of-use lease assets. For goodwill and other acquired intangible assets, we consider that the location of the intangibles is best reflected by the location of the individuals managing those assets.

24. Foreign currencies

The majority of revenues, assets, liabilities and financing are denominated in USD and therefore Man Group's presentation currency is USD.

For consolidated entities with a USD functional currency, monetary assets and liabilities denominated in foreign currencies are translated at each balance sheet date rate. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Transactions denominated in foreign currencies are converted at the spot rate at the date of the transaction or, if appropriate, the average rate for the month in which the transaction occurs. Resulting exchange differences are recognised in the Group income statement.

For consolidated entities that have a functional currency other than USD, the assets and liabilities are translated into USD at the balance sheet date rate. Income and expenses are translated at the average rate for the period in which the transactions occur. Resulting exchange differences are recorded in other comprehensive income.

25. Fair value of financial assets/liabilities

The Group discloses the fair value measurement of financial assets and liabilities using three levels, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Group's financial assets and liabilities which are held at fair value through profit and loss can be analysed as follows:

	31 December 2020				31 December 2019			
$m	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets held at fair value:								
Investments in fund products and other investments (Note 13)	**3**	**170**	**162**	**335**	3	180	169	352
Investments in consolidated funds (Note 13)	**–**	**435**	**17**	**452**	–	385	35	420
Derivative financial instruments (Note 14)	**–**	**4**	**–**	**4**	–	4	–	4
	3	**609**	**179**	**791**	3	569	204	776
Financial liabilities held at fair value:								
Derivative financial instruments (Note 15)	**–**	**18**	**–**	**18**	–	13	–	13
Contingent consideration (Note 15)	**–**	**–**	**2**	**2**	–	–	24	24
	–	**18**	**2**	**20**	–	13	24	37

The carrying value of financial assets and liabilities which are carried on the Group's balance sheet at amortised cost is approximately equal to their fair value.

During the year, there were no significant changes in the business or economic circumstances that affected the fair value of the Group's financial assets (see Note 1 for discussion of COVID-19) and no significant transfers of financial assets or liabilities held at fair value between categories. For investments in fund products, Level 2 investments comprise holdings primarily in unlisted, open-ended, active and liquid funds, which have daily or weekly pricing derived from third-party information.

A transfer into Level 3 would be deemed to occur where the level of prolonged activity, as evidenced by subscriptions and redemptions, is deemed insufficient to support a Level 2 classification. This, as well as other factors such as a deterioration of liquidity in the underlying investments, would result in a Level 3 classification. The material holdings within this category relate to CLO risk retention assets which are priced using a bottom-up valuation method. The Group uses third party valuations to price the securities within the underlying portfolios and then applies these valuations in proportion to the percentage of the CLO notes held by the Group. As the Group expects to hold the assets to maturity, this valuation method is approximately equal to fair value.

The basis of measuring the fair value of Level 3 investments is outlined in Note 13.1. The movements in Level 3 financial assets and financial liabilities measured at fair value are as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
$m	**Financial assets at fair value through profit or loss**	**Financial liabilities at fair value through profit or loss**	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss
Level 3 financial assets/(liabilities) held at fair value				
At beginning of the year	**204**	**(24)**	196	(212)
Purchases	**–**	**–**	27	–
Credited/(charged) to the income statement	**10**	**20**	(6)	19
Sales or settlements	**(17)**	**2**	(7)	169
Change in consolidated funds held	**(18)**	**–**	(6)	–
At year end	**179**	**(2)**	204	(24)
Total gains/(losses) for the year included in the Group statement of comprehensive income for assets/(liabilities) held at year end	**10**	**20**	(6)	19

The financial liabilities in Level 3 relate to the contingent consideration payable.

	Year ended 31 December 2020			Year ended 31 December 2019			
$m	**Numeric**	**Aalto**	**Total**	Numeric	Aalto	Other	Total
Contingent consideration payable							
At beginning of the year	**2**	**22**	**24**	172	37	3	212
Revaluation of contingent consideration	**–**	**(22)**	**(22)**	(22)	(20)	5	(37)
Unwind of contingent consideration discount (Note 6)	**–**	**2**	**2**	13	5	–	18
Sales or settlements	**(2)**	**–**	**(2)**	(161)	–	(8)	(169)
At year end	**–**	**2**	**2**	2	22	–	24

The revaluation of contingent consideration in the Group income statement is an adjustment to the fair value of expected acquisition earn-out payments.

The Aalto contingent consideration is dependent on levels of run rate management fees measured following four, six and eight years from completion on 1 January 2017. The maximum aggregate amount payable by the Group is capped at $207 million. The $22 million decrease (2019: $20 million) in the fair value of the Aalto contingent creditor is driven by lower than expected actual and forecast growth of the GPM business, including the impact of COVID-19, as outlined in more detail in the related goodwill impairment assessment in Note 10.

26. Related party transactions

Related parties comprise key management personnel, associates and fund entities which Man Group is deemed to control. All transactions with related parties were carried out on an arm's length basis.

Management fees earned from fund entities in which the Group holds a controlling interest are detailed in Note 13.2. Contingent consideration payable to Aalto management is outlined in Note 25. In 2019 Man Group made a charitable donation of £2,500 to Greenhouse Sports Ltd, which is considered a related party.

The Executive Committee, together with the non-executive directors, are considered to be the Group's key management, being those directors, partners and employees having authority and responsibility for planning, directing and controlling the activities at Man Group.

Key management compensation $m	**Year ended 31 December 2020**	Year ended 31 December 2019
Salaries and other short-term employee benefits[1]	**32**	29
Share-based payments	**10**	13
Fund product-based payment charge	**13**	9
Pension costs (defined contribution)	**1**	1
Total	**56**	52

Note:
1 Includes salary, benefits and cash bonus.

27. Other matters

In July 2019, the Public Institution for Social Security in Kuwait (PIFSS) served a claim against a number of parties, including certain Man Group companies, a former employee of Man Group and a former third-party intermediary. The subject matter of these allegations dates back over a period of 20 years. PIFSS is seeking compensation of $156 million (plus compound interest) and certain other remedies which are unquantified in the claim. Man Group disputes the allegations and considers there is no merit to the claim (in respect of liability and quantum). We will therefore vigorously and robustly defend the proceedings.

Man Group is subject to various other claims, assessments, regulatory enquiries and investigations in the normal course of its business. The directors do not expect such matters to have a material adverse effect on the financial position of the Group.

28. Subsequent events

The COVID-19 global pandemic has caused extensive disruption to businesses and economic activity. The Group continues to monitor any impacts on the business, as outlined in Note 1, and has not identified any material adjustments to balances included in these financial statements, nor any material impacts on the business, subsequent to the balance sheet date.

29. Group investments

Details of the Group's subsidiaries and consolidated structured entities, which have been consolidated into the Group's results, and details of investments in associates are provided below. The country of operation is the same as the country of incorporation, the year end is 31 December, and effective Group interest represents both the percentage held and voting rights, unless otherwise stated.

Subsidiaries

Principal operating subsidiaries	Registered address	Direct or indirect	Country of incorporation	Effective Group interest %
Asset management				
AHL Partners LLP[1]	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners LP	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Numeric Investors LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Group services company				
Man Group Operations Limited (previously E D & F Man Limited)	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investments AG	Huobstrasse 3, 8808 Pfäffikon SZ	Indirect	Switzerland	100
Man Investments Holdings Inc	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Group treasury and holding company				
Man Property Holdings Limited	22 Grenville Street, St Helier, Jersey, JE4 8PX	Indirect	Jersey	100
Man Investments Finance Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100

Group holding and other subsidiaries				
Man Group plc	22 Grenville Street, St Helier, Jersey, JE4 8PX		Jersey	100
Man Group Treasury Limited	22 Grenville Street, St Helier, Jersey, JE4 8PX	Direct	Jersey	100
Man Group Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Aalto Invest Cayman Limited	PO Box MP10085, 3rd Floor Zephyr House, 122 Mary Street, George Town, Grand Cayman, KY1-1001	Indirect	Cayman	100
E.D.& F. Man Investments B.V	Beurs – World Trade Center, Beursplein 37, 3011 AA, Rotterdam	Indirect	Netherlands	100
E D & F Man Investments Limited	15 Esplanade, St Helier, JE1 1RB	Indirect	Jersey	100
FA Sub 2 Limited	Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110	Indirect	BVI	100
FA Sub 3 Limited	Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110	Indirect	BVI	100
Financial Risk Management Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
FRM Holdings Limited	Gaspé House, 66-72 Esplanade, St Helier, JE2 3QT	Indirect	Jersey	100
FRM Investment Management GP (USA) LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
FRM Investment Management Limited	PO Box 186, Royal Chambers, St. Julian's Avenue, St Peter Port, GY1 4HP, Guernsey	Indirect	Guernsey	100
FRM Investment Management (USA) LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
GLG Capital Management LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
GLG Holdings Limited	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
GLG LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
GLG Partners Hong Kong Limited	Unit 2206-2207, 22/F Man Yee Building, No. 68 Des Voeux Road, Central	Indirect	Hong Kong	100
GLG Partners Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners UK Group Ltd	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners UK Holdings Ltd	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Asset Management (Cayman) Limited	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104	Indirect	Cayman	100
Man Asset Management (Ireland) Limited	70 Sir John Rogerson's Quay, Dublin 2	Indirect	Ireland	100
Man Australia GP Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Australia LP	Level 27, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000	Indirect	Australia	100
Man (Europe) AG	Austrasse 56, 9490, Vaduz, Liechtenstein	Indirect	Liechtenstein	100
Man Fund Management (Guernsey) Limited	PO Box 186, Royal Chambers, St. Julian's Avenue, St Peter Port, GY1 4HP, Guernsey	Indirect	Guernsey	100
Man Fund Management Netherlands BV	Beurs – World Trade Center, Beursplein 37, 3011 AA, Rotterdam	Indirect	Netherlands	100

29. Group investments continued

Subsidiaries continued

Group holding and other subsidiaries	Registered address	Direct or indirect	Country of incorporation	Effective Group interest %
Man Fund Management UK Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man GLG Partners LLP[1]	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Global Private Markets (UK) Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Global Private Markets (USA) Inc.	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Global Private Markets SLP LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Group Holdings Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Group Investments Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Group Japan Limited	PO Box 556, 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, GY1 6JB, Guernsey	Indirect	Guernsey	100
Man Group Services Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Group UK Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investments Australia Limited	Level 27, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000	Indirect	Australia	100
Man Investments (CH) AG	Huobstrasse 3, 8808 Pfäffikon SZ	Indirect	Switzerland	100
Man Investments Finance Inc.	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Investments Holdings Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investments (Hong Kong) Limited	Unit 2206-2207, 22/F Man Yee Building, No.68 Des Voeux Road, Central	Indirect	Hong Kong	100
Man Investments Inc.	15 North Mill Street, Nyack, NY 10960, United States	Indirect	US	100
Man Investments Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investment Management (Shanghai) Co., Ltd	Room 1857 Bund Centre, No. 222 Yan An East Road, Shanghai, 200002	Indirect	China	100
Man Investments (Shanghai) Limited	Room 1818, Bund Centre, No. 222 Yan An East Road, Shanghai, 200002	Indirect	China	100
Man Investments (USA) Corp.	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Investments USA Holdings Inc.	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Mash Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Principal Strategies Corp	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Solutions Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Solutions (USA) LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Solutions SLP LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Strategic Holdings Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man UK Strategies Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Valuation Services Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Worldwide Operations Management Limited	22 Grenville Street, St Helier, Jersey, JE4 8PX	Indirect	Jersey	100
Mount Granite Limited	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
Numeric Holdings LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Numeric Midco LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
RBH Holdings (Jersey) Limited	IFC 5, St Helier, JE1 1ST, Jersey	Indirect	Jersey	100
RMF Co-Investment Limited	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104	Indirect	Cayman	100
Silvermine Capital Management LLC	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
GLG Holdings Inc. (in dissolution)	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
GLG Inc. (in dissolution)	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Fund Management Limited (in liquidation)	Cranford Centre, Stillorgan Road, Dublin 4	Indirect	Ireland	100
Man Litchfield Inc. (in dissolution)	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Man Washington Inc. (in dissolution)	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100
Seabrook Holding Inc (in dissolution)	4001 Kennett Pike, Suite 302, Wilmington DE 19807	Indirect	US	100

Note:

1 The financial year end is 31 March.

29. Group investments continued

Consolidated structured entities

The following investment funds, which the Group is deemed to control, have been consolidated (Note 13):

Strategy	Registered address	Country of incorporation/ principal place of operation	% of net asset value held
AHL Insight	c/o Citi Hedge Fund Services Ltd, Hemisphere House, Hamilton HM 11	Bermuda	100
Man GLG Global Emerging Markets Bond	70 Sir John Rogerson's Quay, Dublin 2	Ireland	51
Man GLG Select Opportunities	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY 1-11-4	Cayman	68
Man GPM US Residential Real Estate Fund	Suite 400, Wilmington, New Castle County, Delaware 19808	US	100
Man Numeric China A Core	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY 1-11-4	Cayman	100
Man Numeric European Equity	70 Sir John Rogerson's Quay, Dublin 2	Ireland	77
Man Numeric US Liquid Private Equity Alternative	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY 1-11-4	Cayman	100
Man GLG Global Credit Multi Strategy Alternative	70 Sir John Rogerson's Quay, Dublin 2	Ireland	99
Man GLG Global Debt Total Return	70 Sir John Rogerson's Quay, Dublin 2	Ireland	41
Man GLG Global Consumer Equity Alternative	70 Sir John Rogerson's Quay, Dublin 2	Ireland	100
Man AHL TargetRisk Moderate	70 Sir John Rogerson's Quay, Dublin 2	Ireland	72
American Beacon AHL TargetRisk Core Fund	220 East Las Colinas Boulevard, Suite 1200, Irving, Texas 75039	US	50
Man GLG Global Emerging Markets Debt Local Currency	70 Sir John Rogerson's Quay, Dublin 2	Ireland	41
Man GLG Global Credit Opportunities	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY 1-11-4	Cayman	47
Man GLG Global Emerging Markets Debt Total Return	70 Sir John Rogerson's Quay, Dublin 2	Ireland	94
Man GLG Japan Equity Alternative	70 Sir John Rogerson's Quay, Dublin 2	Ireland	71
Man GLG Asia (ex-Japan) Equity	70 Sir John Rogerson's Quay, Dublin 2	Ireland	59
Man GLG Asia Pacific (ex-Japan) Equity Alternative	70 Sir John Rogerson's Quay, Dublin 2	Ireland	100
Man GPM RI Community Housing 1 LP	PO Box 286, Floor 2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY	Guernsey	100

Five-year record

Unaudited

$m	**Year to 31 December 2020**	Year to 31 December 2019	Year to 31 December 2018	Year to 31 December 2017	Year to 31 December 2016
Income statement					
Core net management fee revenue[1]	**730**	751	777	711	645
Performance fees[1]	**179**	325	127	289	81
Pre-tax profit before adjusting items	**284**	386	251	384	205
Adjusting items (excluding tax)[1]	**(105)**	(79)	27	(112)	(477)
Statutory pre-tax profit/(loss)	**179**	307	278	272	(272)
Statutory profit/(loss) for the year	**138**	285	273	255	(266)
Adjusted profit before tax[1]	**284**	386	251	384	205
Core profit before tax[1]	**284**	384	237	359	159
Adjusted management fee profit before tax[1]	**180**	172	217	203	178
Core management fee profit before tax[1]	**180**	170	203	178	132
Adjusted performance fee profit before tax[1]	**104**	214	34	181	27
Statutory EPS (diluted) (cents)	**9.3**	18.4	17.0	15.3	(15.8)
Adjusted EPS[1] (cents)	**16.2**	21.1	13.5	20.3	10.4
Core EPS[1] (cents)	**16.2**	21.0	12.7	18.9	8.1
Core management fee EPS[1] (cents)	**10.3**	9.7	11.0	9.4	6.7
Balance sheet					
Net cash	**351**	281	220	229	277
Net assets	**1,497**	1,624	1,593	1,716	1,674
Net financial assets[1]	**716**	674	644	443	721
Other statistics					
Cash flow from operating activities (before working capital movements)	**341**	385	311	431	245
Ordinary dividends per share (cents)	**10.6**	9.8	11.8	10.8	9.0
Funds under management[1] ($bn)	**123.6**	117.7	108.5	109.1	80.9
Average headcount[2]	**1,456**	1,413	1,376	1,313	1,250
USD/GBP exchange rates					
Average	**0.7789**	0.7830	0.7489	0.7759	0.7384
Year-end	**0.7315**	0.7544	0.7837	0.7396	0.8093

Notes:
1 See pages 166 to 169 for details of the Group's alternative performance measures.
2 The average headcount includes directors, employees, partners and contractors.

Alternative performance measures

We assess the performance of the Group using a variety of alternative performance measures (APMs). We discuss the Group's results on a 'core' and 'adjusted' basis as well as a statutory basis. The rationale for using core and adjusted measures is explained below.

We also explain financial performance using measures that are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are also explained below. The alternative performance measures we use may not be directly comparable with similarly titled measures by other companies.

Funds under management (FUM)

FUM is the assets that the Group manages for investors in fund entities. FUM is a key indicator of our performance as an investment manager and our ability to remain competitive and build a sustainable business. FUM is measured based on management fee earning capacity. Average FUM multiplied by our net management fee margin (see below) equates to our management fee earning capacity. FUM is shown by product groupings that have similar characteristics (as shown on page 26). Management focus on the movements in FUM split between the following categories:

- Net inflows/outflows
Net inflows/outflows are a measure of our ability to attract and retain investor capital. Net flows are calculated as sales less redemptions. Further details are included on page 26.

- Investment performance
Investment performance is a measure of the performance of the funds we manage for our investors. It is calculated as the fund performance of each strategy multiplied by the FUM in that strategy. Further details are included on page 26.

- FX and other movements
Some of the Group's FUM is denominated in currencies other than USD. FX movements represent the impact of translating non-USD denominated FUM into USD. Other movements principally relate to maturities and leverage movements.

FUM includes advisory-only assets where the firm provides a model portfolio and does not have decision making or trading authority over the assets. FUM includes dedicated managed account platform clients for which Man Group provides platform and risk management services but does not act as investment manager.

Asset weighted performance versus benchmark

The asset weighted performance relative to peers for the period stated is calculated using the daily asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. The performance of our strategies is measured net of management fees charged and, as applicable, performance fees charged. As at 31 December 2020, it covers 88% of the FUM of the Group and excludes infrastructure mandates, Global Private Markets and collateralised loan obligations. Asset weighted performance versus peers is a KPI (page 22).

Net management fee revenue and margins

Margins are an indication of the revenue margins negotiated with our institutional and retail investors net of any distribution costs paid to intermediaries and are a primary indicator of future revenues. Net management fee revenue is defined as gross management fee revenue less distribution costs, excluding any amounts related to consolidated fund entities (Note 13.2). Net management fee margin is calculated as net management fee revenue divided by FUM. Net management fee revenue is shown on page 26.

Core net management fee revenue and core net revenue
Our 'core' metrics exclude earnings relating to legacy businesses (non-core), in order to assist comparability in our earnings streams over time. Core net management fee revenue excludes net management fee revenue relating to guaranteed products in 2019, in order to better present the management fees of the core business given the roll-off of the legacy guaranteed product FUM. The detailed calculation of core net management fee revenue is shown on page 26. Core net revenue is defined as core net management fee revenue plus adjusted performance fee revenue.

Run rate net management fee revenue and margins
In addition to the net management fee revenue and margins for the year, as detailed above, we also use run rate net management fee revenue and run rate margins as at the end of the year. These measures give the most up-to-date indication of our revenue streams at the period end date. The run rate net management fee margin is calculated as net management fee revenue for the last quarter divided by the average FUM for the last quarter on a fund-by-fund basis. Run rate net management fee revenue is calculated as the run rate net management fee margin applied to the closing FUM as at the period end.

Core and adjusted profit before tax

Core and adjusted profit before tax are measures of the Group's underlying profitability. The directors consider that in order to assess underlying operating performance, the Group's profit period on period is most meaningful when considered on a basis which excludes acquisition and disposal related items (including non-cash items such as amortisation of acquired intangible assets), impairment of assets, costs relating to substantial restructuring plans, unrealised foreign exchange movements on lease liabilities and associated deferred tax and certain significant event-driven gains or losses, or allocates them to the appropriate time period, which therefore reflects the revenues and costs that drive the Group's cash flows and inform the base on which the Group's variable compensation is assessed. Movements in deferred tax relating to the consumption/recognition of tax assets in the US are similarly excluded from core and adjusted profit after tax in order to best reflect cash taxes paid. The directors are consistent in their approach to the classification of adjusting items period to period, maintaining an appropriate symmetry between losses and gains and the reversal of any amounts previously classified as adjusting items. Adjusted profit before tax is defined as core profit before tax plus non-core net management fee revenue, which relates to legacy guaranteed products in 2019. Due to the roll-off of profits from guaranteed products in 2019, core profit before tax and adjusted profit before tax are equivalent from 2020.

Core and adjusted profit before tax

The reconciliation of statutory profit before tax to adjusted and core profit before tax is shown below.

$m	Note to the Group financial statements	**Year ended 31 December 2020**	Year ended 31 December 2019
Statutory profit before tax		**179**	307
Adjusting items:			
Acquisition and disposal related			
Impairment of acquired intangible assets	10	**–**	5
Impairment of GPM goodwill	10	**55**	–
Amortisation of acquired intangible assets	10	**63**	78
Revaluation of contingent consideration	25	**(22)**	(37)
Unwind of contingent consideration discount	6	**2**	18
Gain on sale of investment in Nephila		**–**	(1)
Recycling of FX revaluation on liquidation of subsidiaries		**(17)**	–
Unrealised foreign exchange movements on lease liabilities and associated deferred tax		**6**	10
Lease surrender income relating to future periods	18	**(7)**	–
Impairment of investment property right-of-use lease asset	18	**25**	–
Compensation – restructuring	4	**–**	(1)
Other costs – restructuring (corporate reorganisation)	5	**–**	7
Adjusted profit before tax		**284**	386
Less non-core net management fee revenue		**–**	(2)
Core profit before tax		**284**	384

Further details on adjusting items are included within the related notes to the Group financial statements.

Core and adjusted management fee and performance fee profit before tax

Adjusted profit before tax is split between adjusted management fee profit before tax and adjusted performance fee profit before tax to separate out the underlying management fee earnings of the business from the variable performance fee related earnings. Core management fee profit before tax is equivalent to adjusted management fee profit before tax excluding profits relating to our legacy businesses, which in 2019 related to net management fees from our guaranteed products business (non-core net management fee revenue, which rolled-off in 2019). Core profit before tax is equivalent to adjusted profit before tax excluding these legacy business profits and is made up of core management fee profit before tax and adjusted performance fee profit before tax. Core profit before tax is a KPI (page 22).

$m	**Year ended 31 December 2020**	Year ended 31 December 2019
Core net management fee revenue[1]	**730**	751
Sub-lease rental and lease surrender income	**18**	14
Less:		
Asset servicing	**(55)**	(55)
Compensation (management fee)	**(357)**	(352)
Other costs[1]	**(145)**	(178)
Net finance expense	**(11)**	(10)
Core management fee profit before tax	**180**	170
Non-core net management fee revenue	**–**	2
Adjusted management fee profit before tax	**180**	172
Performance fees[1]	**179**	325
Gains on investments and other financial instruments[1]	**20**	20
Less:		
Compensation (performance fee)	**(94)**	(125)
Finance expense	**(1)**	(6)
Performance fee profit before tax	**104**	214
Core profit before tax	**284**	384
Adjusted profit before tax	**284**	386

Note:

1 Core net management fee revenue, performance fees and other costs exclude amounts for consolidated fund entities, with these reclassified to gains on investments together with the third-party share.

Core and adjusted tax rate

The impact of adjusting items on the Group's tax expense is outlined below:

$m	Note to the Group financial statements	**Year ended 31 December 2020**	Year ended 31 December 2019
Statutory tax expense		**41**	22
Less tax credit on adjusting items:			
Amortisation of acquired intangible assets		**6**	8
Impairment of right-of-use lease asset – investment property		**4**	–
Unrealised foreign exchange movements on lease liabilities and associated deferred tax		**1**	2
Tax adjusting item on US deferred tax assets	7	**(8)**	27
Tax expense on adjusted profit before tax		**44**	59
Less tax expense on non-core profit before tax		**–**	–
Tax expense on core profit before tax		**44**	59
Which includes:			
Tax expense on core and adjusted management fee profit before tax		**27**	21
Tax expense on performance fee profit before tax		**17**	38

The core tax rate is the effective tax rate on core profit before tax and is equal to the tax on core profit divided by core profit before tax. The adjusted tax rate is the effective tax rate on adjusted profit before tax and is equal to the tax on adjusted profit divided by adjusted profit before tax. As outlined on page 166, core and adjusted profit before tax are measures of the Group's underlying profitability. The tax expense on adjusted profit before tax is calculated by excluding the tax benefit/expense related to adjusting items from the statutory tax expense, except for any tax relief recognised as a result of available US tax assets (Note 7). Tax expense on core profit before tax is equivalent to the adjusted tax expense less tax on non-core profit before tax at the prevailing management fee or performance fee effective tax rates.

Therefore, the tax on core and adjusted profit best reflects the cash taxes payable by the Group. The core and adjusted tax rate is 16% for 2020 (2019: 15%), which has increased due to a higher weighting of profits in the UK where the applicable statutory tax rate is 19%.

Reconciliation of adjusting items

Certain adjusting items are included within the notes to the Group financial statements, which can be reconciled to their adjusted equivalents as outlined below:

$m	Note to the Group financial statements	**Year ended 31 December 2020**	Year ended 31 December 2019
Total compensation costs	4	**451**	476
Adjusting items (page 167)		**–**	1
Total compensation costs excluding adjusting items		**451**	477
Made up of:			
Fixed compensation (includes salaries and associated social security costs, and pension costs)		**194**	193
Variable compensation (includes variable cash compensation, share-based payment charge, fund product-based payment charge and associated social security costs)		**257**	284

$m			
Total other costs	5	**150**	189
Adjusting items (page 167)		**–**	(7)
Total other costs excluding adjusting items		**150**	182

$m			
Total finance expense	6	**16**	42
Total finance income	6	**(2)**	(8)
Net finance expense, including adjusting items		**14**	34
Adjusting items (page 167)		**(2)**	(18)
Net finance expense excluding adjusting items		**12**	16

Core and adjusted management fee EPS

Adjusted management fee EPS is calculated using post-tax profits excluding performance fee profits and adjusting items, divided by the weighted average diluted number of shares. Core management fee EPS adjusts this to also exclude non-core management fee revenue, which in 2019 related to our legacy guaranteed products business.

The reconciliation from statutory EPS (Note 8) to core and adjusted EPS is provided below:

	Year ended 31 December 2020			Year ended 31 December 2019		
	Basic and diluted post-tax earnings $m	**Basic earnings per share cents**	**Diluted earnings per share cents**	Basic and diluted post-tax earnings $m	Basic earnings per share cents	Diluted earnings per share cents
Statutory profit after tax	**138**	**9.5**	**9.3**	285	18.9	18.4
Adjusting items	**105**	**7.2**	**7.1**	79	5.2	5.1
Tax adjusting items	**(3)**	**(0.2)**	**(0.2)**	(37)	(2.5)	(2.4)
Adjusted profit after tax	**240**	**16.5**	**16.2**	327	21.6	21.1
Less non-core net management fee revenue	**–**	**–**	**–**	(2)	(0.1)	(0.1)
Core profit after tax	**240**	**16.5**	**16.2**	325	21.5	21.0
Less performance fee profit after tax	**(87)**	**(6.0)**	**(5.9)**	(176)	(11.6)	(11.3)
Core management fee profit after tax	**153**	**10.5**	**10.3**	149	9.9	9.7
Non-core net management fee revenue after tax	**–**	**–**	**–**	2	0.1	0.1
Adjusted management fee profit after tax	**153**	**10.5**	**10.3**	151	10.0	9.8

Compensation ratio

The compensation ratio measures our compensation costs relative to our revenue. The Group's compensation ratio is generally between 40% and 50% of net revenue, depending on the mix and level of revenue. It is calculated as total compensation divided by net revenue. Details of the current year compensation ratio are included on page 27.

Net financial assets/liabilities

Net financial assets/liabilities is considered a proxy for Group capital, and is equal to the Group's cash and seed book less borrowings, contingent consideration payable and payables under repo arrangements, made up as follows:

$m	Note to the Group financial statements	**31 December 2020**	31 December 2019
Seeding investment portfolio	13	**485**	514
Cash and cash equivalents[1]	12	**289**	220
Contingent consideration payable	25	**(2)**	(24)
Payables under repo arrangements	15	**(56)**	(36)
Net financial assets		**716**	674

Note:

1 Cash and cash equivalents excludes $62 million (2019: $61 million) of cash relating to consolidated fund entities (Note 13.2).

In this section we have provided some key information to assist you in managing your shareholding in Man Group. If you have a question that is not answered below, please contact us at: shareholder@man.com

Man Group (www.man.com)
The Man Group website contains a wealth of information about the Company, including details of the industry in which we operate, our strategy and business performance, recent news from Man Group and corporate responsibility initiatives. The Investor Relations section is a key tool for shareholders with information on share price and financial results, reports and presentations. This section of the website also contains information on dividends and shareholder meeting details as well as useful Frequently Asked Questions.

EQ Shareview (www.shareview.co.uk/shareholders)
Man Group's register of shareholders is maintained by EQ, the Company's Registrars. Many aspects of managing your shares, such as checking your current shareholding, managing dividend payments, and updating your contact details, can be carried out by registering on the EQ Shareview website. To do this you will need your Shareholder Reference, which can be found on your share certificate or dividend confirmation.

Dividends
Final dividend for the year ended 31 December 2020

5.7 cents per share

The directors have recommended a final dividend of 5.7 cents per share in respect of the year ended 31 December 2020. Payment of this dividend is subject to approval at the 2021 Annual General Meeting (AGM). Key dates relating to this dividend are given below:

Ex-dividend date	8 April 2021
Record date	9 April 2021
DRIP election date	23 April 2021
AGM (to approve final dividend)	7 May 2021
Sterling conversion date	7 May 2021
Payment date	21 May 2021
CREST accounts credited with DRIP shares	26 May 2021
DRIP share certificates received	27 May 2021

Dividend policy
The Board has approved a change to the Company's dividend policy. As a result, the following dividend policy has been applied to the final dividend for the year ended 31 December 2020 and will apply to all future dividends.

Man Group's ordinary dividend policy will be progressive, taking into account the growth in Man Group's overall earnings. In addition, the Group expects to generate significant capital over time. It is the Board's intention that available capital, after taking into account our required capital and potential strategic opportunities, will be distributed to shareholders over time through higher dividend payments and/or share repurchases.

The Company is currently undertaking a share repurchase programme pursuant to which up to a maximum of $100 million is being returned to shareholders. Details of the number of shares repurchased during 2020 can be found in Note 20 of the financial statements.

The Group will fix the dividend currency conversion rate on 7 May 2021. The achieved sterling rate will be announced at this time, in advance of the payment date.

Dividend payment methods
You can choose to receive your dividend in a number of ways. Dividends will automatically be paid to you by cheque and sent to your registered address unless you have chosen one of the options below:

1. **Direct payment to your bank:** We recommend that you apply for cash dividends to be paid directly into your UK bank or building society account to speed up the payment process and to avoid the risk of cheques becoming lost or delayed in the post. The associated dividend confirmation will be sent direct to your registered address. To switch to this method of payment simply download a dividend mandate form from the Dividends section of our website. Alternatively, dividend mandate forms are available from the EQ Shareview website. If you have any queries please contact EQ on 0371 384 2112[1] (+44 121 415 7592 if calling from outside the UK), who will be able to assist.

2. **Overseas payment service[2]:** If you live overseas, EQ offers an overseas payment service which is available in certain countries. This may make it possible to receive dividends directly into your bank account in your local currency. Further information can be found on the EQ Shareview website or via the EQ helpline 0371 384 2112[1] (+44 121 415 7592 if calling from outside the UK).

3. **Dividend Reinvestment Plan (DRIP):** The Company is pleased to offer a DRIP, which gives shareholders the opportunity to build their shareholding in the Company in a convenient and cost effective way. Instead of receiving your dividend in cash, you receive as many whole shares as can be bought with your dividend, taking into account related purchase costs; any residual cash is then carried forward and added to your next dividend. If you wish to join the DRIP, you can download copies of the DRIP terms and conditions and the DRIP mandate form from the Dividends section of the Man Group website. Simply complete the DRIP mandate form and return it to EQ. Should you have any questions regarding the DRIP, or to request a paper mandate form, please contact EQ on 0371 384 2112[1] (+44 121 415 7592 if calling from outside the UK). Please note that if you wish to join the DRIP in time for the payment of the forthcoming final dividend for the year ended 31 December 2020, EQ must have received your instruction by 5.00pm on 23 April 2021. Instructions received after this date will be applied to the next dividend payment.

1 Lines are open from 8.30am to 5.30pm, each business day.
2 Please note that a payment charge will be deducted from each individual payment before conversion to your local currency.

Dividend history

To help shareholders with their tax affairs, details of dividends paid in the 2020/21 tax year can be found below. Please note that the dividend amounts are declared in US dollars but paid in sterling. For ease of reference the sterling dividend amounts have been detailed in the table. For details of historical payments, please refer to the Dividends section of our website, which can be found under Investor Relations.

Dividends paid in the 2020/21 tax year	Dividend no	Payment date	Amount per share (p)	Ex-dividend date	Record date	DRIP share price (p)	DRIP purchase date
Interim dividend for the year ended 31 Dec 2020	0/27	2/9/20	3.7	6/8/20	7/8/20	122.6328	2/9/20
Final dividend for the year ended 31 Dec 2019	0/26	15/5/20	4.1	2/4/20	3/4/20	134.985	19/5/20

Shareholder communications

Annual and Interim Reports

Man Group publishes an Annual and Interim Report every year. The Annual Report is published on the website and is sent to shareholders through the post if they have requested to receive a copy. The Interim Report is published on the website in early August and printed copies are available on request from the Company Secretary.

E-communications

You can help Man Group to reduce its printing and postage costs as well as its carbon footprint by signing up to receive communications electronically rather than receiving printed documents such as Annual Reports and Notices of AGMs in the post. To sign up for e-communications, simply register on the EQ Shareview website. You will need your Shareholder Reference, which can be found on your share certificate or dividend confirmation or proxy card, in order to register. Once registered, you will need to change your mailing preference to e-communications and provide your email address. You will then receive an email each time a shareholder communication or document becomes available on the Man Group website.

Managing your shareholding

Online, by post, or by phone

Many aspects of your shareholding can be managed by registering on the EQ Shareview website. For enquiries about your shareholding you can also contact EQ in writing at EQ, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by telephone on 0371 384 2112 (+44 121 415 7592 if calling from outside the UK), quoting Ref No 874. Please quote your Shareholder Reference when contacting EQ.

Share dealing service

EQ provides a share dealing facility through which you can buy or sell Man Group plc shares in the UK. The service is provided by Equiniti Financial Services Limited and can be accessed via the dealing section of the EQ Shareview website (www.shareview.co.uk/dealing). To use EQ's telephone dealing service, please call 03456 037 037 between 8.00am and 4.30pm Monday to Friday. You can also buy and sell shares through any authorised stockbroker or bank that offers a share dealing service in the UK, or in your country of residence if outside the UK.

Be a ScamSmart investor – avoid investment and pension scams

Even seasoned investors have been caught out by sophisticated share or investment scams where smooth-talking fraudsters cold call from 'boiler rooms' to offer them worthless, overpriced or even non-existent shares, or to buy shares they currently hold at a price higher than the market value. All shareholders are advised to be extremely wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. The Financial Conduct Authority (FCA) provides helpful information about such scams on its website, including practical tips on how to protect your savings and how to report a suspected investment scam. Man encourages its shareholders to read the information on the site which can be accessed at www.fca.org.uk/scamsmart. You can also call the FCA Consumer Helpline on 0800 111 6768.

How your details are protected from cybercrime

Man Group takes the protection of its shareholders' personal data from the ever-increasing threat of cybercrime very seriously. Shareholder details are maintained by EQ, our Registrars, who safeguard this information to the highest standards. EQ's security measures include multiple levels of firewall, no wireless access to the corporate network, and regular external vulnerability scans and system penetration tests.

Company contact details

Registered office

Man Group plc
22 Grenville Street
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Telephone: +44 (0) 20 7144 1000
Website: www.man.com

Registered in Jersey with registered no: 127570

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Riverbank House
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United Kingdom

Telephone: +44 (0) 20 7144 1000

Investor relations

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Head of Investor Relations – Alex Dee

Company secretariat

shareholder@man.com
Company Secretary – Elizabeth Woods

Company advisers

Independent auditor

Deloitte LLP

Corporate brokers

Credit Suisse
J.P. Morgan Cazenove

Corporate communications

Finsbury

Registrars

EQ

Glossary

Absolute performance
Percentage rise/fall in the value of the fund over the stated period

Absolute return
Alternative strategies where clients expect the strategy may have net long, short or neutral exposure to asset classes, and that may make use of leverage to achieve those exposures. This includes trend following and discretionary long/short strategies

Actively managed
The management of assets based on active decision making as opposed to aiming to replicate an index

AGM
Annual General Meeting

Alpha
Excess return over beta relative to a market benchmark, or a measure of the 'value add' by an investment manager

Alternative
An alternative investment is an asset that is not one of the conventional investment types, such as stocks, bonds and cash

ARCom
Audit and Risk Committee

Basis point (bp)
One one-hundredth of a percentage point (0.01%)

Benchmark
A standard against which the performance of a security, mutual fund or investment manager can be measured, generally broad market and market-segment stock and bond indexes are used for this purpose

Beta
Market returns

Brexit
A blend of the words 'British' and 'exit' which refers to the United Kingdom's withdrawal from the European Union

Carbon dioxide equivalent (CO_2e)
A standard unit for measuring carbon footprints. It enables the impact of our different greenhouse gas emissions on global warming to be expressed using an equivalent amount of carbon dioxide (CO_2) as reference

Cash costs
Costs excluding depreciation and amortisation

CLO
Collateralised loan obligations are a security backed by a pool of debt, often rated corporate loans

D&I
Diversity and Inclusion

Defined benefit (DB) pension scheme
A pension benefit where the employer has an obligation to provide participating employees with pension payments that represent a specified percentage of their salary for each year of service

Defined contribution (DC) pension scheme
A pension benefit where the employer's contribution to an employee's pension is measured as, and limited to, a specified amount, usually a percentage of salary

Discretionary
Discretionary investment management is a form of investment management in which buy and sell decisions are made by a portfolio manager. The term 'discretionary' refers to the fact that investment decisions are made at the portfolio manager's discretion

Drive
Drive is our global internal diversity and inclusion network which is designed to inform, support and inspire our people. The network's mission is to advance Man Group's efforts in promoting and valuing diversity and inclusion throughout the firm

Employee benefit trust
An employee benefit trust is a type of discretionary trust established to hold cash or other assets for the benefit of employees, such as satisfying share awards, with a view to facilitating the attraction, retention and motivation of employees

Employee Trust
The Employee Trust is the employee benefit trust operated by Man Group

ESG
Environmental, Social and Governance

Executive Committee
Committee of executives considered to be the firm's key management, who have authority and responsibility for planning, directing and controlling activities at Man Group

External Audit
An external auditor performs an audit, in accordance with specific laws or rules, of the financial statements of an organisation and is independent of the entity being audited

FCA
Financial Conduct Authority

FRC
Financial Reporting Council

Funds under management (FUM)
Calculated as the sum of the absolute value of all assets of all funds managed by the firm. This includes funds where the firm has delegated the management function but excludes funds that it is managing as a delegate

GDPR
The General Data Protection Regulation

HMRC
Her Majesty's Revenue and Customs

ICAAP
Internal Capital Adequacy and Assessment Process

IFRS
International Financial Reporting Standards

Internal Audit
Provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively

Investment returns
The increase in FUM attributable to investment performance, market movements and foreign exchange

KPI
Key Performance Indicator

Long-only
Long-only refers to a policy of only holding 'long' positions in assets and securities

Machine learning
A process in which a range of applied algorithms recognise patterns and relationships within observed data

MiFID II
The second iteration of the Markets in Financial Instruments Directive

Multi-manager solutions
Multi-manager solutions includes traditional fund of fund and infrastructure and segregated mandates

Net Asset Value (NAV)
Net Asset Value (NAV) is the sum total of the market value of all the shares held in the portfolio including cash, less the liabilities, divided by the total number of units outstanding

Passive products
Products which are intended to replicate an index

Quantitative or quant
Quantitative strategies use computer models to make trading decisions. A quant is a person who specialises in the application of mathematical and statistical methods to financial and risk management problems

Revolving credit facility
A line of credit, to an agreed limit, that businesses can access at any time when needed

Sale and repurchase agreement
A sale and repurchase agreement (repo) is a short-term borrowing arrangement under which Man Group sells certain of its fund product investments to a third party, with a commitment to repurchase them on a prearranged future date for consideration of the sale proceeds received plus interest

Scope 1, 2 and 3 emissions
The GHG Protocol Corporate Standard classifies a company's greenhouse gas emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy including electricity, steam, heating and cooling. Scope 3 emissions include all other indirect emissions that occur within a company's value chain.

Seed capital
Seed capital comprises initial investment put into a fund by the business to allow it to develop a performance track record before it is marketed to potential clients

Senior Executive Committee (Senior ExCo)
Committee of executives within Man Group that work together to advise the CEO and are in charge of specific aspects of the Group

SMCR
Senior Managers Certification Regime. New FCA regulation which aims to strengthen market integrity by making senior individuals more accountable for their conduct and competence

Systematic
Systematic investment managers attempt to remove the behavioural component of investing by using computer algorithms to make investment decisions

TCFD
Task Force on Climate-related Financial Disclosures

Total return
Alternative strategies where clients expect the strategy to have some positive exposure to particular risk factors over the course of a market cycle although the level of exposure may vary over time. This includes GLG Global Emerging Markets Debt Total Return, Man GPM, risk premia, and CLO strategies

Total return swap (TRS)
A total return swap is a swap agreement in which Man Group receives the return on an underlying fund investment in exchange for an interest payment on the notional investment

Trade execution
The completion of a buy or sell order on a security in the market

UN PRI
The United Nations-supported Principles for Responsible Investment initiative is an international network of investors working together to implement the six Principles for Responsible Investment. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision- making and ownership practices

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