MANAGED BY Janus Henderson INVESTORS

Our approach to Environmental, Social and Governance Matters

Our Approach to Environmental, Social and Governance Matters

Our principles

The Board believes that integrating environmental, social and governance ('ESG') factors into the investment decision-making and ownership practices is a crucial element in delivering our investment objective. ESG considerations are an integrated component of the investment processes employed by each of the active investment teams at Janus Henderson, our Manager. These teams, spanning different geographic markets, operate and are structured in ways that are suited to their respective regions. This means that ESG considerations are embedded in ways that are appropriate to the markets in which the teams invest. They apply their differentiated perspectives, insight and experience to identify sustainable business practices that can generate long-term value.

Defining ESG

- **Environmental** factors include climate change, energy efficiency, resource depletion and water and waste management.
- **Social** factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology for improved sustainability.
- **Governance** factors include mitigating risks such as bribery and corruption, board diversity, executive pay, accounting standards and shareholder rights and positively influencing corporate behaviour.

Investment considerations

When employing fundamental security analysis, the investment teams take a long-term view, seeking to identify companies differentiated by their sustainable competitive advantage, strong earnings potential and shareholder-friendly management teams. As they strive to understand all drivers of company performance, they also strive to understand the risks. An evaluation of ESG factors is integral to this.

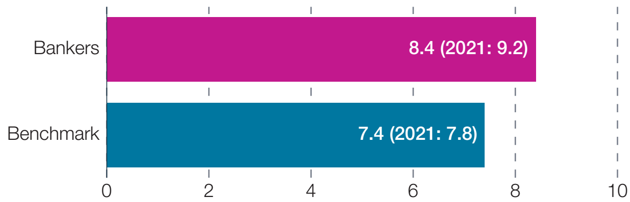
Governance is a key part of fundamental analysis with good corporate governance supportive of long-term decision-making and investment returns. The interpretation of environmental and social factors can vary in importance depending on the sector and geographic region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, are important considerations when calculating the opportunity in an equity investment.

Fundamental factors considered vary, and may include:

Financial analysis	Capital structure, balance sheet strength, revenue growth, free cash flow, earnings growth, return on invested capital, leverage ratios
Qualitative evaluation	Executive management, business model, industry growth, barriers to entry, competitive strength, product cycle, macro cycle
Environmental	Sustainable sourcing, emissions, water usage, energy dependency, regulatory impact, waste management
Social	Labour practices, data privacy, workplace safety, supply chain standards, diversity, community action, customer support
Governance	Accounting standards, shareholder rights, voting structure, transparency, compensation, board independence
Valuation	Discounted cash flow, sum of the parts, dividend payout, price to earnings, price to book, free cash flow yield, enterprise value/ EBITDA (earnings before interest, taxes, depreciation, amortisation)

The Manager engages MSCI, a leading global provider of ESG research, to support their own investment research. The Manager has a dedicated ESG research team to provide insights and thematic analysis to support the portfolio managers. The Company's portfolio, as at 31 October 2022, exhibited the following factors, as defined by MSCI analysis.

ESG Quality Score

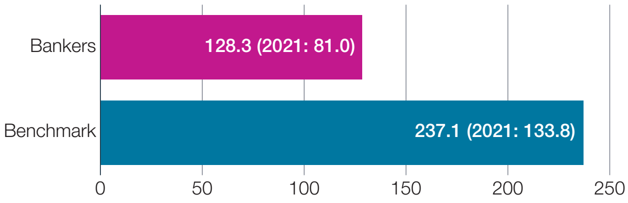


Source: MSCI as at 31 October 2022 and 2021

The ESG Quality Score measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social and governance factors. It is based on MSCI ESG Ratings and is measured on a scale of 0 to 10 (worst to best). The score represents the average weighted score from all holdings that are covered by MSCI's database, representing 96% (2021: 93%) of the portfolio's holdings.

Our Approach to Environmental, Social and Governance Matters continued

Carbon intensity (tCO^2e/USD million)



Sources: MSCI as at 31 October 2022 and 2021

Carbon Intensity (Scope 1+2) is a metric used to compare company emissions across industries. MSCI divides the absolute emissions by total revenue, meaning the figure is expressed in tonnes of carbon dioxide equivalent per USD million of total revenue. The overall Bankers portfolio is 46% (2021: 39%) less carbon intensive than the benchmark. The lower carbon intensity of Bankers' portfolio principally reflects a greater exposure to greener, lower carbon based, electricity generators and a significantly lower exposure to fossil fuel energy companies than the index.

Stewardship and company engagement

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Janus Henderson entities support a number of stewardship codes, such as the UK and Japanese stewardship codes, and broader initiatives around the world including being a founder signatory of the UN Principles for Responsible Investment. The intensive research of the portfolio managers and analysts involves conducting on an annual basis thousands of interviews with senior executives and chairmen of companies throughout the world. These teams naturally develop long-term relationships with the management of companies in which they invest. Should concerns arise over a company's practices or performance, they seek to leverage these constructive relationships by engaging with company management or expressing their views through voting on management or shareholder proposals. Escalation of the engagement activities depends upon a company's individual circumstances.

Illustrated below are cases where, during the past 12 months, Janus Henderson has engaged with companies held within the portfolio on matters that relate to environmental (E), social (S) or governance (G) topics.

E Environmental

We engaged with Tokio Marine (Japan) regarding why they are one of the few insurers which still provide insurance for thermal coal projects. The outcome of our engagement and others is that Tokio Marine has decided to stop insuring and financing new coal mining projects for thermal power generation.

S Social

We engaged in discussion with Rio Tinto (UK) addressing the company's workplace culture following the release of a highly critical independent report flagging systemic racism, bullying and sexism at the company. The meeting covered the issues highlighted in the report and what actions senior management have put in place to correct systemic cultural issues at the company going forward.

During the year we engaged with Thermo Fisher Scientific (US) following human rights challenges regarding the use of its products in China. Following this engagement, we believe Thermo Fisher has implemented a comprehensive risk function which helps ensure that the business remains compliant with US policy on human rights. The company has a number of restrictions in place to prevent the unethical use of its products.

G Governance

Novo Nordisk (Europe) experienced supply chain disruption during the year, specifically relating to an enquiry received by one of their contract manufacturers from the US Food and Drug Administration in December 2021. This incident led to temporary production disruption for Novo's recently launched obesity product Wegovy. We engaged with the company to discuss their general approach to auditing their supply chains and their specific plans to rectify the Wegovy production issues. Overall, we felt that the company have suitable compliance and monitoring systems in place and that the risk of additional problems with the ramping up of Wegovy production seemed relatively low.

We had discussions with Seven & I (Japan) regarding Board diversity and the lack of sufficient independent directors. Seven & I have subsequently restructured the board with six internal and nine external members. Out of the fifteen directors, four members are non-Japanese and three members are women. The change has been well received by the market.

Voting

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have chosen to delegate responsibility to Janus Henderson for voting the rights attached to the shares held in the Company's portfolio and the Manager actively votes at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are taken in keeping with the provisions of the Manager's Responsible Investment Policy ('RI Policy'). The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights and level of dispersed ownership. The voting and engagement activities vary according to the market and pay close attention to local market codes of best practice.

However, there are certain core principles that are universal:

- disclosure and transparency;
- board responsibilities;
- shareholder rights; and
- audit and internal controls.

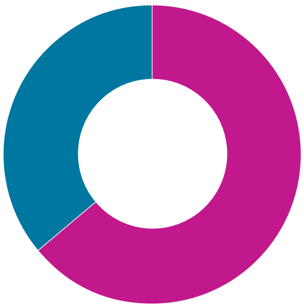
Our Approach to Environmental, Social and Governance Matters continued

A key element of the Board's approach to proxy voting is to support these principles and to foster the long-term interests of our shareholders.

In order to retain oversight of the process, the Board regularly receives reports on how the Manager has voted the shares held in the Company's portfolio and reviews, at least annually, the RI Policy, which sets out the Manager's approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code.

In the period under review, investee companies held 205 general meetings. The shares held in the Company's portfolio were voted at 99.5% of these meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice which meant support in favour of most of the resolutions proposed by management was warranted. However, in respect of 72 meetings, support was not warranted for all of the resolutions proposed and, following discussion between the Fund Manager and Janus Henderson's governance team, the shares were voted against the passing of at least one resolution.

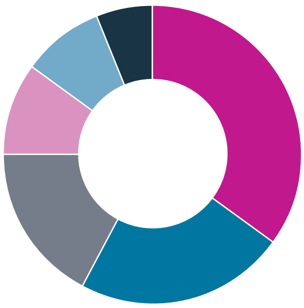
Voting record



1 Represents meetings where all proposals for that company at that meeting date were voted with vote instructions of 'for'

In terms of the resolutions not supported, these covered three predominant themes relating to the undue dilution of shareholders' interests in the investee company, director re-election and executive remuneration.

The proportion of the votes that were against management:



Source: Janus Henderson using Institutional Shareholder Services ('ISS') categories

The environment

The regional portfolio managers engage with investee companies on environmental matters where they arise, and the companies themselves report directly on their own emissions. As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal, occurring through the investments it makes. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ('SECR') regulations and therefore is not required to disclose energy and carbon information.

Our Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2019 Janus Henderson committed to reducing its carbon footprint by 15% per full-time employee over three years based on 2018 consumption. In 2021 Janus Henderson reached this target and set new five-year targets in 2022 in line with guidance from the Science-Based Target Initiative to reduce Scope 1 (fuel) and Scope 2 (electricity) emissions by 29.4%, as well as Scope 3 (business travel, hotel stays, freight, paper consumption, water, waste) operational emissions by 17.5%.

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits. Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and CDP, as well as in its Annual Report and in its 2021 Impact Report.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its service providers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017. The Company has received assurances from its main suppliers that they maintain a zero-tolerance policy towards the provision of illegal services.

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