

FIXED INCOME PROPRIETARY ESG RATING METHODOLOGY

Objective of the ESG Rating

The objective of the Fixed Income Proprietary ESG (Environment, Social, Governance) Rating methodology is to provide a comprehensive, forward-looking assessment of an issuer's ESG profile to identify financially material ESG risks and evaluate the issuer's actions to address those risks. The rating is intended to inform the overall credit assessment where relevant, providing portfolio managers with a broad set of insights to support security selection.

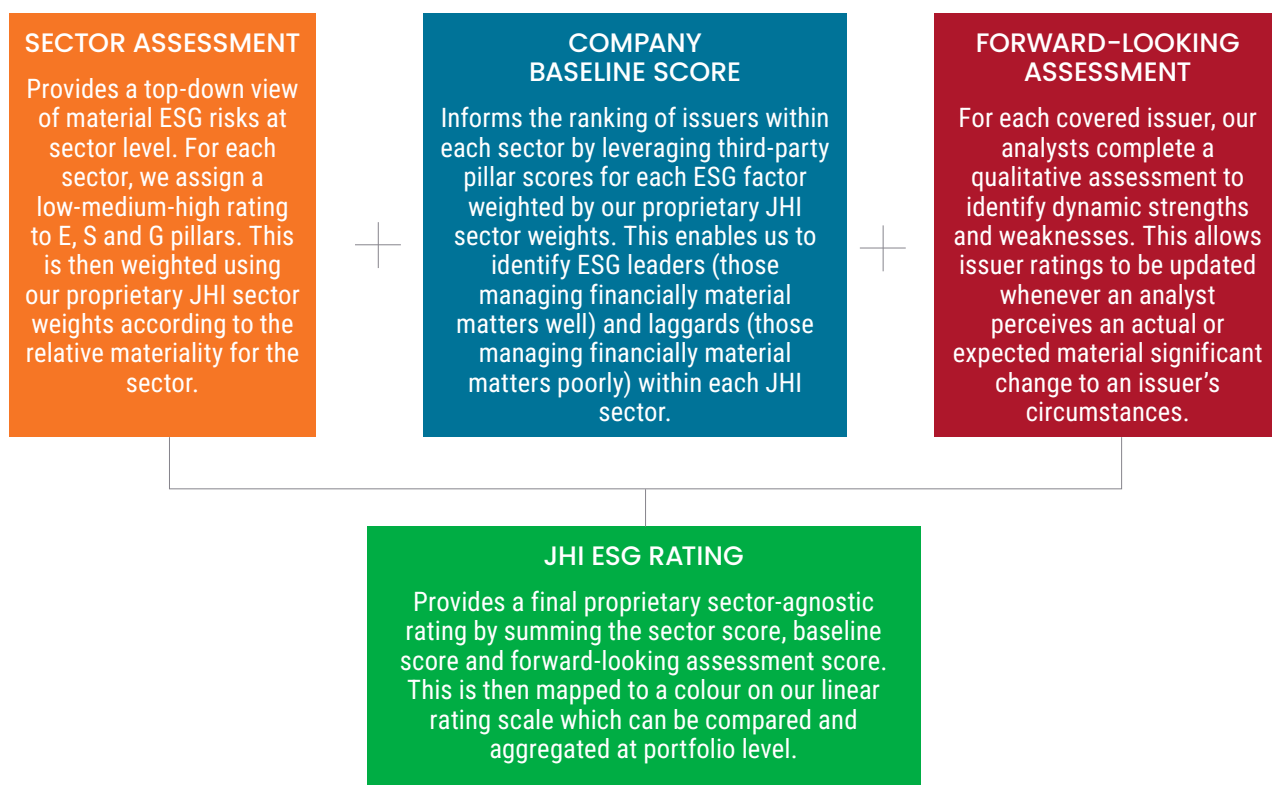
This ESG rating methodology is primarily intended to assess financially material ESG risks and, where relevant, consider ESG impacts where these are deemed material to the assessment.

Scope

This document sets out the methodology and key disclosure information for Janus Henderson's Fixed Income Proprietary ESG Rating. The methodology covers the assessment of E, S and G factors of (i) corporate credit issuers and (ii) sovereign issuers.

Rating Methodology: Corporate Credit (including Securitised)

Our proprietary Corporate ESG Rating methodology is underpinned by three key pillars to produce a final JHI ESG rating. The process is as follows:



¹The methodology is also applicable to securitised assets.

Topics Covered within E, S and G Factors

Our proprietary ESG rating methodology assesses a wide range of E, S and G topics. The specific topics considered vary by sector and are determined based on their potential financial materiality, at the discretion of our investment analysts. Examples of topics analysts may consider include, but are not limited to:

- **Environmental:** carbon intensity, financed emissions, waste management, and water pollution
- **Social:** employee wellbeing, human rights, data security and privacy
- **Governance:** ESG governance, accounting practices and audit, and bribery and corruption

During the forward-looking assessment, credit analysts may assess topics including, but not limited to, ESG strategy, quality of corporate governance, controversies, and business model specificities.

Weighting of E, S and G Factors

These factors are aggregated and weighted to produce a final score. We allocate proprietary sector weights ("JHI sector weights") to each E, S and G pillars according to the relative materiality for the sector. For example, energy is deemed a sector where environmental risks are most material and are therefore allocated a higher weight. The credit analysts reassess standard ESG sector scores at least annually in consultation with the Responsible Investment and Governance (RI & Governance) team who provide expertise and challenge to the Credit team's views and assist in the calibration of ESG sector rankings.

Once weighted, the scores of each pillar are added together to arrive at a final ESG score. The resulting score is mapped to the Fixed Income ESG Rating Spectrum. For further details on the rating scale and its interpretation, see '**Expression of the Rating**'.

Rating Methodology: Sovereigns

At Janus Henderson, we recognise that sovereigns must be assessed differently to corporates. The governance attributes of sovereigns are found to have a strong correlation with their credit ratings.

Our proprietary Sovereign ESG Assessment is based on over two dozen publicly available indices, from reputable international sources, including the World Bank, the United Nations and non-governmental organisations (NGOs).

The process is as follows:

- For each E, S and G pillar, we aim to incorporate multiple indices that cover various topics relevant to these pillars.
- These indices are equally weighted within each pillar to derive individual pillar scores.
- The resulting pillar scores are then weighted to reflect their relative materiality for sovereigns (see 'Weighting of E, S and G Categories' for more information).
- Following this aggregation, each country is assigned an ESG score ranging from highest (AAA) to lowest (CCC), which is then mapped to a corresponding colour on the linear rating scale. This enables comparison across issuers and aggregation at the portfolio level.

Topics Covered Within E, S and G Factors

The assessment combines both quantitative inputs and qualitative judgement:

- 1. Quantitative component** – Our analysts focus on material topics such as, but not limited to, regulatory quality, rule of law, and political risk indicators.
- 2. Qualitative assessment** – as the quantitative indicators are published with a lag, our qualitative assessment includes a forward-looking assessment of credit relevant policies. Examples of topics considered include, but are not limited to, the consideration of climate vulnerability, inequality, health and primary education, and economic freedom and corruption.

Weighting of E, S and G Categories

In general, G scores account for 50% of the final scoring for a country. We assign a slightly higher weighting to S scores (30%) over E scores (20%). After weighting the pillars, each country is given an overall ESG score and mapped to a colour on the Fixed Income ESG Rating Spectrum. For further details on the rating scale and its interpretation, see '**Expression of the Rating**'.

Expression of the Rating

Following the assessment, both corporate and sovereign issuers are rated relative to the broader universe of issuers assessed within the asset class and mapped to the Fixed Income ESG Rating Spectrum. The Spectrum comprises six categories, ranging from strongest to weakest ESG profile in terms of managing financially material ESG risks and provides a standardised framework for presenting ESG outcomes, enabling comparability across asset classes.

Rating	Interpretation
Dark Green	Issuers whose products, services, or practices are aligned with sustainability objectives
Green	Robust ESG profile
Yellow	ESG risks are well understood
Orange	Weak ESG profile
Red	High ESG risk
Dark Red	Issuers whose ESG risks are deemed critical

The Rating Spectrum uses a linear colour scale in which Green denotes the strongest ESG profiles and Red denotes the weakest. Dark Green and Dark Red serve as supplementary categories at either end of the spectrum: Dark Green reflects issuers whose profiles are aligned with sustainable objectives, while Dark Red denotes those whose ESG risks are deemed critical.

Incorporation of Backward- and Forward-Looking Elements

Our Fixed Income Proprietary ESG Rating methodology for corporates and sovereigns incorporates both backward-looking and forward-looking elements:

- **Backward-looking:** The Company Baseline Score as well as the sovereign quantitative pillar draws on historical and current third-party ESG data, providing a quantitative, data-driven evaluation of each issuer's ESG profile based on reported and disclosed information.
- **Forward-looking:** The Forward-Looking Assessment is a qualitative analyst overlay that evaluates the trajectory of an issuer's ESG risk management, with a focus on how the issuer is positioned to address material ESG risks over the medium term.

The combination of backward-looking data and forward-looking analyst judgement is designed to produce a timely and dynamic rating that reflects both an issuer's current management of financially material ESG risks and its anticipated direction of travel.

Data Sources

We leverage third-party data combined with proprietary analyst research to assess issuers. We conduct ongoing oversight of our data providers, including engagement on data coverage, methodology, and key data points where necessary, to support data quality and relevance. ESG data is made available to our investment teams via our proprietary platform, ESG Explore (ESGX), which serves as the central hub for ESG ratings, research, and portfolio-level analytics.

Limitations in Data Sources and Methodology

- **Third-party data dependency:** The Company Baseline Score relies on ESG data sourced from MSCI. The quality, timeliness and accuracy of our ratings are therefore partly dependent on the quality of MSCI's underlying data and scoring methodology. Our analysts aim to overcome this by providing a forward-looking assessment of issuers.
- **Coverage gaps:** Where third-party data is unavailable, our analysts aim to overcome this by providing an estimation where coverage gaps may be identified.
- **Data lag:** Third-party ESG data may not always reflect the most recent developments or disclosures by an issuer. Our analysts aim to overcome this by providing a forward-looking assessment of issuers.
- **Subjective forward-looking view:** Where a forward-looking or qualitative view is applied, views may be subjective between analysts. We aim to overcome this through the predominantly data-driven framework, which applies a qualitative assessment as a structured overlay.

² JHI has chosen MSCI as its primary data source for ESG research.

Governance

Any material changes to the methodology are subject to formal governance and approval processes and are escalated to the ESG Oversight Committee (ESGOC) for review and approval.

Disclaimers

Industry classification - The methodology does not rely on an external industry classification framework. Where relevant, proprietary sector classifications are used to support the assessment and weighting of ESG factors.

Use of artificial intelligence - Artificial intelligence tools may be used, where appropriate, to support research, data processing, and analysis informing ESG ratings. These tools do not determine final ratings, which remain subject to analyst oversight and judgement.

Methodological approach and scientific basis - The ESG rating is based on a combination of quantitative data analysis and qualitative assessment. While the methodology draws on established data sources, frameworks and market practices, it is not designed to constitute a scientific model and involves the application of analyst judgement.

Paris Agreement Alignment – Many of the principles underpinning the Agreement are embedded within our responsible investment, stewardship and reporting practices. Our approach is designed to be practical, research-driven and forward-looking, integrating climate-related risks and opportunities into investment analysis. It is supported by proprietary data, tools, and transparency such as our Climate Transition Assessment Methodology, which provides a comprehensive, data-driven view of an issuer's transition readiness by assessing the credibility and feasibility of its decarbonisation strategies and transition pathways. This is complemented by active engagement and stewardship, as well as the development of client-led investment solutions.

FOR MORE INFORMATION, PLEASE VISIT [JANUSHENDERSON.COM](https://www.janushenderson.com)

Janus Henderson
— INVESTORS —

Important information

The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. Nothing in this material should be construed as advice or a recommendation to buy or sell.

Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg. no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), Tabula Investment Management Limited (reg. no. 11286661), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Janus Henderson Investors Europe S.A. (reg. no. B22848 at 78, Avenue de la Liberté, L-1930 Luxembourg, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier). Investment management services may be provided together with participating affiliates in other regions.

Janus Henderson® and any other trademarks used herein are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc