JUNE 2024

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

Responsibility starts at home

Climate change, pollution, biodiversity loss, and water security are some of the greatest challenges society faces today. At Janus Henderson, we recognise that our responsibility begins with our own corporate actions, which is why we've taken significant steps over the past two decades to minimise our environmental impact and accelerate the transition to a sustainable future.

Introduction

Climate change is a global crisis, and addressing it requires the collaboration of many stakeholders, including government, business, academia and society as a whole. We believe asset managers, including Janus Henderson, have an important role to play, both in managing their own operations responsibly and as investors in thousands of companies and issuers. As investors, we have different mechanisms at our disposal—our fundamental research, active engagement, capital allocation through investment decisions, stewardship through proxy voting, and thought leadership and education—that can help drive better outcomes for clients, as well as a transition to a lower carbon economy.

Our journey towards climate resilience and sustainability is ongoing and multifaceted. Recognising the intricate nature of effectively managing the risks and opportunities posed by Environmental, Social, and Governance (ESG) factors, we have embarked on several key initiatives:

- We take pride in being certified **CarbonNeutral®** since 2007[1] across all our operations and business travels, demonstrating our longstanding commitment to environmental stewardship.
- Our recent engagement as a founding participant in **Nature Action 100** in 2023 highlights our belief that nature loss and biodiversity decline are increasingly financially material to our investments, and our growing commitment to combating nature loss and biodiversity decline through our research and engagement.
- We co-hosted the **'Uncharted Waters' conference** in October 2023 with CDP (formerly the Carbon Disclosure Project), during which we facilitated discussions on water scarcity's impact on businesses, especially in water-intensive sectors, highlighting research and ESG integration by our central Responsibility team in collaboration with our investment teams.
- In 2023, product development work focused on strengthening Janus Henderson's existing ESG-focused product suite by delivering on product commitments and setting a foundation for future innovation. We continued to increase our ESG integration practices, with 84% of our firmwide assets under management now considered to be **ESG integrated**[2], and we developed new ESG-focused products within our suite of **JHI Brighter Future Funds**, including ones that help drive progress on a climate transition.

At Janus Henderson, we understand the importance of aiding our clients in mitigating material climate risks within their portfolios. However, we equally recognise the uniqueness of each client's objectives. Hence, we are dedicated to collaborating closely with our clients to tailor our ESG and climate-related strategies effectively across different regions, asset classes, sectors, and investment styles, always mindful of their broader objectives.

In 2023, we launched a firm-wide proprietary portfolio ESG and Climate Dashboard, which shows portfolio-level analytics for the sustainability factors we believe to be most material for all sectors and companies, including several metrics focused on climate change. It also helps us uncover underappreciated risks and opportunities for the companies in which we invest. Our data capabilities will continue to evolve in 2024 and beyond, as we launch ESG Explore, a comprehensive ESG data tool that provides interactive drill-down issuer and portfolio level data to our investment teams. ESG Explore will include modules on ESG ratings and climate, and eventually climate transition, business involvement, engagement, regulatory sustainability metrics, proxy voting, and more.

It is with great enthusiasm that we share this report, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), presented

[1] CarbonNeutral® certification applies to Janus Henderson Investors since 2017 and Henderson Global Investors prior to this date (since 2007). We currently maintain a carbon neutral emissions footprint across our global offices and from business travel.

[2] ESG integration is the practice of incorporating material environmental, social and governance (ESG) information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long-term financial outcomes of portfolios.

at a Group level. The disclosures in this report pertain to the 12 months ended December 31, 2023, and comply with the requirements set out in chapter 2 of the Environmental, Social and Governance sourcebook of the FCA Handbook, applicable to our UK-regulated entities (including FCA ESG Sourcebook section 2.2), Janus Henderson Investors UK Limited, Janus Henderson Fund Management UK Limited, and Janus Henderson Investors International Limited ("UK Regulated Entities"), which follow the Group's strategy and approach on climate-related matters in both their own operations and investment management activities[3]. This firmwide report applies globally to all Janus Henderson Group (JHG) subsidiaries, except as noted below[4].

Michelle Dunstan

Michelle Dunstan
Chief Responsibility Officer

These disclosures for the relevant entities have been reviewed and approved by the respective Boards of Directors for the 12-month period ended December 31, 2023.

Kalpana Desai
Independent Non-Executive Director,
Governance and Nominations Committee Chair
– Janus Henderson Group Board of Directors

Roger Thompson
Chief Financial Officer and Head of APAC Client Group and Director, Janus Henderson Investors UK Limited Board of Directors

William Lucken

William Lucken
Global Head of Product and Director,
Janus Henderson Fund Management UK
Limited Board of Directors

Lucie Barboni
Global Head of Change & Transformation
and Director, Janus Henderson Investors
International Limited Board of Directors

[3] The report also helps satisfy the expectations of the Monetary Authority of Singapore Guidelines on Environmental Risk Management for Asset Managers for our Singapore-regulated entity, Janus Henderson Investors (Singapore) Limited.

[4] Kapstream Capital is not included at this time.

Governance, Oversight, and Risk Management

Philosophy

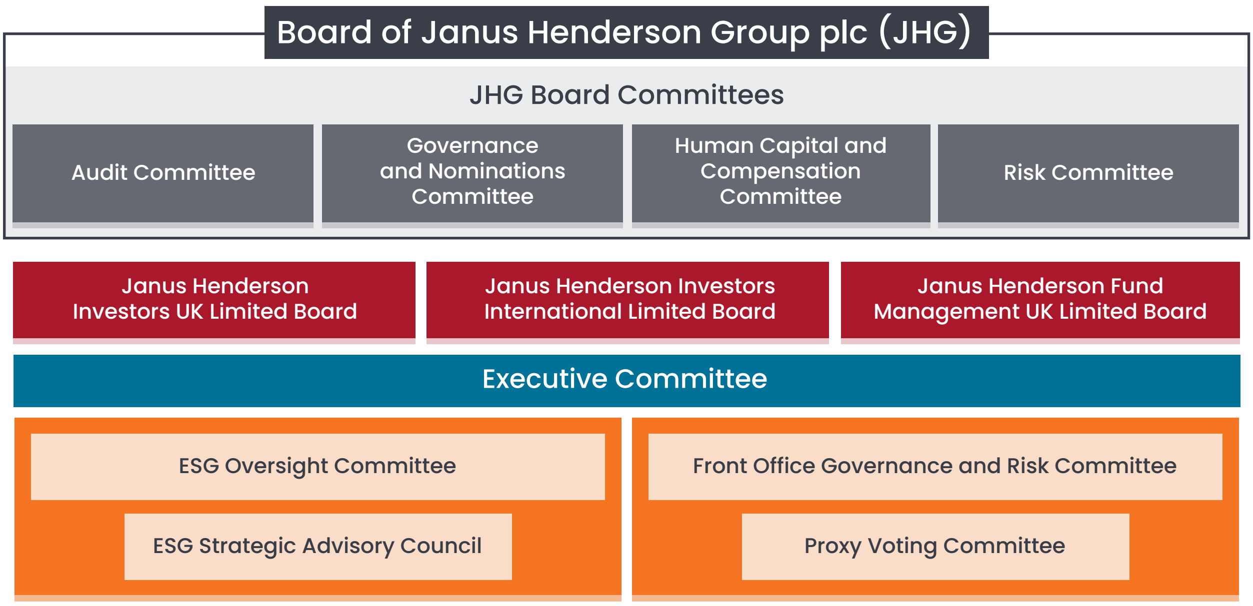
ESG issues, including climate, are increasingly material to Janus Henderson as a company and to the financial outcomes of our investments.

Our approach to climate change starts with our own commitments and actions. We need to ensure our policies and practices reflect what our stakeholders expect and what we evaluate in our portfolio companies. Our Sustainability Advisor within our Facilities team and our Responsibility team lead our corporate climate strategy and activities. This is complemented by a risk and oversight framework, which is explained in more detail under *Risk Management* in the *Corporate Environmental Practices* section of this report.

For our investments, our Investment teams are at the core of our governance process, with primary responsibility for identifying, analysing, and integrating financially material ESG and climate considerations. The Investment teams have significant freedom to research, interpret, and implement ESG and climate factors in the way best suited to their asset class and investment objective. This is also complemented by a series of oversight, compliance, and risk processes to ensure we are adequately and appropriately researching and incorporating material ESG and climate considerations. More details can be found under *Risk Management: Identification, Analysis, and Management of Financially Material Climate and ESG Risks and Opportunities* in the *Managing Climate Considerations in our Portfolios* section of this report.

Roles and Responsibilities

Figure 1: Janus Henderson Governance Structure, with applicable boards, board committees and management committees[5].



[5] Janus Henderson boards and committees that are referred to for the purposes of this report. There are various other Janus Henderson boards and committees which are not featured in this diagram.

Board of Directors

Oversight of Responsibility and Responsible Investing, including climate considerations, are part of the formal remit of the Governance and Nominations Committee ("the Group Governance Committee") of the Janus Henderson Group plc board ("the Group Board"). The Group Governance Committee has established tangible ESG and climate metrics and targets for both our operational and investment activities, the implementation of which at entity level is overseen by the relevant board of the UK Regulated Entities. These metrics include setting science-based targets on our corporate Scope 1 + 2 and Scope 3 upstream emissions[6], and tracking our CDP score, as well as metrics around reporting, thought leadership, and investment strategy development. Our Chief Responsibility Officer presents a quarterly update to the Group Governance Committee on the metrics, progress against targets, and advancements on strategic Responsibility initiatives. In addition, the Chief Responsibility Officer conducts a Director education session for the Group Governance Committee each quarter; this is a "deep dive" into an important ESG topic—which could include our own corporate responsibility practices or our responsible investing practices. The boards of our UK Regulated Entities, Janus Investment Funds/Janus Aspen Series, Janus Detroit Street Trust, and Clayton Street Trust entities, receive similar periodic updates from our Chief Responsibility Officer, Michelle Dunstan.

In addition to receiving these quarterly updates from Michelle, our Group Board and boards of the UK Regulated Entities also review and approve our TCFD report annually. The boards of our UK Regulated Entities have received a formal educational session on the recommendations of the TCFD, conducted by internal experts.

Executive Committee

The Executive Committee is in place under the leadership of Chief Executive Officer Ali Dibadj. The Executive Committee comprises 11 executives and provides cross-functional oversight and decision-making support to the CEO in the performance of his duties and fulfilment of obligations to Janus Henderson Group.

The compensation of the Janus Henderson Group's CEO is assessed using a scorecard, and in 2023, the scorecard included ESG-related objectives. These metrics cascade to the performance scorecards of other members of the Janus Henderson Group's Executive Committee where relevant to their role.

As a cultural value, we believe that creating a diverse and inclusive environment is everyone's responsibility, and this measure of ESG is included in all staff performance evaluations, which ties directly to the remuneration process. Additional ESG considerations may also be included in the remuneration process for staff with ESG-specific responsibilities.

ESG Oversight Committee

Our ESG Oversight Committee (ESGOC), which reports to Janus Henderson's Executive Committee, provides direct oversight of ESG investment matters. The ESGOC, chaired by the Chief Responsibility Officer, provides oversight over ESG investment processes including portfolio design, portfolio management, various ESG data & toolsets, as well as non-investments oversight over ESG processes including regulatory and client reporting standards, and ESG disclosure. The ESGOC is responsible for ensuring that the firm's framework to manage ESG-related risks is adequate and effective. Specific duties include:

- Review of ESG-related metrics and commitments for new funds and mandates and changes to ESG-related commitments in existing mandates
- Review of ESG-related processes, systems and resources in place for funds and mandates
- Review of output from ongoing ESG Oversight Controls Monitoring of key ESG-related metrics and exceptions, as well as escalations of matters including climate risks identified during the course of the monitoring, if any.

Our ESG Strategic Advisory Council, which sits under the ESGOC, supports the ESGOC by reviewing, challenging, and advising on firm-wide, or investment level, ESG regulatory and non-regulatory developments; strategic priorities; pledges and partnerships as well as other ESG matters requiring strategic input as requested by the Chief Responsibility Officer.

Internal Audit

Janus Henderson has an independent internal audit function, which reports to the Group Audit Committee. It is responsible for the internal audit of the firm's worldwide activities. Internal audit operates a multi-year risk-based audit plan that covers all aspects of the firm's investment and stewardship activities, such as proxy voting. Internal Audit embeds ESG considerations in all relevant audits within its cyclical risk-based plan. In addition, Internal Audit includes thematic reviews, which in 2024 will include a review of the ESG control framework with a focus on regulatory compliance. The findings of these internal audits are regularly shared with the Group Audit Committee as well as other relevant boards.

[6] We do not have firmwide targets on our Scope 3 downstream (portfolio) emissions.

Risk Management Functions

The Operational Risk function provides support and oversight to each business function to ensure all operational risks are managed in accordance with the risk appetite statement of the firm. Climate risks associated with each operational risk are identified and analysed as qualitative scenarios. Corporate physical and transition risks are reviewed at least annually and reported in a formal corporate Climate Risk Report to the Group Risk Committee (including escalations of matters identified during the period, if any).

The Financial Risk team reviews and challenges investment management in light of ESG-related risks—including climate risks—alongside traditional market risk metrics, and embeds sustainability risk into the risk profiles of our funds, as appropriate.

More details on our risk management approach can be found under *Risk Management* in the *Corporate Environmental* Practices section or under *Risk Management: Identification, Analysis, and Management of Financially Material Climate and ESG Risks and Opportunities in the Managing Climate Considerations in our Portfolios* section of this report.

Compliance

The Compliance team implements automated investment restriction controls within Janus Henderson's order management system for ESG-related screening and supplements this approach with further controls for qualitative commitments. Additionally, the Compliance Monitoring team reviews regulatory adherence via the execution of a risk-based monitoring plan. The Compliance team provides board and committee reporting on ESG regulatory matters and are members of the ESGOC.

Front Office Controls

The Front Office Controls & Governance (FOCG) team provide ongoing assurance that investment products are managed in line with documented sustainability commitments, where automated controls and/or third-party data are not available.

Responsibility Team

Our centralised Responsibility team are ESG subject-matter experts who partner with our analysts and portfolio managers on climate, ESG research and data, engagements, integration, and other activities.

The Responsibility team is structured around four pillars:

- Our **Responsible Investment & Governance** pillar supports our analysts and portfolio managers to research industries and securities to select the most financially attractive candidates for inclusion in our portfolios, delivers ESG training, plans and conducts engagements, and supports research on financially material ESG issues.
- Our **ESG Strategy & Operations** pillar supports our investment and non-investment teams in four areas: Strategic Initiatives, ESG Data and Analytics, Content and Learning, and Regulatory/Operations.
- Our **ESG Solutions** pillar focuses on partnering with our product, distribution, and investment teams to enhance existing portfolios and deliver new portfolios to clients across varying levels of ESG needs, from robust integration to ESG-focused strategies.
- Our **Diversity & Community Relations** pillar is committed to fostering inclusion, promoting cultural awareness, and establishing equitable policies, benefits, and training that support our people, and our Diversity, Equity, and Inclusion (DEI) goals.

The Responsibility team is led by our Chief Responsibility Officer (CRO), Michelle Dunstan, an experienced leader in ESG strategy and investing. To emphasise the importance of our Responsibility efforts and embed them across our entire firm, the CRO reports directly to the CEO, sits on the firm's Strategic Leadership Team, and provides quarterly reports to our various boards on established metrics and targets, as well as progress on priority initiatives and educational topics, including ESG regulations.

In 2023, we added specialist resources across the pillars of the Responsibility team.

Figure 2: Responsibility Team Structure Investment Teams

Michelle Dunstan
Chief Responsibility Officer

Responsible Investment & Governance	ESG Strategy & Operations	ESG Solutions	Diversity & Community Relations
Investment team support	Data & Analytics	New product design	Diversity, equity & inclusion
Thematic ESG research	Content & Learning	Bespoke client advisory	Community relations
Engagement advisory & coordination	Operations & Regulatory	Integration enhancement	
Voting & governance advisory			
Antony Marsden Global Head of Responsible Investment & Governance	**Catherine Ziac Boyd** Global Head of ESG Strategy & Operations	**Adrienn Sarandi** Global Head of ESG Solutions & Strategic Initiatives	**Demesha Hill** Head of Diversity & Community Relations

Investment Teams

For most of our actively-managed strategies, our investment teams are at the core of integrating financially material ESG considerations into their investment process. Our analysts and portfolio managers maintain primary responsibility for security-level research and forecasting, company engagements, and portfolio decisions. The investment teams partner with the central Responsibility team for expert support, and some investment teams have dedicated ESG experts embedded within the team.

All delegated services within the Group are part of the corporate climate strategy. Where services are delegated to third-party providers, those parties are subject to our vendor management process, which includes ESG due diligence where relevant.

Corporate Environmental Practices

> The actions we take today will shape not just us, but also the world we deliver to future generations. We are committed to doing our part to transition to a low carbon and inclusive economy and creating the foundations of a brighter future for coming generations.
>
> – **Michelle Dunstan**

At Janus Henderson, we place our own corporate responsibility at the heart of our Mission, Values and Purpose by 'investing in a brighter future together.' Whether it is through reducing our energy consumption, sourcing materials responsibly, or finding innovative ways to reduce waste, we are constantly striving to find ways to minimise our impact on the environment. This is important to our people in attracting and retaining talent but also to many of our clients who expect their fiduciaries to behave responsibly. This belief—and our actions supporting it—are long held. In 2007, we recognised that as a business we had a responsibility to limit our own greenhouse gas ("GHG") emissions as much as possible to combat climate change—we became one of the first asset managers to become a CarbonNeutral® company. Through these efforts, we have minimised all our residual corporate emissions, including utilities from all our rented offices and all business travel, and we have proudly maintained this status every year since 2007. However, we recognise that being CarbonNeutral® is just the beginning, and that significant carbon reductions are needed to meet the net zero goals of the Paris Agreement, which is why we have used guidance from the Science-Based Target Initiative (SBTi) to set carbon reduction targets for our upstream corporate emissions.

Strategy

Our climate strategy in respect of our own operations, including the accompanying analysis, target setting and implementation plan, is core to Janus Henderson, and we do not delegate or outsource it. Many different areas of Janus Henderson collaborate to develop and implement this strategy, including our Responsibility team and Sustainability Advisor, who sits within our Facilities department. We leverage third-party data providers to assist with the collection and compilation of our corporate emissions data. In addition, we are increasingly integrating the climate strategy and risks of our supply chain in our analysis and business planning. Climate physical risks are considered as part of capital management and financial business planning, where, for example, the extent of damage to buildings due to the environment (eg, floods,

extreme weather) is reviewed. The direct impact of physical risks is considered to be low given the nature and type of physical assets held, and the insurance agreements in place to mitigate risk.

We have been updating our procurement and vendor management questionnaires to encompass climate, including policy, disclosure, emissions, targets, and physical risk. We plan to enhance this through the development of a framework around our procurement and vendor management processes, which incorporates an assessment of alignment with our corporate climate strategy and planning when considering the appointment of material service and supplier providers. Our Vendor Management function currently tracks ESG risks, including the climate risk, of our critical vendors and providers and will engage if a material risk is identified to understand how it is (or will be) addressed. Unaddressed risks could result in the termination of services.

Risk Management

Our current assessment is that Janus Henderson's corporate climate change risk is low under all scenarios, from both physical and transition risk perspectives. Risks that are potentially relevant to Janus Henderson as a corporate entity include those related to: current and emerging regulations, technology, legal frameworks, market, reputation, and acute or chronic physical situations.

Figure 3: Janus Henderson Group Climate-related Risks

	RISKS	STRATEGY
TRANSITION		
Regulations	Failure to meet current ESG regulatory requirements Inability to monitor new developments in policy and regulation Inconsistencies in regulations on climate change in different jurisdictions Errors in climate-related disclosures	JH has dedicated teams to monitor and understand current and emerging regulations. All policies and regulations globally are analysed and considered for the impact they may have on JH's clients, the markets and the firm.
Technology	Lack of investment in technology to reduce emissions Impact on climate due to new technology and innovations Impact on environment as a result of development by third parties	Technology risks are considered to be an embedded component of all other risks. JH seeks to implement appropriate solutions to reduce climate risks, such as changes made to reduce the carbon footprint of our buildings. New innovations are carefully assessed before implementation.
Legal	Threat of litigation due to failure to mitigate impacts of climate change Failure to manage portfolios in accordance with climate risk related restrictions	Comprehensive legal and compliance teams support the business to review and understand climate-related risks and how they may impact clients and their portfolios.
Market	Products do not meet the needs of clients seeking to reduce climate risk Lack of innovation on product range to take into account changing client demands	JH offers a suite of products which are designed to meet client needs. Products are assessed for their appropriateness to all types of clients and this includes a consideration of climate risks.
Reputation	Inability to meet changing customer and community perceptions around climate change Increased scrutiny from a variety of stakeholders, including governments and regulators	JH takes careful consideration of all its stakeholders when setting its strategy within the investment management sector. JH has been market leading in reducing its carbon footprint and takes a "clients come first" approach to ensuring climate risks are managed in the best interests of its customers.
PHYSICAL		
Acute and chronic	Increased instances of extreme weather events such as floods and hurricanes Sustained high temperatures affecting working environment	Impacts on JH's offices worldwide as a result of events which include climate risks are assessed by the business resilience team and mitigation strategies are in place where required.

We consider climate-related risks and opportunities over the short-term (0-1 years), medium-term (1-3 years) and long-term (3-20 years), although we have not yet mapped climate-related risks to specific time horizons. We define a substantial financial or strategic impact on our business as one that potentially exceeds $5 million.

The measures that our Internal Risk team have put in place to address other operational risks that can be related to climate change, such as flooding of the Thames or severe weather in Denver, are currently considered to be sufficient to address current and future physical risks. Our carbon footprint (and, therefore, the transition risk for our own operations) is inherently low and has further reduced relative to our baseline due to our efforts to reduce consumption, switch to renewable energy, and purchase high-quality offsets. Furthermore, our adherence to international standards such as ISO – International Organization for Standardization, and voluntary and mandatory reporting frameworks such as TCFD and CDP, mean that we are well prepared for transitional risks from a regulatory and legal perspective in respect of our operations. In 2023, we strengthened our risk management processes (which are now overseen by our internal Risk function) to monitor our assessment of "low" physical and transition risk, and should that assessment change, review whether the measures we have in place are sufficient to address a higher risk level. Should they be deemed insufficient, a new plan will be developed to address these emerging risks.

Metrics and Targets

Janus Henderson's corporate emissions have been calculated in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard. For our UK operations, the Group uses conversion factors provided by the Department for Energy Security and Net Zero (DESNZ), as well as the International Energy Agency (IEA) and the US Environmental Protection Agency (EPA) factors for our international offices. The carbon reporting year is 1 January – 31 December, in line with our financial reporting year.

We measure our carbon footprint through a third-party software Greenstone+, which uses the latest emission methodologies relevant to each country, time period, and data source. To ensure further data integrity, all emissions are independently verified in accordance with the International Organization for Standardization (ISO 14064-3) annually by a third party. The data is also separately verified by a third party for compliance with the CarbonNeutral® Protocol.

The metrics we measure include kWh consumption for electricity, litres of fuel for natural gas, kilograms of waste, litres of water, and miles travelled by plane, for example. We receive raw data in the form of invoices and reports from our utility providers and we review the data on a quarterly basis to address any data gaps and discrepancies, and to assess performance against our targets.

We sometimes update our reporting boundary to add additional relevant Scope 3 categories from the GHG Protocol as better data collection methods become available. For example, in 2021, we expanded our upstream Scope 3 categories to include Water Withdrawal and Discharge, as well as Waste and Paper Consumption. In 2022, we expanded our upstream Scope 3 categories to include Homeworking, Fugitive Gases and Electricity Transmission/ Distribution emissions. We have estimated these categories for previous years by headcount to ensure consistency in reporting, while Homeworking emissions were estimated using occupancy rates.

Where we are unable to obtain raw data, we estimate this through normalisation metrics such as floorspace and headcount. Through internal audit processes as well as independently verifying our emissions, we ensure any estimations are materially correct and not underrepresented. We strive to improve our data collection across our global offices by encouraging landlords to provide better granularity of data and working with them to incorporate environmentally aware practices in our buildings.

Carbon Neutrality

Janus Henderson was a pioneer in addressing corporate environmental practices, becoming one of the first asset managers to go carbon neutral in 2007 by offsetting our corporate emissions (Scope 1, Scope 2, and Scope 3 upstream) through the CarbonNeutral® certification. Through this process, we have 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 we support have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits. We have maintained CarbonNeutral® status every year for the last 16 years and see this as an important way of not only offsetting our unavoidable operational emissions, but also contributing to projects around the world that will enable decarbonisation. We have offset new categories as we have added them to our carbon accounting.

Through our carbon offsetting portfolio for emissions associated with our own operations, we contribute to high-quality, independently verified emission reduction and removal projects, as well as advancing the UN Sustainable Development Goals (UN SDGs). Below are some of the projects we support.

CERTIFIED CARBON NEUTRAL Global Standard

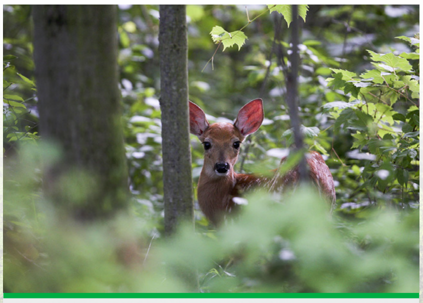
a service of CLIMATE IMPACT PARTNERS

Figure 4: Offset Portfolio Highlights

Morocco

KHALLADI WIND POWER

Generating wind power, contributing to the reduction of more than 144,000 tonnes of CO_2 emissions per year, and powering local communities.



United States

SENECA MEADOWS LANDFILL GAS

Reducing the environmental impact of a landfill site through methane capture, electricity generation, and wetland enhancement.

United States

TRUCK STOP ELECTRIFICATION

Reducing the environmental impact of engine idling through Truck Stop Electrification technology.

SDGs ADVANCED THROUGH OUR OFFSET PORTFOLIO

Case Study

Solar water heating, India

Solar water heaters provide households, small- and medium-size enterprises, and institutions with an in-house hot water supply fuelled by renewable energy rather than carbon-intensive grid electricity.

The project is primarily focused on serving urban areas throughout the country and manufactures, distributes, installs, and maintains solar water heaters for a variety of residential, commercial, and community buildings.

Distributing solar water heaters to domestic households helps to meet the energy needs of a growing population, while also promoting low-carbon development.

SDG 3 – Good health and well-being
Reduces the concentration of sulphur dioxide and nitrogen monoxide.

SDG 4 – Quality education
Provides several training and capacity building programmes to plumbers of the region, bringing additional skills and income to the local community.

SDG 5 – Gender equality
Seven of 30 managerial positions are staffed with women, above average for the country.

SDG 9 – Industry, innovation and infrastructure
Facilitates installation of energy infrastructure, including the required supporting structures and piping to enable the solar technology to scale.

SDG 12 – Responsible consumption and production
Sponsors and provides educational programmes in schools and colleges, running workshops and driving awareness about global warming.

Our Carbon Emissions and Targets

In 2019, we committed to reducing our carbon footprint for our own operations by 15% per full-time employee (FTE) over three years based on 2018 consumption. This target covered Scope 1 (fuel), Scope 2 (electricity), and Scope 3 (business travel, road freight, waste, water, and paper purchased). In 2021, we reached this target, using both our actual emissions (which were lowered significantly due to the COVID-19 pandemic) as well as business-as-usual (BAU) forecasting, which is calculated by modelling our emissions to pre-COVID levels.

Since 2019, we have reduced the use of energy within our buildings through several initiatives, including installing smart sensor and LED lighting, replacing outdated equipment with more energy-saving equipment, and installing energy-saving blinds. In 2022, the lighting in the London office was upgraded to LED fittings, significantly reducing our energy consumption and saving an estimated 48.5 tonnes of carbon emissions per year.

In 2023, we switched to 100% renewable energy across all our offices globally, through the purchase of Renewable Energy Certificates and Guarantees of Origin in offices where sourcing renewable energy from the grid was not possible. We see this as an important way of improving availability of renewable energy worldwide, whilst accounting for our own energy use.

Several of our offices have received environmental awards and certifications, including:

- **Denver:** LEED Gold
- **Chicago:** LEED Platinum
- **London:** BREEAM rating 'Excellent'
- **Singapore:** Winner of BC's Green Mark Platinum, Winner of Universal Design Mark Platinum awards
- **Sydney:** 4.5-star NABERS Energy rating
- **Melbourne:** 6-star NABERS Indoor Environment rating
- **Brisbane:** 4.5 star NABERS Energy rating, 4.0 star NABERS Water rating

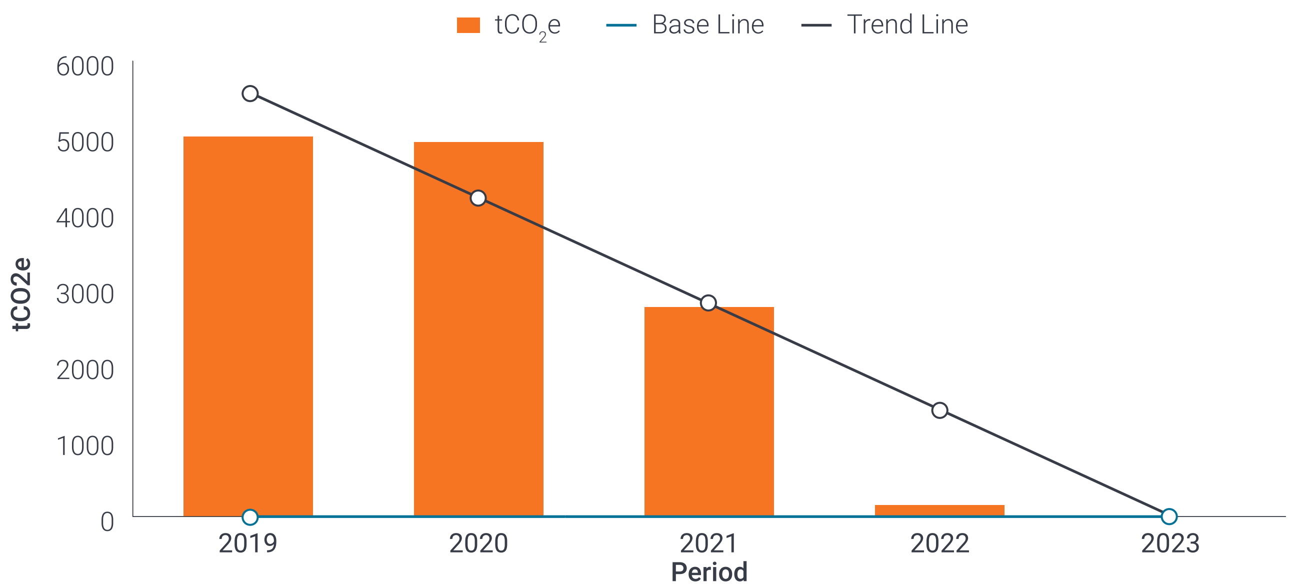
In 2023, our total operational upstream emissions totalled 5,161 tonnes of carbon dioxide equivalent (tCO2e). Although this was an expected increase from 2022 levels, it was a decrease of 59% from our updated 2019 baseline. Our Scope 1 emissions rose slightly from our baseline, but fell significantly from the previous year (which spiked due to cold weather). In 2023, we switched to 100% renewable energy across all offices (through Renewable Energy Certificates and Guarantees of Origin), and continued to embed energy saving initiatives throughout our buildings, such as LED lighting, energy-efficient blinds, and light sensors. Through this, our Scope 2 location-based emissions decreased by 31% and our market-based emissions decreased by 100%. We see renewable energy procurement and energy initiatives as important aspects of transitioning to a low carbon economy. Our operational Scope 3 emissions increased from the previous year as expected due to an uplift in business travel as we returned to normal activity levels following the COVID-19 pandemic. However, this still represents a decrease from our baseline by 32%.

Figure 5: JHI Carbon Emissions by Scope (2019-2023)

EMISSIONS CO_2e TONNES		2023*	2022	2021	2020	2019 BASELINE
Scope 1 All direct emissions (natural gas)	**Market-based**	**66**	**144**	**52**	**63**	**57**
	Location-based	66	144	52	63	57
Scope 2 Electricity, cold water cooling	**Market-based**	**0**	**152**	**2,724**	**4,916**	**5,002**
	Location-based	3,319	3,392	3,518	4,765	4,769
Scope 3 (upstream) Business travel (air, rail, road, hotels), couriers (air, road), water (withdrawal, discharge), waste, paper, electricity transmission & distribution, fugitive gases, working-from-home emissions	**Market-based**	**5,095**	**3,898**	**1,703**	**3,143**	**7,653**
	Location-based	4,855	3,676	1,499	2,971	7,717
Total	**Market-based**	**5,161**	**4,194**	**4,479**	**8,122**	**12,712**
	Location-based	8,240	7,213	5,068	7,800	12,543
Total MWh energy use (including converted fuel)		**9,491**	**10,491**	**10,702**	**12,614**	**10,706**

Figure 6: Investments in Renewable Energy Have Enabled Significant Emissions Cuts

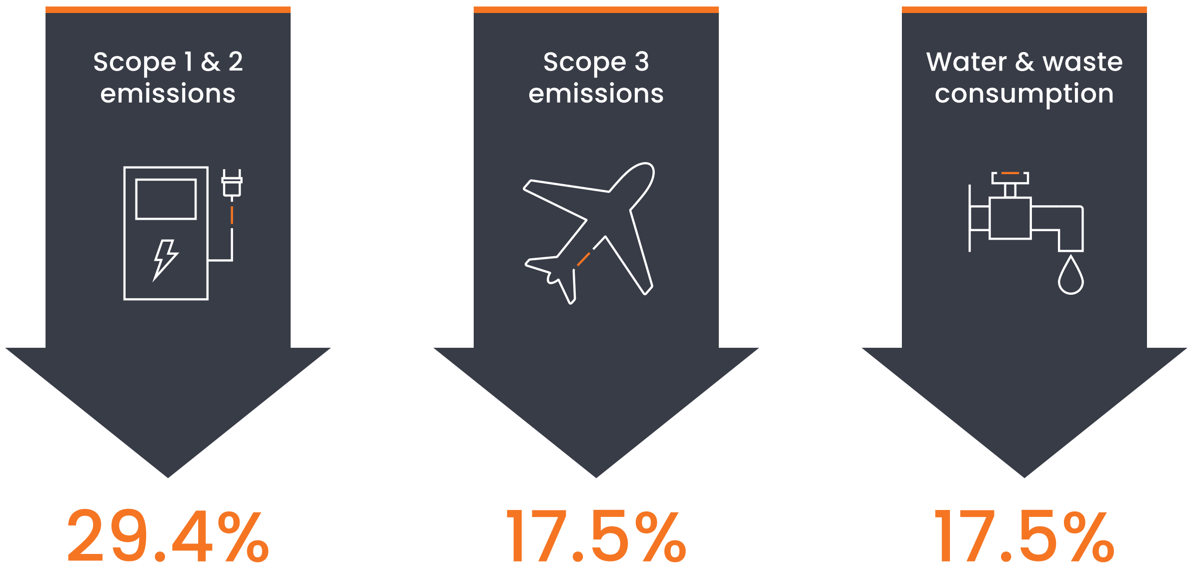
2019 – 2023 Scope 2 Electricity Market-Based Emissions



Source: Janus Henderson
Date: 31 December 2023

In 2022, using guidance from the Science Based Target Initiative (SBTi), we set ambitious new five-year reduction targets for our own operations versus a 2019 baseline and per full-time employee:

- Reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions
- Reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste, etc.) emissions
- Reduction target of 17.5% on water and waste consumption by full-time employee.



Supporting Climate Best Practices

Janus Henderson employees are highly involved in our approach to climate change, and we leverage our position as a global corporation to spread awareness among our communities.

Employee Engagement

For Earth Day in April 2023, Janus Henderson colleagues promoted Green Week globally, an event demonstrating our support for environmental protection. The theme for Earth Day 2023 was 'Invest in Our Planet,' which builds on the growth and resilience of the global environmental movement.

Our employees took the Green Week Pledge by reducing electricity and water usage and reducing the usage of non-recycled items in their day-to-day lives. By honouring those who took the pledge, we donated 114 trees to Tree-Nation to plant in Guinea. In our London and Denver offices, we also provided wildflower seeds to all employees to plant at home.

Biodiversity loss and deforestation

In the UK, Janus Henderson partnered with the charity Thames21 to help restore Enfield Chase, which began life as a 60-hectare former royal hunting ground until it was deforested more than two hundred years ago.

Thames21 has worked with local farmers, Enfield Council, the Forestry Commission, and a woodland design consultant to identify areas where tree planting can reduce flood risk and improve water quality. By combining areas of mixed density native tree planting with areas of natural regeneration, meadows, ponds, and swales (ditches), the project aims to create a rich and diverse ecosystem.

Volunteers planted over 1,100 trees, including varieties such as spindle, hazel, oak, Scott's pine, hawthorn, ash, and hornbeam, which will help to:

- Restore biodiversity in the area
- Reduce flood risk and improve water quality by diverting soil and nutrient erosion from flowing into local watercourses
- Make the landscape more resilient to drought and high rainfall events, which are increasing in frequency and severity due to climate change
- Benefit thousands of residents in the area
- Attract and protect new wildlife

Colleagues in Edinburgh, Scotland gave a helping hand to The Water of Leith Conservation Trust. Not only did they help to clean up a local landmark but they put on their waders to help clean up the Bells Weir river.

In the US, we have offset our paper consumption by planting 1,100 trees to date through PrintReleaf. In London, we introduced an initiative to cut our printing use by 24% globally from 2021 levels.

Water quality and security

As lack of access to water and deteriorating water quality become increasing threats in various regions globally in part due to climate change, Janus Henderson is continually seeking opportunities to make an impact. In 2023, we donated to the Greenway Foundation to help plan and implement physical enhancements to local parks and trails, and improve the water quality in the South Platte River and other urban regional greenways in Colorado.

Waste and plastic pollution

No waste in our London office is sent to landfill and all takeaway packaging in the canteen is 100% biodegradable Vegware. Through these initiatives, we have saved over one million plastic items, such as coffee cups, containers, and other boxes since 2018.

In 2022, we introduced a new waste management system in London to streamline different waste streams and ensure dry mixed materials are repurposed.

In 2022, we also started a composting programme in our Denver office with collection points in all kitchen locations.

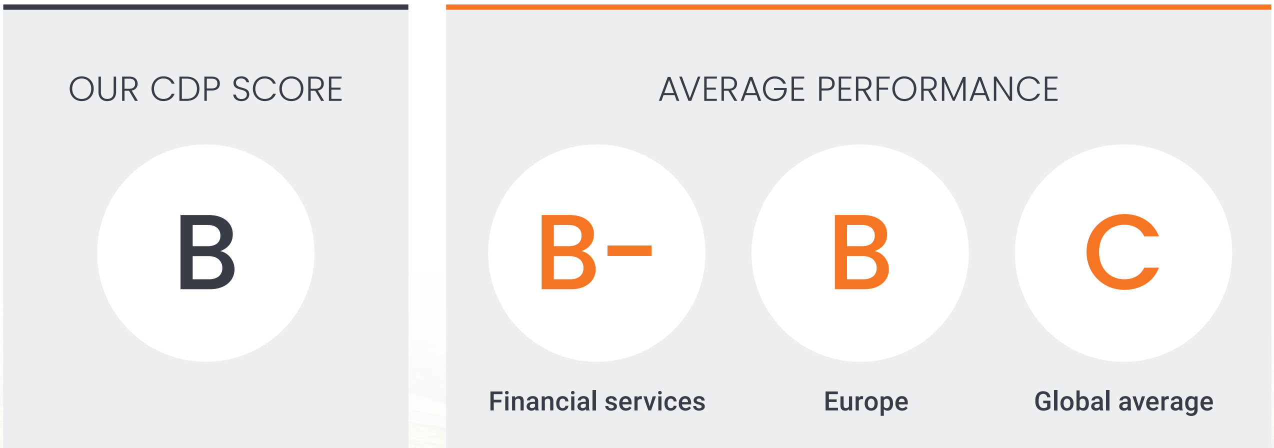
Other achievements included colleagues logging 38 days of going plastic-free and colleagues from the Denver office volunteering at Pulaski Park, collecting trash, mulching trees, and removing debris.

Our colleagues in our Hong Kong Office also took a day to clean up the beach.

CDP (formerly the Carbon Disclosure Project)

We are proud to be an investor signatory to CDP, a non-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. In 2023, we achieved a 'B' score, outperforming our peers in over half of CDP's scoring categories, as well as scoring higher than the Global Average which is 'C'. A 'B' Score is in CDP's 'Management' band, indicating that JHI has addressed the environmental impacts of our business and is ensuring good environmental management. In 2023, JHI scored above our sector average across seven out of 12 categories. We also improved our score across five key CDP categories since 2022: Business Strategy, Energy, Governance, Risk Management and Value Chain.

Figure 7: JHI 2023 CDP Scores



Managing Climate Considerations in our Portfolios

Strategy: Our Approach to Climate Change and ESG

We believe that ESG considerations, including climate change factors, can have a material impact on the financial outcomes of our investments; these financially material considerations are vital to long-term risk-adjusted returns.

Our firmwide ESG Investment Principles are based on four key beliefs:

- Investment portfolios seek to maximise long-term risk-adjusted returns for our clients.
- Evaluation of financially material climate and ESG factors is a fundamental component of our investment processes for most of our actively managed strategies.
- Engagement is vital to understanding and promoting sustainable practices that position the issuers we invest in for future success.
- Investment teams should have the freedom to interpret and implement ESG factors in the way best suited to their asset class and strategy objective, as they do for any fundamental investment factor.

The primary responsibility for managing financially material climate risks rests with our investment teams – our analysts and portfolio managers – who are best positioned to assess these risks and integrate them into their research, engagement, and portfolio decisions. We leverage third-party data to provide the statistics, metrics, and scenario analysis that our investment teams need to conduct their assessments.

At Janus Henderson, we strive to equip our investment teams to manage financially material climate and ESG risks and opportunities within our portfolios. This includes providing training and a combination of third-party data and proprietary insights to enable our investment teams to assess risk at a security and portfolio level, and to evaluate the impact on the financial outcomes of each portfolio. This process is a journey on which we have made significant strides in recent years. Going forward, we are strengthening our data visualisation and analysis tools to provide easy access to interactive issuer and portfolio-level ESG insights and drill-down capabilities. We also support our investment teams with expert resources and training, as well as proprietary climate research and insights.

We believe that active research and engagement, the foundation of Janus Henderson's investment processes, is the optimal way to identify and manage financially material climate and ESG risks and opportunities. ESG and climate data – such as carbon emissions and Climate Value at Risk (CVaR) – is still in its infancy. Much of the data and third-party analytics are estimated and backward-looking and availability across asset classes and issuers is often incomplete, therefore any conclusions drawn can be misleading and require interpretation and judgement. Our investment teams understand their portfolio holdings extremely well and, in partnership with the ESG subject matter experts on our central Responsibility team, are best positioned to provide the necessary distinctive actionable insight.

Our Engagement with the Industry

As part of our commitment to responsible investment, Janus Henderson has a strong heritage of involvement with sustainability-related organisations and initiatives, as a member, supporter, or in an advisory capacity. Our UK-based business has been a member of the UK Sustainable Investment Forum for over 30 years.

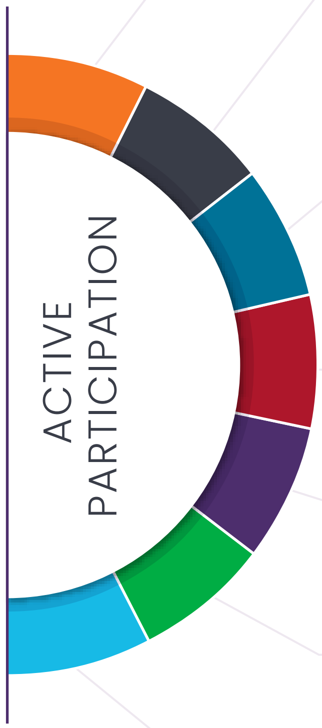
We are a signatory to the Paris Pledge for Action, announced prior to COP21, which affirms our commitment to limiting global temperature rise to under 2 degrees Celsius by reducing our own emissions and building resilience against change. We are a member of the Institutional Investor Group on Climate Change (IIGCC), which works to encourage action from companies, investors and governments on climate issues to help reduce the financially material risks associated with climate change.

We are a contributing investor to Climate Action 100+, a five-year collaborative initiative led by investors to engage with the world's largest corporate greenhouse gas emitters.

In 2022, we joined the Taskforce for Nature-related Financial Disclosures (TNFD) as a Forum Member, and we are following the evolution of the TNFD framework closely. And in 2023, we became a founding participant in Nature Action 100, an investor-led initiative to address nature loss and biodiversity decline.

We leverage these engagements primarily for insight – to understand how a portfolio holding is managing its financially material climate risks.

Figure 8: JHI Involvement in ESG-related Initiatives as a Member, Supporter, or in an Advisory Capacity



Responsible Investment
Principles for Responsible Investment (PRI)
US Sustainable Investment Forum (USSIF)
UK Sustainable Investment Forum (UKSIF)
European Sustainable Investment Forum (EUROSIF)

Impact
Global Impact Investing Network (GIIN)

Stewardship
Investment Association Stewardship Working Group
UK Stewardship Code
Pensions and Lifetime Savings Association (PLSA)
The Investor Forum
Access to Medicine Index
Business Benchmark on Farm Animal Welfare
Farm Animal Investment Risk & Return Initiative (FAIRR)

Nature
Nature Action 100

Climate Change
Carbon Disclosure Project (CDP)
Institutional Investors Group on Climate Change (IIGC)
Climate Action 100+
Transition Pathway Initiative (TPI)

Governance
The Investment Association
Asian Corporate Governance Association

Disclosures and Standards
Sustainability Accounting Standards Board (SASB)
European Leveraged Finance Association (ELFA)
Taskforce on Climate-related Financial Disclosures (TCFD)
Taskforce on Nature-related Financial Disclosures (TNFD)

* The Net Zero Carbon (NZC) 10 and 20 initiatives only apply to specific products, which are assessed by NZC.

Offering ESG Solutions to our Clients

As noted above, the majority of our actively managed strategies integrate financially material ESG considerations, including climate.

For those clients who want to invest with a specific ESG objective in mind, we have built a suite of focused strategies that reflect a dual emphasis on sustainable investment with financial considerations. These strategies help support our clients who want to invest in climate and other ESG opportunities and include:

Figure 9: JHI Brighter Future Funds Suite

Leaders strategies

Seeks to invest in companies that are leading the sustainable transition (e.g. consumer goods companies with strong enviromental credentials).

Improvers or transitional strategies

Invest in companies we believe whose activity is critical to transition (e.g. progressive oil majors)

Solutions or enablers strategies

Seek companies that produce that goods and services of tomorrow (e.g. electric vehicle manufacturers).

ESG Insights

As part of our commitment to advancing the industry dialogue around ESG and climate issues, and to help educate clients and other stakeholders, we seek to make the thinking of our investment teams widely available to our clients, shareholders, and other stakeholders through a variety of content, including white papers, articles, podcasts, videos, and panel debates. As with our ESG research, we aim to publish content that contains thoughtful, practical, research-driven, and forward-looking insights.

In 2023, we generated 28 thought leadership and educational pieces on ESG topics. The insights included portfolio manager-specific views related to sustainable investment themes, with key contributions from our Global Sustainable Equities, Global Natural Resources, and Global Technology Leaders teams. We also co-hosted the ‘Uncharted waters’ conference exploring water scarcity and the associated implications for investors.

In terms of specific themes and topics, we produced broader papers and debates on a variety of ESG issues, including methane emissions from the oil & gas industry, deforestation, the role of metals in decarbonisation, renewable energy, and electric and autonomous vehicles. We also published articles outlining our approach to ESG and natural capital investing.

Nov 29, 2023 **Features & Outlooks**

ESG: Progress and clarity signal investment opportunities in 2024

Michelle Dunstan

Nov 3, 2023 **Timely & Topical**

Uncharted waters: How investors can help tackle the water crisis

Michelle Dunstan

Oct 9, 2023 **Timely & Topical**

Doing good, feeling good: How investors can benefit from the resources sector’s key role in decarbonisation

Tai Lomnitzer, CFA

Risk Management: Identification, Analysis, and Management of Financially Material Climate and ESG Risks and Opportunities

Risk Management refers to the TCFD Recommendations framework. Any risk management process discussed includes an effort to monitor and manage risk which should not be confused with and does not imply low risk or the ability to control certain risk factors.

We believe that our investment teams are best positioned to research, analyse, and determine the impact of financially material climate and ESG risks and opportunities on both issuers and portfolios. Climate-related risks and opportunities include transition risk like the impact of regulatory and policy change, physical risks associated with the effects of temperature increases, sea level rises, or increases in extreme weather events, as well as technological opportunities such as investing in low-carbon technologies (Figure 10). These risks and opportunities factor into the climate models we have in our toolset.

Figure 10: Portfolio Climate-related Risks and Opportunities

TOPIC	RISK & OPPORTUNITIES	DESCRIPTION	TIME HORIZON
TRANSITION			
Policy	Direct Emissions (Scope 1)	Costs associated with reaching sector-based emission reduction targets based on the Nationally Determined Contributions of the Paris Agreement and using carbon price estimates fom the Integrated Assessment Models	Long-term (15 years)
	Electricity Use (Scope 2)	Costs passed through to final electricity users from power utilities phasing out fossil fuel power plants in favor of lower-carbon power sources	Long-term (15 years)
	Value Chain Emissions (Scope 3)	The share of transition costs passed on from upstream value chain providers who have increased marginal production costs associated with complying with climate policies, and the share of costs absorbed due to impact on market demand for products	Long-term (15 years)
Technology	Technology Opportunities	Benefits from current low-carbon revenues and future green revenue associated with current patents	Long-term (15 years)

TOPIC	RISK & OPPORTUNITIES	DESCRIPTION	TIME HORIZON
PHYSICAL			
Acute	Tropical Cyclones	Annually expected damage from severe wind and flood damage	Short-long term 1-75 years)
	Coastal Flooding	Asset damage and prolonged business interruption from sea level rise, based on asset location	
	Fluvial Flooding	Asset damage and business interruption from inundation	
	River Low Flow	Impact of water scarcity on the power production sector	
	Wildfires	Risks to assets based on weather conditions favorable to fire weather, probability of ignition and spread, estimated duration or intensity, and vulnerability to business interruption	
Chronic	Extreme Heat	Costs associated with business interruption when daily maximum heat is >30C or >35C	Short-long term (1-75 years)
	Extreme Cold	Costs associated with business interruption when daily maximum cold is <0C or <-10C	
	Heavy Precipitation	Costs associated with business interruption when when rain is >20mm/day or >50mm/day	
	Extreme Snowfall	Costs associated with business interruption when snowfall is >5cm/day or >20cm/day	
	Extreme Wind	Costs associated with business interruption when gusts are >24.3m/s or >27.8m/s	

Source: MSCI and Janus Henderson

Integration of climate and ESG considerations needs to align with existing investment processes. Our investment teams are primarily responsible for the research, financial modelling, portfolio construction and stewardship activities. Having investment teams lead the integration process for ESG risks and opportunities ensures that there is integration at each appropriate stage of the investment process, including portfolio decisions. Our investment teams are supported by our central Responsibility team, who are ESG subject matter experts. This team manages ESG data and training, and partners with the investment teams on research and engagement. This partnership leads to enhanced research and decision-making – marrying the sector and industry expertise of the investment teams with the ESG skills of the Responsibility team.

This process is a combination of bottom-up analysis, starting at the issuer level, and is increasingly leveraging portfolio-level data for an incremental lens and layer of oversight. For bottom-up analysis, our investment teams have access to the issuer-level third-party data described previously. They leverage this data to identify potentially financially material climate and ESG risks and opportunities as they research their issuers. Investment teams may utilise proprietary and third-party frameworks to focus on the issues most likely to be material. Then, investment teams analyse the impact on ESG and climate metrics at the portfolio level, understanding how particular issuers or sector exposures contribute to aggregate risks and opportunities.

The investment teams conduct engagements to obtain further insight on the climate or ESG issue and often to encourage the issuer to better manage financially material issues to best-position the company for future success. As part of the research process, investment teams assess the materiality and the impact on relevant financial metrics for the issuer, which could include cash flows, valuation, cost of capital, or credit ratings. A company's sector or geographic domicile can impact the financial materiality of climate change considerations; investment teams incorporate these factors into their research and engagement process. This research and insight can flow into the investment decision, similarly to how an investment team would consider any other financially material factor. Should a material unmanaged risk be identified and quantified, we evaluate the impact on a security's price and risk-adjusted return. Should we believe the risk is not fully priced in, the portfolio impact could include escalation through further engagement, reweighting of position sizes, changing target prices, or divestment for outsized, unmanaged risks. In general, we seek to reframe the use of exclusionary policies, preferring instead to engage with companies where we have identified investment risks – including financially material ESG factors. Where such risks warrant it, our Financial Risk team may review and challenge the risks identified by our investment teams. Additionally, investment teams may escalate risks to the ESGOC, as described in the *Governance, Oversight, and Risk Management* section of this report.

Engagement and Stewardship

Stewardship is an integral part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices through engagement with company management and voting proxies can help protect and enhance long-term shareholder value. We expect our investment teams to engage with the issuers they invest in to improve performance on material ESG issues, with a particular focus on our three core engagement themes: climate change, DEI and corporate governance.

Engagement Policy

The Responsible Investment and Governance team supports the investment teams on relevant ESG issues and developing themes. As long-term active investors, we regard voting and engagement as a means of promoting strong corporate governance, accountability and management of relevant ESG issues, including climate-related issues. The team proactively partners with investment desks to coordinate thematic engagements about core ESG themes including climate change.

We prefer an engagement-focused approach to a firm-level exclusion or divestment policy, both in sectors with higher environmental risk and for issuers where we have identified financially material climate or ESG risks. We believe this approach is best for maximising risk-adjusted returns for our clients and for driving positive change at our portfolio companies. Most products or services offered by an issuer play necessary roles for the global economy – including sectors with higher carbon emissions such as energy, industrials, materials, and utilities.

Rather than ignoring issuers in these sectors through automatic exclusion or divestment, engagement leads to two benefits. First, we can engage for information – the knowledge we gain through our engagements with issuers can be leveraged in the investment process to better inform our research, modelling, and investment decisions. Engaging for information helps us assess the magnitude of any potential risk, how well an issuer is managing that risk, and the potential impact on that issuer's financial outcomes.

In October 2023, we hosted the 'Uncharted waters' conference exploring water scarcity and the associated implications for investors. Analysts from our Responsible Investment and Governance team discussed their research of water-intensive sectors (sectors that use the most water) and the impact of growing water scarcity on businesses. Portfolio managers and analysts from our funds spoke to the importance of differentiated research and engagement with companies to address water risks. Experts from CDP and other non-profits also shared insights on the causes, impacts, and evolution of the global water crisis.

Second, we can engage for outcomes. Where we believe an issuer is ignoring or not managing a financially material climate or ESG risk, we can engage for an outcome – to encourage that issuer to adopt policies or practices that will address that risk and better position it for the future. This includes asking for issuers to enhance their disclosure of material ESG or climate data, such as carbon emissions.

Our discussions with the issuer's management or board of directors directly link the climate or ESG consideration to why we believe addressing it makes them a better company, leading to improved cash flows, valuations, cost or capital, or credit ratings. Our investment teams often partner with our central Responsibility team on engagements. The professionals on our Responsibility team are both engagement and ESG subject matter experts, who can assist in identifying and researching the engagement topics and facilitating the engagements themselves.

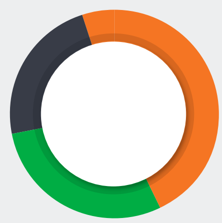
Figure 11: 2023 Stewardship Highlights

2023 STEWARDSHIP HIGHLIGHTS

- We recorded more than 1,000 ESG company engagements in 2023.
- We voted at almost 6,000 meetings with over 64,000 items where ESG topics were part of the discussion.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Climate Change	Human Capital	Capital Allocation & Strategy
Land Use & Biodiversity	Workforce Diversity & Equality	Management Remuneration
Sustainable Design & Products	Supply Chain/ Human Rights	Board Independence & Composition
Recycling/Plastics/ Packaging/Waste	Communities	Shareholder Rights & Returns
Water	Data Security & Privacy	Audit, Accounting & Risk
Pollution Prevention & Control	Consumer & Products	Board Succession Planning
Real Estate Sustainability	Access to Medicine	Management Change
Green Bonds/ Green Financing/ Green Revenue	Food, Nutrition & Health	Business Ethics, Culture & Purpose

2023 COMPANY ENGAGEMENTS BY TYPE



Climate Engagements

Janus Henderson has been active on the issue of climate change for over two decades. We also recognise that, in some instances, joint action by shareholders has the potential to be more effective than acting alone. This is especially true when shareholders have a clear, common interest. Where appropriate, we proactively collaborate with other investors on governance and wider environmental and social engagement issues, directly and through industry bodies. We are a founding member of the Institutional Investor Group on Climate Change (IIGCC), as well as a supporter of the CDP and a contributing member of Climate Action 100+. We have long recognised that climate risk can be a systemic risk and potentially threaten the proper functioning of global financial systems. Solutions need to be worked through collaboratively between all participants in the financial system, and we have supported various initiatives over the years to encourage governments to put in place the right polices and incentives to promote alignment with the Paris climate goals.

Proxy Voting

Corporate governance regimes vary significantly depending on factors such as the relevant legal system, extent of shareholder rights, and level of dispersed ownership. Janus Henderson varies its voting and engagement activities according to the market and pays close attention to local market codes of best practice.

However, we consider certain core principles to be universal:

- Disclosure and transparency
- Board responsibilities
- Shareholder rights
- Audit and internal controls

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

As a fiduciary for our clients, we are primarily concerned with the impact of proposals on a company's performance and economic value. We recognise that environmental and social issues are associated with risks, costs and benefits which can have a significant impact on company performance over the short and long term. When evaluating the merits of proposals on environmental and social issues, we will weigh the risks, costs, and benefits of supporting the proposals against those presented by alternatives, including potentially seeking similar outcomes through direct engagement activities with management. We will generally support management proposals addressing environmental and social issues unless we identify significant weaknesses relative to market practice or peers, or where we identify significant areas of weakness or deficiency relative to peers and/or industry best practices or feel that management has failed to adequately respond to shareholder concerns.

Regarding climate-related proposals, we will consider voting against the chair of the responsible committee of a company that is a significant greenhouse gas emitter where we believe that the company is not taking the minimum steps needed to understand, assess, and mitigate risks related to climate change.

Janus Henderson has a Proxy Voting Committee, which is a subcommittee of the Front Office Governance and Risk Committee[7] (FOGRC) and is responsible for positions on major voting issues and creating guidelines to oversee the voting process. The Committee comprises representatives of Portfolio Management, Corporate Governance, Accounting, Legal, and Compliance. Additionally, the Proxy Voting Committee is responsible for monitoring and resolving possible conflicts of interest with respect to proxy voting. Public links to our voting records are available on company websites in applicable jurisdictions.

Selected Stewardship Case Studies

To illustrate our approach, below are case studies that highlight how we have engaged on climate change in 2023.

ENGAGEMENT THEME	METHANE/FLARING FROM THE OIL & GAS INDUSTRY
SECTOR	OIL & GAS
Rationale for the engagement theme/topic	Although methane is not as long-lasting in the atmosphere as carbon dioxide, it is driving short-term global warming due to its potency and ability to trap heat. Recent media coverage has highlighted how methane leaks have been underestimated and are a much greater climate risk than previously predicted. From an investment perspective, there is a clear financial incentive to encourage oil & gas (O&G) companies to reduce methane leaks, particularly when gas prices are high. Also, regulators are beginning to take action to address this issue; at COP26, 100 countries pledged to cut methane emissions by 30% by 2030, and O&G majors, as part of the Oil & Gas Methane Partnership (OGMP 2.0) are developing a reporting framework as a gold standard for reporting on methane. This issue is relevant to investors because when O&G companies leak methane into the atmosphere, they are wasting a valuable energy opportunity that could be kept in pipes and sold. In addition, a company in this situation often has greater exposure to current and future fines and taxes for emissions. If companies are promoting themselves as responsible operators promoting gas/LNG as a transition fuel with half the emissions of coal, then associated methane needs to be reduced (if not cut completely).

[7] Front Office Governance and Risk Committee (FOGRC) is responsible for ensuring that the Janus Henderson Investment Management governance and risk management frameworks are adequate and effective, and that effective measure are in place to enforce appropriate person and market conduct.

What did we do?	Over the past 18 months, we have had a longstanding engagement programme with three O&G companies. We started this engagement in 2022 to understand each company's approach to tackling methane emissions, where the problem areas are, the level of visibility the companies have on this issue, and the barriers to reaching zero-flaring practices and eliminating fugitive methane emissions completely. In particular, we pushed companies to give investors more visibility of methane pollution from non-operated assets (i.e. equity stakes/ non-operated joint ventures) and to monitor overall progress on methane emissions performance. Engagement took the form of calls, follow-up emails and meetings. We also spoke with specialist non-governmental organisations on the topic of methane to ensure that we were accurately informed on this topic. We held follow-up calls with each company in 2023 to monitor progress being made against commitments, namely whether methane disclosure had improved and flaring instances were being addressed, as we believed this would have clear financial implications for the companies involved. This engagement was initiated by Janus Henderson portfolio managers and coordinated by the central Responsibility team. A subsequent article was written on the importance of this topic and can be found on the Janus Henderson Insights webpage.
Outcome and next steps	We have seen progress from each company we've engaged on this topic. All three companies are improving disclosure and addressing this issue across their global assets, with one of the companies providing investors with a breakdown of methane released from operated assets, as well as equity stakes in non-operated assets. One company's investor relations team highlighted that our engagements drove the company's decision to increase disclosure. We are pleased to see this company leading in this space and providing a reference point for other companies to follow. We will continue to monitor methane performance across all companies. Greater transparency is the first step forward.

ENGAGEMENT THEME	WATER RISK AND THE MINING INDUSTRY
SECTOR	MINING
Rationale for the engagement theme/topic	Access to water is an increasingly material risk facing a number of sectors, as pressure on finite water resources accelerates, driven in part by climate change. Mining is the second most water-intensive industry after utilities. Water is fundamental to mining companies' operations but, due to various geological regions, there is a high concentration of ores in areas of high water stress. Mining operators in these areas have already faced significant financial impacts, including reduced output, increased costs, and stranded assets. Those operators that are effectively addressing this risk have invested in capital expenditure-heavy solutions, such as desalination.
What did we do?	We are conducting ongoing engagements with certain mining companies to understand their exposure to water risk and how well they are managing that exposure. Whilst this helps to illuminate how well companies manage water risk and therefore secure their future operations, it also indicates the effectiveness of wider stakeholder engagement and management. Water is a socially charged issue, so when we engage with companies on this issue, we talk about minimising business disruption and ensuring the security of future operations, but also about wider community stakeholder engagement and risk management. The risks facing the four companies comprising our current engagement programme are unique. Water risk is quite local and varies greatly by geography, necessitating detailed research and engagement on a mine-by-mine basis. Our ongoing engagements with these companies have afforded us considerable insight into the different risks facing companies and between mines within a single company.
Outcome and next steps	Water use in mining is a highly nuanced and site-specific issue, so engagement is highly beneficial. As we investigated this, there were some areas in which certain companies excelled while others lagged, especially in terms of management and disclosure. We also explored specific high-risk assets. As these engagements continue, we gain a better idea of what best practice looks like and which risk mitigation technologies are best suited for particular companies. We have provided feedback where we believe there is room for companies to improve. These engagements have also highlighted important risks and opportunities associated with desalination (a risk mitigation solution that has been used most predominately by miners), which we believe may have applications in other sectors.

Metrics and Targets

Most of our actively managed strategies integrate financially material ESG risks and opportunities, including climate-related risks and opportunities. When we think about metrics and targets with respect to our portfolios, our investment teams have access to many different climate metrics and some of our ESG-focused portfolios may have explicit climate-related targets. However, we do not have firmwide carbon reduction targets on our aggregate assets under management.

Climate Change and ESG Data Resources and Analytics

Investment teams have access to a range of third-party data from providers. This data includes ESG ratings, risks and controversies, business involvement, CVaR, climate risk reports, UN SDG-alignment, and principal adverse indicators. Janus Henderson will continue to improve, the range of data, metrics, and analytics available to our investment teams.

Our investment teams have access to a wide range of third-party sources of climate data that are available, as appropriate, at both an issuer and portfolio level. We continue to educate and embed climate metrics and scenario analysis in the investment process. These data include:

- Carbon metrics, such as absolute emissions, energy and fuel consumption, and carbon intensity
- Implied temperature rise (ITR)
- Summary measures, such as whether an issuer reports to CDP or has net zero targets
- CVaR/climate scenario analysis, including physical and transition risks

Our portfolios in-scope for TCFD reporting leverage three scenarios (NGFS REMIND 1.5°C Orderly, average physical risk; NGFS REMIND 1.5°C Disorderly, aggressive physical risk, and NGFS REMIND 3°C Hot House, aggressive physical risk) for reporting purposes only.

Corporate issuers are generally well covered by these metrics. We consider carbon intensity (tCO_2e/GDP) for sovereign issuers. Securitisations are not covered at this time.

For in-scope products, we provide product-level TCFD reports for our clients. These reports detail portfolio climate metrics, including absolute carbon emissions, carbon footprint, weighted average carbon intensity, ITR, and CVaR.

Recently, we have assessed the climate metrics of and conducted climate scenario analysis at an aggregate level across Group AUM (Figures 12 and 13).

Total carbon emissions are the aggregate financed emissions in tCO_2e of our portfolios based on an enterprise value including cash (EVIC) ownership basis. Total carbon footprint is the total emissions normalised by the total millions of dollars invested in our portfolios, so it is comparable across other asset managers. Weighted average carbon intensity is the weighted average of our holdings' carbon intensities based on revenue intensity for equites and corporate bonds and GDP intensity for sovereigns. The ITR is the mean temperature rise in degrees Celsius by the end of the century from pre-industrial levels if our portfolios represented the global economy.

Figure 12: Group Portfolio Climate Metrics

ALLOCATION BASE	EVIC	UNITS	2023	COVERAGE
CARBON EMISSIONS				
Total Carbon Emissions	Scope 1 and 2	Tons CO_2e	10,242,124	95.47%
Total Carbon Emissions	Scope 3 Upstream	Tons CO_2e	22,958,720	95.13%
Total Carbon Emissions	Scope 3 Downstream	Tons CO_2e	44,783,672	95.13%
CARBON FOOTPRINT				
Total Carbon Footprint	Scope 1 and 2	Tons CO_2e/$M invested	40.81	93.78%
Total Carbon Footprint	Scope 3 Upstream	Tons CO_2e/$M invested	83.5	93.48%
Total Carbon Footprint	Scope 3 Downstream	Tons CO_2e/$M invested	172.37	93.48%
WEIGHTED AVERAGE CARBON INTENSITY (WACI)				
WACI Corporate Constituents	Scope 1 and 2	Tons CO_2e/$M revenue	96.31	96.13%
WACI Corporate Constituents	Scope 3 Upstream	Tons CO_2e/$M revenue	233.53	95.13%
WACI Corporate Constituents	Scope 3 Downstream	Tons CO_2e/$M revenue	350.8	95.13%
WACI Sovereign Constituents	Weighted Sovereign Intensity	Tons CO_2e/$M GDP nominal	304.02	85.00%
IMPLIED TEMPERATURE RISE (ITR)				
ITR	Scope 1, 2, and 3	Degrees Celcius	2.17	93.43%

Carbon emissions, carbon footprint, WACI corporate constituents, and ITR reflect single-name, corporate, long, physical-only positions representing approximately $268bn in AUM, or 78% of our Group-wide AUM. WACI sovereign constituents reflects single-name, sovereign, long, physical-only positions representing approximately $18bn in AUM, or 9% of our Group-wide AUM. Data coverage figures above reflect the data availability within each position carveout.

CVaR translates yearly climate costs incurred by companies in the future, in any given scenario, to a present value at risk. These costs may be associated with transition risks and opportunities from policy headwinds or technology opportunities, as well as physical risks. Policy risks and technology opportunities comprise transition risks. Transition risks and physical risks comprise aggregate CVaR.

Figure 13: Group Portfolio Climate Scenario Analysis

	2023	COVERAGE
Scenario: REMIND 1.5C Orderly Average	-7.15	77.00%
Transition Climate VaR - Policy	-6.78	78.79%
Transition Climate VaR - Technology	0.85	79.01%
Physical Climate VaR	-1.21	77.00%
Scenario: REMIND 1.5C Disorderly Aggressive	-9.98	77.00%
Transition Climate VaR - Policy	-9.66	78.79%
Transition Climate VaR - Technology	1.53	79.01%
Physical Climate VaR	-1.84	77.00%
Scenario: REMIND 3.0C Hot House Aggressive	-4.59	77.00%
Transition Climate VaR - Policy	-1.35	78.79%
Transition Climate VaR - Technology	0.19	79.01%
Physical Climate VaR	-3.43	77.00%

Source: MSCI

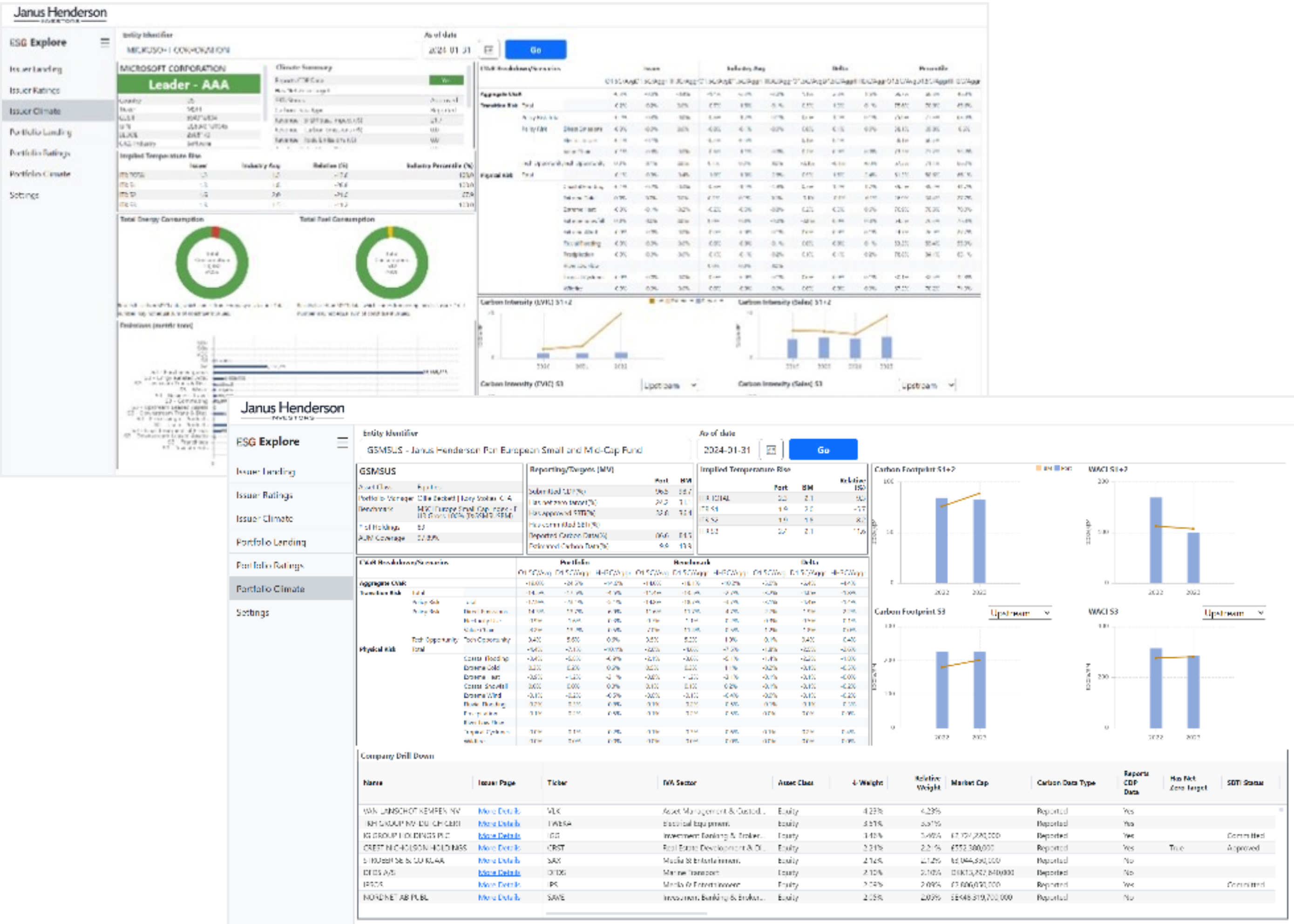
CVaR figures reflect single-name physical, single-name derivative, and multi-name exposure derivative positions representing approximately $325bn in AUM, or 94% of our Group-wide AUM. Data coverage figures above reflect the data availability within that position carveout.

ESG Explore Tool

Going forward, we are strengthening our data visualisation and analysis tools to provide easy access to interactive issuer and portfolio-level ESG insights and drill-down capabilities. Our new ESG Explore Tool, which is in the final stages of development, will present portfolio- and issuer-level data, including modules on ESG scores, climate metrics, business involvement, regulatory datapoints, engagement, and voting. While our analysts and portfolios managers will be the primary users of these tools, they will also be used by our oversight functions, including Risk, and for client reporting. These tools will enable our investment teams to conduct analysis of financially material ESG issues in a way that aligns with their current research process and in a similar way to how they access non-ESG issuer and portfolio data.

The climate pages in ESG Explore share some of the most important, investment decision-useful, climate metrics at the issuer and portfolio levels:

- The issuer climate page includes current and historical data on absolute emissions across emission types, scopes, and categories. Users also have access to estimated and reported carbon intensity data, as well as important forward-looking measures like ITR and a granular breakdown of transition and physical risks associated with multiple climate scenarios. The tool also provides insights into whether issuers report to CDP, have a Net Zero target, or have science-based targets, among other data.
- The portfolio climate page shares data on aggregate emissions, temperature rise, climate commitments, and scenario analysis. The page also has an issuer breakdown table, which shows how risks present across holdings and how each holding contributes to those top-line numbers.



The Responsibility team continues to provide support to investment desks on understanding ESG and climate data. The team has assisted with use cases for climate data and tools and written relevant guides on topics such as CVaR. As we continue on our journey to embed analysis of financially material climate risks in our investment processes, we expect to expand our training and integration across more and more of our investment teams.

Glossary

Carbon Footprinting refers to the calculation of the total greenhouse gas emissions caused by an individual, event, organization, service, or product expressed as a carbon dioxide equivalent.

Climate-Related Opportunity refers to the potential positive impacts related to climate change on an organization. Efforts to mitigate and adapt to climate change can produce opportunities for organizations, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organization operates.

Climate-Related Risk refers to the potential negative impacts of climate change on an organization. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise). Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.

Governance refers to "the system by which an organization is directed and controlled in the interests of shareholders and other stakeholders."

Greenhouse Gas (GHG) Emissions Scope Levels

- Scope 1 refers to all direct GHG emissions.
- Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.
- Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.

NGFS The Network for Greening the Financial System is a group of 91 central banks and supervisors and 14 observers committed to sharing best practices, contributing to the development of climate –and environment– related risk management in the financial sector and mobilising mainstream finance to support the transition toward a sustainable economy. NGFS have developed climate scenarios to provide a common starting point for analysing climate risks to the economy and financial system.

Risk Management refers to a set of processes that are carried out by an organization's board and management to support the achievement of the organization's objectives by addressing its risks and managing the combined potential impact of those risks.

Scenario Analysis refers to a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an organization to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time. Each NGFS scenario used in this disclosure explores a different set of assumptions for how climate policy, emissions and temperatures evolve.

i. **NGFS SCENARIO 1.5°C ORDERLY: Net Zero 2050** limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. Some jurisdictions such as the US, EU and Japan reach net zero for all GHGs .

ii. **NGFS SCENARIO 1.5°C DISORDERLY: Divergent Net Zero** reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use

iii. **NGFS SCENARIO 3°C HOT HOUSE: Current Policies** assumes that only currently implemented policies are preserved, leading to high physical risks.

Strategy refers to an organization's desired future state. An organization's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organization's activities and the nature of its businesses, taking into account the risks and opportunities it faces and the environment in which it operates.

Transition Plan refers to an aspect of an organization's overall business strategy that lays out a set of targets and actions supporting its transition toward a low-carbon economy, including actions such as reducing its GHG emissions.

Appendix 1

	TCFD Recommendations	Report Section	Report Subsection
Governance			
A)	Describe the board's oversight of climate-related risks and opportunities	Governance, Oversight, and Risk Management	Roles and Responsibilities
B)	Describe management's role in assessing and managing climate-related risks and opportunities	Corporate Environmental Practices Managing Climate Considerations in Our Portfolios Governance, Oversight, and Risk Management	Strategy Risk Management Strategy: Our Approach to Climate Change and ESG
Strategy			
A)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Corporate Environmental Practices	Strategy Risk Management
B)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Corporate Environmental Practices Governance, Oversight, and Risk Management	Strategy Risk Management Functions
	Describe how climate-related risks and opportunities are factored into relevant products or investment strategies'	Managing Climate Considerations in Our Portfolios	Strategy: Our Approach to Climate Change and ESG Risk Management: Identification, Analysis and Management of Financially Material Climate and ESG Risks and Opportunities
	Describe how each product or investment strategy might be affected by the transition to a lower-carbon economy.[1]	Managing Climate Considerations in Our Portfolios	Climate Change and ESG Data Resources Analytics
C)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Corporate Environmental Practices Managing Climate Considerations in Our Portfolios	Risk Management Climate Change and ESG Data Resources and Analytics
Risk Management			
A)	Describe the organisation's process for identifying and assessing climate-related risks	Corporate Environmental Practices Governance Oversight and Risk Management	Strategy Risk Management Functions
	Describe where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks[1]	Managing Climate Considerations in Our Portfolios	Risk Management: Identification, Analysis and Management of Financially Material Climate and ESG Risks and Opportunities Engagement and Stewardship
	Describe process for identification and assessment of material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process.[1]	Managing Climate Considerations in Our Portfolios	Strategy: Our Approach to Climate Change and ESG Risk Management: Identification, Analysis and Management of Financially Material Climate and ESG Risks and Opportunities
B)	Describe the organisation's process for managing climate-related risks	Corporate Environmental Practices	Strategy
	Describe management of material climate-related risks for each product or investment strategy'	Managing Climate Considerations in Our Portfolios	Strategy: Our Approach on Climate Change and ESG Risk Management: Identification, Analysis and Management of Financially Material Climate and ESG Risks and Opportunities
C)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Governance, Oversight and Risk Management Corporate Environmental Practices	Strategy Risk Management
Measures and Targets			
A)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Corporate Environmental Practices	Metrics and Targets
	Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, describe how these metrics have changed over time.[1] Where appropriate, provide metrics considered in investment decisions and monitoring.[1] Describe the extent to which their assets under management and products and investment strategies, where relevant, are aligned with a well below 2°C scenario, using whichever approach or metrics best suit their organisational context or capabilities, and to indicate which asset classes are included.[1]	Managing Climate Considerations in Our Portfolios	Climate Change and ESG Data Resources and Analytics
B)	Disclosure Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Corporate Environmental Practices	Our Carbon Emissions and Targets
	Disclose GHG emissions for their assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow.[1] Consider providing other carbon footprinting metrics believed to be useful for decision-making.[1]	Managing Climate Considerations in Our Portfolios	Metrics and Targets
C)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Corporate Environmental Practices	Metrics and Targets

[1] This entity-level Climate Change and Task Force on Climate-Related Financial Disclosure Report provides high level information that is broadly applicable across many of Janus Henderson's products and strategies. More detailed information, including actual data and metrics, for in-scope funds/ mandates are available on request.

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