

Henderson Opportunities Trust plc

Investment approach and ESG engagement

Responsible Investment is the term used to cover the Manager's work on ESG issues in the Company's investee companies. It is very wide ranging and all investment decisions are made with consideration of the ESG context. It is an integral part of the investment process, and is incorporated at both the Fund Manager level and in conjunction with the Janus Henderson Governance & Responsible Investing team.

In some ESG areas the issues are easily measurable and considerable progress can be seen.

The governance of many businesses has improved. Board composition has become more diverse and gender equality is gradually being tackled by the business community. Remuneration packages are (broadly) being set with careful consideration in dialogue with shareholders, and many of the companies within this portfolio have good levels of management ownership so shareholders and management teams are well aligned.

There are, however, ESG issues that are more subjective and as a result progress is difficult to monitor. The environmental area is particularly challenging. We prefer dialogue with, rather than the exclusion of, companies or sectors that do not score as highly in environmental screens so as to try and understand the issues.

One of the ways an awareness of these issues colours all investment decisions is in the search for companies that are positively helping to provide the answers. When viewed in this context, ESG issues are both a challenge and also an investment opportunity. For example, many of the early stage companies held within the portfolio are addressing the need for de-carbonisation through a variety of technologies including solid state batteries, renewable energy and fuel cells. There are also companies held within this portfolio where their end products could have a material societal benefit if they become fully commercialised. For example, companies developing less invasive surgical tools, or low cost gene sequencing that would allow more personalised medicine.

Janus Henderson seeks to protect and enhance value for the Company's shareholders through active management, integration of ESG factors into investment decision making, company engagement and voting.

The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. The Board has chosen to delegate responsibility to the Manager for voting the rights attached to the shares held in the Company's portfolio, and the Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles which set out the Manager's approach to corporate governance and compliance with the Stewardship Code

Additional information:

Information on the Company's approach to ESG can be found in the latest annual report:

<https://documents.janushenderson.com/prod/documents/docId/5PI1S3>

The Manager's ESG Investment Principles are available here:

<https://www.janushenderson.com/en-gb/investor/about-us/esg-environmental-social-governance/>

The Company's appointed investment manager

- supports the Stewardship Code: <https://www.frc.org.uk/investors/uk-stewardship-code>
- and is a signatory to the Principles for Responsible Investment: <https://www.unpri.org/>