

Quarterly Voting and Engagement Report

Global Sustainable Equity Strategy

Q1 2020

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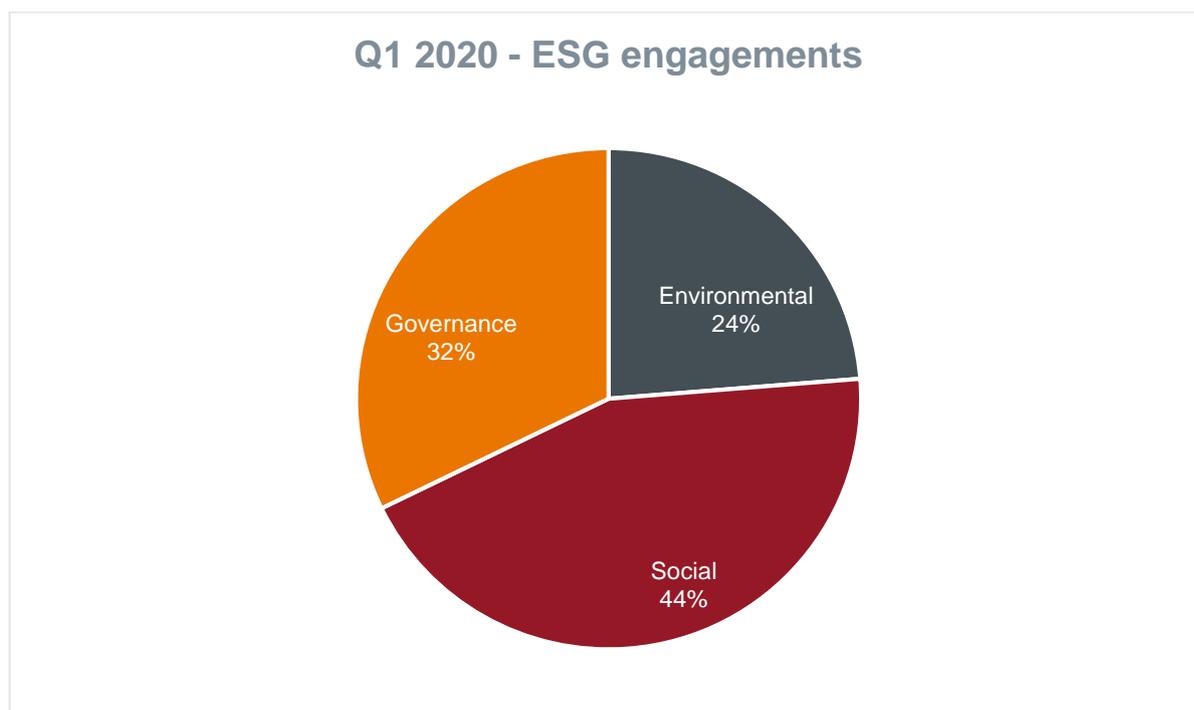
Engagement Activities

Summary of Engagement

Some of the companies we engaged with on environment, social and governance (ESG) matters in this quarter were:

- Adobe
- Aptiv
- ASML
- Autodesk
- Evoqua
- Humana
- Intact Financial
- Kingspan
- Knorr-Bremse
- Legrand
- McCormick
- Microsoft
- Murata
- Nidec
- Nike
- Nintendo
- Orange
- Salesforce
- SAP
- Shimadzu
- Teladoc
- Wabtec
- Zendesk

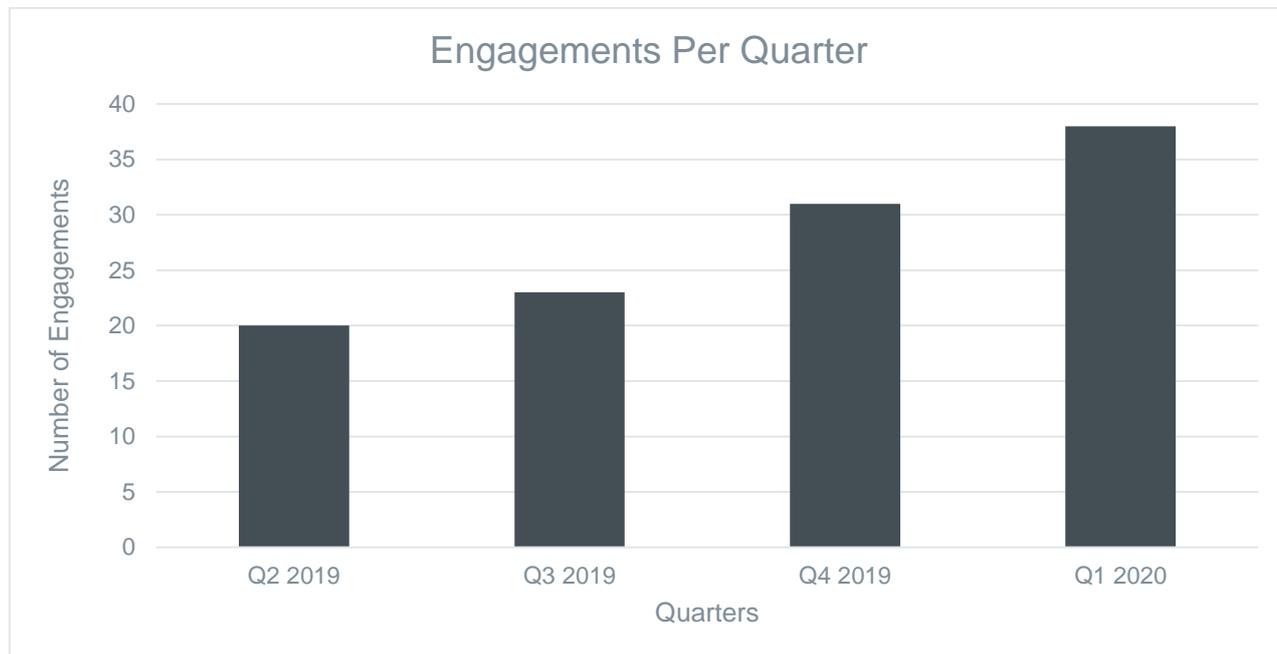
The chart below displays the distribution of engagement between environment, social and governance issues for the quarter. COVID-19 has been the dominant engagement point, which explains the large amount of 'social' engagements we have made in the quarter. However, ESG factors outside of COVID-19 have not disappeared because of the pandemic, and we consider them to still be important for engagement.



Source: Janus Henderson as at 31 March 2020

These are the manager's views as at 31 March 2020. The stocks listed are for illustrative purposes only and are not indicative of historical or future performance. This document does not qualify as an investment recommendation. References made to individual securities do not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase the security. Past performance is not a guide to future performance. The value of an investment and the income from it may fall as well as rise and you may not get back the amount originally invested.

The number of engagements this quarter is more than double that of Q1 in 2019. This has been partially due to COVID-19, but also reflects an upward trend in the amount of engagements we have been carrying out in relation to the strategy.



Source: Janus Henderson, as at 31 March 2020

Key Quarterly Engagement

COVID-19 (ASML, Teledoc and many others)

Categories: *Social*

Global stock markets declined sharply in the second half of the quarter as economic activity was negatively impacted by the coronavirus pandemic. Social distancing measures and travel restrictions were enacted in many countries, with some governments going so far as to force closure of non-essential commercial activities. Our engagement on COVID-19 was focused primarily on two areas: disruption and opportunities.

- **Disruption:** We spoke to a number of companies within the portfolio that reported disruption to their business. Such disruption can take many forms and, in these instances, involved supply chain, staffing, logistics and sales. ASML is a global manufacturer of semiconductor microchip-making equipment and is headquartered in the Netherlands. The company reported disruption to their ability to fulfil orders made by customers in Wuhan and other areas afflicted with COVID-19 in Asia because of the lockdown imposed to deal with the pandemic. The company expressed hope that once the pandemic ended in the area, and the lockdown restrictions were lifted, orders would be fulfilled.
- **Opportunities:** The pandemic has highlighted the ability of digital businesses to continue to provide products and services during the pandemic. Teladoc is a virtual healthcare platform that provides telemedicine services in many countries around the world. When we engaged with the company, it was preparing to be a solution provider during the coronavirus pandemic. At the time of the engagement, Teledoc realised that there was a lot it did not know about how the pandemic would impact the geographical areas it operated in, and as a result the company was hesitant to prematurely adjust any guidance figures it had published.

Net Zero-Carbon (Microsoft and Adobe)

Categories: *Environmental*

Last year, we began to engage with names within our portfolio on becoming net-zero carbon by 2030 based on scope 1,2 and 3 emissions. Two companies that we had identified as potentially being able to set such a target were Microsoft and Adobe as both companies had already achieved carbon neutrality based on scope 1 and 2 emissions.

- **Microsoft:** The company is one of the world's leading computing providers and its products are used in many different ways for the benefit of the environment and society. This quarter, the company announced that it would aim to be carbon negative by 2030 with the goal of having offset every carbon output in its corporate history by 2050. We engaged with the company on this new target and Microsoft communicated its desire to be a part of the solution to climate change.
- **Adobe:** A North American technology company that develops and sells software and services for content creation and measurement of digital advertising and marketing. We continued our engagement with Adobe this quarter and the company confirmed that it had started to investigate carbon neutrality, setting a date of 2035. However, the Microsoft announcement had caught Adobe's attention and the company are now exploring the possibility of making this 2035 target sooner.

Evoqua Water Technologies

Categories: *Social and Governance*

Evoqua Water Technologies has a sole focus on water treatment. Its core technologies are focused on purification; removing impurities from water, rather than neutralising them through the addition of chemicals. We engaged with Evoqua's investor relations team because the Institutional Shareholder Services group of companies (ISS) recommended that we WITHHELD the vote against three board members. The Janus Henderson Governance and Responsible Investing (GRI) team had carried out some research which highlighted a lack of gender diversity on the board. We collaborated and found evidence of a potentially poor culture toward women and engaged with Evoqua on these issues. The result was that the management team

at Evoqua committed to look to address female representation on the board in the future. On the recommendation of the GRI team, we WITHELD the vote based on a lack of gender diversity on the board. We will continue to engage with Evoqua in the future on these issues.

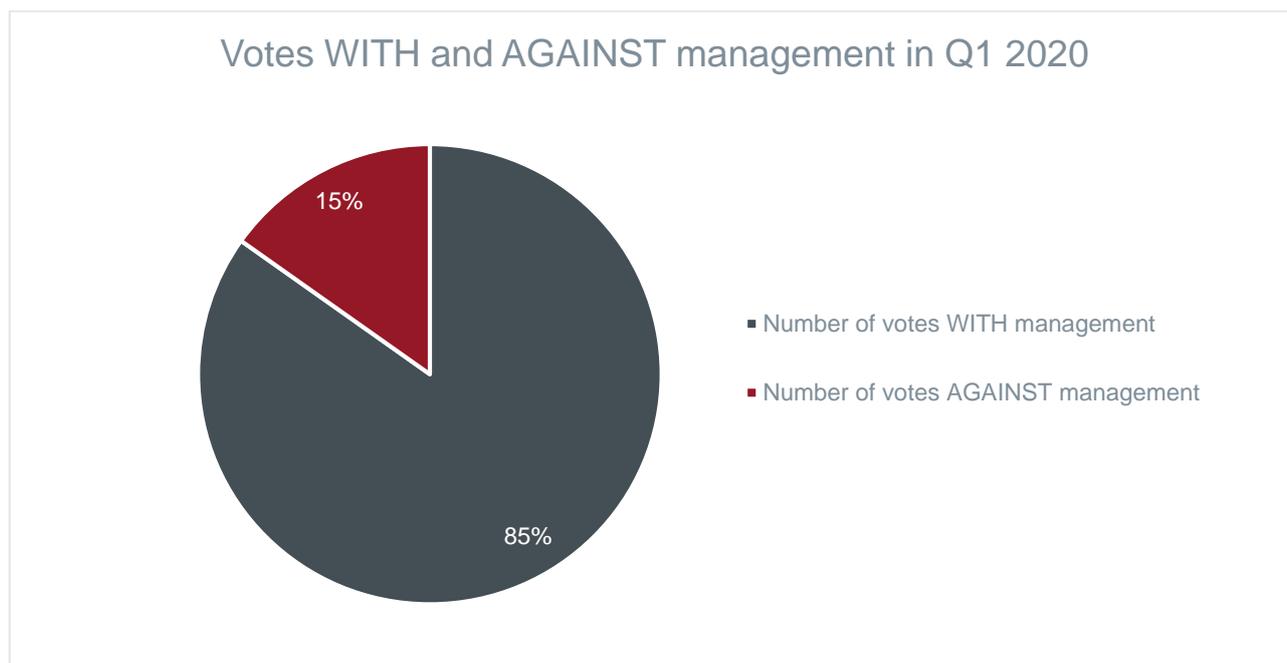
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Voting

Janus Henderson's [Responsible Investment Policy](#) sets out our approach to ESG issues, including our proxy voting policy.

We believe that in order to achieve long-term success, companies need not only to conceive and execute appropriate business strategies but also to exhibit good standards of corporate governance and corporate responsibility with regards to all stakeholders.

The Global Sustainable Equity team have voted in 100% of the meetings available. For the majority of the meetings, we voted with management.



Source: Janus Henderson, as at 31 March 2020.

The votes against management are shown below along with explanations:

Company Name	Proposal Code Description	Proposal Text	Rationale
The Walt Disney Company	Advisory Vote to Ratify Named Executive Officers' Compensation	Advisory Vote to Ratify Named Executive Officers' Compensation	The vote AGAINST was due to multiple concerns over compensation policy including weak performance targets.
	Political Lobbying Disclosure	Report on Lobbying Payments and Policy	A vote FOR this proposal was warranted, as additional disclosure of the company's indirect lobbying related oversight mechanisms, along with its trade association payments, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

Company Name	Proposal Code Description	Proposal Text	Rationale
Evoqua Water Technologies Corp	Elect Director	Elect Director Martin J. Lamb	We engaged with management on board diversity and wider diversity in the work place. On balance, it was felt that the company did not meet wider market standards in terms of gender diversity.
	Elect Director	Elect Director Ron C. Keating	
	Elect Director	Elect Director Peter M. Wilver	

Janus Henderson Investors

201 Bishopsgate, London EC2M 3AE
 General enquiries: +44 (0) 20 7818 4411
 Email: sales.support@janushenderson.com
 Website: janushenderson.com

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