Janus Henderson
INVESTORS

INVESTMENT PRINCIPLES

GLOBAL SUSTAINABLE EQUITY STRATEGY



Marketing communication | Not for onward distribution

The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

In accordance with the Sustainable Finance Disclosure Regulation, Portfolios within this strategy are classified as Article 9 and have sustainability as their objective.

Investors should note that portfolios within this strategy can differ. Further information can be found on page 9 specific to animal testing exclusion criteria.



PHILOSOPHY

We believe there is a strong link between sustainable development, innovation and long term compounding growth.

Our investment framework leads us to invest in companies that contribute to positive environmental or social change, through their revenue alignment with ten environmental and social themes. At the same time it helps us stay on the right side of disruption by avoiding companies we consider to be involved in activities that are harmful to the environment or society.

We believe this approach can provide clients with a persistent return source, deliver future compound growth and help mitigate downside risk.

Sustainability defined

In 1987 the United Nations (UN) commissioned its first report into sustainable economic development. 'Our Common Future,' also known as the Brundtland Report, defined sustainable development as "development that meets the needs for the present without compromising the ability of future generations to meet their own needs." In order to do this, we need to factor environmental and social considerations into our economic model.

The Janus Henderson Global Sustainable Equity Strategy was founded on these principles in 1991. We have now been investing through a lens of sustainability for over 30 years, with environmental and social considerations forming the basis of our investment framework.

Our investment approach is not static. As the science and knowledge of sustainability issues evolves, we look to adapt and refine our approach.

The following publications have had a particular influence:

- Agenda 21: the United Nations' action plan with regard to sustainable development
- The Future We Want: a document reaffirming a common vision for sustainable development
- The Sustainable Development Goals: a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030

These publications have informed the categorisation of our four powerful environmental and social megatrends: climate change, resource constraints, population growth and ageing population.

Our environmental and social megatrends

We focus on four environmental and social megatrends that we believe are the most relevant to our investment framework and inform both our positive and negative selection criteria. They are long duration in nature and have causal and interdependent relationships between one another, with environmental megatrends having implications with respect to social sustainability issues, and vice versa. We invest in companies that are aligned with environmental and social sustainable development themes and are creating wealth and meeting societal needs without damaging our 'natural capital,' and we avoid investing in companies with goods or services that contribute to environmental or societal harm.

Population growth

The global population is predicted to increase by two billion persons in the next 30 years[1]. There are many societal and cultural changes accompanying this, and it is important to consider issues such as age, gender, race, ethnicity, religion and inequality. The ageing of society is such a pervasive trend that we consider it separately. There will be growth in demand for many different types of goods and services that cater to the needs of this growing and changing population, ranging from basic necessities such as food, water and shelter to transportation, financial services, education, health, security and well-being. We seek to invest in companies producing those goods and services that are of benefit to society and which do so while protecting natural capital. We avoid investing in companies producing goods and services that are harmful to society.

Ageing population

The world's population is ageing, with virtually every single country in the world experiencing growth in the number and proportion of older persons in its population. According to the UN, population ageing is poised to become one of the most significant social transformations of the 21st century with implications for nearly all sectors of society. By 2050 it is expected that one in six people globally will be over the age of 65 (16%), up from one in eleven in 2019 (9%). There are additional goods and services to consider with respect to ageing demographics, such as healthcare services, financial security and social protection, as well as businesses that offer solutions that address declining workforce participation and rising dependency ratios.

Resource constraints

Natural capital resources underpin economic prosperity as well as other social benefits such as health, culture, identity and well-being. Natural capital is the world's stock of renewable and nonrenewable resources, which includes geology, soils, air, water and all living organisms (biodiversity). The annual value of the ecosystem services that the world economy derives from natural capital is estimated to be greater than world Gross Domestic Product (GDP)[2]. Due to population growth and a linear economic model, natural capital resources are being damaged and depleted faster than they can be replenished, undermining the ability of the global economy to generate adequate wealth to support social trends. We seek to invest in companies that protect, enhance, or enable more judicious use of natural capital by increasing efficiency, adopting circular business models, and mitigating and reducing pollution. We avoid investing in companies that damage or deplete natural capital.

Climate change

This is the greatest environmental and social challenge the world has ever faced. The Intergovernmental Panel on Climate Change (IPCC) has warned that to meet the goal of limiting global warming to below 1.5°C "global net human-caused emissions of CO_2 would need to fall by about 45% from 2010 levels by 2030, reaching net zero around 2050."[3] Not doing so would risk health, livelihoods, food security, water supply, human security and economic growth. There is an urgent need to transition to a low-carbon economic model. We seek to invest in companies producing goods and services that contribute to the mitigation, prevention and eradication of climate change. We avoid investing in companies that exacerbate climate change or are not aligned with a low-carbon future.

[1] United Nations Department of Economic and Social Affairs (UN DESA) https://www.un.org/development/desa/en/key-issues/population.html
https://www.un.org/development/desa/en/news/population/world-population-prospects-2019.html

[2] https://www.ipcc.ch/report/srccl

[3] Special Report: Global Warming of 1.5°C https://www.ipcc.ch/sr15/

Idea generation

Our approach to idea generation is based on a bottom-up search for high quality investment ideas. Every investment in the portfolio starts as an individual company idea which can be generated via a number of different teams and is then subject to our structured evaluation framework.

The four pillars of our sustainability-driven investment strategy

We see four key elements to an investment approach based on sustainability. Often there are conflicts between environmental and social sustainability, and our approach seeks to address this by using both positive and negative (avoidance) investment criteria and considering both the products and operations of a business. Company engagement and active portfolio management are essential features of any true sustainable investment strategy.



The four pillars:

1. **Thematic revenue alignment:** Ten sustainable development themes guide idea generation and identify long-term investment opportunities.
2. **Do no harm:** Strict avoidance criteria are adopted. We will not invest in activities that contribute to environmental and social harm. This also helps us avoid investing in industries most likely to be disrupted.
3. **'Triple bottom line' framework[4]:** Fundamental research evaluates how companies focus on profit, people and the planet.
4. **Active portfolio and engagement:** Collaborative, collective and continuous engagement are key aspects of the process to construct a differentiated portfolio with a typically high active share (>90%).

[4] This consists of social, environmental, and economic factors, also know by the phrase "people, profit, planet" created by John Elkington.

Environmental and social themes

Environmental and social considerations form the basis of our investment framework. We seek to invest in businesses that are strategically aligned with the powerful environmental and social trends changing the shape of the global economy. We believe these businesses should exhibit capital growth by virtue of having products or services that enable positive environmental or social change and thereby contribute to the development of a sustainable global economy.

Also referred to as 'idea generation,' 'thematic framework' or 'positive selection criteria' in some of our other documents, our assessment of companies begins with determining where they lie within at least one of our ten environmental and social themes that encompass positive criteria. This assessment is based on the revenue alignment of the products/services the company offers. It is quantitative and qualitative in nature and involves a rigorous look at the life cycle of the product or service.

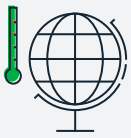
The environmental and social themes are used as a framework for idea generation; however, for the purposes of portfolio construction, there is no forced distribution of themes. There are qualitative aspects to thematic allocation. To ensure thematic integrity, the portfolio management team and the central Responsible Investment and Governance Team will debate whether a company should be included within the Global Sustainable Equity universe.

Four megatrends

The global economy is under enormous pressure from four powerful environmental and social megatrends: climate change, resource constraints, population growth and an ageing population. As a result of climate change, the future development of the global economy will be shaped by the urgent need to transition to a low-carbon economy. At the same time, it is vital that global productivity is maintained in order to support a growing and ageing population. Our thematic criteria lead us to invest in businesses that contribute to a more sustainable society and environment by virtue of the products or services they sell and by the way in which they manage their operations, thereby supporting the Sustainable Development Goals[5].



RESOURCE CONSTRAINTS



CLIMATE CHANGE



POPULATION GROWTH



AGEING POPULATION

10 THEMES

A LOW-CARBON PORTFOLIO

ENVIRONMENTAL

- Efficiency
- Cleaner energy
- Water management
- Environmental services
- Sustainable transport

SOCIAL

- Sustainable property & finance
- Safety
- Quality of life
- Knowledge & technology
- Health

Over the coming decades, we expect a fundamental shift in global capital flows (money used for investment, trade or business) such that entire industries stand to be disrupted. Using global environmental and social megatrends as a framework to identify businesses whose products and services contribute to a positive sustainable economy, we believe we will create value for investors.

[5] https://sustainabledevelopment.un.org/

Environmental themes



Cleaner energy

A global energy mix shifting to renewable and cleaner energy is crucial in order to limit global temperature increases. Additionally, battery storage will play an essential role in enabling renewables to become a mainstream source of energy by smoothing the peaks and troughs associated with variable output from solar and wind farms.

Renewable energy developers and operators, renewable energy technology, battery technology



Efficiency

Roughly two-thirds of the primary energy contained in fossil fuels globally is wasted. As well as reducing emissions, efficiency gains are necessary in the use of all natural resources, including materials, food and water. At its core, efficiency is about minimising environmental impact while still providing essential goods and services to society.

Electrical equipment, industrial process and automation technology, building materials, software, semiconductors



Environmental services

The value of 'natural capital' is not captured in economic measures and yet it is the foundation of prosperity. There are many negative impacts on the environment associated with population growth and a linear economic model. Waste management, pollution control, environmental protection and remediation, and the creation of circular business models are all required.

Recycling and circular economy, natural capital, sustainable packaging, waste management, environmental engineering & infrastructure



Sustainable transport

Transportation is one of the main contributors to global greenhouse gas emissions and pollution and is a key target for government curbs. There is significant opportunity for companies at the forefront of pioneering new energy technologies, vehicle efficiency, public transport infrastructure and other low-carbon solutions.

Electric vehicles, electric vehicle technology, rail, public transport, shared economy, cycling



Water management

Water is under pressure from both the supply side (insufficient fresh water, uneven distribution, poor quality and climate change) and the demand side (increasing use in agriculture, industry and municipal/residential areas). Substantial investment is required in infrastructure, alongside behavioral changes, in order to bridge the supply gap.

Water utilities, water technology, water infrastructure

Social themes



Knowledge & technology

There is a close link between sustainability and innovation. Technological innovation and the advancement of knowledge play an integral role in the development of a more sustainable economic model. The world needs companies that provide tools and services that enable greater productivity and innovation.

Software, semiconductors, artificial intelligence, cloud computing, robotics, communication services, education and publishing



Health

Ageing populations are putting systemic pressures on health provision and social care services. The demand for healthcare increases with age, and the challenge will be providing affordable care and services for this growing segment of society over a longer time horizon – as life expectancies are also rising – in addition to supporting healthcare innovation to address unmet needs.

Health insurance, healthcare information technology, healthcare services, diagnostics



Safety

Growing populations, technological change and climate change are leading to an increase in the scope and complexity of risks. Companies with goods and services that prevent or mitigate risks are necessary to protect human life and enhance economic resilience. Examples are technology or services related to road safety, natural disasters, cyber security and food safety.

Food, drug and environmental testing, transportation and electrical safety, public safety equipment, insurance, quality assurance



Sustainable property and finance

Financial services play an integral role in the development of a sustainable economy. Banks provide essential products and services for savers, borrowers and business. Insurance companies contribute to economic resilience. Urbanisation, demographic trends and climate change necessitate the construction of sustainable and resilient housing and other types of property used in the provision of social services.

Financial technology, insurance, commercial and retail banks, housing, digital payments



Quality of life

Thousands of years of human development have resulted in rich and diverse societies with complex needs. There are many companies with goods or services that make a positive contribution to society and human culture by improving quality of life, including healthy living, sustainable consumer goods, and entertainment and leisure.

Entertainment and leisure, sports and fitness, sustainable clothing, healthy food

Theme allocation is based on current or future revenues with a 50% threshold for primary theme and a 10% de-minimus threshold for secondary theme. Theme weightings are rounded to the nearest 10% (or rounded to zero if below 10%). Any revenues that do not have a thematic allocation will be represented as non-thematic. All revenues meet our avoidance criteria. The overall thematic distribution of the portfolio is based on thematic revenues and non-thematic revenues on pro-rata allocation according to position weights. Data rounded and may therefore not add up to 100%.

For example, if company X is a 1% position in the portfolio and its revenues are allocated 60% to the Sustainable Transport theme, 20% to the Cleaner Energy theme and 20% Non-thematic, there would be a 0.6% weight to Sustainable Transport, a 0.2% weight to Cleaner Energy and a 0.2% weight to Non-thematic. Primary, secondary and non-thematic weightings have then been summed to derive the overall portfolio theme allocations.

Environmental and social avoidance criteria

The negative impact on global prosperity from the cost of economic externalities is becoming increasingly recognised. We seek to avoid those businesses involved in activities that are harmful to society or the environment. We believe these types of businesses are at higher risk from government regulation or disruption.

Also referred to as 'negative screening,' 'negative criteria' or 'exclusion criteria' in some of our other documents, our clearly defined standards govern the companies we exclude from our investment universe.

Country exclusions

Janus Henderson Investors has implemented system-wide trading restrictions to prevent transacting in securities subject to applicable sanctions regimes, including those administered by the Office of Financial Sanctions Implementation (UK), the UN Security Council, the Office of Foreign Asset Control (US) and the European Union (EU), to the extent permitted by law. Restrictions are coded into Janus Henderson Investors' trading systems to prevent investment into sanctioned stock and are updated in line with applicable sanctions regimes.

Prior to an initial investment in a country/market, an internal analysis is conducted to identify any applicable regulatory risks (including UK, UN, US or EU sanctions) that may impact Janus Henderson Investors or its clients.

Oppressive regimes

Our approach is to distinguish between companies that can only do business by supporting an oppressive regime from those that can make a genuine environmental and social contribution by investing and helping to raise standards. We define oppressive regimes by a number of characteristics, including evidence of absence of the rule of law, reported instances of arbitrary detention, political oppression, and use of the death penalty. Each company and regime is assessed on a case-by-case basis.

Information is obtained using the following:

- Freedom House
- Transparency International data
- The UN Development Programme International Human Development Indicators per country
- MSCI Human Rights Index

Asset owner exclusions

We believe that our exclusions are comprehensive and robust and capture most types of screening and exclusion methodologies. We do monitor some exclusions lists created and maintained by asset owners on a case-by-case basis.[6]

Taxation

Corporate tax transparency is important for the following reasons:

- Seeking to understand the extent to which future cash flows are based on the performance of the underlying business and the extent to which they rely on other factors such as access to subsidies and the use of artificial tax structures that may be challenged in the future.
- Corporate tax avoidance activities may suggest underlying legal, operational, reputational and financial and/or governance risks.
- The tax practices of the companies in our portfolio need to withstand stakeholder scrutiny and potential regulatory changes.
- Corporate taxes support society's tangible (i.e. infrastructure) and intangible (i.e. education, governance/legal, etc) needs.

[6] We do not invest in any company named on the Norges Bank's observation and exclusion of companies list regardless of whether they are excluded or under observation. We review the list monthly to ensure compliance. Exclusions are regulated by the Guidelines for the Observation and Exclusion of Companies from the Government Pension Fund Global, adopted by the Ministry of Finance on December 18, 2014.

UN Global Compact (norms-based screening)

All holdings in the strategy are compliant with the UN Global Compact, whose 'Ten Principles' cover human rights, the International Labour Organisation's declaration on workers' rights, corruption and environmental pollution[7]. Any holding which when screened fails to comply with the UN Global Compact Principles will be excluded. We will engage with companies if they are included on UNGC watch lists for non-compliance.

Table 1: Illustration of the principles and the issues they cover [8]

Norm Area	Principles	Issues
Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights. **Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.	▪ Disability ▪ Gender ▪ Sexual orientation ▪ Nationality ▪ Social origin ▪ Race ▪ Religion or belief
Labour	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. **Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour. **Principle 5:** Businesses should uphold the effective abolition of child labour. **Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.	▪ Child labour ▪ Children's rights ▪ Forced labour and human trafficking ▪ Labour ▪ Migrant workers ▪ Recruitment ▪ Remuneration ▪ Hours of work and rest/paid holidays ▪ Maternity protection ▪ Security of tenure ▪ Job assignments ▪ Performance assessment and advancement ▪ Training and opportunities ▪ Job prospects ▪ Social security ▪ Occupational safety and health
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges. **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility. **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.	▪ Biodiversity ▪ Climate change ▪ Energy ▪ Food and agriculture ▪ Water and sanitation ▪ Waste ▪ Ocean ▪ Climate change mitigation ▪ Land use ▪ Chemicals ▪ Materials
Anti-corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	▪ Anti-corruption ▪ Peace ▪ Rule of law ▪ Humanitarian effort

Responsible Business Conduct

All holdings in the strategy are compliant with the Organisation for Economic Co-operation and Development (OECD)[9] Guidelines for Multinational Enterprises. Any holding which, when screened, fails to comply will be excluded. We will engage with companies if they are included on OECD MNE watchlists for non-compliance. The Guidelines cover business ethics on a range of issues, including (but not limited to):

- employment and industrial relations
- information disclosure
- combating bribery
- consumer interests
- science and technology
- competition

[7] The UN Global Compact's Ten Principles are derived from the Universal Declaration of Human Rights at Work, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. For further information, please visit https://www.unglobalcompact.org/what-is-gc/mission/principles. All information correct as at October 2022.

[8] https://www.unglobalcompact.org/library

[9] The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards.

Do no harm, avoidance criteria

Our exclusions make sense ethically, socially, environmentally and financially. Many negative externalities, such as environmental pollution, violence and armed conflict and smoking, have a detrimental effect on the global economy.

We apply screens to exclude direct investment in corporate issuers based on their revenue from certain activities, as shown in the table below:[10]

Business activity	Definition	Revenue threshold
Adult entertainment	Excludes companies involved in the production or distribution of material classed as adult entertainment.	>5% of revenue
Alcohol	Excludes companies involved in the production, distribution, or retail of alcohol.	>5% of revenue
Controversial weapons	In accordance with the Firmwide Exclusions Policy, excludes companies involved in the production of anti-personnel mines, cluster munitions, chemical and biological weapons, or own >20% of a company that meets this definition. In addition, companies are excluded if they are involved in the distribution or tailor-made systems or components of any weapon previously mentioned, as well as nuclear weapons, incendiary weapons, depleted uranium and white phosphorus, blinding laser weapons and non-detectable fragment weapons.	Any revenue
Conventional weapons*	Excludes companies involved in the production or retail of conventional weapons (including tailor-made systems or components).	>5% of revenue
Civilian firearms & ammunition	Excludes companies involved in the production, distribution, or retail of civilian firearms and ammunition.	>5% of revenue
Chemicals of concern	Excludes companies involved in the production or sale of chemicals, or products containing chemicals, subject to bans or severe restrictions. This includes certain biocides, microbeads, and persistent organic pollutants.	>5% of revenue
Fossil fuels		
Coal*	Excludes companies involved in the exploration, mining, extraction, processing, refining, distribution, and transportation of thermal coal and metallurgical coal, as well as any company undertaking new coal projects.	>1% of revenue
Gas*	Excludes companies involved in the exploration, extraction, processing, or refining of unconventional or conventional gas, as well as any company undertaking new gas projects. Companies that derive 50% or more of their revenues from the distribution of gaseous fuels are also excluded.	>5% of revenue
Oil*	Excludes companies involved in the exploration, extraction, processing, refining or distribution of unconventional or conventional oil, as well as any company undertaking new oil projects.	>5% of revenue
Power generation	Excludes companies involved in the production of power or heat from fossil fuels, unless the company's strategy involves a transition to renewable energy sources, and their carbon intensity is aligned with the objectives of the Paris Agreement, a legally binding international treaty on climate change.	>5% of revenue
FATF blacklist or greylist	Issuers whose registered office is domiciled in a country or territory on the Financial Action Task Force (FATF) blacklist or greylist are excluded.	Any exposure
Fur	Excludes companies involved in the production or retail of animal fur products.	>5% of revenue
Gambling	Excludes companies involved in the operation of gambling services (e.g. casinos, online or mobile gambling platforms) or production of equipment and services used exclusively for gambling (e.g. slot machines).	>5% of revenue
Genetic engineering**	Excludes companies involved in the genetically modifying organisms (GMOs) for agricultural use or human consumption unless the company can demonstrate an outstanding positive response to environmental and social concerns as part of the pre-investment ESG assessment.	>5% of revenue
Intensive farming	Excludes companies involved in the production or processing of meat/poultry, eggs, or dairy products.	>5% of revenue
Non-medical animal testing	Excludes companies involved in non-medical products that are subject to animal testing. We allow animal testing for medical purposes only where the company employs best practices in accordance with the "3 Rs" policy of refinement, reduction and replacement. For all other non-medical products, animal testing is allowed only when required by regulation and provided appropriate animal welfare policies are in place.	>5% of revenue

Business activity	Definition	Revenue threshold
Tax issues	Issuers whose head office is located in a country or territory on the latest version of the EU's list of 'non-cooperative jurisdictions for tax purposes' are excluded.	Any exposure
Tobacco (including e-cigarettes) *	Excludes companies involved in the: 1. production of tobacco or tobacco products (e.g., cigars, cigarettes, e-cigarettes); or 2. the distribution, retail, licensing or supply of tobacco products.	Any revenue >5% of revenue

*The Manager may invest in companies who derive less than 25% of their revenue from ancillary bespoke products, equipment or support services related to the value chain of coal and conventional and unconventional oil & gas or less than 5% of their revenue from ancillary bespoke products, equipment or support services related to the value chain of tobacco and conventional weapons activities. Products or services aimed at mitigating or reducing the negative impacts of harmful activities, as well as those which are generic in nature, are not captured within these limits.

**Includes companies that have filed for a notification with the USDA's Animal and Plant Health Inspection Service (APHIS) for field testing of organisms engineered to produce compounds intended for agricultural use; companies included in the European Union (EU) – Food Safety Administration (EFSA) list that have applied for permits to market genetically engineered material for food or food additives in the EU; the genetic modification of live animals, as well as microorganisms (GMMs).

[10] We also seek to avoid companies operating in contentious industries which have a high degree of negative environmental or social impact, unless the company is taking action to mitigate negative impacts. Examples of contentious industries include cement, fishing, mining, palm oil and timber.

We anticipate that the screening criteria will decrease the strategy's investment universe (MSCI World) by at least 30%.

Additional binding commitments

- We maintain a carbon footprint and carbon intensity that is at least 20% below the MSCI World Index.
- We maintain a weighted average exposure to companies with notable ESG controversies that is below the MSCI World Index.
- We maintain a lower hazardous waste ratio compared to that of the MSCI World Index. The hazardous waste ratio is measured as the weighted average of the total hazardous waste (in tonnes) generated from each investee company's operations, relative to the total value of the investee companies (including cash), per million in USD.

ESG Oversight Committee

Our Environment, Social, and Governance 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 as well as non-investments oversight over ESG processes including regulatory and client reporting standards, and ESG disclosure. 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 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.

ESG Integration

Assessment of the risks and opportunities stemming from environmental, social, and governance (ESG) issues forms part of our investment due diligence. We believe that companies with effective management strategies to address material ESG issues are more likely to reliably generate shareholder value.

As part of our analysis, we identify and prioritise the issues we deem to be the most financially material to the investment case. These vary from company to company according to sector, industry, and geography. We define materiality as the potential of an issue to significantly impact the short- or long-term financial performance of a company. We look at whether a company is willing or able to manage and mitigate its material sustainability factors, how it performs in its peer groups, its exposure to controversies, whether it is a leader or laggard in moving to a low carbon and circular economy, and whether we can see evidence of this in the company's climate strategy and disclosures. We also consider other issues that have the potential to impact stakeholder groups beyond the shareholder, such as society, the environment, and the world around it. Factors that may be considered include but are not limited to:

Environmental	Social	Governance
▪ Climate change	▪ Human rights	▪ Ownership
▪ Resource depletion	▪ Supply chain sustainability	▪ Transparency
▪ Deforestation	▪ Employee relations	▪ Board structure and diversity
▪ Pollution	▪ Company culture	▪ Executive pay
▪ Water and waste management	▪ Diversity and inclusion	▪ Corporate reporting
▪ Biodiversity	▪ Health and safety	▪ Shareholder protection
	▪ Community relations	

Identifying companies with good governance practices is fundamental to our investment process. We take factors such as the alignment of interests between shareholders and management, the strength of relations with stakeholders, and the management of environmental and social risks all as evidence of good governance practices.

At the portfolio level, we aim to maintain a carbon footprint and carbon intensity that is at least 20% below the MSCI World Index. We manage this commitment primarily through our exclusion of high emitting sectors, our consideration of carbon emissions as part of our pre-investment ESG analysis, and our engagement program with portfolio companies in which we prioritise climate strategy and emissions reductions.

We make use of both internal resources and external research and data providers. Internal resources comprise specialist sustainability analysts within the investment team and Janus Henderson's central ESG research team. Our principle external ESG data provider is MSCI, however, we also use several other ESG research providers.

Company engagement

Company engagement forms an important part of the investment process. Our meetings with companies incorporate a wide range of topics, including environmental and social issues. We take an active approach to communicating our views to companies and seeking improvements in managing financially material risks and opportunities, including appropriate standards of corporate responsibility.

The Global Sustainable Equity (GSE) Team track each company's performance and ESG disclosures against key metrics to assess the effectiveness of our engagement efforts. The investment desk utilise internal monitors to assist with the ESG assessment of the fund's holdings, its investment universe and its watchlist. The monitors consider a variety of material E, S, and G factors and pull in data from a number of sources including MSCI, Bloomberg, and Sustainalytics. The monitors, along with the investment desk's sustainability research, inform the team on where to prioritise its engagement efforts by flagging areas where a company may be lagging in its ESG journey. For example, a company may not report its hazardous waste ratio or may not have strong board gender diversity. If a gap is identified, and if the topic is material for the holding in question, an engagement plan will be put in place. The Responsible Investment and Governance (RI&G) Team also works with the investment team to highlight potential areas for engagement on portfolio holdings.

Engagements are classified into four different priority levels: High; Medium; Low; and None. High priority engagements would cover severe unaddressed controversies, non-existent climate transition plans, UN Global Compact and OECD watchlist statuses and `red flags' within one of the desk's internal monitors. A `red flag' appears on the desk's internal monitor when one of the 14 SFDR mandatory PAIs is deemed material to a company under MSCI's methodology and data relating to the PAI is missing from MSCI's database. Company controversies would be considered as severe if the company's controversy score is below 2 according to MSCI's methodology. The desk will engage on high priority topics within a 3-month timeframe. Medium priority topics include non-credible transition plans as well as companies with moderate controversy scores. Company controversies would be considered as moderate if the company's MSCI controversy score is between 3 and 5. The desk will engage on medium priority topics within a 6-to-9-month timeframe, dependent on the number of material topics identified. The desk will engage on low priority topics within 2 years.

Following on from the engagement, we continue to assess the company's progress in resolving any issues identified and to determine whether a follow up engagement is necessary. Escalation of our engagement activities will depend upon the company's individual circumstances and the nature of our shareholding. In most instances, engagement would begin with the executive management team. Where we are unable to resolve issues to our satisfaction the likely next step in escalation would be to address concerns directly to the Chairperson or senior independent director. Where direct company engagement proves unsatisfactory or impractical, we may pursue other actions such as joint intervention with other shareholders or voting against board proposals. If escalation and voting were to fail, the team will evaluate other actions such as divestment.

Formalised records of engagements (which also include previously identified material controversies that resulted in engagement actions), and related decisions are recorded and stored using Janus Henderson's proprietary tool eQuantum. Records of engagements are also stored in the desk's own `Engagement Planner', alongside company engagement plans. For more information on Engagement at Janus Henderson please reference our Responsible Investment Policy.

Engaging with companies

We aim to engage with companies where corporate disclosures on tax practices are poor. This engagement will be in line with the recommendation put forward by the UN PRI in its report **Evaluating and engaging on corporate tax transparency: An investor guide.**

Controversies

The ESG evaluation of issuers is regularly reviewed using a formalised controversy management process incorporating prevention, identification, analysis, engagement and ongoing monitoring. Prevention is supported through the strategy's screening criteria, thematic alignment criteria, and investment restrictions. Identification and monitoring are supported through external providers including MSCI, RepRisk and Sustainalytics, together with company engagement, internal monitoring tools and controversy alerts.

We manage controversies with company follow-up meetings where we raise concerns and seek clarity on the scale, scope, and redress of the controversy. Based on the evidence gathered and the results of engagement activity, potential escalation actions, including divestment, are discussed at the quarterly meeting held between the GSE Team and the RI&G Team. Where a breach is identified, and we must divest, we aim to have exited that position within three months.

For information on potential conflicts of interest, please refer to the Janus Henderson Responsible Investment Policy at www.janushenderson.com.

Voting

Janus Henderson's Proxy Voting Policy and Procedures document sets out the firm's proxy voting policy and is available on Janus Henderson's website.

Ultimate voting authority rests with the portfolio manager, who is responsible for ensuring that votes are exercised in the best interests of clients with ESG factors an important consideration where relevant. The portfolio manager is supported by the in-house central RI&G Team who work closely with investment teams to help analyse voting-related issues. With regard to voting and company engagement, the portfolio manager considers certain core principles such as disclosure, transparency, board composition, shareholder rights, audit and internal controls, and remuneration. A key element of the approach to proxy voting is to support these principles and practices and foster the long-term interests of shareholders.

As our investment process incorporates high standards on sustainability issues, there will be very few shareholder proposals on ESG issues. We aim to initiate/support shareholder proposals on sustainability aspects for portfolio holdings following our approach to voting and engagement outlined above.

Reporting

This document is intended to show our investment process and not show our results in the context of sustainability. Documents that cover this are available on janushenderson.com.

Financial statements

Annual and half yearly financial statements include commentary on the performance and investment activity in relation to the responsible investment approach.

Quarterly ESG, Sustainability and Climate Report

A quarterly report detailing how the portfolio holdings are having an environmental or social outcome, demonstrating the portfolio thematic alignment as well as providing depth on our corporate engagement and proxy voting activity. We also review and map our portfolio to the UN SDGs and report the outcome of this analysis. This report also discloses details on portfolio ESG scores and controversies as well as the portfolio environmental, social and governance KPIs in great detail.

Breaches and corrective actions

The portfolio is monitored for breaches of our exclusionary criteria. Data from an external research provider is incorporated into the portfolio management system. Where a breach is identified, we apply the following corrective actions.

1. **Notify the portfolio manager:** Compliance will notify the portfolio management team that a company has breached the criteria.
2. **Investigation:** Investigate the evidence of the breach to ensure the validity of the breach. If a breach has occurred, the portfolio management team will divest.
3. **Discuss evidence with the ESGOC:** If the portfolio management team disagrees with the external research providers, evidence will be presented to the ESGOC. The ESGOC will then make a decision on whether a breach has occurred. If a breach is confirmed the portfolio management team will be instructed to divest. If a breach has not occurred, the ESGOC will record this along with the evidence supporting this decision.
4. **External reporting:** If needed, the outcome will be reported to the necessary stakeholder/external body.

Breaches of criteria associated with certification labels and quality standards are addressed using the corrective action process documented above.

Environmental, social and governance objectives

The strategy seeks to invest in businesses that derive revenue from products or services that enable positive environmental or social change and thereby contribute to the development of a sustainable global economy through specific environmental or social themes. This is achieved through a combination of positive and negative selection criteria, ESG integration, engagement, and monitoring.

Environmental and social objectives: Environmental and social objectives are reflected in the requirement for each holding to derive at least 50% of revenues from products and services aligned with the strategy's ten sustainability themes, which span a clean energy, resource efficiency, water management, environmental services, sustainable transport, sustainable property & finance, safety, health, knowledge & technology and quality of life.

Governance objectives: the strategy requires that all investments demonstrate a minimum good governance standard which underlines the environmental and social objectives above by ensuring investee companies are operating with integrity and transparency in addition to supporting positive outcomes. We take factors such as the alignment of interests between shareholders and management, the strength of relations with stakeholders, and the management of environmental and social risks as evidence of good governance practices. Good governance is reviewed for all eligible holdings on an on-going basis, supported by third-party data providers such as MSCI and Sustainalytics, as well as on-desk review. These reviews are also supported by our norms-based screening and avoidance criteria, which limit exposure to controversial business activities, risk events, and human rights or business ethics violations.

Human resources and human rights objectives: human resources and human rights issues are considered through our triple bottom line framework and ESG analysis, including an assessment of factors such as human rights, employee relations, diversity and inclusion, health and safety, supply chain sustainability, and community relations.

FOR MORE INFORMATION, VISIT JANUSHENDERSON.COM/AUSTRALIA

Janus Henderson
INVESTORS

Important information

These investment principles are intended to offer transparency on the way we invest, but do not form part of any legal contract. The way the principles are applied may change. Information is correct as at time of publication September 2026. In accordance with the Sustainable Finance Disclosure Regulation, Portfolios within this strategy are classified as Article 9 and have sustainability as their objective.

Past performance does not predict future returns. Marketing communication. The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. There is no assurance the stated objective(s) will be met. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell, purchase or hold any investment.

There is no assurance that the investment process will consistently lead to successful investing. 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.

Various account minimums or other eligibility qualifications apply depending on the investment strategy, vehicle or investor jurisdiction. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes.

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