

# INVESTMENT PRINCIPLES

Janus Henderson Sustainable Credit

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Marketing communication | For financial services professionals

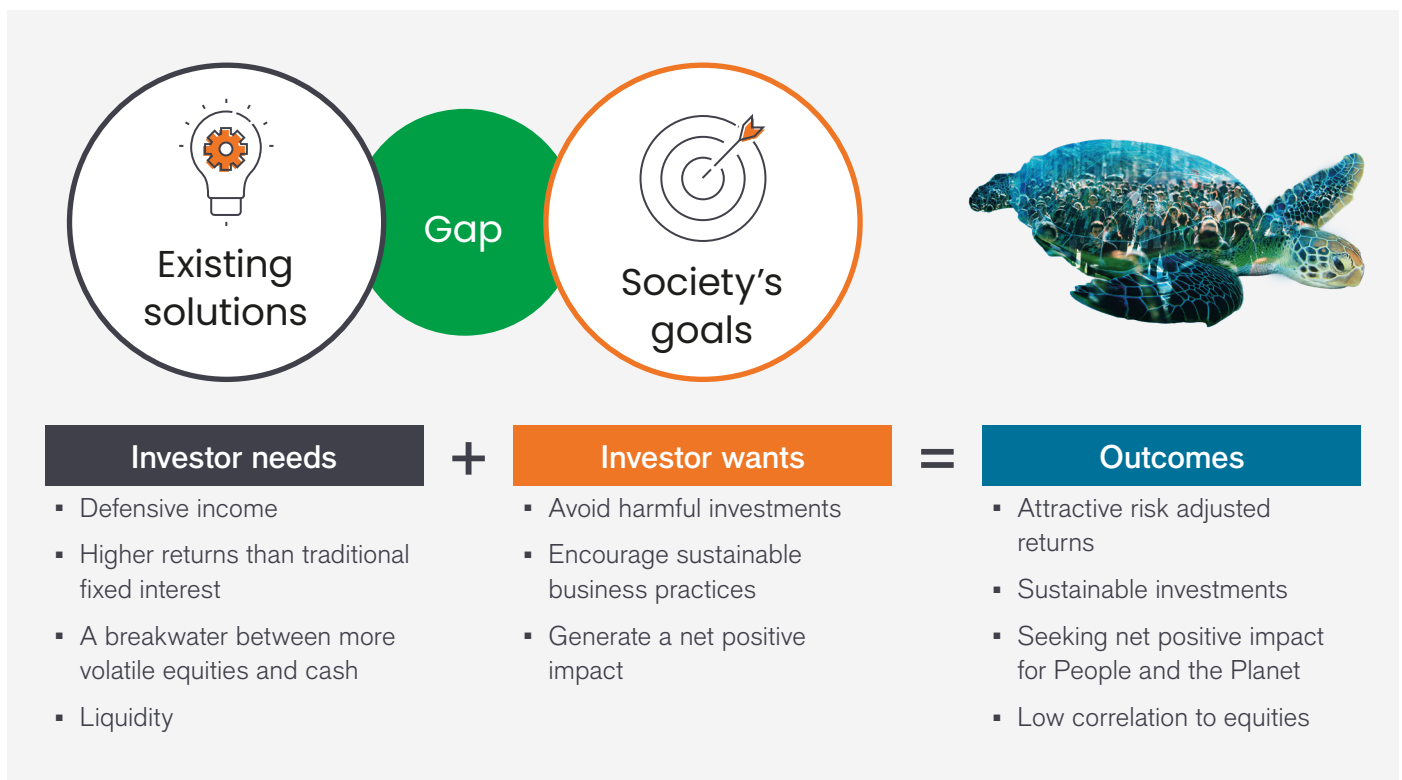
The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

# OVERVIEW

The strategy provides investors with the opportunity to gain exposure to an actively managed diversified credit strategy that seeks to deliver total returns including income and capital growth by investing primarily in debt securities issued by entities with robust sustainable practices and/or investments with the potential to enhance outcomes for society’s wellbeing and protection of the planet. This is done by allocating at least 80% of assets to ‘Sustainable’ and/or ‘Impact’ Investments.

The strategy seeks to achieve a Sustainability Objective and a Performance Objective (both the ‘Objectives’ or ‘Investment Objectives’). The Sustainability Objective is to invest in credit securities which the Janus Henderson Australian Fixed Interest Team (‘the Team’) expects currently or will in the future contribute positively towards ‘People’ and/or ‘Planet’ themes. The Performance Objective is to achieve a total return before fees that exceeds the total return of the Bloomberg AusBond Composite 0-5 Yr Index (the ‘Benchmark’) by 0.75% p.a. over rolling three year periods.

## Why sustainable credit?



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## PHILOSOPHY

Integrating environmental, social, and governance (ESG) risk into the investment process is about prudent risk management while 'Sustainable' and 'Impact' investing is about purpose, this strategy actively incorporates both.

## SUSTAINABILITY AND IMPACT DEFINED

### Sustainable investments

A 'Sustainable' investment only includes debt securities which the Team considers are issued by entities with robust sustainable practices or give special consideration to ESG factors. This is based on the Team's own assessment and sustainability criteria, and its proprietary 'Holistic' framework (described in section 7 below).

'Sustainable' investments are assessed as meeting the Team's sustainability criteria. The criteria is a qualitative assessment of the security and/or issuer's sustainability framework, and the issuer's ability to offer its core products and services in a manner without material harmful contribution on 'People' and/or 'Planet' themes (which are described below). This assessment can be supported by independent standards or assessments including but not limited to the Sustainability Accounting Standards Board, Global Reporting Initiative or assessments by other independent bodies.

'Sustainable' investments may include labelled 'use of proceeds' bonds (including Green, Social and Sustainability Bonds, which are bonds whose proceeds are to be used for specified ESG or sustainability-related purposes), sustainability-linked securities, issuers and or securities that are considered to be sustainable by the Team.

The Team may also invest in securities from issuers that the Team considers satisfy its criteria for 'Sustainable' investments above because it considers the issuer will improve their sustainable practices as it relates to ESG performance within a reasonable timeframe, typically 5 years.

An investment linked to material harmful contribution can involve exposure to the sustainability-related investment screens, significant ESG controversies, or practices identified by the 'Holistic' framework that could substantively contribute contrary to the Investment Objectives and 'People and Planet' themes.

### Impact

The strategy's 'Impact' investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

An 'Impact' investment will generally be a subset of a 'Sustainable' investment and only includes debt securities which the Team considers as making, or having the theoretical ability to make, a net positive and measurable impact on its applicable 'People' and/or 'Planet' themes.

The Fund may make investments which do not meet the 'Sustainable' investment criteria, but which the Manager considers do meet 'Impact' investment criteria.

To be considered for its ability to make a net positive impact, a security would need to do so within a reasonable timeframe (typically 5 years). Evaluation of a security is based on the Team's own assessment using its proprietary 'Holistic' framework. Investments may include alignment to the International Capital Market Association principles or Climate Bonds Initiative standards, or other third party assurance. There is no minimum allocation to 'Impact' investments.

Theoretical ability refers to where the Team, at the point of investment, makes an assessment based on knowledge at the time, that the issuer has the intent and means to achieve impact objectives by a future date. This is a determination that the impact is possible and likely to occur, but not a guarantee that future impacts are realised.

'Impact' investments benefit or have the theoretical ability to benefit, societal wellbeing and/or the protection of the planet, where investors are also appropriately compensated for investment risks and can generate a commensurate market return. These investments are selected after applying the Team's internal Holistic framework, issuer engagement and investment stewardship activities where applicable and may include labelled 'use of proceeds' bonds (Green, Social and Sustainability Bonds), sustainability-linked securities (which are generally performance based bonds where interest or coupon rates fluctuate based on whether the issuer meets its sustainability objective) and investment in the issuers of those securities.

### Sustainable practices

The robust sustainable practices the Manger considers when assessing an investment, are demonstrated through entities' focus on improving ESG performance in the areas in which the Manager considers the organisation has a material environmental or social impact via their operations, value chain, or interactions with customers.

The Team believes that societal wellbeing, as it relates to society at large, can be enhanced by supporting issuer activities focused on promoting 'People' themes that align with the strategy Objectives.

The Team believes that protection of the planet, as it relates to the environment and climate change, can be enhanced by supporting issuer activities focused on promoting 'Planet' themes that align with the strategy Objectives.

The debt securities in which the strategy may invest contribute to these factors by utilising capital generated from investors, to invest in or support projects aligned with the themes. Some examples of investments may include but are not limited to:

'People' – long-term and low-cost finance to registered community housing providers in support of social and affordable housing, financing projects that promote gender equality and the empowerment of women, and capital used for aged care, health care, education, and student housing.

'Planet' – support of activities related to reduction in greenhouse gas emissions via renewable energy projects like solar and wind, construction of low carbon and greener low waste buildings and low carbon rail transport, recycling, water, waste and packaging reduction programs.

## OUR SUSTAINABLE THEMES

### People and planet themes

Consistent with our focus on people and planet, we aim to invest in the following areas. These themes and objectives may include but are not limited to:

## PLANET

### Promote decarbonisation

Assist in the transition to net zero greenhouse gas emissions by 2050, thus limiting global warming to 1.5% compared to pre-industrial levels, in line with the United Nations Paris Agreement, an international treaty which seeks to reduce global warming. This enables the reduction or removal of carbon footprint, primarily greenhouse gas emissions, carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) output into the atmosphere.

While government and consumer involvement are critical to achieving decarbonisation, the private sector is likely to see the most transformative change. The Team seeks to only invest in companies that are committed to making the transition and have a robust and credible framework for achieving this.

### Support sustainable buildings

Invest in companies or with issuers that dedicate use of proceeds or are committed to improvements in building energy efficiency, which through their construction and features can maintain or improve the quality of life in the environment in which they are located.

### Enable a circular economy

Invest in companies or with issuers that dedicate use of proceeds or are committed to initiatives and innovation towards enabling a circular economy. A circular economy is a model of production and consumption which involves a reduction in primary material requirements and optimising processes and products for lower material, waste and water intensity. This helps to conserve natural resources and reduces emissions and waste.

### Protect and promote environmental biodiversity

Invest in companies or with issuers that seek to invest in protecting biodiversity. This includes all life forms including plants, animals and micro-organisms, their genes, and the terrestrial, marine and freshwater ecosystems of which they are a part.

## PEOPLE

### Support social equality and alleviating poverty

Invest in companies dedicated to or in social bonds where proceeds are used to address wealth, income, gender or race issues and through provision of affordable housing, job security, food security, education, financing/economic opportunity, access to clean water and other charitable initiatives.

By alleviating poverty, communities have better access to food, improved education and higher income levels, benefitting employment opportunities and economic growth whilst boosting social cohesion.

### Address inequality, diversity and inclusion

Invest in social bonds where proceeds are used to address inequality, diversity & inclusion relating to factors such as culture, religion, age and disabilities and their support services.

Invest with or in issuers that demonstrate they are committed to education and training, maintaining a high percentage of women in management positions, workforce diversity, reducing gender pay gaps, employee satisfaction and managing controversies pertaining to workplace bullying.

Workplaces with high levels of equality, diversity and inclusion are found to achieve greater productivity, innovation and performance, whilst increasing the wellbeing of the workforce.

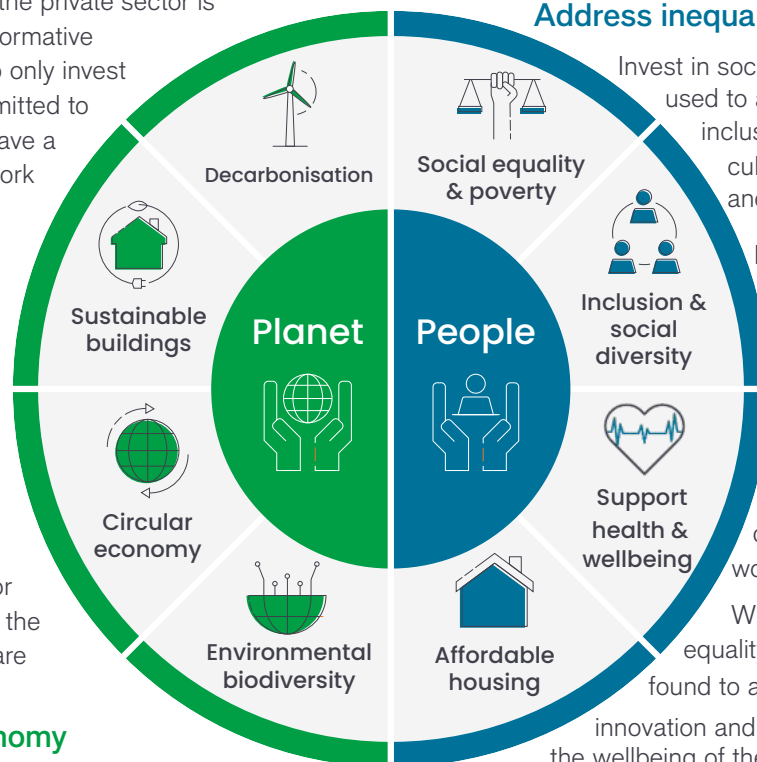
### Support health and wellbeing

Invest in companies or with issuers that support strong healthcare systems, promote social wellbeing, and ensure safe, healthy workplaces. Align with issuers who focus on physical, mental, and social health for the wider community and their employees to promote improved health outcomes and enhance overall quality of life.

### Affordable housing

Invest in the provision of affordable housing for members of the community who may not be able to afford to rent or buy in the general market.

Access to good affordable housing enhances social inclusion and can improve physical and mental health, education and employment outcomes.



## INVESTMENTS IN THE PORTFOLIO

The Team will select investments that have been determined as meeting the strategy’s sustainability and/or positive impact criteria. Each issuer must have demonstrated robust sustainable practices and/or investments with the potential to enhance outcomes for society’s wellbeing and protection of the planet, whilst generating market commensurate returns.

This is done by allocating at least 80% of the assets to ‘Sustainable’ and/or ‘Impact’ investments.

The strategy will seek to avoid investments from issuers with products, services, processes or activities that the Team considers cause significant social and/or environmental

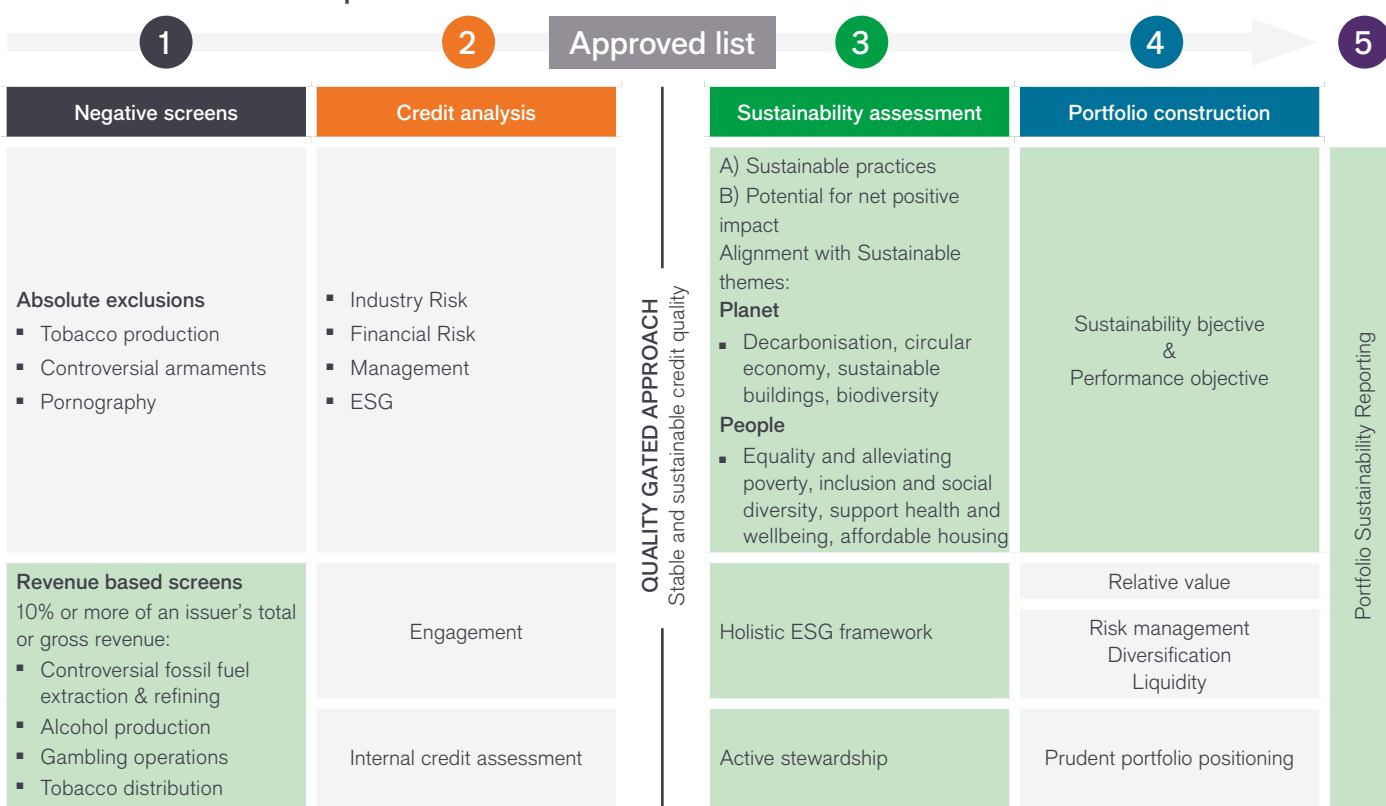
harm and do not constitute ‘Sustainable’ or ‘Impact’ investments. These investments are excluded via both absolute negative screens and revenue thresholds (Refer to Negative Screens section below).

Up to 20% of the asset value can be invested in liquid assets such as government bonds, semi-government bonds, supnationals and cash equivalents as well as derivatives for liquidity and risk management purposes. These investments are not required to be ‘Sustainable’ or ‘Impact’ investments.

The associated foreign currency exposure of investments in non-Australian dollar denominated securities will be as close to fully hedged as is practicable using appropriate derivative instruments.

## INVESTMENT PROCESS

### Sustainable investment process overview



Source: Janus Henderson Investors

The investment process for this strategy includes:

- Applying negative screens to controversial sectors.
- Undertaking the Team’s long standing ‘gated’ credit approval process for issuers to be added to the ‘Janus Henderson Australian Fixed Interest Approved list’ of allowable investments. The approved list are issuers that have been considered in terms of ESG Risk, Business Risk, Financial Risk and Management Risk and are internally approved for investment into our public offer funds and mandates.
- Holistic ESG framework - Using the industry ESG map (outlined in section 3 of the Investment Process) to determine industries.
- Holistic ESG framework - Identifying an issuer’s core activity, process and controversies.
- Holistic ESG framework - Measuring ESG performance data for each issuer.
- Undertaking active stewardship (where required) by engaging with the issuer and pushing for positive change.
- Identifying issuers that are making a positive impact or are best in class in sustainable practices.
- Portfolio construction, and
- Sustainable and Impact Reporting. This is done at a portfolio level and will depict carbon emissions of the portfolio in addition to measurements relating to each of the 8 investment themes and objectives of the fund.

## 1. Negative screens

The strategy invests in companies that do not cause significant environmental or social harm. This is ensured through the implementation of negative screens on certain sectors.

The strategy avoids businesses that have products or operations directly associated with the below criteria:

### Negative investment screens

#### ABSOLUTE NEGATIVE SCREEN



##### Controversial armaments

Companies involved in the direct production of controversial weapons including the direct production of land mines, cluster munitions, biological/chemical weapons and nuclear weapons.



##### Pornography

Companies that publish, print or distribute newspapers or magazine or distribute films or videos classed as pornographic material.



##### Tobacco production

Companies that engage in activities related to the production of tobacco products, including alternative smoking products.

#### 10% REVENUE THRESHOLD\*



##### Alcohol

Companies involved in the production of alcohol.



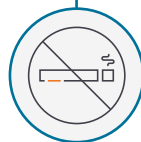
##### Controversial fossil fuel extraction and refining

Companies engaged in extraction of fossil fuels from oil sands, thermal coal extraction and arctic drilling & exploration.



##### Gambling

Companies with activity in the operation of gambling.



##### Tobacco distribution

Companies that engage in activities related to the sale of tobacco products.

\*Issuers with products or operations where such activities account for 10% or more of an issuer's total or gross revenue. Where total or gross revenue is unavailable, revenue as reported by the company in its financial statement may be used.

In addition, we undertake active company engagement with issuers where evidence exists of negative industries (including those above) within their supply chain. This would

prompt us to immediately query these industries and/or engage the issuer with the suggestion they address this issue within their supply chain.

## 2. Full credit assessment for Janus Henderson approved list

The Team's philosophy and approach to credit investing is underpinned by our "quality before price" approach and the recognition of the asymmetric risk that is involved. At best, this means receiving coupon payments when they fall due and the repayment of the principal in full at maturity. At worst, this can mean losing 100 cents on the dollar. This is why our formal credit review process is undertaken on each issuer prior to the evaluation of the price of their bonds.

Our credit research process seeks to answer the following question: Is this company stable and sustainable in credit quality? This question ensures that we focus on companies whose business model will be able to survive and prosper over the longer term as the demands of society and consumers change. If we believe a company does not meet these criteria, they cannot form part of our investible universe, regardless of price.

At a very high level our four-pillar approach to bottom-up credit analysis entails an assessment of:

#### Business risk:

An assessment of the company's competitive position and overall industry dynamics.

#### Financial risk:

A review of key debt metrics such as leverage and interest cover as well as measures like profitability and revenue trends.

#### Management profile:

An assessment of the company's management including their attitude to bond holders; and corporate strategy.

#### ESG risks:

A thorough review of any material Environmental, Social and Governance (ESG) risks involving the company in question.

Following a credit evaluation by the Team's internal credit committee, if we are satisfied that the company is stable and sustainable in credit quality, it is added to the Approved List of allowable investments for the Janus Henderson Australian fixed interest funds. An issuer must be on the Janus Henderson Approved List for it to be included in the strategy.

Additional analysis to determine if issuers meet the Team's assessment of sustainable and/or impact:

### 3. Industry map – core product/service

Janus Henderson's Australian Fixed Interest Team has developed a proprietary industry framework map. This tool seeks to identify the material ESG drivers/influences of issuers in that industry category.

This map is firstly used to screen out sectors/industries with material ESG risks that are unlikely to be mitigated. It is then

used more broadly in the assessment of an issuer, noting the ESG risks they face within their sector. Credit analysts need to be satisfied that these don't present as material risks that are likely to affect the credit profile of the company, may lead to a ratings downgrade or ultimately affect the price of their bonds. The analyst needs to be comfortable that the issuer can manage and mitigate these ESG risks.

| Industry map                             | Industry 1 – Financials   | Industry 2   | Industry 3   |
|--|---|--|--|
| Issuer categories                        | <ul style="list-style-type: none"> <li>▪ Majors</li> <li>▪ Regionals</li> <li>▪ Unions/Societies</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Category 1</li> <li>▪ Category 2</li> </ul> | <ul style="list-style-type: none"> <li>▪ Category A</li> <li>▪ Category B</li> <li>▪ Category C</li> </ul> |
| Industry core product / service offering | Provision of essential financial services to the retail market, corporates and government entities via a network of physical and digital assets across Australia and internationally  | ABC goods  | EFG services   |
| Material ESG drivers/ influences         | <ul style="list-style-type: none"> <li>▪ Responsible lending</li> <li>▪ Unbiased access to affordable credit on fair terms</li> <li>▪ Facilitation of financial capital to support the energy transition and achievement of net zero targets</li> <li>▪ Physical asset risk to property collateral backing loans: cyber-security / privacy / data-protection ... etc</li> </ul> | Key risk 1<br>Key risk 2<br>...etc   | Key risk 1<br>Key risk 2<br>...etc   |
| Current positioning                      | Neutral   | Strong   | Weak   |
| ESG risk trend                           | Improving   | Stable   | Worsening  |
| Key challenges/controversies             | <ul style="list-style-type: none"> <li>▪ Financing of fossil fuel industries</li> <li>▪ Loyalty tax</li> <li>▪ Workplace culture scandals</li> <li>... etc</li> </ul>   | Key future challenge<br>Key controversy<br>...etc                                    | Key future challenge<br>Key controversy<br>...etc  |

\* Industry map example is provided for illustrative purposes only.

### 4. Analysing issuer's product/service, process and controversies

Once the Team has identified the key ESG drivers which are likely to apply to any specific issuer, the Team will analyse individual approved list issuers through this lens for sustainable and impact attributes. When making individual issuer assessments the Team considers the following:



#### Core product / service

Are they a **positive contributor** to people and/or planet?

e.g education, healthcare, social housing, provider of food, renewable energy provider.

Does their product/services have **negative externalities** on people and planet?

e.g waste to landfill, GHG emissions, predatory lending, etc.



#### Process

Examples of assessment:

- Does the company have a robust sustainable framework?
- Are they best in class against their peers?
- Will they continue to have a social licence to operate?



#### Controversies

Has the company had key **controversies that have had a negative impact on people and planet?**

e.g. negative environmental impact, governance issues, bribery and fraud.




## 5. Measuring ESG performance data for each issuer

ESG performance data is obtained (where possible) for each issuer likely to qualify for the investable universe. To achieve the investment and sustainability objective, the strategy utilises the Team’s proprietary ‘Holistic’ framework. This framework combines qualitative ESG assessments from our experienced credit analysts, ESG metrics of the issuers (eg. greenhouse gas emissions, net zero targets, biodiversity policy, water policy, waste reduction, gender equality measures, third party opinions/ratings from research houses etc) sourced via third party providers, and/or directly from

the issuers. Once the data has been gathered, this framework assesses each entity’s sustainable practices by observing the credentials of the industry in which it operates, and by assessing the issuer’s core products and services, processes (how it is offered) and ESG controversies. The available inputs are used to identify companies with high or poorly managed ESG risks.

On the positive side inputs can also identify those companies that align with sustainable practices and may be identified as ‘best in class’.

Some examples of the ESG data collected and the questions considered by our analysts include:

|  |  |  |
|--|--|--|
|  <p>PLANET</p>      | <p>1 Scope 1 and 2 Greenhouse Gas Emissions (GHG) and, where possible, Scope 3</p> | <ul style="list-style-type: none"> <li>Is the company’s carbon intensity high/low versus peers in their industry?</li> <li>How are their emissions tracking over time? Are they meeting targets?</li> <li>Have they committed to a Science Based Target pathway?</li> <li>What year will they be net zero? What warming scenario does this align with?</li> <li>What is the issuer’s water intensity?</li> </ul> |
|  | <p>2 Water</p>   | <ul style="list-style-type: none"> <li>How does this compare to industry peers?</li> <li>Do they have water reduction programmes in place?</li> </ul>  |
|  | <p>3 Circular economy</p>  | <ul style="list-style-type: none"> <li>What initiatives do they have in place? E.g. recycling, reusing, compostable, water reduction</li> </ul>  |
|  <p>PEOPLE</p>    | <p>4 Gender diversity on the board and in senior management</p>                    | <ul style="list-style-type: none"> <li>Assess absolute levels and change over time</li> </ul>  |
|  | <p>5 Community/charitable programs</p>   | <ul style="list-style-type: none"> <li>What work do they do in the community?</li> </ul>   |
|  | <p>6 Employee satisfaction</p>   | <ul style="list-style-type: none"> <li>How high are retention rates?</li> <li>Have there been any bullying and sexual harassment claims?</li> <li>Do they have a modern slavery policy?</li> </ul>   |
|  | <p>7 Governance</p>  | <ul style="list-style-type: none"> <li>Do they have a biodiversity policy in place?</li> <li>What is the quality like of their reporting?</li> <li>Is there independence of the board of directors?</li> </ul>   |
|  <p>CORPORATE</p> | <p>8 ESG controversies</p>   | <ul style="list-style-type: none"> <li>Flag any controversies that have taken place.</li> <li>Engage with issuers where ESG risks are material.</li> </ul>   |
|  | <p>9 Product involvement</p>   | <ul style="list-style-type: none"> <li>Consider other ‘controversial’ product involvement where we don’t have explicit negative screens in place, such as palm oil and pesticides.</li> <li>Assess the % of revenue within this product involvement.</li> </ul>  |
|  | <p>10 ESG risk ratings of third party providers</p>                                | <ul style="list-style-type: none"> <li>Know the 3rd party ESG ratings and refer high risk ratings to the credit committee fully articulating reasons as to why we disagree with those ratings, if they have made it into the product offering.</li> </ul>  |
|  | <p>11 Product and Process Externalities</p>  | <ul style="list-style-type: none"> <li>Is the issuer’s industry/product making a positive contribution to people and planet?</li> <li>To what extent?</li> <li>Are there negative affects on people and planet?</li> </ul>   |

## 6. Active stewardship

The Team also utilises our active stewardship and engagement activities. Through these activities, we seek to better understand companies’ current ESG practices, corporate governance structure, the quality and behaviour of corporate leadership and executive management, and pathway/objectives for future sustainable practices, among other things. The Team seeks to assess the ability of the company’s leadership team to implement effective environmental and social risk reduction and mitigation strategies in its operations.

The Team undertakes active engagement with issuers when we identify negative industries within their supply chain,

areas which do not align with our criteria for ‘Sustainable’ and/or ‘Impact’ investments, or where an issuer is at risk of falling short of sustainable practices and / or impact measures and relevant investment screens. If we identify these issues using our ‘Holistic’ framework, the Team, will seek to engage directly with issuers, and undertake investment stewardship activities which provides the opportunity for us to actively discuss any areas of concern and gain a deeper understanding of how firms are managing their ESG risks. Our stewardship activity can include encouraging, probing and advocating for change that the Team considers has or should in theory have a net positive impact on ‘People’ and/or ‘Planet’ themes over time.

These activities may be undertaken directly with management of the issuer, in collaboration with the issuer to establish goals, in a group with other investors, or through the publication of materials aimed to encourage the issuer to make a change. In the event we are undertaking significant stewardship activities, we will provide regular updates to investors of any outcomes we consider significant. While stewardship is an important part of our investment strategy,

we cannot guarantee our influence will change outcomes or the issuer's behaviour.

Our company engagement efforts are a crucial aspect of not only our initial and ongoing credit assessment process but are also critical to helping us better understand a company's material ESG risks and whether they are mitigating them.

Examples of our active stewardship line of questioning with companies:

| Theme              | People  | Planet  |
|--------------------|---|---|
| Engagement example | More detail on gender equality at management level and discussion of ways to improve representation | Suggestion of reduction of plastic packaging  |
| Engagement example | Requesting evidence of good governance on managing modern slavery risks within their supply chain   | Suggestion of more rapid transition to natural refrigerants                         |
| Engagement example | Conversations to encourage good culture and employee satisfaction                                   | Suggestion of improvements in greenhouse gas emission reductions in line with peers |

As a fixed income investor, we do not have voting rights, but are providers of debt capital to companies. Therefore, we can withhold this capital if we deem a company lacks the required attributes. We believe that this sends a powerful message to their senior management.

## 7. Identify issuers that are making a positive impact or are best in class in sustainable practices.

Robust sustainable practices are demonstrated through entities' focus on improving ESG performance in the areas in which the organisation has a material environmental or social impact via their operations, value chain, or interactions with customers.

A deep ESG qualitative assessment of each issuer that is included in this portfolio is undertaken by the credit analysts in the Team. This analysis is documented alongside the credit note of the issuer which is done for every issuer that resides on the Team's issuer Approved List. This additional 'Sustainable Investment' note takes into account the ESG considerations discussed above, together with the issuer's industry and product and whether these are making a positive or negative contribution to 'People' and 'Planet'. This report includes analysis on the issuer's sustainability credentials, their future plans, their ability to meet targets and whether they are deemed to have the intention of making either a net positive impact or will be advancing social and environmental development. These developments/initiatives need to be able

to be monitored, tracked and measured over time. The Team also assesses how the issuer is aligned with UN Sustainable Development Goals.

The 'Holistic' framework scores issuers into 1 of 4 rankings with 1 being for companies with the highest ESG credentials while 4 indicates poor practice or elevated ESG risk. The score is an assessment which uses the framework inputs and ESG factors which are prioritised according to relevance for each sector/issuer.

Higher ranking issuers will indicate strong alignment with robust sustainable practices and are eligible for investment. The Manager considers companies with scores between 1 to 3 can be eligible for investment. Issuers scored with a ranking of 4 will not be included for investment. Where an eligible issuer falls to a ranking of 4, it will limit the Manager's ability to add further exposure. The Manager would seek to divest the holding subject to the prevailing market conditions and having regard to the best interest of investors.

## 8. Portfolio construction

The strategy will typically invest in a diversified portfolio of Australian and global investment grade and sub-investment grade securities, which can be listed or unlisted, that meet the positive impact and sustainable assessment for approval.

The strategy is designed to leverage the considerable expertise of the Team and gives them the flexibility to actively allocate the assets geographically and across the credit ratings spectrum. The Team considers the risk and return outcomes of the securities and how the strategy may benefit from diversification across less correlated global credit market sectors.

The Team's approach is to determine the overall level of credit and duration risk in the strategy by taking a top down

approach, which considers trends in credit fundamentals, market dynamics and current valuations. The Team then works to construct and maintain a well-diversified portfolio that aims to offer the best risk-adjusted returns within the strategy's risk framework.

The strategy can also opportunistically manage active interest rate strategies including duration, and yield curve positioning and relative value in order to enhance returns. For further details on risk and portfolio construction within the strategy please refer to the FSC document. An electronic copy of the FSC document will be provided free of charge on request. See our contact details on the last page.

## 9. Sustainable and impact reporting

The strategy seeks to make measurable impact in the following areas:









### Planet

- Promote decarbonisation
- Aid the circular economy
- Support sustainable buildings
- Protect and promote environmental biodiversity

### People

- Support social equality and alleviating poverty
- Encourage inclusion and social diversity
- Support health and wellbeing
- Promote provision of affordable housing

A record will be kept (where data is available) demonstrating each issuers measurable impact on the above measurable aspects of 'People' and 'Planet' themes. In addition, client reporting will be made available at a strategy level. This reporting is expected to change over time. By way of example, it is likely to include:

|        |  |   |  |  |
|--------|--|---|--|--|
| PLANET |   |    |    |   |
|        | <b>DECARBONISATION</b>   | <b>CIRCULAR ECONOMY</b>   | <b>SUSTAINABLE BUILDINGS</b>   | <b>ENVIRONMENTAL BIODIVERSITY</b>  |
|        | <b>%</b><br>of companies have a net zero target by 2050  | <b>%</b><br>of companies with programs for water and/or waste efficiency  | <b>%</b><br>of companies who have obtained green building certificates   | <b>%</b><br>of companies with a policy on biodiversity in place  |
|        |  |   |  |  |
| PEOPLE |   |    |    |   |
|        | <b>SOCIAL EQUALITY &amp; POVERTY</b>   | <b>INCLUSION &amp; SOCIAL DIVERSITY</b>   | <b>SUPPORT HEALTH &amp; WELLBEING</b>  | <b>AFFORDABLE HOUSING</b>  |
|        | <b>%</b><br>of companies that support charitable programs, direct contributions to community and have affirmative action policies in place | <b>%</b><br>of companies have a minimum of 35% of women on the board<br><hr/> <b>%</b><br>of companies have a minimum of 35% of women in senior positions | <b>#</b><br>Of new hospital beds added to improve capacity & reduce wait times<br><hr/> <b>#</b><br>Of private hospital customers that have accessed essential health services<br><hr/> <b>\$</b><br>Allocated for the provision of healthcare related loans | <b>#</b><br>Of dwellings developed to provide more affordable housing projects*<br><hr/> <b>#</b><br>Number of Australians who were assisted in the purchasing or building of a home*<br><hr/> Of those assisted in the purchasing of new homes, <b>%</b> of households were disability supported* |
|        |  |   |  |  |

\*Figures represent the total sustainability measurement of the social impact bond.

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## ONGOING IMPROVEMENTS

While our process is established, it will not remain static. Sustainable investing will evolve and improve over time, especially as data becomes more robust and transparency increases. As the environment changes, and best practices in achieving sustainability change, we will look to adapt and refine our approach.

## OUR RESOURCES AND CAPABILITIES

The competitive advantages of this strategy can be summarised as follows:

1. The experience and stability of the Team. The average industry experience of the team is around 25 years and has been very stable over time.\* We believe this experience provides a strong basis to identify investment opportunities.
2. Dedicated ESG resources within the Team. These resources are responsible for the investment process and assist in the decision making of security selection of the sustainable and positive impact securities. This is done in conjunction with the portfolio managers and credit analysts.
3. Access to the full suite of ESG capabilities available at Janus Henderson. This includes strong, centralised support for ESG implementation from 20 ESG specialists.\*
4. The shared commitment across the Team to a consistent investment approach that incorporates:
  - Active management - We believe that markets are inefficient and can from time to time deviate from fair value. This can occur for a variety of reasons including market participants placing an undue emphasis on short term influences when pricing long term assets. We aim to exploit these mis-pricing opportunities through active management.
  - A strategic view - we believe markets can be irrational in the short term. However, by focusing our research efforts on the medium term, we can identify under or over valuation of interest rates, and undervalued sectors and securities.
5. Diversified strategies - we prefer to have a series of investment strategies in portfolios to enable us to diversify risk.
6. Capital preservation - we understand the role fixed interest plays in portfolios, so we focus on identifying stable to improving credit quality before any consideration of price.
7. ESG at its core – the objective of the portfolio is to invest in issuers that seek to enhance society’s wellbeing and protect the planet on which we all live.
8. The autonomous team structure, in which we have our own philosophies and processes and manage our team’s portfolios accordingly. We believe that this leads to a clearer alignment of interests between clients and investment managers. Proprietary research is a cornerstone of our investment process.

### Investment risks

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. For a full list of investment risks association with this product, please refer to the Product Disclosure Statement which can be found on our website at [www.janushenderson.com](http://www.janushenderson.com)

\*As at 30 September 2025.

FOR MORE INFORMATION, PLEASE VISIT [JANUSHENDERSON.COM](http://JANUSHENDERSON.COM)

**Janus Henderson**  
— INVESTORS —

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