

INVESTMENT PRINCIPLES

Sustainable Future Technologies 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.



INVESTMENT PHILOSOPHY

- ▶ We believe technology is the science of solving problems. Responsible innovation and disruption can be a positive force for change.
- ▶ Our deep knowledge and extensive investment experience enables us to navigate the technology hype cycle to help identify persistent, underappreciated growth opportunities that provide solutions to the global challenges faced by humanity.
- ▶ Sustainable Future Technologies (SFT) is a dual mandate strategy. We aim to provide clients with positive environmental and social benefits from the development of a sustainable global economy, as well as the potential for attractive long-term returns.
- ▶ Our positive impact thematic overlay of sustainable technology themes and negative screening creates a 'technology for good' portfolio.

Our foundations

The SFT Strategy, launched in August 2021, is built upon the foundations of the Janus Henderson Global Technology Leaders Strategy, founded in 1983, one of the largest and longest running technology strategies in Europe. The Global Technology Leaders (GTL) Team has been investing through a lens of innovation, disruption, "navigating the technology hype cycle" and integrating Environmental, Social and Governance (ESG) factors for more than 20 years. The SFT Strategy has been born out of our experience, our research into sustainable technology investing as well as taking inspiration from the Janus Henderson Global Sustainable Equity Strategy, founded in 1991.

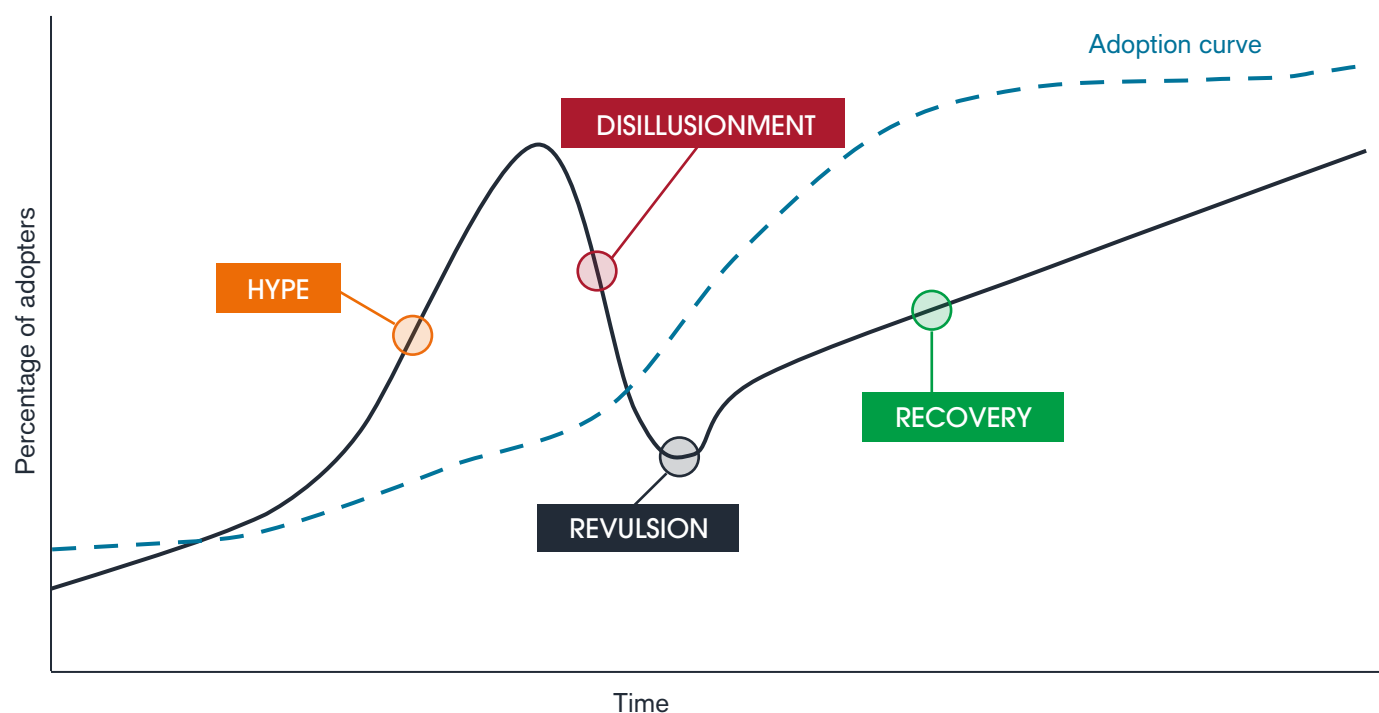
A technology company for us is defined as having hardware or software at the core of the company's franchise, its products, services and value generation.

To define and reduce our investment universe we take a broad global equity index (MSCI All Country World Index), apply our negative screening and then our definition of technology. With our focus on sustainable future technologies, we then apply our positive screening process to identify a universe of 'technology for good' stocks.

Navigating the hype cycle of sustainable future technologies

Innovation and growth sustained by pro-active ESG engagement

SFT's approach is based on our extensive investment experience, which allows us to better understand the impact of technology's innovation and disruption on society and the environment as well as allowing us to navigate the inevitable tension between environmental and social sustainability. Only by doing this can we truly deliver on our dual mandate.



For illustrative purposes

We understand that the pace and ease of adoption of new sustainable technologies is not linear. In “navigating the hype cycle” our experience and sector specialism is key. We identify the long-term adoption curve opportunities of our sustainable technology themes, assessing the growth opportunity and whether a company has a true competitive advantage or sustainable barriers to entry. This is a key part of our fundamental analysis to help us understand whether a company could grow profitably over a sustained period – generating undiscovered or unappreciated growth. By design, our high conviction investment approach seeks to identify new sustainable technologies and themes and identify the leaders in those areas, which have growth prospects not already reflected in stock valuation.

Technology and sustainability

We believe that technology is the science of solving problems

5 key global challenges:

The United Nation's Sustainable Development Goals (UN SDGs) have influenced our categorisation and identification of these global challenges and shaped our investment themes.

Climate change



This is the greatest environmental and social challenge the world has ever faced and is impacting health, livelihoods, food security, water supply, human security, and economic growth. There is an urgent need to transition to a low-carbon economic model enabled by electrification and digitalisation.

Themes: sustainable transport, low carbon infrastructure, clean energy tech, smart cities, resource, and productivity optimisation

Resource constraints



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. Our technology focus means we avoid investing in companies and sectors that most damage or deplete natural capital, instead investing in technologies that reduce wastage and drive greater efficiency and productivity.

Themes: resource & productivity optimisation, low carbon infrastructure, clean energy tech, sustainable transport, smart cities

Population growth



There will be growth in demand for many different types of goods and services that cater to the needs of a growing and changing population, ranging from basic necessities such as food, water and shelter to transportation, financial services, education, health, security and wellbeing. Technology has a key role to play in creating solutions but we seek to ensure that disruption caused by automation and artificial intelligence is responsibly managed and data usage is secure and fair to protect our fundamental human right to privacy and our digital identities.

Themes: digital democratisation, tech health, resource & productivity optimisation, smart cities, sustainable transport, data security, low carbon infrastructure, clean energy tech

Ageing population



The world's population is ageing, driving rising demand for products and services catering to ageing demographics, such as healthcare, financial security and social protection, as well as technology solutions addressing declining workforce participation and rising dependency ratios.

Themes: digital democratisation, tech health, resource & productivity optimisation, smart cities, sustainable transport

Poverty and inequality








Extraordinary economic growth and widespread improvements in wellbeing have failed to close the deep divides across countries and within society. We view the eradication of poverty and addressing inequality as necessary to unleash human and productive potential of each country's population and bring development towards a socially sustainable path. Technology can help democratise access to quality healthcare and education, as well as promote financial inclusion.

Themes: digital democratisation, tech health, resource & productivity optimisation, smart cities, sustainable transport, data security, low carbon infrastructure, clean energy tech

Investment process

To deliver our dual mandate, there are six stages to our sustainable investment process incorporating both positive and negative selection criteria, including product and operational impact analysis. Navigating the hype cycle of sustainable future technologies is supported by the five interlinking pillars of our rigorous investment framework integrating sustainability at every level:

NEGATIVE SCREENING: EXCLUSION CRITERIA				
ESG COMMITMENTS				
BOTTOM-UP FUNDAMENTAL RESEARCH	VALUATION DISCIPLINE	SUSTAINABLE THEMATIC SCREEN	ESG INSIGHTS & PRO-ACTIVE ENGAGEMENT	INTEGRATED RISK MANAGEMENT
				
<ul style="list-style-type: none"> Organic growth potential Competitive advantages Business model resilience Management quality Full value chain ESG insights 90+ years combined technology sector investing 	<ul style="list-style-type: none"> Rational growth at a reasonable price Seeking underappreciated earnings growth potential ESG standards reflected in valuation (White Paper) 	<ul style="list-style-type: none"> Identify long-term sustainable growth themes within technology Aligned with UN SDGs (Sustainable Development Goals) Holdings - Min 50% of revenues mapped to these themes Drives positive idea generation 	<ul style="list-style-type: none"> Dedicated sustainability analyst Do No Significant Harm and Minimum Social & Environmental Safeguards Proprietary ranking screen and process control monitor Action oriented company engagement Impact analysis 	<ul style="list-style-type: none"> Thematic, liquidity, financial and sustainability risk monitored Integrated and independent support Reflects ESG commitments Active portfolio construction: benchmark agnostic Risk incident and controversies monitoring

Note: The portfolio is actively managed with reference to a benchmark, which is broadly representative of the companies in which it may invest, as this can provide a useful comparator for assessing the portfolio performance. Active portfolio construction decisions are not made relative to a benchmark and we do not use an index to define what a technology company is.

Negative screening

Companies on the wrong side of sustainability/ ESG trends are subject to disruption

The negative global impact from the cost of economic externalities such as environmental pollution, violence and armed conflict and smoking is becoming increasingly recognised. We seek to avoid those businesses involved in activities that are harmful to society or the environment via clearly defined standards that govern the companies we exclude from our investment universe. Our exclusions provide ethical, social, environmental and financial benefits. We seek to avoid businesses that have products or operations directly associated with the following criteria:

Excluded Activity	SFT
Environmental	
Fossil Fuels	Any involvement (fossil fuel (coal, oil, natural gas, and unconventional O&G) upstream, midstream, downstream activities, power generation, and reserves)
Chemicals of concern	Any involvement
Intensive farming	≥5% of revenue (meat, fish and dairy, operations and transport)
Nuclear power	≥5% of revenue (includes uranium mining)
Social & Human Rights	
Controversial weapons*	Any involvement - See Firmwide Exclusions
Nuclear Weapons*	Any involvement
Tobacco	≥5% of revenue (including e-cigarettes, production, distribution, and supply chain)
Fur	≥5% of revenue (production and sale)
Alcohol	≥5% of revenue (production and distribution)
Civilian armaments	≥5% of revenue (major involvement, production and sale)
Gambling	≥5% of revenue (products and operations)
Pornography	≥5% of revenue (products, services and facilitating access)
Animal testing (excluding medical testing)	≥5% of revenue (providers at 0%, manufacturing & distribution of products under own brand tested on animals at 5%)
Genetic engineering (Human embryonic/foetal stem cells involvement)	Any involvement
Incendiary Weapons*	Any involvement
Military sales*	≥5% of revenue (considers development, financing, production, maintenance, use, distribution, storage, transportation or trade)
Failure to comply with the UN Global Compact Principles (which cover matters including, human rights, labour, corruption, and environmental pollution)	Any breach, watchlist flagged (also scans for OECD MNE)

Any involvement = ≥0% of revenue

Firmwide controversial weapons screen uses MSCI. UN GC/OECD MNE screen uses Sustainalytics. All other screens are Vigeo Eiris unless explicitly stated.

*Any involvement (weapons and military sales related) using Vigeo Eiris screens for: clear evidence of manufacture, production or sale of full systems and platforms, key parts or services, strategic parts or services. Shareholding and financing when applicable are at a 20% de minimis. For controversial weapons MSCI screen please refer to the firmwide exclusion as stated in the Janus Henderson Investors (JHI) ESG Investment Policy.

Norms-based screening: United Nations (UN) Global Compact Principles and OECD Guidelines for Multinational Enterprises

All holdings are compliant with the UN Global Compact whose ten principles cover human rights, the International Labour Organization's Declaration on workers' rights, corruption and environmental pollution. This provides minimum safeguards for the investments in the strategy.

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 stocks and are updated in line with current 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.

In terms of risk incident and controversies monitoring, all holdings are monitored and flagged in real time, and regular summaries are provided, using third-party data. Please refer to the integrated risk management section for further detail.

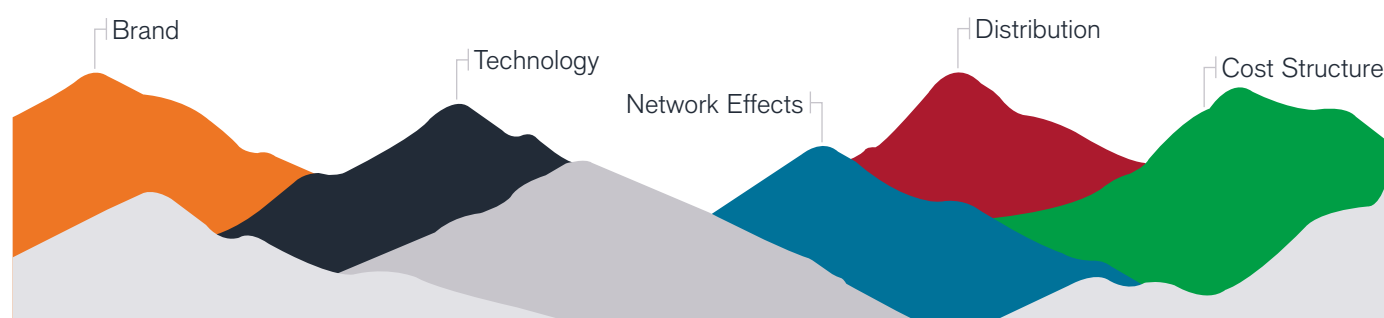
'De minimis' limits

Given the technology focus of the SFT Strategy, no portfolio exposure with respect to the avoidance criteria is expected. However, there may be instances when we will apply a de minimis limit. A de minimis limit of 5% is a threshold above which investment will not be made and relates to the scope of a company's business activity; the limit may be quantitative (e.g., expressed as a percentage of a company's revenues) or may involve a more qualitative assessment. De minimis limits exist because sometimes avoiding an industry entirely may not be feasible given the complex nature of business operations. In such instances, we will invest in a company only if we are satisfied that the "avoided" activity forms a small part of the company's business and when our research shows that the company manages the activity in line with best practices. In instances where we disagree with the third-party assessment, or where third-party data is lacking or of poor quality, our dedicated sustainability analyst will review and, where required, seek approval at our independent ESG Oversight Committee.

Our positive and negative screening are expected to reduce the strategy's investable universe by over 20%.*

Bottom-up fundamental research

Triple bottom-line approach



We assess the positive impact, organic growth potential, size of the addressable opportunity, barriers to entry, ESG operational risks and management quality. The nature of the competitive advantage of the moat and whether that is increasing or decreasing has implications for company margins. We look for companies where we believe the management quality, growth rate or the sustainability of that growth rate is underappreciated. To fulfil our dual mandate, through in-house bottom-up fundamental research and proprietary forecasting, we seek to identify positive impact as well as unexpected earnings or cashflow growth as a core tenet of every investment case. Positive impact and ESG leadership is integrated into our proprietary revenue mapping and ESG ranking within our valuation framework.

The team analyses every company on the basis of the "3 Ps" of their triple bottom line: how they generate Profits, how they impact People; and how they impact the Planet. Gaining a deep understanding of all of these elements of a company's fundamentals is a critical aspect of the six pillars of the team's investment process, and each company is assessed on this basis. Impact analysis carried out by the dedicated sustainability analyst provides additional insight.

*This figure is correct at the time of publication and may be subject to change.

Valuation discipline

A belief in valuation discipline as a guide to unappreciated earnings growth

Valuation discipline is a key defining part of our bottom-up research. The focus is on rational growth at a reasonable price (GARP). We do not believe that pure “value” investing is appropriate in a dynamic sector like technology and seek to avoid companies that are in secular decline. We are disciplined in our approach with a variety of valuation approaches used by sector specialists focused on future earnings and cashflow, all monitored by our proprietary master valuation framework. We also integrate sustainability and ESG criteria into our valuation assessment to help evaluate the appropriate premium/discount to the market. Our proprietary master valuation framework monitors all our target prices, earnings momentum and share price performance, while our Ranking Screen and ESG Process Control Monitor allows us to identify ESG indicators relevant to the valuation framework. Our ranking screen brings together a variety of valuation, growth, momentum and quality metrics alongside ESG indicators to help identify new ideas, stocks which are lagging, or best in class within the sub-sector. Our white paper “The relationship between ESG factors and valuation within the technology sector”^{*} provides us with empirical support for our process of integrating our ESG insights into valuation discipline and into our engagement approach. We believe that improving ESG standards have an important role in enhancing company valuation.

Sustainable thematic screen

Identifying companies on the right side of environmental and social trends

The positive selection criteria leads the team to invest in businesses that have a positive impact on society and the environment by virtue of the technology products or services they offer, and by the way in which they manage their operations, thereby supporting the UN SDGs.

The sustainable thematic screen guides our idea generation and identification of long term-opportunities created by major sustainable technological shifts. Investments in the portfolio must derive at least 50% of current or future revenues up to a maximum of five years from the investment team’s sustainable technology themes. The revenue mapping is carried out by the investment analysts, utilising their deep tech sector expertise. For thematic integrity, the team’s dedicated sustainability analyst provides support and oversight, assisted by the ESG Corporate Research Team. The strategy’s thematic allocation is dynamic and there is no forced distribution among themes.

Environmental and social themes:



Clean energy technology

Innovative technological solutions designed to reimagine the most carbon intensive areas of the economy meeting the challenge of resources constraints, population growth and climate change.

Promoting climate change adaption and mitigation.

Renewable energy technology, battery technology, smart grids, smart power



Resource & productivity optimisation

A growing and ageing population, resource constraints and climate change require technological innovation to boost productivity and to optimise the efficient use of scarce resources.

Promoting climate change adaption & mitigation, sustainable use & protection of marine/water resources, pollution prevention & control, protect & restore biodiversity & ecosystems, transition to a circular economy, ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, improving safety & quality of life.

Digital design, collaboration tools, artificial intelligence, digital productivity, asset tracking



Smart cities

Sustainable cities need to be smarter to meet the challenges of a growing and ageing population, resource constraints and climate change necessitating digital transformation and greater connectivity.

Promoting climate change adaption & mitigation, sustainable use & protection of marine/water resources, pollution prevention & control, protect & restore biodiversity & ecosystems, transition to a circular economy, ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to transport, telecommunications & internet, clean electricity, financial inclusion, education, housing, food, water, healthcare, and improving safety & quality of life.

5G mobility, Internet of Things (IoT), edge compute, smart communications

^{*}White Paper: What is the relationship between ESG factors & valuation? Please contact your local sales representative for more information.



Low carbon infrastructure

Compute proliferation drives an exponential leap in power consumption, a climate change and resource constraint challenge that requires the transition to low carbon cloud and 5G architecture.

Promoting climate change adaption & mitigation, transition to a circular economy, ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to transport, telecommunications & internet, clean electricity, financial inclusion, education, housing, food, water, healthcare, and improving safety & quality of life.

Data centres, Moore's Law, 5G infrastructure, platforms, software



Sustainable transport

Technology to enhance safety and enable the transition to zero emission vehicles, ride hailing, autonomous driving and automated logistics in a connected world with the goal of climate change adaptation and mitigation.

Promoting climate change adaption & mitigation, sustainable use & protection of marine/water resources, pollution prevention & control, protect & restore biodiversity & ecosystems, transition to a circular economy, ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to transport, and improving safety & quality of life.

Electric vehicles, computer vision, sensors, battery management, navigation, platforms



Digital democratisation

A growing and ageing population beset by rising poverty and inequality requires technological innovation to enable access to quality education and promote financial inclusion.

Ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to transport, telecommunications & internet, clean electricity, financial inclusion, education, housing, food, water, healthcare, and improving safety & quality of life.

Artificial intelligence, data analytics, fintech, EdTech, platforms, data access



Tech health

With poverty and inequality rising as a result of the dual influence of an expanding and ageing population, this challenge requires technological innovation to enable access to quality healthcare and improved outcomes.

Ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to healthcare, and improving safety & quality of life.

MedTech, artificial intelligence, data analytics, platforms



Data security

A digital and AI (artificial intelligence) world built on big data and analytics in the cloud requires secure and fair data usage to protect our fundamental human right to privacy and our digital identities.

Ensuring decent work, adequate living standards and wellbeing, inclusive and sustainable societies & communities, providing access to transport, telecommunications & internet, clean electricity, financial inclusion, education, housing, food, water, healthcare, and improving safety & quality of life.

Network security, secure cloud, identity protection, data privacy

ESG insights, pro-active engagement and voting

We believe that financial indicators have strong non-financial roots. As active managers with superb access to senior management, we take a pro-active approach to communicating views to companies and seeking improvements in performance and standards of corporate responsibility and core principles such as disclosure, transparency, and consistency. Each company held in the portfolio is reviewed in relation to its environmental social and governance risks as outlined in the following engagement framework.

The strategy has a dual mandate with a sustainable objective and promotes environmental and social characteristics via its portfolio commitments, for example on decarbonisation and board gender diversity.

We consider our approach to voting and engagement as 'evidence-based', systematic and pragmatic. These are reviewed using a variety of information and data taken either directly from the security issuer or from third parties (research providers, index providers, consultants). The following ESG data providers are used to inform our ESG analysis. We use a variety of information sources including security issuers and third-party research providers and consultants to rank and assess our investee companies. The sources include, for example:

- MSCI, main firmwide strategic provider
- Sustainalytics
- Bloomberg
- Vigeo EIRIS
- Institutional Shareholder Services (ISS)
- RepRisk

We monitor each company's performance and ESG disclosure against key metrics. Using our proprietary ranking screen, we rank our investment universe of over 700 companies on a broad range of internal and external ESG data points and principles to identify leaders, those which are transitioning and companies who are lagging, which feeds into both our valuation framework and our engagement. Materiality is assessed based on SASB Standards, Global Reporting Initiative (GRI), EU Principal Adverse Impacts (PAI), Task Force on Climate-Related Financial Disclosures (TCFD), Taxonomy, our dedicated sustainability analyst and teams understanding of ESG and technology. The process control monitor is a dashboard of key ESG indicators and our revenue mapping. Using these tools and through our engagement we implement the do no significant harm criteria and minimum social safeguards (for example via UNGC and OECD MNE Principles), while promoting environmental and social characteristics. Our dedicated sustainability analyst ensures implementation of ESG principles.

We recognise that such information or data may be incomplete, inaccurate, or inconsistent given the limitations of static scoring of complex issues with imperfect data. In such situations, the investment team's extensive experience, deep sector expertise, industry contacts and support from the ESG Corporate Research Team may prove beneficial.

We engage directly with companies via formal and informal meetings, calls and in writing, providing thought leadership in engagement on complex social and environmental issues.

We actively manage our positions for controversies and risk incidents, which also shapes our engagements. Engagement work can be company specific or thematic-led and represents a mixture of proactive and reactive engagement.

Engagement topics include for example: performance and policy standards on deforestation, biodiversity, diversity, equity and inclusion (DE&I), education, research and development (R&D), remuneration, data privacy and security, and tax. As technology specialists we believe we are well positioned to understand the disruptive aspects of technology and potential future ESG issues that may arise. In the past this has been reflected in our engagement on topics ranging from mental health impacts of social media, taxation policy of mega-cap companies, whistle-blower policy standards, the balance of data security and privacy and the effects and controls on casual gaming.

We are action-orientated and address areas for improvement through formalised action plans with clear objectives and timeframes. A lack of progress or negative ESG momentum may prompt a revisit of the investment case and lead to an exit from the stock.

The strategy avoids ESG laggards, companies with high controversies, and negative ESG momentum as defined by third-party data, our ESG principles, proprietary ESG ranking screen and process control monitor, as well as our action plans and engagement. We will use engagement to promote best-in-class practices, for example on decarbonisation targets and data privacy & security. We may hold companies that score poorly due to a lack of disclosure, notably smaller companies, or due to minor ESG issues if we have a positive outlook on near-term improvements via engagement, which may be formalised within an action plan including clear objectives and timelines. In addition to the investment team's focus, which includes input from our dedicated sustainability analyst, the Governance & Stewardship Team also identifies further issues and facilitates collaboration with other investors to enhance engagement influence.

The SFT Strategy adopts a low-carbon approach, based on exclusionary criteria, ESG commitments and engagement.

Our focus on ESG considers:

Environmental

- Alignment with environmental themes
- Alignment with UN GC Principles 7-9
- Policies for risk mitigation, strategies for carbon reduction
- Disclosure and science-based targets in alignment with Paris agreement

Social

- Alignment with social themes
- Compliance with UN GC Principles 1-6
- Controversies monitored pro-actively and reactively

Governance

- Evidence of sound management structures, employee relations, adequate remuneration, tax compliance
- Good governance practice that shows alignment with long-term interests rather than short-term shareholder demands
- Diversity of Board, track record of management of environmental and social factors

For more information, please refer to the Sustainable Future Technologies Strategy quarterly voting and engagement and report.

Note: 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, visit <https://www.unglobalcompact.org/what-is-gc/mission/principles>. For more information on issues covered visit <https://www.unglobalcompact.org/library>

Integrated risk management

Portfolio construction considers a variety of risk factors focusing on managing thematic, liquidity and sustainability risk. A focus on liquidity control is an important aspect of navigating the hype cycle – to avoid overcrowded and overhyped areas of the sector. In addition to these integrated risk controls and input from our dedicated sustainability analyst, a number of independent oversight mechanisms are in place:

- Independent Investment Risk Team, Liquidity Risk Team, dashboards, and risk reports to monitor portfolio and liquidity risk. An oversight meeting is held quarterly. For example via Riskmetrics, Style Advisor, Barra dashboards and ESG risk reports.
- Financial Risk Team works closely with the Investment Risk Team and interacts with the investment team on regulatory risk monitoring.
- All trades in listed securities are routed through the Charles River Development trading system (CRD) and are monitored by Compliance daily. The CRD system has the capability of implementing pre, post and batch alerts as well as warnings. For example: Pre-trade compliance is set up for custom restrictions based on screening output applying exclusion criteria.
- Alerts and risk incident monitoring – regular alerts on controversies, UN GC/OECD MNE changes and exclusions criteria are set up that are emailed to the investment team.
- Sustainability analyst works with the portfolio managers examining portfolios in line with the framework outlined for ESG insights.
- Monthly ESG risk reports are produced, including ESG topics such as corporate governance, and carbon risk and controversies, using third-party data.
- The Governance and Stewardship Team assist on voting and engagement.
- The Environmental, Social, and Governance Oversight Committee (ESGOC) provides oversight over the implementation of exclusions. The Committee, which includes representation from the Investments, Compliance, Front Office Controls & Governance, Financial Risk, and Product teams, is responsible for ensuring that Janus Henderson's investment management framework to manage ESG-related risks is adequate and effective.
- FOCG (Front Office Controls & Governance) provides regular oversight of our positive screening, thematic mapping, negative screening, with reference to tools like our Ranking Screen & Process Control Monitor, as well as providing a challenge on laggards and other associated ESG commitments.
- Where a company is not covered by the third party data provider (as identified by Compliance), the FOCG team will confirm that the investment team has verified that the holding is in line with commitments via proprietary research.

Sell discipline, breaches and corrective actions

For the SFT Strategy divestment will occur in the following instances, as well as ad-hoc upon the team's discretion, based on our analysis as well as third- party data:

- Break in investment thesis via our bottom-up fundamental research
- Valuation
- Risk management and portfolio construction
- Breach of negative screening: exclusion criteria and UN GC and OECD MNE non-compliant or watchlist names
- Breach of positive thematic screening, impact analysis and revenue mapping
- Bottom half of proprietary ESG Ranking Screen or significant controversy with negative ESG momentum, after no action has been taken according to our time bound outcome-oriented action plan post engagement.
- ESG commitments

ESG Oversight Committee

Our ESG Oversight Committee, chaired by our Chief Responsibility Officer, provides oversight for a range of issues at a portfolio and security level, including monitoring of issuer-level positions for investments identified as having outsized sustainability, climate, or ESG risks. Its remit includes:

- The review of ESG-related metrics and commitments for new funds and mandates and changes to ESG related commitments to existing mandates
- Review of ESG-related processes, systems and resources in place for funds and mandates
- Review of the effectiveness of controls relating to sustainability
- Monitoring of key ESG-related metrics and exceptions

Reporting

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

Positive impact companies

A quarterly report providing a list of every stock in our portfolio mapped to our sustainable themes, a description of their positive environmental and/or social impact, provides ESG KPIs and a detailed case study with UN SDG mapping.

Voting and engagement report

A quarterly report detailing corporate engagement and proxy voting policy and activity.

Annual sustainability report

Annual report detailing portfolio managers' statement and portfolio impact measurement, including ESG KPIs (key performance indicators), TCFD (Task Force on Climate-Related Financial Disclosures) analysis.

Financial statements

Annual and half-yearly financial statements for SFT portfolios, including commentary on the performance and investment activity in relation to the strategy's responsible investment approach.

ESG affiliations, memberships and collaboration

The strategy has committed to Net Zero Carbon 20 (NZC20). Janus Henderson has a number of carefully selected ESG-related affiliations, which are listed on www.janushenderson.com.

Breaches

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, the following corrective actions are applied.

1. Notify the portfolio manager: Compliance or the FOCG team (should the breach be identified as part of relevant oversight activities) will notify the portfolio management team that a company has breached the criteria.
2. Investigation: The portfolio management team and dedicated sustainability analyst will investigate the evidence 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 provider, evidence will be presented to the ESGOC. The ESGOC will then make a decision on whether a breach has occurred. If a breach has occurred, the portfolio management team will 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, ESG commitments / binding criteria, and quality standards are addressed using the corrective action process documented above.



Glossary:

Barriers to entry: factors hindering the ease of entering of an industry or business area such as high start-up costs, patents, brand loyalty etc.

De minimis: a de minimis limit is a threshold above which investment will not be made and relates to the scope of a company's business activity; the limit may be quantitative (e.g., expressed as a percentage of a company's revenues) or may involve a more qualitative assessment. De minimis limits exist because sometimes avoiding an industry entirely may not be feasible given the complex nature of business operations or the company may be in the process of transitioning away from the activity.

Digital democratisation: the process by which access to technology rapidly continues to become more accessible to more people. Drivers include new technologies and improved user experiences, increasing participation in the development of products, more affordable user-friendly products as a result of industry innovation and user demand.

EdTech: education technology or EdTech is the use technology e.g. via computers, applications, and educational systems to deliver learning and training.

Exclusion criteria: the barring of a company's securities from investment in a portfolio due to business activities that are deemed unethical, harmful to society, or in breach of laws or regulation.

Fintech: financial technology or fintech is the use of technology to deliver financial services and products to consumers.

GARP: Growth at a Reasonable Price investors seek companies that are undervalued (value investing) with solid sustainable growth potential (growth investing).

Hype cycle: The "hype cycle" represents the different stages in the development of a technology from conception to widespread adoption, which includes investor sentiment to that technology and related stocks during that cycle.

MedTech: medical technology or MedTech is the use of technology to diagnose, monitor and treat illnesses or transform the health of individuals.

Moore's Law: in 1965 Gordon E. Moore, Intel co-founder suggested that the number of transistors that can fit onto a microchip would double every two years. Thus we can expect the speed and capability of computers to increase every couple of years, and at lower cost. Another tenet of Moore's Law asserts that this growth is exponential.

NZC20: NZC20 provides fund managers with a systematic framework to align their investment policies to the requirement for carbon neutrality, rather than just emissions reduction. The target is currently defined as 20% or more of portfolio assets invested in firms that meet the following criteria, with the intention to raise this threshold over time.

A. Be carbon neutral or have net-zero carbon emissions.

B. Have strategies using current technologies to achieve net-zero carbon emissions by no later than 2030.

C. Actively engage with companies to meet point B.

OECD MNE: the OECD Guidelines for Multinational Enterprises reflect the expectation from governments to businesses on how to act responsibly. They cover all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition, and taxation.

Proxy voting: active investors use proxy voting to vote on identified issues on behalf of shareholders. It is used alongside company engagement to influence corporate behaviour on ESG factors.

UN GC: 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, visit <https://www.unglobalcompact.org/what-is-gc/mission/principles>. For more information on issues covered visit <https://www.unglobalcompact.org/library>.

Value investing: value investors search for companies that they believe are undervalued by the market, and therefore expect their share price to increase.

Volatility: the rate and extent at which the price of a portfolio, security or index, moves up and down. If the price swings up and down with large movements, it has high volatility. If the price moves more slowly and to a lesser extent, it has lower volatility. It is used as a measure of the riskiness of an investment.

Note:

Technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions. A concentrated investment in a single industry could be more volatile than the performance of less concentrated investments and the market as a whole.

Environmental, Social and Governance (ESG) or sustainable investing considers factors beyond traditional financial analysis. This may limit available investments and cause performance and exposures to differ from, and potentially be more concentrated in certain areas than the broader market.

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Important information

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

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