ANNUAL SUSTAINABILITY REPORT

Global Sustainable Equity Strategy 2022

Marketing communication | For professional and qualified investors only | For US financial professionals servicing non-US persons | 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. **Past performance does not predict future returns.**

OVER 2022, THE GLOBAL SUSTAINABLE EQUITY STRATEGY HAS INVESTED IN…

Number of customers for financial services – an impact of 51 customers per $m

- The companies we invested in serve a total of 685m customers for financial services.
- GSE's investment in these companies equates to 163,760 customers.

Total renewable energy (includes generated, consumed, and purchased) – an impact of 138 MWH per $m

- The companies we invested in have delivered a total of 60,672,081 MWh of renewable energy generation.
- GSE's investment in these companies equates to 445,344 MWh of renewable energy generation.

Total emissions avoided (includes generated, consumed, and purchased) – an impact of 44 metric tons/CO_2e per $m

- The companies we invested in have avoided a total of 19,384,730 metric tons/CO_2e emissions (including generated, consumer and purchased).
- GSE's investment in these companies equates to 142,288 metric tons/CO_2e avoided.

Renewable energy generation (MWh) – an impact of 124 MWH per $m

- The companies we invested in have delivered a total of 26,268,232 MWh of renewable energy generation.
- GSE's investment in these companies equates to 397,964 MWh of renewable energy generation.

Emissions avoided by renewable energy generation – an impact of 40 metric tons/CO_2e per $m

- The companies we invested in have avoided a total of 8,392,700 metric tons/CO_2e by renewable energy generation.
- GSE's investment in these companies equates to 127,150 metric tons/CO_2e by renewable energy generation.

Patients treated – an impact of 102 patients per $m

- The companies we invested in treat a total of 47,349,760 patients.
- GSE's investment in these companies equates to 327,893 patients treated.

1. For aggregation methodology see Total in table 1 of the appendix available at janushenderson.com.
2. Independent Statistics and Analysis: https://www.eia.gov/tools/faqs/faq.php?id=97&t=3#:~:text=How%20much%20electricity%20does%20an,about%20893%20kWh%20per%20month.

Source: Janus Henderson Investors as at 31 December 2022. The data provided in this report was collected during March and April 2022 and is based on the strategy as at the 31 December 2022. In cases where companies have not yet reported 2022 data we used data from the prior year. Data is sourced from company reports, Carbon Disclosure Project (CDP) and International Energy Agency (IEA). Companies that have not disclosed the relevant data are excluded from the analysis. No estimates have been used.

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FOREWORD

2022 served as a stark reminder to investors that global events cannot be forecast. From Russia's invasion of the Ukraine to energy shortages across Europe and calamitous global climate events, we have not been short of surprises. But while there is no doubt that recent times have been tough, and we do not diminish the price that has been paid by many, we would remind investors that crises are not new. For nearly three decades we have been living in perpetual crisis: the dot com bubble, Global Financial Crisis, the European Debt Crisis to name a few. In the same time period, we have seen extraordinary advances in sustainability and technology, and the MSCI World has provided strong returns to investors.

We believe that crises incite change, and with change comes opportunity. As sustainable investors, we seek solutions to the problems of today and for the future. Through these turbulent times, we have maintained laser focus on companies that are aligned with sustainable development and that play a role in transforming the global economy. We are pleased to share progress on the Global Sustainable Equity strategy's sustainability agenda for 2022.

Summary of highlights

- On a cumulative basis, the strategy has delivered 23.7% over three years (vs benchmark return of 17.3%) and 53.0% over five years (vs benchmark return of 38.2%), reflecting our belief that investing in companies with strong balance sheets, and which are aligned to sustainable development and innovation are core to achieving long-term compounding growth.
- In terms of sustainability, the strategy has outperformed the MSCI World benchmark on 70% of the reported ESG performance metrics. In instances where the portfolio underperformed, we provided analysis and are comfortable with the outcome.
- The intensity of scope 1 and 2 emissions in the portfolio is significantly lower than that of the benchmark.
- Our analysis shows that the portfolio is well positioned for the low carbon transition relative to the benchmark due to its reduced exposure to physical and transitional risk. In an aggressive emissions reduction scenario, the analysis suggests that the portfolio would perform strongly versus the benchmark as the potential for new value creation opportunities intensifies.
- We conducted carbon-related engagement with almost a third of the strategy on reporting, carbon reduction and a net zero strategy. One company is already net zero carbon. Almost 10% of the portfolio has committed to be net zero carbon by 2030, and almost 20% of the portfolio has committed to be net zero carbon after 2030.
- Compared to the previous year, the strategy has seen an increase in the proportion of holdings reporting to the CDP, an increase in women on board, an increase in the proportion of holdings that are signatories of the UN Global Compact, and an increase in executive bodies of our holdings being responsible for the environmental strategy and performance.
- The strategy has seen a decrease in average CEO tenure and an increase in controversies. However, on both these metrics, the strategy has outperformed the benchmark. The strategy conducted engagement on biodiversity issues such as deforestation and insurance brokering of projects with high biodiversity risk. As a result of our engagement and voting on deforestation, we secured a commitment from one of our companies to submit a CDP forests report and to disclose relevant data.

Portfolio activity shifting thematic allocation

In the past year the market has changed significantly, with higher inflation, rising rates and slowing global growth. Against this backdrop, portfolio activity focused predominantly on moving capital away from higher valued companies towards companies with more defensive profiles and lower valuations. As such, we reduced exposure to some of the more highly rated technology investments in favour of businesses in the renewable energy space, insurance, communication services, and select efficiency-enabling information technology businesses. From a thematic standpoint, this saw an increase in Cleaner Energy and Sustainable Property &

Past performance does not predict future returns. There is no guarantee that past trends will continue, or forecasts will be realised.

THE STRATEGY HAS OUTPERFORMED THE MSCI WORLD BENCHMARK ON 70% OF THE REPORTED ESG PERFORMANCE METRICS.

WE DELIVERED CUMULATIVE RETURNS OF 23.7% AND 53.0% OVER THREE AND FIVE YEAR PERIODS.

ALMOST 10% OF THE PORTFOLIO HAS COMMITTED TO BE NET ZERO CARBON BY 2030.

Finance and a decrease in Knowledge & Technology. We strive to maintain a diverse set of companies in our portfolio, all of which present solutions to different themes across different megatrends. Our case studies, which can be found in this report showcase the depth and breadth of themes in which we invest.

Navigating ESG regulation

A big topic to 2022 for us and many of our clients is the rise of ESG regulation and the challenge of navigating a fast-evolving landscape. Limited availability and quality of data makes it difficult to measure scope 3 emissions – many companies are still assessing how to best gather data and there is significant volatility in estimated and reported figures. Beyond carbon, there is still poor disclosure on other environmental metrics such as waste, water and biodiversity. These represent areas which we engage with companies on.

Our efforts are supported by Janus Henderson's central ESG team, led by Chief Responsibility Officer, Michelle Dunstan, who joined in January 2023. In this time, there has been lots of progress made in improving the company's ESG efforts. Over the past year, the team have added specialist experts to the company's Responsibility Team, set up an ESG Oversight Committee and established an overarching ESG Investment Policy. We continue to work with the team on integrating ESG considerations into our portfolio.

Looking ahead

Many of the sustainable investment trends that we follow were weaker than expected in 2022 as the cost-of-living crisis in many economies have forced governments to make hard choices between the short term (public spending) and the long term (investing in the future). Higher interest rates, inflation, and policy uncertainty have weighed on the pace of renewable energy development; real estate and construction markets are slow; and automotive, and many industrial markets related to electrification and digitalisation are under pressure.

While it may seem that there is a bit of a lull in many of the trends we are focused on, we firmly believe this is a short-term transitional phase and would remind investors that in adversity comes opportunity.

Looking beyond the short-term challenges, we see a period of exponential growth and huge value creation in the trends that we follow. At the time of writing, there is a huge amount of progress in laying the foundations for a period of accelerated growth. In particular, we see opportunity in the reshoring of manufacturing of key, clean technology industries such as batteries and semi-conductors; the electrification of transportation; greening buildings; decarbonising electricity; and transforming industry. The next decade will be crucial for sustainability but will require investment to realise the full potential of the clean technology gains of the last decade.

For us, the best way to navigate periods of economic volatility is to remain resolute in our proven investment process. This is to identify companies exposed to these growth trends while focusing on cash flow generation, strong balance sheets, financial resilience and exercising valuation discipline.

Global Sustainable Equity Team

There is no guarantee that past trends will continue, or forecasts will be realised.

INVESTMENT APPROACH

A core requirement for sustainable investing is intentionality. Our investment approach seeks to intentionally identify companies aligned with positive environmental and social change and avoid doing harm with the use of both positive and negative (avoidance) investment criteria, and by considering both the products and operations of businesses. Company engagement and active portfolio management are also essential for ensuring impact alongside financial return. We refer to this as the four pillars of our sustainability driven investment strategy:

The four pillars of our sustainability-driven investment strategy

UNCONSTRAINED IDEA GENERATION

Constant communication and collaboration with a global network inside and outside of the firm

GLOBAL SUSTAINABLE EQUITY TEAM

Industry participants	Sustainability experts	Team culture

CENTRAL RESEARCH

Seven sector teams,
32 analysts

SPECIALISED & REGIONAL TEAMS

Sector teams
Fixed income
Global and regional

STRUCTURED EVALUATION FRAMEWORK

Four pillars guide our evaluation; determining if the company meets our sustainable, do-no-harm and financial criteria

SUSTAINABLE DEVELOPMENT THEMES

Positive impact themes driving investment opportunities

DO NO HARM, AVOIDANCE CRITERIA

Activities that contribute to environmental and social harm

FUNDAMENTAL RESEARCH

Triple bottom line
Financial & ESG analysis

PORTFOLIO CONSTRUCTION & RISK MANAGEMENT

Valuation framework
Portfolio fit
Engagement

BEST IDEAS WATCHLIST ~120

High-conviction, positive impact global equity portfolio with 50 – 70 holdings

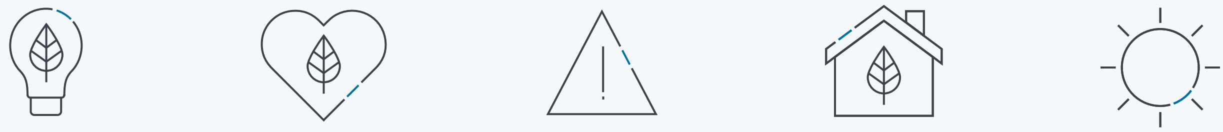
Sustainable development themes

We only invest in companies aligned with our ten sustainable development themes which serve the dual purpose of helping us to invest with positive impact and identifying sources of alpha generation. A full description of these can be found in our Investment Principles.

ENVIRONMENTAL

CLEAN ENERGY | EFFICIENCY | ENVIRONMENTAL SERVICES | SUSTAINABLE TRANSPORT | WATER MANAGEMENT

SOCIAL



KNOWLEDGE & TECHNOLOGY | HEALTH | SAFETY | SUSTAINABLE PROPERTY & FINANCE | QUALITY OF LIFE

These themes are product focused, and we operate a 50% revenue threshold. The full list of our investments along with the percentage alignment and justification is published quarterly in our Positive Impact Stocks document.

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.

Where possible, we will seek to achieve zero exposure in respect of the avoidance criteria. However, there may be instances when we will apply a de minimis limit. 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.

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 practice.

When the activity relates to a company's revenues, we use a 5% threshold, unless otherwise stated. When the activity relates to a company's operations, we will seek to gain comfort that the company is taking action to improve its performance or is managing it in an exemplary fashion. Any company with a persistent record of misconduct will be excluded unless there is clear evidence of significant progress. The table below shows that the strategy operated within the confines of the avoidance criteria.

Restricted activities

Alcohol	Fossil fuel extraction & refining	Animal testing[3]
Armaments	Fossil fuel power generation	Fur
Gambling	Chemicals of concern	Genetic engineering
Pornography	Nuclear power	Intensive farming
Tobacco		Meat & dairy production

3. Please note investment vehicles differ. For details on animal testing and for a full list of avoidance criteria, please refer to the Global Sutainable Equity Fund investment principles.

Theme allocation

Environmental and social themes

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 impact 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.

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%.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style. The representative account is not available in European Union member countries.

For example, if company X is a 1% position in the fund 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.

Source: Janus Henderson Investors as at 30 December 2022.

CASE STUDIES

Every quarter we publish a detailed case study in our Positive Impact Companies Report. These are summaries of the case studies for 2022.

Q1: AON

Aon is a global provider of risk management, insurance, reinsurance brokerage, and human resource consulting. As one of the leading repositories of risk and insurance placement data, Aon uses big data analytics to help clients manage complex risks. There is a growing demand for insurance given the emergence of new risks such as the environmental consequences of climate change, cyber risk, and the risks associated with the provision of retirement and healthcare services to an ageing population. Aon operates in over 120 countries and helps place over $280 billion of risk across its commercial risk, reinsurance, and health solutions divisions annually. The company has over $4 trillion of assets under advisement within its wealth solutions division.

Key contributions from products:

- **Risk identification:** Aon's vast data bank and analytical capabilities enable the company to understand evolving societal trends, tease out the associated risks, and communicate decision-useful insights to clients. Aon's solutions span the full spectrum of commercial risk profiles including reputation, supply chain, cyber, intellectual property, climate change and more.

- **Improved access:** To help address underserved populations in Latin America and Africa, Aon facilitates the use of innovative insurance solutions. An example is parametric insurance where pay-outs are linked to the occurrence of pre-agreed trigger events, such as extreme levels of rainfall, rather than the damage caused from flooding. Since no loss adjusting is required, management costs are reduced and pay-out is quicker, both of which are vital for disaster response in developing countries.

Source: Aon website and external documents, accessed Q1 2021.

Q2: Wabtec

Westinghouse Air Brake Technologies (Wabtec), headquartered in North America, is one of the world's largest providers of equipment and components to the global freight and transit rail industries. Its products are focused on safety and efficiency, including driver control systems, collision-avoidance systems, braking equipment, signalling technology and low emission locomotives with enhanced fuel efficiency. Rail has the lowest environmental impact out of all motorised modes of land transportation, with the greenhouse gas (GHG) emission of rail per kilometre 41g on average, less than a third of a short haul flight at 156g. With the global transportation sector accounting for nearly 25% of total worldwide GHG emissions, rail and public transportation systems have a key role to play in achieving decarbonisation. Wabtec has over 23,000 locomotives in services and over 45,000 vehicles fitted with Wabtec braking systems in over 100 countries.

Key contributions from products:

- **Decarbonising rail:** Wabtec has made efficiency a priority, delivering advancements in equipment and digital solutions by leveraging next generation technologies. For example, Wabtec's Trip OptimiserTM system is a smart digital cruise control system that calculates the optimum speed profile for a train and automatically controls throttle and dynamic brakes to reduce fuel consumption by taking into account terrain, make-up, and operating conditions. This system alone is EPA-certified as generating 10% savings on fuel consumption.

- **Enabling safer travel:** Wabtec maintains its commitment to minimising risk through smart component design and automation. For example, Wabtec's Interoperable Electronic Train Management System integrates with existing train operating systems, enabling drivers to better enforce movement authorities, speed restrictions, work zones and switch positioning to reduce the potential for train accidents.

Source: Wabtec website and external documents, accessed Q2 2021.

Q3: TE Connectivity

TE Connectivity is one of the world's largest electronics connector companies. Its products are the building blocks for greater electrification and connectivity across transportation, industrial and communications end markets. It designs and manufactures around 500,000 different products that connect and protect the flow of power and data in vehicles, factories, buildings, power generation and communication networks. TE's technology is enabling customers to make products that are more reliable, safe and energy efficient, and which improve peoples' lives. With more than 85,000 employees, including over 8,000 engineers, TE Connectivity is working alongside customers in approximately 140 countries.

Key contributions from products:

- **Transportation:** TE is one of the global leaders in supplying connectors and sensors to the automotive industry. TE's content per vehicle is increasing due to the secular trends within the automotive industry associated with improving efficiency, safety and connectivity. Roughly 85% of connectors and sensors used in cars are associated with the low voltage architecture around the vehicle. Fully electric vehicles offer an even greater opportunity for TE's products due to more complex and demanding high voltage architectures.

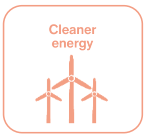
- **Miniaturisation:** TE has also worked to miniaturise its automotive products increasing connectors and reducing weight and space. The company's designs are focused on reducing the printed circuit board (PCB)[4] footprint by up to 50%, reducing terminal weight by up to 50%, reducing housing weight and packaging by up to 55%, and reduce housing space by 78%.
- **Industry and communications:** TE's products are being used in factory automation, buildings (HVAC and lighting), utilities and power grids, renewable energy development, rail, medical technologies, aerospace and defence. Within communication systems TE's products are being used in data centres and networking equipment and there is secular demand from high-speed cloud, the Internet of Things and 5G.

Source: TE Connectivity website and external documents, accessed Q3 2021.

Q4: Boralex

Boralex develops and operates renewable power facilities in Canada, France, and the US. It specialises in wind and run-of-river hydroelectric projects. It is committed to minimising the environmental impact of its projects, avoiding encroachment on farmland and threats to biodiversity. Over the past five years, Boralex's installed capacity has more than doubled, reaching 2,492 MW in 2021, and with more than 3,890 MW in wind and solar projects in development. On an annual basis, Boralex generates around 6,215,000 Mwh of renewable energy, which is enough to power over 650,000 households, and avoids more than 2.9 million metric tonnes of CO_2e.

Key contributions from products:



- **Renewable energy generation:** Today, wind energy represents the largest portion of Boralex's installed capacity at 82% while solar, hydro and thermal make up the rest at 10%, 7% and 1% respectively. These operations are currently divided between Canada (45%), France (43%) and the UK (12%) and provide 2.5 gigawatts (GW) of energy globally. Over the next seven years Boralex plans to evolve its technological and geographical footprint to meet the needs of a changing climate and reduce its vulnerability to climate events; these plans will see the company balance its installed capacity to 45% wind and 45% solar, with 10% storage and >1% hydro. Boralex has projects in development which amount to 3,890 MW. This added capacity could provide enough energy to power over 1 million average homes in the US.[5] By 2030, the company has targeted to reach 10-12 GW of total installed capacity.

Source: Boralex website and external documents, accessed Q4 2021.

4. A printed circuit board is a medium used in electrical and electronic engineering to connect electronic components to one another in a controlled manner. https://en.wikipedia.org/wiki/Printed_circuit_board
5. Boralex annual MWh = 3,890MW x 365 days x 24 hours x 30%*= 10,222,920 MWh in one year. Average US household uses 10 MWh per year. *Assuming 30% load factor.

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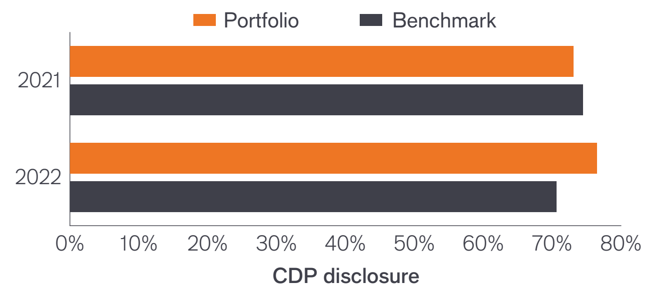
ESG PERFORMANCE[6]

We believe performance on ESG factors can have a material impact on financial returns. Pre-investment, all companies assessed for inclusion in the strategy must demonstrate acceptable management of their operational ESG performance. Post-investment, we continue to monitor investee companies against certain metrics and the strategy's overall performance at the portfolio level to glean insight into changes in the ESG profile and to guide our engagement agenda. We also work closely with the central Janus Henderson ESG Research Team.

The following metrics show some of the ESG KPIs that we consider over the course of our operational analysis of companies. Whilst this is not an exhaustive list of the metrics we track, we hope to expand this list as the quality and consistency of reporting improves.[7] The following section provides some context around these numbers. Climate-related metrics are discussed separately in the TCFD reporting section. All data sources and methodologies are in the appendix section available at janushenderson.com.

CDP disclosure

Used by investors, corporations and regulators, the Carbon Disclosure Project (CDP) has become the gold standard for reporting globally on carbon emissions, climate change risks, and opportunities. While we note that a number of our companies report carbon metrics outside of the CDP, our preference is for companies to use the CDP to ensure the adoption of a common framework.



Coverage rates 2022: Portfolio: **98.9%** Benchmark: **99.8%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Count** in the appendix.

We are pleased to see the proportion of holdings reporting to the CDP increase by over 2% relative to the previous year, with long-term holdings Icon and Innergex reporting for the first time in 2022. Over the course of 2022 we divested non-reporters including Accolade, Zendesk, and Avalara and opened positions in T-Mobile and Workday, both companies with a history of reporting to the CDP.

The trend toward increased climate disclosures in the market continued in 2022, with the gap between the portfolio and benchmark narrowing to 2% despite the proportion of disclosing companies increasing in the portfolio. Increases in market disclosures are being driven by growing demand for decision-relevant climate information across sectors. For investors, this means the opportunity for deeper integration of climate risk into investment processes. Climate change and reporting are two of our key engagement topics. The CDP cuts across both issues; therefore, encouraging increased disclosure is a common engagement point with our portfolio companies.

6. Data is taken from multiple sources, including MSCI, ISS, Bloomberg, and Sustainalytics. Providers are selected for certain metrics based on the quality of data and coverage rates. Figures are likely to vary according to the data provider. See Tables 1 and 2 in the Appendix for the calculation methodology. Information relating to portfolio holdings is based on the representative account in the composite. It may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

7. The portfolio coverage rate was also a factor when selecting metrics for this section. See Table 5 in the Appendix for the remaining SFDR PAI indicators for the portfolio compared to the benchmark.

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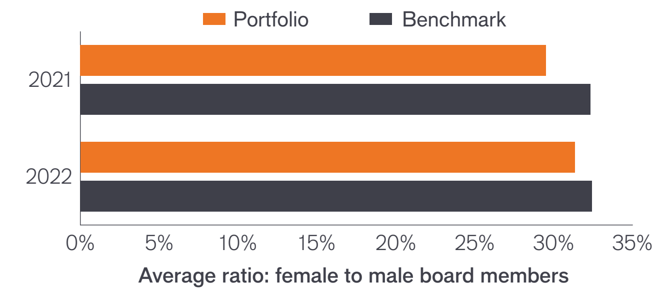
ESG PERFORMANCE

Female board representation

An analysis of a company's approach to diversity and inclusion remains a key part of our investment process. We believe that diversity of thought and background is essential, especially in leadership, where the gender, ethnicity, nationality, skills and experience of leaders sets the tone of a company regarding its culture and inclusiveness. It is inherently challenging to identify, collect, and report relevant and comparable data on many metrics of diversity due to a lack of convergence in market standards around its reporting. However, a core aspect of diversity is female board representation, which the team uses as a proxy for company inclusivity.



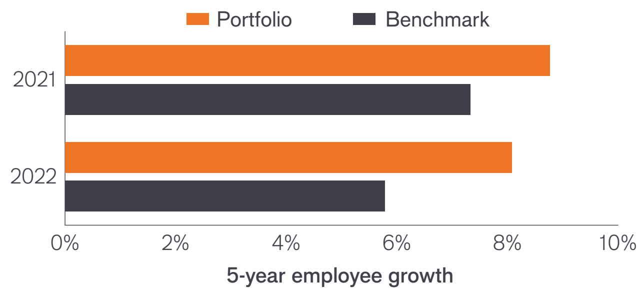
Coverage rates 2022: Portfolio: **99.8%** Benchmark: **99.3%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

Whilst the proportion of women on company boards still marginally lags the benchmark, we are pleased to report an increase from the previous year of just under 2%, with the benchmark remaining near static. Board gender makeup changed for approximately 25% of the portfolio, with just under 14% of the portfolio showing improvement. Evoqua Water Technologies was a key outperformer, moving from 10% to 33% over the year. Notably, Microsoft, our largest position, decreased from 45% to 41% with the addition of Carlos Rodriguez to the board in Nov 2021. Despite exiting three positions with more than 30% female representation over the period (Zendesk, Avalara, and Adobe), the proportion of the portfolio with more than 30% females on the board increased to over 50%, with contributions from Nidec, Atlassian, and Innergex. However, the portfolio remains below the benchmark, which had 62% of holdings with 30% female representation and above.

Five-year employee growth

We believe there is a close link between sustainability, innovation and growth, and we look to invest in companies that are growing. Growing companies create jobs, which in turn improves living standards, giving society space to consider the sustainability of that growth. We engage regularly with companies on the topics of human capital management and employee initiatives. Five-year employee growth figures show the percentage geometric growth rate over five years[8] in number of employees reported as an average of the portfolio and benchmark.



Coverage rates 2022: Portfolio: **94.4%** Benchmark: **93.1%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

Five-year employee growth decreased slightly in 2022. Despite this, the portfolio extended its outperformance against the benchmark in 2022 to over 2% from under 1.5%. Most of our investments showed only marginal changes in employee growth over the year, with changes driven primarily by holdings adjustments through performance and trading. The divestment from Zendesk, for example, a SaaS provider and one of the portfolio's most aggressive hirers, was offset by the inclusion of Workday, a similarly fast hiring software provider, along with small upticks from longer-term holdings such as Microsoft and Lam Research.

8. A five-year figure is used to dampen the effects of significant one-off corporate events around merger and acquisition activity or restructuring.

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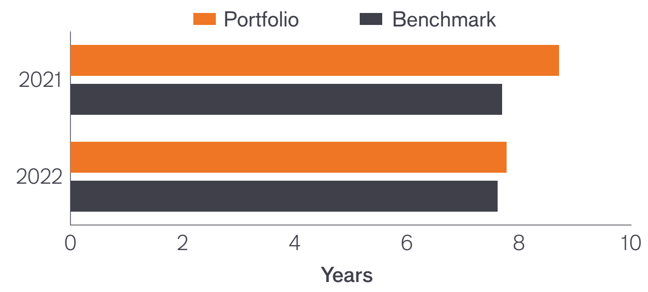
ESG PERFORMANCE

CEO tenure

The strategy invests on a long-term time horizon and seeks management teams whose views and commitments are equally long-term in nature. Although a change of management may sometimes help a business that is struggling, the ability to implement a long-term strategy often benefits from a CEO that remains in place long enough to deliver it. We believe that companies with long-serving CEOs are more likely to be focused on sustainability issues, with positive implications with respect to corporate resilience and job security for employees. CEO tenure in years reported as an average of the portfolio and benchmark.



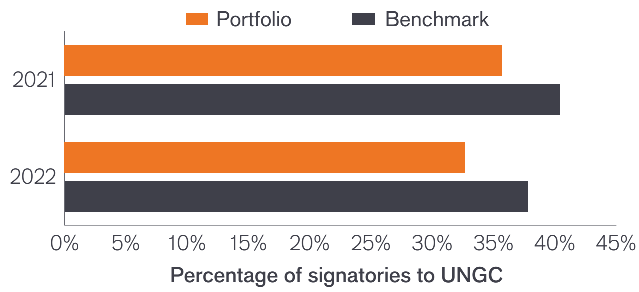
Coverage rates 2022: Portfolio: **99.8%** Benchmark: **99.2%**

Source: Janus Henderson Investors, Bloomberg, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

We maintained a marginal outperformance of the benchmark in 2022 despite the weighted average CEO tenure declining compared to the prior year, versus to the benchmark which remained flat. Holdings including Adidas, Marsh McLennan, and Knorr-Bremse all received new CEOs in the period. Meanwhile, the sale of holdings Adobe, Zendesk, Avalara, and TSMC, all of which had a CEO tenure over 9 years, contributed to the decline. These names were replaced with companies with a lower average tenure, including T-Mobile (3 years), Workday (13 years), and Keyence (3 years). Overall, less than 10% of the portfolio had CEO replacements in 2022.

UN global compact signatory

This is the percentage of companies that are signatories to the 10 principles of the UN Global Compact (UNGC). The principles set out a minimum standard of operation that organisations voluntarily commit to upholding. The principles are focused on four areas: human rights, labour, environment, and anti-corruption. We saw an increase in the number of companies signed up to the UNGC in both the portfolio and benchmark, driven by increased stakeholder demand for companies to demonstrate commitment to responsible management practices. It should be noted that many companies opt to meet the UNGC without becoming a signatory to the principles. We exclude companies in violation of the UNGC principles as part of our investment process and support organisations that elect to become official signatories.



Coverage rates 2022: Portfolio: **81.3%** Benchmark: **99.4%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Percentage Sum** in the appendix.

2022 saw the number of UNGC signatories slightly increase in the portfolio compared to the previous year. This was driven by the sale of Adobe and Accolade, names that were not signatories to the UNGC. The benchmark outperformed the portfolio as many investee companies opted to meet the UNGC without becoming a signatory of the principles. There is also a significant difference in the data coverage for the portfolio, which is just over 80% for the portfolio and almost 100% for the benchmark.

Past performance does not predict future returns.

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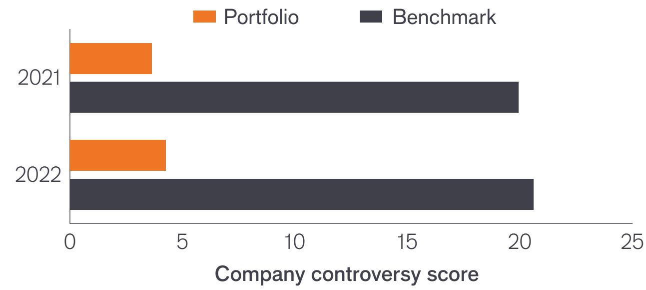
ESG PERFORMANCE

Company controversies

We use data providers to help us identify when organisations have alleged involvement in controversies related to their practices. The below metric from MSCI reflects the number of incidents of involvement in issues with negative ESG implications. This is reported as an average of the portfolio and benchmark. This metric is a key non-environmental KPI.



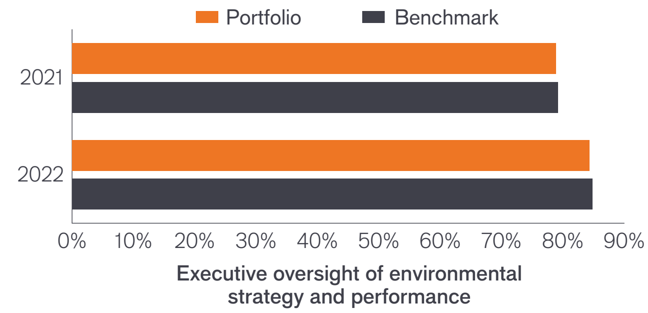
Coverage rates 2022: Portfolio: **98.9%** Benchmark: **99.8%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

In 2022, the portfolio maintained significant outperformance against the benchmark, despite a drop in performance in the portfolio. The slight increase in the number of controversies was driven primarily by the position taken in T-Mobile. The team held numerous engagements with T-Mobile around these controversies prior to its inclusion, in particular around its approach to data privacy, culture, and climate strategy. Historically, the company has been subject to numerous ESG-related controversies, but we grew comfortable over the course of our engagement and through improvements in its reporting that it was working hard to improve its operational ESG profile, thus reducing the risk of future controversies. Our engagement and ESG analysis of T-Mobile was a key factor in the final investment decision.

Executive body responsible for environmental management strategy and performance

This metric is a new to the annual sustainability report this year. It indicates whether the executive body (board-level committee, c-suite or executive committee, or special task force or risk officer) is responsible for the company's environmental management strategy and performance. Executive buy-in is essential for the establishment and continued improvement of an environmental strategy within the operations of a business. Executive team oversight indicates that the company is sincere about implementing its environmental management strategy.



Coverage rates 2022: Portfolio: **98.9%** Benchmark: **99.1%**

Source: Janus Henderson Investors, MSCI, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

The portfolio performed in line with the benchmark in 2022, with a 5.5% increase from the previous year. Four holdings representing 7.5% of the portfolio gained oversight in 2022, including Progressive, Evoqua, Walker & Dunlop, and Advanced Drainage Systems, whilst our divestment from Zendesk brought the percentage down. Over the course of our engagements with portfolio companies, we often highlight the importance of executive oversight of all ESG strategy, both for indicating intent to the market and for driving results in the implementation of environmental strategies.

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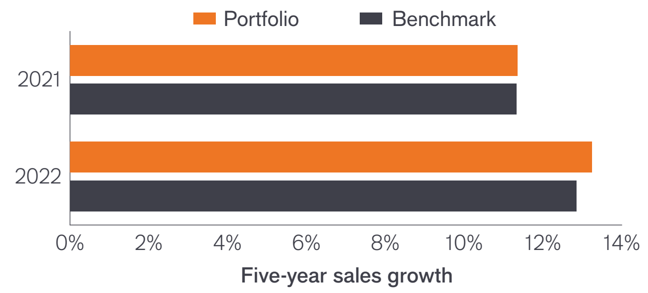
ESG PERFORMANCE

Sustainability, innovation, and growth

We see a close link between sustainability, innovation and growth. Scientific and technological progress is essential if we are to address environmental and social challenges and adapt to a changing planet. We take the following three metrics as indicators of a company's growth and innovative capacity.

Five-year sales growth



Coverage rates 2022: Portfolio: **99.2%** Benchmark: **99.0%**

Graph source: Janus Henderson Investors, Bloomberg, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

This is the average sales growth over a five-year[7] period and is reported as the average of the portfolio and benchmark. Despite an environment of slowing economic growth in 2022 and a reduction in our weighting towards the IT sector, the portfolio expanded its outperformance of the benchmark to around 13.2%. Six of the top ten holdings recorded five-year revenue growth of mid-teens and above, and this includes software, rail technology, insurance and semiconductors. Lower down the portfolio, there was a strong contribution from some of our renewable energy developers, advanced semiconductors and other software companies. Top performers in the portfolio average above 24% sales growth on a five-year basis, and sales growth averages above 10% for close to 60% of the portfolio.

Top performers of five-year sales growth

Atlassian	35.3%
Nintendo	33.9%
Nvidia	33.7%
Icon	31.4%
Workday	26.9%
Westinghouse Air Brake Technology	25.7%
ASML	22.4%
Innergex Renewable Energy	20.9%

[9.] The five-year figure dampens the effects of significant one-off corporate events around merger and acquisition activity or restructuring.

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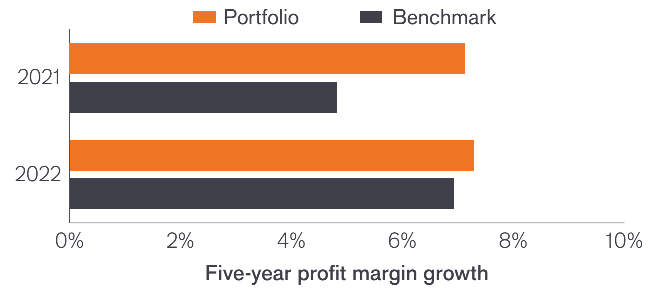
ESG PERFORMANCE

Profit growth

This is the five-year geometric profit growth reported as the average of the portfolio and benchmark. The portfolio maintained marginal outperformance versus the benchmark, despite a large increase in benchmark profit growth. We put this down to a big shift in market conditions in recent years, driven by exogenous factors such as the global economy's recovery from Covid-19, rising inflation, and the war in Ukraine, which drove profit growth in many industries that the portfolio excludes, such as fossil fuels. We are pleased that the portfolio maintained outperformance in profit growth despite these factors in 2022.

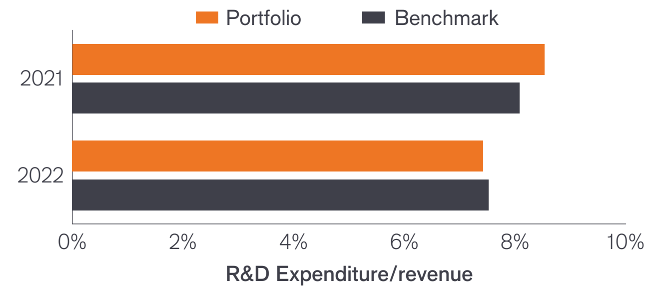


Coverage rates 2022: Portfolio: **90.0%** Benchmark: **88.4%**

Source: Janus Henderson Investors, Bloomberg, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

R&D spend to revenue

This is the average research and development (R&D) expenditure as a percentage of revenue (net sales). It is reported as the average of the portfolio and benchmark. We aim to identify companies that are investing in the future and driving innovation. This year we marginally underperformed the benchmark after a decline in both the benchmark and portfolio from the previous year. The portfolio's largest investors per sales were in our growth technology holdings, including companies such as Atlassian, Cadence Design Systems, and Workday. Part of the decline on the previous year was driven by the sale of Adobe, Zendesk, and Avalara, all companies with R&D/revenue of over 15% in 2021, as well as the reduction in the portfolio's overweight to the growth technology sector with a corresponding increase in our allocation to insurance companies where there is typically little R&D expenditure.



Coverage rates 2022: Portfolio: **84.6%** Benchmark: **80.1%**

Source: Janus Henderson Investors, Bloomberg, latest available data based on the representative account. For calculation methodology, see **Weighted Average** in the appendix.

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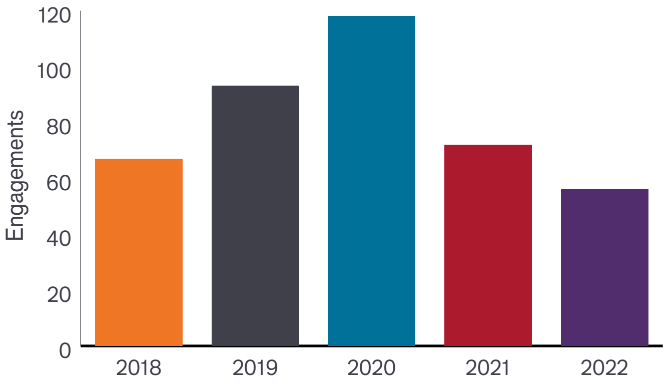
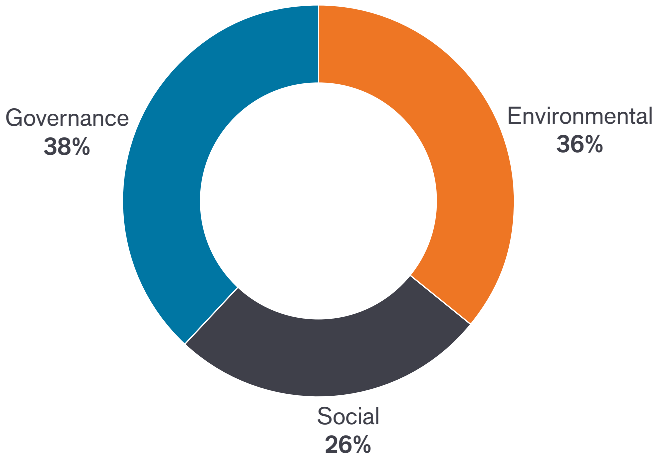
ENGAGEMENT

Engagement is a core part of our investment process and is integral to our portfolio management. Our engagement approach is built on the premise of partnership and collaboration. We believe companies that perform well on material sustainability issues will prove to be better long-term investments. We see engagement as being as much about minimising negative environmental and social impacts as about improving investment performance. Our investment process requires high standards on sustainability issues, so if we encounter companies that are resistant to engagement, this is likely to result in divestment. We are not activist investors and do not generally invest in and engage with controversial industries.

Last year we set four key engagement topics. These were corporate reporting, biodiversity, climate, and diversity, equity and inclusion (DEI). We sought to structure engagements around improving a company's performance in these areas informed by some of the ESG metrics we collect (see appendix available at janushenderson.com.) and our analysis. These are long-duration systemic issues that we do not expect to be addressed within a year. As such, the key engagement points have remained the same for 2023.

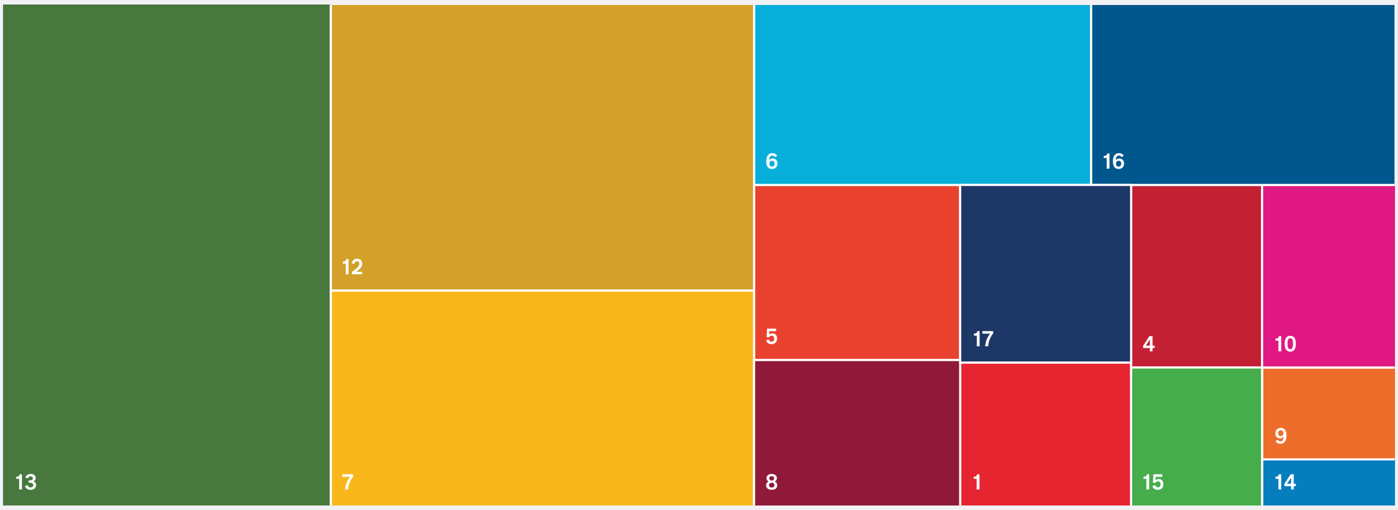
In 2022, we had 56 engagements on a range of ESG issues, with more than 63% of the companies within the strategy. Many of these were repeat engagements on issues we had engaged on earlier in the year. The chart below displays the distribution of engagements between ESG issues. The distribution of engagements was more or less even across pillars, with a slight lean towards governance issues. Over 60% of engagements involved the discussion of one or more material topics.





The chart below highlights the distribution of engagements aligned by topic to each SDG. Whilst the SDGs do not determine our engagement agenda, they represent a common framework for understanding sustainability performance which helps bring comparability into our reporting.

UN SDG ENGAGEMENT



Number relates to SDG, size relates to proportion of engagements.

As climate and corporate reporting were key engagement topics for 2022, this was the largest segment of engagements. This focused on reporting (often scope 3 emissions) and reducing operation carbon emissions. Corporate reporting and climate remain key engagement topics for 2023.

Responsible consumption and production targets cover corporate reporting, biodiversity, and climate key engagement topics. Therefore, engagements relating to this SDG comprised a large bulk of overall engagements. Many of these centred around operational efficiencies and reducing carbon emissions.

As climate was a key engagement topic for 2022, there were many engagements with companies on low-carbon technologies used to reduce operational carbon emissions or sell low-carbon energy. Climate remains a key engagement topic for 2023, so we expect to see more engagements on this.

Reporting

We believe that all companies should report on what they see as the risks and opportunities arising from environmental, social and governance issues. This improves our ability as investors to evaluate sustainability performance and assess engagement priorities for the future. Over a third of all engagements on the strategy were related to ESG reporting and disclosure, with many of these encouraging companies to enhance existing disclosures.

We engaged Advanced Drainage Systems on its sustainability report. Advanced Drainage Systems (ADS) is a leading thermoplastic corrugated pipe manufacturer headquartered in the US. The company's range of products and drainage solutions cover a variety of applications throughout the water management supply chain to keep waterways safe from pollution and prevent excessive stormwater runoff. We began the discussion by commending ADS on the improved quality of their report versus the previous year and for positive progression on some key sustainability metrics. We followed up with some questions to understand more about the underlying methodologies used to calculate some of the numbers reported, which the team could comfortably explain. We offered some suggestions on how disclosing methodologies in the report would improve transparency. The team was receptive to our suggestions and expressed an interest in continuing the dialogue.

Carbon Reporting and Climate Change

Climate remains one of the most significant concerns on the sustainability agenda globally, with the Intergovernmental Panel on Climate Change (IPCC) Synthesis Report[10] stating the need to achieve net zero CO_2 emissions to limit human-caused global warming. The report also confirmed the need to mitigate against future harm, and adapt for the irreversible harm that has already happened.

We actively engage with senior management and company boards to encourage them to reach net zero by a defined date and within a reasonable timeframe and to do so by developing realistic and credible strategies with currently available technologies. Progress along this journey will vary from company to company, meaning that our level of engagement also differs. However, our engagement agenda can broadly be categorised in three ways, starting with the best-case scenario:

I. Adopting a target to become net zero by 2030

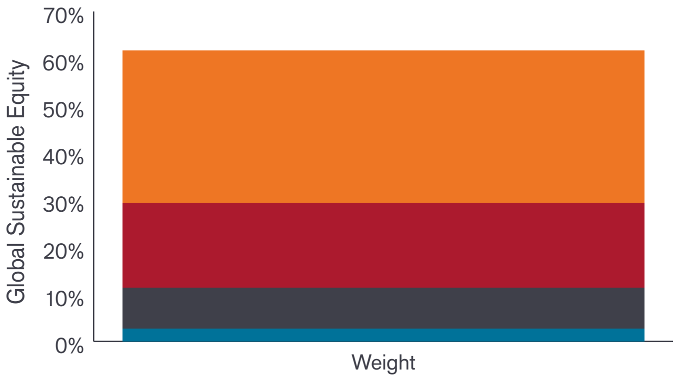
II. Reporting on emissions and adopting a target to become net zero by 2050 or earlier

III. Reporting on emissions and adopting a target to become net zero by any date

Engagements II and III are regarded as a progression towards engagement in line with I.

This framework has fundamentally impacted our engagement strategy as over 60% of AUM is either already net zero, has set a target for net zero, or we have engaged with the company. We believe that organisations that measure and report on their emissions are better positioned to actively manage emissions reduction and achieve net zero emissions. However, we also recognise that once this has been achieved, a target needs to be set and measures put in place to meet that target.

10. IPCC AR6 Synthesis Report: Climate Change 2023 https://www.ipcc.ch/report/ar6/syr/



An example of an engagement to improve reporting was our meeting with Legrand on the company's 2022 CSR roadmap. Legrand's goal is to reduce scope 1 and 2 emissions by 50% and scope 3 emissions by 15% by 2030, inclusive of the company's extensive M&A plans, in line with the company's commitment to science-based emissions reduction targets. The reduction strategy includes improving energy efficiency by 3% per year, improving the energy mix by installing renewable energy generation capacity in factories, purchasing more green electricity, with the goal of becoming 80% green by 2025 and electrifying the vehicle fleet. Management indicated that the roadmap would be verified using an external auditor with expertise in this area before its release. We were informed that 17.5% of c-suite level remuneration is linked to company performance on ESG targets, with the appropriate levels determined internally based on the results of materiality assessments, incorporating a stakeholder engagement process. We consider these commitments to be positive steps. We will continue to engage with the company in its progress against its commitments.

Once an organisation has set a target, there is the option to make that target more ambitious, which we also encourage. Prologis is an example of a company that has done this. In 2018, it became the first logistics REIT with an approved science-based target. In 2022, Prologis increased its ambition and updated its target by committing to reach net zero emissions across its value chain by 2040.

This goal encompasses Scope 1, 2 and 3 emissions and includes several interim targets to support the company's progress, including:

- 1 gigawatt of solar generation capacity (supported by storage) by 2025.
- Carbon-neutral construction by 2025.
- Net zero for operations by 2030.

Biodiversity

Biodiversity is a new area of analysis and engagement for us that we are still researching and understanding. Guidance such as TNFD is yet to be finalised, and data is immature. In December 2022, the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) in Montreal, Québec, led to the adoption of the Montreal-Kunming Global Biodiversity Framework (GBF) by 196 countries. As such, for most of 2022, we engaged on biodiversity controversies and sector-specific issues.

Deforestation

We engaged with Home Depot after management came out against a shareholder proposal intended to improve efforts to eliminate deforestation in the supply chain. Despite anti-deforestation initiatives in place, including a policy favouring timber from FSC-certified sources, the team viewed this proposal as an opportunity for management to display leadership on addressing deforestation through enhancing policies and practices. We encouraged Home Depot to disclose to CDP Forests and provide further disclosures specifically on operationalising its no-deforestation and wood sourcing policy. We discussed the nuances of FSC certification at length and encouraged this type of rationale and disclosure to be published publicly so shareholders can see the thoroughness of engagement with suppliers and thoughtfulness regarding FSC certification. Finally, we encouraged management to stay ahead of the curve and not wait for this issue to escalate further where they are perceived to be a laggard contributing to deforestation but rather provide better transparency on their practices and move with best practice. The company committed that regardless of whether the proposal passed, it would subscribe to CDP forests and disclose the relevant data. The proposal passed the shareholder vote, with Global Sustainable Equity Strategy in support.

Latest available data as at 31 December 2022 based on the EU fund structure (Horizon Global Sustainable Equity Fund) to meet SFDR requirements. This is not the representative acccount and may not be available in all jurisdictions. Please consult availability of other structures with your sales representative or financial advisor.

Transparency around brokered projects

We engaged with AON on the topic of the responsibilities of insurance brokers in relation to the business activities of their clients. As one of the leading repositories of risk and insurance placement data, Aon uses big data analytics to help clients manage complex risks. During our engagement with the company, we made some requests to enhance commitments and increase transparency around brokered projects in reference to the controversy mentioned below. AON mentioned that fossil fuels are likely a low proportion of its book. The company prefers to get involved with clients and use its expertise to improve the climate-friendliness of projects rather than preventing specific projects from going ahead. Confidentiality prevents AON from publishing the names of contracts. However, we discussed the possibility of publishing a global breakdown by sector. The company seemed receptive to this idea and said it would take this away to discuss further.

Context: *Marsh & McLennan has been criticised for agreeing to provide insurance services for TotalEnergies' East African Crude Oil Pipeline (EACOP). Reportedly, the project is a "climate bomb" that will emit over 34 million tons of* CO_2 *per year, destroy biodiversity in Uganda and Tanzania, and displace over 100,000 people in those countries. Since initial reports, there has been an increase in the scrutiny applied to companies involved in the project from environmental groups. Within some press reports is the premise that if insurers stop underwriting environmentally harmful projects, that without insurance, the projects would be unable to raise capital to conduct the project. In addition, there have been reports of Marsh & McLennan employees voicing concerns about the company's involvement in the project. We engaged with Marsh & McLennan on this in 2023.*

Diversity, Equity, and Inclusion

Diversity, equity, and inclusion remains an essential area of focus for the strategy. We spoke with many companies about improving transparency on diversity, as well as ensuring that controversies were addressed.

We engaged with Nintendo after identifying concerns around the company's approach to gender diversity. Nintendo received some negative publicity regarding its workplace culture. The company has just 10% female representation on the board and few public disclosures relating to diversity. During the kick-off meeting, Nintendo clarified that the workplace culture issues would not be tolerated and were under investigation. The team was also aware of the need for more diversity at the board level and is considering how to make improvements. We drew comfort from the fact that employee turnover remained low both globally and in Japan. However, management provided less detailed answers to questions about their internal processes relating to DE&I. We plan to follow up on their engagement and continue to push Nintendo management on their approach to gender diversity.

Controversies

In addition to our engagement schedule, we also engage on controversies. Nike is one of the world's largest supplier of shoes and clothing. It has the stated mission of bringing inspiration and innovation to every athlete in the world. The company is involved in a controversy regarding its supply chain labour practices. This is also mentioned in the UN SDG section of this report. We engaged with the company on supply chain management. The company recognises that it is still on a journey and is working on building out the auditing of its supply chain. This includes mapping its supply chain and the workforce within it. The company feel that this is an industry-wide issue and is involved with industry groups to try and resolve it. We also engaged with one of Nike's suppliers, Shenzhou, to gain further clarity on the issue. KnowTheChain[11] had highlighted the company as the worst performer in the apparel and footwear benchmark. Shenzhou confirmed that it would look into improving the disclosure of its practices on human rights and anti-corruption to improve its KnowTheChain score. The company confirmed that it signed a code of conduct and a letter confirming anti-bribery practices were in place. It was checked annually by Nike, though the audits are planned. As Nike and its suppliers are still working on improving human rights, this will be an engagement point in 2023.

11. KnowTheChain is a resource for companies and investors to understand and address forced labor risks within their global supply chains. KnowTheChain benchmarks current corporate practices, develops insights, and provides practical resources that inform investor decisions and enable companies to comply with growing legal obligations while operating more transparently and responsibly.

Key engagement topics for 2023

We use our sustainability analysis (ESG KPIs, TCFD reporting, current events) to inform us where to prioritise our engagement efforts.

2023 PRIORITY	RATIONALE
Corporate reporting ▶ CSR Reporting ▶ Environmental reporting – CDP/ SASB/CSRD ▶ Product impact reporting ▶ Principle Adverse Impact data	The complexity of sustainability data leaves reporting of key metrics inconsistent and often unavailable. As per the TCFD reporting section, scope 3 emissions reporting needs improvement. Furthermore, there are additional metrics that we monitor on the desk but are unable to publish due to low coverage rates. Engaging for improved data quality brings with it a dual benefit. At the investor level, it increases the visibility of portfolio sustainability performance, enabling more effective decision-making. At the company level, measurement and reporting sustainability metrics represent the first step towards mitigating negative impacts.
Climate ▶ Emissions reduction strategies and targets ▶ SBTi verification ▶ Net Zero Carbon targets ▶ TCFD	Whilst we remain well below the benchmark on carbon emissions metrics and in our exposure to transitional and physical climate risks, the results of our portfolio temperature rise assessments suggest that we are not in line with our 1.5°C Paris alignment aspiration. Therefore, reducing portfolio emissions and ensuring companies have robust and verified emissions reduction targets remains a priority.
Biodiversity ▶ Impacts and dependencies ▶ Operational and supply chain transparency	With the COP 15 agreement signed towards the end of 2022, we have made this a key topic for engagement. We are keen to engage on the data gaps in biodiversity reporting in the hope that it will improve fund-level reporting in the future.
DEI ▶ Equality in products ▶ Equity for employees ▶ Minority pay gap ▶ C-suite and board representation	Board-level gender representation is one of the metrics in the performance section where we are underperforming the benchmark. Whilst this is disappointing, we're committed to using engagement to communicate our concerns to companies. DEI across senior leadership, in the workforce, and in products and services remains a priority into 2023.

CSR = Corporate Sustainability Reporting; CDP = Carbon Disclosure Project; SASB = Sustainability Accounting Standards Board; CSRD = Corporate Sustainability Reporting Directive.

This not our complete list of engagement topics for 2022, nor is this a fixed list. It may become appropriate to adjust priorities based on any incidents that arise during the year, changes in company activities, or the materiality of certain topics. The engagement topics highlighted here are aligned with the key engagement topics set and enacted upon by the central governance and stewardship team at the firm level. As a fundamental and ongoing topic, governance related engagements are also a priority, both at the fund and firm level.

VOTING

Exercising our shareholder rights and being transparent is a core aspect of sustainable investment.

We are proud to have voted on every votable item in 2022. Janus Henderson has a policy of not voting on meetings in special circumstances. For example, in some markets shares must be suspended from trading ('blocked') for a specified period before general meetings if voting rights are to be exercised. Such restrictions may place constraints on portfolio managers and could mean that exercising proxy votes may not be in a client's interest; while in other markets casting proxy votes may involve costs that are disproportionate to any benefit gained. When these conditions exist Janus Henderson will vote only in exceptional circumstances.

Total number of proposals where it was possible to vote: **676**	Number of items voted: **676**

Proxy voting

1 ISS provides custom voting policy recommendations based on JHG policy →

2 Recommendations are scrutinised by the GRI team in collaboration with investment team →

3 Additional inputs include company engagement, broker research, newswires and IVIS →

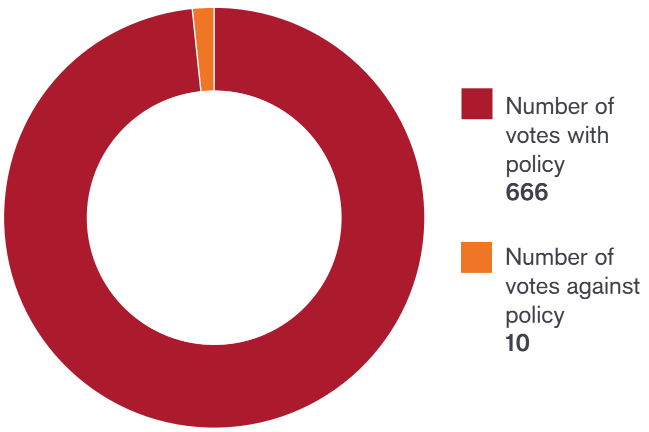
4 Final voting decisions are made →

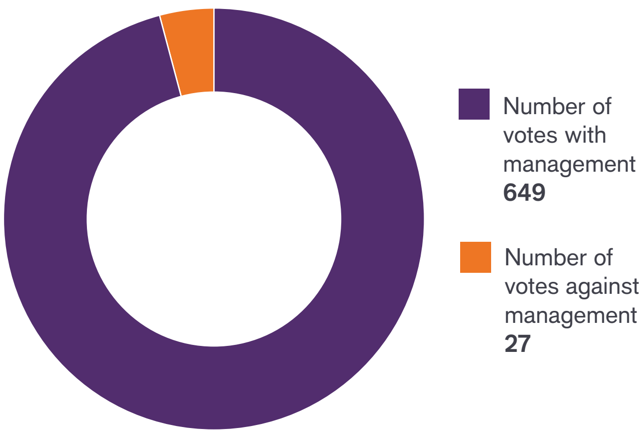
5 Voting positions and outcomes are used as an input for future engagement work

The Janus Henderson ESG Engagement and Voting Review contains further information in respect of our proxy voting policy. All voting is specific to the strategy; however, we do use ISS to inform our voting decisions.

We emphasise that ISS is used only as an input into our decision making. Voting items are reviewed by the team on a case-by-case basis. As a result, there have been times that we have elected to vote against ISS recommendations.

Votes on the strategy





The strategy makes a conscious effort only to invest in companies where the ethos and aims of the company are aligned with the strategy, which means we rarely vote against management. When we do, it is a considered decision that usually involves engagement before, and after, the vote.

VOTES AGAINST MANAGEMENT

We make a conscious effort only to invest in companies where the ethos and aims of the company are aligned with the strategy, which means we rarely vote against management. When we do, it is a considered decision that usually involves engagement before, and after, the vote.

The votes against management are shown below along with explanations:

Company name	Proposal code description	Proposal text	Rationale
Avalara	Elect Director Elect Director Elect Director	Elect Director Tami Reller Elect Director Edward Gilhuly Elect Director Scott McFarlane	WITHHOLD votes were warranted for incumbent director nominees given the board's failure to remove, or subject to a sunset requirement, the supermajority vote requirement to enact certain changes to the governing documents and the classified board, each of which adversely impacts shareholder rights.
Bill.com	Elect Director	Elect Director Steven Cakebread Elect Director David Hornik Elect Director Brian Jacobs Elect Director Allie Kline	WITHHOLD votes were warranted for incumbent director nominees Steven Cakebread, David Hornik, Brian Jacobs, and Katherine 'Allie' Kline given the board's failure to remove, or subject to a sunset requirement, the supermajority vote requirement to enact certain changes to the governing documents and the classified board, each of which adversely impacts shareholder rights.
	Advisory vote to ratify named Executive Officers' compensation	Advisory vote to ratify named Executive Officers' compensation	A vote AGAINST this proposal was warranted. Several named Executive Officers (NEOs) received outsized total pay driven by large, one-time equity grants. Two such grants were entirely time-based, and the company did not disclose a rationale for the awards' magnitude and lack of performance-based vesting. In addition, an NEO received excessive severance upon a voluntary resignation.
Cadence Design Systems	Amend articles/ bylaws/charter – call special meetings	Reduce ownership threshold for shareholders to call special meeting	Vote FOR was warranted as lowering the ownership threshold would improve shareholders' ability to use the special meeting right.
Equinix	Amend articles/ bylaws/charter – call special meetings	Reduce ownership threshold for shareholders to call special meeting	Vote FOR was warranted as lowering the ownership threshold from 25 percent to 10 percent would improve shareholders' ability to use the special meeting right.
Knorr-Bremse	Advisory vote to ratify named Executive Officers' compensation	Approve remuneration report	Vote AGAINST was warranted due to poor disclosure, a lack of a compelling rationale in the adjustments to the executive long-term incentive plan, and the absence of a clawback provision.

Company name	Proposal code description	Proposal text	Rationale
Linklogis	Authorise reissuance of repurchased shares	Authorise reissuance of repurchased shares	Vote AGAINST as the aggregate share issuance limit is greater than 10 percent of the relevant class of shares. The company has not specified the discount limit.
	Approve issuance of equity or equity-linked securities without pre-emptive rights	Approve issuance of equity or equity-linked securities without pre-emptive rights	
Microsoft	Data security, privacy, and internet issues	Report on government use of Microsoft technology	A Vote FOR this proposal is warranted on the basis that we have engaged with the company asking for this report to be produced and this has not been actioned.
NIKE	Advisory vote to ratify named Executive Officers' compensation	Advisory vote to ratify named Executive Officers' compensation	A vote AGAINST was warranted as there were concerns identified regarding LTI program structure and short-term incentive adjustments for the year in review.
Texas Instruments	Amend articles/bylaws/charter – call special meetings	Reduce ownership threshold for shareholders to call special meeting	Vote FOR was warranted as lowering the ownership threshold would improve shareholders' ability to use the special meeting right.
The Home Depot	Community – environment impact	Report on efforts to eliminate deforestation in supply chain	Vote FOR because, notwithstanding the reassurances provided in our engagement with the company with regards to its ecological footprint, we believe that this proposal represents an opportunity for the company to show leadership in this area.

Company name	Proposal code description	Proposal text	Rationale
Zendesk	Elect Director	Elect Director Michael Frandsen	A vote AGAINST was warranted as the directors of Zendesk have not acted in the best interests of shareholders.
		Elect Director Brandon Gayle	
		Elect Director Ronald Pasek	
	Ratify auditors	Ratify Ernst & Young LLP as auditors	
	Advisory vote to ratify named Executive Officers' compensation	Advisory vote to ratify named Executive Officers' compensation	
	Approve merger agreement	Approve merger agreement	
	Advisory vote on golden parachutes	Advisory vote on golden parachutes	
	Adjourn meeting	Adjourn meeting	
	Approve acquisition or issue shares in connection with acquisition	Issue shares in connection with acquisition	A vote AGAINST this proposal was warranted as the projected benefits of the proposed acquisition were not articulated clearly. Details about the company's plan for achieving revenue synergies were limited, such that the risks of the transaction, and the accompanying dilution to shareholders, did not appear to be justified. Moreover, the shareholder opposition to the transaction raised valid concerns that were bolstered by the market's sharply negative reaction to the transaction's announcement and a solid stand-alone narrative.
	Adjourn meeting	Adjourn meeting	A vote AGAINST this item was warranted as support for the underlying transaction was not warranted.

MAPPING THE PORTFOLIO TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) call on governments and businesses everywhere to advance sustainable development through the investments they make, the solutions they develop and the practices they adopt. This is our fifth year reporting our portfolio's contribution to the SDGs, and we view it as a useful framework for impact measurement.

Goal	Operations	Product
Goal 1	55.0%	–
Goal 2	1.0%	–
Goal 3	–	–
Goal 4	–	–
Goal 5	95.0%	–
Goal 6	30.0%	5.0%
Goal 7	77.0%	9.0%
Goal 8	96.0%	–
Goal 9	50.0%	18.0%
Goal 10	73.0%	–
Goal 11	–	15.0%
Goal 12	59.0%	41.0%
Goal 13	76.0%	9.0%
Goal 14	–	4.0%
Goal 15	–	–
Goal 16	50.0%	–
Goal 17	31.0%	–

To enhance standardisation across the portfolio, we have changed our methodology for assessing a holdings alignment to the UN SDGs. The strategy now uses data provided by MSCI. MSCI's methodology makes a holistic assessment of a company's alignment to the SDGs, separately considering the contribution of its operations and the contribution from its products and services.

There is a natural variation in the degree of alignment to different SDGs and the strategy scores better against the SDGs from an operational perspective than it does from a Product perspective. This is due to several reasons. First, some of the underlying SDG targets are less investable than others, with some goals being orientated more towards government action and collaboration, rather than being directly addressable by the private sector. Secondly, many of the SDGs contain targets that are more applicable to companies' operations. Thirdly, the strategy's investment process and exclusions policy limits our ability to invest in certain sectors, resulting in increased alignment with some goals over others. Finally, data on sustainability from portfolio companies is often not complete, meaning all the components of a company's impact profile are not necessarily captured.

Product alignment

There are a number of SDGs that have targets which can be effectively addressed by the products and services offered by the companies in our investable universe. The strategy has the strongest exposure to SDGs **6** Clean water and sanitation; **7** Affordable and clean energy; **9** Industry, Innovation and Infrastructure; **11** Sustainable Cities and Communities; and **12** Responsible Consumption and Production.

Below we provide a detailed analysis of the goals where our portfolio makes the most significant contribution. We also highlight that in 2022 we were invested in three companies involved in water management that support clean water and sanitation, and three renewable energy companies that further the development of affordable and clean energy.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12: Responsible Consumption and Production (41%) Product alignment: The strategy has the highest Product alignment to SDG 12: Responsible Consumption and Production. We naturally have strong exposure to this goal as we assess how companies' products and services address the mega trends of resource constraints and climate change in our investment process.

We hold companies that contribute to this SDG across a full range of sectors including rail, electrical goods, renewable energy, water infrastructure, sustainable packaging, semiconductors, electrification technology, logistics infrastructure, productivity software. Across these sectors our companies support the efficient use of energy sources, the conservation of water and reduction of waste to landfill.

Microsoft is one of the leading providers of low carbon computing infrastructure. Schneider Electric's products enable customers to improve energy efficiency and resource productivity. Xylem/ Evoqua's sales derive from products and services that support the sustainable use and reuse of water across a variety of sectors. Advanced Drainage System's water infrastructure products capture and treat stormwater, ensuring clean water is returned to the environment. Elsewhere, DS Smith helps to address another key issue of problem plastic by substituting for 100% recyclable packaging. Finally, in the semiconductor space, companies such as Texas Instruments enable efficiencies in energy use and natural resource management.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 9: Industry Innovation and Infrastructure (18%) Product alignment: Several of our holdings also strongly align with SDG 9: Industry, Innovation and Infrastructure. The most prominent contributions come from the provision of transport and green energy. For instance, Westinghouse Air Brake Technologies and Knorr-Bremse provide vital technology for the rail sector which is one of the least carbon intense forms of transport. Another area of strength is the construction and management of renewable energy which is provided by Innergex Renewable Energy, SSE and Boralex.

11 SUSTAINABLE CITIES AND COMMUNITIES

SDG 11: Sustainable Cities and Communities (15%) Product alignment: Many of our companies that contribute to SDG 9 also contribute to SDG 11: Sustainable Cities and Communities. As highlighted above, our holdings in the railway industry play an important role. Companies operating in real estate and electrical goods also help settlements develop safety and sustainably. For instance, Prologis's logistics portfolio supports the growth of business communities through construction of its net zero carbon buildings. Schneider Electric and Legrand both contribute through their provision of electrical power products that are used in public transport infrastructure, demand-side management, lighting and smart grid infrastructure.

Holdings with no product alignment:

Whilst the SDGs can be used as a reporting tool to assess alignment with sustainability issues, it is important to recognise they are not a sustainable investment framework. A few sectors, such as insurance, make important contributions to society through products that are not captured by the SDG targets. Companies operating in life, health, property and casualty insurance, insurance broking and risk consulting provide vital services to businesses and consumers. There is also some inconsistency where MSCI has overlooked companies with similar goods and services to those that have been recognised. This is the case with communication infrastructure where Equinix's contribution was acknowledged but T-Mobile and Crown Castle were not. Similarly, Texas Instruments was included for its contribution to renewable energy and energy efficiency, whereas the other semiconductor companies Lam Research, ASML and Microchip were not.

Operational alignment

The strategy has good operational alignment to all bar six of the SDGs. This is attributable to the type of companies we invest in and the research we conduct prior to an investment decision and throughout the duration of an investment. Our sustainable investment process means we avoid investing in many companies that are deemed to be harmful to society or the environment. We believe that companies that exhibit strong practice regarding the environment, their local communities and their workforce have better business prospects and lower exposure to regulatory risk. We therefore encourage companies to disclose sustainability and impact data to enhance transparency on this area. Where issues concerning social corporate responsibility are flagged in our holdings, we actively engage with them.

5 GENDER EQUALITY

SDG 5: Gender Equality (95%): Almost all the companies in which we invest strongly align with SDG 5: Gender Equality. As well as being an important societal consideration, we believe that diversity and inclusion has a material impact on company culture and performance. We also actively engage with portfolio companies to address gender equality issues, such as retention and professional development of female employees and disclosure of gender pay gaps, or including gender equality in products.

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Decent work and Economic Growth (96%): There is a strong portfolio alignment to SDG 8: Decent Work and Economic Growth. Our companies tend to be large growth companies that provide a wealth of high-quality employment opportunities for local economies. Factors such as robust approaches towards human rights in supply chains and consistent resource efficiency improvements have also contributed towards the strategy's strong alignment to SDG 8.

10 REDUCED INEQUALITIES

SDG 10: Reduced Inequalities (73%): The portfolio also makes a notable positive contribution to SDG 10: Reduced Inequalities. This is through our holdings both addressing diversity, equity and inclusion in the workforces and creating opportunities for the wider community. Many companies align with the target of social and economic inclusion for all by having policies and programs in place to address this internally and by committing to external mandates protecting human rights globally. This is formalised by several companies who are signatories to UN Global Compact, which is focused on human rights, labour, environment and anti-corruption.

13 CLIMATE ACTION

SDG 13: Climate Action (76%): The majority of our holdings align to SDG 13: Climate Action. We believe a company can reduce its risk exposure to higher costs and regulation through mitigating its negative contribution to climate change. We therefore value companies that are making improvements in their carbon footprint and have thorough GHG emissions and intensity targets in place. We continue to engage with companies where these disclosures are not made.

Low alignment and explanations:

Whilst MSCI scores aim to be as objective as possible by utilising publicly disclosed information, sustainability data provided by portfolio companies is often not standardised or complete. We undertake thorough bottom-up internal research and thoughtful engagement to try to address this data gap. This supplements and challenges the third-party data sources which we utilise. We have therefore outlined the cases of health and education below, where we believe MSCI data underappreciates companies' impact.

It is also difficult for all our holdings to gain exposure to all the SDGs. This is partially due to the nature of the goals and their underlying targets, which are ultimately a collaborative global initiative. Another reason is due to our exclusion policy which limits our investment in certain sectors, and certain goals.

SDG 3: Good Health and Wellbeing (Operational 0%, Product 0%): The clearest discrepancy between MSCI's scores and our research is related to our holdings' contribution to SDG3: Good Health and Wellbeing, where our portfolio scored 0. An ageing population is one of the four megatrends underpinning our investment framework and we believe significant opportunities lie in the provision of health solutions.

The strategy holds several companies that operate throughout the healthcare value chain from research and development to health insurance. Icon provides a valuable service in reducing the cost and the time it takes to bring lifesaving drugs to market through its role as a contract research organisation supporting clinical trials. We also hold Nanosonics, which contributes to health goals by reducing cross contamination between patients through their high-level ultra-sound disinfection technology. Looking closer to the patient, Encompass Health inpatient facilities provide high-quality care through its use of advanced technologies, solutions and intense therapies. Finally, Humana's health insurance programmes are designed to improve long term health and improve access to essential care and services.

SDG 4. Quality Education (Operational 0%, Product 0%): Another goal where we see a discrepancy between our research and MSCI is SDG4: Quality Education, where the portfolio scored 0 on both fronts. On an operational level, we understand that our holdings make a recognisable contribution to this goal through their educational learning and development programmes for employees and local communities. We also believe that some of our holdings align with this goal though the products they offer. For instance, Microsoft provides educational solutions which are inclusively designed to accelerate learning and support schools, and Autodesk has close collaborations with universities and schools providing free access to its design software. Elsewhere Nintendo has a focus on facilitating youth-friendly games on its devices, several of which promote learning and development.

SDG 15: Life on Land (Operational 0%, Product 0%): The strategy scored 0 for SDG 15: Life on Land, which is due to the nature of our investments compared with the targets underlying this SDG. The targets are largely focused on the conservation of ecosystems and natural habitats and protecting flora and fauna through methods such as ending poaching or trafficking. Some of these granular targets are geared more towards the operations of public organisations. As we invest in the private sector, and typically exclude companies directly involved in cultivating land, it is difficult to address this goal. Whilst our holdings may not be directly exposed to these targets, we recognise that all companies have a role to play to preserve life on land. This is especially the case when looking at the supply chains of our companies. Biodiversity is therefore one of our priority focus areas for engaging with our holdings and we would like to see improvements on biodiversity disclosures, policies and implementation of action plans.

SDG 14: Life below Water (Operational 0%, Product 4%): Similarly, the strategy scored 0 for SDG 14: Life below Water. The targets predominately address the protection of marine and coastal ecosystems and involve minimizing overfishing and bringing sustainable benefits to small islands. They address scientific knowledge in the area and implementing international law. Whilst the operations of our portfolio companies are therefore primarily misaligned to the underlying targets, some companies do make contributions to effective water usage through their products.

SDG 2: Zero Hunger (Operational 1%, Product 0%): Similarly, our strategy has minimal alignment to SDG 2: Zero Hunger, which is a result of our sustainable investment process. We avoid investing in unsustainable intensive farming, or meat and dairy as part of our exclusionary criteria. Identifying potential investments with products that address SDG 2 therefore remains a challenge. However, we believe a number of our companies contribute to this goal through their operations, by teaching employees about healthy eating, or through offering free and healthy food options at work.

Instances of negative alignment with the SDGs:

We also monitor instances where our companies exhibit corporate behaviour that is not aligned to the principals of the Sustainable Development Goals. When we become aware of these issues or 'controversies', we conduct thorough research into the issue and interact with the company. Depending on severity of impact, its management and its materiality, it will factor into our analysis of a company's future performance. We may also conduct outcome-oriented engagement as a form of escalation.

Whilst there are only a few instances where negative impacts on the SDGs have been identified, the one significant enough to highlight is that of Nike's corporate practice. Nike has been flagged for mismanagement of labour and associated issues within its supply chain. We have discussed the company's supply chain audit journey with management, and continue to engage on the matter to push for higher levels of due diligence and disclosure. The engagement section of the report discusses our efforts to improve corporate practices of companies in greater detail.

References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

GLOSSARY

Aggregated Climate Value at Risk (VaR)	The Aggregated Climate VaR is the sum of the Aggregated Policy Risk Climate VaR, the Technology Opportunity Climate VaR, and the Physical Risk Climate VaR with the selected transition and physical risk scenarios. The Climate VaR metric, expressed as a positive or negative percentage reflects a change from a portfolio's current valuation, assesses how an investment portfolio could be impacted by climate policy risk and extreme weather (physical climate risks), and benefitted by a low-carbon technology transition.
Avoided Emissions	Avoided emissions, (also referred to as Scope 4, comparative, substituted emissions, climate positive, or carbon handprint), are those GHG emission reductions that occur outside of a product's life cycle or value chain, but result from the use of that product or service. Usually, they are measured relative to a comparative product or service.
Balance sheet	A financial statement that summarises a company's assets, liabilities and shareholders' equity at a particular point in time. Each segment gives investors an idea as to what the company owns and owes, as well as the amount invested by shareholders. It is called a balance sheet because of the accounting equation: assets = liabilities + shareholders' equity.
Carbon footprint	The sum of GHG emissions generated per amount invested by the fund.
Carbon handprint	An indicator of the climate change mitigation potential. Describes the GHG emission reduction in a user's activities that occurs when the user replaces a baseline solution with the offered solution.
Carbon Intensity (CI)	The amount of carbon by weight emitted per unit of energy consumed.
Cash flow	The net amount of cash and cash equivalents transferred in and out of a business. A company exhibiting strong cash flow demonstrates persistent positive cash flow into the business.
CO_2e	Carbon dioxide equivalent is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact.
Emissions, Scope 1	Direct GHG emissions that occur from sources owned or controlled by the reporting company, i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
Emissions, Scope 2	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated.
Emissions, Scope 3	All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions and downstream emissions. **Upstream** emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer, such as from the production or extraction of purchased materials. **Downstream** emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organization's products or services.
EPS	Earnings per share is the monetary value of earnings per outstanding share of common stock for a company. It is a key measure of corporate profitability and is commonly used to price stocks.
ESG Environmental, Social and Governance (ESG)	Aspects of a company's operations, products or services which may be financially material to the business and/or impact the long-term sustainability of an investment. Environmental factors include climate change, energy efficiency, resource depletion, and water and waste management. Social factors include employee and community relations, diversity, quality of life, enhancements in knowledge, and advances in supportive technology for improved sustainability. Governance factors include mitigating risks such as bribery and corruption, ensuring board independence and diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.
ESG integration	The practice of systematically incorporating material environmental, social and governance (ESG) information alongside traditional financial metrics into the investment analysis and decision process with the aim of improving the long-term financial outcomes of portfolios.
Greenhouse Gas	Also known as GHG, these are gases in the Earth's atmosphere that causes the 'greenhouse effect', which traps the suns radiant heat. The primary greenhouse gases in Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone. Human activity is increasing the emission of these gases and resulting in increased greenhouse effect, warming average temperatures and causing changes to climates and weather patterns.
Greenwashing	The practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical.

Implied Temperature Rise	The Implied Temperature Rise metric provides an indication of how companies and investment portfolios align to global climate targets. Some institutional investors would like to understand if their portfolios are 2°C aligned, referring to the Intergovernmental Panel on Climate Change (IPCC) goal of limiting the global temperature increase in the year 2100, compared to pre-industrial levels, to 2°C. Another important target is the 1.5°C limit, which was also popularized by the Paris Agreement. This limit has been advocated strongly by small island states, which are most threatened by sea level rise in a world with temperatures exceeding a rise of 1.5°C.
Institutional Shareholder Services (ISS)	Institutional Shareholder Services is a leading provider of corporate governance and responsible investment solutions.
LEAP-FI	The TNFD has developed an integrated assessment process for nature-related risk and opportunity management called LEAP. ▶ **Locate** your interface with nature; ▶ **Evaluate** your dependencies and impacts; ▶ **Assess** your risks and opportunities; and ▶ **Prepare** to respond to nature-related risks and opportunities and report. This LEAP-FI focuses on the assessment of nature-related risks and opportunities in relation to financed activities (e.g. debt and equity investing, trading and insuring). Complex financial products such as derivatives are not included within the scope of the LEAP approach.
MSCI	MSCI is a leading provider of critical decision support tools and services for the global investment community
MSCI World	A broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI world index does not offer exposure to emerging markets.
Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	This is a group of Central Banks and Supervisors willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. Its purpose is to define and promote best practices to be implemented within and outside of the Membership of the NGFS and to conduct or commission analytical work on green finance.
Nationally Determined Contributions (NDCs)	A climate action plan to cut emissions and adapt to climate impacts. Each Party to the Paris Agreement is required to establish an NDC and update it every five years.
Net zero	Achieving a balance between greenhouse gases emitted into the atmosphere and those removed from the atmosphere.
Principal adverse impacts	Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
Partnership for Carbon Accounting Financials (PCAF)	An industry-led partnership to facilitate transparency and accountability of the financial industry to the Paris Agreement.
Physical Risk	Climate related physical risk affects all company facilities; to some degree. Particularly at risk are those enterprises with locations in climate sensitive regions, or with long-lived fixed assets. Physical climate risk scenarios are essential in identifying the potential change in extreme weather caused by increased levels of GHG emissions in the atmosphere. Physical risk scenarios model how the physical aspects of the climate system changes including variables such as temperature rise, seal level rise, and changes to the frequency and severity of specific extreme weather events. The physical risk analysis assesses changes in global temperatures, precipitation levels as well as flooding and cyclones due to climate change by relying on the both historical data of observed extreme weather and forward looking climate models. Physical risks and opportunities can be aggregated across company facilities, to issuer level, to portfolio level and capture both acute and chronic risks with 10 hazards being currently modelled.
Policy Risks	The transition to a low-carbon economy will be accompanied by extensive regulatory and policy changes across the globe. Using a hybrid top-down and bottom-up methodology, MSCI ESG Research calculates the potential risks from future climate change policies. Direct GHG Emissions (Scope 1), Electricity Use (Scope 2), and Value Chain GHG Emissions (Scope 3) are calculated separately. Country-level greenhouse gas (GHG) emission reduction targets proposed in the Nationally Determined Contributions (NDCs) of the Paris Agreement are modelled. Country emission reduction targets are broken down into sector level targets and based on MSCI ESG Research's production facilities location database, sector emission reduction targets are then assigned to each company's production facilities. Using scenario production and consumption electricity data and estimates of the costs passed through to final electricity users, MSCI ESG Research calculates the potential costs related to electricity consumption in a transition scenario. Scope 3 emissions can be separated into upstream and downstream elements. A company's exposure to upstream emissions can add input costs whereas downstream emission exposure can lead to a company's loss in market share due to shifts in demand. Therefore, both sides of the supply chain are assessed independently to compute a company's policy risk. Policy costs are aggregated to issuer and portfolio level. The metric incorporates double counting considerations.

Science Based Targets initiative (SBTi)	The Science Based Targets initiative defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. Provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science.
Task Force on Climate-related Financial Disclosures (TCFD)	Climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets.
Taskforce on Nature-related Financial Disclosures (TNFD)	The TNFD aims to build a risk management and disclosure framework that can be used by organisations of all sizes in all jurisdictions to identify, assess, manage and disclose nature-related dependencies, impacts, risks and opportunities.
Total greenhouse gas emissions	The most recent aggregate GHG emissions of the company based on reported or estimated Scopes 1 and 2, and estimated Scope 3 emissions.
Weighted Average Carbon Intensity (WACI)	The weighted average of individual company intensities (operational and first tier supply chain emissions over revenues), weighted by the proportion of each constituent in the index.
World Business Council For Sustainable Development (WBCSD)	A global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.
The United Nations Global Compact (UNGC)	A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
United Nations Sustainable Development Goals (UN SDGs)	The 17 Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

ESG INTEGRATION AT JANUS HENDERSON

Global environmental challenges such as climate change, biodiversity loss and pollution, and societal issues such as wealth and income inequality, access to education and healthcare, and cyberwarfare represent substantial long-term material risks to investor portfolios. We believe integrating financially material ESG considerations into our investment decisions and stewardship processes allows us to better manage these risks to achieve the best outcomes for our clients.

ESG and financial materiality

'Materiality' describes the financial impact that is attributed to specific ESG factors. An ESG issue is material if it affects (or could affect) the future value of a company. Which ESG issues are financially material can vary significantly between companies and industries.

At the heart of ESG integration is the simple idea that evaluating and understanding a company through both traditional financial analysis and ESG financial materiality analysis allows for a more complete perspective of future performance than either alone.

Importantly, ESG analysis is not about what a company is doing today, but about the future. Our research focuses on how a company is managing ESG risks and opportunities and the impact on future cash flows or valuation – the same as for traditional financial analysis.

ESG integration in practice

Janus Henderson generally applies an ***integrated approach, i.e. the consideration of E, S, and G factors that may directly influence the long-term financial success of a company***. We believe this helps us deliver better investment returns for our clients.

For actively managed portfolios, ESG integration can help investors maximise risk-adjusted returns. Some asset owners want to invest for a purpose beyond just financial outcomes; for these clients asset managers offer a range of ESG-focused strategies – an ESG-objectives alongside a financial objective.

Our approach to ESG integration has been crafted to be thoughtful, practical, research-driven, and forward-looking.

> "We believe a critical enabler of fulfilling our fiduciary duty to our clients includes integrating financially material ESG factors into our investment decisions, as we do other financially material factors, and acting as effective stewards of their capital."
>
> Michelle Dunstan,
> Chief Responsibility Officer

When evaluating a company, we think about its products and services, its behaviour, conduct, supply chain management, and other considerations in running the business currently and into the future.

ESG in our investment process

Leveraging our differentiated research on financially material ESG themes from our central Responsibility Team and investment teams is integral to the generation of actionable investment insights. We share the research and views of our investment teams through articles, videos, and white papers on our website.

We engage with our portfolio companies to conduct research for insight, but also for action, to help these companies create long-term value by encouraging companies to better manage financially material ESG risks and opportunities.

Such research is integral to Janus Henderson's DNA and can help us generate persistent long-term returns over time.

Idea Generation	Research	Engagement	Investment Decision	Stewardship
▪ Identify key ESG controversies that could drive cash flows, valuation, cost of capital, etc.	▪ Develop proprietary and differentiated point of view ▪ Determine impact	▪ Engage for insight ▪ Engage for action	▪ Integrate financially material ESG information to inform and enhance security selection and portfolio construction	▪ Continue engaging ▪ Incorporate material ESG issues into proxy voting decisions

Source: Janus Henderson Investors.

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

MEET THE TEAM

The team is made up of financial and sustainability specialists with over 118 years of combined industry experience. The experience is diverse, adding to the team's ability to invest in varied markets across the globe.

Our team compliments the Janus Henderson corporate social responsibility strategy by being advocates of sustainability, being engaged in our communities, and having the client's best interests at the centre of everything we do.

Hamish Chamberlayne, CFA – Head of Global Sustainable Equities, Portfolio Manager

Hamish Chamberlayne is Head of Global Sustainable Equity at Janus Henderson Investors. He is also Portfolio Manager of the Janus Henderson Global Sustainable Equity and Institutional Global Responsible Managed strategies, a role he has had since 2012. Hamish joined Henderson in 2011 from Gartmore, where he was an equity analyst with the global equity team. Prior to this, from 2004 to 2007 he worked as a senior auditor at PricewaterhouseCoopers, where he covered a variety of sectors, including energy, technology, and communications.

Aaron Scully, CFA – Portfolio Manager

Aaron Scully is a Portfolio Manager on the Global Sustainable Equity Team at Janus Henderson Investors, a position he has held since 2019. From 2017, he was an assistant portfolio manager and was a research analyst from 2009 to 2019 focused on the real estate, infrastructure and financial sectors. Aaron joined Janus in 2001 as a corporate financial analyst, became a research associate in 2004 and was promoted to junior equity analyst in 2007.

Amarachi Seery, CEnv, MIEnvSci, MIEMA – Sustainability Analyst

Amarachi Seery is an Sustainability Analyst at Janus Henderson Investors, a position she has held since 2018. Prior to joining Janus Henderson, Ama worked as a sustainability professional in the property sector, first acting as a scheme manager for BREEAM (green building certification). She went on to teach others how to certify green buildings before moving into constructing them.

Jigar Pipalia – Portfolio Analyst

Jigar Pipalia is a Portfolio Analyst on the Global Sustainable Equities Team at Janus Henderson Investors, a position he has held since 2021. Prior to joining the firm, Jigar was a graduate wealth manager at Cantab Asset Management from 2019, managing high net-worth client portfolios and assisting on the European fund research team.

Suney Hindocha, CFA – Research Analyst

Suney Hindocha is a Research Analyst on the Global Sustainable Equities Team at Janus Henderson Investors, a position he has held since 2023. Prior to joining the firm, he was a long-only equity analyst at Veritas Asset Management from 2019. Before that, he served as a global emerging markets long-only equity analyst at Somerset Capital Management from 2017. He worked as a private equity associate for Macquarie from 2013 and as an analyst in Nomura's equity division from 2011. Suney began his career as an investment banking analyst at JPMorgan in 2009.

Steve Weeple – Client Portfolio Manager

Steve Weeple is the Client Portfolio Manager for several Global & Emerging Market equity strategies at Janus Henderson Investors. Prior to this he was a portfolio manager on our UK-based Global Equities team. He joined Janus Henderson in 2017 after 16 years at Standard Life Investments, where he held a number of senior positions, including global equity portfolio manager, director of equity research and head of US equities.

Tim Brown – Head of UK Product Specialists

Tim Brown is Head of UK Product Specialists at Janus Henderson Investors. Before assuming his current position in 2023, he was a senior product specialist focusing on sector and thematic equity products with the firm. Prior to joining the firm in 2018, he spent eight years at Vanguard Asset Management in several roles, most recently as a product specialist focused on active equity funds.

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Specialised Research
- Technology
- Property
- Global Natural Resources
- Global Life Sciences and Biotech
- Global Sustainable
- Absolute Return

Risk Management Network

- **Responsibility Team**
- **ESG Oversight Committee**
- **Front Office Governance & Risk Committee**
- **Investment Performance & Risk Committee**

Discrete Performance

Performance (%)	Strategy (Gross)	Benchmark
December 2021 – December 2022	-24.2	-17.7
December 2020 – December 2021	17.9	22.4
December 2019 – December 2020	38.5	16.5
December 2018 – December 2019	39.1	28.4
December 2017 – December 2018	-11.1	-8.2

Past performance does not predict future returns.

Morningstar, Janus Henderson Investors Analysis, as at 31 December 2022. Composite: Gross of Fees, in USD. Inception date: 1 January 2009. Benchmark: MSCI World U$-Total Return Index.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

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The gross performance results presented do not reflect the deduction of advisory fees, and returns will be reduced by such advisory fees and other contractual expenses as described in the individual contract and, where applicable, in Form ADV Part 2A.

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Janus Henderson INVESTORS

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