Janus Henderson INVESTORS

2022 UK STEWARDSHIP CODE REPORT

Janus Henderson

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Foreword – A Year in Review

Introduction

We are pleased to present the third edition of our UK Stewardship Code Report that provides in-depth commentary about stewardship work undertaken by Janus Henderson during 2022.

Responsibility is a journey. We continually aim to strengthen our corporate responsibility practices and our Environmental, Social and Governance (ESG)* capabilities to enable our clients to benefit from leading ESG research, data, and tools. In addition, we aim to equip clients with the latest insights from our Investments and ESG teams in the form of thought leadership, educational guides, and annual reports.

In 2022, we made progress in embedding ESG at the heart of our investing proposition through further investments in ESG personnel, data, infrastructure, and fund capabilities.

Key accomplishments in 2022:

- **Specialist ESG Resources.** In 2022, we created the position of Chief Responsibility Officer to work with Janus Henderson's ESG Investment teams to define the optimal approaches and frameworks for our responsible investing and corporate responsibility efforts. The ESG Strategy & Development team was also expanded with new members in Denver and Edinburgh who are working with Investment teams on ESG integration, with a focus on ESG data and tools and product development.
- **ESG Governance.** To emphasize the importance of our responsibility efforts and to ensure they are embedded across Janus Henderson Group plc (the Company), we realigned our governance structure so that our new Chief Responsibility Officer reports directly to the Chief Executive Officer (CEO) and is a member of our Strategic Leadership Team. Our Chief Responsibility Officer will guide and shape our ESG efforts and governance structure in 2023 and beyond.
- **ESG Data and Tools.** We continued to develop a centralized ESG data solution by working with MSCI as our strategic ESG data partner alongside our existing ESG data providers and by building out our cloud-based infrastructure to automate and feed ESG data into front office and reporting systems. An ESG risk dashboard was developed to enable oversight of ESG portfolio risks. We expect to further enhance this dashboard throughout 2023.
- **ESG Fund Developments.** Driven by client interest and following regulatory guidance, we expanded and diversified our suite of products that incorporate ESG or sustainability factors and aligned 31 products with the European Union's Sustainable Finance Disclosure Regulation (SFDR), transitioning 28 funds to Article 8 status and three funds to Article 9 status under this framework. While discussions continue for further fund conversions in 2023, this milestone was a significant step in our 2022 ESG journey and is another example of the collaborative effort from all teams involved in the development of our ESG capabilities. Additionally, we introduced a suite of sustainable model portfolios to advisors in the US and the Janus Henderson Sustainable Multi-Asset Allocation Fund to our Direct platform.
- **ESG Research.** During the year, the ESG Research team generated a range of thematic research covering a broad array of sectors and topics. The ESG Research team also developed an interactive tool to highlight investment ideas aligned with a comprehensive array of sustainability themes which was rolled out to Investment desks across the business in the latter half of 2022.
- **Internal ESG Training.** During 2022, we continued our efforts to upskill our colleagues' ESG knowledge and expertise. By early 2023, over 90% of client-facing Distribution personnel across the US, EMEA, and Asia had obtained an external ESG certification. All investment personnel associated with an SFDR Article 8 or 9 Fund, undertook over four hours of mandatory ESG subject matter training. These included teach-ins on ESG data and third-party vendors, climate data, climate scenario analysis, financial materiality, Diversity, equity, and inclusion (DEI), and human capital management, delivered by our ESG Strategy & Development team. In 2023, we plan to undertake further training for Investment personnel on human rights and supply chain, environment health and safety, and ethics and integrity.
- **ESG Engagements & Insights.** During 2022, we advanced stewardship by conducting more than 1,100 company meetings where ESG topics where part of the discussion. We generated approximately 40 thought leadership and educational pieces on a variety of ESG topics, including climate change and the clean energy transition, nuclear energy, green hydrogen, biodiversity loss, and deforestation and made these papers available to our clients on our website at ir.janushenderson.com under "Corporate Governance – Corporate Social Responsibility."

*ESG is the term most frequently used by Janus Henderson to describe both responsible investment and stewardship work

INVESTING IN A BRIGHTER FUTURE TOGETHER

PURPOSE

Investing in a brighter future together

MISSION

We help clients define and achieve superior financial outcomes through differentiated insights, disciplined investments, and world-class service

STRATEGY

- PROTECT & GROW OUR CORE
- AMPLIFY OUR STRENGTHS
- DIVERSIFY WHERE WE HAVE THE RIGHT

VALUES

- CLIENTS COME FIRST – ALWAYS
- EXECUTION SUPERSEDES INTENTION
- TOGETHER WE WIN
- DIVERSITY IMPROVES RESULTS
- TRUTH BUILDS TRUST

Purpose and Governance

Principle 1 – Purpose, strategy and governance

This year we introduced our new company strategy and Mission, Values, and Purpose (MVP). The combination of our strategy as our roadmap and MVP as our new north star, is the key driver behind how we will achieve our client, shareholder, employee, and stakeholder ambitions. These important elements combine to create our Purpose - Investing in a brighter future together.

Our mission

We help clients define and achieve superior financial outcomes through differentiated insights, disciplined investments, and world-class service.

Strategy

In the summer of 2022, along with appointing a new CEO, we began the process of updating our strategic plan, which is focused on helping to define and serve our clients' needs in a dynamic and competitive asset management landscape. Our first step was to assemble a new Strategic Leadership Team (the "SLT") comprised of approximately 40 senior employees from different backgrounds, departments, geographies, and tenures to assist in developing and driving the Company's strategic direction. We introduced the following three-pillar strategic framework around which we will align specific objectives that provide the best possible outcomes for all our stakeholders.

Protect & Grow our core businesses	▪ Opportunities exist in our core business where we can increase our market share including distribution and good performing, small strategies
Amplify strengths not yet fully leveraged	▪ Our research, portfolio management and client service strengths can be amplified with adjacent products, channels, geographies and vehicles
Diversify where clients give us the right to win	▪ We have capability white spaces where our clients are seeking solutions from us ▪ New capabilities can open new client types

The SLT, with input from our clients, identified a broad range of opportunities aligned with the three strategic pillars above. These opportunities were filtered through a process designed to identify those particular opportunities that could provide the best possible outcomes for our clients and which we believe will lead to organic growth and attractive operating margins for the Company over time. After surfacing, triaging, and prioritizing ideas, the SLT identified approximately 10 distinct initiatives, each fitting into one of the pillars where we will place additional focus and resources to drive results. Implementing the strategic plan will happen over time and progress will be measured in several ways:

- Financially – We want to deliver consistent annual net new revenue growth with operating margin expansion over time.
- For our clients – Results will be measured based on investment performance and our clients' experience with Janus Henderson.
- Organizationally – We will measure the ability to attract and retain top talent and the level of engagement from employees.

Responsible investing across our Business

At Janus Henderson, we believe integrating ESG factors is instrumental to fulfilling our fiduciary duty to our clients. 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 ESG considerations into our investment decisions and stewardship processes allows us to better manage these risks in order to achieve the best outcomes for our clients.

Stewardship is an integral part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices through engagement with company management and voting proxies can help protect and enhance long-term shareholder value. We expect our investment teams to engage with the issuers they invest in to improve performance on material sustainability issues, with a particular focus on our three core engagement themes: climate change, diversity, equity & inclusion and corporate governance.

Evolving our ESG Proposition

Our fundamental belief is that ESG considerations can have a material impact on the financial outcomes of our investments. We believe these financially material considerations are vital to our ability to generate long-term risk-adjusted returns. For clients with separate accounts who are interested in excluding specific issuers or sectors, building climate-aware portfolios, investing in specific sustainability themes, or focussing on best-in-class issuers, Janus Henderson can offer various solutions to cater for clients' ESG requirements.

OUR RESPONSIBLE INVESTING PRINCIPLES FOR LONG-TERM INVESTMENT SUCCESS:

- Investment portfolios seek to maximise long-term, risk-adjusted returns for our clients.
- Evaluation of financially material ESG factors is a fundamental component of our investment processes.
- Corporate engagement is vital to understanding and promoting business practices that position the companies we invest in for future success.
- Investment teams should have the freedom to interpret and implement ESG factors in the way best suited to their asset class and strategy objective, as they do for any fundamental investment factor.

We continually strive to strengthen our ESG capabilities to enable our clients to benefit from leading ESG research, data and tools. In addition, we aim to equip clients with the latest insights from our Investment and ESG teams in the form of thought leadership, educational guides and annual reports including our Investment Outlook report.

ESG investment policy implementation

In 2022, we implemented our ESG Investment Policy, which sets out our approach to ESG investing, and ESG Governance and Oversight. The ESG Investment Policy highlights our core stewardship themes of climate change, diversity, equity & inclusion and corporate governance, and details baseline exclusions that apply on a firmwide basis. These exclusions cover current manufacture of or minority shareholding of 20% or greater in manufacturer of:

- Cluster munitions
- Anti-personnel mines
- Chemical weapons
- Biological weapons

Our clients

2022 Updates

In 2022 Janus Henderson onboarded MSCI as our strategic ESG data provider. This decision was based on a full review of data provision requirements to meet increasing client demand. MSCI offered a compelling capability, allowing for increased functionality in climate change and scenario analysis, as well as extensive research and data coverage of companies.

Janus Henderson is focused on delivering market-leading, risk-adjusted long-term investment results to our clients. We believe that integrating ESG factors into our investment decision-making and ownership practices is fundamental to delivering the results clients seek. We measure our success based on the outcomes we deliver, and we understand that for many clients, the holdings of their portfolio are an important consideration in combination with their investment results.

Our mission focuses on helping clients define and achieve superior financial outcomes through differentiated insights, disciplined investments, and world-class service. As a trusted partner, we put clients first to ensure their needs are at the heart of everything we do. We continued to embed a client-centric mindset across our global business in this hybrid environment to reinforce our commitment. Through close relationships and a structured client feedback loop, we adapt accordingly to operate as stewards of their values. Examples of this include increased third-party oversight, expanded content distribution and taking tactical steps to bring our ESG commitment to life. In 2023, we plan to undertake formal client feedback survey for our strategic account partner clients and then extend the survey to more clients going forward. This will help in better understanding clients' needs and reflecting their feedback in our stewardship approach.

Janus Henderson has several formal product and distribution oversight committees that ensure that the best interests of clients and beneficiaries have been served. These include:

- The UK & EMEA Distribution Oversight Committee to ensure that the risk management and control frameworks for the EMEA (including the UK) distribution activities of Janus Henderson's are effective.
- The Customer Interests and Treating Customers Fairly Committee - responsible for reviewing the treatment of customers and determining whether or not this meets the Financial Conduct Authority's (FCA) six customer outcomes.
- The Product Oversight Committee - responsible for product oversight; reviewing whether products are functioning as intended and are represented in-line with product specifications and that product documentation meets investor and regulator expectations.
- The Value Assessment Oversight Committee – provides oversight of the arrangements to ensure that Janus Henderson is compliant with the FCA's rules on value assessment.

In 2022, no significant issues were raised by any of these oversight committees to indicate that the best interests of clients and beneficiaries had not been served. The UK Value Assessment Report concluded that, overall, across our wide range of funds, value has been delivered for investors and we continue to address any specific fund issues as they are identified.clients and beneficiaries had not been served.

How did we support our clients?

We have delivered a higher level of communication and transparency to respond to client needs with interaction with more than 7,000 unique client interactions in the UK for 2022. We ensure our clients have access to the expert views of our portfolio managers and senior leaders, which is met with much positive feedback. Our focus has continued to be to offering solutions to clients.

Notably, our Portfolio Construction & Strategy Group's award-winning proprietary technology is a global platform designed to help our clients by offering detailed custom comparisons to benchmarks and peers asset allocations with thousands of client portfolios analysed every year.

[1]Source Janus Henderson. An interaction is defined as: Call; Email; Meeting; Webinar/Webcast. A client contact defined as a unique individual at a client or prospect firm. It may include multiple interactions (UK only)

Actions taken in 2022 to ensure effective stewardship

In 2022, we made progress on our journey to embed ESG at the heart of our proposition through further investments in ESG personnel, data, infrastructure and fund capabilities.

- STRENGTHENING OUR ESG AND CLIMATE INVESTMENT CAPABILITIES
- EXPANDING OUR ESG INVESTMENT TEAM
- DIVERSIFYING OUR SUITE OF ESG PRODUCTS

Responsible investing highlights

- OVER 1,100 COMPANY MEETINGS WHERE ESG TOPICS WERE PART OF THE DISCUSSION
- OVER 5,900 MEETINGS VOTED
- 40 ESG THOUGHT LEADERSHIP AND EDUCATIONAL ARTICLES
- OVER 90% OF CLIENT-FACING DISTRIBUTION PERSONNEL ACROSS THE US, EMEA AND ASIA OBTAINED AN ESG CERTIFICATION AND ALL PERSONNEL ASSOCIATED WITH AN SFDR ARTICLE 8 OR 9 FUND UNDERTOOK MANDATORY ESG TRAINING, INCLUDING ON ESG DATA AND THIRD PARTY VENDORS, CLIMATE DATA AND CLIMATE SCENARIO ANALYSIS.
- 31 ARTICLE 8 AND ARTICLE 9 FUND CONVERSIONS UNDER THE EU'S SFDR

Principle 2 – Governance, resources and incentives

Governance update

To reflect our commitment to corporate responsibility and responsible investing, we appointed a Chief Responsibility Officer to oversee all elements of our responsible investment strategy. To emphasise the importance of our responsibility efforts and to ensure they are embedded across our entire firm, the Chief Responsibility Officer will report directly to the CEO and be a member of the SLT. Michelle Dunstan, an experienced leader in ESG strategy and investing assumed this position in January 2023 and will guide and shape our ESG efforts and governance structure in 2023 and beyond.

In support of our strategic goals, individual initiatives have been created to ensure that ESG is appropriately reflected in our client experience; our funds and mandates respect emerging regulation pertaining to ESG; and the ESG operating model within Investments continues to evolve.

Additionally, management of ESG risks have been integrated into management committees and established a dedicated ESG Oversight Committee responsible for ensuring that the Investments framework to manage ESG-related risks is adequate and effective. To further strength oversight and governance, in 2023 the Governance and Nominations Committee of Janus Henderson Board of Directors has formal assumed oversight of both corporate responsibility and responsible investing. Our Chief Responsibility Officer is establishing clear and transparent metrics and will provide a quarterly update on progress against these metrics to the said committee.

ESG resources at Janus Henderson

Our centralised ESG Investment Team continues to operate along three pillars – Governance and Stewardship, ESG Investment Research and ESG Strategy & Development. The team's mission is to promote ESG integration across Janus Henderson and serve as a resource for all investment teams

1. Governance & Stewardship

A Governance & Stewardship (G&S) Team has been in place since 2010 with a focus on supporting investment teams on governance, proxy voting advisory, and ESG company engagement. The team also undertake thematic engagement and is involved in external collaborative initiatives.

2. ESG Investment Research

The primary purpose of this team is to support a more consistent methodology for evaluating the ESG performance of issuers across our opportunity sets, with a focus on financial materiality. The group presents thematic/industry/region level analysis to inform the decision-making of our investment teams.

3. ESG Strategy & Development

This team consists of specialists focusing on data, content, product design and investment desk support with advisory services on ESG investing across all asset classes. The group helps articulate our ESG approach and views for clients, supporting thought leadership and investment desks. In 2022, we completed the second phase of our hiring. During 2022, the team was expanded with new members in Denver and Edinburgh who work with the investment teams on ESG integration, focusing on ESG data & tools and product development.

ESG INVESTMENTS TEAM ORGANISATIONAL STRUCTURE

CHIEF RESPONSIBILITY OFFICER

HEAD OF GOVERNANCE & STEWARDSHIP

Voting & governance advisory

Engagement programme advisory & coordination

Collaborative / Signatory initiatives

HEAD OF ESG RESEARCH

Thematic

Industry

Company

Sovereign

HEAD OF ESG STRATEGY & DEVELOPMENT

Product design & implementation support

ESG data development & applications

Thought leadership

Over and above the central ESG Investment Team, ESG analysis is resourced within each investment team, with the analysts and portfolio managers carrying out most research and engagement activity directly. We also have specialist personnel working on ESG and stewardship issues inside some investment teams and asset classes.

The G&S Team provides an additional resource for investment teams. They provide additional insight and support on ESG-related analysis, voting and company engagement. Outside of investment management, there are additional supporting functions working on ESG such as IT, data management and distribution.

About the Governance and Stewardship Team

Michelle Dunstan - Chief Responsibility Officer
Michelle Dunstan is Chief Responsibility Officer at Janus Henderson Investors, a position she has held since 2023. In this role, she helps to deliver on clients' needs, create business value, build long term partnerships with investment and product teams, and drives integration of appropriate sustainable practices across the firm. Michelle works closely with Janus Henderson's ESG teams to define the optimal corporate approaches and frameworks for ESG and corporate responsibility efforts. Prior to joining the firm, Michelle held several roles at AllianceBernstein over 18 years, including global equities portfolio manager, senior research analyst, global head of responsible investing, and most recently as chief responsibility officer from 2021. Michelle began her career as an engagement manager and consultant for Monitor Group (now Monitor Deloitte).

Michelle received a bachelor of commerce degree (Hons) from Queen's University and an MBA from Harvard Business School, graduating with high distinction as a Baker Scholar. She has 18 years of financial industry experience.

Antony Marsden – Head of Governance and Stewardship
Antony Marsden is Head of Governance and Stewardship at Janus Henderson Investors, a position he has held since 2021. In this role, he leads the implementation of the firm's governance and stewardship policies. Antony joined Henderson in 2005 as corporate governance manager. Prior to Henderson, he spent over six years at Pensions & Investment Research Consultants Ltd (PIRC), a corporate governance consultancy, in a variety of roles. Antony has a degree in politics and international studies from the University of Warwick and an MSc with distinction in corporate governance and ethics from Birkbeck College, University of London. He holds the Investment Management Certificate (IMC) and has 23 years financial industry experience.

Blake Bennett, PhD - Governance and Stewardship Analyst
Blake Bennett is a Governance and Stewardship Analyst at Janus Henderson Investors, a position he has held since 2021. In this role, he is responsible for working on implementation of governance and stewardship policies. Blake also serves on advisory council of EPEAT. Prior to joining the firm, Blake was an operations and policy analyst at the State of Oregon Department of Environmental Quality from 2017. Before this, he developed and taught public health courses and conducted environmental health

science research at Portland State University and American University. He was also an assistant director of public health scholars at American University from 2012 to 2015. Prior to earning his PhD, he studied air pollution at Johns Hopkins University's Bloomberg School of Public Health from 2007 to 2012 and water pollution for the US Environmental Protection Agency from 2005. Blake received a bachelor of science degree in biological sciences with a minor in chemistry from Wichita State University, graduating magna cum laude. He earned a PhD in environmental health sciences from Johns Hopkins University. He has 16 years of environmental science experience.

Olivia Gull - Governance and Stewardship Analyst

Olivia Gull is a Governance and Stewardship Analyst at Janus Henderson Investors, a position she has held since 2021. Olivia joined Henderson in 2015, worked on broker relations, front office governance and risk teams and moved into governance analysis in 2018. Prior to Henderson, she was with the Centre for Chinese studies in South Africa while completing the Chinese Proficiency Exam (HSK 3). Olivia has a degree in international studies from Stellenbosch University, majoring in politics and Mandarin. She sits on the Janus Henderson Diversity, Equity & Inclusion EMEA council. She holds the Investment Management Certificate (IMC) and has 7 years of financial industry experience.

Ruchi Biyani - Governance and Stewardship Analyst

Ruchi Biyani is a Governance and Stewardship Analyst at Janus Henderson Investors, a position she has held since 2022. Prior to joining the firm, Ruchi worked at Nishith Desai Associates (NDA), most recently as head of European practice from 2013. She was senior leader of corporate and M&A practice with NDA from 2008, where she advised the boards and investors on PIPE deals, IPOs, private equity investments, M&As and corporate litigation across various sectors and geographies. She began her career in 2006 with HDFC Ltd as a management trainee in the secretarial and investor relations department. Ruchi received a bachelor of commerce degree in accounting from Narsee Monjee College of Commerce and Economics, a bachelor of law degree from Government Law College, and a master's degree in finance from the London Business School. She is a qualified company secretary and holds the CFA Institute Certificate in ESG Investing. She has 15 years of corporate governance experience.

Strengthening our ESG Data and Tools

Over the year, we continued to develop a centralised ESG data solution: a cloud-based tool that will ingest raw third-party ESG provider data and inform downstream Janus Henderson applications and users. Once the build-out is complete, it will support ESG product and solution design, client and regulatory reporting and risk management and oversight, among other things.

In 2021, we selected MSCI as our primary strategic ESG data provider and, in 2022, we focussed on onboarding MSCI and integrating ESG data with our systems and infrastructure. A Sustainability Risk Dashboard was developed to enable oversight of ESG portfolio risks.

Service providers selection process

In early 2020, we reviewed the suitability of our ESG data providers with the view to move towards using a core data provider plus niche providers where any significant gaps are identified (For more information on our ESG service providers refer to Principle 8 on page 32). We considered both existing providers and new providers (a total of eight). We reviewed them against various criteria, including coverage, methodology and roadmap. We then engaged with the final three in more detail reviewing data files and iterating through a thorough list of issues and questions. We then completed a deep dive analysis with our preferred choice which was led by the ESG Strategy & Development Team but involved input from wider business stakeholders. We reached the conclusion that MSCI was the preferred choice, and this was ratified through the appropriate Janus Henderson corporate governance structure.

We are now working through 2023 to finalize the transition to MSCI and have established a relationship management framework via SLAs (Service Level Agreements) and frequent service reviews whereby we can jointly monitor data quality and improvement, development roadmaps, methodologies and coverage. This will be thoroughly reviewed prior to the renewal of the contract along with any new regulatory or client requirements that may come to light.

Internal ESG Training Program

In 2021, we embarked on a campaign to upskill our colleagues' ESG knowledge and expertise. By early 2023 over 90% of client-facing Distribution personnel across the US, EMEA and Asia obtained an external ESG certification. All investment personnel associated with an SFDR Article 8 or 9 Fund undertook over four hours of mandatory ESG subject matter training. These included teach-ins on ESG data and third-party vendors, climate data, climate scenario analysis, financial materiality, diversity, equity and inclusion and human capital management, delivered by our ESG Strategy and Development team.

All colleagues across the firm – including those for whom ESG is not a part of their core role – continue to be offered 4-5 hours of general ESG online training. They are also free to upskill by taking an external certification (paid for by the firm) and to do any of the more specialist ESG subject trainings offered to Investment teams.

The centralised ESG Strategy and Development team continues to provide support to investment desks on understanding ESG and climate data. The team also assisted with use cases for climate data and tools and written relevant guides on topics such as Climate Value at Risk (CVaR).

ESG Research Capabilities

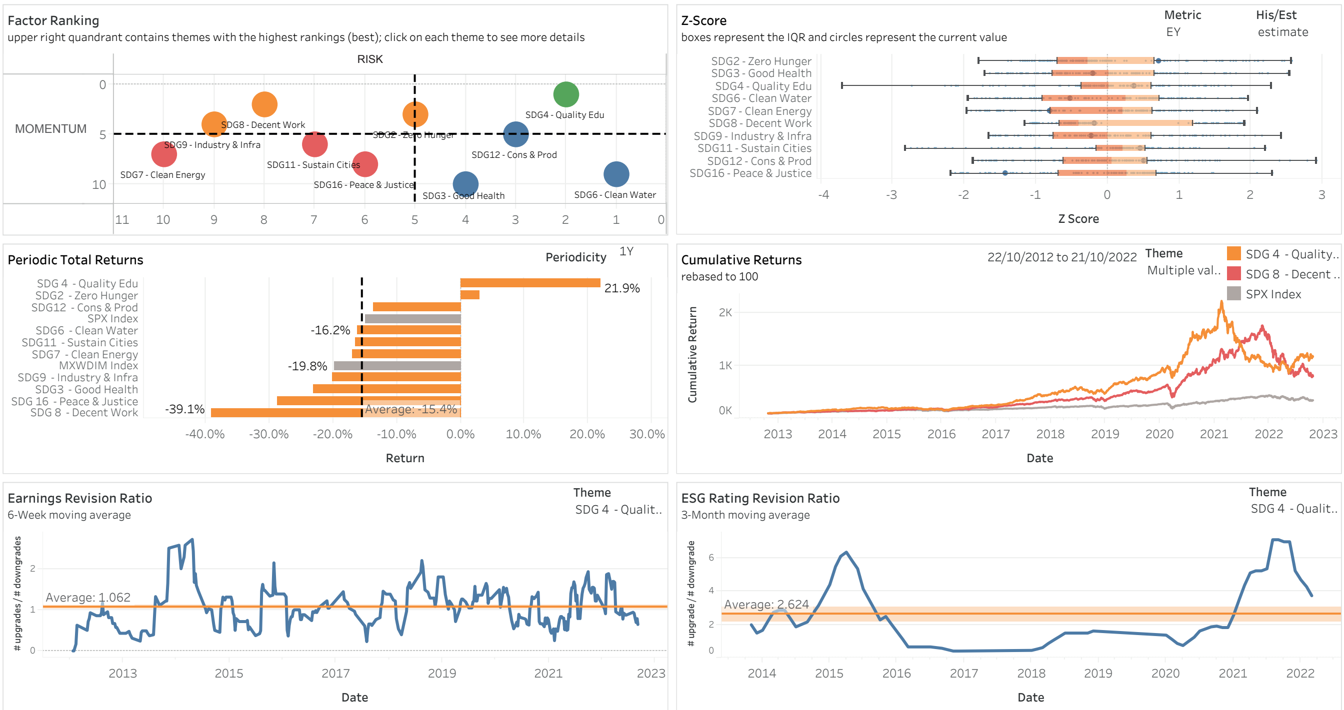
The ESG Corporate Research team at Janus Henderson is a central resource generating ESG-focused research and tools to partner with the investment desks and facilitate ESG integration.

In its inaugural year of 2022, the team generated a range of thematic research covering a wide range of sectors and topics. Notable topics include analysis of nuclear energy, cybersecurity, trends in anti-trust and regulation of internet mega caps, climate stress tests in banking, physical climate risks and renewable energy opportunities in real estate, and an assessment of the acreage requirements for variable renewable energy technologies. Most recently, the team's analysts covered China's ESG agenda following the 20th National Congress.

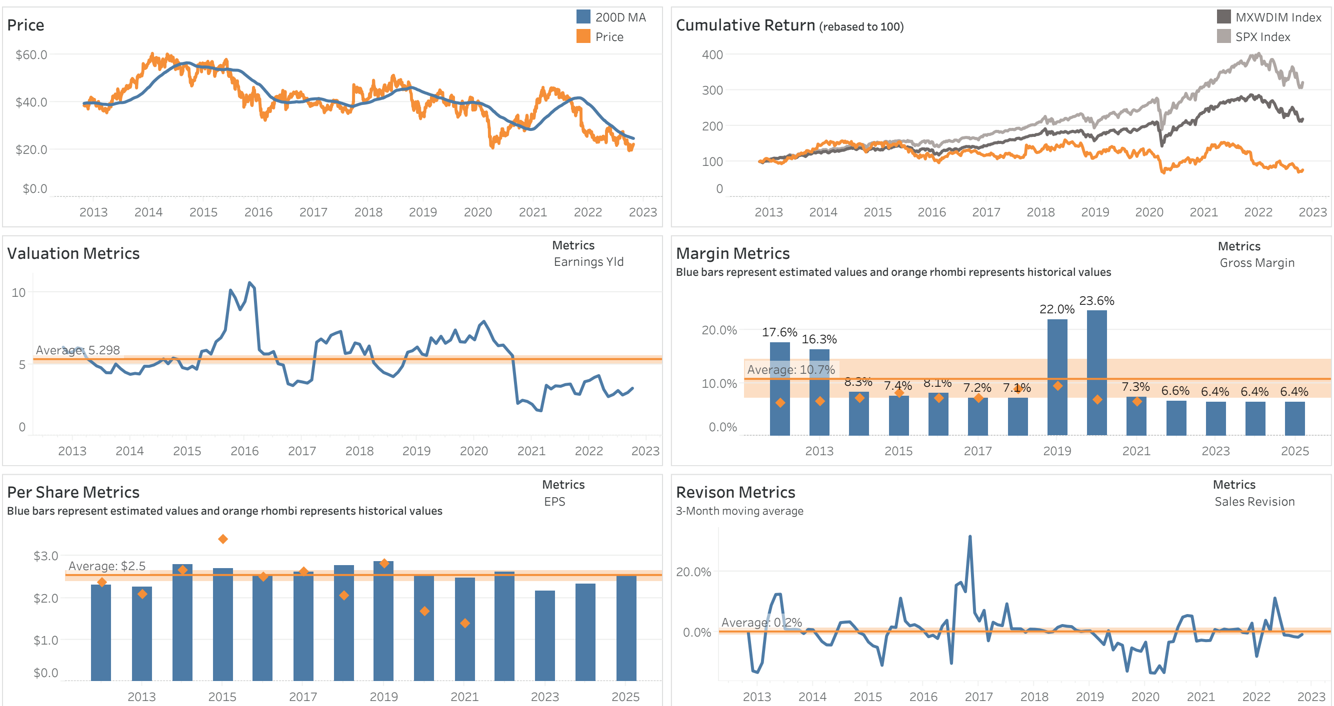
The ESG Research team also developed an interactive tool to highlight investment ideas aligned with a comprehensive array of sustainability themes which was rolled out to investment desks across the business in the latter half of 2022. The tool supports ESG-themed idea generation by mapping over 2,000 issuers into three dozen ESG themes and the ranking the best scoring issuers across ESG themes. Sustainability themes are also evaluated using various financial and ESG metrics.

Below are two examples of analysis the team has conducted to evaluate characteristics of the themes, the first thematic and the second, company specific:

United Nations Sustainable Development Goals (UN SDG) themes analysis



Bottom-up company analysis



Note: The above examples are for illustrative purposes only and should not be construed as advice.

Incentives

The compensation structure at Janus Henderson aligns the interests of investment teams and clients by focusing on performance of the strategy rather than on just asset growth. When awarding variable compensation awards, we place strong emphasis on long-term performance. In addition, we encourage portfolio managers to have an ownership stake in the strategies they manage.

Traders, portfolio managers or research analysts are compensated with a fixed annual base salary and a variable performance component. There is no specific percentage of pay directly tied to a rolling performance measure.

Since there are no set targets/percentages for variable compensation, the pay mix will vary for each trader, portfolio manager or research analyst based on individual performance. On average, total compensation is weighted more heavily in the form of variable compensation, typically split between cash and deferral.

ESG considerations are included in the remuneration process for staff with ESG specific responsibilities. Given our belief in the importance of ESG and stewardship considerations to long term-investment performance, we believe co-investment is one of the most appropriate means of achieving alignment on this issue.

Diversity, equity, and inclusion at Janus Henderson

DEI is critical to our overall business success. With the increased focus on ESG, it is important to provide tangible results to demonstrate our maturity and commitment to this work. As we integrate DEI into our operations, key stakeholders must understand their roles and responsibilities, as outlined in the examples below.

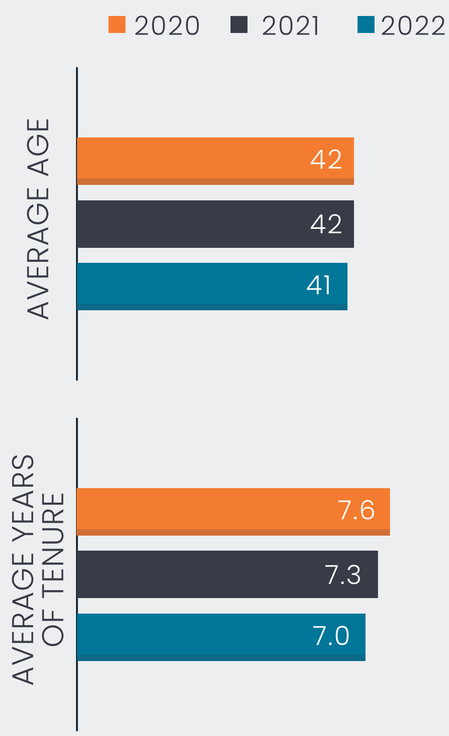
Board and CEO: Set the tone and affirm the organisational commitment to DEI.

- Executive Committee: Demonstrate our commitment and enhance leadership accountability, review progress on our internal and external metrics, and increase diversity by incorporating DEI indicators into their people strategy.
- DEI Committee: Establish the global DEI strategy and hold the organisation accountable for delivering on the strategy. Mitigate risks and channel senior leadership interests in managing DEI objectives into real results.
- Human Resources: Embed DEI in HR processes to attract, retain, and develop talent, ensure equitable benefits and compensation, monitor metrics, and ensure data integrity.
- Business: Create an inclusive culture, participate in internal and external DEI, employee resource groups, mentoring programmes, assist with employee career-pathing, increase diversity within our departments and among business suppliers.

2022 DEI highlights

- Recognised the past five years by Bloomberg Gender-Equality Index and Human Rights Campaign Index for our inclusive practises.
- Received the LGBT Great Gold Standard designation for our inclusive policies and increased our employees that identify as LGBT+ from 4% to 5%.
- JHI's DEI Employee Engagement score was 85%, 2% higher than the 75th percentile industry benchmark.[1]
- Met our goal for ethnically diverse employees in senior management, increased from 11% to 17% compared to 2021.
- Increased global DEI self-ID demographic disclosure rate to 69%.
- Introduced new DEI initiatives, including required diverse interview panels and candidates for open roles, conversion strategy for entrylevel talent, and additional training for low employee engagement scores.
- All departments created a DEI strategy that ties to their overall people strategy.
- Employees with disabilities increased from 5% to 7% of overall workforce; and we created the Ability Alliance Employee Resource Group.
- Moved to a Disability Confident Level II employer.
- Continued to support early career partnerships with #10000Black Interns, Greenwood Project, Investment 2020, Imperial College, and College Track.
- Implemented a hybrid working model to address the diverse needs of our employees.
- Evaluated our Tier 2 and Tier 3 suppliers to understand the diversity of our business suppliers and expanded the number of approved diverse brokers.
- Over 600 employees participated in Global Diversity Awareness Month activities which were designed to connect, educate, and engage employees on DEI topics.
- Engaged with our Board of Directors on DEI through roundtable discussions and educational webinars.
- Increased the number of female new joiners from 37% to 40% compared to 2021.
- Increased the number of women people managers and investment professionals by 1% compared to 2021.

2022 DEI UPDATES



85%

DEI Employee Engagement score

22%

Women in senior management

50%

of JHI employees are diverse[1*]

[1]Janus Henderson Investors, as of 31 December 2022, global employee population.

*Note: Data above reflects DEI Demographic Questionnaire participants (69%), not entire population.

[1] Janus Henderson Investors, as of 31 December 2022. Diverse is defined as employees that identify as women, ethnically diverse, former military professionals, LGBT+ and employees with a disability.

Diversity continues to be a core engagement theme and investment teams increasingly focus on improving DEI at their portfolio companies. During the year, DEI was an important topic of discussion with our portfolio companies. For example, in 2022 one of our investment teams along with G&S Team undertook thematic engagement aimed at improving diversity particularly across UK asset management companies (discussed in detail on page 45). The G&S Team plays a key role in seeking to align our work on ESG as a firm with our stewardship work on behalf of clients, participating in a variety of company committees and groups focused on these areas.

Principle 3 – Conflicts of interest

Managing conflicts of interest

Janus Henderson has a Conflicts of Interest Policy, the objective of which is to ensure that any actual, potential, or apparent conflicts of interest across the Janus Henderson Group are identified and avoided, mitigated and/or, as a last resort disclosed in order to ensure fair treatment of clients. The Ethics and Conflicts of Interest Committee is responsible for reviewing and overseeing the Conflicts of Interest Policy and the Group's arrangements for ensuring the best interests of its clients are considered at all times.

To help manage conflicts of interest that may affect the proxy voting process, Janus Henderson has established a Proxy Voting Policy and vested oversight of that policy in a Proxy Voting Committee. The Proxy Voting Committee (Committee) is responsible for developing Janus Henderson's positions on major voting issues; approving the policy, procedures and guidelines; managing conflicts of interest; and overseeing the voting process more generally. The Committee is comprised of representatives of Operations, Fund Administration, Compliance, Portfolio Management and the G&S Team with support and advice from Legal.

Because the Proxy Voting Policy pre-establishes voting positions, default application of these rules should, in most cases, adequately address any possible conflicts of interest. For situations where the relevant Portfolio Management team seeks to exercise discretion when voting proxies, Janus Henderson has implemented additional policies and controls to mitigate any conflicts of interest.

Portfolio Management is required to disclose any actual or potential conflicts of interest that may affect its exercise of voting discretion. Actual or potential conflicts of interest include but are not limited to the existence of any communications from the issuer, proxy solicitors or others designed to improperly influence Portfolio Management in exercising its discretion or the existence of significant relationships with the issuer. Any personal conflict of interest related to a specific proxy vote is reported to the Committee prior to casting a vote. The Committee determines whether that person should recuse himself or herself from the voting determination process. In such circumstances, the proxy vote is cast in accordance with the Proxy Voting Policy or as instructed by the head of the applicable investment unit or their delegate.

In addition to requiring disclosure, Janus Henderson also proactively monitors and tests proxy votes for any actual or potential conflicts of interest. Janus Henderson maintains a list of significant relationships for purposes of assessing potential conflicts with respect to proxy voting, which may include significant intermediaries, vendors or service providers, clients and other relationships. In the event that Portfolio Management intends to vote against the Proxy Voting Policy with respect to an issuer on the significant relationships list, the proxy administrator notifies the Committee which will review the rationale provided by Portfolio Management in advance of the vote. In the event Portfolio Management intends to exercise discretion to vote contrary to the Proxy Voting Service's recommendations and with management as to an issuer on the significant relationships list, the proxy administrator will notify the Committee, which reviews the rationale provided by Portfolio Management in advance of the vote. If the Committee determines the rationale is inadequate, the proxy vote is cast as in accordance with the Proxy Voting Policy or as instructed by the Committee. If a proxy vote is referred to the Committee, the decision made and basis for the decision is documented by the Committee.

On a quarterly basis, Compliance reviews all refer votes contrary to the Proxy Voting Service's recommendations and with management to identify any undisclosed personal conflicts of interest. The Committee also reviews all votes that deviate from the guidelines and assesses the adequacy of the portfolio managers' stated rationale.

A complete copy of Janus Henderson's Proxy Voting Policy is available on our website. A summary of Janus Henderson's Conflicts of Interest Policy is also available on our website.

Examples of potential conflicts that arise in our investment and stewardship activities

Below are few examples of the most common forms of conflicts that we come across, and how we manage these.

Cross directorships

Members of the Janus Henderson Group Board sit on other company boards and committees in which client accounts invest.

Regardless of the circumstances, voting and engagement is conducted in an ordinary manner with investment teams responsible for managing any potential conflicts and ensuring the interests of clients are paramount. Where such conflicts of interests are identified in the proxy voting process, any discretionary votes, including votes against policy, are highlighted to the Proxy Voting Committee which reviews them to provide additional oversight and ensure conflicts are appropriately managed.

Ownership Structure

Janus Henderson Group plc is itself a widely-held, publicly-traded issuer whose owners include other asset managers which invest in publicly-traded companies and/or may be publicly-traded companies themselves. The policies and interests of these investors may diverge from the policies and interests of the investment teams which hold those other publicly-traded companies. Where such conflicts of interests are identified in the proxy voting process, any discretionary votes, including votes against policy, are highlighted to the Proxy Voting Committee which reviews them to provide additional oversight and ensure conflicts are appropriately managed.

Shareholder & Bondholder activity

We manage both equity funds and fixed income funds. In certain circumstances, the interests of equity holders may conflict with that of the bond holders. Different investment teams may perceive the potential value of the proposed activity differently based on their judgment and the strategy. In such a situation, each investment team will independently cast votes in the best interest of our clients.

Merger & Acquisition Activity

We manage a diverse set of accounts. In a merger and acquisition (M&A) situation, one or more client accounts may hold the shares of the acquirer and/or the target.

Different investment teams may perceive the potential value of the M&A activity differently based on their judgment and the strategy. In such a situation, each investment team will independently cast votes in the best interest of respective client mandates.

Client Relationships

We manage assets on behalf of clients with publicly-traded debt or equity. There are instances where some of these clients are also companies in which other client accounts invest. In these situations, we will act, engage and vote in the best interests of the client who hold shares in the company. Where such conflicts of interests are identified in the proxy voting process, any discretionary votes, including votes against policy, are highlighted to the Proxy Voting Committee which reviews them to provide additional oversight and ensure conflicts are appropriately managed.

Voting Policy Conflicts

While the general policies and approaches outlined in the Proxy Voting Policy are reasonably designed to be in the best interest of each individual client, those clients and fund investors may themselves have voting policies, objectives or principles which conflict with the voting policy and voting decisions being applied in their accounts. To manage this conflict, we disclose our voting policies and voting policy decisions to clients and fund investors. We also provide clients with the ability to retain voting discretion over or specify an alternative off-the-shelf policy for their accounts.

Principle 4 – Promoting well-functioning markets

The investment teams at Janus Henderson naturally develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, we seek to leverage these constructive relationships by engaging with company management or expressing our views through our voting on management or shareholder proposals. Escalation of our engagement activities depends upon a company's individual circumstances. While, we view proxy voting as a critical means of exercising our rights and duties as shareholders, we view engagement as an incremental and potentially more effective means to driving change. How we seek to escalate concerns we have on governance is very much dependent on local market practice. In markets such as the UK, Europe and the US we regularly engage with the board chair and independent directors when we have concerns about management performance and / or strategy.

Risk management as an active asset manager

Our investment teams are primarily responsible for monitoring the investment environment to identify market-wide and systemic risks most material to the strategies they manage. Individual investment teams have their own structures and processes in place for monitoring systemic risk, utilising internal and external resources, and are organised in such a way as to be agile enough to adapt quickly as circumstances demand.

Investment risk oversight is shared between our Investment Risk Team, which reports up into Asset Class Heads, and the Financial Risk Team, which reports into the Chief Risk Officer.

Investment Risk Team

Janus Henderson's Investment Risk Team sits with the investment teams and has the primary objective of supporting portfolio managers to maximise risk-adjusted returns and meet client objectives, as well as provide challenge to ensure portfolios are managed in accordance with client expectations. The team uses daily dashboards and risk reports to monitor the portfolios. Additionally, it holds risk oversight meetings with the portfolio managers, members of the Financial Risk Team, or the head of the relevant asset class. Meeting frequency varies, and in most cases is quarterly.

Financial Risk Team

The Financial Risk Team sits within the Risk & Compliance function and works closely with the Investment Risk Team to provide a second opinion and challenge risk analysis. It interacts across the investment teams and has the ability to escalate issues independently of the Investment Risk Team if necessary. The Financial Risk Team is represented on the IPRC (Investment Performance and Risk Committee) but can also escalate issues independently via the Chief Risk officer if necessary.

Supporting industry initiatives to promote a well-functioning financial system

2022 Update

In 2022, we joined the Taskforce for Nature-related Financial Disclosures (TNFD) as a Forum Member. We are following the evolution of the TNFD framework closely.

We also joined the Asia Investors Group on Climate Change (AIGCC), an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and net-zero investing. Janus Henderson is a member of the AIGCC.

Through the Asian Corporate Governance Association, we were also part of recently formed working group that submitted a letter to the Tokyo Stock Exchange with suggestions to improve gender diversity on Japanese listed company boards.

Janus Henderson is an active member of a wide range of external organisations and initiatives that play a role in responding to market wide and systemic risks. Organisations include the Investment Association, Asian Corporate Governance Association, The Pensions and Lifetime Savings Association, The Investor Forum, The UK Sustainable Investment and Finance Association and the Institutional Investor Group on Climate Change. All these groups play an active role in promoting well-functioning markets, through promoting the causes of good stewardship and responsible investing. Janus Henderson employees dedicate a substantial amount of time participating on committees and advisory groups, sharing their expertise and helping to shape and influence this work. For example, Janus Henderson is represented on the Stewardship Committee of the Investment Association.

PARTICIPATING IN SELECT ESG INDUSTRY INITIATIVES

We have a strong heritage of involvement with sustainability-related organisations and initiatives.

RESPONSIBLE INVESTMENT

UN Principles for Responsible Investment (PRI)
US Sustainable Investment Forum (USSIF)
UK Sustainable Investment Forum (UKSIF)
European Sustainable Investment Forum (EUROSIF)

IMPACT

Global Impact Investing Network (GIIN)

STEWARDSHIP

Investment Association Stewardship Working Group
UK Stewardship Code
Pensions and Lifetime Savings Association (PLSA)
The Investor Forum
Access to Medicine Index
Business Benchmark on Farm Animal Welfare
Farm Animal Investment Risk & Return Initiative (FAIRR)

CLIMATE CHANGE

Carbon Disclosure Project (CDP)
Institutional Investors Group on Climate Change (IIGC)
Taskforce on Climate-related Financial Disclosures (TCFD)
Climate Action 100+
Net Zero Carbon* (NZC 10)
Transition Pathway Initiative (TPI)

GOVERNANCE

The Investment Association
Asian Corporate Governance Association

DISCLOSURES AND STANDARDS

Sustainability Accounting Standards Board (SASB)
European Leveraged Finance Association (ELFA)
Climate Transition Finance Working Group (CTFWG)

*Net Zero Carbon 10 applies to specific products managed by the Global Sustainable Equity and UK Responsible Income teams.

For more information on collaborative engagements please refer to Principle 10 on page 50.

Adapting to Regulatory Developments

ESG considerations has moved to become front and centre of the legislative agenda for many regulators worldwide. Initially, all regulators shared similar goals with regards to ESG products and services, which was to prevent clients from being mis-sold products that were badged as "ESG" but not being managed in that fashion.

Today, many regulators worldwide are concurrently seeking to implement ESG legislation that goes beyond mis-selling concerns. We have seen laws emerge regarding how asset managers should incorporate ESG-related risks into their risk management processes, as well as rules requiring asset managers to disclose how they manage ESG-related risks at a corporate level. Although all of these ESG laws have tended to start with environmental issues, we are also witnessing a planned expansion of regulatory frameworks to focus more explicitly on social and governance issues.

The volume and pace of ESG-related regulatory change that asset managers with a global footprint like Janus Henderson are managing on behalf of our clients is unprecedented. This has led to some challenges for regulators and industry alike when sequencing legislation, including concerns around data availability. Efforts by regulators to tackle these challenges are well underway.

At Janus Henderson, we expect the pace of regulatory change to continue as regulatory frameworks are refined and improved. We remain hopeful that a consistent regulatory approach can develop over time for what are essentially global challenges. Above all, we are convinced that ESG-related regulation can be a driver of positive change, as it can help our clients understand critical factors and the impact that it has on their investments, as well as society and the environment.

Supporting Sustainable Investing

ESG risks such as climate change can impact the financial system and economy as a whole. Accordingly, we believe in the need to support and encourage the sustainable investing ecosystem. In 2022, we undertook the following:

ESG-focused fund developments

In 2022, we expanded and diversified our suite of products that incorporate ESG or sustainability factors. Driven by client interest and following regulatory guidance, Janus Henderson continued to align products with the SFDR. In 2022, we transitioned 28 funds to Article 8 status and three funds to Article 9 status (31 funds in total). Janus Henderson's ESG fund activity in 2022 focused on versatility, providing our global clients with a diverse range of ESG solutions. In the US, we introduced a suite of sustainable model portfolios to advisors and the Janus Henderson Sustainable Multi-Asset Allocation Fund to our Direct platform. We also oversaw a strategy change in our US-based Dividend & Income Builder Fund and Managed Account which is now the Janus Henderson Responsible International Dividend Fund and the Janus Henderson Responsible International Dividend ADR Managed Account.

Following the launch of our sustainable ETF suite in 2021, we made our US Sustainable Equity Strategy available to European clients and our Net Zero Natural Resources Strategy available in Australia.

Sharing insights

As part of our commitment to advancing the industry dialogue around ESG, we seek to make the thinking of our investment teams widely available to our clients, shareholders and other stakeholders through a variety of content, including white papers, articles, podcasts, videos and panel debates. In 2022, we generated approximately 40 thought leadership and educational pieces on ESG topics.

The insights included portfolio manager-specific views related to sustainable investment themes, with key contributions from our Global Sustainable Equities, Global Natural Resources and Global Technology Leaders teams. Our investment teams also produced broader papers and debates on the investment implications of climate change and reaching net zero, nuclear energy, green hydrogen, biodiversity loss, deforestation and the outlook for ESG investing.

▸ Biodiversity Loss: The other systemic Crisis

▸ Deforestation: Seeing the Wood for the trees

▸ Is green hydrogen a net zero game changer?

▸ ESG Investment Outlook: Sailing through rough seas in 2023

▸ COP27 – 10 key takeaways for investors

▸ Governments must lead on climate action

Example of systemic risks identified by investment teams and addressed through collective engagement

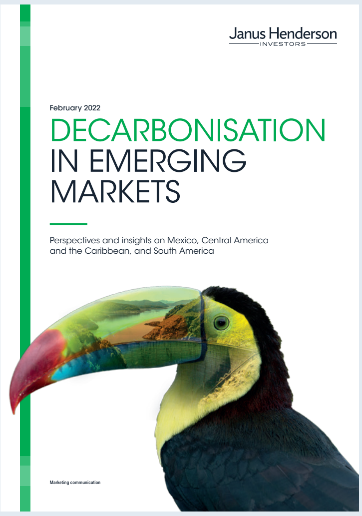
Climate risk

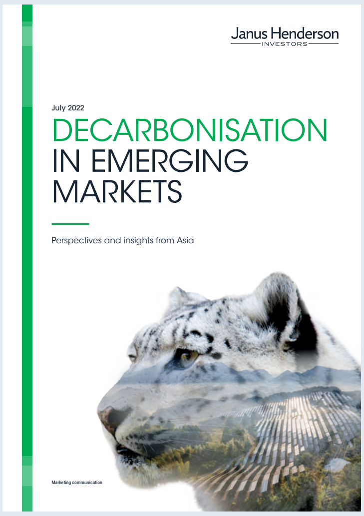
2022 Update

Decarbonisation of Emerging Markets

At COP26 in Glasgow at the end of 2021, Janus Henderson committed to conducting in-depth research into decarbonisation trends in emerging markets. The subsequent research investigated the actions being taken to implement decarbonisation across emerging markets by analysing successful initiatives, policy frameworks, and green financing solutions using objective, third party, open sources. Janus Henderson released two reports on these findings during 2022.

The first report provided perspectives and insights on Mexico, Central America and the Caribbean, and South America. It was released in February 2022. The second report (released in July the same year) assessed the decarbonisation challenges facing Asia's emerging markets and the green finance landscape, drawing on specific examples from China, India and the Republic of Korea.





Janus Henderson's Decarbonisation Emerging Markets Index is constructed as an equally weighted index of scores given to three trends that can be tracked effectively over time. Each trend is tracked via a proxy indicator, which we believe can help follow the degree - and speed - of progress on decarbonisation trends now and in the future.

Previous reports in the series include the Global Dividend, Sovereign Debt and Corporate Debt indexes. These have been created to showcase our thinking around sustainability, climate change, and how our industry can help facilitate positive global change.

Engagement to manage climate risk

Janus Henderson has been active on the issue of climate change for over two decades and is a founding member of the Institutional Investor Group on Climate Change, as well as a strong supporter of the CDP and Climate Action 100+. We have long recognised that climate risk is a systemic risk and a major threat to a well-functioning financial system. Solutions need to be worked through collaboratively between all participants in the financial system, and we have supported various initiatives over the years to encourage governments to put in place the right polices and incentives to promote alignment with the Paris climate goals. This year we also conducted engagements with our portfolio companies to specifically discuss methane emissions and the practice of flaring. For more information on climate risk related engagements please refer to Principle 9 on page 33.

During the year our Global Natural Resources team has also initiated a project to gauge the importance of 'Avoided Emissions' also referred as Scope 4 emissions. The aim of the project is to better understand when it may be appropriate to explain the decarbonisation benefits resulting more broadly from a company's activities in company communications and decision making. The project involved engaging with portfolio companies to identify sources and measures of the emissions avoided through the use of their products and attributing those fairly. The team expects to publish their findings in 2023.

Managing climate risk at corporate level

Climate change, biodiversity loss, and pollution are some of the greatest challenges we as a society face today, and Janus Henderson recognises that urgent action is imperative to prevent irreversible consequences to the planet. We are committed to reducing our environmental impact and embedding sustainable practices throughout our business.

Carbon neutrality

Janus Henderson was a pioneer of sustainability, becoming one of the first asset managers to go carbon neutral in 2007 by offsetting our emissions through the CarbonNeutral® certification.

Through this process, we have invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions.

All projects we support have been classified as ‘additional’ by an independent third party, meaning that they would not happen without the sale of carbon credits.

We have maintained CarbonNeutral® status* every year for the last 15 years and see this as an important way of not only offsetting our unavoidable operational emissions, but also contributing to sustainable projects around the world.

***CarbonNeutral® certification applies to Janus Henderson Investors since 2017 and Henderson Global Investors prior to this date. We currently maintain a carbon neutral emissions footprint across our global offices and from business travel.**

Our targets

In 2021, we reached our 3-year target to reduce our carbon footprint by 15% per full-time employee (FTE) from 2018 levels. In 2022, using guidance from the Science Based Target Initiative, we set ambitious new 5-year reduction targets as follows:

- Reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions
- Reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste etc.) emissions
- Reduction target of 17.5% on water and waste consumption by FTE

CDP

We are proud to be an investor signatory to CDP, a non-profit charity that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. We have been reporting to CDP since 2010 and see it as an important tool to encourage transparency, comparability and consistency in sustainability reporting.

In 2022, we achieved a ‘B’ score, outperforming our peers in over half of CDP’s scoring categories, as well as scoring higher than the Financial Services and Global Average. A ‘B’ Score is in CDP’s ‘Management’ band, indicating that JHI has addressed the environmental impacts of our business and ensured good environmental management.

Work undertaken to address other systemic risks:

Biodiversity loss: We believe biodiversity loss is a crisis which could have systemic impacts akin to climate change. During the year we were involved in many ways - research, thought leadership, research trips, industry initiatives and engagements with portfolio companies to understand biodiversity loss and emphasise the importance of this topic.

Principle 5 – Review and assurance

Reviewing policies and processes

2022 Update

We annually review our policies to ensure they remain effective. In 2022, we implemented our ESG Investment Policy, which sets out our approach to ESG investing, and ESG Governance and Oversight. The ESG Investment Policy highlights our core stewardship themes of climate change, diversity, equity & inclusion and corporate governance, and details baseline exclusions that apply on a firmwide basis.

For more information on our policies refer to Principle 8 on page 32.

Our ESG Investment Policy is reviewed on an annual basis and approved by our ESG Oversight Committee. Within the overall corporate framework and guidelines that have been established by the firm, we believe strongly that commitments and accountability for the execution of ESG considerations must rest in the hands of portfolio managers and their teams. Rather than pursue a one-size-fits-all approach, teams are responsible for articulating their specific objectives. This means that the evaluation of our implementation of ESG criteria is carried out at the strategy level, and we encourage and support each team to stand on its own ESG vision. This enables our investment teams to leverage the deep fundamental research skills (that have been the cornerstone of Janus Henderson for decades) to thoughtfully analyze and integrate the impact of financially material ESG issues, as they would for any fundamental investment factor.

The Janus Henderson Proxy Voting Policy and Procedures are reviewed and updated on an annual basis by our Proxy Voting Committee.

Janus Henderson has an independent internal audit function, which reports to the corporate audit committee, that is responsible for the internal audit of the firm's worldwide activities. Internal audit operates a multi-year risk-based audit plan that covers all aspects of the firm's investment and stewardship activities such as proxy voting. In 2022, internal audit conducted multiple audits covering ESG-related investment desk controls, as well as a thematic audit of the firm's ESG investment control framework, specifically assessing the governance over the firm's ESG investment activities. The findings of these internal audits are regularly shared with the audit committee of the Janus Henderson Board as well as other relevant boards. Further, in 2023, internal audit will assess the processes underpinning the firm's corporate responsibility reporting, as well as continuing to embed ESG considerations in relevant audits and performing another dedicated review on the ESG control framework.

We have not sought external assurance on our stewardship work as we do not consider this is likely to add meaningful value for clients or other stakeholders at the present time. However, we carefully study the results of assessment of Financial Reporting Council and UN Principles for Responsible Investment (UNPRI) of our ESG and stewardship work and review the recommendations they make for improvements. Of highest importance to us is the direct feedback we actively seek from clients and consultants.

This Stewardship Code Report has been reviewed and approved by the Board of Janus Henderson.

Feedback from internal and external sources over the past year has been pivotal to the work already underway to strengthen our ESG and stewardship processes, and decisions taken during the year to commit significant additional resources to this area.

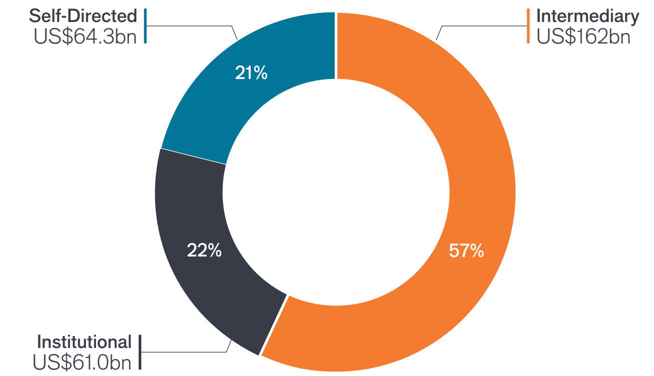
Investment Approach

Principle 6 – Client and beneficiary needs

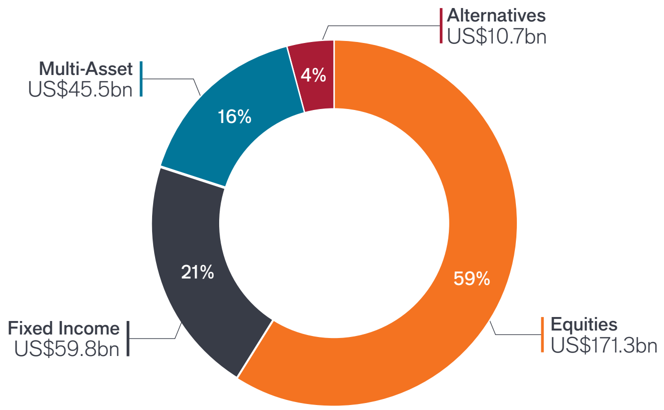
Janus Henderson is an independent global asset manager, specialising in active management. We offer a broad range of investment solutions across all major asset classes to a client base around the world.

Assets under management as at 31 December 2022

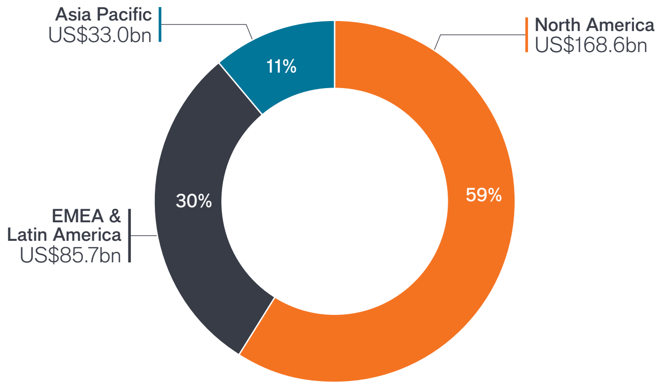
AUM by client type



AUM by capability



AUM by client location



Source: Janus Henderson Investors as at 31 December 2022, in US dollar terms.

Assets under management data excludes Exchange-Traded Note ('ETN') assets.

Our investment teams and their approaches are shaped with the client in mind. Products are developed to meet evolving needs, and investment managers operate within clearly articulated parameters as they seek to achieve stated or agreed objectives. Transparency of process, positioning and progress towards meeting objectives are central to our approach, and our investment and distribution teams seek to keep clients informed at every stage.

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Our active investment management teams take a long-term view and seek out companies that have a comparable, long-term orientation.

What our clients can expect

At Janus Henderson our clients are central to everything we do. This sentiment is commonly conveyed in our industry but is an operating philosophy in which we have wholehearted conviction. Relationships have shaped our heritage and clients should look to us for:

Collaboration

We work as teams across Investments, Distribution and all central functions of the firm towards the end goal of delivering for clients. This has fostered an environment of connectivity applicable within the organisation and externally. We believe in blending the views of experts and reaching solutions together.

Alignment

Clients entrusting their investment decisions to us is a responsibility we do not take lightly. We understand that future plans and security depend on whether we deliver. Our relationships are not transactional – rather, they are partnerships built on trust. We are not simply a product manufacturer, but a partner seeking to evolve what we offer and provide expert insight to help inform client decision making throughout the investment journey.

Access

We continue to enhance our distribution channels and broaden our reach across product ranges to allow more clients to tap into our areas of strength. This requires a sharp view of the strategies and gaps in the market where we can be genuinely differentiated and meet a need. We aim to connect the right product with the right client at the right time.

Support

Investment performance is what we seek to deliver but there are additional ways that, as an active manager, we can add value. These vary depending on the needs of our clients, but we offer our services as widely as possible.

Our commitments to clients

Janus Henderson understands ESG investing continues to evolve and mature. We are committed to maintaining an open dialogue with our clients, shareholders, employees, industry groups, and regional regulators to ensure we continue to meet their expectations and hold true to our values as a steward of our clients' capital. Janus Henderson maintains an active dialogue with clients on stewardship issues and in relation to their own stewardship policies.

This includes listening to client needs and developing new products to meet changing requirements. It also means actively sharing the views of our managers on how they see ESG issues reshaping the investment landscape and where the risks and opportunities lie. At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. It is reflected in the flow of ideas between our investment professionals, how we work with clients to understand their requirements, and in our commitment to making our expertise and insights widely available.

How are we reacting to accelerating changes in market context to respond to our clients?

- Strengthening our strategic viewpoints: as ESG becomes more important to our clients, we are thinking ahead to bring our ESG commitments to life in all our markets
- Adapting to evolving hybrid world: finding new ways to meet our clients where they are across different channels, creating a shared virtual experience of collaboration
- Regulatory oversight: increasing our third-party oversight to ensure the vendors we partner with are in alignment with our values
- Expanding our content distribution: amplifying our content to reach new audiences, increasing our timeliness and information relevance across multiple platforms

Communication

We seek to be transparent at all times in our thinking and our approach to stewardship and ESG issues. The Janus Henderson websites provide access to manager insights as well as our ESG policies, fund voting records, and annual reports.

We provide an annual Voting and Engagement Report, which is publicly available. This report provides an overview of our company engagement work across our investments with high level data on engagements recorded on our inhouse research platform. There is also information provided on the most important ESG topics that we have engaged on over the year, and examples of specific engagements conducted by our investment teams and by our G&S Team. Information on voting includes high level statistics, a summary of key market voting issues and examples of some of the most material votes in each market. Further information is available on our website. ESG and stewardship reporting to clients varies at the strategy level, depending on client requirements. Examples of stewardship reporting provided to clients to meet their individual requirements includes information on proxy voting, company engagement, ESG data and our broader ESG work on thematic ESG issues and public policy.

ESG reporting enhancements

Following the onboarding of MSCI as our core ESG data provider we have developed an enhanced suite of ESG reporting to meet increasing client demand. We have developed new standardized reports to focus on metrics most regularly requested by clients, including ESG ratings, Climate and carbon footprint data, engagement data and, for equities, proxy voting.

Providing our clients information and tools

Resources for clients include:

- Investment insight articles and videos
- Thought leadership & white papers
- Proprietary research studies
- Webinars, virtual events and debates
- Podcasts
- Social media posts

We continue to focus on developing the tools and reporting that will help clients partner with us accordingly to realise their own climate and environmental visions.

We look to connect with clients in a timely manner and publish numerous articles, record frequent portfolio manager videos and host many webinars. In 2022 we have continued to have high engagement on social media, including a continued expansion of our presence on LinkedIn and Instagram. In the first three quarters of 2022 we achieved over 9,000 pieces of coverage with an average reach of 753 million. Coverage in Q3 2022 was up 101% compared to same period in 2021. In 2022, we generated approximately 40 thought leadership and educational pieces on ESG topics. (For more information on ESG insights please refer to page 19).

COP27 Attendance

In November 2022, JHI representatives attended the COP27 climate talks in Egypt and took the opportunity to discuss key climate issues with our peers as well as government officials, contributing to the debate on climate change solutions. Following the conference, we shared our thoughts and perspectives with clients in the form of various articles providing key takeaways for investors.

Principle 7 – Stewardship, investment and ESG integration

2022 ESG-focussed fund developments

In 2022, we expanded and diversified our suite of products that incorporate ESG or sustainability factors. Driven by client interest and following regulatory guidance, Janus Henderson continued to align products with SFDR. In 2022, we transitioned 28 funds to Article 8 status and three funds to Article 9 status (31 funds in total).

Janus Henderson's ESG fund activity in 2022 focused on versatility, providing our global clients with a diverse range of ESG solutions.

(For more information on ESG-focused funds developments please refer to Principle 4 on page 16).

ESG Integration Principles

Being a global asset management organisation comes with important responsibilities. As an active manager, this means integrating financially material ESG factors into our investment decision-making and ownership practices is fundamental to delivering the results clients seek. An issue as pressing as responsible investing demands active and ongoing engagement, and we are committed to maintaining a focus on ESG as foundation to long-term investment returns. We also recognise that the world of responsible investment is evolving, and we seek to partner with clients and act as a guide on that journey.

Defining ESG

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, questioning board diversity, executive pay, accounting standards and shareholder rights, and positively influencing corporate behaviour.

Integration in Practice

As investment professionals, our first responsibility is, and always has been, to our clients' interests and goals – growing and smartly managing their capital and fulfilling our fiduciary responsibilities. In every market, client demand is also increasing for us to invest with processes that incorporate financially material ESG and sustainability.

Financially material ESG factors are integral to how we think about risk. Among our clients, attitudes towards ESG and sustainability vary as much as risk profiles. We are respectful of this diversity of values and offer strategies and products accordingly.

Evaluating or integrating material ESG considerations is a key component of the active investment processes employed by our investment teams. These teams operate and are structured in ways most suited to their respective asset classes. Aside from expectations outlined under our responsible investment principles, the precise approach to and depth of ESG integration is down to the discretion and judgement of our investment teams, who apply their differentiated perspectives, insight, and experience to identify sustainable business practices that can generate long-term value for investors. Commitments and accountability for the execution of ESG integration factors therefore rests with the relevant investment teams.

Each team is responsible for articulating their specific objectives, which means that the implementation of ESG criteria is carried out at the strategy level. This is because (a) investment teams are best positioned to integrate as they are the ones doing security level analysis, forecasting and making the investment decision and (b) they can leverage on their deep fundamental research skills to thoughtfully analyze and integrate the impact of financially material ESG issues, as they would for any fundamental investment factor.

We encourage and support investment teams in embedding ESG factors in their work. This support includes centralised functions, such as data management, research, investment platforms, and risk management tools:

- Internal Research Platform: Investment teams are responsible for sharing relevant ESG research produced in-house by analysts on centralised research platforms.
- ESG Investments Team: A specialised group of subject-matter experts focused on governance and stewardship, ESG investment research, and ESG strategy and development. The team's mission is to promote ESG integration across Janus Henderson and serve as a resource for all investment teams.
- ESG Risk Reporting: ESG data is incorporated into our risk reporting tools, covering issues such as exposure to companies with low ESG ratings, controversies, weak corporate governance, and climate risk.
- ESG Research, Data, and Ratings: Janus Henderson subscribes to a broad range of external ESG information providers and makes this information available directly to the investment teams

Stewardship

The analysis of ESG factors is an integral component across Janus Henderson's investment capabilities that utilise a fundamental research process to evaluate corporate equity and debt securities. It is our goal as a steward of client assets to understand all aspects of what can impact a security's investment returns. Blending quantitative financial analysis with a qualitative evaluation, including any potential impact from ESG factors, helps our investment teams make a more informed assessment of the intrinsic value of a security.

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Our active investment management teams take a long-term view and seek out companies that have a comparable, long-term orientation.

Equities

Janus Henderson offers clients a wide range of equity strategies investing across geographies, market capitalisations and styles. When employing fundamental security analysis, teams take a long-term view, seeking to identify companies differentiated by their sustainable competitive advantage, strong earnings potential and shareholder-friendly management teams. As we strive to understand all drivers of company performance, we also strive to understand the risks. An evaluation of financially material ESG factors is integral to this. Governance is a key part of fundamental analysis with good corporate governance supportive of long-term decision-making and investment returns. The interpretation of environmental and social factors can vary in importance depending on the sector and geographic region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, are important considerations to calculating the opportunity in an equity investment.

Fundamental factors to consider vary by strategy, and may include:

- **Financial Analysis**
  Capital Structure, Balance Sheet Strength, Revenue Growth, Free Cash Flow, Earnings Growth, Return on Invested Capital, Leverage Ratios
- **Qualitative Evaluation**
  Executive Management, Business Model, Industry Growth, Barriers to Entry, Competitive Strength, Product Cycle, Macro Cycle
- **Environmental**
  Sustainable Sourcing, Emissions, Water Usage, Energy Dependency, Regulatory Impact, Waste Management
- **Social**
  Labour Practices, Data Privacy, Workplace Safety, Supply Chain Standards, Diversity, Community Action, Customer Support
- **Governance**
  Accounting Standards, Shareholder Rights, Voting Structure, Transparency, Compensation, Board Independence
- **Valuation**
  Discounted Cash Flow, Sum of the Parts, Dividend Payout, Price to Earnings, Price to Book, Free Cash Flow Yield, Enterprise Value/EBITDA (earnings before interest, taxes, depreciation, amortisation)

Fixed Income

Our fixed income investment philosophy is built on the belief that repeated and thorough application of ESG should contribute to long-term investment success. This is through seeking to support companies that already invest in a sustainable future, while encouraging change among those that have yet to commit to specific actions. We believe that by actively participating in a positive trajectory of change, we can benefit from this evolution as better ESG credentials should contribute to a lower cost of capital and improved risk-adjusted returns. Its core principles are:

1. Integration is fundamental
Consistent and rigorous ESG evaluation – combining top-down and bottom up views – is core to our fundamental analysis and portfolio construction.

2. Change is active and inclusive
Assessment of how ESG risks are being addressed and continued re-evaluation should lead to improved risk-adjusted returns.

3. Ongoing dialogue is integral to change
Active and continuous engagement is vital to facilitating change and informs how we shape portfolios.

4. Better outcomes arise from client connections
An ESG journey is by no means a static one and we connect with clients to understand their needs and tailor portfolios to these as requirements evolve.

Our ESG process blends top-down thematic research with bottom-up assessment and proactive engagement with issuers. The output of our proprietary ESG analysis is an in-house ESG rating for the issuers our credit teams invest in. These are shared globally across the fixed income platform. Robust ESG analysis is not simply a matter of evaluating a company's products and services, but also its sustainability, conduct, corporate governance and other considerations applicable to running the business. Analysis must evaluate a company's ESG disclosures as well as its forward-looking strategy. Investment decisions based only on backward-looking ESG metrics is sub-optimal. We adopt a forward-looking, dynamic approach to consider ESG risks and opportunities, allowing us to better understand the potential consequences and the likely response from credit borrowers. This is why we conduct proprietary ESG analysis and integrate it into our recommendations and processes, separately addressing each of the "E", "S", and "G" components. We incorporate the views of the broader responsible investment resources within Janus Henderson Investors, our fixed income research teams, and a variety of third-party tools into this analysis.

As with other risk metrics, we expect improving ESG risk profiles to lead to a lower cost of capital. Our teams assess the materiality of an issuer's ESG risks, but also focus on the underlying trends. An improving company is a potential outperformer. A company with material risks and deteriorating trends should be avoided or divested. A pragmatic trends-based approach is how our team prefers to implement an ESG policy rather than rely on blanket exclusion lists. Engagement allows us to corroborate whether an issuer is willing and able to navigate material risks. We inform companies that ESG issues are an important factor in our fundamental analysis and, therefore, our appetite to invest.

Multi-Asset & Diversified Alternatives

Janus Henderson manages a wide range of multi-asset solutions that offer clients a variety of outcomes. The implementation of ESG analysis in this group of strategies depends on the method of investment selection and portfolio construction.

Within the Multi-Asset team, ESG analysis is an important part of our investment process and is incorporated in the instrument selection across all asset classes. This is because positive environmental and social outcomes and good governance practices helps to drive financial returns. We recognise a range of ESG approaches such as screening, integration, thematic investing, and impact investing, and have chosen to use an ESG integration approach as the minimum level of ESG implementation across our strategies.

There are three key principles which form a cornerstone to our ESG integration process:

1. **Active ownership**

Stewardship of client capital is our primary responsibility and lies at the heart of our investment philosophy. As long-term active investors with a fiduciary duty towards our clients, we regard voting and engagement as a means of promoting good governance and management of relevant ESG issues.

2. **Risk management**

We believe that incorporating ESG considerations into our investment process helps reduce risks that our portfolios may be exposed to. To us, financial risk and ESG risk are two sides of the same coin. Therefore, in our security analysis we focus on material ESG risks, which are those that are reasonably likely to impact the financial condition or operating performance of a company.

3. **Alpha opportunities**

While we believe that incorporating ESG considerations into portfolio management can help mitigate portfolio risk, we also believe that it can also be a source of alpha opportunities. A possible opportunity here derives from owning companies with improving ESG profiles – so called ESG momentum – which can reward shareholders when improving ESG credentials are not fully reflected in the security price. We believe that active managers who incorporate ESG analysis into their investment processes are well placed to exploit these opportunities.

ESG investment policy implementation

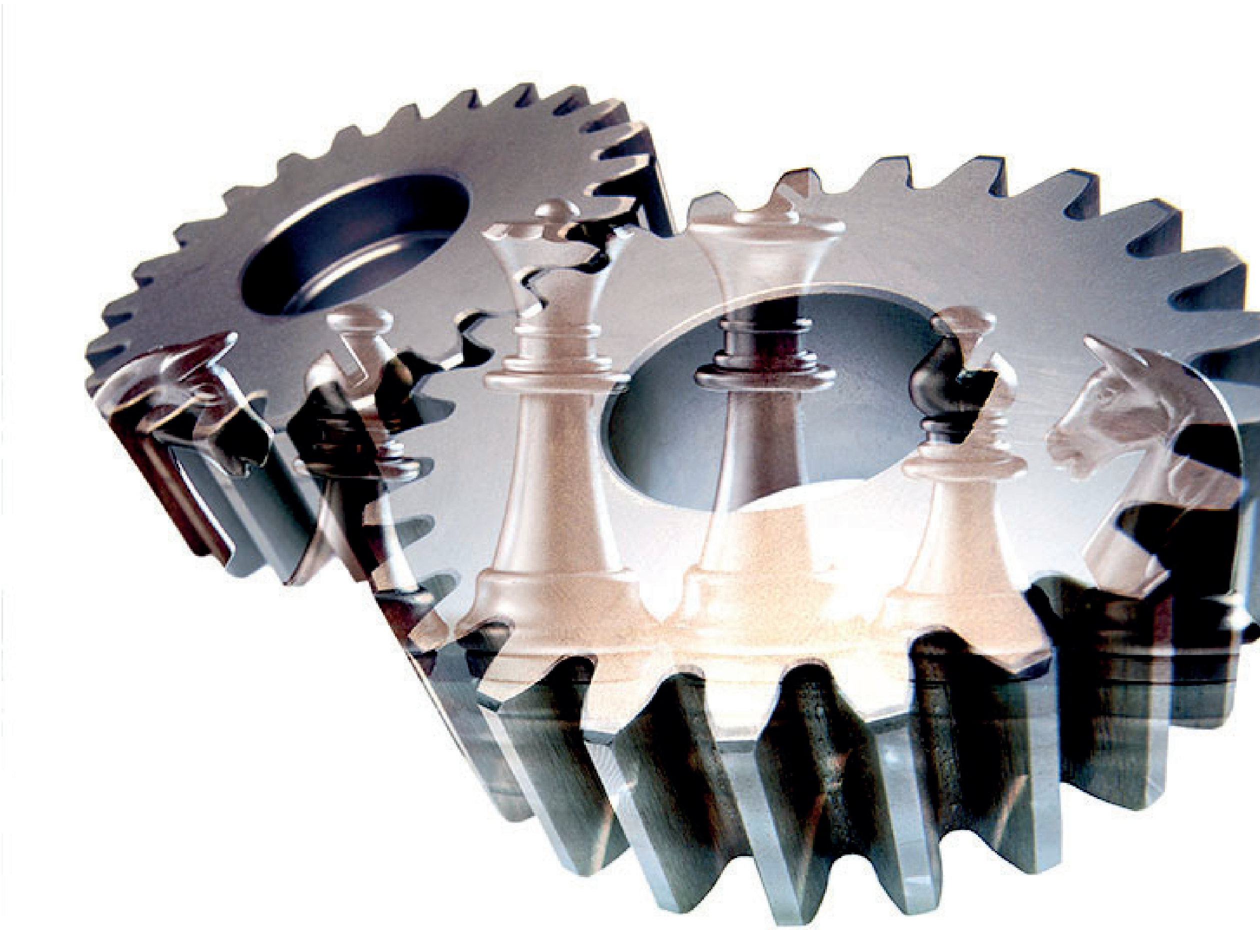
In 2022, we implemented our ESG Investment Policy, which sets out our approach to ESG investing, and ESG Governance and Oversight. The ESG Investment Policy highlights our core stewardship themes of climate change, diversity, equity & inclusion and corporate governance, and details baseline exclusions that apply on a firmwide basis. These exclusions cover current manufacture of or minority shareholding of 20% or greater in manufacturer of:

- Cluster munitions
- Anti-personnel mines
- Chemical weapons
- Biological weapons

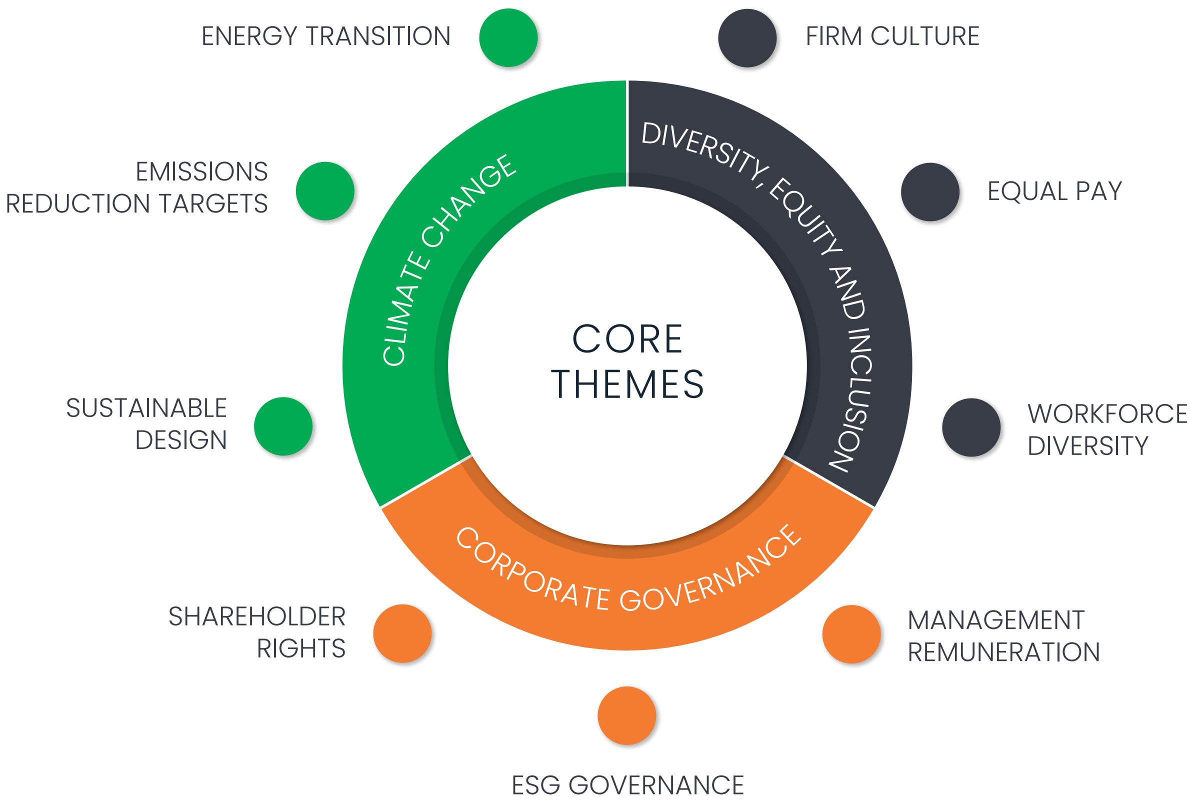
Engagement policy

The G&S Team supports the investment teams on relevant ESG issues and developing themes. As long-term active investors, we regard voting and engagement as a means of promoting strong corporate governance, accountability and management of relevant ESG issues. The team proactively partners with investment desks to coordinate thematic engagements about core sustainability themes, such as Climate Change, DEI, and Corporate Governance. The team also engages on relevant and emerging themes, such as biodiversity risk, circular economy, human rights issue in supply chain management.

At Janus Henderson, we believe in the critical importance of DEI both within our Company and in the way we invest. As a result, DEI is embedded in our engagement process with companies, where we hold issuers accountable for their progress on diversity and inclusion metrics.



For 2022 the ESG engagement topics covered were as follows:



Case study: ESG integration in Corporate Credit

Process in action - Tobacco evolution – defining leaders & laggards

Below is an example on how ESG risks are integrated in fundamental analysis of our Fixed Income team through rigorous ESG evaluation and continuous dialogue with the companies.

ESG ratings from third-party providers tend to be backward-looking. They analyse existing or previous ESG risk exposure and reaction but, in our view, often fail to capture future improvements. Only Dow Jones Sustainability data captures this through the share of research & development (R&D) dedicated to next generation products (NGPs). This is where analysis and engagement come to the fore in identifying and encouraging companies on an improving trajectory.

A sector example is tobacco, which has significant social risks. One US company has first-mover advantage in heat-not-burn (HNB) tobacco products and other nontobacco related technologies, such as asthma inhalers; it derives a significant portion of revenues from these NGPs, and has invested substantially in R&D here. It aims to move smokers from traditional tobacco to NGPs, as these are shown to remove a large part of the combustion related harm. To minimise the risk of unintended negative consequences from misuse, the company has stopped using social media to advertise its NGPs and are in the process of introducing age-verification control on purchases to prevent underage usage.

Our fixed income team engaged with the company to explore in more detail its future strategy and view of NGPs, in order to determine its status as a possible ESG leader compared to peers. This analysis highlighted the importance of looking at the proportion of revenues from NGPs as well as the percentage of R&D (and commercial) budget allocated to these products when comparing tobacco companies.

The company's goal to achieve half of revenues from NGPs by 2030 appears realistic. Considering its proactive approach to developing a credible NGP portfolio and track record in migrating revenues to help mitigate potential risks, we considered this as sufficient reason to assign the company a yellow ESG rating, a notch above the red sector rating. It is highly probable that at some point the regulator could also start scrutinising these NGPs, but for now, the regulator's focus is to shift consumption away from the more damaging combustible tobacco. Very high ESG risks reflected in the overall red sector rating for tobacco also recognise the potential risks associated with further taxes on the nicotine content in the new products.

Please also refer to Principle 9 on page 33 for company engagement and thematic engagement case studies that demonstrates how research, engagement (whether for insight or action) and analysis help various investment teams to integrate ESG into their strategies.

Principle 8 – Monitoring managers and service providers

Corporate governance and proxy voting

The Janus Henderson Proxy Voting Committee is responsible for ensuring sufficient oversight of the proxy voting service provider through periodic review of voting decisions, operational issues and conflicts of interest. Periodic due diligence includes (1) the adequacy and quality of the Proxy Voting Service's staffing, personnel, and/or technology; (2) disclosure from the Proxy Voting Service regarding its methodologies in formulating voting recommendations; and (3) whether the Proxy Voting Service has adequate policies and procedures to identify, disclose, and address actual and potential conflicts of interest.

Several members of the Proxy Voting Committee attended a meeting to conduct an annual review of the proxy voting service provider in December 2022. Based on the review of written material, discussion with ISS personnel, eexperience over the preceding year they confirmed back to the committee that in their view the proxy voting service provider remains qualified to continue serving as Janus Henderson's proxy voting vendor.

ESG research providers

Janus Henderson utilises a range of service providers for ESG related information including MSCI, Sustainalytics, RepRisk, Vigeo Eiris, IVIS (Institutional Voting Information Service), and ISS Climate Solutions. Various investment teams also utilise information from specialised data providers in order to support them for ESG research and engagement. A wide range of Janus Henderson personnel are involved in selecting research providers including representatives of investment teams and ESG specialists.

The rate of innovation and growth of the ESG research industry is extremely high, and we spend a considerable amount of time meeting and reviewing new service offerings. Overall, we believe there is considerable potential for improvement in data quality and robustness across all areas of ESG research including company ratings and raw company data such as carbon emissions. We therefore expect to continue to concentrate significant resources to reviewing the research landscape and where we see potential for improvements, bringing on new providers.

Engagement

Principle 9 – Engagement

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Janus Henderson entities support several stewardship codes, such as the UK and Japanese stewardship codes, and broader initiatives around the world including the UNPRI. Janus Henderson's investment teams share the results of company engagement and ESG research on a centralised research platform. Company engagement is tagged when ESG themes form a material component of the engagement.

How do we engage?

Methods of engagement vary depending on the type of engagement. Each investment team decides how they want to engage with a company, and this can take the form of meetings, calls and letters. In addition, investment teams will try to identify who is the most appropriate person within a company to engage with depending on the subject matter of the engagement.

As each team is responsible for assessing the financially material ESG issues applicable to their portfolio holdings, investment teams will develop different objectives for their company engagements. Investment teams hold meetings with companies throughout the year, many of which cover ESG issues. In addition, if the teams have specific ESG-related issues that they wish to discuss with a company they will frequently proactively organise engagements to address any concerns. The G&S Team also works with all investment teams to highlight potential areas for engagement on portfolio holdings. Objectives in terms of what we are seeking to achieve from more focused proactive engagement work are frequently set out in advance as part of pre-engagement preparation, and all engagements are recorded on our internal research platform.

Common features in our ESG engagement process

- We engage with fund holdings on material ESG issues.
- ESG issues are identified via internal risk reports, company meetings, site visits, sell side research, external ESG service providers and press coverage.
- Our preference is to engage with companies directly in meetings with management rather than publicly confront them, although this could occur as a last resort.
- Our investment teams seek to highlight areas for potential improvement, encourage disclosure on material ESG issues, and commend companies that are making progress in this area.
- Company engagement on ESG issues is primarily carried out on a direct basis with company management and indirectly via the proxy voting process.
- Each team has many company meetings each year. ESG is therefore frequently raised in the direct meetings.

Note: We do not pursue a one-size-fits-all approach. Each investment team decides how they want to engage with a company team and are responsible for articulating their specific engagement objectives.

Active ownership for improved standards and better outcomes

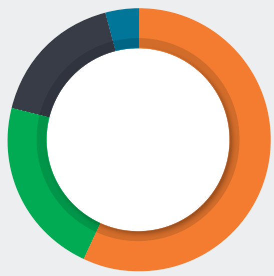
As a responsible steward of capital, Janus Henderson aims to maximise long-term value for our clients. We are committed to engaging with investee companies and voting proxies to increase long-term value, including encouraging issuers to mitigate material ESG risks as appropriate.

2022 STEWARDSHIP HIGHLIGHTS

- We recorded more than 1,100 company engagements in 2022 in which ESG topics were part of the discussion.
- We voted at over 5,900 meetings with over 62,000 items where ESG topics were part of the discussion.
- For the second year, we attained signatory status of the Financial Reporting Council's UK Stewardship Code 2020.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Climate Change	Human Capital	Capital Allocation & Strategy
Recycling/Plastics/ Packaging/Waste	Workforce Diversity & Equality	Management Remuneration
Land Use & Biodiversity	Supply Chain/ Human Rights	Board Independence & Composition
Sustainable Design & Products	Communities	Audit, Accounting & Risk
Water	Data Security & Privacy	Succession Planning
Chemical/Pollution	Consumer & Products	Management Change
Real Estate Sustainability	Access to Medicine	Business Ethics, Culture & Purpose
Green Bonds/ Green Financing/ Green Revenue	Food, Nutrition & Health	Board Oversight of ESG

2022 COMPANY ENGAGEMENTS BY TYPE



Source: Janus Henderson Investors, December 2022.

Above and beyond the expectation that investment teams incorporate ESG considerations in issuer engagement as appropriate to individual circumstances, we also ask teams to proactively engage on the following core engagement themes:

CLIMATE CHANGE

DIVERSITY, EQUITY AND INCLUSION

CORPORATE GOVERNANCE

Engagement on the core themes in directly in alignment with Janus Henderson's mission to achieve superior financial outcomes through differentiated insights, disciplined investments, and world-class service.

By engaging on the core themes, we are able to understand and analyse risk / return profile of the issuer, protect our interest and encourage issuers to take action that could create long term value for its stakeholders and our clients.

Engagement case studies

Below is a range of case studies detailing specific company engagements and thematic engagements that were carried out during the reporting year.

Company specific

Sector: Oil & gas	**Topic:** Carbon footprint and decarbonisation	**Geography:** Europe	**Asset Class:** Fixed income
Rationale for Engagement			
Engagement with an international energy company to understand and discuss the company's transition plans and implementation process. The purpose of engagement was to understand and discuss how company may be impacted by material climate risks and opportunities and how these factors are considered within strategy in a manner consistent with the company's business model and sector. We also wanted to push the company to improve transparency around carbon offsets, capex breakdown etc.			
What did we do?			
Discussions were held with the company's executives on carbon transition plans. The company explained its plan to significantly scale up its low-carbon business, invest in new technologies and lower carbon emissions as part of its decarbonisation goals. It also detailed how, as a group, it was targeting a reduction in its Scope 1, 2 and 3 emissions and its reliance on 'high-quality offsets' for a small proportion. Engagement provided us with an opportunity to: 1. Convey our reservations about carbon-offset strategies. 2. Stress the need for improved reporting on the company's capex breakdown and carbon-offset targets and - given that shorter-term goals were missing from the existing strategy - request elaboration on how the company will achieve its transition targets over the next few years. 3. Suggest to the company that it investigates a green framework for its future issuance to solidify its transition strategy with binding commitments.			
Outcome and next steps			
While the company's transition strategy is broadly in line with other major oil and gas groups in Europe, its starting point is more advanced than its peers, given lower CO_2 and methane emissions. Moreover, Europe's current energy crisis should result in further investment into the company's decarbonisation goals. While activity change cannot be immediate, the expectation is to see management reflecting on the future business model and clarifying the targeted future contributions from all business lines. The company agreed to provide regular reports on its progress. We remain in active conversation with company management to assess whether all our feedback has been acted upon.			

Sector: Consumer discretionary	**Topic:** Driver and riders welfare / data security	**Geography:** China	**Asset Class:** Equities
Rationale for Engagement			
Engaged with Chinese e-commerce player as part of Asia Corporate Governance Association's (ACGA) collaborative engagement. The longstanding engagement with the company was focused on three areas: rider welfare, data privacy & cybersecurity, and Board governance. The objective of engagement was to understand the company's preparedness in managing material ESG issues that could impact long-term financial performance of the company.			
What did we do?			
Through AGCA, discussion was arranged with company executives. Discussion involved understanding the company's relationship with drivers, riders' wellbeing, safety and training, coverage of riders' initiatives and driver wages. We encouraged further disclosure of metrics around riders in its next ESG/annual report. Regarding data security, we discussed protocol for breaches, governance of cybersecurity at Board level, data privacy and user tracking. We also discussed Board diversity and effectiveness. We encouraged the adoption of global reporting standards and disclosing measures for data privacy and cybersecurity issues.			
Outcome and next steps			
The collaborative engagement provided good insight into the company and its practices. The investor group will reconvene in 2023 to discuss progress made by the company and need for follow-up.			

Sector: Leisure/transport	**Topic:** Corporate governance and ESG reporting	**Geography:** Japan	**Asset Class:** Equities
Rationale for Engagement			
We engaged with a large Japanese consumer goods company as part of an initiative led by the ACGA, to facilitate collaborate engagement with Japanese companies on corporate governance. (JHI actively participates in collaborative engagement where we consider that this has the clear potential to be more effective than our own engagement alone.) The company was selected on the basis of a range of quantitative and qualitative factors, which identified it as a laggard versus local market peers. The group identified a number of objectives as part of the engagement including improvements to Board independence and diversity, increased independent audit oversight, and improvements to ESG reporting and transparency. We believed improving these issues could drive better governance and improve long-term financial performance of the company.			
What did we do?			
During the year, multiple calls were arranged with the company. On each occasion a senior manager was put forward by the company to lead the dialogue. JHI was an active participant in all calls (in a supporting role) and pre/post meeting calls with the investor group. There has not yet been a direct impact on proxy voting activity but this remains under review.			
Outcome and next steps			
The engagement has been successful in raising a wide range of corporate governance and ESG issues with the company, and on gaining a much higher level of understanding about company policy and practices. The company has been in the process of introducing a new corporate governance system, including major changes to the Board of Directors and decision-making processes, which has been an important backdrop to the engagement. The engagement is ongoing, and we continue to press the company for improvements on Board diversity and ESG reporting as well as pushing for the opportunity to speak to a wider range of company representatives (including board directors). It is not possible to attribute specific changes at the company to this engagement activity. However, feedback from the company indicates that this engagement has been useful in highlighting investor views and priorities on governance and ESG to the Board during a period when significant changes are being made.			

<table>
<tr><td>Sector:
Consumer discretionary</td><td>Topic:
Carbon reduction targets / EEO1 / supply chain sustainability</td><td>Geography:
US</td><td>Asset Class:
Equities</td></tr>
<tr><td colspan="4">Rationale for Engagement</td></tr>
<tr><td colspan="4">This was a follow-up engagement with an American retail company. In 2021, we started a discussion with the company on a wide range of ESG topics relevant to its business. We have been a longstanding shareholder in the company and pushed the company to build strong ESG credentials that helps create long-term, sustainable value for its stakeholders.</td></tr>
<tr><td colspan="4">What did we do?</td></tr>
<tr><td colspan="4">The investment team and G&S Team met with senior management of the company in 2021 and followed up in 2022. The follow-up discussion was to monitor progress on labour relations, emission reduction goals and vendor sustainability.</td></tr>
<tr><td colspan="4">Outcome and next steps</td></tr>
<tr><td colspan="4">We were pleased to see that the company had taken both recommendations onboard and has since publicly disclosed its EEO-1 diversity statistics, and adopted our recommendations for setting carbon reduction goals.

Discussion this time involved understanding how the company monitors employee satisfaction and management communication with its workforce. The company also explained work undertaken with vendors to ensure compliance with sustainability goals. The engagement gave us an additional opportunity to encourage the company to initiate disclosure under CDP.

This is an ongoing engagement, and we continue to discuss and monitor progress made by the company on the above E and S topics.</td></tr>
</table>

<table>
<tr><td>Sector:
Communication services</td><td>Topic:
Governance: privacy, data security and disclosures</td><td>Geography:
US</td><td>Asset Class:
Equities</td></tr>
<tr><td colspan="4">Rationale for Engagement</td></tr>
<tr><td colspan="4">We have engaged with this US-based social media company over several years, seeking to encourage improvements to corporate governance. The engagement also focused to address a broad range of concerns around privacy and data security, a key factor affecting company’s long-term prospects.</td></tr>
<tr><td colspan="4">What did we do?</td></tr>
<tr><td colspan="4">This resulted in several meetings, initially with the global head of content and human rights. Whilst we have seen some positive initiatives, such as the company becoming a UN Global Compact (UNGC) signatory, the company’s practices on the key issue of senior management alignment with user welfare and human rights continue to raise concerns. In 2022, we engaged with the company further to explain and discuss this issue.

As part of the engagement, we gave examples of potential metrics to include in reports in order to provide a more holistic measure of ESG alignment. Examples of these user metrics included the response time relating to user concerns alongside other mental health and meaningful group engagement statistics. However, we made it clear that the company is far better-placed to set its own transparent alignment targets. At the 2022 annual general meeting (AGM), we voted in favour of shareholder proposals calling for an independent Board Chair and reporting on third party human rights impact assessment, consistent with our engagement.</td></tr>
<tr><td colspan="4">Outcome and next steps</td></tr>
<tr><td colspan="4">We will continue to engage on these issues with senior management and will look to escalate where possible to ensure progress continues to be made.</td></tr>
</table>

Sector: Construction	**Topic:** Carbon emissions	**Geography:** Europe	**Asset Class:** Fixed income
Rationale for Engagement			
Engagement with an Irish building materials company to understand progress towards its 2050 net zero goal, a key factor affecting company's long-term prospects. During 2022, two formal engagements were conducted with the company, which noted that good progress had been made.			
What did we do?			
The initial engagement with the company was primarily focussed on understanding the company's roadmap to net zero. The company explained that the key aspect to achieve its net zero plan was to move all cement production to Portland-limestone cement (PLC) and then increase the limestone content in PLC to levels not currently in use. It was understood during the discussion that the required technologies were yet to be built that would enable the company to meet its net zero target, hence the need to regularly engage with its management. A follow-up discussion was held later during the year to understand the progress towards the 2050 goal, specifically regarding the cement plants' conversion to produce 100% PLC. The company updated us on successful conversion of both cement plants and an increase in the target for limestone content within PLC to 20%. The company also informed us of positive customer feedback and its desire for lower-emission cement to go into its concrete. Discussion was also held regarding the company's potential pilot of sustainable concrete technology, the challenges involved, and plans to scale up.			
Outcome and next steps			
The company made very encouraging progress towards its 2030 and 2050 goals over a series of engagements, which resulted in improved issuer rating (internal) during the year. Later in the year, the company also confirmed that it had successfully produced a 20% PLC in a research project, corresponding with a carbon reduction of 18-20% versus traditional portland cement as indicated above. We continue to monitor and engage with the company to encourage further progress towards a less highly intensive model of its business.			

Sector: Capital goods	**Topic:** Carbon emissions; transparency and disclosure	**Geography:** US / Europe	**Asset Class:** Fixed income
Rationale for Engagement			
Engagement with an aviation leasing company pursuant to release of its 2021 ESG report. Earlier engagements with the company led it to report its scope 3 emissions data. We followed up with a call with company management to discuss the key focus areas of their ESG strategy relating to the new disclosures. We also wanted to understand the risks and opportunities associated with emissions across the entire value chain.			
What did we do?			
Discussion focused on understanding the company's rationale for not setting net zero target and the challenges faced. The company also explained efforts taken in developing and implementing various measures, such as new fleet technology and sustainable aviation fuel.			
Outcome and next steps			
The fact that the company is starting to disclose on Scope 3 emissions is good start and an important outcome of our engagement. Given the company is exposed to material ESG risks, we will continue to monitor and engage with it on progress and improvements made.			

Sector: Airlines	**Topic:** Board composition and executive compensation	**Geography:** United Kingdom	**Asset Class:** Equities
Rationale for Engagement			
We engaged with this British airline company ahead of its 2022 AGM given a lack of diversity and independence on its Board. We also had concerns regarding design and disclosures of executive compensation. We believe effective board composition and appropriate compensation structures are critical to economic success of the company and protection of shareholders' interest.			
What did we do?			
The central G&S Team, along with the investment team, conducted a focused call with the Chairman and non-executive director to discuss the above issues and understand their perspective.			
Outcome and next steps			
The engagement allowed us to gain access to the Chair and non-executive director at the company, which had previously been a challenge. It allowed us to understand the steps taken by the company in improving diversity and independence of the Board. It also enabled us to challenge the existing compensation structure and support the company's proposal to move to a more structured compensation structure for the executives from next year. On the basis of the engagement, the investment teams decided to vote at the company's upcoming meeting to support management on executive compensation and push it to improve Board composition. We will continue to monitor progress made and engage with the company.			

Sector: Consumer discretionary – food retailing	**Topic:** Animal health & welfare in food production	**Geography:** US	**Asset Class:** Equities
Rationale for Engagement			
This was part of ongoing engagement with a global food service retailer of which we are a long-standing shareholder. Earlier engagement involved discussion about the franchisee's employee rights and protections. In 2022, engagement also involved discussion about a proxy battle initiated by an activist investor owing to concerns about poor animal welfare in the company's supply chain (a material aspect of company's operations).			
What did we do?			
Engagement involved talking to the company and activist investor. Discussions were also held with proposed Board nominees of the activist, understanding their perspective and case for change.			
Outcome and next steps			
Pursuant to engagement the majority of JHI's shareholders voted against the Chair of the sustainability & corporate responsibility committee. JHI also abstained from voting in favour of the Board Chair due to long tenure and the Board's response to some of the governance matters. Given pressure from the activist investor and subsequent shareholder scrutiny into the company's protein sourcing policies, the company decided to add three new independent Board members. During the year, numerous discussions were conducted with the company in which we regularly communicated our expectation for it to be a leader in driving improved protein supply chain sourcing practices and disclosure.			

Sector: Gaming	**Topic:** Corporate culture, diversity and inclusion	**Geography:** Japan	**Asset Class:** Equities
Rationale for Engagement			
Engagement with a Japanese consumer electronics and video game company pursuant to lack of gender diversity at Board level and negative press reporting regarding its workplace culture. Diversity-related public disclosures by the company were also minimal. We believed dialogue on these issues could drive transparency and improve long-term financial performance of the company.			
What did we do?			
Engagement was held with company executives to discuss gender diversity and workplace culture. Company executives informed us about an ongoing investigation into the issue. They also acknowledged lack of diversity at Board level and are looking at ways to improve this. Discussion provided insight into employee turnover, which remains low both globally and in Japan.			
Outcome and next steps			
We plan to follow up with the company post the completion of investigation to discuss its outcome and next steps. We intend to continue to push to improve gender diversity at Board and across its workforce.			

Sector: Healthcare	**Topic:** Environmental impact/ litigation risk	**Geography:** Europe	**Asset Class:** Equities & fixed income
Rationale for Engagement			
Engagement with a European healthcare company whose large cross border acquisition notoriously resulted in destruction of shareholder value over the past years. Owing to the acquisition the company has grappled with significant environmental claims and litigations relating to the acquired company.			
What did we do?			
Multiple discussions were held with company to discuss legacy issues, ongoing litigation, settlement & outcome and potential environmental litigation risk. During the discussion we also raised concern over CEO's performance who oversaw the value destructive acquisition and need for succession planning.			
Outcome and next steps			
The engagement resulted in interesting outcome. Basis the engagement, one of our investment teams downgraded the company's ESG rating to the lowest level. It intends to consider reclassification of the ESG rating once substantial litigation risk has been mitigated and investors are given more clarity on pending governance and other issues. At company's front, growing investor scrutiny and pressure resulted in CEO deciding to step down and Board deciding to look for a suitable replacement.			

Thematic Dialogue on Governance, Social and Environment Topics

Theme	Started	Status
Methane/ flaring from oil & gas industry	2022	Ongoing
DEI within asset management	2022	Ongoing
Say on climate proposals at banks and financial services firms	2022	Ongoing
Corporate governance at privately owned telecom companies	2022	Completed
Human rights: exposure to Xinjiang cotton	2022	Ongoing
Biodiversity impact of oil projects	2022	Ongoing
UK water companies: wastewater discharges to rivers	2022	Ongoing
Rare earth minerals disclosure amongst electronic parts manufacturers	2022	Ongoing
Financial crime within banking sector	2022	Completed
Circular design within apparel industry	2022	Ongoing
Human rights in apparel supply chain	2022	Ongoing
Harassment in mining sector	2022	Ongoing
Disclosure to CDP	2022	Ongoing
Clinical trial diversity	2021	Ongoing
Human rights & modern slavery in mining sector	2021	Ongoing
Recycling by UK Smaller Companies Team	2022	Ongoing
Cost of living crisis by UK Smaller Companies Team	2022	Completed

Thematic engagement case-studies

<table>
<tr><td>Sector:
Oil & gas</td><td>Engagement theme:
Methane/flaring from oil & gas industry</td><td>Geography:
Europe</td><td>Asset Class:
Equities</td></tr>
<tr><td colspan="4">Rationale for Engagement</td></tr>
<tr><td colspan="4">Methane has ~80x the warming power of CO2, and despite not being as long-lasting, is sets the pace for global warming in the near term. There is increasing coverage of how methane leaks have been previously underestimated and are a much greater climate risk than predicted. From an investment perspective, there is a clear financial incentive to encourage Oil & Gas companies to reduce methane leaks, particularly when gas prices are high. Regulations are also starting to catchup to this issue, at COP26 100 countries pledged to cut methane emissions by 30% by 2030, and Oil & Gas majors are developing a The Oil & Gas Methane Partnership (OGMP) 2.0 reporting framework as a gold standard for reporting on methane. However, the issue persists. Last month a BBC investigation reported that communities in Iraq living close to Rumaila oil fields where gas is openly burned were at elevated risks of leukaemia. In 2019 Iraq accounted for 9% of global methane emissions, with wasted gas estimated to be worth USD 1.5 billion, enough to power 3 million homes.</td></tr>
<tr><td colspan="4">What did we do?</td></tr>
<tr><td colspan="4">We conducted engagements with three European Oil & Gas majors to specifically discuss methane emissions and the practice of flaring. In order to understand their approach to tackling methane emissions, to understand where the problem areas still exist, the level of visibility the companies have on this issue, and the barriers to reaching zero-flaring practices and eliminating fugitive methane emissions completely. We had email exchanges on certain topics and organised calls with each company.</td></tr>
<tr><td colspan="4">Outcome and next steps</td></tr>
<tr><td colspan="4">The engagements with the companies provided lot of insights. We understand there is lot of discrepancy between company reported methane data and satellite data, with media reports flagging issues of underreporting in numerous countries.

After the calls and further research on this issue, we followed up with each company asking for more disclosure and transparency regarding methane (on partnerships; progress being made on data accuracy; what is in versus out of scope of methane reporting and why; which assets are difficult to monitor etc) as this will provide investors with more comfort that companies are taking action to address this issue.

We encouraged a clearer breakdown of emissions disclosure (by operated versus non-operated assets; by region; by emission type – i.e., flaring/venting/ fugitive emissions). When conducting the company’s data collection exercise, we encouraged casting the largest possible net to include all methane emissions potentially associated with its business, including third party traded liquefied natural gas. The more visibility companies have of associated methane, the more likelihood of avoiding reputational damage associated with pollutive operators.

We also encouraged greater industry collaboration to address practices of venting/flaring and fugitive emissions in under-resourced methane hotspots (e.g., Iraq, Iran, Algeria, Nigeria, Libya etc) sharing expertise and improving capacity-building to mitigate this risk before it leads to further environmental pollution and community health risks like those reported in Iraq.

Lastly, we encouraged more ambitious and specific targets around methane, moving to absolute targets from intensity targets (and creating more targets focused on non-operated assets etc).</td></tr>
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Sector: Telecom	**Engagement theme:** Corporate governance at privately-owned telecom companies	**Geography:** Europe	**Asset Class:** Fixed income
Rationale for Engagement			
Proactive engagement with two European privately-owned telecom companies on corporate governance as these could materially affect long-term financial outcomes.			
What did we do?			
During the year, a meeting was organised with the general counsel and investor relations of these companies to discuss their existing governance structure and best practices. Both companies were recently delisted. Discussion allowed us to highlight the challenges bond investors face in privately-owned set-ups given ownership structure and fewer disclosures.			
Outcome and next steps			
The engagement allowed us to compare and contrast corporate governance practices at both companies. While one company retained most of the governance structure typically seen at listed companies, the other company had significantly scaled down listed company governance requirements. After the meeting, we held regular exchanges with these companies. We provided them with recommendations to be adopted in a proactive and timely manner that could help in further boosting investor confidence. The companies also came back with their perspectives and approach to addressing some of our recommendations. During 2023, we will follow up engagements with these companies, focusing more on ESG governance, environmental commitments and progress made thereunder.			

Sector: Retail	**Engagement theme:** Human rights: exposure to Xinjiang cotton	**Geography:** China	**Asset Class:** Equities
Rationale for Engagement			
Proactive engagement with Chinese suppliers and manufacturers, multinational sports companies and Chinese apparel companies in light of the Uyghur Forced Labour Prevention Act. It was essential to engage and understand companies' exposure to this legislation as not being able to access the US market could have material financial consequences on some of these Chinese suppliers and manufacturers.			
What did we do?			
Discussion focused on how companies were auditing their supply chain and addressing human rights violations. This also involved multiple engagements with global sports brands on human rights within their supply chains and shareholder proposals received on sourcing cotton from Xinjiang. We encouraged further disclosure regarding human rights policies/practices where appropriate, including disclosure of supplier code of conduct and a list of tier 1 suppliers.			
Outcome and next steps			
This is an ongoing topic that we will continue to monitor and engage companies on. The issue is complex and politically sensitive, however all the companies we spoke to are trying to improve transparency and disclosure around human rights within their supply chains.			

Sector:	Topic:	Geography:	Asset Class:
Financial services	DEI within asset management	United Kingdom	Equities

Rationale for Engagement

Diversity of thought is an key driver of long-term shareholder and bond-holder value creation. Within the UK asset management industry, we conducted proactive engagements with two companies to understand the steps taken to foster DEI within their organisations. This was done to assess how these asset management firms aim to increase workforce diversity and compare their DEI practices to peers.

What did we do?

In 2022, calls were arranged with the relevant executives at each of the asset management firms. Discussions were focused on company policies and practices in talent management, diversity-related disclosure and future commitments to improve diversity across the organisation.

Outcome and next steps

While diversity in terms of gender and ethnicity continues to be lacking across the asset management industry as a whole, the companies identified DEI as a material issue and are taking steps to address the imbalance. It was encouraging to see improved polices on maternity & paternity leave and reverse mentoring, as well as efforts to reduce turnover levels and gender pay gap disclosures.

Discussions also allowed us to push companies lagging in this area and understand challenges faced in terms of recruitment and monitoring. The consensual view amongst the asset managers surveyed is that in order to improve diversity, significant steps must be taken at the graduate intake level. This will allow more diverse employees to enter the industry and help broaden the employee base. Ongoing engagement with these firms will seek to continue to further improve their DEI reporting and performance.

Sector:	Topic:	Geography:	Asset Class:
BFSI	Say on climate proposals at banks and financial services firms	United Kingdom and Europe	Equities

Rationale for Engagement

Climate risk continues to be a core engagement theme across our investments. For many financial institutions, climate change has emerged as a material financial risk. These firms' proposals were of varying nature – some were very detailed others were very basic, making it difficult to decide whether to support them or not. Accordingly, we decided to engage with these firms directly, as banks and financial services firms play an important role in supporting the transition to a net-zero economy.

What did we do?

During the first half of 2022, we engaged with these banks and financial services firms, or participated in UK Investor Forum facilitated meetings, to get insights on their views on climate proposals.

Outcome and next steps

The engagement allowed us to understand each bank's rationale for proposing a shareholder vote, the feedback received from various stakeholders on the plan, and each firm's intentions in the medium and long term. We learned that their plans were subject to various factors, including evolving technology, regulatory frameworks, transition plans adopted by in-scope customers, and available climate-related data. We also challenged banks which were either too late in setting climate action plans or that had insufficiently detailed plans. The investments teams leveraged the engagement to support and push management on the proposed climate action plan. We will continue to monitor these firms to see how their climate action plans evolve.

Sector: Banks	Topic: Financial crime within banking sector	Geography: Europe	Asset Class: Fixed income
Rationale for Engagement			
Governance failings and financial crime, in particular, can have material consequences for banks, not only in terms of sizeable financial sanctions but also reputational risk. The latter can significantly impact their franchises and access to funding. There have been a few high-profile examples in recent years, which have affected banks' credit spreads.			
What did we do?			
Through our engagement with some European banks, we found that they have increased their focus on fighting financial crime and their capabilities to do so, partly due to higher regulatory scrutiny. Many have established dedicated centralised anti-crime functions reporting directly or indirectly to their Boards and hired more compliance and internal control personnel, as well as providing regular training to employees. It was, however, difficult to obtain comparable numerical data on the investments made and headcount added in these fields so we have encouraged banks to provide this data. We noted that remuneration structures based on financial targets, on occasion, encouraged inappropriate risk taking. Many interviewed banks highlighted a reduction in the variable portion of remuneration packages, as well as ongoing work to incorporate more long-term key performance indicators (KPIs) into evaluation processes. We also positively noted efforts to instil a more ethical risk culture across banks, with many citing improved whistleblowing procedures. That said, it is difficult to assess how profound the changes have been in terms of better outcomes until more data emerges as time passes.			
Outcome and next steps			
One bank we follow had been given a Sustainalytics 'watchlist' status in relation to Principle 10 of the UNGC regarding anti-corruption and we met with management to assess governance issues. We discussed the changes made to address these concerns, such as re-focused training and management incentives, as well as installing a whistleblowing team that ensures easier access to report any issues and complaints. This in turn helps enforce better standards. The bank now publishes an annual ESG report and disclosures on governance issues against external ESG benchmarks. This shift has seen a significant fall in governance controversies. We believe that the bank has taken considerable steps to address previous governance concerns, which are largely historic.			

Sector: Oil & gas	Engagement theme: Biodiversity impact of oil projects	Geography: Europe	Asset Class: Equities
Rationale for Engagement			
Engagement with European oil & gas majors on some of their projects to understand how they were taking biodiversity considerations into account to ensure a 'net positive' result on the area they are operating in. Some of these projects have also been subject to litigations and criticism by climate activists. Engagement was also to understand how companies evaluate and manage material sustainability-related risks and opportunities involved in their upcoming projects.			
What did we do?			
Multiple discussions were arranged with company executives during the year. With one company, we discussed in detail biodiversity risk, conservation efforts, community impact (land acquisition and resettlement), public backlash and impact on the company's carbon strategy in light of very large project. A meeting was also arranged with the chief executive of one company to understand his perspective.			
Outcome and next steps			
Discussion with the companies provided practical insight into how companies assess impact on biodiversity for upcoming projects. Companies also provided responses to issues raised by various stakeholders and updates on ongoing litigations. We will follow up with the companies in the coming year for updates.			

Sector: Utilities	**Topic:** UK water companies: wastewater discharges to rivers	**Geography:** United Kingdom	**Asset Class:** Equities
Rationale for Engagement			
In late 2021 the Environmental Agency (EA) and Ofwat (the water regulator) announced separate major investigations into potential widespread non-compliance by water and sewerage companies at wastewater treatment works. Water companies have been accused of failing to comply with their regulatory requirements around effective measurement and control of sewage discharges to rivers. The rationale for our engagement was to better understand the risk of water companies incurring financial penalties or other regulatory sanctions.			
What did we do?			
Over 2022 we have engaged with management and Boards of the UK water companies where we are a shareholder on these issues to review their performance and the steps being taken to measure and limit sewage discharges as well as broader environmental performance issues.			
Outcome and next steps			
This engagement has revealed longstanding legacy issues from old infrastructure and underinvestment, contrasting industry performance track records and growing regulatory risk. Whilst the results of the two regulatory investigations are ongoing, it is clear that the industry as a whole has a huge challenge to respond to growing public anger and demands for cleaning up rivers. We will continue to engage with water companies on this issue in 2023. In addition, we are actively reviewing opportunities for wider collaborative engagement/stakeholder engagement on this topic through initiatives such the UK Investor Forum.			

Sector: Electronics	**Topic:** Rare earth minerals disclosure amongst electronic parts manufacturers	**Geography:** North America	**Asset Class:** Equities
Rationale for Engagement			
Rare earth minerals will continue to be increasingly critical in the decarbonisation transition as they are heavily utilised in manufacturing of all manner of electrical components. A recent news report revealed increasing use of rare earth minerals is resulting in environmental destruction, theft of land, and supporting of militia. However, rare earth minerals have not been included in the list of conflict minerals and therefore do not receive the same policies on use and scrutiny in supply chain origins. Yet the potential harm from some rare earth mineral mining is similar. There are not currently any initiatives or organisations encouraging or tracking rare earth mineral origins, so we elected to begin engaging with various electronics parts manufacturers to understand if they are aware of the societal harms, any actions they might be taking to monitor their supply chains, and to encourage tracking, disclosing, and modifying supply chains accordingly. The rationale of our engagement was to better understand the supply chain risks and impact on reputation and company performance.			
What did we do?			
Engaged with two American companies to discuss the topic of rare earth minerals. Both companies did not seem to be aware of the issue. At the end of each meeting the companies were encouraged to disclose the regions for sources of their rare earth minerals.			
Outcome and next steps			
We will continue to meet, and discuss the issue of rare earth mineral origin tracking and disclosure, with electronics parts manufacturers. If the lack of awareness persists, we will first start with an internal discussion regarding the development of an engagement strategy to encourage tracking and disclosure.			

<table>
<tr><td>Sector:
Consumer staples - retail</td><td>Engagement theme:
Circular design within apparel industry</td></tr>
<tr><td colspan="2">Rationale for Engagement</td></tr>
<tr><td colspan="2">The circular economy is an important topic for engagement with companies. This is because circular business models invariably offer solutions to problems such as climate change, biodiversity and are expected to demonstrate strong secular growth that will drive cash flows. Accordingly, we increasingly engage with companies to understand how the circular economy is built into their design and planning stage.</td></tr>
<tr><td colspan="2">What did we do?</td></tr>
<tr><td colspan="2">Engaged with two global brands based in the US on circularity of their products. Discussion involved understanding sustainable ranges introduced by both these brands and recycling/'take back' schemes offered. We also engaged with global sports brand on improving transparency around their recycling or 'take back' schemes.</td></tr>
<tr><td colspan="2">Outcome and next steps</td></tr>
<tr><td colspan="2">We will continue to engage, monitor the level of transparency and reporting on this topic.</td></tr>
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<table>
<tr><td>Sector:
Consumer discretionary - retail</td><td>Engagement theme:
Human rights in apparel supply chain</td><td>Geography:
Europe</td><td>Asset Class:
Equities</td></tr>
<tr><td colspan="4">Rationale for Engagement</td></tr>
<tr><td colspan="4">Engagement with two multinational retailers based in UK pursuant to several reports highlighting labour abuses occurring within apparel companies' supply chains (a material aspect of company's operation).</td></tr>
<tr><td colspan="4">What did we do?</td></tr>
<tr><td colspan="4">Engaged with two multinational retailers to understand their sourcing policies and practices, company oversight and audit of supply chains. This involved meetings with company executives in charge of supplier ethical compliance and responsible sourcing for apparel.</td></tr>
<tr><td colspan="4">Outcome and next steps</td></tr>
<tr><td colspan="4">Discussion was focused on getting a deep understanding of measures taken to ensure protection of labour rights in supply chain. Discussion also provided insight into how companies regularly evaluate country-wise human rights issues. It was encouraging to see companies considered supply chain as a material risk to operations and have actively taken steps to improve oversight and practices. Companies also explained the importance of local presence on the ground in all key sourcing countries in having strong relationships with factories and conducting frequent site visits/auditing.</td></tr>
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<tr><td>Sector:
Mining</td><td>Engagement theme:
Harassment in the mining sector</td><td>Asset Class:
Equities & fixed income</td></tr>
<tr><td colspan="3">Rationale for Engagement</td></tr>
<tr><td colspan="3">Proactive engagement with numerous mining companies on the back of a workplace report released by one mining company that became subject to significant reputational harm. Additionally, a governmental inquiry into the subject revealed systemic harassment occurring within the Fly-In Fly-Out (FIFO) mining industry.</td></tr>
<tr><td colspan="3">What did we do?</td></tr>
<tr><td colspan="3">We reached out to five mining companies to understand whether an internal inquiry had been conducted within the business, whether the findings had been made public, what steps had since been taken, and how the company was measuring progress/improvement. We then conducted a peer analysis identifying best practice and responded to each company providing feedback on current practices, flagging areas for further improvement.</td></tr>
<tr><td colspan="3">Outcome and next steps</td></tr>
<tr><td colspan="3">This is an ongoing engagement. Given the complexity of the issue, improvements will only be visible over a period of time. We therefore intend to follow up on this issue in coming year with our portfolio companies to monitor how company and overall industry overall is progressing.</td></tr>
</table>

Engagement theme: Disclosure to CDP
Rationale for Engagement
CDP works to encourage companies to disclose their impacts on the environment and natural resources and take action to reduce them. It now holds the largest collection of primary climate change, water, and forest-risk information globally. Janus Henderson supports CDP through direct engagement with investee companies, encouraging them to improve climate-related disclosures that enables us to evaluate company-specific climate-related risk and opportunities.
What did we do?
Encouraged numerous companies - specifically American, Chinese and European smaller companies - to disclose to the CDP.
Outcome and next steps
This is an ongoing engagement. We will continue to engage and monitor each of the company's' progress. There is an annual CDP submission so we will monitor progress on an annual basis. However, we have been pleased to see increasing submissions to CDP over the years.

Engagement theme: Clinical trial diversity	**Geography:** Pharmaceutical & healthcare	**Asset Class:** Equities
Rationale for Engagement		
During 2022 we continued with our ongoing thematic engagement with large pharmaceutical companies on increasing their clinical trial diversity that could drive better long-term outcome for the company, its patients and shareholders.		
What did we do?		
We continue to engage with numerous healthcare companies on how they can improve their clinical trial diversity and how to make such information more transparent and available to investors. We raise this issue with most pharma companies, as well as medical device companies and biotech companies. We encouraged the company to track different measures of diversity in studies, and to provide further disclosure around current trial diversity/ future goals or targets in this space.		
Outcome and next steps		
We have seen dramatic improvement in transparency from companies on how they are addressing clinical trial diversity. A few companies have since appointed directors and/or dedicated teams to work on improving trial diversity. Companies have committed to raising this issue with R&D/trial teams, and others are considering setting future targets around this. Many companies we have engaged are focusing on improving diversity at investigator level as this has shown to improve diversity at trial level.		

Principle 10 – Collaboration

Collaborative engagement

We have a strong heritage of involvement with sustainability-related organisations and initiatives. As part of our commitment to responsible investment, Janus Henderson is involved in a wide range of ESG-related initiatives as a member, supporter or in an advisory capacity:

* The Net Zero Carbon (NZC) 10 and 20 initiatives only apply to specific products, which are assessed by NZC.

Below we highlight a selection of initiatives and collaborative organisation memberships that Janus Henderson Investors is involved in, together with some examples of collaborative engagement in practice:

Organisation	Our role and involvement in 2022
ACGA	Janus Henderson is a member of the ACGA, the ACGA Investor Discussion Group, and the China and Japan Working Groups. We participated in ACGA-led engagements with few Chinese and Japanese companies. We were also part of recently formed working group who supported a letter to the Tokyo Stock Exchange with suggestions to improve gender diversity on Japanese listed company boards.
AIGCC	We joined AIGCC, an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and net-zero investing.
CDP	Janus Henderson supports the CDP encouraging investee companies to improve climate-related disclosures.
FAIRR	In 2022, we have joined FAIRR's Biodiversity Engagement Initiative for Phase 1 engagement with a particular company as a supporting investor. Phase 1 is focused on understanding the biodiversity, climate, and social risks arising from manure mismanagement at every level of the production chain.
Global Impact Investing Network	Janus Henderson is a member of the Global Impact Investing Network and a member of the Listed Equities Working Group.
Global Investor Mining and Tailings Safety Initiative	Janus Henderson has a representative on the Steering Group. We actively participated in the investor disclosure request by directly contacting companies and encouraging enhanced disclosures.
TNFD	In 2022, we joined the TNFD as a Forum Member. We are following the evolution of the TNFD framework closely.
The Investor Forum	Janus Henderson is one of the founding members of this group. We participated in several collective engagements led by the Investor Forum. We also actively participated in round tables on a range of ESG policy issues.
Pensions and Lifetime Savings Association	A Janus Henderson employee sits on the Stewardship Advisory Group.
UKSIF	Janus Henderson is a founder member of UKSIF.
UNPRI	Janus Henderson is founding signatory of UNPRI. We are involved in many of the UNPRI working groups including the Plastics Working Group. The group has supported the development of the plastics landscape series and four guides to support investor engagement on plastic packaging with relevant sectors. Janus Henderson is also represented by an employee on the UNPRI working group on the EU Taxonomy.
US SIF	Since joining the US SIF in 2021, we have attended training, conferences, and events. We have participated in 2022 working group formed to provide a US SIF perspective on the US Securities Exchange Commission's proposed climate-risk disclosure rules.

Collective Engagement Case Studies

Access to Medicine
Janus Henderson has been a supporting signatory of the Access to Medicine Index (ATMI) for many years. The index ranks 20 of the world's largest research-based pharmaceutical companies based on how they manage risks and opportunities related to access to medicine in low- and middle-income countries. The index measures a range of value drivers within the pharmaceutical business, including pricing, research, and development (R&D), governance and compliance. The collaborative engagement is a long-term engagement project for tracking the progress of pharmaceutical companies towards SDG (Sustainable Development Goals) 3 by 2030. It represents a unique opportunity for investors to collectively drive pharmaceutical companies forward to achieve the SDG 3, as well as to track the progress and impact through the engagement.

What did we do?
We have been a longstanding signatory of the ATMI and a lead engager with one multinational pharmaceutical and biotech company since 2019. The goal of the collaborative engagement is to encourage pharma companies to improve their access strategy, governance around access and related initiatives progressing towards SDG3 by 2030. Company performed very well in this year's ATMI ranking, moving up 4 ranks. The discussion focused on new opportunities for the company (like previous years) as well as discussing progress and access strategy moving forward. Although there were no concerns with company's approach to access, there is always scope for further collaboration especially in under-resourced areas like emerging infectious diseases/ tropical diseases where there is limited R&D/projects across the industry.

Outcome and next steps
Our continued engagement in this space reflected in rankings after years of engagement on ATMI. The company we engaged has the largest pipeline vs assessed peers for non-communicable diseases and ranks number 1 for product delivery (tailored access strategy across different income groups). It has also been very interesting to see how company has been tackling access issues of oncology, which is an area pharma companies have avoided due to the complexity and lack of infrastructure in this area.

Please also refer to Principle 10 on page 50 for company engagement case studies undertaken through the ACGA.

Principle 11 – Escalation

Stewardship escalation strategy

Our active investment management teams take a long-term view and seek out companies that have a comparable, long-term orientation. The intensive research of our analysts and portfolio managers takes them around the world (in normal times), with thousands of company visits and management interviews conducted annually.

The investment teams at Janus Henderson naturally develop long-term relationships with the management of the firms in which they invest. Should concerns arise over a firm's practices or performance, we seek to leverage these constructive relationships by engaging with company management or expressing our views through our voting on management or shareholder proposals.

Escalation of our engagement activities depends upon a company's individual circumstances. We prefer engagement over voting, due to the belief that engagement is generally more productive than simply voting against shareholder meeting proposals. How we seek to escalate concerns we have on governance is very much dependent on local market practice. In markets such as the UK, Europe, and the US we regularly engage with the board chair and independent directors when we have concerns about management performance and/or strategy.

In following our investment team-led approach to ESG and stewardship, each investment team has different strategies for escalation appropriate to their investment process and client needs. We do not have a top-down escalation process, and this applies across all funds, asset classes and geographies. However, we may potentially escalate in one or more following ways:

- Outcome oriented engagement
- Letter to the Board
- Meeting with the Board
- Collaborate with other investors through industry or investor forums
- Votes against directors
- Public recognition of issues
- Divestment (fully or partially)

Below are some escalation case studies, highlighting the escalation process taken.

Case studies

Sector: Electronics	**Topic:** Governance / ESG	**Geography:** Asia

Issue
We have engaged with an Asian technology company over many years on a range of corporate governance, social and environmental issues that we thought were negatively impacting company's long term growth prospects. Earlier engagement with the company was successful and resulted in Board refreshment, with climate expertise also added. However, the company continued to make slow progress on its net zero journey and failure to allocate capital.

Escalation strategy
Regular discussions were held with the company executives to understand the status of its net zero strategy and the challenges faced in achieving it. One of our investment teams also clearly indicated its expectations and voting intentions to the company, including its willingness to ultimately sell the shares if no progress could be achieved.

Outcome
Given the slow progress made by the company, failure to attract/retain high calibre international directors and the fact that new governance issues were emerging, one of the investment teams decided to divest its position after providing detailed rationale to the company's management.

Sector: Healthcare	**Topic:** CEO and succession planning	**Geography:** Europe

Issue
We engaged with an early-stage Belgian biopharma company focused on women's healthcare products. The ex-CEO and founder of the company resigned in 2021 following certain compliance issues. However, he remained on the Board of the company as a non-executive director. Considering this, the focus of the discussion was to understand how the Board is approaching CEO appointment and succession planning, important factors in assessing long-term prospects of the company.

Escalation strategy
During the year, the investment team had several calls with the interim CEO and CFO to discuss company performance and receive updates on ongoing litigation involving the ex-CEO, founder, and significant shareholder. The team also voted against the re-appointment of the ex-CEO on the Board of the company at the 2021 AGM. Finally, the investment team, along with G&S Team, arranged a call with the new CEO to raise particular concern regarding CEO appointment and succession planning.

Outcome
The focused engagement allowed us to raise concern with the interim CEO regarding the imminent need to have a professional and competent CEO who could support the growth prospects of the company. We explained how the company suffers from corporate governance discount on account of this and may face challenges in forging partnerships/collaborations. The executives understood and noted our concern. However, despite several engagements we did not see any immediate changes and moreover performance continued to lag. As a result, we divested our position in the stock.

Sector: Technology	**Topic:** M&A	**Geography:** US

Issue
A US technology company announced a proposed transaction that we considered to be extremely value destructive. We also had concerns over corporate governance as we felt the proposed transaction was not in the interests of shareholders.

Escalation strategy
We engaged with the company and wrote to the Board expressing our concerns over the proposed transaction, focusing on the lack of strategic rationale. We also performed extensive market research to test and verify our concerns over the merits of the transaction. Escalation included voting against Board recommendations on the transaction and director elections at shareholder meetings.

Outcome
The resolution to approve the acquisition was overwhelmingly defeated.

Sector:	Topic:	Geography:
Financial services	Executive compensation	United Kingdom

Issue

The company made retrospective changes to executive compensation scheme targets in response to the impact of Covid on the business. These changes were made without shareholder consultation and were not aligned with shareholders' interest.

Escalation strategy

We organised a call with the Chair of the Remuneration Committee. The purpose of the call was to understand more on the background to the proposals, and to give feedback on changes we thought were necessary to make the proposals more acceptable. The Remuneration Committee Chairman took our feedback on board and promised to come back with revised proposals at a later date.

Outcome

Ultimately, the revised proposals did not sufficiently deal with our concerns. We therefore voted against their adoption of the requisite shareholder meeting. The overall level of opposition was very substantial, with the proposals passed by a narrow majority.

Exercising Rights and Responsibilities

Principle 12 – Exercising rights and responsibilities

Proxy-voting

In formulating our approach to corporate governance, we are conscious that a 'one-size-fits-all' policy is not appropriate. Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights, and level of dispersed ownership. We vary our voting and engagement activities according to the market and pay close attention to local market codes of best practice.

However, we consider certain core principles to be universal:

- Disclosure and transparency
- Board responsibilities
- Shareholder rights
- Audit and internal controls

A key element of our approach to proxy voting is to support these principles and to foster the long-term interests of our clients. Janus Henderson also recognises that, in some instances, joint action by shareholders has the potential to be more effective than acting alone. This is especially true when shareholders have a clear, common interest.

Where appropriate, we proactively collaborate with other investors on governance and wider environmental and social engagement issues, directly and through industry bodies.

Janus Henderson typically exercises the voting rights on behalf of clients at meetings of all companies in which we have a holding. Exceptions may occur if a client retains voting rights, or where share blocking, voting restrictions or other unique situations may apply.

While, we view proxy voting as a critical means of exercising our rights and duties as shareholders, we view engagement as an incremental and potentially more effective means to driving change. In our experience this approach is more likely to be effective in influencing company behaviour. We therefore actively seek to engage with companies throughout the year and in the build-up to annual shareholder meetings to discuss any potentially controversial agenda items. However, we will vote against a board recommendation when we believe proposals are not in shareholder interests or where engagement proves unsuccessful.

Research on shareholder meetings of all our investee companies are available to our investment teams though ISS, an independent proxy voting adviser. Our investment teams can further leverage on voting recommendations provided by ISS based upon Janus Henderson's proxy voting policies. ISS specifically highlights key voting issues requiring review by our investment teams. Our in-house G&S Team works with our investment teams and provides input into voting decisions. Our proxy voting policy can be found here: Janus Henderson - Proxy Voting Policy and Procedures.

Portfolio managers have ultimate voting authority, and they are therefore able to vote different from each other at the same shareholder meeting, where they consider this to be in the best interests of the funds they manage and their clients. While in practice investment teams are usually able to reach a common position on a voting issue that falls outside of our standard voting guidelines, we consider it important that investment teams have flexibility to make independent voting decisions when necessary.

In 2022, we transitioned to the ISS Proxy Exchange voting platform. As a result, our portfolio managers implement ISS' voting decisions directly via this voting platform.

Proxy Voting Committee

Janus Henderson has a Proxy Voting Committee, which is responsible for our positions on major voting issues and creating guidelines overseeing the voting process. The committee is comprised of representatives of operations, fund administration, portfolio management, corporate governance, accounting, legal and compliance. Additionally, the Proxy Voting Committee is responsible for monitoring and resolving possible conflicts of interest with respect to proxy voting. Public links to our fund voting records are available on our company websites in applicable jurisdictions.

Voting records for funds managed from Europe (legacy Henderson funds) can be found on our UK website (at a house view level only): https://www.janushenderson.com.

We record voting rationales in instances where we have voted against our house policy or a management resolution. This allows us to reference the reasons behind our voting decision in client reporting.

The voting actions are recorded and uploaded with our actionable rationale to internal research platforms, allowing portfolio managers and the G&S Team to track specific issues. We can also incorporate some of these issues into meetings with management, as well as taking an issue into account when considering an investment case.

We consider voting as an important discharge of responsibilities towards our clients. Through voting we can signal formal support or concern to companies. Accordingly, the portfolio managers along with G&S Team closely monitors our shareholding and voting rights in portfolio companies though our internal corporate records directory (CRD).

Stock lending

Stock lending makes an important contribution to market liquidity and provides additional investment return potential for our clients. However, stock lending also has important implications for corporate governance policy as voting rights are transferred with any stock that is lent. We maintain the right to recall lent stock across all our portfolios under management for voting purposes. All decisions to recall stock are made by the relevant portfolio managers.

2022 voting overview

Overall, Janus Henderson voted at 5,944 shareholder meetings in 2022, which represents 98.15% of votable meetings. Where we did not vote on meetings, this is where share blocking, voting restrictions or other voting impediments were in place. We voted against management on approximately 10% of resolutions.

Below we have provided some examples of some notable meetings where Janus Henderson voted against board recommendations. Notable meetings have been selected to highlight the most frequently reoccurring issues on which Janus Henderson voted against board recommendations and meetings with unusually high levels of shareholder opposition.

We consider voting as an important discharge of responsibilities towards our clients. Through voting we can signal formal support or concern to companies.

Sector: Technology	**Topic:** Executive pay	**Geography:** US
Rationale for voting position		
We voted against the advisory say on pay resolution at a US technology company due to concerns over the size of a special award made to the CEO and additional concerns around the performance metrics applied to management incentive awards. The resolution was defeated with 65% of shareholders in opposition.		
Engagement		
We engaged with the Chairman of the compensation committee later in the year to discuss issues arising from the AGM result, and also future executive pay policy. A key subject of discussion was the Board's approach to future share incentive awards and changing market conditions. We made clear the need for the committee to regularly review the impact of their share incentive programme on dilution, applying the appropriate metrics such as FCF per share, to ensure an appropriate alignment from a shareholder perspective.		
Outcome and next steps		
We will review the 2023 proxy statement and the compensation policy and the extent to which the compensation committee has adequately addressed shareholder concerns when making our vote decision for the 2023 AGM. We plan to continue engagement later in the year.		

<table>
<tr><td>Sector:
Consumer discretionary - retail</td><td>Topic:
Deforestation</td><td>Geography:
US</td></tr>
<tr><td colspan="3">Rationale for voting position</td></tr>
<tr><td colspan="3">We engaged with an American home improvement retailer regarding a shareholder proposal on deforestation. The focus of the discussion was to understand why the company was opposing this proposal and to determine appropriate next steps. Unlike the other shareholder proposals put forward to the company, this was not a widespread blanket proposal – the company had received this shareholder proposal given its relevance and materiality to the company. Deforestation being a business-critical issue for the company, we wanted to make sure this issue was being addressed.</td></tr>
<tr><td colspan="3">Engagement</td></tr>
<tr><td colspan="3">We encouraged the company to disclose to CDP Forests. This is deemed a good ‘first step’ so we also encouraged further disclosure and transparency to shareholders specifically on the ‘how’ and operationalisation of its no-deforestation and wood sourcing policy. The company responded that they favoured Forest Stewardship Council (FSC) certified wood products but do not require FSC certification. We discussed the nuances of FSC certification at length and encouraged this type of rationale and disclosure to be published publicly, so shareholders were able to see the thoroughness of engagement with suppliers and thoughtfulness regarding FSC certification. The company committed that, regardless of whether the proposal passed, they would subscribe to CDP forests and disclose the relevant data. We encouraged the company to use this opportunity to be a leader, and work with shareholders to make progress in this space.</td></tr>
<tr><td colspan="3">Outcome and next steps</td></tr>
<tr><td colspan="3">This proposal subsequently passed, with 65% of shareholders voting for the company to produce a report disclosing the company’s impact on primary forests. We will have a follow-up conversation with the company to understand what progress has been made.</td></tr>
</table>

<table>
<tr><td>Sector:
Food & staples - retailing</td><td>Topic:
Living wage</td><td>Geography:
United Kingdom</td></tr>
<tr><td colspan="3">Rationale for voting position</td></tr>
<tr><td colspan="3">One of our investment teams voted against the company and in favour of the shareholder proposal for the company to seek accreditation with the Living Wage Foundation. While the company currently is paying a good rate to its workforce, we wanted to emphasise to the company the importance of paying living wage contract workforce as a well-manged and appropriately compensated workforce leads to better performance and financial results.</td></tr>
<tr><td colspan="3">Engagement</td></tr>
<tr><td colspan="3">We held a call with the Chair to discuss the shareholder proposal for the company to seek accreditation with the Living Wage Foundation. In order to gain accreditation, the company would need to pay its employees a minimum hourly wage, as assessed by the Living Wage Foundation, to cover the cost of living. The company already pays its staff above this hourly rate and is the only ‘top--four’ supermarket to do so. However, seeking accreditation would bind the company to pay the wage set by the foundation going forwards. The company’s largest cost is its wage bill and - given the competitive nature of the industry - the business is not willing to commit to paying a rate it has no control over. While we therefore understand the company’s reluctance to seek accreditation, we are pleased that it is currently paying employees a good hourly rate.</td></tr>
<tr><td colspan="3">Outcome and next steps</td></tr>
<tr><td colspan="3">The proposal was rejected by shareholders, and we continue to monitor the situation.</td></tr>
</table>

Sector: Banking	Topic: Executive compensation	Geography: Europe
Rationale for voting position		
We engaged with a regional financial services firm given difficulty in assessing executive compensation owing to poor disclosure by the company and complex pay arrangements. At the 2022 AGM we voted in favour of remuneration reports pursuant to our satisfactory engagement, and improvements seen in remuneration framework and disclosure.		
Engagement		
We engaged with the members of the remuneration committee to discuss remuneration framework and intent, and to understand its alignment with long-term strategy. We expressed the need for simplicity in design with clear and purposeful performance measures to be incorporated going forward. We also used the opportunity to engage with the Board members on Board evaluation and succession planning.		
Outcome and next steps		
The remuneration report was approved by the shareholders. We again engaged with the company later in the year to discuss progress made by the company on remuneration framework and provided feedback.		

Sector: Technology	Topic: Civil Rights and Non-Discrimination Audit	Geography: US
Rationale for voting position		
At the 2022 AGM, one of our investment teams voted in favour of shareholder proposals calling for a third-party audit analysing the adverse impact of the company's policies and practices on the civil rights of company stakeholders, and to provide recommendations for improving the company's civil rights impact. We supported the proposal since we believed that both the company and its stakeholders will benefit from a civil rights audit report given company's large scale operation and exposure to various stakeholders.		
Engagement		
We engaged with company executives ahead of the AGM to understand the policies, management systems and disclosures in place to uphold human rights, including civil rights.		
Outcome and next steps		
The shareholder proposal calling for a civil rights audit received majority support from the shareholders. The company then appointed a law firm to conduct a civil rights audit, the report from this audit is expected in 2023.		

Below is an example that showcases how our fixed income team engages with issuers in relation to the terms and conditions of new issues, or for example amendments to bondholder rights in relation to restructuring. On occasion the fixed income team may collaborate with other investors to seek better terms for holders or seek more disclosure to protect their rights as debt investors.

Sector: Real estate	Geography: United Kingdom
Engagement	
In early 2022, UK based real estate company was seeking to extend the average life of two securities by converting them in bonds maturing in December 2031 instead of being fully amortising bonds. If amendments had been approved, no fixed rate amortisation amounts would have been payable from (and including) the interest payment date falling in March 2022. The notes would have converted into a bullet structure and would be repayable in full in December 2031. The average life of both bonds would have been extended from 5.05 years to 9.75 years. Our fixed income team found the economics of the transaction unfavourable for bondholders. The team held discussion with the company on this matter and raised their concern. Despite this, company put the amendments for bond holders approval. Given our concern with proposed amendments, the fixed income team decided not to consent to the proposed changes.	
Outcome	
Pursuant to the opposition, the company was unable to get sufficient bondholders' consent to pass the amendment.	

Stewardship Code Approval

This report has been reviewed and approved by the Board of Janus Henderson Group plc.

Ali Dibadj
Chief Executive Officer

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Janus Henderson INVESTORS

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