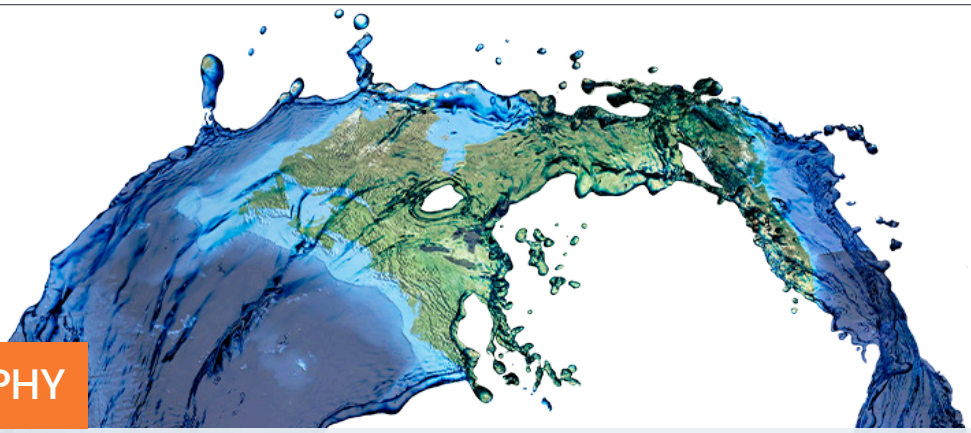
Janus Henderson
INVESTORS

INVESTMENT PRINCIPLES

SSPX: U.S. Sustainable Equity ETF
SXUS: International Sustainable Equity ETF



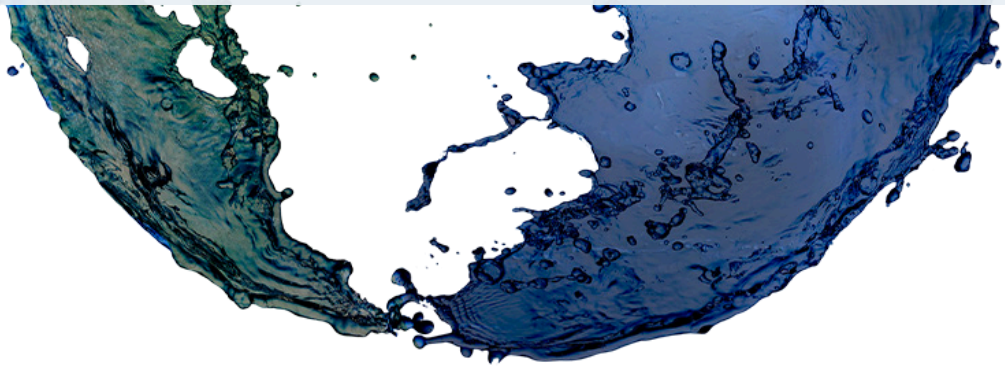


PHILOSOPHY

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

Our investment framework seeks to invest in companies that have a positive impact on the environment and society, while at the same time helping us stay on the right side of disruption.

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



Sustainability defined

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

Janus Henderson's first sustainable equity strategy was founded on these principles in 1991. We have now been investing through a lens of sustainability for almost 30 years, with environmental and social considerations forming the basis of our investment framework.

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

The following publications have had a particular influence:

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

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

Our environmental and social megatrends

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

Population growth

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

Aging population

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

Resource constraints

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

Climate change

This is the greatest environmental and social challenge the world has ever faced. The Intergovernmental Panel on Climate Change (IPCC) has warned that to meet the goal of limiting global warming to below 1.5°C "global net human-caused emissions of CO2 would need to fall by about 45% from 2010 levels by 2030, reaching net zero around 2050."[3] Not doing so would risk health, livelihoods, food security, water supply, human security and economic growth. There is an urgent need to transition to a low-carbon economic model. We seek to invest in companies producing goods and services that contribute to the mitigation, prevention and eradication of climate change. We avoid investing in companies that exacerbate climate change or are not aligned with a low-carbon future.

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

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

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

The four pillars of our sustainability-driven investment strategy

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

INVESTMENT FRAMEWORK

An investment framework aligned with the UN Sustainable Development Goals, incorporating environmental and social considerations at all stages of the investment process while taking into account the many conflicts between environmental and social sustainability.

UNCONSTRAINED IDEA GENERATION

Global sustainable equity team



Central research

Specialised and regional teams

STRUCTURED EVAULATION FRAMEWORK

Sustainable development themes

Do no harm, avoidance criteria



Fundamental research

Portfolio construction and risk management

BEST IDEAS WATCHLIST ~120

The four pillars:

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

Note: The Triple Bottom Line is a framework or theory that recommends that companies commit to focus on social and environmental concerns just as they do on profits.

Environmental and social themes

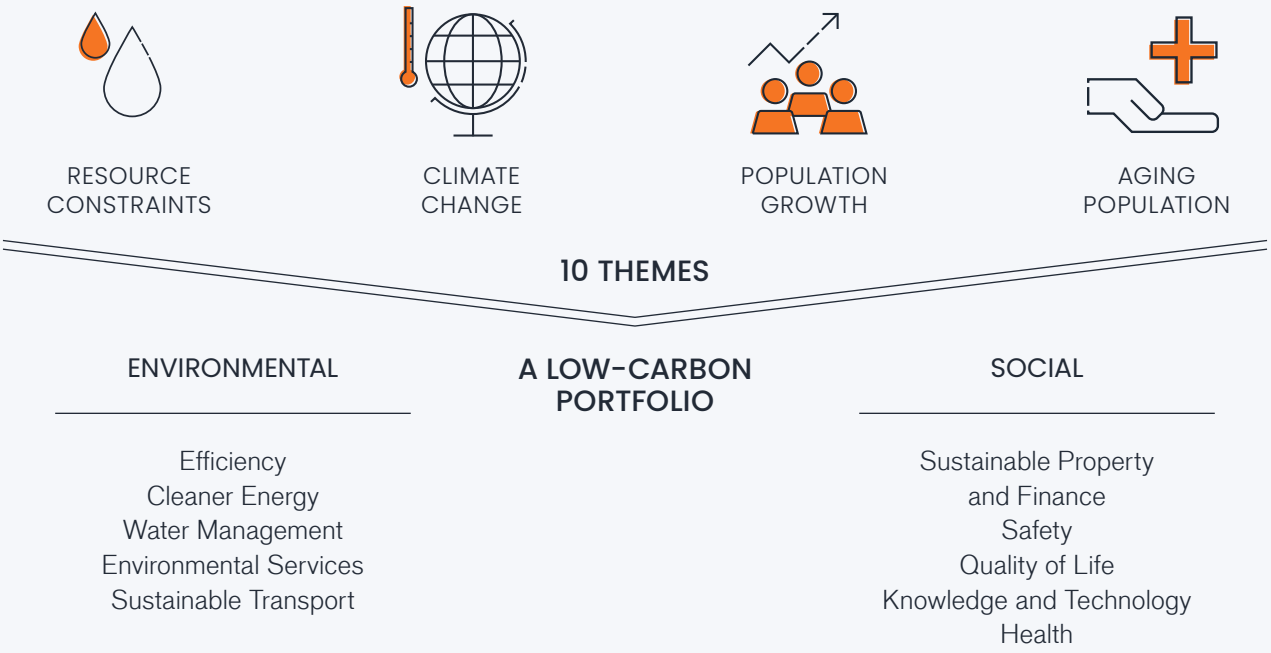
Environmental and social considerations form the basis of our investment framework. We seek to invest in businesses that are strategically aligned with the powerful environmental and social trends changing the shape of the global economy. We believe these businesses should exhibit capital growth by virtue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

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

The environmental and social themes are used as a framework for ideas generation; however, for the purposes of portfolio construction, there is no forced distribution of themes. There are qualitative aspects to thematic allocation. To ensure thematic integrity, the Global Equity Socially Responsible Investing (SRI) team and the Governance & Responsible Investment (GRI) team will debate whether a company should be included within the SRI universe.

FOUR MEGATRENDS

The global economy is under enormous pressure from four powerful environmental and social megatrends: climate change, resource constraints, population growth and an aging population. As a result of climate change, the future development of the global economy will be shaped by the urgent need to transition to a low-carbon energy infrastructure. At the same time, it is vital that global productivity is maintained in order to support a growing and aging population. Our positive criteria lead us to invest in businesses that have a positive impact on society and the environment by virtue of the products or services they sell and by the way in which they manage their operations, thereby supporting the Sustainable Development Goals[4].



Over the coming decades, we expect a fundamental shift in global capital flows (money used for investment, trade or business) such that entire industries stand to be disrupted. We believe we will create value for our investors by investing in those businesses that are aligned with global megatrends and avoiding those that are not consistent with a sustainable economy.

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

ENVIRONMENTAL THEMES



CLEAN ENERGY

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

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



EFFICIENCY

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

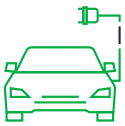
Electrical equipment, industrial process and automation technology, building materials, software, semiconductors



ENVIRONMENTAL SERVICES

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

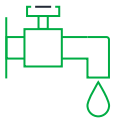
Recycling and circular economy, natural capital, sustainable packaging, waste management, environmental engineering and infrastructure



SUSTAINABLE TRANSPORT

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

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



WATER MANAGEMENT

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

Water utilities, water technology, water infrastructure

SOCIAL THEMES



KNOWLEDGE AND TECHNOLOGY

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

Software, semiconductors, AI, cloud computing, robotics, communication services, education and publishing



HEALTH

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

Health insurance, HCIT, health care services, diagnostics



SAFETY

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

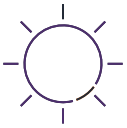
Food, drug and environmental testing, transportation and electrical safety, public safety equipment, insurance, quality assurance



SUSTAINABLE PROPERTY AND FINANCE

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

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



QUALITY OF LIFE

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

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

Environmental and social avoidance criteria

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

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

Country exclusions

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

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

Oppressive regimes

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

Information is obtained using the following:

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

Asset owner exclusions

We believe that our exclusions are comprehensive and robust and capture most types of screening and exclusion methodologies. We do monitor some exclusions lists created and maintained by asset owners on a case-by-case basis.[5]

Taxation

Corporate tax transparency is important for the following reasons:

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



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

UN Global Compact (norms-based screening)

All holdings in the strategy are compliant with the UN Global Compact, whose 'Ten Principles' cover human rights, the International Labour Organisation's declaration on workers' rights, corruption and environmental pollution[6].

Table 1: Illustration of the principles and the issues they cover[7]

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

Responsible business conduct

All holdings in the strategy are compliant with the Organisation for Economic Co-operation and Development (OECD)[8] Guidelines for Multinational Enterprises. The Guidelines cover business ethics on a range of issues, including (but not limited to):

- Employment and industrial relations
- Combating bribery
- Science and technology
- Information disclosure
- Consumer interests
- Competition

[6] The UN Global Compact's Ten Principles are derived from the Universal Declaration of Human Rights at Work, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. For further information, please visit https://www.unglobalcompact.org/what-is-gc/mission/principles. All information correct as at May 17, 2019.

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

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

Do no harm, avoidance criteria

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

Important information: 'De minimis' limits

Where possible, we will seek to achieve zero exposure with respect to the avoidance criteria. However, there may be instances when we will apply a de minimis limit. A de minimis limit is a threshold above which investment will not be made and relates to the scope of a company's business activity; the limit may be quantitative (e.g. expressed as a percentage of a company's revenues) or may involve a more qualitative assessment. De minimis limits exist because sometimes avoiding an industry entirely may not be feasible given the complex nature of business operations. We employ an external research provider to manage the avoidance criteria screening of potential investments.

In such instances, we will invest in a company only if we are satisfied that the "avoided" activity forms a small part of the company's business and when our research shows that the company manages the activity in line with best practices.

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

We seek to avoid businesses that have products or operations directly associated with the following criteria[9].

Alcohol	We avoid companies involved in the production and sale of alcoholic drinks.
Animal testing	We avoid companies that use animal testing for nonmedical purposes.
Armaments	We avoid companies involved in the direct production of weapons. We will not invest in companies involved in the direct production of land mines, cluster munitions, biological/chemical weapons and nuclear weapons.
Chemicals of concern	We avoid companies that manufacture or sell chemicals or products containing chemicals subject to bans or severe restrictions in major markets around the world. This includes ozone-depleting substances, microbeads, persistent organic pollutants and the manufacture of any other substances banned or restricted under international conventions.
Fossil fuel extraction and refining	We avoid companies engaged in the extraction and refining of coal, oil and gas.
Fossil fuel power generation	We avoid companies engaged in fossil fuel power generation. Investment in companies generating power from natural gas may be allowed in cases where the company's strategy involves a transition to renewable energy power generation. For a company to be transitioning to renewables, the carbon intensity would need to be aligned with a below 2°C scenario. Where carbon intensity cannot be determined we use a 10% threshold for energy production from natural gas.
Fur	We avoid companies involved in the sale or manufacture of animal fur products.
Gambling	We avoid companies with activity related to gambling.
Genetic engineering	We avoid companies involved in the deliberate release of genetically modified organisms (GMO; e.g. animals or plants). Investment in companies where genetic technologies are used for medical or industrial applications may be acceptable, providing high environmental and social standards can be demonstrated. Companies that use or sell products that make use of such technologies may be acceptable provided GMO ingredients are clearly labeled.
Meat and dairy production	We avoid any companies involved in the production or processing of meat/poultry or dairy products or eggs, or whose primary activity involves their sale.
Intensive farming This exclusion extends to forward contracts on agricultural commodities.	We avoid companies involved in intensive farming operations, unless the company can demonstrate an outstandingly positive response toward environmental and social concerns.
Nuclear power	We avoid companies that are involved in the uranium fuel cycle, treat radioactive waste or supply specialist nuclear-related equipment or services for constructing or running nuclear plant or facilities.
Pornography	We avoid companies that publish, print or distribute newspapers or magazines or distribute films or videos classed as pornographic material.
Tobacco	We avoid companies that engage in activities related to the production and sale of tobacco products.

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

ESG Oversight Committee

Janus Henderson's ESG Oversight Committee (ESGOC) is accountable for the firm's key strategic decisions with respect to ESG investment processes, implementation of regulatory changes, ESG data and product design. Its responsibilities include:

- Reviewing and challenging proposed ESG-related metrics (including, but not limited to commitments, exclusions, exposure limits and/or indicators)
- Reviewing ESG-related processes, systems, and resources and ensure corrective measures are taken as appropriate
- Reviewing any holding within the strategy that does not comply with the advice on the exclusion criteria offered by the external research provider.

The committee advises that, given the complexity of some of the issues and what might be imperfect information, adherence can only be on a 'best endeavours' basis; together with the committee, we try to ensure wherever possible that investments are made in accordance with our investment principles.

The integration of ESG issues

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

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

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

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

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

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

Company engagement and voting

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

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

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

At the beginning of each year, we construct a list of key engagement topics. Our analysis of the portfolio against impact data such as the SDGs and ESG KPIs informs this list together with the controversies, scientific advances and positive actions taken by the companies with the portfolio. This is not a fixed list and is subject to change depending on the activities of the company and the materiality of certain topics. This list is published in our Annual Sustainability Report.

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

Breaches and corrective actions

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

1) **Notify the portfolio manager:** Compliance will notify the portfolio management team that a company has breached the criteria.
2) **Investigation:** Investigate the evidence of the breach to ensure the validity of the breach. If a breach has occurred, the portfolio management team will divest.
3) **Discuss evidence with the ESGOC:** If the portfolio management team disagrees with the external research provider, evidence will be presented to the ESGOC. The ESGOC will then make a decision on whether a breach has occurred. If a breach is confirmed the portfolio management team will be instructed to divest. If a breach has not occurred, the ESGOC will record this along with the evidence supporting this decision.
4) **External reporting:** If needed, the outcome will be reported to the necessary stakeholder/external body.Breaches of criteria associated with certification labels and quality standards are addressed using the corrective action process documented above.

These investment principles are intended to offer transparency on the way we invest, but do not form part of any legal contract. The way the principles are applied may change. Information is correct as at time of publication on January 2023.

ENGAGING WITH COMPANIES

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

FOR MORE INFORMATION, PLEASE VISIT **JANUSHENDERSON.COM**

Janus Henderson
INVESTORS

Please consider the charges, risks, expenses and investment objectives carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, please call Janus Henderson at 800.525.3713 or download the file from janushenderson.com/reports. Read it carefully before you invest or send money.

Investing involves risk, including the possible loss of principal and fluctuation of value.

There is no assurance the stated objective(s) will be met.

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

Foreign securities are subject to additional risks including currency fluctuations, political and economic uncertainty, increased volatility, lower liquidity and differing financial and information reporting standards, all of which are magnified in emerging markets.

Actively managed portfolios may fail to produce the intended results. No investment strategy can ensure a profit or eliminate the risk of loss.

There is no assurance the stated objective(s) will be met.

OBJECTIVE: Janus Henderson U.S. Sustainable Equity ETF (SSPX) seeks long-term growth of capital.

OBJECTIVE: Janus Henderson International Sustainable Equity ETF (SXUS) seeks long-term growth of capital.

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