

Q3 2023

# SUSTAINABLE FUTURE TECHNOLOGIES

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KNOWLEDGE SHARED

ESG Quarterly Voting and Engagement Report

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# Engagement policy

**We believe that financial indicators have strong non-financial roots, which shapes our highly integrated approach to engagement. As active managers with superb access to senior management, we take a proactive approach to communicating views to companies and seeking improvements in performance and standards of corporate responsibility and Environmental, Social and Governance (ESG) factors, including the support of core principles such as disclosure, transparency and consistency. As a dual mandate, sustainability is at the core of what we do.** See Janus Henderson's [ESG Investment Policy](#) and [SFT Investment Principles](#) for more information.

- SFT has a dual mandate, aiming to provide capital growth over the long term (5 years or more) by investing in technology related companies that contribute to the development of a sustainable global economy. Engagement is vital to assess the impact of a company, especially where disclosure is lacking.
- We consider our approach to ESG voting and engagement as 'evidence-based', systematic and pragmatic.
- Engagement work can be company specific or thematic led and represents a mixture of proactive and reactive engagement.
- Our analysis of portfolios against ESG data informs this list together with the controversies, scientific advances and positive actions taken by the companies within the portfolio.
- We engage directly with companies via formal and informal meetings, calls and in writing, providing thought leadership in engagement on complex social and environmental issues.

## Environmental & social characteristics:

- We regularly review a list of key engagement topics, related to our ESG commitments and based on our view of the company's performance and disclosure against key metrics, summarised in our Ranking Screen and ESG Process Control Monitor. These include topics such as: disclosure, decarbonisation, deforestation, biodiversity, UN GC principles and OECD guidelines for multinational enterprises, Diversity, Equity and Inclusion (DE&I), education, R&D, remuneration, data privacy and security, tax and controversies.
- We believe that improving ESG standards have an important role in enhancing company valuation. This has been reviewed empirically in our whitepaper "The relationship between ESG factors and valuation within the global technology sector", available upon request.
- The strategy has a low-carbon approach, based on exclusionary criteria, ESG commitments and engagement.
- As technology specialists we believe we are well positioned to understand the disruptive aspects of technology and potential future ESG issues that may arise. In the past we have engaged on topics ranging from mental health impacts of social media, taxation policy of mega-cap companies, whistle-blower policy standards, the balance of data security and privacy and the effects and controls on casual gaming.

## Governance:

- While shareholder voting rights are a core part of good governance, the team also considers the track record of board and management beyond traditional governance models in recognition of a strong relationship between founder led businesses supporting entrepreneurship which can also be optimal for shareholder returns.
- The team is committed to alignment with long-term interests of shareholders rather than focusing on alignment with short-term investors who may not consider broader environmental, social or technological considerations.
- Evidence includes: sound management structures, employee relations, adequate remuneration, tax compliance, diversity of board and pay linked to sustainability.

Sustainable thematic and impact overlay:

- The Sustainable Futures Technologies (SFT) Team, guided by a dedicated sustainability research analyst, is responsible for its own research and the mapping of revenues to our sustainable themes, as well as providing impact and UN SDG analysis for both operations and revenues.
- Each company held in the portfolio is reviewed in relation to its impact on the environment and society, and governance risks.

Team and resources:

- We use a variety of information sources including security issuers and third-party research providers and consultants to rank and assess our investee companies. However, we recognise the limitations of static scoring of complex issues with imperfect data and disclosures and varying methodologies.
- We are action orientated and address areas for improvement through formalised action plans with objectives and timeframes. A lack of progress or ESG performance improvement may prompt a revisit of the investment case and lead to an exit from the stock.
- Working closely with Janus Henderson's Responsible Investment and Governance Team enables the identification of any further issues and verifies progress on active engagement plans, as well as facilitates collaboration with other investors to increase engagement influence.
- The dedicated sustainability analyst and FOCG (Front Office Controls & Governance) provide regular oversight of our thematic mapping, negative screening, and tools like our Ranking Screen & Process Control Monitor, as well as providing a challenge on laggards, action plans, engagement and ESG commitments.

## Focus for engagement:

### ESG insights and engagement framework

#### Governance



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

#### Environmental



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

#### Social



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

Note: The UN Global Compact's Ten Principles are derived from the Universal Declaration of Human Rights at Work, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. For further information, visit <https://www.unglobalcompact.org/what-is-ugc/mission/principles>. For more information on issues covered visit <https://www.unglobalcompact.org/library>

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# Voting policy

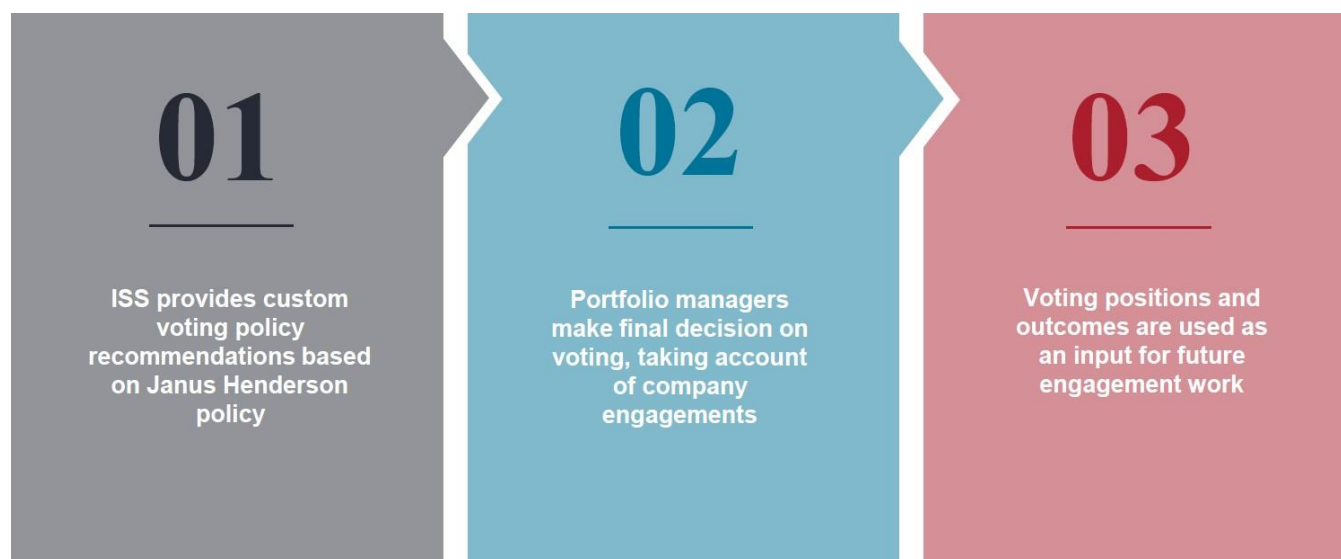
The SFT Team exercises the voting rights on behalf of clients at meetings of all companies in which it has a holding. The only exception to this is meetings where share blocking or other restrictions on voting are in place. Voting is aligned to the team's Engagement policy.

To assist the team in assessing the corporate governance of investee companies, Janus Henderson subscribes to ISS (an independent proxy voting adviser). ISS provides voting recommendations based upon Janus Henderson's corporate governance policies. Janus Henderson has a Proxy Voting Committee, which is responsible for the firm's positions on major voting issues and creating guidelines overseeing the voting process. The Committee is comprised of representatives of investment 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 portfolio voting records are available on our company websites in applicable jurisdictions. Key voting decisions are made by portfolio managers and analysts. Our voting decisions are implemented electronically via the ISS Proxy Exchange voting platform.

As an active manager our preference is to engage with management and boards to resolve issues of concern rather than to simply vote against shareholder meeting proposals. 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 the annual shareholder meeting to discuss any potentially controversial agenda items. The SFT Team is supported by the central Responsible Investment and Governance Team. With regard to voting and company engagement, we consider certain core principles for both ESG and financials such as disclosure, transparency, consistency, 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.

The level of disclosure provided is important with a minimum expectation that the team is equipped with enough information to decide on all matters. Poor disclosure would result in a vote against the proposal except where engagement prior to the meeting has provided enough clarity to make an informed decision. Shareholder proposals on environmental, social and governance matters are assessed pragmatically, and the team will support them where they have the potential to enhance the sustainability or shareholder value of a stock.

## Proxy voting process for the Sustainable Future Technologies Team



Source: Janus Henderson Investors, as at 30 September 2023.

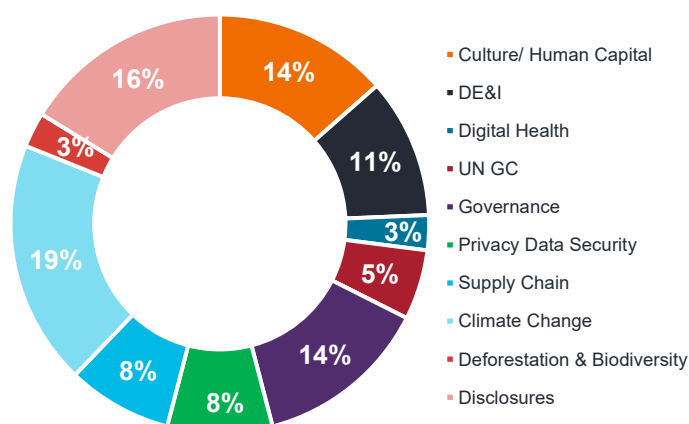
Note: ISS = Institutional Shareholder Services

# Key quarterly engagement

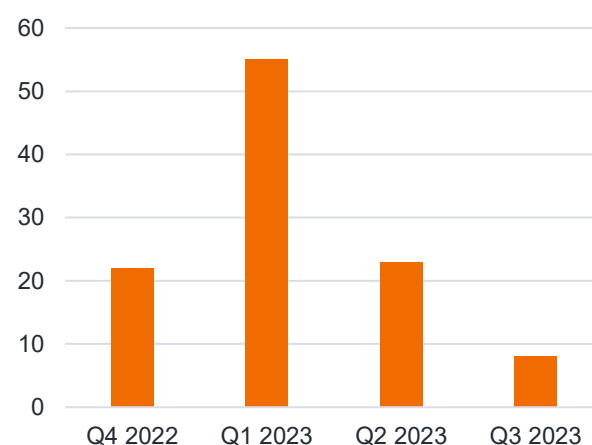
## Summary of ESG engagement

Company	Culture/ Human Capital	DE&I	Digital Health	UN GC & OECD MNE	Governance	Privacy & Data Security	Supply Chain	Climate Change	Deforestation & Biodiversity	Disclosures
Adobe										
Lam Research										
Mastercard										
Workday										

### Q3 2023 – engagements breakdown



### Engagements per quarter



Source: Janus Henderson Investors, as at 30 September 2023

Note: 'Key quarterly engagements' refers to a sample of this quarter's engagements.

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

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# Key quarterly engagement: holdings

## Adobe

**Categories:** *Culture/Human Capital, DE&I, Digital Health, Governance, Privacy & Data Security and Climate Change*

- Sustainability call with Jonathan Vaas (VP, Investor Relations), Heather Freeland (VP, Marketing and Chief Brand Officer), Dana Rao (EVP, General Counsel and Chief Trust Officer), Gloria Chen (Chief People Officer and EVP, Employee Experience) and Amy White (Director, Social Impact & Communications) which included a discussion on the company's climate action targets and AI. Although the team deem the company's net zero target of 2050 to be unambitious, Adobe has pulled forward its 100% renewable electricity target from 2035 to 2025 for its operations which is positive. The company has had an AI ethics committee in place for the past four years who are focussed on three principles: Accountability, Transparency and Responsibility. Adobe also has an AI engineering team that makes sure all of the company's new products and software features are tested using an AI impact assessment, which takes into consideration the company's community, customers and employees. The engineering team has a broad, representative and diverse dataset to test and the process is quite detailed to ensure responsible innovation. For the company's own generative AI product, Firefly, it uses its own stock image content to ensure that it has the right to use the images and so that businesses can use the tool risk free. The company has also worked on AI prompts to ensure software is safe and representative and has formed the Content Authenticity Initiative (CAI) which brings transparency to digital content by attaching metadata to images, data known as Content Credentials. In relation to AI regulation, Adobe approves of the EU's low-risk versus high-risk approach and anticipates that all of its products will fall under the low-risk category. The company believes the US should follow a similar path. Adobe has also proposed an anti-impersonation law to the Senate which would protect artists and creators from people using AI to impersonate their work.

## Lam Research

**Categories:** *Culture/Human Capital, DE&I, UN GC & OECD MNE, Governance, Supply Chain, Climate Change and Disclosures*

- Engagement call with Hans Riegels (Corporate Legal), Tina Correia (IR), Mary Chamaki (Corporate Counsel) and Mary Beth Towne (Compensation and Benefits) to discuss the progress that the company has made on its ESG journey. The company has now accomplished the initial water savings goal that it set which was to achieve 17 million gallons of water savings in water-stressed regions from a 2019 baseline by 2025. The company has now updated its 2025 target to 80 million gallons. It is aiming to achieve net zero emissions by 2050 and has achieved SBTi approval for its 2030 scope 1 and 2 emissions reductions goals and for its 2025 supplier/customer engagement goals. The company has also now joined the United Nations Global Compact initiative and is a founding member of SEMI's Semiconductor Climate Consortium. PFAS (per- and polyfluoroalkyl substances) use is a large focus area for the company and it is committed to reducing its usage. Lam Research highlighted that a big problem across the industry is that there aren't always alternatives available to PFAS. A near-term problem is the supply chain issues that will be created when manufacturers of PFAS exit the market and a long-term problem relates to the EU regulation in place. The company regularly engages with its suppliers and will address PFAS in an ESG focussed forum which is due to take place in the fourth quarter of this year. Board independence is a key focus for the company and gender and racial diversity are key factors in the decision-making process when selecting members.

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## Mastercard

**Categories:** *Culture/Human Capital, Governance, Privacy & Data Security and Disclosures*

- ▶ Engagement call with Devin Corr (Executive Vice President, Investor Relations), Jim Masterson (Senior Vice President, Head of Global Litigation) and Adam Zitter (Executive Vice President, General Counsel – Strategic) which was catalysed by an MSCI ratings downgrade and ongoing controversies. Mastercard stated that most of the headlines and controversies surrounding the anti-competitive practices relate to legacy issues/lawsuits which have mainly been resolved and had a much lower impact than suggested by the headlines. Over 75% of the lawsuits that the company was facing are now behind them. Mastercard does not believe that its company culture has been negatively impacted by the issues reported and highlighted that it believes in competition, innovation and creating value for customers. The company also shared that it has an active and regular dialogue with its data providers, regulators and merchants. The team will continue to monitor how the company continues to manage the reputational risk and risk to growth associated with the allegations and how it is perceived by its stakeholders.

## Workday

**Categories:** *Culture/Human Capital, DE&I, UN GC & OECD MNE, Governance, Supply Chain, Climate Change and Disclosures*

- ▶ Response to engagement letter received, sent by Anne Bawden (Sr. Manager, Investor Relations) which included a discussion on Workday's Board gender diversity and its UN GC signatory status. The company sent across an enhanced 2023 Impact Report in response to the team's engagement letter. It highlighted that while the company assesses its Board as 50% gender and/or ethnically diverse, it is actively focussed on improving gender diversity across the firm. Workday is not currently a signatory of the UN GC, however, it does believe that its current practices are in alignment with the ten principles of the UN Global Compact.



# Engagement action plan

Company	Objective	Summary	Timeline	Status this quarter
Advanced Micro Devices	<ul style="list-style-type: none"> <li>Improved ESG Disclosures</li> </ul>	Advanced Micro Devices has strong disclosures in place, however, it does not currently report its emissions to water. The team will engage with the company to improve its disclosures.	25 months	Open
Ambarella	<ul style="list-style-type: none"> <li>Improve environmental disclosures</li> <li>Set environmental targets</li> <li>UN GC signatory</li> <li>Improve ethical processes</li> <li>Engage on improving Board gender diversity</li> </ul>	Ambarella is a fabless semiconductor company that delivers designs to Samsung Electronics. The company has provided policies on conflict minerals and hazardous materials, however, has limited supply chain stewardship and influence. It is building an automotive business and will ramp up ESG disclosures. The team spoke to the CEO in December 2021 with a follow up engagement with the company in 2022 and an engagement letter being sent in the first quarter of this year. The company has disclosed carbon now which is a precursor for environmental targets.	11 months	Open
Amdocs	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> </ul>	Amdocs is a software and services provider in the communications and media industry. The company currently lags its peers in relation to Board gender diversity, which is at 20%. The team will engage with the company to improve this.	18 months	Open
Aptiv	<ul style="list-style-type: none"> <li>UN GC signatory</li> <li>Improve environmental disclosures</li> <li>Improve decarbonisation targets</li> </ul>	Aptiv is a leader in the automotive technology industry. The company is committed to becoming climate neutral by 2040 and the team would like to encourage the company to have 2030 targets in place. The team will also encourage the company to become a UN GC signatory and engage to find out more on the company's water emissions.	18 months	Open



Company	Objective	Summary	Timeline	Status this quarter
Arista Networks	<ul style="list-style-type: none"> <li>Formulate GHG reduction targets</li> <li>UN GC signatory</li> </ul>	Arista Networks is a pioneer of high-speed networking technology with a particular focus on the requirements of data centres for cloud computing. The company currently reports its Scope 1-3 GHG footprint and aims to publish science-based targets in 2023. The team will monitor this as well as encourage the company to become a UN GC signatory.	18 months	Open
ASM International	<ul style="list-style-type: none"> <li>Improve ESG disclosures and targets</li> </ul>	ASMI is a leader in atomic layer deposition (ALD) equipment. The company is committed to 100% renewable energy usage by 2024 and net zero by 2035. The team will encourage the company to become aligned with the Net Zero Carbon 20 (NZC20) initiative and inquire into the company's emissions to water.	18 months	Open
BE Semiconductor Industries	<ul style="list-style-type: none"> <li>Emissions to water disclosure</li> <li>UN GC signatory</li> </ul>	BE Semiconductor Industries is a leader in hybrid bonding equipment with significant carbon reduction targets. Engagement will occur to encourage the company to become a UN GC signatory, gain information on its emissions to water and also more detail in its reduction targets.	18 months	Open
Delta Electronics	<ul style="list-style-type: none"> <li>Improve ESG targets</li> <li>UN GC signatory or equivalent</li> <li>Engage on improving Board gender diversity</li> <li>Disclose compensation practices</li> <li>Improve access and transparency</li> </ul>	Delta Electronics is a laggard in governance due to a lack of transparency around Board compensation. Engagement will occur to help improve the company's disclosures, climate action targets and to encourage more transparency on compensation practices and shareholder rights.	18 months	Open
Evolent Health	<ul style="list-style-type: none"> <li>Implement GHG reduction target</li> <li>Improve ESG disclosures</li> </ul>	Evolent Health uses its technology and technology enabled services to help health insurers and professionals deliver value based care to some of the most complex and costly areas of healthcare such as oncology and cardiology. The team will engage with the company to help it build out its disclosures and implement a GHG reduction target.	23 months	Open

Company	Objective	Summary	Timeline	Status this Quarter
Fiserv	<ul style="list-style-type: none"> <li>Improved ESG disclosures</li> <li>Firm environmental commitments</li> <li>UN GC signatory</li> <li>Improve data security and privacy processes</li> <li>Inquire into R&amp;D spend vs. peers</li> </ul>	Fiserv is currently a laggard on the team's internal ESG Ranking Screen. The company has not published specific carbon reduction targets and is lacking a CDP disclosure. The team is pressing for positive ESG momentum, improved ESG disclosure, R&D spend clarity, UN GC signatory status or equivalent process or compliance mechanisms, a carbon reduction target, auditor review and a CDP disclosure.	11 months	Open
GE HealthCare Technologies	<ul style="list-style-type: none"> <li>Improved ESG disclosures</li> </ul>	GE Healthcare Technologies is a leading global medical technology company and a significant player in the diagnostic imaging, patient monitoring and pharmaceutical diagnostics markets. It is the market leader in ultrasound. Its products help to address the key challenges facing modern healthcare systems by improving clinician productivity, identifying medical conditions and improving medical outcomes for patients. As the company has just spun out of General Electric it is still early in its ESG journey. The team will engage with the company to help it build out its disclosures.	18 months	Open
Impinj	<ul style="list-style-type: none"> <li>Improve environmental disclosure</li> <li>Set GHG reduction target</li> <li>Report scope 1-3 emissions to CDP and percentage of renewables</li> <li>UN GC signatory or equivalent</li> <li>Engage on improving Board gender diversity</li> <li>Improve disclosure on data privacy &amp; security</li> <li>Improve ethical practices</li> </ul>	As a small company with limited resources, Impinj has been poorly scored by third-party ESG ranking providers given a lack of disclosure and being in the semiconductor industry where there are environmental and supply chain risks. The team disagree with ISS's assessment of not representing shareholders and believe the company is misunderstood by MSCI. Impinj has an environmentally-aware founder who is committed to a strong, responsible corporate culture, has been very open to engagement on these issues, improving disclosures and getting the recognition for Impinj's sustainable and ESG credentials that he feels are core to the company's mission. Recent engagements have been promising.	18 months	Open

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Company	Objective	Summary	Timeline	Status this Quarter
Jabil	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> </ul>	Jabil is a manufacturing solutions provider relied upon by Apple, Tesla, Amazon and Johnson & Johnson among others to provide a breadth of technical and design capabilities, manufacturing know how, supply chain management and product management. The team view Jabil as a best in class manufacturer whose operational expertise is its competitive advantage with its sustainable alignment benefiting its clients. Jabil's Board gender diversity has recently dropped below 30% so the team will engage with the company to improve this.	23 months	Open
Keysight Technologies	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> </ul>	Keysight Technologies is a market leader in test and measurement across wireless, data centres, semis and increasingly autos. The company has strong ESG disclosures in place, however, its Board gender diversity is below 30%. The team will engage with the company to encourage improvement.	25 months	Open
Lam Research	<ul style="list-style-type: none"> <li>Improved ESG Disclosures</li> </ul>	Lam Research has strong disclosures in place, however, it does not currently report its emissions to water. The team will engage with the company to improve its disclosures.	23 months	Open
Marvell Technology	<ul style="list-style-type: none"> <li>Formulate GHG reduction targets (SBTs submitted for validation)</li> <li>Engage on improving Board gender diversity</li> </ul>	The company has submitted science-based targets for validation and has published its first sustainability report. The company has also built out its ESG team and appointed a Head of Diversity. The company has said that a new female member will be added to the Board as well, resulting in a gender Board diversity value in excess of 30%.	16 months	Open

Company	Objective	Summary	Timeline	Status this Quarter
Mastercard	<ul style="list-style-type: none"> <li>Understand the ESG controversies around business practices and management's response to those criticisms</li> <li>Provide more ambitious net zero target</li> <li>Improve Board-level oversight of data privacy ecosystem</li> </ul>	Mastercard's recently set target for Net Zero (by 2040) is longer dated than other companies in the sector and its absolute emissions are higher. It is an ESG laggard due to controversies. Pay is linked to sustainability and it is also now linking bonus pay to the team's ESG priorities including carbon emission reduction, gender pay parity and financial inclusion. It is also a UN GC signatory. Engagement with management will take place to improve ESG disclosures, plus some additional work/discussion around controversies e.g. accusations of anti competitive behaviour.	Ongoing	Open
MercadoLibre	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> <li>UN GC signatory</li> <li>Formulate GHG reduction targets</li> <li>Improve disclosures</li> <li>Implement ESG targets and governance</li> <li>Understand materiality of impact categories</li> <li>Improve ethics, data privacy and security and supply chain processes</li> </ul>	MercadoLibre is a LatAm online e-commerce platform, focussed on social impact, providing a platform for mom and pop shops to thrive (+ entrepreneurs and SMEs), financial inclusion tools, digital and commercial tools. The company has been very focussed on social goals but is lagging on environmental targets. It is focussed on ESG and improvements are being made.	18 months	Open
NEXTracker	<ul style="list-style-type: none"> <li>Formulate GHG reduction targets</li> <li>Improved ESG Disclosures</li> <li>Engage on improving Board gender diversity</li> </ul>	NEXTracker is one of the largest independent row tracking system used to increase utility scale solar systems. It is an ESG laggard on the team's internal Ranking Screen due to a lack of disclosures, not having a decarbonisation target and having a Board gender diversity value lower than 30%. The team will engage with the company on these topics.	23 months	Open

Company	Objective	Summary	Timeline	Status this Quarter
NVIDIA	<ul style="list-style-type: none"> <li>Improve GHG reduction target</li> <li>Engage on improving Board gender diversity</li> </ul>	NVIDIA currently lags its peers in relation to Board gender diversity, which is at 28.6%. The team will engage with the company to improve this along with its decarbonisation strategy.	18 months	Open
Pure Storage	<ul style="list-style-type: none"> <li>Improved ESG Disclosures</li> </ul>	Pure Storage provides a range of flash-based enterprise storage solutions that help clients uncomplicate their data storage needs, reducing the associated cost and energy requirements for high performance workloads and for cloud compute. Engagement will occur to encourage the company to disclose its water and hazardous waste emissions	25 months	Open
TE Connectivity	<ul style="list-style-type: none"> <li>Improve environmental disclosures</li> </ul>	TE Connectivity is a global industrial technology leader with a broad range of connectivity and sensor solutions for a variety of harsh environments. Engagement will occur to encourage the company to improve its environmental disclosures to better understand the company's emissions to water.	18 months	Open
Trimble	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> <li>UN GC signatory</li> <li>Improve environmental disclosures/targets</li> </ul>	Trimble products are focussed on improving productivity, compliance, and safety, to moving goods and services, to helping feed the world in a more efficient manner. The company has decarbonisation targets in place, however, engagement will occur to encourage the company to disclose its water and hazardous waste emissions as well as improving its Board gender diversity.	18 months	Open
Universal Display	<ul style="list-style-type: none"> <li>Implement carbon reduction target</li> <li>Improve disclosures</li> </ul>	Universal Display is a pioneer in organic light emitting diode (OLED) displays. These displays utilise phosphorescent materials and do not require a backlight so are therefore much more power efficient than liquid crystal displays (LCD). Engagement will occur to encourage the company to disclose its water emissions and to put in place a decarbonisation target.	25 months	Open

Company	Objective	Summary	Timeline	Status this Quarter
Visa	<ul style="list-style-type: none"> <li>To understand the ESG controversies around business practices and management's response to those criticisms</li> <li>Improve environmental disclosures and commitments</li> <li>Implement 3<sup>rd</sup> party oversight on data security &amp; privacy</li> </ul>	Visa is an established company operating a payments network at the core of both on-premise and e-commerce. As a mature company with significant global operations, its recently set target for Net Carbon Zero (by 2040) is longer dated than other companies in the sector and its absolute emissions are higher. It is an ESG laggard on the team's internal Ranking Screen due to controversies. The team will continue to engage on these topics.	Ongoing	Open
Workday	<ul style="list-style-type: none"> <li>Engage on improving Board gender diversity</li> </ul>	Workday's product set helps deliver better employee experiences, improve operational efficiencies, and provide insights for faster, data-driven decision making. It currently lags its peers with respect to its Board gender diversity. The team will encourage the company to improve its Board gender diversity to a level above 30%.	18 months	Open
Xylem	<ul style="list-style-type: none"> <li>Improved ESG Disclosures</li> </ul>	Xylem has strong disclosures in place, however, it does not currently report its emissions to water. The team will engage with the company to improve its disclosures.	23 months	Open

# Voting

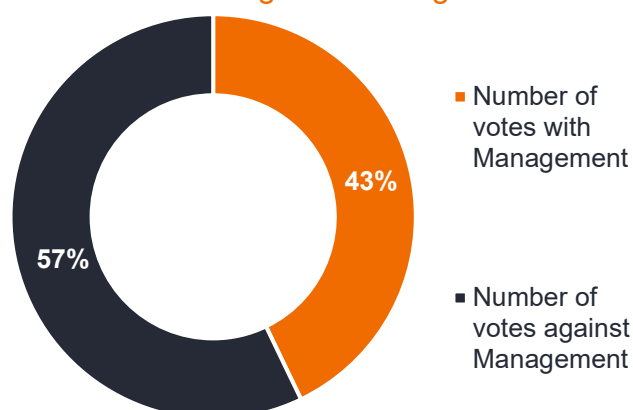
## Summary of voting

Janus Henderson's ESG Investment Principles sets out our approach to ESG issues, including our proxy voting policy.

We believe that in order to achieve long-term success, companies need not only to conceive and execute appropriate business strategies but also to exhibit good standards of corporate governance and corporate responsibility with regards to all stakeholders.

The Sustainable Future Technologies Team voted in 100% of the meetings available during the quarter.

### Votes With and Against Management in Q3 2023



Source: Janus Henderson Investors as at 30 September 2023

The votes against management are detailed below:

Company Name	Proposal Description	Proposal Text	Rationale
NEXTracker	Elect Director	Elect Director Paul Lundstrom	The nominee is non-independent and the full Board is comprised of less than 51% independent members. A vote against this nominee is warranted because the nominee is a non-independent member of a key Board committee.
		Elect Director Scott Offer	
		Elect Director Daniel Shugar	
		Elect Director William Watkins	



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# Glossary

**CDP** is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

**GRI, the Global Reporting Initiative Standards** enable any organization – large or small, private or public – to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development.

**The Global Network Initiative (GNI)** aims to protect and advance freedom of expression and privacy rights in the information and communications technology (ICT) sector by setting a global standard for responsible decision making and serving as a multistakeholder voice in the face of government restrictions and demands.

**UNGC or the United Nations Global Compact 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.

**UNSDG, the 17 Sustainable Development Goals (SDGs)**, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

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

**SBTi, the Science-Based Targets** initiative drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The SBTi is a partnership between CDP (the not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

**PAI or Principal Adverse Impact** is a key concept in the EU's Sustainable Finance Disclosure Regulation (SFDR). PAI is defined as "Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity." In the SFDR, there are both narrative and quantitative disclosure requirements for financial market participants.

**RE100** is a global initiative bringing together the world's most influential businesses committed to 100% renewable electricity. Led by the Climate Group and in partnership with CDP, its mission is to accelerate change towards zero carbon grids at scale.

**SASB Standards** enable businesses around the world to identify, manage and communicate financially-material sustainability information to their investors. SASB is a complete set of globally applicable industry-specific standards, which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.

**Scope 1, 2 and 3** is a way of categorising the different kinds of carbon emissions a company creates in its own operations, and in its wider value chain. Scope 1 covers the greenhouse gas emissions that a company makes directly — for example while running its boilers and vehicles. Scope 2 are the emissions it makes indirectly — like when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf. Scope 3 covers all the emissions an organisation is indirectly responsible for, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them.

**TCFD, Task Force on Climate-related Financial Disclosures** was created by the Financial Stability Board (an international body that monitors and makes recommendations about the global financial system) to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change. TCFD aims to improve and increase reporting of climate-related financial information.

**Net zero** refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. Net zero is reached when the amount of greenhouse gas added is no more than the amount taken away.

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## Important information

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

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