

Q4 2020

GLOBAL SUSTAINABLE EQUITY

KNOWLEDGE SHARED

QUARTERLY VOTING AND ENGAGEMENT REPORT

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Engagement activities

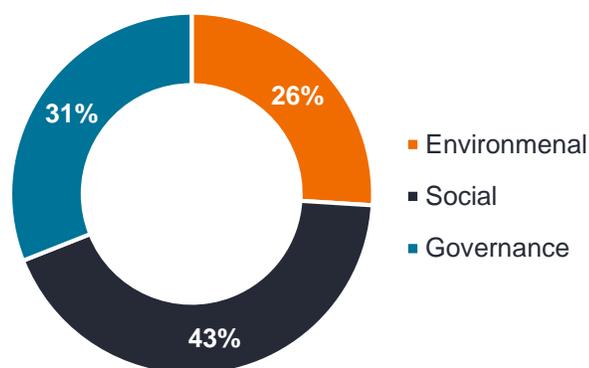
Summary of engagement

Some of the companies we engaged with on environmental, social and governance (ESG) matters in this quarter were:

| | | | |
|----------------|----------------------|-----------------|-------------------|
| Adidas | Humana | Nike | Texas Instruments |
| AIA Group | Mastercard | Salesforce | Wolters Kluwer |
| Atlassian | Microsoft | SSE | |
| Autodesk | National Instruments | TE Connectivity | |
| Cadence Design | Nintendo | Tesla | |

Q4 – ESG engagements

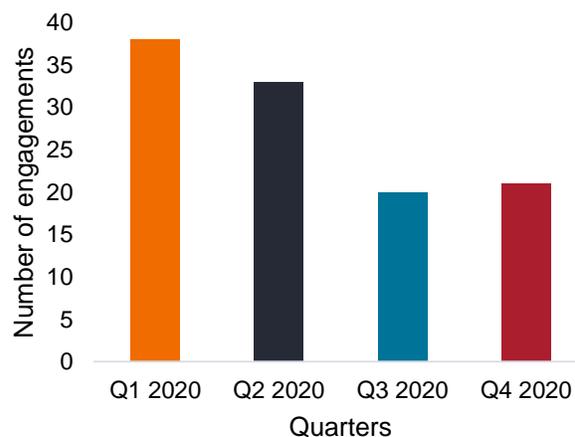
The chart below displays the distribution of engagements between environmental, social and governance issues for the quarter. Unlike previous quarters, COVID-19 has not been the dominant topic of engagement, however other social issues such as pay, racial equity, social mobility and human rights have resulted in a larger proportion of social engagement.



Source: Janus Henderson as at 31 December 2020

Engagements per quarter

The number of engagements this quarter has increased slightly in quantity compared to the previous quarter.



Source: Janus Henderson as at 31 December 2020

Key quarterly engagement

COVID-19 (Humana, Mastercard and others)

Categories: *Social*

Coronavirus cases started to increase in Europe during the middle of this quarter; social distancing measures and travel restrictions toughened. Governments began to increase restrictions on commercial activities towards the end of the quarter in response to rising infection rates and the discovery of new virus strains. Our engagement on COVID-19 has shifted to focus on opportunities, and how companies help their employees and communities during the pandemic.

- ▶ **Helping others:** Humana is a health insurance company with a primary focus on providing Medicare Advantage plans (a type of health plan) to senior citizens in the US. During our engagement, we discussed how the company is helping its employees and communities to cope with the 'new normal'. Humana has implemented working from home, has offered additional leave for parents and caregivers, and has started a Helping Hands programme for employees. The programme helps those with physical crises and can offer additional support with medical bills. Humana has helped its customers too. It has donated \$200 million, 50 million masks, sent out care kits to its customers including one million diabetes, chronic kidney disease and colorectal prevention screening tests, and provided one million meals.
- ▶ **Opportunities:** The pandemic has accelerated the shift to electronic payments. Mastercard operates a global payments processing network in more than 200 countries around the world. During our engagement with the company, Mastercard highlighted the benefit of electronic payments to its business. The company sees this as an area to invest in to drive future revenue growth.

Racial Equity and Social Mobility (Adidas, SSE and Others)

Categories: *Environmental, Social and Governance*

- ▶ **Racial Equity:** Adidas is one of the world's largest suppliers of shoes and clothing. During 2020 it had a few controversies around race relations. We engaged with the company to gain a better understanding of how Adidas was looking to improve race relations within the business. The company has created a formal framework for Diversity and Inclusion (D&I) which is chaired by the CEO. It has signed the Juneteenth Pledge for all US employees (making 19th June a paid holiday in commemoration of the ending of slavery in the United States), and increased training on D&I globally. Adidas has also committed to invest \$120 million into Black and Latinx communities. The company are still working towards increasing the number of black people in senior management positions and increasing minority representation on the board. Adidas is on a journey regarding race relations, and this will be part of the responsibilities of the new Head of HR.
- ▶ **Social Mobility:** SSE is an energy utility that operates in the UK & Ireland with a focus on electricity generation and regulated transmission networks. The company has produced a large report on how it addresses social mobility. The report gives examples and case studies on its strategy which starts from when people are in school and includes community investment. SSE finds addressing inclusion around Black, Asian and Minority Ethnic (BAME) the most challenging due to the geographies of its business and the lack of data. So far, the company only have a 14% uptake of current employees disclosing their ethnicity.

Key quarterly engagement

Microsoft

Categories: *Environment, Social and Governance*

In conjunction with the release of Microsoft's devices report we had a meeting with the company to discuss developments on cobalt within its supply chain. We also discussed how the company incorporates sustainable design.

- ▶ **Cobalt:** Microsoft has yet again increased the information it publishes on cobalt by publishing a list of its smelters and refiners. The company aims to address the issues surrounding cobalt in the Democratic Republic of Congo (DRC) through industry groups such as the Responsible Minerals Initiative (RMI). Through the RMI, Microsoft has been able to partner with the Organisation for Economic Co-operation and Development (OECD) on this issue. The company has also been able to speak to mining companies directly on child labour. Microsoft has continued its work with PACT (a charity specialising in eradicating child labour in the DRC). This work has been impacted by COVID-19, but the DRC government are now starting to lift restrictions allowing charity workers to resume their work. Microsoft are now looking to expand the scope of the issues that it looks at in relation to cobalt in the DRC to include corruption.
- ▶ **Sustainable Design:** In this year's report, Microsoft has included a focus on sustainable design. Much of the focus has been on ensuring that solutions such as reducing mining, reducing ocean plastic and improving accessibility for those with disabilities increases over time. The company is also designing its devices to be easier to repair to reduce electrical waste.

Voting

Summary of engagement

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 Global Sustainable Equity team have voted in 100% of the meetings available. For all meetings, we voted with management.

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