Business Model (continued)

The Manager engages Sustainalytics, a leading firm researching and rating ESG factors globally, to support investment research. Sustainalytics can also be used to monitor the holdings within the Company and analyse its overall ESG risk exposure. Analysis by Sustainalytics shows the Company's portfolio as at 30 June 2021.

Overall ESG Risk Rating

Source: Sustainalytics, City of London and benchmark weights as at 30 June 2021. Sustainalytics risk data as at 4 August 2021

The ESG risk rating measures the unmanaged ESG risk of a business and the degree to which the business' economic value is at risk from ESG factors. A lower score indicates less exposure to ESG risk. It is important to note that all companies have some level of systemic ESG risk which cannot be managed. The risk ratings are aggregated for the City of London portfolio and the benchmark, the FTSE All-Share Index. The Company's ESG risk is 3% lower than the benchmark, as assessed by Sustainalytics.

ESG Risk category

Source: Sustainalytics, City of London and benchmark weights as at 30 June 2021. Sustainalytics risk data as at 4 August 2021

The Sustainalytics ESG risk categories sort securities into five groups based on a company's exposure to ESG risks which could cause material financial impact. The Company's portfolio has no exposure to companies considered to have severe exposure to material ESG risks and less exposure to high and medium-risk stocks than the benchmark. The Company's portfolio is more weighted towards lower ESG risk stocks than the benchmark.

Carbon Emissions

Source : ISS, as at 30 June 2021
Note: ISS Climate Impact data including Scope 1 (direct), Scope 2 (purchased electricity), Scope 3 (other indirect not included in Scope 2)
tCO2e: tonnes of carbon dioxide equivalent

The above chart shows the direct and indirect carbon emissions of the holdings in both the Company and the benchmark. These emissions are based on the assets under management of the Company compared to an equivalent portfolio of assets under management invested in the benchmark. Scope 1 and 2 emissions are the direct emissions from a company's operations and scope 3 emissions are indirect emissions. The Company's carbon emissions are 39% lower than the benchmark.

Engagement and Stewardship

Stewardship is a fundamental part of the Manager's long-term, active approach to investment management. Strong ownership practices, including engagement with management and boards, can help protect and enhance long-term shareholder value. Janus Henderson supports the UK Stewardship Code and is a founding member of the UN Principles of Responsible Investment ("UN PRI"). Additionally, Janus Henderson is a supporter of a number of broader ESG initiatives such as the Access to Medicine Index which aims to improve availability of healthcare in developed and emerging markets and Climate Action 100+, an investor-led initiative to engage with heavily emitting companies to reduce their greenhouse gas emissions.

As a part of the research process, portfolio managers and analysts meet frequently with company management, senior executives and boards, with Janus Henderson conducting thousands of meetings per year. These meetings typically occur prior to initiating a position and throughout the holding period. The portfolio managers develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they would seek to leverage these constructive relationships by engaging with company management or express their views through voting on management or shareholder proposals. Escalation of engagement activities depends upon a company's individual circumstances.