Pillar requirements for Janus Capital International Limited ("JCIL")
(as at December 2016)

1. Background

Under the 2006 Capital Requirements Directive ("CRD"), a revised regulatory framework was created across the European Union. This was implemented in the United Kingdom by the Financial Conduct Authority ("FCA") through the creation of the General Prudential Sourcebook ("GENPRU"), and the Prudential Sourcebooks for Banks, Building Societies and Investment Firms ("BIPRU"). The framework consists of three pillars:

- Pillar 1 sets out the minimum capital requirements for credit, market and operational risk;
- Pillar 2 requires an assessment of whether additional capital needs to be held for risks not covered by Pillar 1;
- Pillar 3 requires us to publish details regarding our risk management processes, underlying risks, and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. This document meets that obligation.

The rules provide that one or more of the required disclosures may be omitted if we believe the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on the information.

In addition, one or more of the required disclosures may be omitted if JCIL believes the information is proprietary or confidential. Proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

2. Scope and Application of Directive Requirements

JCIL is an investment manager, authorised and regulated by the FCA, principally providing investment management services to non US based clients.

JCIL is a wholly-owned subsidiary of Janus Capital Group Inc ("JCG").

3. Capital Resources and Requirements

The Firm's regulatory capital (comprising share capital and reserves, i.e. Tiers 1, 2, and 3) was £43,061,000 at 31 December 2016.

	JCIL (£000's)
TIER 1 CAPITAL	
Permanent Share Capital	53
Share premium account	6,152
Redemption reserve	8,195
P&L account & other audited reserves	28,661
DEDUCTIONS FROM TIER 1	
Intangible Assets	
TOTAL TIERS 1& 2 CAPITAL **UPPER TIER 3 CAPITAL**	

TOTAL TIERS 1, 2 &3 CAPITAL	43,061

In accordance with GENPRU 2.1.45R (calculation of variable capital requirement for a BIPRU firm), the Firm's Pillar 1 minimum capital requirement is £11,127,000 for the year ended 2016. The minimum capital requirement is calculated based on three months audited expenditure less discretionary amounts and revenue related commissions and fees. Market and credit risks are not material to the Firm.

4. Compliance with Pillar 2

Under Pillar 2 of the FCA's capital requirements, JCIL has undertaken an assessment of the adequacy of capital based on all the risks to which we are exposed. This was assessed in our Internal Capital Adequacy Assessment Process ("ICAAP").

As part of the ICAAP, JCIL considered risks to capital combined with stress testing and scenario analysis of operational and business risks as well as an assessment of costs to wind down the business. This analysis concluded that the Firm has adequate capital to withstand unexpected losses arising from these risks.

JCIL considers its main risks to be:

- Market Risk;
- Credit Risk;
- Operational Risk; and
- Business Risk.

5. Remuneration

The Remuneration Code has been adopted by JCIL on a proportionate basis based on the size and internal organisation of the firm and the nature, scale and complexity of its activities.

JCIL as a BIPRU firm has implemented policies and procedures in line with the Remuneration Code and continues to promote sound and effective risk management appropriate to the firm.

Following the guidelines laid out by the FCA in SYSC 19C.2.2 G(2), JCIL defines Remuneration to be all aspects of remuneration that could have an effect on effective risk management including salaries, bonus, long term incentive plans, options, hiring bonuses, severance packages and pension arrangements. This will vary within the firm according to individual role grades.

JCIL adopts its remuneration policies, procedures and practices appropriate to the size and internal organisation of the firm and the nature, scale and complexity of its activities which demonstrate adherence to the Remuneration Principles as contained in SYSC 19C.3 including the following:

- JCIL has adopted a Remuneration Policy it considers is consistent with and promotes sound and effective risk management and does not encourage risk taking in excess of the level of tolerated risk of the firm;

- JCIL has adopted a Remuneration Policy it considers supports the business strategy, objectives, values and long term interests of the firm;

- JCIL aims to ensure that any total variable remuneration awarded will not limit its ability to strengthen its capital base.

- JCIL aims to ensure that the measurement of performance used to calculate variable remuneration takes into consideration all types of current and future risks as well as the timing and likelihood of receiving any potential future revenue. This assessment will principally be based on profits.

JCIL's Remuneration Working Group (currently comprising the the Head of Compliance, HR Manager of EMEA and Senior Compliance Manager of EMEA which the VP of Human Resources and the SVP and Chief Compliance Officer acting as executive advisers. The Remuneration Working Group will periodically review the Remuneration Policy together with the JCG Remuneration Committee where appropriate. Where required, the Remuneration Working Group and the JCF Remuneration Committee will act as joint decision makers and will meet to discuss and conclude remuneration award and measurement criteria. The Working Group's focus is on determining the remuneration of staff, with particular emphasis on 'Code Staff'; that is those employees that could fall into the below categories:

(i) Heads of support and control functions and other individuals within their control who have a material impact on the firms risk profile;

(ii) Heads of Significant Business lines (including Regional Heads) and any individuals or groups within their control who have a material impact on the firms risk profile; and

(iii) any individuals who fall within the same remuneration bracket as the above categories and are considered risk takers.

The Committee will determine the composition of remuneration based on factors such as:

- Individual performance
- Compliance with the firm's culture and core principles
- Business unit performance
- Overall results of the firm.

The Committee monitors the compensation guidelines so that non-financial performance is a significant part of the process and takes into consideration factors such as whether there has been poor risk management or behaviour contrary to the values of the firm. Therefore, for example, for staff in client facing roles, the attainment of business is only a part of the objective setting and remuneration assessment process.

The Committee has identified the primary business areas that fall within the scope of the Remuneration Code to be those employees holding Controlled Functions and Senior Management. A total of 7 Code Staff were identified for year ended 2016 as determined by the Committee as falling into the above named categories. The total aggregate fixed and variable remuneration for these individuals for year ended 2016 was £3,850,278. The Committee continues to monitor employees within the organisation for possible inclusion into its Code Staff List.

On this basis, no additional capital is required for Remuneration Risk.