TOKIO MARINE
ASSET MGT

# ESG Rating Methodology Disclosure

Tokio Marine Asset Management

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- **ESG Factor Weightings**
  - Environmental (E): 22-32%
  - Social (S): 28-38%
  - Governance (G): 40%

  The E and S weightings vary depending on the sector, whilst the G weighting remains constant across all sectors at 40%.

- **Identification of Significant ESG Issues:**
  We identify material ESG issues by considering the following factors:
  - Disclosure standards
  - Global initiatives and frameworks
  - Macro-environmental changes

  The specific ESG issues reflected in our scoring are selected based on these criteria and are subject to periodic review and updates as appropriate.

- **Materiality Assessment Process:**
  Our materiality assessment is conducted through a two-stage process:
  1. Initial evaluation based on the frequency of disclosure of individual ESG issues, conducted independently of financial risk considerations by Sustainable Investment team
  2. Review and adjustment by sector analysts who possess in-depth understanding of sector-specific financial risks

  The materiality weightings are finalised following this collaborative review process.

- **Scoring Scale and Rating Bands**
  Investment Decision Thresholds:
  For Tokio Marine Japanese Equity Focus Fund, our investment approach excludes companies ranking in the bottom 20% of ESG scores from the investment universe.

- **Interpretation of High vs Low Scores:**
  High ESG Scores:
  - Companies with high ESG scores are expected to have reduced discount risks (lower discount rate increases) stemming from ESG-related issues
  - In certain cases, these companies may benefit from a premium valuation (lower discount rates)

  Low ESG Scores:
  - Companies with low ESG scores are considered to have heightened discount risks (increased discount rates) due to ESG-related concerns

- **Governance Arrangements**
  Methodology Owner:
  The Sustainable Investment Group serves as the owner of the ESG scoring methodology.

  Escalation Process for Methodology Changes:
  1. ESG score development by the Sustainable Investment Group
  2. Publication on the internal information platform for firm-wide visibility
  3. Internal public comment period soliciting feedback from across the organisation
  4. Incorporation of feedback and finalisation of scores
  5. Ongoing oversight by the Sustainability Promotion Committee

  Approval Committee:
  The Sustainability Promotion Committee provides appropriate supervision and oversight of the ESG scoring methodology.