

SFDR Disclosure Statement

Contents

I. Sustainability risk policy.....	1
II. Sustainable investment policy	8
III. Good governance policy	13

I. Sustainability risk policy

1. Introduction

- The EU Sustainable Finance Disclosure Regulation (SFDR) requires investment firms to formalise how sustainability is integrated into their business and processes, and to make new public and client-facing disclosures on sustainability matters.
- TMAM's management philosophy is to contribute to the promotion of a prosperous society and spur economic development through asset management. As such, we carefully consider not just the financial aspect of a company but also its non-financial aspects – namely environmental, social and governance (ESG) factors – when making investment decisions. We aim to curb sustainability risks and promote the longer-term growth of our investees by actively working with them.
- At the same time, we strive to achieve a sustainable environment and society by working with various stakeholders to address sustainability risks that may adversely affect society at large.

2. Purpose of this policy

- For its sustainability risk integration approach TMAM applies the legal definition of sustainability risk included in the EU Sustainable Finance Disclosure Regulation (SFDR).
- SFDR defines “sustainability risks” as environmental, social or governance events or conditions that, if they occur, could cause an actual or potential material negative impact on the value of the investment.
- This document is intended to provide an overview of our integrated approach to sustainability risk. However, we believe that the field of ESG and sustainability is constantly evolving, and that the data and expertise available to identify, measure and mitigate sustainability risks will change and advance over time. We therefore conduct regular reviews of our sustainability risk integration process and recalibrate it as necessary to ensure that these definitions are fully aligned with our process.

- TMAM reserves the right to decide whether to implement the principal adverse impact arrangements under Article 4 of the SFDR and has chosen not to comply for the time being. Please see PAI policy for more information.

3. Definition of sustainability risks

- Sustainability factors, including environmental and social, can have a positive or negative impact on investment performance. We believe that clients expect us to identify relevant sustainability risks, determine their materiality with regard to our investment strategies and act in the clients' best interests.
- Understanding the concept of sustainability risk requires an awareness of the concept of double materiality. Sustainability risks affect an investee's economic interests, but can also have negative social consequences.
- TMAM analyses materiality at the corporate level with regard to sustainability risks related to a given investee's business activities. We believe climate risks in particular to be potentially significant for all regions, industries and companies.
- Climate change is not the only sustainability risk we have identified. We also consider other environmental factors (including air and water pollution, biodiversity loss and deforestation), social issues and governance practices, as these can pose serious risks to the value of portfolio investments.

4. Sustainable investment

- Here we set out our policy on integrating sustainability risks in the investment decision-making process, as required under Article 3 of the SFDR. This policy applies to funds managed by TMAM.
- Our portfolio managers, analysts and ESG specialists are committed to identifying sustainability opportunities and risks and making informed investment decisions that enhance the value of our portfolios.
- Sustainability risks are under-researched and not fully understood, and disclosure is inconsistent and insufficient. Given this background, we believe that our own analysis of ESG factors and their systematic and explicit integration into investment decision-making will help portfolio managers to identify and assess sustainability opportunities and risks and improve investment returns.
- ESG integration alone is insufficient for the purposes of evaluating and addressing climate change, biodiversity, and other issues facing society, and we therefore use a combination of measures including ESG scoring, engagement and exclusion to achieve the objectives of each investment strategy.

- The portfolio manager is ultimately responsible for portfolio and strategy investment decisions. Final investment decisions relating to ESG issues are therefore left to the discretion of the portfolio manager.
- The nature of the final investment decision will vary according to the fund's clients and investment strategy. We do not agree with a one-size-fits-all industrywide approach in taking ESG issues into account in investment decisions. Decisions are made on a case-by-case basis based on in-house analysis and assessment, our responsible investment philosophy and specific client requirements.

4-1. Investment due diligence

- TMAM's investment due diligence policy is designed to ensure that investment decisions are implemented in compliance with portfolio objectives, investment strategy and portfolio risk limits. We have integrated processes and procedures for investment decision-making and monitoring with regard to sustainability risks.
- Portfolio managers, analysts and ESG specialists hold the primary responsibility for assessing sustainability risks and conducting investment due diligence. Sustainability risks are assessed through ESG integration, good governance considerations, exclusion and negative screening and engagement with portfolio companies. Please refer to our Good Governance Policy and ESG Scoring Policy sections for details.
- We believe that bottom-up research is the key to identifying sustainability risks. Analysts and ESG specialists work together to determine long-term economic, social or environmental factors that could have a material impact on future financial information and company value, in an approach that we believe can deliver high investment returns.
- Processes and tools used to integrate sustainability risks may vary from strategy to strategy.

4-2. Sustainable investment approach

- We employ the following sustainable investment approaches across the range of our investment strategies. By combining these approaches, we believe we can control sustainability risks and build optimised portfolios, so that our investments will have an impact on society and markets.

ESG integration

- TMAM's policy is to integrate ESG into the investment process in all asset classes, taking into account investee sustainability factors. We manage a wide range of investment strategies, from equities to real investments, integrating ESG by taking into account

sustainability factors that reflect the specific characteristics of each asset class.

- Please refer to the ESG integration section of our Sustainable Investment Policy for details.

Active ownership or engagement

- While we do not take principal adverse impacts (PAIs) into account, we do conduct thematic engagement on climate change, diversity, and other material issues set at an entity level. We also conduct bottom-up dialogue aimed at improving longer-term corporate value.
- Dialogue is categorised by purpose. There are two main types of dialogue: one is aimed at improving corporate value, led by analysts who are industry specialists; the other is focusing on ESG outcomes and ESG-related themes, led by ESG specialists. We believe that combining themes and participants from diverse perspectives as necessary can lead to deeper and more meaningful dialogue.

Exclusion policy and negative screening

- We apply exclusion policies appropriate to a given fund's strategy and objectives. Stricter exclusions may apply in relation to funds with sustainability risk considerations. Please refer to individual fund policies for details.

Good governance assessment

- Assessing good governance practice is an integral part of any investment product that promotes environmental or social characteristics or pursues sustainable investment objectives. Funds classified under SFDR Article 8 or 9 are required not to invest in companies or securities that do not follow good governance practices.
- We have developed and implemented a good governance policy on assessing good governance practice for funds classified under SFDR Articles 8 and 9.

4-3. ESG scoring process

- We take into account elements of sustainability risk in all asset classes, with ESG score-based assessment of risks and opportunities at the foundation.
- Please refer to the ESG scoring policy section of our Sustainable Investment Policy for details.

5. Risk management framework

- This section explains the oversight framework for TMAM's sustainability risk integration process.

5-1. Management board and committees

- The board and key appointed officers have full responsibility for overseeing the development and execution of the sustainability strategy, risk policy and implementation of governance arrangements. They are also responsible for strategic review and oversight of sustainability risk integration.

5-2. Sustainability committees

- The Sustainability Committee is the dedicated governance body for our sustainability investments. It is responsible for strategic considerations, policy development and tracking progress on sustainability matters.
- The role of the Sustainability Committee includes the following:
 - Approving sustainability strategies and investment approaches (e.g. PAI policy, ESG integration, impact investing)
 - Formulating sustainable product policy (e.g., ESG-related product definition and strategy, ESG-related product development).
 - Developing sustainability-related data policy and management oversight
 - Overseeing sustainability risk management
 - Monitoring sustainability initiatives
- Other bodies responsible for approving shareholder voting policy and overseeing voting results are the Responsible Investment Committee and the Responsible Investment Monitoring Committee.

5-3. Internal control framework

- We have multiple lines of defence to support and facilitate oversight and effective decision-making on the integration of sustainability risks.

5-3-1. Investment teams

- Monitoring investments made on behalf of clients is the responsibility of the relevant portfolio manager, and the front teams that manage our investment portfolio have primary responsibility for managing the risks created by their investment activities. Risks managed include both financial and sustainability risks.

5-3-2. Risk management function

- Our risk management team is responsible for ensuring that sustainability-related risks are properly managed. The team is independent of the investment division and is responsible

for measuring and monitoring sustainability risks. By setting various sustainability-related limits, the risk management team aims to ensure that sustainability risks are taken into account in the investment decision-making process.

- The risk management team monitors sustainability risks in the same way as other financial risks, with both pre- and post-trade checks. Any breaches of guidelines are notified to all relevant stakeholders and the portfolio manager is required to adjust the portfolio to comply with provisions.

5-4. Disclosure policy

- SFDR requires that the firm publish information about this policy on its website. TMAM satisfies this requirement by disclosing this policy itself on our website.
- SFDR also requires that the firm include, in the pre-contractual disclosures for its financial products, a description of the manner in which sustainability risks are integrated into its investment decisions. TMAM satisfies this requirement by disclosing a separate summary of this policy in pre-contractual disclosures.
- We provide regular reports on our responsible investment activities, including engagement and voting results. This allows existing and potential clients to monitor our activities on an ongoing basis, in the same way that our investment professionals monitor the companies in which we invest.

6. Remuneration policy

- We believe that appropriate incentive mechanisms are essential to support the achievement of targeted investment performance while taking sustainability-related risks into account. Sustainability-related KPIs are determined in line with the sustainability risks associated with our policy and investment strategy as a company, and incentives are designed to be linked to these.

7. Explanation of non-compliance with SFDR's principal adverse impacts regime

- This section presents our views on principal adverse impacts in investment decision-making.
- The EU SFDR requires firms to comply or explain as to whether or not they take into account principal adverse impacts (PAIs). TMAM has decided not to comply with the regime at present.
- We are therefore required to publish on our website an explanation of why we do not comply and information on when we will comply.
- We have carefully reviewed the requirements of SFDR Article 4 and the PAI regime issued

in April 2020.

- While we support the regime's policy objective of improving transparency on how managers consider PAIs in their investment decisions, we are not yet in a position to explicitly take PAIs into account and promote initiatives.
- In addition, with regard to TMAM's own PAIs, they occur indirectly, mainly through the entities in which we invest. This means that our PAIs are highly dependent on issuer and third-party reporting, in addition to our own initiatives. Despite the implementation and acceleration of various sustainability initiatives globally, we also believe that few companies have yet disclosed the results of their initiatives and that we have not yet reached the stage where we can identify all principal adverse impacts that may be relevant to the companies in which we invest.
- We have therefore chosen not to consider PAIs for the time being.
- TMAM intends to re-evaluate this decision as we monitor progress in the development of standards and corporate disclosure.
- While we do not comply with the PAI regime, we address ESG issues in general as one of our top priorities.

*Applies only where we manage asset classes directly and can consider sustainability factors, based on information disclosure availability.

II. Sustainable Investment Policy

TMAM's management philosophy is to contribute to the promotion of a prosperous society and spur economic development through asset management. We believe that considering sustainability issues – namely environmental, social and governance (ESG) – can help us in this direction. By actively working with our investees, we aim to promote their longer-term growth and solve wider social problems.

1. ESG integration perspectives

- TMAM's policy is to integrate ESG into the investment process in all asset classes, taking into account investees' sustainability factors. We manage a wide range of investment strategies, from equities to real investments, integrating ESG by taking into account sustainability factors reflecting the specific characteristics of each asset class.
- Bottom-up research is central to our active fund investment decisions. We believe that incorporating sustainability factors alongside our bottom-up financial research enables us to formulate and implement investment strategies from a longer-term perspective.
- ESG specialists and sector analysts work together to analyse how sustainability factors may affect the growth, costs, risks and future financial information of a portfolio company so that the portfolio manager can make final investment decisions.
- While we take sustainability considerations into account in the portfolio construction process for all asset classes, the extent and method of integration will depend on a given fund's investment objectives and strategy. Funds with strong sustainability elements may exclude a portion of the investment universe based on ESG scores or data on greenhouse gas emissions. All portfolio managers are required to be accountable for how sustainability factors are incorporated into the investment decision-making process.
- We also conduct engagement where deemed necessary within the investment decision and ESG assessment process, and are working on ESG integration initiatives with a greater impact on investment returns.

2. ESG scoring policy

- We take sustainability risk elements into account in all asset classes*, and we believe that using ESG scores to assess risks and opportunities provides a foundation for this.
- TMAM's ESG scores are produced mainly by our ESG specialists, who are experts on global sustainability trends, with support from our sector analysts, who are experts on the individual companies they cover, working together to assess ESG performance and formulate ESG scores.
- Specifically, ESG specialists establish multiple evaluation criteria for investee companies'

sustainability initiatives, and sector analysts set appropriate material issues for each industry, enabling ESG scores to reflect both company and industry characteristics. We also reflect the results of engagement by ESG specialists and sector analysts in evaluating individual investees. These bottom-up assessments are combined with the sustainability risk exposure of investee companies to create a final ESG score, which is then shared across the investment team through our internal platform.

- We also refer to SASB and other external frameworks in designating material issues.
- ESG scores are referred to in portfolio monitoring, engagement target selection and investment decisions.
- ESG scores are based on both external and internal data. Key service providers for data and analysis include Sustainalytics, S&P, and Bloomberg.
- The designated score data controller also validates ESG scores using sustainability-related outcomes from external providers and issuers. When scores cannot be validated, we review and amend the methodology.

3. Engagement Policy

- TMAM believes that companies with good governance, transparency and due consideration for sustainability in their operations will achieve longer-term growth and enhance stakeholder value. We believe that engaging in constructive dialogue with client portfolio investees in an active fund is a matter of fiduciary duty.
- We engage in dialogue and outreach to maintain and improve the value of investee companies. The purpose of engagement is to deepen our understanding of the issues faced by investee companies and increase corporate value by improving earnings and enhancing sustainability initiatives.
- Our engagement activities are conducted by portfolio managers, fixed income and equity investment analysts, other asset class managers and ESG specialists.
- Dialogues are classified into multiple categories depending on the purpose, with value-enhancing dialogues led mainly by industry specialists (analysts) and conversations focused on sustainability outcomes and sustainability topics led by ESG specialists. However, we believe that combining themes and participants from diverse perspectives as necessary can lead to deeper and more meaningful dialogue.
- We also identify sustainability challenges across multiple companies and sectors. Priorities are set through the use of a materiality framework, based on which we determine risks and opportunities needing to be addressed. We have processes for setting objectives and issues, and for tracking KPIs and progress on each theme. We are also actively involved in dialogue with external stakeholders, including participation in relevant

initiatives.

- Our head of engagement monitors whether objectives are appropriate, and tracks progress and results, reporting regularly to and under the supervision of the Sustainability Committee. All engagement-related information is also shared with all personnel involved.
- Specific strategies with a greater focus on sustainability factors have adopted an approach of engaging with investee companies when existing holdings conflict with exclusion rules and screening standards.

4. Voting policy

- TMAM has, from the viewpoint of fiduciary duty, established a basic policy and guidelines for Japanese equity shareholder voting, with the purpose of seeking to maximise shareholder value. We have strict controls in place to manage conflicts of interest and fulfil our fiduciary duty by ensuring independence when voting on companies with which we have direct or indirect capital, personal or business ties.
- Any changes to this policy shall require the resolution of the Responsible Investment Committee and be reported to the Responsible Investment Monitoring Committee.

4-1. Basic Philosophy on Shareholder Voting

- Purpose of shareholder voting
TMAM exercises its voting rights with the aim of serving the interests of beneficiaries.
- Maximising long-term shareholder value
We believe that companies should not be managed solely in pursuit of short-term shareholder value, but in balance with the interests of employees, business partners, regional communities, and other stakeholders; building a cooperative relationship with stakeholders is what best creates long-term shareholder value.

4-2. Our expectations of investee companies

- Information disclosure
Ensuring transparency in corporate management is an important factor in improving shareholder value, and we expect active disclosure.
- Improving corporate governance
Shareholders and capital markets alike require companies to maintain a clear focus on corporate governance, and we expect active efforts to improve corporate governance.
- Sustainability initiatives
We expect companies to limit risks and create opportunities with regards to sustainability issues.

- Preventing unlawful or unethical behaviour

We expect companies to abide by the rule of law and standards of public order and decency and to be unrelenting in their efforts to prevent unlawful or unethical behaviour.

5. External data due diligence policy

- When information disclosure from investee companies is insufficient, we source data from external providers in addition to data generated internally; we combine and analyse this data to promote environmental and social characteristics.
- Key service providers include Sustainalytics, S&P, and Bloomberg.
- These data sets may be supplemented by our ESG specialists and sector analysts. We also conduct due diligence on all data providers.
- Our ESG assessment process incorporates information from external vendors to assess investee risk. We also work to ensure the quality of data used through due diligence on external vendors.
- Our external data evaluation process also includes reviews of models and methodologies. This involves detailed checks to identify any outliers, patterns or other distortions in the data.
- The extent to which external data covers our portfolio and benchmark universe is another important aspect of our evaluation criteria.
- When assessing investee company risks, we work to ensure the credibility of our ESG scores through investee company interviews and similar. We also verify our ESG ratings by comparing them with provider data.
- For each data set we assign a controller, who is responsible for the content, methodology and logic, and ultimately the quality of the data. Data controllers are also ultimately responsible for quality control of internal data created using external data.
- The data controller may, where necessary, work with relevant stakeholders to take the best approach to ensuring data authenticity.

6. Estimated data

- While we give priority to data disclosed by investees, disclosure levels vary from company to company, and such data alone may prove insufficient. For this reason, we use estimates in situations including investee sustainability risk assessments and portfolio management and analysis.
- We may use estimates for the purpose of ensuring necessary coverage and appropriate investments. In such cases, we may employ a variety of statistical methods to fill any gaps as best possible. In some cases, we may estimate data through interviews with investees

themselves.

- External vendor data also includes estimates, based on the external vendor's methodology. External vendors are evaluated based on our due diligence policy.

*Applies only where we manage asset classes directly and can consider sustainability factors, based on information disclosure availability.

III. Good Governance Policy

- As a longer-term investor, we believe that assessment of a company's corporate governance framework constitutes an important factor in making investment decisions.
- We evaluate investee governance based on a proprietary evaluation process. This assessment draws on data from external providers, corporate disclosure and other sources, with a focus on three key areas detailed below.
- Companies that fail good governance tests are not eligible for investment in our SFDR Article 8 or 9 products.

1. Sound management framework

An effective board plays a key role in a company's longer-term growth by providing oversight regarding both opportunities and risks. The board of directors also has a duty to protect the interests of shareholders. TMAM expects the board to include directors who are independent. Independent directors should have appropriate skillsets allowing them to advise directors, to raise challenges as appropriate, and to engage in dialogue.

2. Employee relations

We believe that a healthy relationship with employees contributes to the well-being of said employees and leads to increased corporate productivity and longer-term growth. Companies with good governance need to be free of serious workplace conflicts and controversies. Companies must not be in structural conflict with their employees and must adhere to the principles of the United Nations Global Compact on Labour Practices (the "Third Principle").

3. Business ethics

We believe that every company should promote an ethical culture and code of conduct throughout the organisation. Unethical behaviour poses a great risk both to businesses and to society. We ensure there are no serious controversies in our investees.