

Task Force on Climate-Related Financial Disclosures (TCFD) Entity Report 2023

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1. Introduction

MS Amlin Investment Management Limited (MS AIML) is a wholly owned subsidiary of Mitsui Sumitomo Insurance Japan (MSIJ), which is a part of the MS&AD Group. MS AIML is regulated by the Financial Conduct Authority (FCA).

MS AIML's key to success is the delivery of competitive investment management services to MS&AD Group companies. As part of the product offering MS AIML is the headline portfolio manager for the Toro Prism Trust (TP) which was set-up by MS AIML to improve the flexibility and scalability of its investment structure. MS AIML's portfolio management responsibilities are delegated by Carne Global Fund Managers (Ireland) Limited (Carne), TP's fund manager. In carrying out its portfolio management activities, MS AIML delegates portfolio management responsibilities to carefully selected sub-investment managers (external managers).

MS AIML seeks to support the strategies being developed by its clients and parent to facilitate the transition to a low carbon economy and mitigate climate change risks through the implementation of medium and long term initiatives.

MS AIML recognises that decisive action is required from businesses to limit the impact of climate change. As an asset manager on behalf of our clients, MS AIML aims to support our clients, as requested, in developing effective investment strategies to reflect this. Over the last year, MS AIML has increased the level of analysis performed in relation to climate related risks or outcomes through developing monitoring metrics internally as well as partnering with external data providers to further our understanding of portfolio exposures. This information is regularly provided to clients as well as to internal MS AIML committees to provide oversight of climate related activity and to assist clients and the Board in their oversight of the business. This is an area which we continue to develop in 2024 with ongoing discussions with external providers being carried out as we look to enhance our capabilities.

From a governance perspective, MS AIML has also sought to enhance the frequency and quality of climate related discussions within the business over 2023 and into 2024. The topic of climate change has been formally incorporated into the company's governance structure through the establishment of new committees with a specific climate related remit, as well as updating terms of references and standing agendas to reflect requirements for climate reporting to the necessary committees and Board.

These activities have been enhanced and formalised to reflect the increased focus on climate change risks and opportunities facing MS AIML, its clients and its parent and to support all relevant parties in developing and achieving their strategies in this area. We will continue to make climate change a key area of focus during 2024.

We are committed to sharing our progress in these areas through preparing and publishing this TCFD report. This report details our approach to climate related governance, strategy, risk management and monitoring over the previous year.



Laura Worboyes

Chief Executive Officer, MS AIML

| 2. Strategy

MS AIML

MS AIML's strategy is to work with clients to support the development and implementation of their climate related investment plan requirements. We seek to achieve this through regular and proactive engagement with clients, parent, external managers and third parties to establish the mechanisms to implement these requirements. Further details are provided below and in the following sections as to how MS AIML interacts with clients and other parties and develops a suite of monitoring activities to support strategy development.

MS&AD Group

MS AIML's parent has established specific investment exclusions and goals with regards to climate change – primarily with an aim to achieve net zero greenhouse gas emissions by 2050. These are available in further detail as part of MS&AD disclosures. As subsidiaries of the parent, MS AIML via our clients is required to consider these goals as part of the broader group targets. Currently MS AIML and other MS&AD companies are working with our parent to develop implementation initiatives which incorporate these group targets.

Clients

Our clients are ultimately responsible for any climate-related mandate of the portfolio which includes regulatory requirements. Clients have the final authority over any climate-related exclusions which may be implemented by MS AIML, in addition to any exclusions required by MS&AD group as above. Investment limits and tolerances are detailed in Client Investment Guidelines issued to MS AIML (and subsequently to external managers) for adherence by MS AIML. Where relevant these include climate related mandates.

When requested, we collaborate with our clients to help develop their climate investment strategy, however these strategies remain the responsibility of our clients.

To support strategy development we currently provide our clients with metrics to aid their oversight of climate exposures within their investment portfolios. Further details of these metrics are provided in section 5 of this document.

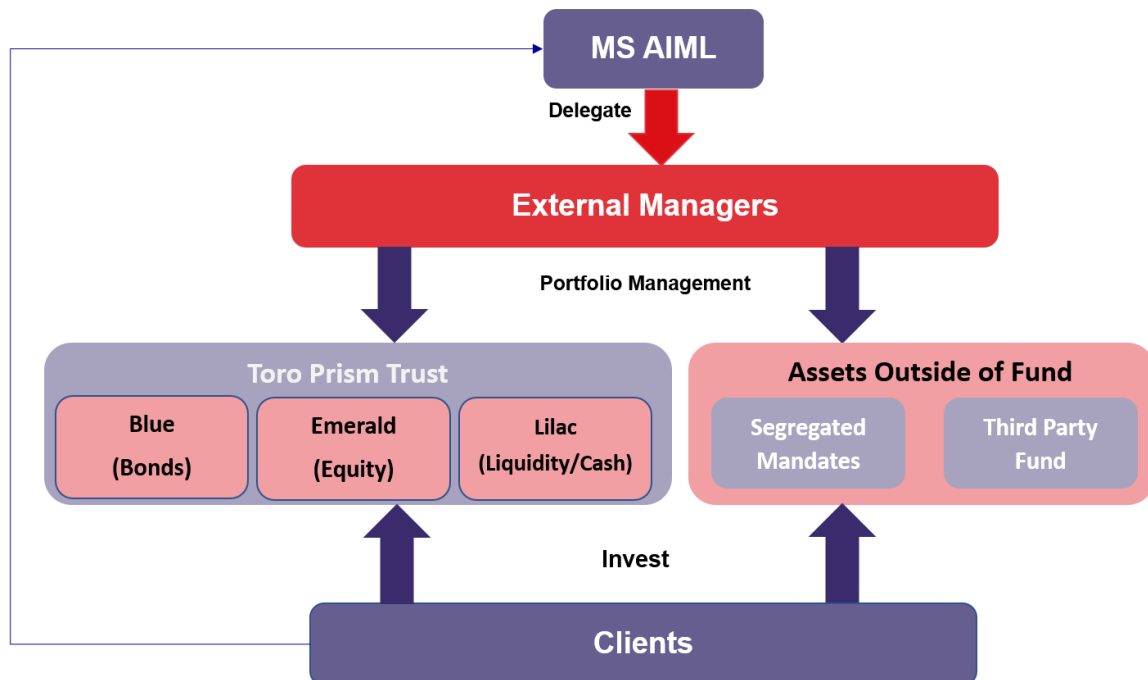
External Managers

Key to our business model is the use of external investment managers who are required to act in line with investment guidelines set by MS AIML's clients and within their own investment strategy as identified through manager selection by MS AIML.

At an external manager level, climate risks and opportunities are integrated into the wider investment process as part of research performed on all asset issuers as part of the asset selection process. This is alongside traditional factors such as financial stability and outlook to determine areas of potential risk and opportunity. These factors are also considered when performing any delegated functions, such as proxy voting.

Investment Structure Chart

Below shows the investment process from MS AIML for assets within the Toro Prism Trust and assets held outside of the fund (AOF) through to our external managers and to our clients.



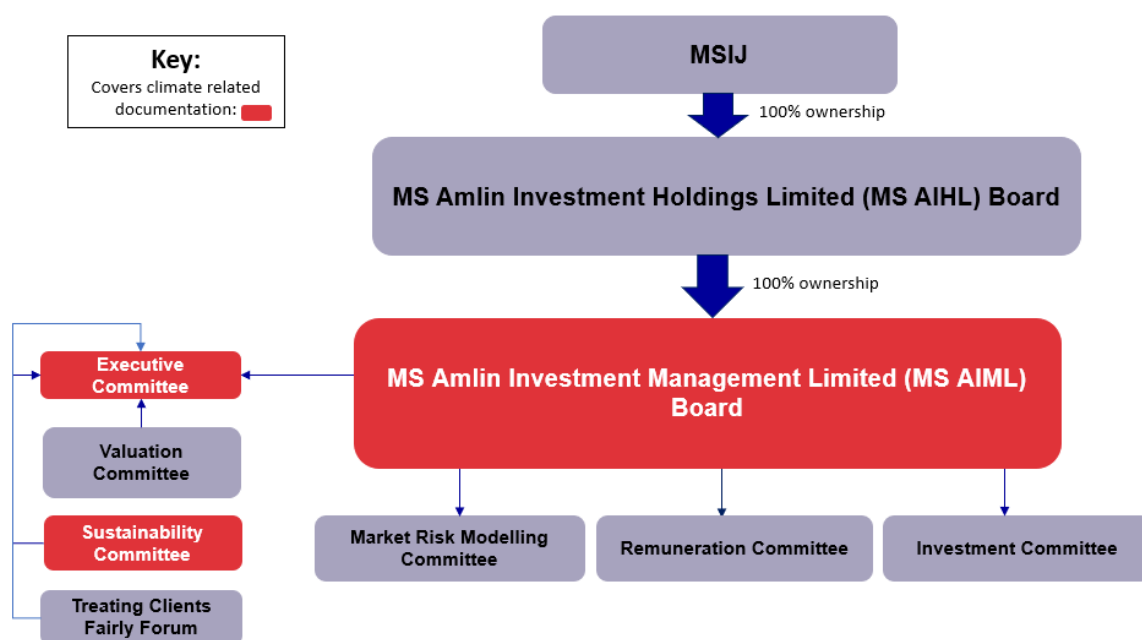
4. Governance

Oversight of climate-related risks and opportunities

Climate related information is reported to and considered by MS AIML committees as detailed below. This information includes both qualitative and quantitative reporting to support governance and oversight of this area. This reporting supports the MS AIML Board in its responsibilities for overseeing the risks and opportunities facing the business.

Governance Structure Chart

Below shows the ownership from MSI Japan ((MSIJ) (MS AIML's Head Office)) to MS AIML committees.



MS AIML Committees

MS AIML Sustainability Committee

- This is a sub-committee of the MS AIML Executive Committee. The committee meets at least quarterly.
- To recommend and initiate measures to ensure MS AIML is in alignment with the Task Force on Climate-related Financial Disclosures ('TCFD') requirements which set out how the company should report on the impact of climate change on the business.
- To review the metrics selected to provide information across a range of climate related areas in order to effectively monitor climate risk to client investments and to escalate any issues as appropriate.
- The committee has representation across all business areas through either membership or attendance.
- Standing agenda includes governance, risk management, client reporting and monitoring metrics all relating to climate (as part of a broader sustainability agenda).
- Climate risk is considered in the terms of reference in this committee.

MS AIML Executive Committee

- This is a sub-committee of the MS AIML Board. The committee meets at least quarterly.
- In addition to a broad agenda across all business areas, the Committee receives a summary paper on the matters covered by the Sustainability Committee. This covers key topics discussed at the meeting and any topics for escalation. See above.
- The Committee receives an ESG paper which includes climate-specific metrics.
- To approve the measures to be taken to ensure MS AIML is in alignment with the Task Force on Climate-related Financial Disclosures ('TCFD') requirements which set out how the company should report on the impact of climate change on the business.
- Climate risk is considered in the terms of reference in this committee.

MS AIML Remuneration Committee

- This is a sub-committee of the MS AIML Board. The committee meets at least quarterly.
- A broad range of factors are considered as part of remuneration setting. These implicitly include environmental, social and governance related topics.

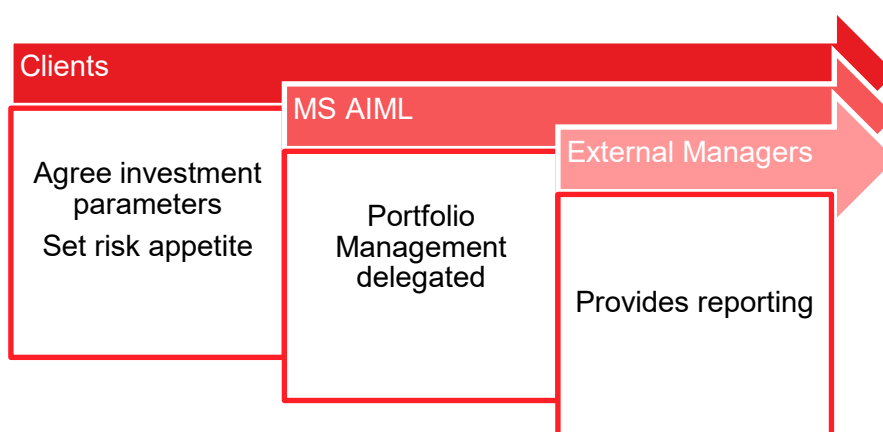
MS AIML Board

- The Board meets at least quarterly and discusses topics across a range of area impacting MS AIML.
- The Board receives a summary paper on the matters covered by the Sustainability Committee. This covers key topics discussed at the meeting and any topics for escalation including climate-specific updates. See above.
- Relevant climate topics are referenced as part of this consolidated paper.
- Climate risk is considered in the terms of reference in this committee.

Note: Climate related investment information is also provided to MS AIML's clients' investment committees to support their business strategies. MS AIML's client governance structures differ according to their internal models and are outside of the scope of this document.

Relationship Structure Chart

Below shows the relationship and reporting lines between MS AIML, our external managers and our clients.



External Parties

MS AIML is responsible for managing investment portfolios on behalf of clients and acting in accordance with client investment guidelines. Clients are responsible for setting their own strategy and this is then implemented by MS AIML via the use of external managers.

External Investment Managers

MS AIML is responsible for the oversight of external managers. This is performed through onboarding due diligence and ongoing monitoring and meetings. If an external manager is not fulfilling the requirements set out by MS AIML, this would be escalated to their relationship manager in the first instance.

External manager onboarding includes due diligence and screening interviews. This process has a broad sustainability focus, including a review of relevant climate related factors as appropriate to the manager and strategy MS AIML has set an expectation for all new external managers to be signatories to the UN-supported Principles for Responsible Investing (PRI). Signatories to the PRI attest on a regular basis to demonstrate their commitment to incorporating environmental, social and governance (ESG) factors into their investment decision making and ownership practices.

Ongoing oversight of the portfolio by MS AIML includes reviewing and discussing the external managers' climate related exposures. Monthly independent analysis and oversight of external manager climate risks such as Weighted Average Carbon Intensity (WACI) is completed, as well as reviewing and discussing the external managers' climate related exposures on at least a quarterly basis, through both ESG reporting received from the managers and bi-annual update meetings. Metrics used by MS AIML form ongoing oversight discussions with managers.

MS AIML controls allocation to all external managers and has the authority to reallocate assets to another external manager if required.

Clients

Our clients are ultimately responsible for any climate related mandate of their portfolios. This includes both client preference and regulatory required climate positioning.

Clients have ultimate authority over any climate related exclusions or targets which may be implemented by MS AIML, in addition to any exclusions required by MS&AD group. Any climate related mandate, limit or instruction is to be incorporated into the Client's Investment Guidelines and subsequently adhered to by MS AIML.

Clients are responsible for maintaining their own risk management policies and governance structures to support their oversight of investment activity as well as in relation to business activities such as financial planning.

Third Parties

MS AIML incorporates compliance monitoring via its third party administrator to provide monitoring against investment management limits set by clients.

MS AIML also engages with a number of external data suppliers to support our monitoring and reporting. Further details are provided in the Metrics section of this document.

| 5. Risk Management

MS AIML has established a firm-wide Risk Management Framework which consists of a suite of policies, standards, appetites, governance processes and procedures that provide the infrastructure to put risk management into practice. The framework is built into the core operating model of the business and forms part of the overall approach to internal control. It provides the infrastructure within risk governance and also sets out the processes required to sustain risk management across the business.

As part of the Risk Management Framework, risk is considered across multiple timeframes and impact types. Current risks to MS AIML are listed in the company's Risk Register, with risks which may manifest in the longer term included as part of Emerging Risk analysis. Risks to MS AIML's assets under management are considered as Investment Risks and managed separately in relation to their potential impact to clients as asset owners.

Risk Register

Climate risk to MS AIML is incorporated into the Risk Management Framework through its inclusion in the MS AIML Risk Register as a documented driver of key risks impacting the business. This relates to both physical and transition risk as appropriate.

MS AIML's risk register is the central repository of risks, and each risk is assigned a risk owner. The Risk Function regularly reviews the risk register to ensure that it adequately captures the risks that the company faces.

With consideration of their drivers, all risks are reviewed periodically by risk owners and the MS AIML Risk team on a five point impact vs likelihood scale which incorporates potential impacts such as financial, regulatory and strategic. The results of this are reported to the Board and considered as part of broader business discussions and planning.

Regulatory Risk

MS AIML considers climate related regulatory risks as part of a driver of Regulation Risk within our risk register.

Regulatory Risk is managed internally by MS AIML's Legal and Compliance team as well as external legal support to assist us in our readiness with regulations which include any climate regulation consideration.

Emerging Risk

Specific aspects of climate risk (such as physical or transition impacts) forms part of emerging risk analysis. An emerging risk is defined as an evolving potential hazard that MS AIML does not currently manage as a risk. These are seen as material risks that could significantly impact the company's future.

The emerging risk process considers risks that may materialise over a longer time horizon, in excess of the risks identified on the risk register. This longer time horizon is also considered as part of climate scenario analysis which is provided in more detail in the following section. Impacted timelines are also incorporated implicitly as part of asset research performed at the discretion of external managers as part of the asset selection process.

All emerging risks are reviewed and assessed periodically. Key emerging risks are reported to the Board with further analysis or actions established as required.

Investment Risk

Climate risk to MS AIML's asset portfolio is monitored through a range of metrics and discussions with external managers. Further detail relating to monitoring and metrics is provided in the following section.

| 6. Monitoring and Metrics

MS AIML has developed several metrics internally and partnered with external data providers to support the monitoring of the investment portfolio.

These metrics have been selected to provide information across a range of climate related areas in order to effectively monitor climate risk to client investments. Data for the below metrics is received from both publicly available sources as well as by specialist providers that MS AIML has partnered with. The metrics below are regularly reported to clients and MS AIML committees and Board to support oversight of climate risk.

MS AIML continues to review the following metrics and seeks areas of improvement. Over the coming year, we will develop our infrastructure with the support of our external data providers to enhance our climate metrics which will support our oversight of this area.

Weighted Average Carbon Intensity (WACI)

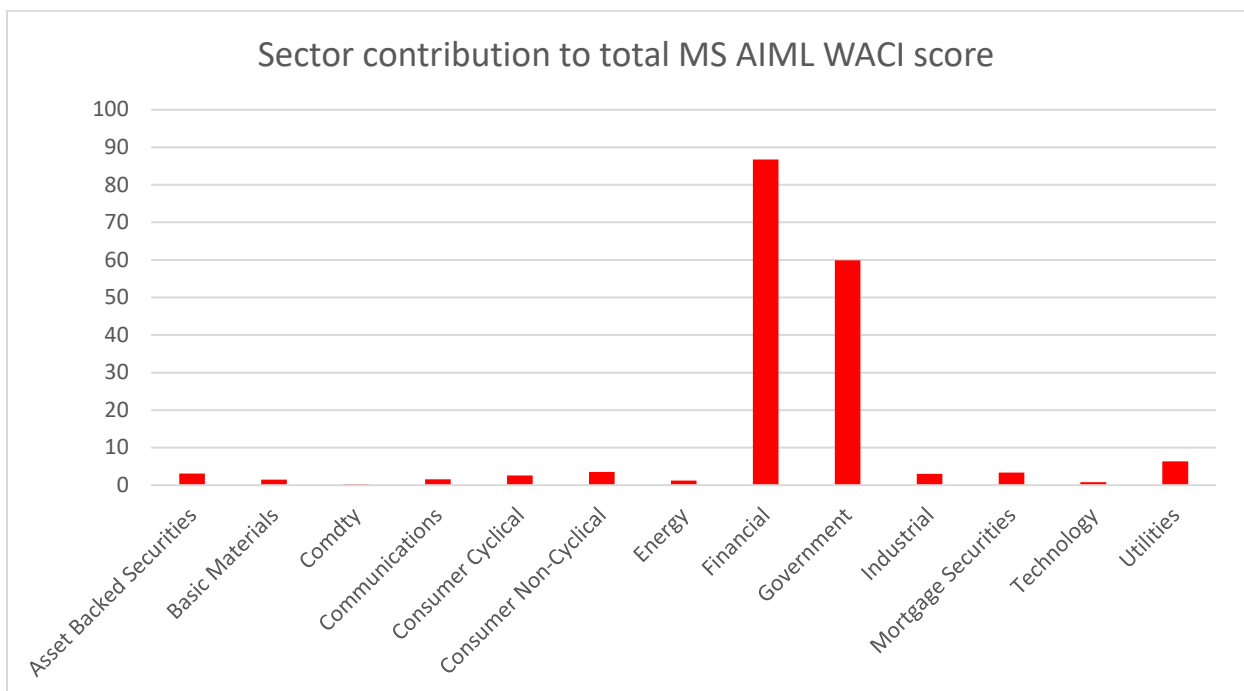
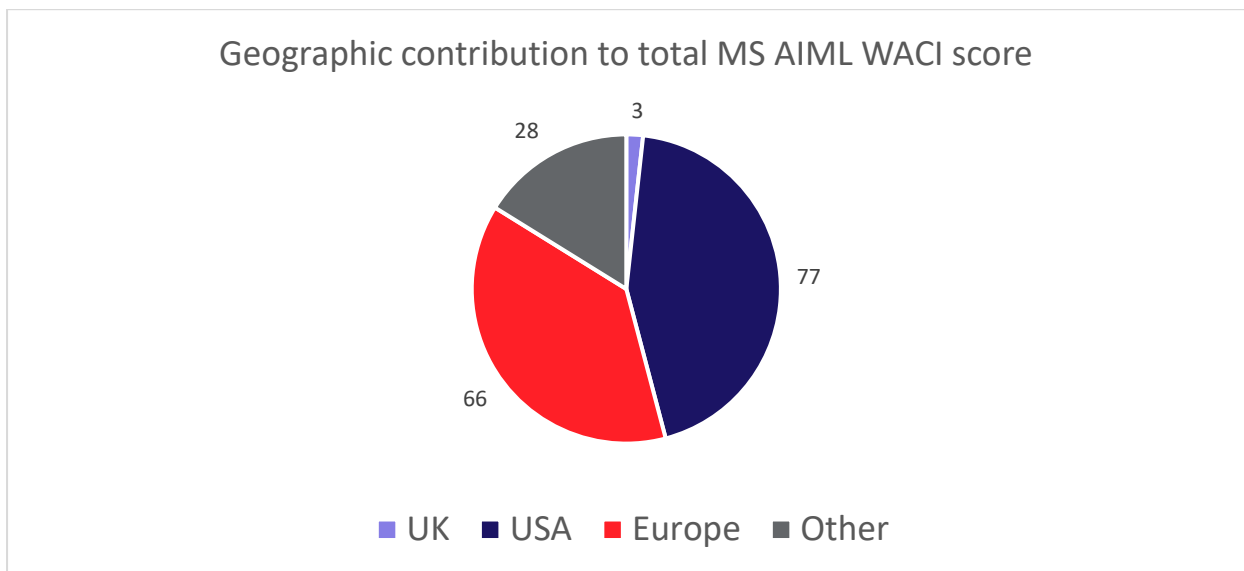
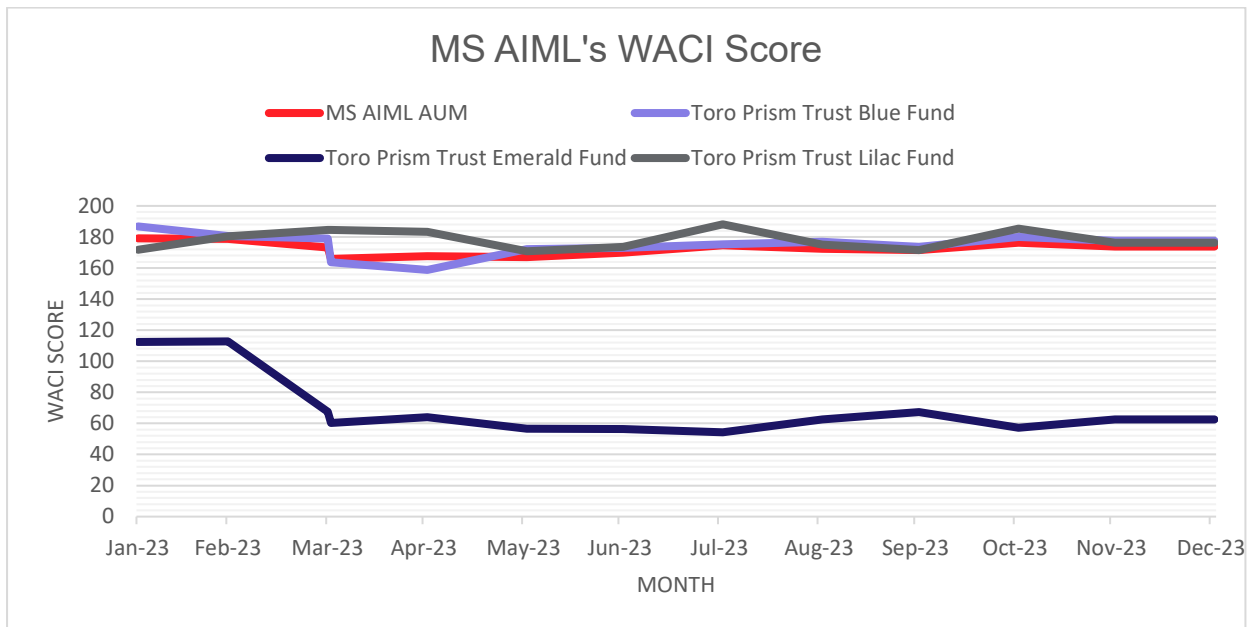
The Carbon Intensity of each security is calculated by dividing the total carbon emissions (combining Scope 1 and Scope 2) of the issuer by its revenue (for equities and corporates) or GDP (for sovereigns and FX). Data for WACI calculations is sourced from Bloomberg (corporate bonds), MSCI, and the World Bank (sovereign bonds). Fund-level WACI scores for the Toro Prism Trust and external manager portfolios and the latest data for each security has been taken for our assessment. We have identified and analysed a suitable dataset for Scope 3 emissions and look to integrate this into our reporting towards the end of this year.

WACI has been chosen as our primary climate risk metric as it provides 100% coverage across our assets under management and is underpinned by the Partnership for Carbon Accounting Financials (PCAF) Framework.

MSCI provides an approximate scale for the relative severity of the carbon intensity scores:

Rating	WACI Score
Very Low	<50
Low	50-100
Medium	100-250
High	250-500
Very High	500<

The figures below provide details of MS AIML and Toro Prism Trust's WACI scores as well as a more detailed breakdown of contributors to those scores. WACI scores are a function of both carbon emissions and size of holdings within the portfolio.

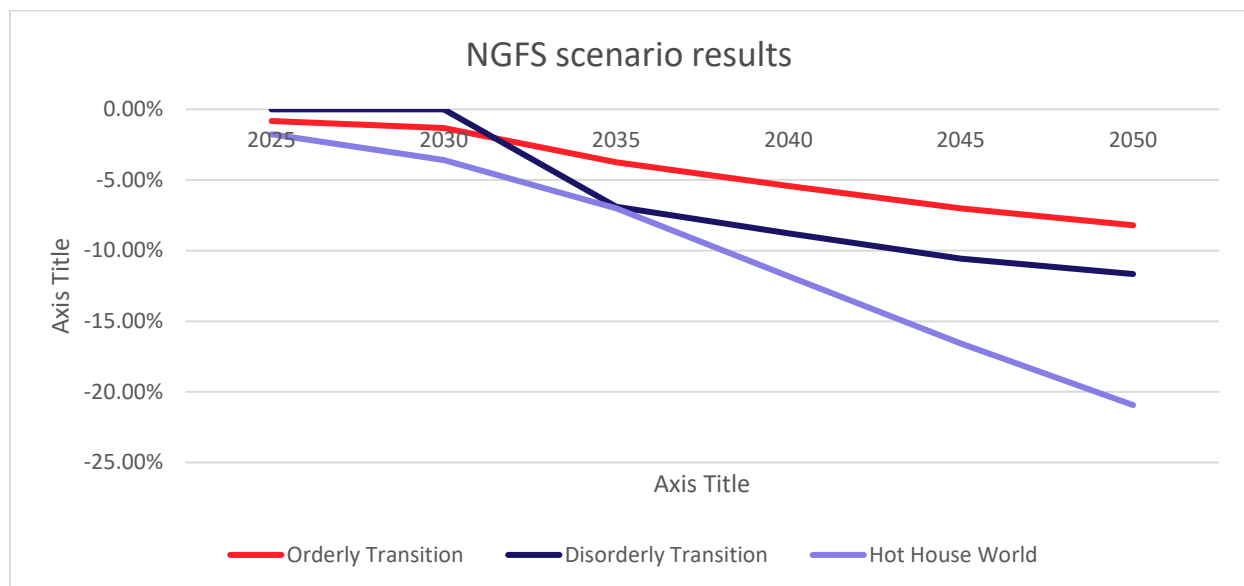


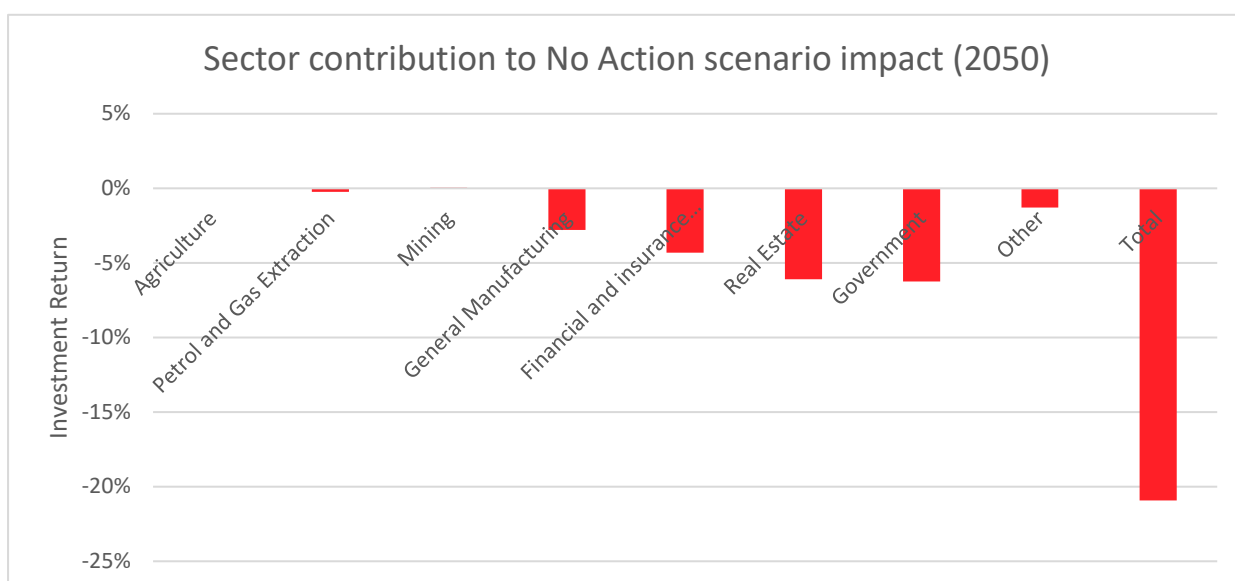
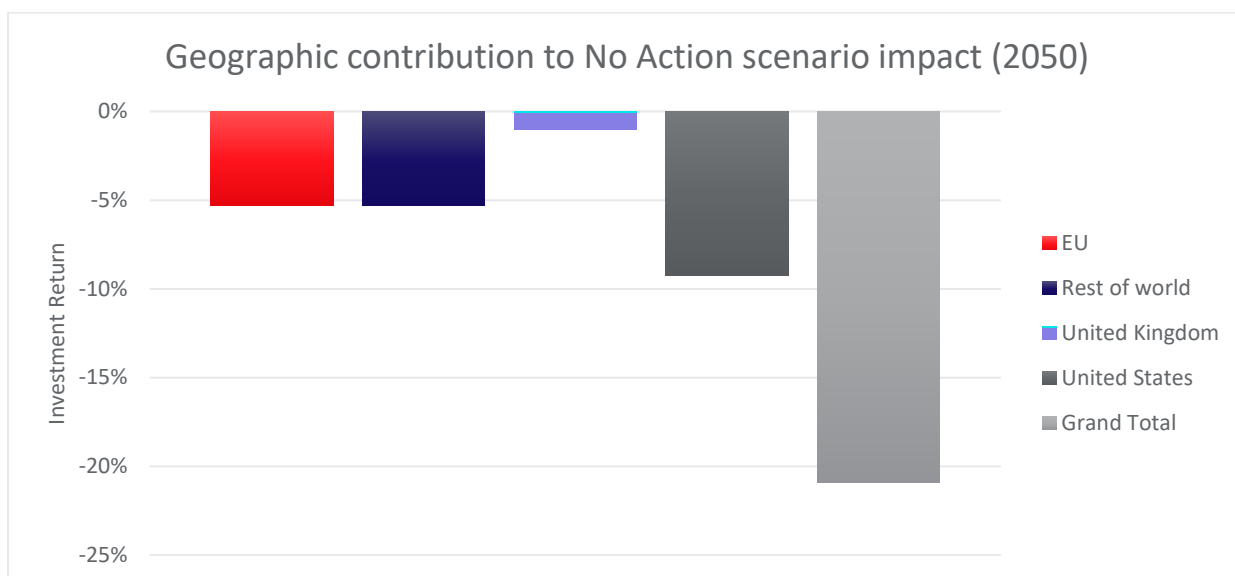
Network for Greening the Financial System (NGFS)

The NGFS seeks to share best practice around climate risk management in the financial sector. The NGFS has designed a set of hypothetical scenarios to provide a reference for understanding the physical and transition risk from climate change. These scenarios have been used as the primary climate scenario analysis for MS AIML's investments as they aim to provide an industry standard outlook.

- **Orderly Transition** - Early and decisive action by governments, companies and consumers is targeted at gradually reducing global emissions. These measures prove adequate in restraining global average temperature increases to below 2°C.
- **Disorderly Transition** - Action on climate change is delayed by a decade and companies and consumers adapt their behaviour in response to these substantial shifts. This brings about substantial disruption to the economy. Under this scenario, physical risks escalate more rapidly than in the early policy action scenario, and transition risks become severe.
- **Hot House World** – Governments, companies and consumers do not implement any new policies addressing climate change beyond those already announced.

MS AIML has applied these scenarios to the company's assets under management as of the end of 2023 to show projected impacts. The results provided below are relative to an NGFS counterfactual scenario which does not include any damage from climate.





Water stress

With data sourced from the United Nations, the Water Stress level of each nation is computed by assessing the ratio of freshwater withdrawn by all economic activity to the total renewable freshwater resources accessible. According to the United Nations, when a territory withdraws 25% or more of its renewable freshwater resources it is said to be 'water-stressed'.

Overlaying the portfolio with the full matrix of country water stress scores allows us to calculate AUM weighted Water stress scores for each portfolio.

The figure below shows portfolio level water stress scores for the Toro Prism Trust portfolios as at year end 2023:

Fund	Water Stress %
Aggregate	15.13
Blue	14.88
Emerald	9.23
Lilac	19.05

All of the funds are materially below the key 25% level.

We've analysed suitable public datasets for possible metrics to address the other three suggested physical risk variables specified in the metrics and targets section of the TCFD recommendations (energy, land use, waste management). We would welcome more specific recommendations on exactly which metrics should be measured against these risks in order to progress our research in this area.

Temperature Alignment

The objective of the 2015 Paris Agreement on climate change was to limit global warming to well below 2°C, with a target of 1.5°C.

We have conducted an initial assessment of the Toro Prism Trust portfolios using Bloomberg's new company temperature alignment analysis, complemented by similar analysis at the country level conducted by Climate Action Tracker (CAT). The figure below shows portfolio implied temperatures for the Toro Prism Trust portfolios as at year end 2023:

Fund	Temperature (°C)
Aggregate	2.56
Blue	2.41
Emerald	2.53
Lilac	2.75

According to CAT's findings, current policies imply a projected warming of 2.5 to 2.9 degrees Celsius. As the table above, Toro funds are broadly in line, with that assessment. Our model uses Bloomberg and MSCI data (where available). If data is not available for a particular security then a conservative default temperature of 3.2 degrees is assumed. The data coverage for this metric is currently extremely low at 9.3%. This implies that, for the securities for which we do have available temperature alignment data, the overall temperature alignment is relatively low (given that the aggregate scores are materially below the default figure of 3.2). However, we would want a much greater data coverage in the future in order to have conviction in this apparently positive alignment view.

ESG Score

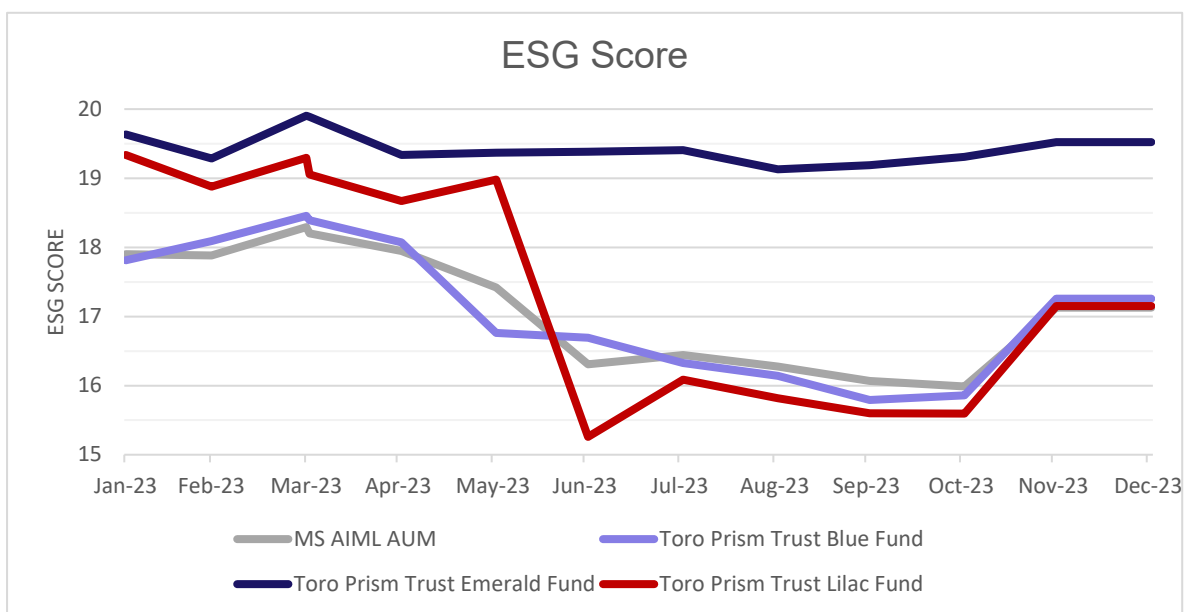
Using Environmental Social and Governance (ESG) data from an external provider (Sustainalytics), MS AIML calculate a composite ESG score for each underlying asset. Sustainalytics' ESG Risk Ratings measure a company's susceptibility to industry-specific material ESG risks and its effectiveness in mitigating them.

This figure is only available as a combined ESG score with climate factors incorporated into the Environmental aspect of this rating. MS AIML does not separate each underlying component of ESG but reports this score to clients and MS AIML committees.

MS AIML considers this score as an effective method of considering broader risk areas that may impact the portfolio, supplementing the more detailed climate related analysis performed as part of the other metrics referenced above.

We categorise ESG risk severity into five distinct levels that could influence a company's overall enterprise value.

Rating	ESG Score
Negligible	0-10
Low	10-20
Medium	20-30
High	30-40
Severe	40+



MS AIML Scope 1 and 2 Emissions Data

In addition to the above metrics to track climate risks across MS AIML's assets under management, the company is also monitoring internal emissions from its operations. This is calculated as a function of the overall scope emissions for the broader MS Amlin entities based on headcount.

The below table provides data on MS AIML's scope 1 and 2 emissions for 2023. It is noted that as of 1st January 2023 MS AIML started to provide investment services in its current structure to MS&AD Group. Previously these services were provided by a separate MS Amlin function. As such 2023 is the first full year of data available to be presented as a separate entity.

Scope	MT CO2e
1	6.58
2	7.02
3	45.64

7. Compliance Statement

TCFD Recommendation		Summary of MS AIML's Disclosure
Governance	a) <i>Describe the board's oversight of climate-related risks and opportunities.</i>	MS AIML's Board is informed of climate related matters through regular direct reporting and via sub-committees. Please refer to pages 5-6 for additional detail.
	b) <i>Describe management's role in assessing and managing climate-related risks and opportunities.</i>	Climate risk and opportunity information includes both qualitative and quantitative reporting. This is provided to Management for oversight and to clients to support strategy development. Please refer to pages 3-7 for additional detail.
Strategy	a) <i>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</i>	Climate risks and opportunities are identified at a portfolio level through monitoring metrics. At the security level these are identified by external managers through asset due diligence. Please refer to pages 3, 10-15 for additional detail.
	b) <i>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</i>	As asset owners, MS AIML's clients are responsible for determining their own climate related investment strategy. MS AIML supports strategy development through providing regular monitoring information which includes climate risk and opportunity exposures. Please refer to page 3 for additional detail.
	c) <i>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</i>	Scenario analysis is performed for the overall MS AIML assets under management and for client specific portfolios to support client investment strategy development. Please refer to pages 12-13 for additional detail.
Risk Management	a) <i>Describe the organization's processes for identifying and assessing climate-related risks.</i>	Climate risk is incorporated into MS AIML's risk framework as a driver of existing risks to the business as well as being considered as part of separate analysis of emerging and investment risks. Please refer to pages 8-9 for additional detail.
	b) <i>Describe the organization's processes for managing climate-related risks.</i>	Risks to MS AIML are reviewed for materiality of impact and likelihood of occurrence with mitigating actions developed as required.

		<p>Management plans for risks to client investment portfolios are developed by clients with support from MS AIML.</p> <p>Please refer to pages 7-8 for additional detail.</p>
	c) <i>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</i>	<p>MS AIML risk management framework in place which includes details of risk identification, assessment and management processes. Climate risk is considered in line with other risks impacting the business.</p> <p>Please refer to pages 8-9 for additional detail.</p>
Metrics & Targets	a) <i>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</i>	<p>Metrics include carbon intensity, climate scenarios, temperature alignment and water stress.</p> <p>Please refer to pages 10-15 for additional detail.</p>
	b) <i>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</i>	<p>Emissions data provided.</p> <p>Please refer to page 15 for additional detail.</p>
	c) <i>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</i>	<p>Targets set by MS&AD Head Office for the MS&AD group and also in development by MS AIML's clients.</p> <p>Please refer to pages 3 for additional detail.</p>

The table above is meant to provide a summary of how MS AIML has approached the TCFD recommendations. The disclosures in the report comply with the requirements under the FCA Sourcebook chapter ESG 2.2 *TCFD Entity Report*.

Grace Suleyman

Grace Suleyman
Compliance Oversight Officer
MS Amlin Investment Management Limited
Date: 6th June 2024