

ESGM Guidance Compliance Report

2024.01.04

I. Purpose

ESG Moneta Co., Ltd. (hereinafter referred to as 'ESGM') adheres to the Korean ESGM Guidelines (hereinafter referred to as 'Guidelines'), which serve as exemplary standards for environmental (E), social responsibility (S), and governance (G) (ESG) evaluation activities. The purpose of this commitment is to explicitly state and thereby enhance the reliability, fairness, and transparency of ESG evaluation under the current conditions. This, in turn, aims to contribute to the proliferation of ESG management, fortify the safeguarding of information for users and investors, and actively support the development of ESG-related stakeholders and associated industries. In light of this, ESGM is dedicated to its best efforts in ESG evaluation and the advancement of ESG-related sectors.

II. Indication of Guidance Compliance Status

The compliance status with ESG Moneta Co., Ltd.'s guidance is presented in the table below

[Table 1] Guidance Compliance Status

	Classification	Contents	Y/N	Note
1	d.	Disclosure according to the Comply or Explain method	Y	
2	a.	Establishment of internal control standards	Y	
	a.	Conflict of interest prevention guidelines disclosed	Y	
	b.	Appointment of compliance officer and establishment and operation of compliance monitoring system	Y	
	c.	Establishment of documented internal operating guidelines related to evaluation	Y	
3	a.	Disclosure of relevant facts and methodology when using estimated data	Y	Not applicable
	a.	Disclosure of scope of source data, collection method, etc.	Y	
	b.	Restriction on use of non-public information and prohibition of misuse	Y	

	c.	Establishment and disclosure of non-public information management system	Y	
4	a.	ESG evaluation methodology disclosed	Y	
	a.	Disclosure of major changes related to evaluation methodology	Y	
	b.	Disclosure of evaluation results such as evaluation grade	Y	
4	c.	Disclosure of information through website, etc.	Y	
5	a.	Commitment to independence and fairness	Y	
	b.	Establishment and operation of conflict of interest prevention policy	Y	
	c.	Preventing conflicts of interest with affiliates	Y	Not applicable
	d.	Preventing conflicts of interest with investors, etc.	Y	
6	a.	No unfair practices	Y	
	b.	Operation of feedback process for companies subject to evaluation	Y	Description upon inquiry
	c.	In accordance with social norms, abnormal acceptance of money or valuables is prohibited	Y	

III. Compliance details

The main standards and procedures that ESG Moneta Co., Ltd. adheres to in performing ESG evaluation work, in accordance with the guidelines, are as follows.

1. Establishment of an internal control system

ESG Moneta Co., Ltd. (ESGM) has established internal control standards, which are also required from entrusted organizations. Executives and employees, including those entrusted with the work, are obligated to comply with these standards when performing ESG evaluation work. The internal control system encompasses procedures and standards aimed at preventing conflicts of interest, identifying and prohibiting unfair practices, and managing confidential information.

2. Data collection and management

ESG Moneta Co., Ltd. emphasizes the importance of consistency, comparability, timeliness, and integrity in both source and calculated data for ESG evaluation. ESGM determines evaluation scores and ratings using objective, verifiable public data, excluding estimated data. The ESG evaluation methodology of ESGM openly outlines the scope of source data, collection methods, and calculated data on its website.

ESGM strictly adheres to collecting only publicly available information, ensuring that undisclosed key information of listed companies is not obtained, as a principle. However, the comprehensive management system for the entire process, covering the use, storage, and disposal of non-public information acquired in relation to ESG evaluation, is documented and disclosed.

3. Disclosure of Evaluation System

ESG Moneta Co., Ltd. (ESGM) utilizes its proprietary ESG Rating Model®, developed in 2022, and has applied for a patent as of October 18, 2022. The ESG evaluation process, the method for collecting published source data, the environmental, social responsibility, and governance structure, evaluation indicators for each area (categorized by large/medium/small), industry-specific weights for ESGM's 36 industries, and the ESG evaluation methodology are available on the website and are disclosed.

ESGM minimizes the time lag between source data disclosure and evaluation by conducting evaluations quarterly, twice regularly and twice on a regular basis. The evaluation grades of companies rated B+ or higher are posted on ESGM's data website (esgm.kr) and are disclosed through it..

In addition to website disclosure, ESGM actively communicates with ESG-related stakeholders through irregular seminars, forums, and one-on-one briefing sessions, making efforts to transparently disclose ESGM evaluation methods and publicly available data and materials.

4. Management of Conflicts of Interest

ESGM recognizes the critical importance of conflict of interest management in ESG evaluation work and endeavors to avoid relationships, activities, and procedures that could compromise independence, objectivity, and fairness during evaluation. To prevent conflicts of interest, ESGM has established and operates internal control standards and a separate conflict of interest prevention policy.

ESGM's executives and employees understand the necessity of performing ESG evaluation work fairly, faithfully, and objectively from an independent standpoint. They actively avoid relationships and procedures that might hinder independence and fairness and disclose relevant facts appropriately.

Internal procedures have been established by ESGM to identify and eliminate conflicts of

interest: (1) Procedures are in place to separate ESG evaluation work and ESG evaluation experts from other services provided by ESGM, such as consulting and advisory, if a conflict of interest is identified. (2) ESGM has internal policies to prevent conflicts of interest among affiliates (including their executives and employees) concerning ESG evaluation work. (3) Potential conflicts of interest related to ESG evaluation with companies having an investment relationship exceeding a certain percentage are managed by ESGM.

5. Relationship with the company being evaluated

When performing ESG evaluation work, ESGM executives and employees force or recommend companies under evaluation to use the services or products of ESGM and its affiliates on the condition of granting a specific rating to the company under evaluation, or use services or products provided by the organization. We are establishing internal control measures to prevent unfair practices, such as adjusting evaluation grades based on usage.

Before confirming the evaluation grade, ESGM does not notify the target company of the scope and content of data collected for evaluation in order to block the possibility of unfair practices with the company being evaluated. However, if there are inquiries related to the evaluation, We strive to deliver evaluation methods and results to target companies through various methods (e-mail, seminars, forums, one-on-one meetings, etc.).

In addition, we internally regulate unfair practices with companies subject to evaluation through internal control mechanisms.

IV. References

Below, information on related policies mentioned in this compliance status report is attached.

[Attachment 1] Conflict of Interest Prevention Policy

In order to carry out ESG evaluation work independently and fairly, ESGM established internal control standards, stipulated principles for preventing and managing conflicts of interest, and established a conflict of interest prevention policy to prevent and manage conflicts of interest.

ESGM complies with the following standards to prevent conflicts of interest related to ESG evaluation and conflicts of interest due to ESGM executives and employees' special relationships with companies subject to evaluation.

1. Prohibition of conflict of interest behavior related to stakeholders

ESGM executives and employees do not respond to stakeholders' undue influence on ESGM's work or receive personal benefits from stakeholders in relation to their work.

2. Prohibition of conflict of interest activities related to companies subject to evaluation

ESGM executives and employees do not engage in commercial activities under any pretext, such as providing ESG advice or consulting for a fee to companies subject to ESG's ESG evaluation, or receive property benefits from companies subject to evaluation, their affiliates, or their executives and employees without a legitimate legal basis.

3. Exclusion of employees with special relationships from work

In order to prevent conflicts of interest due to the performance of work by executives and employees who have a special relationship (holding financial investment products, credit transactions, etc.) with the company being evaluated, ESGM requires executives and employees who have a special relationship with the company being evaluated to have Excluded from work.

4. Shareholder composition and conflict of interest

Currently, the company's shareholders consist of executives and employees of ESGM and individual shareholders. There is no possibility of conflict of interest that may arise in ESG evaluation, but this is being prevented through continuous monitoring.

5. Conflicts of interest due to ESG evaluation work and other services such as consulting and advisory

If ESGM determines that there is a possibility of a conflict of interest in relation to consulting or advisory, etc., it separates the relevant work and personnel from ESG evaluation work to prevent conflict of interest.

6. Establishment of a process when reporting external conflicts of interest

If there is an external report concerning a conflict of interest, the company reviews and assesses the possibility of a conflict of interest through the ESG Committee. If a potential conflict is identified, prompt measures are taken to mitigate the conflict.

[Attachment 2] Private information management policy

ESGM has established and implemented the following policies in handling non-public information.

1. Confidentiality Policy:

We establish and adhere to strict confidentiality policies to protect the non-public information of our customers and other stakeholders. We restrict access to non-public information of companies subject to evaluation and establish clear procedures for information sharing.

2. Internal access regulations:

Internal access to non-public information is limited to those with legitimate access rights and those explicitly authorized to do so, and internal access regulations are implemented to allow limited access only to those who need it. Prevent unnecessary disclosure of information by setting access rights according to the information each employee handles.

3. Employee training and awareness:

ESGM regularly educates executives and employees on the importance of non-public information and the regulations necessary for processing it, and conducts regular internal or external training to increase understanding of internal and external regulations.

4. Prevent external leakage:

To prevent information leakage from outside, we prepare a backup plan for ESG evaluation data and introduce strong security systems and technologies for access to key information, follow certified security procedures, and ensure data encryption and safe data transmission.

5. Third party evaluation and audit:

We use external third parties to evaluate the effectiveness of our privacy and nondisclosure policies and conduct external audits to verify compliance with our policies and improve our policies as necessary.

6. Limited sharing of non-public information:

We limit sharing of non-public information with customers or other stakeholders to the minimum necessary and maintain authorized sharing for the intended purpose. When sharing or transmitting information, we deliver private information safely and require the same confidentiality from the recipient.

7. Periodic review of policy:

We periodically review our non-public information policy to respond to changes in industry standards and laws and to keep our security measures up to date.

8. Disposal of Non-Public Information:

Confidential information that is no longer deemed unnecessary due to fulfillment of the purpose and use of collection is discarded. Discarded information must be completely destroyed, and the disposal object, method, and results are recorded to the extent that it meets the purpose of disposal.

9. Compliance with relevant laws and regulations:

ESGM executives and employees must comply with relevant laws and regulations, such as Article 174 of the Capital Markets and Financial Investment Services Act (Prohibition on Use of Undisclosed Important Information), in relation to non-public information.