



# Press Release

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## 2020 3<sup>rd</sup> ESG Rating Adjustment

On July 8, 2020, Korea Corporate Governance Service(KCGS) held the year's third ESG Rating Committee meeting and downgraded the Environmental(E), Social(S), and Governance(G) grades of 10 companies. The negative adjustments are based on the added ESG risk identified during April ~ June 2020 after the agency's second rating adjustments in April 2020. KCGS's ESG grades, both individual and integrated, include S, A+, A, B+, B, C, and D. Previously in April 2020, the rating agency adjusted 10 companies' grades (environmental for 1 company, social for 8, and governance for 2).

In the third 2020 adjustment, one company saw its E grade drop due to added E risk, and four and six companies saw their S and G grade downgraded, respectively\*. Due to the adjustment of the individual E·S·G grades, six firms saw their ESG integrated grade drop by one notch. For enhanced timeliness of its ESG rating grades, KCGS raised the adjustment frequency from semi-annually to quarterly, effective from 2020. According to the new schedule, the next rating adjustments will be conducted in October.

\* A firm is counted both under environmental and social category.

Appendix: Summary of 2020 3<sup>rd</sup> ESG Rating Adjustment

※ Go to <http://www.cgs.or.kr> for KCGS press releases.

< Summary of 2020 3<sup>rd</sup> ESG Rating Adjustment >

	Name of Company	Issue	E		S		G		Integrated	
			old	new	old	new	old	new	old	new
1	LG Chem (051910)	A gas leak at its Indian plant with large casualties/ An explosion at its Daesan plant	C	D	A+	A			B+	B
2	Samsung Heavy Industries(010140)	Sanctions on its routinely unfair subcontracting practice			A	B+				
3	HanExpress(014130)	A fire at its warehouse in Icheon			B	C				
4	Shinsung Tongsang(005390)	Controversy over dismissals without an advance notice			C	D			C	D
5	Kukje Pharm(002720)	Four executives including CEO Nam Tae-hun convicted by a first instance court decision in violation of the Pharmaceutical Affairs Act					B+	B	B	C
6	SillaJen(215600)	Former CEO Moon Eun-sang indicted for breach of duty					B+	B		
7	SL Corporation(005850)	Securities & Futures Commission took the action of auditor designation for violating accounting rules, recommending the dismissal of the responsible executive, suspending him from work, and notifying to prosecutors					C	D		
8	YUYANG DNU(011690)	Former CEO Park Il indicted for embezzlement and breach of duty / Disclaimer of opinion					B	C	B	C
9	INITECH(053350)	Securities & Futures Commission imposed fine and took the action of auditor designation for violating accounting rules					B	C	B	C
10	ISU Chemical(005950)	Securities & Futures Commission imposed fine and took the action of auditor designation for violating accounting rules					B	C	B	C

※ Go to <http://www.cgs.or.kr/> for the grades of the individual companies.