



Press Release

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2021 1st ESG Rating Adjustment

On January 7, 2021, Korea Corporate Governance Service(KCGS) held an ESG Rating Committee meeting and downgraded the Environmental(E), Social(S), and Governance(G) grades* of seven companies. The negative adjustments are based on the added ESG risk identified from October 2020 through January 2021 after the regular rating activity** conducted in October 2020.

* KCGS's ESG grades, both individual and integrated, include S, A+, A, B+, B, C, and D.

** For enhanced timeliness of its ESG rating grades, KCGS raised the adjustment frequency from semi-annually to quarterly, effective from 2020. The next rating adjustment (2021 2nd) is due in April.

In the first adjustments of 2021, three companies saw their S grade drop due to added S risk, and another four saw their G grade downgraded*. With the adjustment of the individual rating grades, three firms saw their ESG integrated grade drop by one notch.

* None had the E grade downgraded

Appendix: Summary of 2021 1st ESG Rating Adjustment

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

< Summary of 2021 1st ESG Rating Adjustment >

	Name of Company	Issue	E		S		G		Integrated	
			old	new	old	new	old	new	old	new
1	CJ Logistics	Six delivery workers died.			B+	B				
2	Posco	Employees died at work repeatedly.			B+	B				
3	Hanon Systems	Sanctions on the company's unfair subcontracting practice			B+	B			B+	B
4	Hanwha Solutions	Korea Fair Trade Commission imposed a corrective order and fined about KRW15.7b on charges of providing unjust supports and brought the case to prosecutors.					B+	B	A	B+
5	Hyosung	Supreme Court convicted group chairman Cho Hyun-joon of embezzlement.					B+	B	A	B+
6	Aekyung Industrial Co., Ltd.	Seoul Central District Court sentenced former CEO Lee Yoon-kyu to imprisonment and probation.					B+	B		
7	HanExpress	Korea Fair Trade Commission imposed a corrective order and fined about KRW7.3b on charges of receiving unjust supports.					C	D		

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