

ECO-FRONTIER CO.

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Activity: ESG Analysis and rating agency

Legal status: Company

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Activities

▶ Products and services to investors

- Analysis/ rating
- Investment research and consulting
- Information provision
- Stock indexes
- Benchmarks
- Alert system
- Portfolio screening
- Company profiles
- Proxy voting services
- Sector and thematic research reports
- Participation in the creation of ethical stock indexes

▶ Universe

KOSPI & KOSDAQ listed companies

▶ Coverage

- Large-cap companies
- Non-listed large companies
- Small and mid-cap companies
- Non-listed SMEs
- Investment projects
- Local authorities
- Countries

▶ Products and services to companies

- Analysis/ rating
- Sector and thematic research
- Information provision
- Consulting
- Certification
- Audit
- Benchmarks
- Training
- Writing Sustainable Development reports or other, specify:

▶ Universe

Registered companies

▶ Coverage

- Large-cap companies
- Non-listed large companies
- Small and mid-cap companies
- Non-listed SMEs
- Investment projects
- Local authorities
- Countries

▶ Other services

- Contribution to conferences
- Communication - Publication
- Stakeholder dialogue
- Contribution to sustainability reports
- Engagement / Dialogue with companies
- Other: Green Investment Advisory Service, Eco Merchant Banker Service

Organisation background and structure

▶ History and experience

Eco-Frontier, as the nation's first sustainable investment advisory, consultancy and persuade major domestic and international financial institutions to invest in economic, social, environmental and sustainable business opportunities.

Since 2002, it has been evaluating the level of sustainable management and risk management capability, which includes corporations' environmental, social and economic aspect. We provide our rating information to domestic and foreign investors.

▶ **Geographical implementation**

Korea, China & Hong Kong, Taiwan

▶ **Structure of capital**

N/A

▶ **Governance**

- **Board of Directors:** Members are publicly disclosed in Companies House.
- **Advisory Panel:** Eco-Frontier did not develop an advisory panel.
- **Deontology:** Eco-Frontier has defined compliance measures to assure the transparency of its research process and the confidentiality of information and data.
- **Annual income:** N/A

▶ **Staff structure**

- Total staff: 90
- Number of full time analysts: 15
- Number of full time auditors: 1
- Subcontracting: 0

▶ **Memberships**

- AI CSRR (Association for Independent Corporate Sustainability and Responsibility Research)
- Eurosif
- National SIF (Sustainable Investment Forum)
- PRI (Principles Responsible Investment)
- Academics network, specify: Green Finance MBA Course at KAIST & KOREA University Business Consulting Program by Han Yang University

▶ **Professional partnerships**

- Eco-Frontier is a founding voting member of ASrIA (Association for Sustainable & Responsible Investment in Asia). Mr Dae-Woong Lim (Managing Director of Eco-Frontier) is recently appointed member of ASrIA Advisory Board.
- Eco-Frontier is a signatory partner of the UNEP FI and a coordinator of Korean Group.
- Eco-Frontier is a signatory of UNPRI.
- Eco-Frontier organized CDP Korea Committee with Korea Social Investment Forum (Kosif) in 2008. As a technical advisor, Eco-Frontier encourages companies to participate in CDP, support and hold training courses, and proceed own projects such as publishing domestic reports.
- Eco-Frontier is participating for the Global 100 Most Sustainable Companies as a member of sustainability research provider group.
- Eco-Frontier is a member of ASRA (Asia Sustainability Research Alliance).

*ASRA: ASRA is a company whose members and shareholders are established Asia-Pacific based ESG provider and financial solution companies including, Eco-Frontier (Korea, China, Indonesia, and Malaysia), SIRIS (Australia), OWW group (Malaysia and Singapore) and Phoenix Global Capital Management (USA). ASRA is proud to feature; over 100 dedicated staff,

over 2,000 Asian coverage and a local presence in Australia, China, Indonesia, Malaysia, Korea and Singapore, as well as the United States. www.asraesg.com

▶ **Partnerships with producing organisations of stock indexes**

- Eco-Frontier is a co-developer of Korea's first SRI index called KRX SRI Index with Korea Stock Exchange.

▶ **University Partnerships**

- Eco-Frontier has a partnership with Chungang University, Hanyang University, KAIST Graduate school of management and Kwangwoon University.

Products and Services

▶ **Description and theme of products and services**

Eco-Frontier provides periodically updated corporate ESG rating D/B as well as Assessment service for individual companies and industries. The analyst will offer a variety of customized service, such as the corporate assessment report, in-depth analysis report and industrial report through data collection and analysis tool, when financial institutions or public companies want to receive the ESG, the risk of climate change and environmental compliance service.

At the same time, we also provide a screening service to evaluate the eligibility by the analysis of not only financial aspect but also non-financial aspect such as ESG issue when the construction of portfolio.

Eco-Frontier provides a various methods of Engagement service such as active dialogue with management (Dialogue), proxy voting (Voting), shareholder Proposal (Shareholder Resolution), holding shareholders' meeting and withdrawal of investments of providing through analysis and evaluation of sustainable management activities.

Recently, we launched the nation's first IT Platform service called S-CAP™ (Sustainable Finance-Credit Assessment Package) as sustainable finance credit assessment system in order to provide distinct investment advisory service. The corporate assessment information database and analysis reporting services of S-CAP™ support the transition of financial institutions to the sustainable finance system through sustainable management of corporate ESG, the risk assessment in various aspects, e.g. climate change and product environment compliance, and the execution of the integrated risk assessment.

Eco-Frontier is active member of Asia Sustainability Research Alliance. ASRA is the largest ESG Research Consortium in Asia and is providing approximately 2,000 ESG ratings to the global investment Institutions.

▶ **Speciality-ies**

Eco-Frontier provides not only ESG research and rating service but also Green Investment Advisory services and Eco Merchant Banker service to global market.

1. **Green Investment Advisory Service:** Eco-Frontier provides not only consulting service for renewable energy technology sector such as solar, wind, fuel cells and other clean fuels but also investment advisory service for a variety of green technologies, businesses and projects such as carbon reduction technologies and waste / recycling technologies.
2. **Eco Merchant Banker Service:** A variety of sustainable green financial products have been increasingly being launched throughout the world based on the correlation between ROI and corporate environmental management. A purpose of Eco-Frontier's "Eco Merchant Banker" service is to expand and spread sustainable green financing in domestic market.

▶ **Objective**

Eco-Frontier evaluates a **company's sustainability management capabilities** in the environmental, social and economic aspects and a company's commitment to the environmental, social and economic responsibilities in its operations and throughout its value chain.

Eco-Frontier promotes domestic responsible investment by providing High-quality ESG research and analysis.

► **Approach**

Eco-Frontier evaluates the company’s sustainability management capabilities in the environmental, social and economic aspects and company’s commitment to the environmental, social and economic responsibilities in its operations and throughout its value chain and the company’s ability to maintain a competitive edge in the issues related to sustainability and the environment.

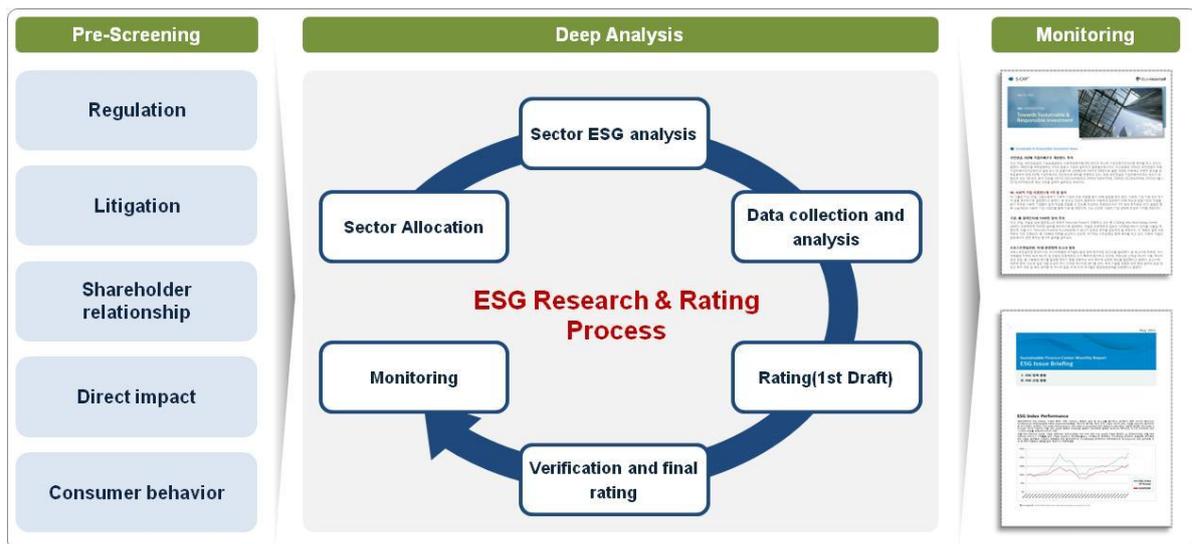
► **Methodology**

StaR™ (Sustainability tool for assessment & Research) is originally developed based on the experience of the sustainability assessment model in the past decade. We have been establishing benchmarks by evaluating the potential risk of Environment, Social, and Governance in the industry. **StaR™** is commonly used in the selection of the Asia-Pacific 100 most sustainable Corporations and this provides globally recognized assessment methodology to major financial institutions, asset managers and banks.

Eco-Frontier, in partnership with MSCI (the Global ESG research and Investment Advisory), has been rating corporate sustainability by conducting **EvoValue 21™** for environmental aspect and **IVA™** for social aspect. **EcoValue21™** provides a relative-scale of environmental assessment against some 60 criteria that reflects industry characteristics: historical contingent liabilities, operating risk exposure, sustainability risk, financial risk management, strategic management capacity and sustainable profit opportunities. The **IVA model™** provides detailed profiles of company performance in the areas of Sustainable Governance, Human Capital, Stakeholder Capital, Products/Services and Emerging Markets. Rating is granted in 7 grades from AAA to CCC.

Carbon Beta™ evaluates the latest condition of carbon business and the level of carbon risk by integrating carbon management, carbon reduction activities, opportunities for green business, and the growth potential based on Carbon Footprint in each industry. **Carbon Beta™** rating results for more than 1,000 companies in the world are used as a guideline for investment in large-scale pension funds and global investment institutions.

► **Analyse process of information**



▶ **Criteria**

Exclusionary criteria: Yes

Sector-specific criteria :Yes

▶ **Verification**

Eco-Frontier does not have external verification process. However, we have internal compliance committee to verify final ESG rating

Validation data with stakeholders:

- Which: NGOs
 Trade-unions
 Authorities

▶ **Sources of information**

Companies

Questionnaire: Occasionally

Rate of answer: About 50%

Average time to answer: 2 weeks to 4 weeks

Interviews: Occasionally

Visits of sites: Occasionally

Stakeholders: Trade-unions, NGOs

Questionnaire: Never

Interviews: Occasionally

Public information: Systematically

Databases: newspaper, ESG data base, financial information data base, government data base, Global SRI initiative data base.

▶ **Rating review**

quarterly

bi-annually

annually

▶ **Alert system**

Eco-Frontier provide ESG alert service to our clients

▶ **Research and rating Schedule**

Average time of analysis by origination: 3 to 5 working days

▶ **Financial performances**

Eco-Frontier tracks the high ESG rating groups' monthly financial performance.

▶ **SRI stocks Indexes**

Eco-Frontier released suitable SRI benchmark index for domestic and foreign SRI Market and also launched KRX-SRI Index and AP100 in order to develop SRI Index Fund and ETF.

1. KRX SRI Index and KRX SRI Eco Index are based on Eco-Frontier's Environmental/Social Sector assessment and Corporate Governance Service (CGS)'s Governance structure evaluation.
2. AP100 is the Asia 100 most Sustainable Corporations in Asia-Pacific by Asia Sustainable Research Alliance (ASRA-Eco-Frontier, Phoenix, OWW, SIRIS) which is the largest ESG Research Consortium in the Asia.

Client services

▶ **Clients**

1. Products to investors (>95%): Samsung Asset Management, NH-CA Asset Management, Woori Asset Management, IBK Asset Management, KDB Asset Management, UBS-HANA Asset Management, Shinhan BNP Paribas Asset Management, National Pension Service. Highland Good Steward Management.
2. Products to companies (<5%): listed companies in Korea.

▶ **Access to analysts for clarification of results at any time:** Yes

▶ **Information about changes in the analysis process:** Yes

▶ **Information about changes in the company's rating:** Yes

▶ **Publication and confidentiality of results**

- Companies' ratings are not disclosed publicly.
- Eco-Frontier doesn't sign confidentiality clauses with companies.