

ESG Assessment Certificate

Issue Number : **KPFSO-2021-0024**

Issue Date : **10 June, 2021**

In accordance with KR's established policies and procedures, the assessment results on the ESG financial product below are as follows:

I s s u e r	Pan Ocean Co., Ltd.	
C E O	Kim Hong-Kuk, Ahn Joong-Ho	
Financial product	21 st Publicly Offered Bond (Green Bond)	
Issue Amount	21 st : KRW 50.0 billion (₩ 50,000,000,000)	
Issue Date	25 June 2021	
Maturity Date	25 June 2024 (3 years)	
ESG Assessment Date	8 June 2021	

◆ Note

1. Any change in terms and conditions for issuance of the financial product subject to ESG assessment shall be notified to KR, and the ESG assessment certificate be modified and re-issued. The ESG assessment grade may be cancelled if the bond is not issued within three months from the assessment date.
2. The ESG assessment grade in this certificate is not a credit rating.
3. The ESG assessment grade in this certificate may be subject to change in the surveillance process, and the revised ESG assessment grade may be disclosed on KR's homepage.
4. For use of the ESG assessment grade, please refer to the definition of ESG assessment grade and disclaimer upon use of ESG assessment grade.
5. Please contact the ESG Assessment Center at KR (TEL. +822 368 5476) for confirmation and inquiries related to the ESG assessment grade.



Definition of ESG Assessment Grade

Grade	Definition of ESG Assessment Grade
G1	A high proportion of the proceeds are used for eligible project, process for project evaluation and selection, management of proceeds and reporting level are very strong.
G2	A high proportion of the proceeds are used for eligible project, process for project evaluation and selection, management of proceeds and reporting level are strong.
G3	A higher-than-moderate proportion of the proceeds are used for eligible project, process for project evaluation and selection, management of proceeds and reporting level are moderate.
G4	A moderate proportion of the proceeds are used for eligible project, process for project evaluation and selection, management of proceeds and reporting level are insufficient.
G5	A low proportion of the proceeds are used for eligible project, process for project evaluation and selection, management of proceeds and reporting level are poor.

Disclaimer upon use of ESG Assessment Grade

1. The ESG assessment grade provided by KR are KR's opinion on the ESG financial product at the time of analysis. And various research materials such as reports provided by KR (hereinafter 'publications') may include opinions of KR or the analyst regarding the above-stated ESG financial product. Unless specifically mentioned, the ESG assessment grade and publications do not address other risks (credit risk on the certainty of repayment of the principal and interest according to the repayment conditions, risk of market value fluctuation due to fluctuation of interest rate or exchange rate, liquidity risk of the relevant security, and operational risk arising from internal procedure or system excluding the framework of ESG financial product) including credit risk. The ESG assessment grade and publications may be changed or cancelled depending on changes in external environment or according to the criteria set by KR.
2. All information used to assign the ESG assessment grade and issue publications (hereinafter 'ESG assessment, etc.') are based on materials submitted by the issuer of ESG financial product and materials collected from sources such as publicly disclosed materials. Except in exceptional cases, KR, upon assignment of ESG assessment grade, ensures that the issuer confirms that the materials submitted do not contain misrepresentations and omit significant information or are not significantly misleading. KR conducts ESG assessment based on the assumption that the issuer provides accurate and complete information in a timely manner, and it does not audit or perform due diligence of the information used during the ESG assessment process. Thus, KR is not liable for the consequences caused by error or fraud of the provided information.
3. Since KR did not separately verify the information used during the ESG assessment process, etc. and due to possible errors made by the analyst or arising from the analytical tool or other factors, KR does not guarantee or assure the accuracy and completeness of the ESG assessment grade and publications. All information contained in KR's publications constitutes the key rationale for the ESG assessment, etc., and they do not enumerate all information about the entities subject to ESG assessment. Unless recognized by the law, KR is not liable for any loss or consequences caused by use of KR's ESG assessment grade and information contained in KR's publications.
4. KR does not advise to buy, sell, or recommend investment in, any financial instrument. KR's ESG assessment grade and publications do not constitute recommendations to buy, sell, or hold a specific security nor do they comment on the adequacy of market price. KR's ESG assessment grade and publications themselves shall not substitute for an investment decision to be made by the users and not be used as documented evidence to determine which party shall be held legally responsible for the results of investments in a financial instrument. Therefore, the information users themselves must analyze and assess the risk of investment and make own investment decisions accordingly. Particularly, the primary users of KR's ESG assessment grades and publications are market experts and use of ESG assessment grade and publications by individual investors is basically not assumed. Thus, it may not be appropriate for an individual investor to make an investment decision by oneself based on KR's ESG assessment grades and publications. Therefore, individual investors need to seek assistance from outside experts in advance.

Pan Ocean Co., Ltd. Green Bond

Date of assessment: 8 June 2021

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ESG Assessment Result

G1

Overview of Green Bond subject to Assessment

Issuer	Pan Ocean Co., Ltd.
Financial product	21 st Publicly Offered Bond (Green Bond)
Issue amount	KRW 50.0 billion
Issue date	25 June 2021
Maturity date	25 June 2024 (3 years)

ESG Assessment Rationale

Korea Ratings Corporation (KR) has assessed that the ESG finance framework of Pan Ocean Co., Ltd.(the Company) conforms to the Green Bond Principle (GBP) of International Capital Market Association (ICMA) and the Guideline on Green Bonds released by the Ministry of Environment of Korea.

The Company plans to invest the entire proceeds raised through the issuance of the 21st Publicly Offered Bond (Green Bond: the Bond) into eligible project(s) that is expected to bring positive environmental impact. KR has assessed that the Company’s processes governing project evaluation and selection, management of proceeds, and reporting, etc. are outstanding. In this regard, KR has assigned the ESG assessment grade of ‘G1’ to the Bond based on KR’s ESG assessment methodology. The grade reflects as follows.

Process	Details
Use of Proceeds	Under ESG finance framework, the project(s) for which the Bond proceeds will be used has been defined in accordance with the Guideline on Green Bonds released by the Ministry of Environment of Korea. - The issuer plans to apply the Bond proceeds to invest in projects on introduction of environment-friendly marine fuel (LNG) carriers and installation of ballast water treatment system. KR assesses these projects as eligible projects which conform to the GBP of ICMA and the Guideline on Green Bonds released by Ministry of Environment of Korea.
Process for Project Evaluation and Selection	- KR assesses that the project evaluation and selection criteria of the issuer is reasonable and conforms to the GBP of ICMA and the Guideline on Green Bonds released by the Ministry of Environment of Korea. In addition, project selection process is adequate.
Management of Proceeds	- The issuer manages the Bond proceeds through existing main account. An ESG financial product management system will be separately developed within the ERP system to update on the use of proceeds as well as unallocated proceeds on a regular basis. - The issuer plans to manage the unallocated proceeds utilizing stable financial product(s). KR views that the issuer’s framework for management of proceeds conforms to the GBP of ICMA and the Guideline on Green Bonds released by the Ministry of Environment of Korea.
Reporting	- The issuer plans to report annually the information on items which must be disclosed to the investors either on the issuer’s homepage or on the SRI bond segment of Korea Exchange until the Bond proceeds are repaid. KR assesses that the issuer’s reporting process conforms to the GBP of ICMA and the Guideline on Green Bonds released by Ministry of Environment of Korea.
Issuer’s Level of ESG Integration	- The issuer’s maritime environment team is in charge of planning environmental policies and responding to regulations, managing greenhouse gas inventory for eco-management scheme, introducing new technologies for reduction of greenhouse gas and energy consumption, and maintenance and control of environmental management system (ISO-14001), etc. The issuer plans to implement ESG management aggressively based on the company-wide ESG management framework that is to be established hereafter. Major ESG-related issues have not been identified until recently and the issuer demonstrates good level of ESG integration in general.