

VIG Partners - ESG Policy

Established in October 2021

I. Mission

VIG Partners LLC (“VIG Partners”) has developed the Responsible Investment Policy (“Policy”), aligned with the guidelines of the United Nations Principles for Responsible Investment (“UN PRI”) incorporating environmental, social, and governance (“ESG”) factors, and regards strict adherence to the Policy a top priority of our firm governance and fund management. We faithfully integrate ESG values into our investment and ownership practices as they are essential for the interests and continued growth of our firm, investors, stakeholders, and the society. Believing that both financial and ESG performance will be the two pillars that sustain the future of our firm, we practice a robust ESG integration and aim to create greater financial and social values.

II. Objective

VIG Partners aims to provide a framework for integrating ESG considerations into decision-making processes throughout the investment cycle. As a private equity fund manager, we will fulfill our social responsibilities for stakeholders and seek to serve our fiduciary duty against latent sustainability risks. In this respect, we have established the Policy and oversee ESG factors to provide long-term risk-adjusted returns.

III. Principles

The Policy has been established in reference to the six recommendations of the UN PRI and various ESG reporting standards and initiatives. We thoroughly adopt ESG factors at all stages of investment from funding, working-level meetings, and gaining investment approval to ESG performance monitoring taking place in the post-investment phase. On top of that, we have been listed as a signatory of the UN PRI as of October 2021 and stipulated robust ESG implementation as a basic principle to deliver sustainable financial returns along with our responsibility to investors and stakeholders.

IV. Roles & Responsibilities

Our ESG Committee is comprised of a chair from the Investment Committee and executives in charge of ESG-related matters. The ESG Committee is held accountable for consistently encouraging executives to be well acquainted with the Policy, providing necessary support to the personnel responsible for execution of responsible investing, and keeping up to date with ESG trends.

The ESG Committee will review the Policy at least annually and amend it to reflect the expectations of our stakeholders. It will also provide regular training to the staff of VIG Partners and its portfolio

companies to support the realization of responsible investment objectives. If deemed necessary, outside experts and resources will be called upon to complement our mission. As a committed signatory of responsible investment, we support our portfolio companies to align their managerial practices with the Policy or implement a more stringent ESG policy.

V. Application Strategies

VIG Partners will take active steps to fully integrate ESG considerations into its overall investment processes.

Pre-investment phase

Before proceeding with any investment, an initial review along with negative screening is carried out to assess the target company's ESG performance. Such preemptive review prevents investments and financing to businesses that can potentially cause significant environmental and/or social damages, or businesses without adequate measures to mitigate ESG-related risks.

VIG Partners embraces the UN PRI's recommendations on sustainable investing and negative screening, and excludes companies engaged in businesses that are deemed unacceptable. In addition, we strictly restrict the expansion of businesses to or trading with businesses that do not comply with our vision. VIG Partners does not finance companies and/or businesses involved in the following sectors:

- Production or trade in any product or activity deemed illegal under law or regulations (the exclusion list is not limited to human cloning)
- Production of pornography and related products
- Work and services that undermine the good and public moral of the Republic of Korea
- Businesses falling under Article 4-2 (entertainment bar business) or 4-3 (other private facility management and operation business) of *Support for Small and Medium Enterprises Establishment Act* of the Republic of Korea
- Production or trade in weapons and munitions
- Businesses that support or are involved in terrorism
- Gambling, casinos, or equivalent speculative businesses that are prohibited by law
- Businesses that may cause significant damage to the environment, lead to environmental pollution or destruction, or are against the sustainable development goals (e.g., businesses that produce large amount of greenhouse gas emissions)

The aforementioned list for negative screening is subject to change to remain aligned with the global

initiatives concerned with responsible investment and increasing expectations of the various stakeholders. It may also reflect investors' principles and requests for responsible investing in the fundraising stage.

The ESG performance of a target company following the initial screening stage is further analyzed through ESG due diligence. Factors material to the target company's industry are evaluated based on our internal ESG checklist developed with reference to industry tools and standards. Certain criterion from the checklist may be excluded depending on the characteristic of the company (e.g., listed or unlisted), and will be reported to the Investment Committee. We may consult with external advisors to delineate potential sustainability risks and opportunities through additional ESG due diligence, if deemed necessary.

Upon completion of ESG performance assessment, all findings will be directed to the Investment Committee to facilitate investment decision-making. Findings that are deemed crucial by the Investment Committee will be shared with the target companies to be reflected into their business strategies to promote sustainable growth.

Post-investment phase

Following the closing of an investment, we work closely with portfolio company management to establish ESG guidelines and develop action plans to mitigate potential risks and/or secure opportunities for sustainable growth. We encourage portfolio companies to reflect ESG concerns into their daily operations and create opportunities to bring positive impact to the wider community.

To track progress and implementation of ESG guidelines, we gather and evaluate qualitative and quantitative data through an annual ESG Survey. Based on the findings of the ESG survey, companies are assigned with a performance rating *Front-runner/Middle-tier/Starter*, which determines the engagement level we are required to take and enables adjusting ESG action plans in accordance with the needs of portfolio companies.

<u>Performance Rating</u>	<u>Engagement Frequency</u>
Front-runner	Every 12 months
Middle tier	Every 6 months
Starter	Every 3 months

Table 1: Performance Rating and Corresponding Engagement Frequency

The ESG Committee will notify the management team for immediate action in case companies do not meet minimum requirements. Feedbacks for improvement will be provided to companies following the

assessment.

Exit

At the exit stage, VIG Partners will disclose information on key areas of ESG management and value creation opportunities to potential buyers.

VI. Disclosure & Transparency

When communicating with investors and key stakeholders, VIG Partners places the highest priority on information disclosure and transparency. We strongly encourage discussions on ESG matters with our investors and stakeholders via a variety of channels. We will regularly provide sufficient information on our responsible investment performance and achievements to our investors through annual reporting.