

# ESG Ratings Report

2021

Korea  
Corporate  
Governance  
Service

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# 2021 ESG Ratings Overview

## 1 Overview

- Rated Firms : 950 firms in total (765 on KOSPI, 185 on KOSDAQ)\*
- Rated Period : 2020.01.01.~2020.12.31.\*\*
- \* Governance ratings are performed against 894 non-FIs (718 on KOSPI and 176 on KOSDAQ) and 111 FIs according to different respective rating models.
- \*\* As for some activities, changes from 2021 were also reflected in the ratings.

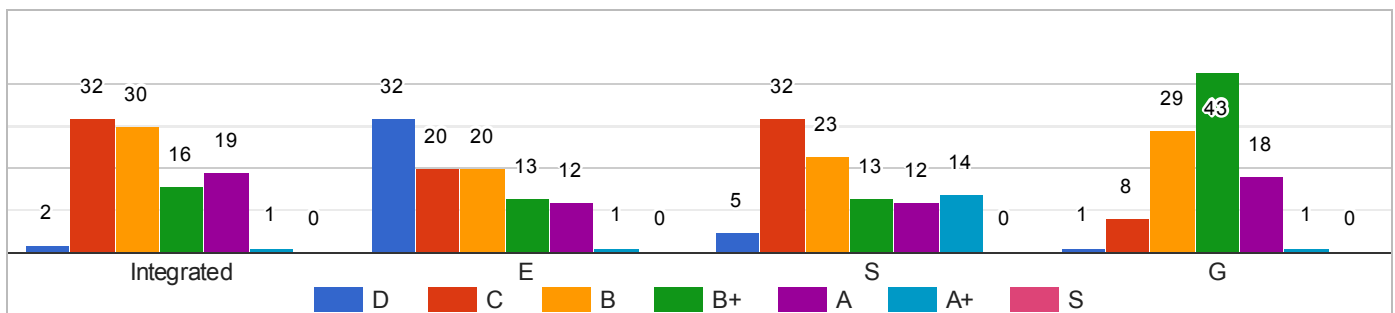
## 2 Outcome

KOSPI-listed companies improved their environmental, social, and governance practices compared to 2020. Nonetheless, ongoing efforts are necessary to improve their ESG practices more because a majority of the rated firms (72%) received 'average (B)' or lower grades.

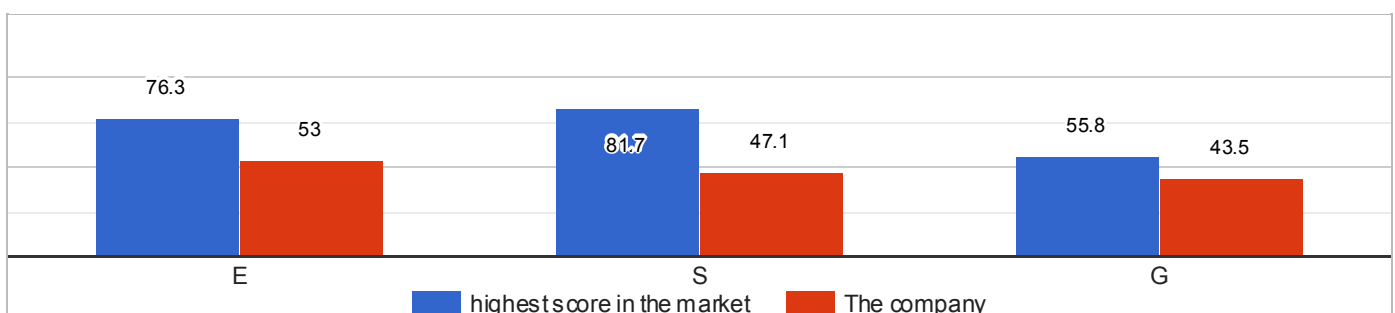
- (Environmental) The average scores increased YOY driven by the improved environmental management quality in line with the acceleration of ESG management in society and the active participation in the environmental management evaluation.
- (Social) Effective from the 2021 evaluation, industry classifications were subdivided from 3 to 28 categories and new questions were added, which shed light on industry-specific grade and score patterns.
- (Governance) As the interest and efforts of listed companies to improve governance practices increase rapidly, the rating scores have risen across all sectors of governance evaluation. Particularly, practices of the general shareholders meeting, auditing organization's function, and disclosure enhanced drastically.

※ Korea Corporate Governance Service publishes environmental, social, governance, and ESG integrated ratings. Each of the four ratings consists of seven grades, i.e., S, A+, A, B+, B, C, and D.

### ESG Ratings Distribution(%) - All Rated Firms




### ESG Scores



# ST PHARM CO., LTD.


## ESG Ratings Summary

### Integrated

	YoY ▲ 2	Overall comment	ST PHARM CO., LTD. received A, having in place a good sustainable management system. YoY 2 upgrading confirms the firm's improvement.
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### Environmental


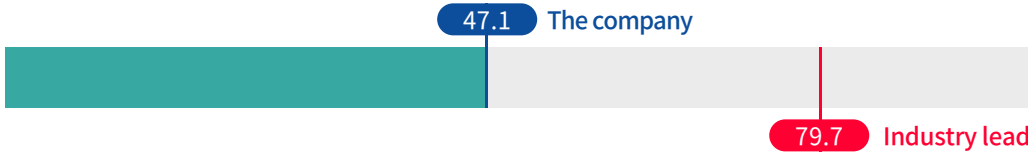
### Environmental

	YoY ▲ 3		
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Overall comment	ST PHARM CO., LTD. received B+, having in place a modestly good environment management. YoY 3 upgrading confirms the firm's improvement.
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### Social


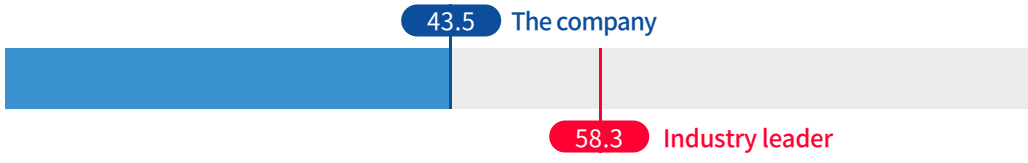
### Social

	YoY ▲ 1		
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Overall comment	ST PHARM CO., LTD. received A, having in place a good socially responsible management. YoY 1 upgrading confirms the firm's improvement.
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### Governance

### Governance

	YoY ▲ 1		
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Overall comment	ST PHARM CO., LTD. received A, having in place a good governance. YoY 1 upgrading confirms the firm's improvement.
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- ※ KCGS issues four ratings, i.e. ESG Integrated, E, S, and G.  
Each ESG rating and ESG Integrated rating are assigned in seven grades, S, A+, A, B+, B, C, and D.
- ※ 'Industry leader' refers to the highest scorer in the industry.
- ※ As the perfect score of each model is different, the scoring percentage against the perfect score is given.



E  
nvironmental

# Key Environmental Indicators



Environmental  
Management  
Team

Working-level team in place  
Enterprise-wide decision-  
making body in place



Environmental  
Training

Environmental Training  
provided



Environmental  
Performance  
Assessment

Assessment carried out



Greenhouse Gas  
Emissions

Emission reduction 2.07%



Energy Usage

Not applicable



Water Usage  
/ Reuse

Usage reduction -25.15%  
Reuse 29.38%



Waste  
Generation  
/ Recycling

Waste discharge reduction  
-11.09%  
Recycling 49.31%



Environmental  
Management  
Certification

Environment Management  
Certification yet to be earned



Environmental  
Information  
Disclosure

Sustainability report  
published



Participation in  
Global Initiatives

Global Initiatives Not  
participating

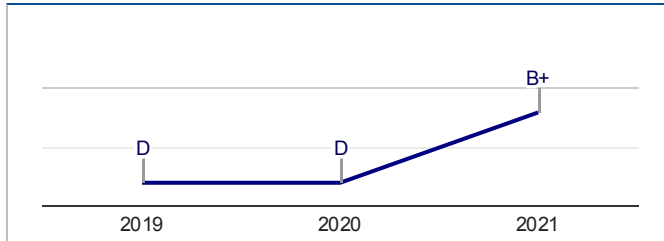


Modest improvement is necessary to be up to the KCGS Code of Best Practices for Environmental Management. Shareholder value destruction driven by environmentally responsible management risk is slightly likely.

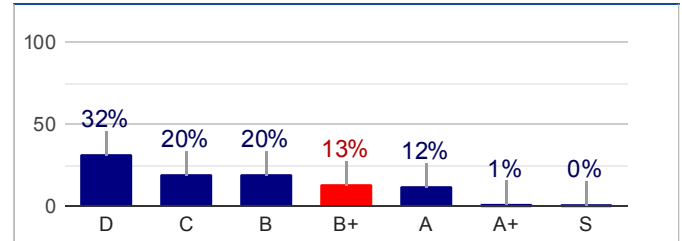
Market-wide 6 / 185

Industry-wide 6 / 77

### 1 Environmental Ratings in Recent 3 Years



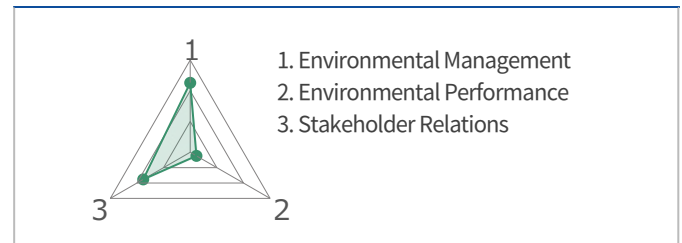
### 2 Environmental Ratings Distribution



### 3 Industry Classification / Communication

Industry Classification	The company belongs to Pharmaceuticals industry, and their environmental sensitivity is 'Average'.
Communication with KCGS	The company took part in the feedback process of the 2021 environmental management assessment.

### 4 Standard Rating Score Distribution



\*Based on scoring rates under each category

### 5 Environmental Scores

Standard Rating	In-depth Analysis	Total
53.0	0	53.0

### 6 In-depth Analysis Score Breakdown

Action to environmental regulation	Action to environmental accidents	Subtotal
0.0	0.0	0.0

### 7 Standard Rating Score Breakdown

● The company ● Industry average ● Industry highest

Sub-categories	Score	Comparison with industry average and the highest score
1. Environmental Management	75.3	
2. Environmental Performance	7.8	
3. Stakeholder Relations	58.8	
Subtotal*	53.0	

\* Scoring/total perfect score ratio

# 1. Environmental Management

For the implementation of responsible environmental management, companies should build an environmental management system. For this, firms are expected to set the targets for the environment, establish a plan, and organize a dedicated team to implement the plan. Firms should also take proactive action against climate change by building an eco-friendly production system enabling ex-ante preventive environmental management activities and by adopting a scheme to manage greenhouse gas emissions. Companies should also develop an eco-friendly supply chain aimed at strengthening environmental capacity both in the companies themselves and their suppliers and establish and implement a system to manage environmental accidents and contamination in an ex-post manner.



## Score percentage by sub-category

Environment Team (86.7)



Target-setting & Planning (75.0)



Environmental SCM (42.9)



Water/Waste Management (100.0)



Climate Change (75.0)



Environmental Risk Management (89.5)



Performance Evaluation & Auditing (66.7)



## Key Indicators

Key Items		R	A	G	The company	Green(%) within Industry
Environmental team	Enterprise-wide decision-making body		●		'C-level' officer included	8%
	Working-level team		●		In place as 'dedicated team'	14%
Environmental training	Training and disclosure		●		Training performed	12%
Environmental investment	Planning		●		Planning done	3%
	Plan achieved		●		Delivered as planned	
	Investment implementation rate		—		385%	—
Supply chain management	Assessment and incentive scheme		●		Assessment and incentive scheme in place and implemented	1%
	Support activities to enhance partner companies' capacities in environmental management		●		Program establishment and support activities performed	3%
Green purchasing policy			●		Not in place	3%
Environmental performance management	System		●		Environment targets and performance indicators in place	8%
Greenhouse gas emission management			●		Emissions totalled	10%

A Implementation is average(A, amber)

G Implementation is outstanding(G, green)



# 2. Environmental Performance

Companies can respond to the environmental risk they exposed, by purchasing equipment that manages by-products of corporate activities or through voluntary efforts of the staff members. Companies can mitigate the negative impact of business activities by conducting environmental audits, as well as systematic management through the establishment of an environmental performance assessment system.



## Score percentage by sub-category



## Key Indicators

Greenhouse Gas Emissions	Energy Usage	Water		Waste		Chemical Discharges
		Usage	Recycling	Discharge	Recycling	
18,365 tCO2e (2020)	8,787.84 TOE (2020)	123,221 ton (2020)	36,204 ton (2020)	3,823.52 ton (2020)	3,719.30 ton (2020)	N/A

Key Items		R	A	G	The company	Green(%) within Industry
Climate change	GHG emission reduction		●		2.07%	1%
	Energy usage reduction		●		-	1%
Resources	Water usage reduction		●		-25.15%	0%
	Waste discharge reduction		●		-11.09%	4%

Percentage ( + ) indicates YOY performance improvement  
 Percentage ( - ) indicates YOY performance degradation

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# 3. Stakeholder Relations

Corporate environmental information should be clear, comparable, timely, and verifiable. Firms are expected to set up an appropriate communication channel to share and disclose such information and to collect stakeholder opinions data for improvement.



## Score percentage by sub-category

Reporting (100.0)



Stakeholder Relation Activities (0)



## Key Indicators

Key Items	R	A	G	The company	Green(%) within Industry
Disclosure channel		●		Sustainability Report	17%
The level of environmental impact mitigation and eco-friendly management of ecological environment	●			Not implemented	3%
Global environmental initiatives	●			Not participating	3%

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

Social



# Key Social Indicators



## Employment and Working Conditions

Voluntary employee turnover **disclosed**



## Labor Relations

Employee union membership rate **disclosed**



## Workplace Health and Safety

Indicators on occupational accidents **disclosed**



## Human Resource Development and Support

Training program operational status **disclosed**



## Employee and Workers' Rights

Workplace diversity information **not disclosed**



## Anti-Corruption

Whistleblowing policy for internal/external stakeholders and the whistleblower protection system **disclosed**



## Fair Trading for Consumers

Socially responsible products and services **not provided**



## Local Community Engagement and Contribution

Social contribution program **operated**



## Communication with Local Community

Non-financial report **published and verified** by a third party

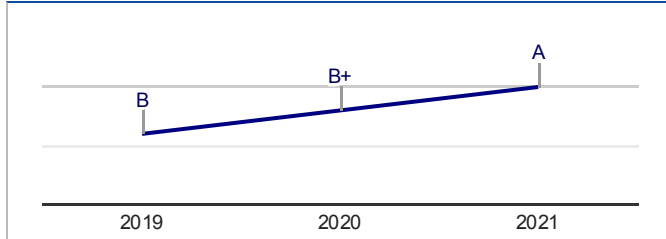


Modest alignment with the KCGS Code of Best Practices for Social Management. Shareholder value destruction driven by socially responsible management risk is unlikely.

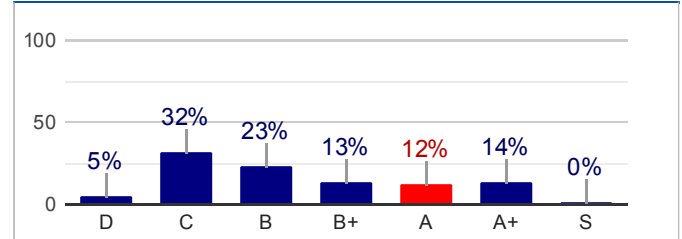
Market-wide 14 / 185

Industry-wide 17 / 89

### 1 Ratings in Recent 3 Years



### 2 Social Ratings Distribution



### 3 Industry Classification / Communication

Industry Classification	ST PHARM CO., LTD. belongs to the Pharmaceuticals and biotechnology industry.
Communication with KCGS	The company took part in the feedback process of the 2021 social management assessment.

### 4 Standard Rating Score Distribution



\*Based on scoring rates under each category

### 5 Social Scores

Standard Rating	In-depth Analysis	Total
47.1	0	47.1

### 6 In-depth Analysis Score Breakdown

Employees	Suppliers and Competitors	Consumers	Local Community
0.0	0.0	0.0	0.0

### 7 Standard Rating Score Breakdown

● The company ● Industry average ● Industry highest

Sub-categories	Score	Comparison with industry average and the highest score
1. Employees	52.0	265 (Industry average), 520 (The company), 720 (Industry highest)
2. Suppliers and Competitors	57.1	386 (Industry average), 571 (The company), 1000 (Industry highest)
3. Consumers	24.0	240 (The company), 327 (Industry average), 920 (Industry highest)
4. Local Community	47.1	173 (Industry average), 471 (The company), 1000 (Industry highest)
Subtotal*	47.1	283 (Industry average), 471 (The company), 797 (Industry highest)

\* Scoring/total perfect score ratio

# 1. Employees

A quality working environment can boost employees' motivation and contribute to stable employment. It may enhance the quality of services and goods and improve the sustainability of the company ultimately. By hiring employees, maintaining a stable labor relation, creating a safe working environment, working for the capacity-building of employees, and protecting the human rights of the workforce, companies can fulfill their social responsibility against their employees.



## Score percentage by sub-category



## Key Indicators

Key Items		R	A	G	The company	Green(%) within Industry
Employment and working conditions	Turnover rate		●		Disclosed	6%
	Quality of welfare benefits		●		Poor	10%
Labor relations	Union membership rate		●		Disclosed	5%
Workplace health and safety	Indicators on occupational accidents		●		Disclosed	15%
	Safety and health activities		●		Not disclosed	20%
Human resource development and support	Training program		●		Operated and disclosed	30%
Employee and workers' rights	Human rights violation prevention program		●		Grievance settlement program operated	0%
	Gender wage gap		●		Average	4%
	Workplace diversity data		●		Not disclosed	7%

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# 2. Suppliers and Competitors

Trading fairly and freely with suppliers and competitors, key stakeholders of a company, is essential in implementing sustainable management. Fair trade and fair competition impact the whole market order as well as the national economy. As unfair trade and corruption issues may degrade corporate brand value, social rating looks at whether companies have in place a compliance system that can prevent such negative issues.



### Score percentage by sub-category

Anti-corruption (70.6)



### Key Indicators

Key Items		R	A	G	The company	Green(%) within Industry
Anti-corruption	Anti-corruption training		●		Not disclosed	19%
	Whistleblowing and protection policy		●		Whistleblowing policy and protection system disclosed	4%

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# 3. Consumers

Transactions with consumers should be made soundly and fairly and in a mutually-respectful and equal-footing manner. To protect consumer rights, companies should take into account consumer safety throughout entire business cycles, from designing to selling services and goods. A company should build a trustworthy corporate image by ensuring customer satisfaction.



## Score percentage by sub-category



## Key Indicators

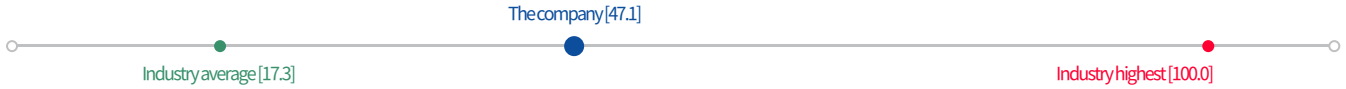
Key Items		R	A	G	The company	Green(%) within Industry
Fair trading for consumers	Socially responsible products and services		●		Not provided	15%
Consumer safety and health	Product and service safety assessment		●		Not conducted	31%
Data protection and personal data protection	The details and purpose of collecting personal data		●		Partially disclosed	21%
	The details of the provision of personal data to a third party			●	Fully disclosed	52%

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)



# 4. Local Community

Through CSR activities, companies can win the trust of stakeholders and fulfill the demand of growing together for sustainable growth. Through ongoing communication and partnership with the local community, companies can also prevent adverse effects in an ex-ante manner and find a way for mutual development.



### Score percentage by sub-category

Local community engagement and social contribution (18.2)



Communication with local community (100.0%)



### Key Indicators

Key Items		R	A	G	The company	Green(%) within Industry
Local community engagement and social contribution	Social contribution program		●		Not disclosed	7%
	Program to encourage social contribution activities by employees		●		Not operated	12%
Communication with local community	Non-financial report			●	Published and verified by a third party	6%

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# Governance



# Key Governance Indicators



## Shareholders General Meeting

Intensive voting system  
Opted out in the articles of  
incorporation  
Shareholder Supportive  
Voting Schemes Excellent



## Dividends

No payout  
Mid- to-long-term dividend  
policy Undisclosed



## Board Review of Non-Financial Risk

Not reviewed by board



## Board Independence

Outside director ratio 33%  
The CEO is the board chair.



## Board Performance

For the immediate prior year,  
12 times held  
Outside directors' average  
attendance 100.0%  
Training for outside directors  
Provided



## Board Committees

No board committees



## Auditing Body

Full-time corporate auditor  
Appointed  
The auditor is an accounting  
or financial expert. Yes



## Audit Committee Performance

-



## External Auditor Independence

No non-audit service



## Disclosure of ESG Ratings

Of E/S/G/ESG ratings,  
4 rating(s) disclosed to  
investors

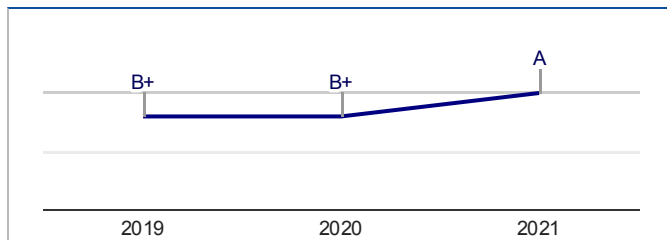


Modest alignment with the KCGS Code of Best Practices for Governance. Governance risk-driven shareholder value destruction is unlikely.

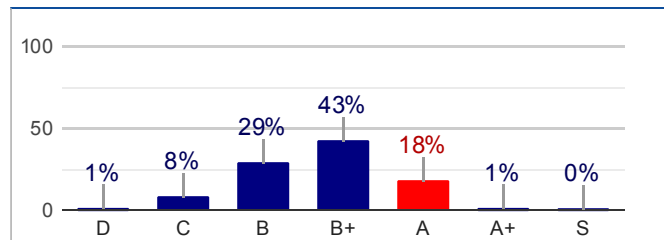
Market-wide 18 / 176

Industry-wide 9 / 82

### 1 Governance Ratings in Recent 3 Years



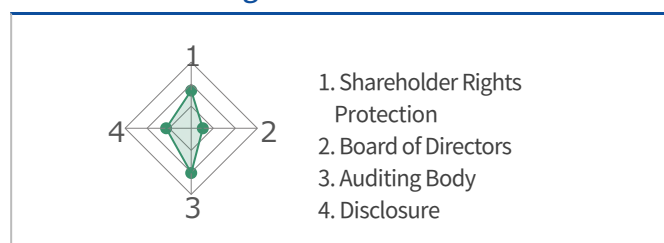
### 2 Governance Ratings Distribution



### 3 Industry Classification / Communication

Industry Classification	The company belongs to Pharmaceuticals and biotechnology
Communication with KCGS	The company took part in the feedback process of the 2021 governance assessment.

### 4 Standard Rating Score Distribution



\*Based on scoring rates under each category

### 5 Governance Scores

Standard Rating	In-depth Analysis	Total
43.5	0	43.5

### 6 In-depth Analysis Score Breakdown

Judicial Regulation	Self-regulation	Destruction of Shareholder Value	Subtotal
0.0	0.0	0.0	0

### 7 Standard Rating Score Breakdown

● The company ● Industry average ● Industry highest

Sub-categories	Score	Comparison with industry average and the highest score
1. Shareholder Rights Protection	57.0	Score: 57.0 (Company), 473 (Industry average), 774 (Industry highest)
2. Board of Directors	17.6	Score: 17.6 (Company), 149 (Industry average), 515 (Industry highest)
3. Auditing Body	67.6	Score: 67.6 (Company), 506 (Industry average), 912 (Industry highest)
4. Disclosure	37.9	Score: 37.9 (Company), 221 (Industry average), 828 (Industry highest)
Subtotal*	43.5	Score: 43.5 (Company), 347 (Industry average), 606 (Industry highest)

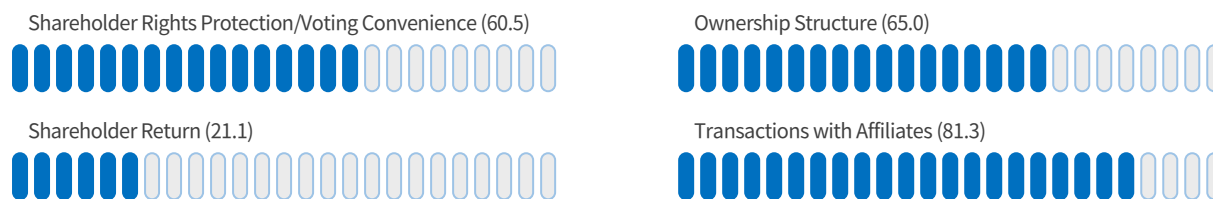
\* Scoring/total perfect score ratio

# 1. Shareholder Rights Protection

Shareholders, as the owner of the company, should be protected from their rights infringement. Shareholder rights protection is one of the principal reasons for maintaining good corporate governance. Thus, adopting and implementing an institution aimed at protecting shareholder rights is a prerequisite to sound corporate governance structure.



### Score percentage by sub-category



### Key Indicators

Shares of Controlling Shareholder(Individual)\*



Shares of Independent Shareholders with 5+%



Key Items		R	A	G	The company	Green(%) within Industry
Shareholders general meeting notice	Date of the meeting - date of the notice	●			15 days	2%
Methods to facilitate voting	In-writing voting	●			Adopted	12%
	Electronic voting	●			Adopted	57%
	Solicitation of proxy voting	●			Solicited	62%
Cumulative voting		●			Opted out in the articles of incorporation	1%
Interim/quarterly dividends	Rules in articles of incorporation	●			Not Adopted	28%
	Execution	●			No	1%
Appropriateness of dividends**		●			0/4 met	28%
Corporate governance charter		●			Not Adopted	2%

\* If the firm belongs to a holding company, the holding company information appears.

\*\* In line with the profitability, growth rate, and volatility of the “the company”, or in comparison of the firm's payout ratio with those of the industry peers (WICS) for the pertinent year

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# 2. Board of Directors

A board of directors performs the role of supervising management. It makes critical management decisions as a vital body working to protect shareholder rights. Thus, it is the most important for a board of directors to play a proper role. For this, independence, expertise, accountability is required in a board of directors.



## Score percentage by sub-category



## Key Indicators



	Meetings held(#)	Outside Directors(%)	Chair*
Independent Director Nomination Committee	-	-	-
Compensation Committee	-	-	-
Audit Committee	-	-	-

\* Non-independent non-executive directors considered as inside directors.

Key Items		R	A	G	The company	Green(%) within Industry
Board operation	Board chair	●			CEO	1%
	Board assessment	●			Evaluation not implemented	0%
	Rule on regular board meetings		●		Purchased	12%
Actual remuneration paid(%) (paid/approved by AGM)		●			28.1%	1%
Equity-linked compensation		●			Not granted	0%
Board review of non-financial risk(ESG)		●			Not reviewed	5%

- R Implementation is insufficient(R, red)
- A Implementation is average(A, amber)
- G Implementation is outstanding(G, green)

# 3. Auditing Body

An auditing body plays the role of raising the credibility of the accounting data and ensuring the proper operation of internal controls. An auditing body is a highly important element in corporate governance. Independence and expertise is a must for an auditing body.



## Score percentage by sub-category

Auditing Body Composition (57.1)



Auditing Body Operation (84.6)



## Key Indicators

key Items		R	A	G	The company	Green(%) within Industry
Type of the auditing body			●		Full-time internal auditor	43%
Internal accounting manager	Full-time officer on the board		●		Full-time officer & director	46%
External auditor	Audit service fee (KRW thousand)		-		120,000	-
	Non-audit service fee (KRW thousand)		●		0(0%)*	77%
External auditor's opinion			●		Unqualified	99%
Auditor(audit committee)'s prior review and approval of non-audit service contract			●		No non-audit service	74%
Disclosure of monitoring activities(when/what/outcome) regarding compliance controls		●			Not disclosed	15%

\* Non-audit service fee/audit service fee ratio

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)

# 4. Disclosure

Firms should disclose important management information timely and accurately for them to earn investor confidence and receive a fair evaluation of their corporate value. Disclosure of corporate governance information on company websites etc. is one of the most effective means to raise investor confidence.



## Score percentage by sub-category

General Disclosure (70.0)



Homepage Disclosure (21.1)



## Key Indicators

Key Items		R	A	G	The company	Green(%) within Industry
General disclosure	IR activities(#)*		●		4 or more	16%
	Voluntary disclosure		●		1-3 times	35%
	Requested disclosure		●		None	93%
Homepage Disclosure	Governance rating grade		●		Disclosed	6%

\* IRs via a channel universally accessible by investors, such as DART and company websites

- R** Implementation is insufficient(R, red)
- A** Implementation is average(A, amber)
- G** Implementation is outstanding(G, green)