STIC Investments ESG Framework

1. Introduction

STIC Investments Co., Ltd. (hereinafter, STIC) considers Environmental, Social, and Governance (ESG) values as the top priority together with financial values in its business and investment approach. We believe that implementing ESG values across our business strategies and investment decisions will essentially benefit a sustainable growth of the firm, investors, portfolio companies, and a broader community. As we trust that ESG performance is as important as financial performance, we seek to create larger economic and social values by actively integrating ESG factors into our business operations.

This report explains how we fulfill our commitment as a responsible investor by reducing ESG risks and/or maximizing ESG opportunities to foster the growth of portfolio companies.

2. STIC Investments ESG Framework

(1) ESG Policy

- STIC has been actively incorporating ESG factors into our investment decisions. All members are required to adhere to and implement STIC ESG policy. As a UN PRI signatory, STIC puts its best efforts to maximize ESG values throughout the firm.
- Please find the latest version of STIC ESG policy on www.sticinvestments.com

(2) ESG Framework

STIC takes active steps to fully integrate ESG factors throughout its entire investment process from deal sourcing, due diligence, investment, value creation to exit. *Figure 1* details the process in which we deploy ESG factors across all investment activities.

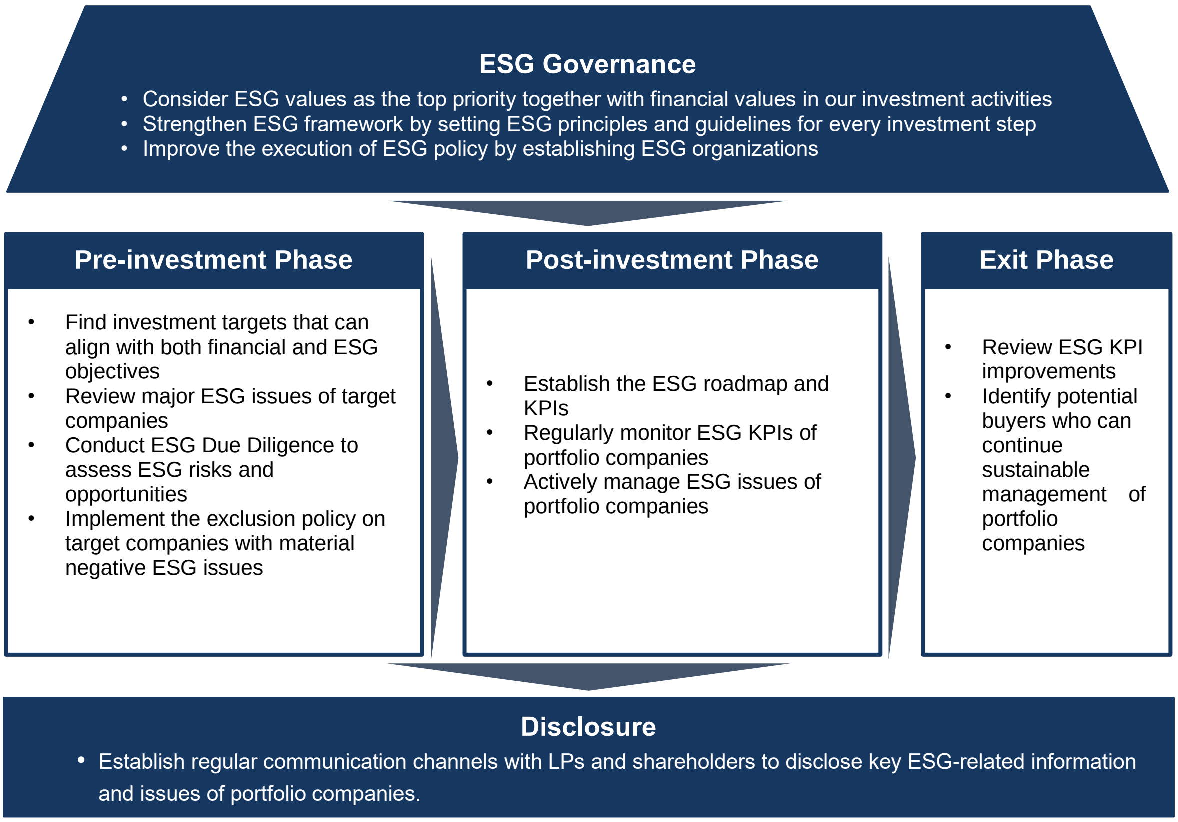

Figure 1: STIC Investments ESG Framework

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(3) ESG Organizations

STIC has two separate ESG committees: the Corporate ESG Committee and Fund ESG Committee. The Corporate ESG Committee is an organization under the board of directors and is comprised of directors. The Fund ESG Committee is comprised of the Chief Investment Officer, Chief Operating Officer, Head of ESG, Head of Risk Management, and Head of Investment Strategy. Additional committee members could be added to the Fund ESG Committee if necessary. The Corporate ESG Committee is responsible for overseeing the corporate-level ESG strategies. These duties include making amendments to the firm's ESG policy and framework. The Fund ESG Committee is responsible for the fund-level ESG decision-making.

STIC's ESG team is responsible for integrating ESG values throughout the firm. ESG team also directly supports investment teams by helping them apply ESG principles in investments, and keeps updated on the ESG trends.

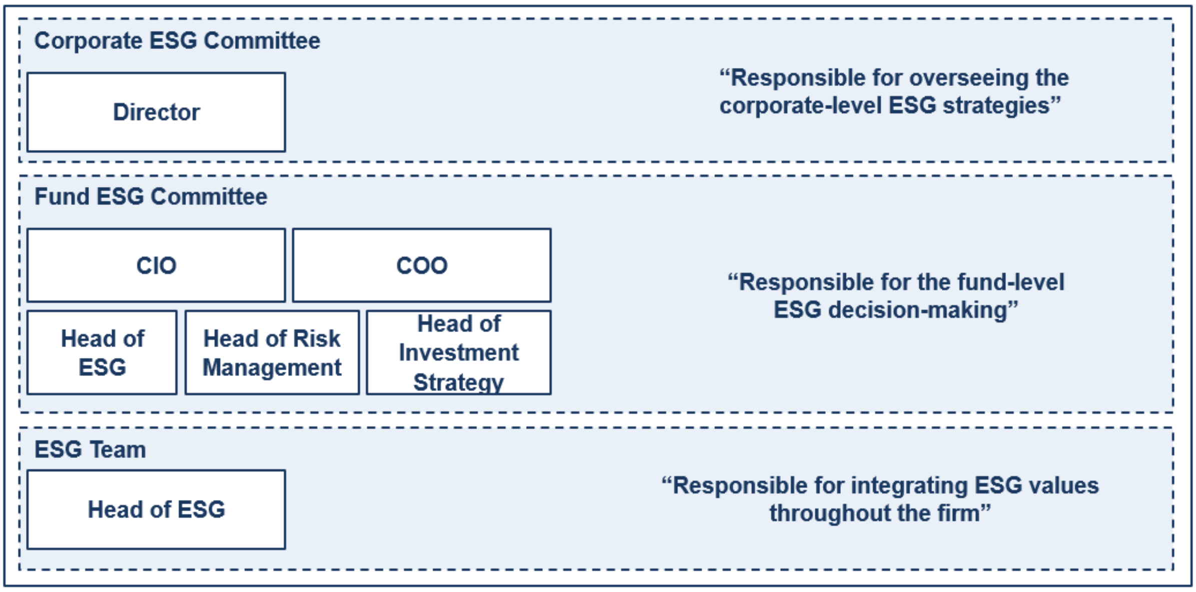

Figure 2: STIC Investments ESG Organizations

(4) ESG Factors

Figure 3 lists the ESG factors which STIC considers throughout the investment process. The Corporate ESG Committee reviews and updates ESG factors at least annually.

Environment	Social	Governance
Air and water pollution	Customer satisfaction	Accounting standards
Climate change	Data protection and privacy	Anti-competitive conduct
Energy efficiency	Diversity, Equality, and Inclusion	Audit committee structure
Hazardous materials	Government & community relations	Board diversity
Land degradation	Human capital management	Bribery and corruption
Resource depletion	Human rights	Business ethics
Waste management	Labor standards	Compliance
Water scarcity	Marketing communications	Political contributions
	Product safety and liability	Risk management
	Supply chain management	Whistleblower protection

Figure 3: ESG Factors

3. Contribution to Portfolio Company's ESG Management

(1) Pre-investment Phase

Prior to making every investment decision, STIC conducts an initial review of target companies through negative screening. Senior leadership establishes the ESG Negative Screening Guideline and minimum criteria to help investment teams avoid making investments in companies whose businesses could potentially cause significant environmental or social harms. Companies ruled out through negative screening usually do not have alternative means to mitigate these negative impacts.

Target companies which passed negative screening are further scrutinized under the STIC's ESG Due Diligence Guideline to assess their material ESG issues and determine whether to conduct an internal or external ESG due diligence. Material ESG issues specific to the target company's industry are selected based on the internal evaluation. STIC conducts the internal ESG due diligence through its ESG Due Diligence Questionnaire (hereinafter, ESG DDQ) which was developed in reference to industrial standards. STIC adopts Task Force on Climate-related Financial Disclosure (TCFD) standards when performing due diligence on environmental issues. STIC engages third-party consultants to assist the external ESG due diligence.

Major findings from due diligence, including ESG risks and/or opportunities, are subsequently presented to the Investment Committee and Fund ESG Committee for further discussion.

Figure 4 illustrates detailed steps of the STIC's ESG due diligence process.

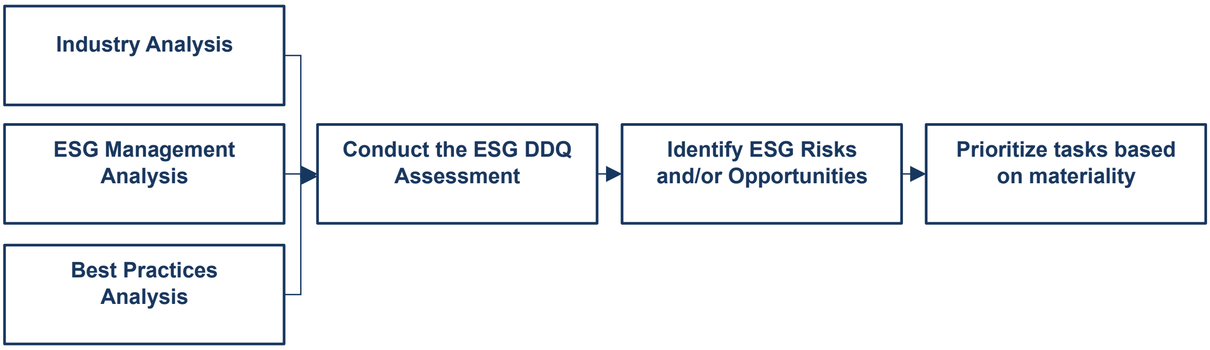

Figure 4: ESG Due Diligence Process

(*) Task prioritization could be linked with the post-investment stage.

Once the target company is identified, STIC conducts industry analysis to identify major ESG risks and opportunities within a particular industry. Through internal research and requesting relevant information from the target company, STIC analyzes the target company's current ESG management level. Interviews could be arranged if necessary. In addition, research on best practices in the industry could be performed.

STIC then conducts an assessment with its ESG DDQ to identify ESG risks and/or opportunities. Upon the completion of the DDQ assessment, STIC prioritizes ESG risks and/or opportunities based on materiality and practicality to develop short-term and long-term ESG objectives. ESG Committees then thoroughly review the ESG DDQ assessment results and these are reflected in investment decisions.

(2) Post-investment Phase

STIC works closely with portfolio companies to establish ESG goals, set up baseline ESG performance measures, and develop ESG action plans to mitigate ESG risks and/or leverage ESG opportunities for sustainable value creation. We encourage portfolio companies to embed ESG factors into their businesses and pursue ESG opportunities to create sustainable impact.
STIC establishes a long-term ESG action plan and specific ESG KPI accordingly to its priority. Climate-related risks and/or opportunities are also examined in reference to recommendations from Task Force on Climate-related Financial Disclosures (TCFD). To monitor the progress of the ESG action plan, STIC collects quantitative and qualitative data quarterly to evaluate the implementation of ESG KPIs. STIC continues the ESG monitoring activities including reviewing additional improvements when the existing KPIs are achieved. In order to ensure that portfolio companies hold adequate ESG competency to carry out ESG action plans, STIC jointly establishes ESG strategies with portfolio companies if necessary.
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For companies that do not meet minimum requirements, the investment team escalates this matter to the Fund ESG Committee to take immediate action. Survey feedbacks are provided to portfolio companies to help identify areas for further improvement and recommendations on industry best practices at the end of each assessment.

(3) Exit Phase

When exiting from portfolio companies, STIC discloses pre- and post-investment information on ESG management and value creation opportunities to potential buyers.

The diagram in <Appendix> explains the STIC Investments ESG management process as described above.

4. Stakeholder Communication

STIC values transparency as the top priority when communicating with its investors and key stakeholders. We encourage open discussions on ESG issues with our Limited Partners and other stakeholders via various channels: in-person, official website, calls, or emails.

We ensure our investors are fully informed on the progress and outcomes of our responsible investments through semi-annual and annual reporting to our investors. STIC periodically communicates ESG issues including ESG management and KPIs of portfolio companies with its investors through channels including Annual General Meetings. In addition, STIC publishes a sustainability report every year to share ESG performances of the company and portfolio companies with its stakeholders.

When an important ESG incident happens, investment teams communicate with the ESG team and promptly report it to investors. In addition, STIC establishes a procedure to prevent the recurrence of a similar ESG incident, which will be reflected in the investment decision-making process.

STIC discloses its ESG policy on the official website to communicate with stakeholders about its ESG activities.

Please contact the below personnel if you have further questions on STIC's ESG policy and framework.

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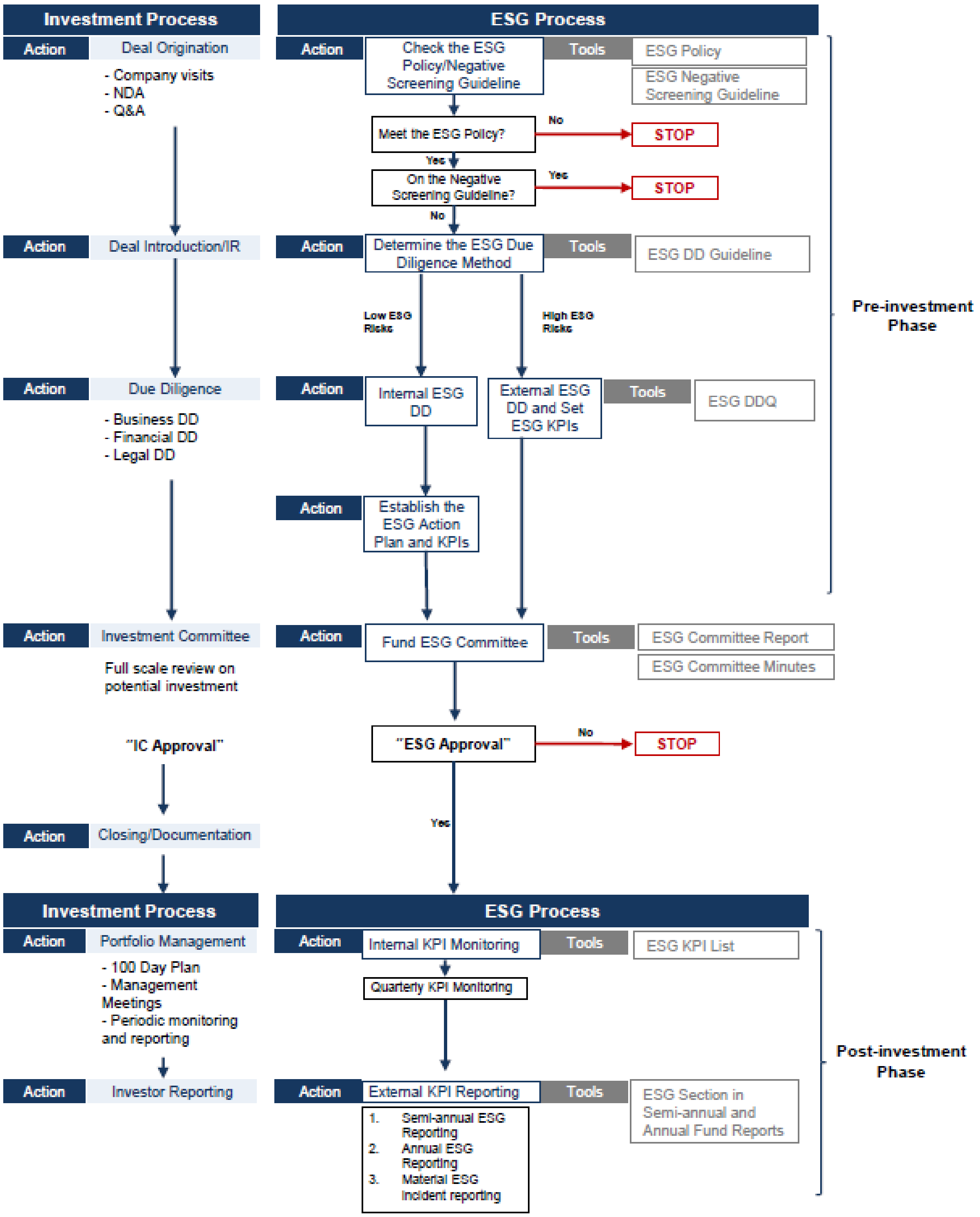
<Appendix> STIC Investments ESG management process



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